Benefits to you

• Client retention and acquisition
Your clients must meet specific compliance and audit requirements. A SOC 1 report is one more component of your services, helping you achieve your client satisfaction goals. It also provides you with an advantage over your competitors who do not have a similar report prepared.

• Decreased costs
Organizations without a SOC 1 report may be subject to testing by clients’ internal and external auditors. This disrupts operations and requires the redeployment of scarce resources to assist these auditors.

• Improved risk management and control
An experienced independent audit team evaluates your processes and controls to help identify opportunities for improving them.

Survey question: why do you provide independent assurance to your user organizations?

<table>
<thead>
<tr>
<th>Survey response</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Seen as providing competitive advantage in winning work (competitors do not provide this independent assurance)</td>
<td>71%</td>
</tr>
<tr>
<td>Contractual or compliance requirement to provide independent assurance</td>
<td>84%</td>
</tr>
</tbody>
</table>

In a survey of more than 75 members of leading service organizations across Europe, the Middle East, India and Africa (EMEIA), EY identified that, in addition to the compliance or contractual requirements, a significant reason for obtaining an independent assurance report was to have a competitive advantage.

SOC 1

Meeting your clients' compliance and audit needs

As an external service provider, you have designed your processes to meet your clients’ operational and processing needs, but are you addressing their audit and compliance needs? If not, you may be missing a critical client need.

You focus on providing your clients’ services in an efficient and effective manner, but this may not be enough. Your clients also need to:

▶ Understand controls over the processes they have outsourced and their effect on their internal controls
▶ Evaluate the design of those controls
▶ Have confidence that the controls are functioning as intended

Service Organization Controls (SOC) reports are prepared in accordance with the International Auditing and Assurance Standards Board’s (IAASB) International Standard on Assurance Engagements (ISAE) 3402 or the American Institute of Certified Public Accountant’s (AICPA) Statement on Standards for Attestation Engagements (SSAE) No. 16. These standards allow independent auditors to issue reports that help meet the compliance and audit needs of your clients.

The SOC 1 report

A SOC 1 report is an examination (similar to an audit) of a description produced by you of the system(s) you operate on behalf of your clients that are relevant to their internal control processes related to financial reporting. There are two types of reports: type I and type II. Type I reports provide:

▶ A description of your controls supported by a management assertion and an auditor’s opinion on the fairness of that description, and whether the controls had been placed into operation
▶ A management assertion and an auditor’s opinion on whether the controls are appropriately designed to meet the control objectives

A type II report adds a management assertion and an auditor’s opinion on the operating effectiveness of your controls in addition to the opinions provided in a type I report.
A practical approach to helping deliver a SOC 1 report to your clients

Our approach is focused on helping you meet your clients’ audit and compliance requirements. It includes the following:

- Working with you to understand your clients’ regulatory and compliance needs in order to develop a strategy for meeting those needs
- Assisting you in developing the control objectives for your processes
- Assisting you in planning an appropriate approach to the risk assessment and identifying the basis for your assertion
- Helping your personnel identify the controls you have implemented to address the control objectives
- Testing the operational effectiveness of your controls.
- Assisting you in describing your controls in the SOC 1 report
- Reporting on the results of our testing

The EY difference

- Perspective – your SOC 1 report is not just a tool for meeting clients’ requirements; it is usually the single best description of your processes and procedures that you can provide your clients. We advise you on how to leverage this communication to enhance your clients’ understanding of your processes. This perspective is a major part of the EY difference.
- Experienced professionals – our global service delivery team includes dedicated professionals with significant experience performing SOC 1 engagements. This means you will be teaming with people who understand the issues that can arise, and how critical your programs and projects are to your organization’s success.
- Knowledge – our skilled professionals’ experience and knowledge from working with multiple clients is leveraged to benefit your organization directly.

Our team of professionals is focused on providing the right services at the right time to leading organizations in both the public and private sector. EY helps organizations achieve their business objectives by delivering a wide range of advisory services that are designed to help enhance risk management activities and improve business processes. From our network of member firms around the world, EY’s Advisory professionals provide services that help clients assess, improve and monitor their business risks.

View the EY SOC 1 Reporting tool here.