APPENDIX E

List of Substantive Changes and Additions

Practice Aids for Reporting on Controls of Service Organizations—SOC 1 Engagements

Seventh Edition (June 2015)

Highlights of This Edition

The following are some of the important new features in the 2015 Edition of PPC's Practice Aids for Reporting on Controls of Service Organizations—SOC 1 Engagements:

- **New Report Drafting Illustration Practice Aids.** Your Practice Aids contain new drafting illustrations of SOC 1 service auditor reports for a Type 1 IT General Controls Only engagement and a Type 2 IT General Controls Only engagement.

- **SOC 1 Peer Review Considerations and Resources.** SOC 1 (and SOC 2) engagements have been on the AICPA’s list of engagements required to be selected during a peer review since 2013. Since then, there have continued to be changes in professional standards and new practice issues. Peer review is a big concern for most service auditors, and the results of recent peer reviews of SOC engagements show that their concern is well placed. In addition to the practice aids and guidance on SOC 1 requirements already included in your Practice Aids, we’ve taken it a step further to bring you new information and resources that will help you comply with professional standards—and be ready for your next peer review! In your 2015 update, we’ve added a new appendix that includes—
  - The most recent data on AICPA peer review findings relating to SOC 1 engagements;
  - A copy of the May 2015 Peer Review checklist, Reporting on Controls at a Service Organization Checklist (SOC 1 Reports); and
  - A summary of the 2015 revisions to the Peer Review checklist.

In addition, PPC’s Practice Aids for Reporting on Controls of Service Organizations—SOC 2 Engagements, which will be released in summer 2015, will provide guidance and practice aids for service auditors when engaged to report on controls relevant to security, availability, processing integrity, or confidentiality.

- **Expanded Guidance and Illustrations for Service Organizations.** Your Practice Aids include expanded guidance relating to current SOC 1 engagement issues. We’ve added a new practice aid, “Engagement Independence Compliance and Nonattest Services Documentation Form,” that can be used to assist in meeting practitioner's documentation requirements under ET 1.295 of the revised AICPA Code of Professional Conduct and updated engagement letters to address nuances in the professional literature. We’ve also put the AICPA peer review checklist for SOC 1 engagements at your fingertips, including a detailed list of current year changes. Your Practice Aids also include updated information on IT general controls and illustrative control objectives for more types of service organizations.

- **Proposed Attestation Standard and Clarity Project Update.** The Attestation Recodification Task Force of the AICPA’s Auditing Standards Board has been working on redrafting the attestation standards to apply similar drafting conventions used in the recently issued auditing standards. In addition, the Task Force has been evaluating whether and how to converge the attestation standards with the International Standards on Assurance Engagements (ISAEs). As a result of the project, the ASB issued three exposure drafts of proposed Statements on Standards for Attestation Engagements. Your Practice Aids include a discussion of the project and its current status, as well as a discussion of some of the proposed changes to SOC 1 engagement guidance.

<table>
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<tr>
<th>Practice Aid</th>
<th>Description of Changes/Additions</th>
<th>Practice Aid Reference</th>
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APPENDIX E
OVERALL

1) Updated to reflect the revised title, *Practice Aids for Throughout Reporting on Controls of Service Organizations—SOC 1 Engagements*, due to the planned summer 2015 release of the new *Practice Aids for Reporting on Controls of Service Organizations—SOC 2 Engagements*.

2) Updated to reflect the issuance of revisions to the *AICPA Code of Professional Conduct*.

Overview of Service Organization Engagements Performed Under SSAE No. 16 (SOC 1 Engagements)

1) Updated the discussion of the activities of the Attestation Recodification Task Force of the AICPA’s Auditing Standards Board relating to the attestation standards recodification project, including adding a discussion of proposed changes to AT 801 as part of the project.

2) Noted the status of exposure drafts of proposed ethics guidance.

AT 801 Requirements for Service Auditors in SOC 1 Engagements

1) Updated for new practice aid references.

2) Added a comment referencing the discussions about using internal auditors for direct assistance and issues relating to the changes to *AU-C 610*.

AICPA Peer Review Findings and Checklist

1) Added a new appendix that includes:

   • AICPA peer review findings relating to SOC 1 engagements;
   
   • the May 2015 Peer Review checklist, *Reporting on Controls at a Service Organization Checklist (SOC 1 Reports)*; and
   
   • a summary of the 2015 revisions to the Peer Review checklist.

SOC 1 Engagement Program

1) Updated to expand the practical considerations related to nonattest services under *ET 1.295*.

2) Expanded the discussion referencing CX-9 relating to internal auditors.

Engagement Independence Compliance and Nonattest Services Documentation Form

1) Added a new practice aid, “*Engagement Independence Compliance and Nonattest Services Documentation Form*,” that can be used to document conclusions related to identification of threats to independence, safeguards that were applied; and to satisfy documentation requirements under *ET 1.295* of the revised *AICPA Code of Professional Conduct*. (Replaces the previous “Nonattest Services Documentation Form.”)

APPENDIX E

(Continued)
Understanding Aspects of the Service Organization’s Control Environment, Risk Assessment Process, Information and Communication System, and Monitoring Controls That Are Relevant to the Services Provided to User Entities

Test of Controls Form—SOC 1 Engagement (Instructions)

1) Updated the listing of general controls in step 13. CSO-CX-3.1

CSO-CX-6.1

Updated to expand the practical considerations related to nonattest services and updated the discussion of issues relating to the release of SAS No. 128, *Using the Work of Internal Auditors*, which superseded the previous guidance in *AU-C 610* for periods ending on or after December 15, 2014. Certain guidance in the pre-SAS No. 128 *AU-C 610* relating to direct assistance is referenced in *AT 801*. Updated to address the AICPA’s current plans for updated guidance as of the date of these *Practice Aids*.

CSO-CX-6.1.1

Expanded the practical considerations relating to testing controls when information is produced by the service organization’s information system.

CSO-CX-8.2.2

Revised the illustrative tests of operating effectiveness for access privileges under Control Objective 3 and added an additional illustrative test.

CSO-CX-8.2.2

Updated reference numbers for controls listed in Control Objective 3.

CSO-CX-9

Updated to expand the practical considerations related to nonattest services and updated the discussion of issues relating to the release of SAS No. 128, *Using the Work of Internal Auditors*, which superseded the previous guidance in *AU-C 610* for periods ending on or after December 15, 2014. Certain guidance in the pre-SAS No. 128 *AU-C 610* relating to direct assistance is referenced in *AT 801*. Updated to address the AICPA’s current plans for updated guidance as of the date of these *Practice Aids*.

CSO-CL-1.1

Updated to expand the practical considerations related to nonattest services and updated the discussion of issues relating to the release of SAS No. 128, *Using the Work of Internal Auditors*, which superseded the previous guidance in *AU-C 610* for periods ending on or after December 15, 2014. Certain guidance in the pre-SAS No. 128 *AU-C 610* relating to direct assistance is referenced in *AT 801*. Updated to address the AICPA’s current plans for updated guidance as of the date of these *Practice Aids*.
Engagement Letter—SOC 1 Type 2 Engagement

1) Updated to expand the practical considerations related to nonattest services and updated the discussion of issues relating to the release of SAS No. 128, *Using the Work of Internal Auditors*, which superseded the previous guidance in AU-C 610 for periods ending on or after December 15, 2014. Certain guidance in the pre-SAS No. 128 AU-C 610 relating to direct assistance is referenced in AT 801. Updated to address the AICPA’s current plans for updated guidance as of the date of these Practice Aids.

Representation Letter—SOC 1 Type 1 Engagement

2) Updated to expand the practical consideration related to nonattest services.

Representation Letter—SOC 1 Type 2 Engagement

1) Updated to expand the practical consideration related to nonattest services.

Control Objective Illustrations for Various Types of Service Organizations

1) Added illustrative control objectives for a collection services company.

Type 1 Service Auditor’s Report on IT General Controls Only—Unqualified Opinion on Fair Presentation and Suitability of Design—With Complementary User Entity Controls and Other Information Provided By the Service Organization

2) Added a new illustrative report for a Type 1 engagement when the service auditor reports on IT general controls only, with complementary user entity controls and other information provided by the service organization.

Type 2 Service Auditor’s Report—Carve-out Method for a Subservice Organization—With Complementary User Entity Controls and Controls at Subservice Organization are Necessary to Achieve Most of Service Organization’s Objectives

1) Revised the second paragraph of the scope section.

Type 2 Service Auditor’s Report on IT General Controls Only—Unqualified Opinion on Fair Presentation and Suitability of Design, and Operating Effectiveness—With Complementary User Entity Controls and Other Information Provided By the Service Organization

1) Added a new illustrative report for a Type 2 engagement when the service auditor reports on IT general controls only, with complementary user entity controls and other information provided by the service organization.