

# 2022 EXAMINATION OF SERVICE ORGANIZATIONS OVERVIEW FOR KNOWLEDGE COACH USERS

## PURPOSE

This document is published for the purpose of communicating, to users of the toolset, updates and enhancements included in the current version. This document is not, and should not be used as an audit program to update the audit documentation of an engagement started in a previous version of this product.

## WORKPAPER UPDATES AND ROLL FORWARD NOTES

### General Roll Forward Note:

You must be the current editor of all Knowledge Coach workpapers to update to the latest content, and you must be the current editor upon opening the updated workpaper for the first time to ensure you see the updated workpaper.

The *2022 Knowledge-Based™ Examination of Service Organizations* reflects current accounting authoritative literature including AICPA Auditing Standards Board (ASB) Statements on Statement on Standards for Attestation Engagement (SSAE) No. 21, *Direct Examination Engagements* (SSAE No. 21), and the 2018 Revision of *Government Auditing Standards* (GAGAS, or the Yellow Book). SSAE No. 22, *Review Engagements*, is not applicable to SOC engagements and is not incorporated in this toolset. The tools include many tips and examples, as well as links to specific guidance that provides instant access to detailed analysis related to the steps and processes discussed in the workpapers.

**Caution: SSAE No. 21 is effective for practitioners’ assertion-based examination reports dated on or after June 15, 2022. Practitioners who have not implemented the provisions of SSAE No. 21 should continue to use the 2021 title, released on 2/18/2021.**

The 2022 edition of *Knowledge-Based Examinations of Service Organizations* includes the following updates:

### Knowledge-Based Audit Documents (KBAs)

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
<b>KBA-101 Findings Summary and Report Conclusions Worksheet</b>					
Modify	Modified column 3 to read as follows: <i>Description of Finding or Control Deficiency (Including Any Compensating Control(s) that Limit the Severity of the Deficiency)</i>	Table	Improved Workflow		Column will retain on roll forward.
<b>KBA-200 Entity Information and Background</b>					
Modify	Added steps 19, 20 to address key vendors and subservice organizations:  Detail any key vendors that provide services to the entity.  Detail any subservice organizations that provide services to the entity. <sup>1</sup>	Procedures	Enhancement	AICPA SOC2 Guide	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
New	<p>New practice point as follows:</p> <p><b>Practice Point:</b> A vendor is considered a subservice organization only if the following apply:</p> <p>The services provided by the vendor are likely to be relevant to report users' understanding of the service organization's system as it relates to the applicable trust services criteria.</p> <p>Controls at the vendor are necessary, in combination with the service organization's controls, to provide reasonable assurance that the service organization's service commitments and system requirements are achieved based on the applicable trust services criteria.</p>				

### Attestation Programs (ATTs)

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
<b>ATT-100 Engagement-Level Tailoring Questions</b>					
Modify	<p>Merged the two following tailoring questions into one:</p> <p>Do we plan to test the operating effectiveness of controls at an interim date?</p> <p>Were substantive engagement procedures performed at an interim date?</p> <p>Were substantive engagement procedures performed at an interim date including test of the operating effectiveness of controls?</p>	TQ Table	N		The new merged TQ will retain on roll forward. Please review KCO-003 Answer Effects for the Engagement-Level Tailoring Questions Workpaper for more information on the show/hide functioning of this TQ.
<b>ATT-101 Overall Attestation Program</b>					
Modify	Added practice alert regarding AICPA Statement on Standards for Attestation Engagements (SSAE) No. 21, <i>Direct Examination Engagements</i>	Instructions	New or revised guidance	SSAE-21	
Modify	Modified step 1c.iv.a to read "Access to all information of which the responsible party is aware that is relevant to the engagement"	Procedures	New or revised guidance	SSAE-21	Step will retain on roll forward

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
Modify	Modified practice point in Step 5 regarding the auditor being required by law to accept engagement	Procedures	New or revised guidance	SSAE-21	
Modify	Modified Step 5 under “Engagement Planning and Risk Assessment Procedures” to add management’s specialists to the list of responsible party personnel	Procedures	New or revised guidance	SSAE-21	Step will retain on roll forward
<b>ATT-114 Attestation Program: Examination-Level Engagement to Report on Controls at a Service Organization Relevant to User Entities Internal Control Over Financial Reporting SOC 1</b>					
Modify	Added practice alert regarding AICPA Statement on Standards for Attestation Engagements (SSAE) No. 21, <i>Direct Examination Engagements</i>	Instructions	New or revised guidance	SSAE-21	
Modify	Modified practice point in Step 2h regarding when the service auditor determines control objectives not reasonable under the circumstances and the matter cannot be resolved, to read as follows: “If the matter cannot be resolved but it is still appropriate to continue with the engagement, whether to communicate the matter in the practitioner’s report, and if the matter is to be communicated in the practitioner’s report, how, to do so.”	Procedures	New or revised guidance	SSAE-21	
Modify	Modified Step 19, under “Performing Attest Procedures”, to add management’s specialists to the list of responsible party personnel	Procedures	New or revised guidance	SSAE-21	Step will retain on roll forward.
<b>ATT-115 Attestation Program: Engagement to Report on Controls at a Service Organization Relevant to Security, Availability, Processing Integrity, Confidentiality, or Privacy SOC 2 and SOC 3</b>					
Modify	Added practice alert regarding AICPA Statement on Standards for Attestation Engagements (SSAE) No. 21, <i>Direct Examination Engagements</i>	Instructions	New or revised guidance	SSAE-21	
Modify	Modified Step 32, under “Performing Attest Procedures”, to add management’s specialists to the list of responsible party personnel	Procedures	New or revised guidance	SSAE-21	
<b>ATT-301 Understanding the Subject Matter</b>					
Modify	Added a note to clarify the definition of subject matter according to SSAE No. 21, which introduces the concepts of <i>underlying subject matter</i> and <i>subject matter information</i>	Purpose	New or revised guidance	SSAE-21	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
<b>ATT-401 Understanding Entity-Level Controls</b>					
Modify	Modified detailed tables as follows: <ul style="list-style-type: none"> <li>Removed Columns 6-7 regarding compensating controls (now documented in KBA-101)</li> <li>Minor wording changes</li> </ul>	Instructions, Tables	Improved Workflow		Any columns defaulted prior to removal of these columns will still default to the old response so users should always recheck any defaults on roll forward.
<b>ATT-402 Understanding General Controls for Information Technology</b>					
Modify	Modified Section III tables “Understanding of IT General Controls for Entities with a More Complex IT Structure” as follows: <ul style="list-style-type: none"> <li>Removed Columns 8-10 regarding compensating controls (now documented in KBA-101)</li> <li>Minor wording changes</li> </ul>	Instructions, Tables	Improved Workflow		Any columns defaulted prior to removal of these columns will still default to the old response so users should always recheck any defaults on roll forward.

**Practice Aids (AIDs)** have been modified and updated, where applicable, with additional tips, references, and examples.

- **AIDs 101, 201, 914-916** Added practice alert regarding AICPA Statement on Standards for Attestation Engagements (SSAE) No. 21, *Direct Examination Engagements*.
- **AID-101 Overall Examination Engagement Strategy** Added clarification of the term *subject matter* to instructions.
- **AID-201 Nonattest Services Independence Checklist** Added practice alert regarding AICPA *Proposed Quality Management Standards*; modified practice point regarding staff augmentation arrangements for re-issued exposure draft; clarified instructions regarding services that cannot be provided without impairing the auditor’s independence; added specific documentation of the nature of threat(s) identified.
- **AIDs 914-916** Added step to document statement about service auditor’s independence.
- **AID-914, 915** Added a note regarding a disclaimer as to the procedures related to the operating effectiveness of controls in Type 1 report.
- **AID-915 Report Preparation Checklist: Engagement to Report on a Service Organization’s Controls SOC 2** Added substeps related to identified deviations and work of internal auditors to Step 10; added Step 12 regarding applicable trust services criteria.

**Auditor’s Reports (RPTs)** have been modified and updated, where applicable, in accordance with current guidance.

- **RPTs 1010 – 1070** Added paragraph regarding independence to “Service Auditor’s Responsibilities” section of the report..
- **RPTs 1010B, 1016** Modified footnote regarding subservice organizations.
- **RPT-1021 Service Auditor’s Engagement (SOC 1®): Adverse Opinion on a Description of a Service Organization’s System and the Suitability of the Design and Operating Effectiveness of Controls (Type 2)** Added footnotes regarding complementary user controls and management assertion.
- **RPT-1022 Service Auditor’s Engagement (SOC 1®): Disclaimer of Opinion on a Description of a Service Organization’s System and the Suitability of the Design and Operating Effectiveness of Controls (Type 2)** Modified to remove “Service Organization’s Responsibilities” and “Service Auditor’s Responsibilities” paragraphs. Those responsibilities are now addressed in the Scope.
- **RPTs 1042, 1048, 1049, 1051, 1055, 1056** Deleted reference to complementary subservice organization’s controls from footnote on restricted use.

- **RPT-1043 Service Auditor’s Engagement (SOC 2®): Unmodified Opinion on a Description of a Service Organization’s System and the Suitability of the Design and Operating Effectiveness of Controls Relevant to Security, Availability, Processing Integrity, Confidentiality, and Privacy (Type 2) (Assumptions: Subservice Organization – Inclusive Method, Complementary User Entity Controls Are Required for the Service Organization to Achieve Certain Service Commitments and System Requirements)** Deleted reference to complementary subservice organization’s controls from “Restricted Use” section.
- **RPT-1060 Service Auditor’s Engagement (SOC 2®): Unmodified Opinion on a Description of a Service Organization’s System and the Suitability of the Design and Operating Effectiveness of Controls Relevant to Security, Availability, Processing Integrity, Confidentiality, and Privacy When Reporting Under AT-C section 205 and ISAE 3000 (Revised)** Added sentence regarding other procedures to “Service Auditor’s Responsibilities” section.
- **RPT-1070 Service Auditor’s Engagement (SOC 3®): Unmodified Opinion on Management’s Assertion Related to a Service Organization’s System and the Suitability of the Design and Operating Effectiveness of Controls Relevant to Security, Availability, Processing Integrity, Confidentiality, and Privacy** Added footnote regarding applicable trust service criteria.
- **RPTs 1040, 1044** Minor wording changes.

**Correspondence Documents (CORs)** have been modified and updated, where applicable, in accordance with current guidance.

- **COR-210 Engagement Letter: Engagement to Report on Controls at a Service Organization (SOC 1®)** Added paragraph that addresses objective of the examination.
- **CORs 212, 916, 917, 918, 920, 921** Added footnotes regarding trust services criteria / categories.
- **COR-212 Engagement Letter: Engagement to Report on Controls at a Service Organization Relevant to Security, Availability, Processing Integrity, Confidentiality, or Privacy (SOC 3®)** Added footnote regarding description criteria.
- **CORs 911, 912, 915, 916, 917, 921** Added representations related to COVID-19 pandemic and distribution of practitioner’s report.
- **CORs 911-914, 919, 920** Updated representation regarding criteria stated in management’s assertion.
- **CORs 915-918** Updated representation regarding the trust services categories to be included within the scope of the examination.
- **CORs 911-918, 921** Updated representation regarding information and access provided.
- **CORs 911, 912, 915, 916, 917, 921** Added footnote regarding the appropriate service organization personnel signing the representation letter.
- **CORs 913-918, 920, 921** Modified footnotes that address management’s representations not provided or not reliable to include determining the possible effect on the opinion in the practitioner’s report.

**Resource Documents (RESs)** have been modified and updated, where applicable, in accordance with current guidance.

- **RES-001 Knowledge-Based Service Organization Engagements Methodology Overview** Added practice alert regarding AICPA Statement on Standards for Attestation Engagements (SSAE) No. 21, *Direct Examination Engagements*, and *AICPA Proposed Quality Management Standards*, and updated, where applicable, in accordance with new/revised guidance.
- **RESs 014-017** Added footnote regarding trust services criteria.
- **RES-021 SOC 2® Sample Reporting Package – Illustration Only** Added section “Applicable Trust Services Criteria and the Related Controls”; replaced “Changes to the System During Period” section with “Changes to the System and Major Incidents During the Period”; added statement regarding the service auditor’s independence to the illustrative Independent Service Auditor’s Report.
- **RES-007, 012, 019** Minor wording changes.

**In addition, forms and practice aids throughout have been updated to include new examples and tips and, where applicable, to take into account:**

New literature, standards, and developments, reflected in the following current audit and accounting guidance:

- AICPA Auditing Standards Board (ASB) Statements on Standards for Attestation Engagements (SSAE) No. 21, *Direct Examination Engagements*
- 2018 Revision of *Government Auditing Standards* (GAGAS, or the Yellow Book)

Users of this content should consider guidance issued subsequent to these items to determine their effect on engagements conducted using this product.

**RELATED, FOUNDATIONS AND ASSOCIATION WORKPAPERS FOR THIS TITLE**

Related workpapers are Knowledge Coach Word workpapers where information flows in or out of tables within the workpaper. Some of these related workpapers are Foundation workpapers or associated workpapers.

Foundation Workpapers include most of the Communication Hub workpapers, which are central to the Knowledge-Based Audit Methodology used by the Knowledge Coach titles. Associated workpapers require you to associate them with custom values, such as audit areas, specialists, service organizations, and other items. Workpapers require an association when you need to have more than one instance of a particular Knowledge Coach workpaper in your binder for each type of item to which the workpaper is related. Making this association allows Knowledge Coach information to flow properly between workpapers.

<i>Form No.</i>	<i>Form Name</i>	<i>Foundation Workpaper</i>
<b>KBA</b> s	<b>KNOWLEDGE-BASED AUDIT DOCUMENTS</b>	
KBA-101	Findings Summary and Report Conclusions Worksheet	X
KBA-200	Entity Information and Background	X
KBA-201	Attestation Client/Engagement Acceptance Form	
KBA-501	Risk Assessment and Attest Program: Examination-Level Engagement	X
KBA-901	Engagement Review and Approval Checklist	

<i>Form No.</i>	<i>Form Name</i>	<i>Foundation Workpaper</i>
KBA-902	Attestation Engagement Documentation Checklist	
<b>ATTs</b>	<b>ATTESTATION PROGRAMS</b>	
ATT-100	Engagement-Level Tailoring Questions	X
ATT-101	Overall Attestation Program	
ATT-114	Attestation Program: Examination-Level Engagement to Report on Controls at a Service Organization Relevant to User Entities Internal Control Over Financial Reporting (SOC 1)	
ATT-115	Attestation Program: Engagement to Report on Controls at a Service Organization Relevant to Security, Availability, Processing Integrity, Confidentiality, or Privacy (SOC 2 and SOC 3)	
ATT-301	Understanding the Subject Matter	
ATT-401	Understanding Entity-Level Controls	
ATT-402	Understanding General Controls for Information Technology	
ATT-403	Evaluation of Management's Description of the Service Organization's System for SOC 1 Examinations	
ATT-404	Evaluation of Management's Description of the Service Organization's System (SOC 2 and SOC 3)	
ATT-901	Attestation Program: Subsequent Events	
<b>AIDs</b>	<b>PRACTICE AIDs</b>	
AID-101	Overall Examination Engagement Strategy	X
AID-201	Nonattest Services Independence Checklist	

<i>Form No.</i>	<i>Form Name</i>	<i>Foundation Workpaper</i>
AID-302	Inquiries of Management and Others within the Entity about the Risks of Fraud and Noncompliance with Laws and Regulations	
AID-601	Considering the Use of the Work of Internal Auditors or Other Responsible Party Personnel	
AID-604	Using the Work of a Practitioner's Specialist	
AID-605	Using the Work of a Management's Specialist	
AID-606	Involvement of an Other Practitioner	
AID-702	Designing Tests of Controls	
AID-901	Differences of Professional Opinion	