



UNDERSTANDING SOC ENGAGEMENTS



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What Are SOC Engagements?

System and Organization Controls (SOC) engagements have become the gold standard for examining, assessing and reporting on internal controls at service organizations. SOC engagements were developed by the AICPA, which has long been a thought leader in assurance engagements. CPAs are the exclusive providers of SOC reports for service organizations that must reassure its users about their systems.

Organizations like yours receive requests from customers for assurance on a number of fronts, including assurance about your systems' controls over financial reporting (SOC 1[®] for Service Organizations also known as SSAE18 engagements) and the controls you employ to protect the privacy and confidentiality of users' data, as well as the security, availability and processing integrity of your systems (SOC 2[®] and SOC 3[®] engagements).

SOC 1[®] for Service Organizations

Reporting on Controls at a Service Organization Relevant to User Entities' Internal Control over Financial Reporting

SOC 1[®] meets the needs of user entities' management and auditors as they evaluate the effectiveness of a service organization's controls on a user entity's financial statement assertions. These reports are important components of user entities' evaluation of their internal controls over financial reporting for purposes of compliance with laws and regulations and for when user entity auditors plan and perform financial statement audits.

SOC 2[®] for Service Organizations

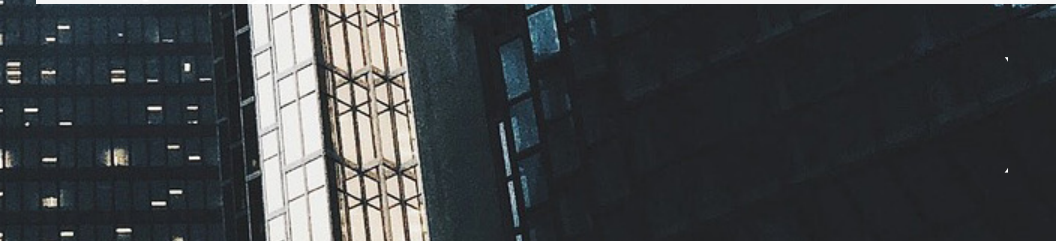
Reporting on Controls at a Service Organization Relevant to Security, Availability, Processing Integrity, Confidentiality, or Privacy (SOC 2[®])

For those who need to understand internal control at a service organization as it relates to security, availability, processing integrity, confidentiality or privacy. These reports play an important role in oversight of the organization, vendor management programs, internal corporate governance and risk management processes, and regulatory oversight. Stakeholders who use these reports include management or those charged with governance of the user entities and of the service organization, customers, regulators, business partners and suppliers, among others.

SOC 3[®] Report

Trust Services Principles, Criteria, and Illustrations

Designed to accommodate users who want assurance on a service organization's controls related to security, availability, processing integrity, confidentiality or privacy but do not have the need for the detailed and comprehensive SOC 2[®] Report. It can be used in a service organization's marketing efforts.



Report Comparison

	Who are the Users	Why	What
SOC 1®	Users' controller's office and user auditors	Audits of f/s and internal controls over financial reporting	Controls relevant to user organization's financial reporting
SOC 2®	Management Regulators Others	GRC programs Oversight Due diligence	Concerns regarding security, availability, processing integrity, confidentiality or privacy
SOC 3®	Any users with need for confidence in service organization's controls	Marketing purposes; detail not needed	Easy to read report on controls
SOC for Cybersecurity®	Any users to whom a company wants to demonstrate its own cybersecurity risk management program	Assurance for the board, prospective customers, or marketing purposes	General use report with information about a company's cybersecurity risk management program

Which Report Is Right For You?

Will report be used by your customers and their auditors to plan/perform an audit of their financial statements?	YES	SOC 1[®]
Will report be used by customers and/or stakeholders to gain confidence and place trust in a service organization's system?	YES	SOC 2[®] or SOC 3[®]
Do you need to make report generally available?	YES	SOC 3[®]
Do your customers have the need for/ability to understand the details of processing and controls at a service organization, the tests performed by the service auditor and results of those tests?	YES	SOC 2[®]
	NO	SOC 3[®]
Do you have a need to demonstrate to a governance body, regulators, customers or prospective customers that your company has identified and implemented procedures to meet cybersecurity objectives?	Yes	SOC for Cybersecurity[®]



Risk Advisory Services

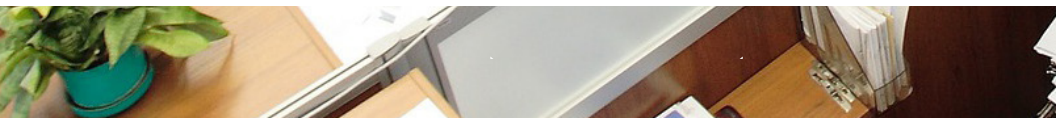
YHB provides comfort in knowing that your controls are operating as designed and helps develop more mature controls as you grow.

Companies rely heavily on technology to provide the information they need to serve their customers. Because of this, technology is an important part of every aspect of a company's operations. The foundation of our team is our expertise in information technology, security, and business continuity. We provide a number of solutions for large and small businesses to help management know that their systems are secure and will be available when needed. Our Solutions Include:

- SOC 1, 2, and 3 Examinations
- SOC for Cybersecurity Examinations
- Information Technology (IT) Audits
- Network Vulnerability Assessments & Penetrations Tests
- IT Advisory & Consulting
- Social Engineering Tests
- Compliance Engagements
 - Remote Deposit Capture Audits
 - ACH Compliance Audits
 - GLBA Assessments
 - HIPAA Compliance
 - Sarbanes Oxley Documentation & Testing

Whether you are being driven by regulatory requirements, trying to provide your customers with the information they need, or are just concerned about proper governance over your internal controls, we can design a level of service to fit the needs of your organization.

Our team is made up of CPAs, Certified Information Technology Professionals, and Certified Information Systems Auditors.



Why YHB?

YHB's Risk Advisor Services Team has been providing SOC, and its predecessor SAS70, engagements for over 15 years. We work with companies that range from just a handful of employees to companies with thousands of employees. Our expertise in recognizing and testing controls for organizations of all sizes bring international clients to YHB. We work with our clients to make sure they provide the users of their services with an accurate description of the controls they have in place.

If a SOC 2[®] engagement is the right one for you, we bring 15 years of experience working with the Trust Services Principles (TSP). We have been using the TSP framework to provide IT Audits (SysTrust) for many of our financial institution clients even before SOC 2[®] engagements existed.

When you are considering your first SOC engagement, you need a firm that can help you identify which controls matter. We help you describe your environment in an efficient and effective way, allowing your clients to easily understand the quality service you provide. Our approach to first year engagements is to perform a Readiness Assessment before the audit period begins. The Readiness Assessment helps you create the description of your control environment, identify the appropriate controls to fit your control objectives (SOC 1[®]) or the TSP (SOC 2[®]), and test the controls to make sure they are working as described. Once we have identified the controls and any weaknesses in them, we help you through the remediation process, preparing you for your first SOC audit.

Your relationship with YHB does not end when the report is issued. We continue to be a resource to you as changes in your environment or your industry force changes in your controls and processes.


YHB's Risk Advisory Services Team can help you provide your clients with assurance of the controls you have in place to protect them and their customers.



YHB CPAs & Consultants

YHB is a leading certified public accounting and consulting firm established in 1947. YHB offers comprehensive accounting, auditing, tax, wealth management and risk advisory services to clients. In addition to serving individuals, estates and trusts, the firm has extensive experience in working with both public and private businesses.

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**PROVIDING ASSURANCE
TO YOUR CONTROLS**