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Maintaining the SOC Environment During COVID-19

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Today's Speakers

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Today's Agenda

- Basics of SOC Reporting
- Assessing the Impact
- Assessing Qualified Opinions
- Opportunities for Efficiency
- Q&A

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Types of SOC Reports

- SOC 1: Report on Controls at a Service Organization Relevant to User Entities' Internal Control over Financial Reporting
- SOC 2: Report on Controls at a Service Organization Relevant to Security, Availability, Processing Integrity, Confidentiality or Privacy
- SOC 3: Redacted SOC 2 – general use report
- SOC for Cybersecurity – cybersecurity risk management program

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Types of SOC Reports

- Type 1: Point in time - design of the controls
- Type 2: Period of time - design and operating effectiveness of the controls
  - + 3 to 12 month period

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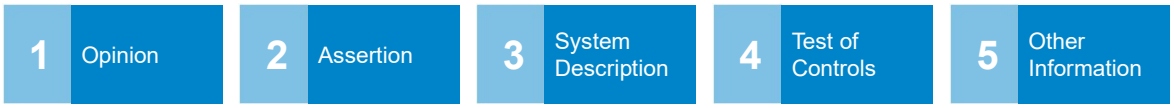
Components of a SOC Report



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Polling Question 1

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Assessing the Impact

- Work From Home (WFH) environment
- Unavailable staff
- Maintenance of processing
- Physical security
- Implementation of new technology and tools

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Assessing the Impact

CHANGES TO CONTROLS	IMPACTED CONTROL AREAS
• Design • Frequency • Ownership • Type • Execution • Evidence	• Governance • Logical access • Monitoring • Management review • Information security • Business continuity

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Polling Question 2

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Assessing the Impact - Responsibility

- Treat SOC reports like a project – Assign an owner!
- Ensure all controls have control owners
- Confirm controls with each control owner to assess impacts
- Ensure central repository for evidence

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Assessing the Impact – System Description

- **Disclosure of significant changes that may be relevant to users**

- **Examples of significant changes:**
  - + Changes to the services provided
  - + Changes to IT and security personnel
  - + Changes to system processes
  - + Changes to legal and regulatory requirements
  - + Changes to organizational structure

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System Description Example Elements

A. System Overview and Background
   i. Infrastructure
   ii. Software
   iii. People
   iv. Procedures
   v. Data
B. Customer Responsibilities
C. Relevant Aspects of the Control Environment, Risk Assessment Process, Information and Communication Systems, and Monitoring
D. Policies and Procedures
E. Communication
F. Physical Security
G. Logical Security
H. Monitoring

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Assessing the Impact – Other Information

WHEN TO INCLUDE:

+ Significant changes between examination periods
+ Response to COVID-19 that doesn't impact description or controls
+ Deviation responses not audited by service provider

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Assessing the Impact

- **Evaluate examination period – extended or modified**
  - + Requires Service Auditor to obtain reasonable justification

- **Changes to consider:**
  - + System description changes
  - + Control language changes
  - + Inherent risk changes
  - + Lack of evidence or different forms of evidence
  - + Deviations, deficiencies, or other matters

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Polling Question 3

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Assessing the Impact – CUECs

- Controls that will be implemented by user entities to achieve the control objectives
- Assess changes to CUECs due to COVID-19
- Service organizations should ensure accuracy
- User entities must test CUECs if you rely on the SOC report

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Example CUECs

SAMPLES:

+ User organizations are responsible for understanding and complying with their contractual obligations with Company.
+ User organizations are responsible for ensuring confidentiality of any user IDs, passwords, and encryption keys assigned to Company for accessing client data.
+ User organizations are responsible for immediately notifying Company of any actual or suspected information security breaches.
+ User organizations are responsible for performing annual user access reviews to Company services.

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Complementary Subservice Organization Controls (CSOCs)

- **Controls that will be implemented by subservice organizations to achieve the control objectives**

- **Evaluate downstream controls through third party risk management**
  - + COVID-19 impacts
  - + New subservice organizations?

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Assessing Qualified Opinions

- **What causes a qualified opinion?**

> Description > Design > Effectiveness

- **Qualified versus Adverse and Disclaimer opinions**

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Assessing Qualified Opinions

SERVICE ORGANIZATION	USER ORGANIZATION
• Document mitigating controls • Provide response in Section Five • Communication with users • Bridge letters	• Document mitigating controls • Obtain remediation response • Obtain bridge letter • Request supporting evidence

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Opportunities for Efficiency

- Plan for remote testing
- Utilize technology
- Prepare for future outbreaks
- Communicate externally and internally

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Q&A

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