2023 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 *2023 Knowledge-Based^TM 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.

Documents for engagements on *SOC for Supply Chain* and *SOC For Cybersecurity Risk Management Program* have been added throughout the toolset.

The 2023 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
KBA-200 Entity Information and Background					
Modify	Step 8 – added engagement types: SOC for Supply Chain, SOC for Cybersecurity	Procedures	Enhancement		
Modify	Step 9 – added engagement report types: Direct Examination, Assertion-Based Examination	Procedures	Enhancement		
KBA-201 Attestation Client/Engagement Acceptance Form					
Modify	Modified engagement characteristics to read as follows: 　o　The engagement exhibits all of the following characteristics: 　　▪　The subject matter is appropriate.	Instructions	Enhancement		

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
	▪ The criteria to be applied in the preparation and evaluation of the subject matter are suitable and will be available to the intended users (in an examination or review engagement). ▪ The practitioner expects to be able to obtain the evidence needed to arrive at the practitioner's opinion, conclusion, or findings, including: ▪ Access to all information of which the responsible party is aware that is relevant to the engagement; …				
KBA-501 Risk Assessment and Attest Program: Examination-Level Engagement					
Modify	Added instructions and steps for SOC for Cybersecurity and SOC for Supply Chain examination	Instructions, Tables	Enhancement		
KBA-504 Basis for Inherent Risk Assessment: Cybersecurity					
Add	New KBA: *Basis for Inherent Risk Assessment: Cyber Security*		Improved Workflow		

Attestation Programs (ATTs)

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
ATT-100 Engagement-Level Tailoring Questions					
Add	Added 2 new TQs: Is the Engaging Party also the Responsible Party? Is the engagement to perform an examination on cybersecurity risk management? See KCO-003 for how these TQs affect the other workpapers.				
ATT-101 Overall Attestation Program					
Delete	Deleted Overall Attestation Program		Improved Workflow		
ATT-105 Overall Attestation Program: SOC for Supply Chain					
Add	New: *Overall Attestation Program: SOC for Supply Chain*		Improved Workflow		

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
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					
Modify	Updated practice alert regarding AICPA Statement on Standards for Attestation Engagements (SSAE) No. 21, *Direct Examination Engagements*	Instructions	Clarification		
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					
Modify	Updated practice alert regarding AICPA Statement on Standards for Attestation Engagements (SSAE) No. 21, *Direct Examination Engagements*	Instructions	Clarification		
ATT-116 Overall Attestation Program: SOC for Cybersecurity Risk Management Program					
Add	New: *Overall Attestation Program: SOC For Cybersecurity Risk Management Program*		Improved Workflow		
ATT-404 Evaluation of Management's Description of the Service Organization's System					
Modify	Renamed *Evaluation of Management's Description of the Service Organization's System (SOC 2®)*; deleted practice points and instructions regarding SOC 3	Instructions	Improved Workflow		
Modify	Added guidance regarding SOC 2® examination that addresses additional subject matters and additional criteria	Additional Guidance	Enhancement		
ATT-405 Evaluation of Management's Assertion Regarding the Service Organization's System					
Add	New: *Evaluation of Management's Assertion Regarding the Service Organization's System (SOC 3®)*		Improved Workflow		
ATT-412 Evaluation of Management's Description of the Entity's Cybersecurity Risk Management Program					
Add	New: *Evaluation of Management's Description of the Entity's Cybersecurity Risk Management Program*		Improved Workflow		
ATT-413 Evaluation of Management's Description of the Entity's Supply Chain					
Add	New: *Evaluation of Management's Description of the Entity's Cybersecurity Risk Management Program*		Improved Workflow		

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

- **NEW AID-917 Report Preparation Checklist: Examination-Level Attestation Engagement on a Cybersecurity Risk Management Program**.

- **AID-201 Nonattest Services Independence Checklist** Modified instructions for Section II; added steps to address augmented staff.

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

- **NEW RPTs 1030-1034** for *Cybersecurity Risk Management Program.*
- **NEW RPT-1035 Accountant's Report for a SOC for Supply Chain Examination** for *Supply Chain.*
- **RPTs 1010, 1012-1018** Service Auditor Responsibilities – deleted sentence regarding independence requirement.
- **RPTs 1054-1070** Service Auditor Responsibilities – added sentence regarding independence requirement.
- **RPTs 1019-1022** Added sentence *[Include a description of the work performed as a basis for the practitioner's conclusion.]*
- **RPT-1048** Renamed "Service Auditor's Engagement (SOC 2®): Unmodified Opinion on a SOC 2® Plus HIPAA".
- **RPT-1052 Service Auditor's Engagement (SOC 2®): Adverse 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)** Basis for Adverse Opinion – updated criterion for making changes to the systems.
- **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 guidance on trust service categories withing the scope of SOC 2 examination.

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

- **NEW CORs 208 Engagement Letter: Examination Engagement on SOC for Cybersecurity Risk Management Program, 209 Engagement Letter: SOC for Supply Chain** Engagement letters for *Supply Chain* and *Cybersecurity Risk Management Program.*
- **NEW CORs 922 Representation Letter: Assertion-Based Examination-Level Engagement on SOC For Supply Chain**, **923 Representation Letter: Assertion-Based Examination-Level Engagement on a Cybersecurity Risk Management Program** Management representation letters for *Supply Chain* and *Cybersecurity Risk Management Program.*
- **CORs 915 Representation Letter: Type 1 Engagement to Report on Controls at a Service Organization Relevant to Security, Availability, Processing Integrity, Confidentiality, and Privacy (SOC 2®)**, **916 Representation Letter: Type 2 Engagement to Report on Controls at a Service Organization Relevant to Security, Availability, Processing Integrity, Confidentiality, and Privacy (SOC 2®)** Updated list of representations.

Resource Documents (RESs) updated, where applicable, in accordance with new/revised guidance.

- **NEW RESs 022-025** Illustrative descriptions / assertions for *SOC for Supply Chain* and *SOC For Cybersecurity Risk Management Program.*

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)
- SSAE No. 22, *Review Engagements,* is not applicable to SOC engagements and is **not** incorporated in this toolset

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.

Form No.	Form Name	Foundation Workpaper
KBAs	**KNOWLEDGE-BASED AUDIT DOCUMENTS**	
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	
KBA-902	Attestation Engagement Documentation Checklist	
ATTs	**ATTESTATION PROGRAMS**	

Form No.	Form Name	Foundation Workpaper
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	
AIDs	**PRACTICE AIDS**	
AID-101	Overall Examination Engagement Strategy	X
AID-201	Nonattest Services Independence Checklist	
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	

Form No.	Form Name	Foundation Workpaper
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	

KCO-001
Knowledge-Based Examinations of Service Organizations