

SOC REPORTING GUIDE

Which SOC is right for your organization?

SOC 1 (SSAE 18)	SOC 2 (AT-C 205)	SOC 3 (AT-C 205)
<p>On May 1, 2017, SSAE 18 superseded SSAE 16, and now all future SOC 1 reports will be performed under AT-C 320 Reporting on an Examination of Controls at a Service Organization Relevant to User Entities' Internal Control Over Financial Reporting. Organizations that were previously required to obtain a SSAE 16 or SOC 1 should now just refer to the examination as a SOC 1. The report scope should cover the information systems (both manual and automated) processes that are utilized to deliver the services under review. There are two types of SOC 1 reporting options:</p> <p>SOC 1 Type I: This option evaluates and reports on the design of controls put into operation as of a point in time.</p> <p>SOC 1 Type II: Includes the design and testing of controls to report on the operational effectiveness of controls over a period of time (typically 12 months).</p>	<p>A SOC 2 report is an engagement performed under AT-C section 205 and is based on the existing SysTrust and WebTrust principles. This report will have the same options as the SOC 1 report where a service organization can decide to undergo a Type I or Type II examination. However, unlike the SOC 1 audit that is based on internal controls over financial reporting, the purpose of a SOC 2 report is to evaluate an organization's information systems relevant to security, availability, processing integrity, confidentiality, and / or privacy.</p> <p>The criteria for these engagements are contained in the Trust Services Principles Criteria and Illustrations.</p> <p>Organizations asked to provide a SOC 1, but which do not have an impact on their client's financial reporting, should select this reporting option.</p>	<p>A SOC 3 report is an engagement performed under AT-C section 205 and is also based on the criteria contained in the Trust Services Principles Criteria and Illustrations. However, unlike the SOC 1 and 2, the SOC 3 report does not contain a description of the service auditor's test of controls and results thereof. SOC 3 reports are general use reports — they are intended to provide organizations with a publicly available report, and they are commonly published on websites and in marketing materials. There is limited information contained in these reports, allowing companies to illustrate their accomplishments without disclosing sensitive confidential information.</p> <p>Organizations whose primary goal is the marketing of their system/product against an industry-approved standard should select this reporting option.</p>

ABOUT US

Skoda Minotti's Risk Advisory Services Group is a specialized division within the firm that provides value-added assurance and compliance services focused on designing solutions for companies seeking to comply, or in the process of becoming compliant with various standards and regulations.

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