

# 2019 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 2018 *Knowledge-Based™ Examination of Service Organizations* tools have been updated to take into account current accounting authoritative literature including AICPA Auditing Standards Board (ASB) Statements on Standards for Attestation Engagements (SSAEs), *Attestation Standards: Clarification and Recodification* (SSAE No. 18); the 2011 Revision of *Government Auditing Standards* (GAGAS, or the Yellow Book; QC Section 10, *A Firm's System of Quality Control*; and the revised AICPA Code of Professional Conduct (Code), including the provisions of ET Section 1.295, *Nonattest Services*. The tools have also been updated to reflect the guidance provided in AICPA AAG, *Reporting on Controls at a Service Organization Relevant to Security, Availability, Processing Integrity, Confidentiality, or Privacy (SOC 2) – Revised 2018*, 2017 Trust Services Criteria, and DC Section 200 – 2018 Description Criteria. 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.

### Knowledge-Based Attestation Documents (KBAs):

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
<b>KBA-201 Attestation Client/Engagement Acceptance Form</b>					
Modify	Step 8 was split and a portion was moved above as follows 7. Are there any indications that our firm does (might) have a problem billing or collecting its fees? 8. Will all fees, billed or unbilled, or note(s) receivable arising from such fees for any professional services provided more than one year prior to the date of the report be paid prior to the issuance of the report for the current engagement?	Procedures	N		Steps will reset on Rollforward due to content changes
<b>KBA-301 Worksheet for Documenting Materiality Considerations</b>					
New	Updated Qualitative Factors in the instructions.	Text; table	Y	AICPA SOC 2 AAG 2018	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
<b>KBA-501 Risk Assessment and Attest Program: Examination-Level Engagement</b>					
New	<p>New table added to KBA-501, under Section 2, to allow user in SOC 2 and SOC 3 engagements to document risks by TSP/COSO categories. Please note that risks identified in other workpapers will flow into Table 1. For SOC 1 engagements, the auditor should add additional risks in Table 1. For SOC 2 and SOC 3 engagements, the auditor should add additional risks by TSP/COSO category in Table 2.</p> <ul style="list-style-type: none"> <li>• Table 1 will always be shown no matter the type of engagement</li> <li>• Table 2 will only show for SOC 2 and SOC 3 Engagements</li> </ul>	Table	Y	AICPA AAG, <i>Reporting on Controls at a Service Organization Relevant to Security, Availability, Processing Integrity, Confidentiality, or Privacy (SOC 2) – Revised 2018, 2017 Trust Services Criteria, and DC Section 200 – 2018 Description Criteria</i>	

**Attestation Programs (ATTs):** Updated throughout to reflect changes in attestation standards, including SSAE No. 18, and GAGAS, where applicable; and update or add new practice points addressing relevant issues. Significant changes to the ATTs include:

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>					
New	Added a new comments table in AUD-100 to document any information you want to capture related to tailoring.	Table	N		

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
Modified	TQ, "Are you performing a Type 2 engagement?" has been reworded to: Have you been engaged to perform a Type 2 engagement?	Table	N	Clarification	TQ will retain on roll forward and will retain all show/hides throughout workpapers if default roll forward settings are kept for ATT-100.
<b>ATT-101 Overall Attestation Program</b>					
Modify	The program has been enhanced to align with AICPA SOC 2 AAG, <i>Reporting on Controls at a Service Organization Relevant to Security, Availability, Processing Integrity, Confidentiality, or Privacy (SOC 2) – Revised 2018</i> .	Procedures steps	Y	AICPA SOC 2 AAG 2018	No steps will reset on roll forward and there is one new step.
New	Under "Evaluating, Concluding, and Reporting Procedures" the following step was added: Accumulate deviations that have not been determined to rise to the level of a deficiency and evaluate whether, in the aggregate, they result in a deficiency	Procedures steps	Y	AICPA SOC 2 AAG 2018	
<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>					
Removed	Under "Preliminary Engagement Activities" removed the following steps:  Determine the appropriate person(s) within the service organization's management or governance structure with whom to interact, including consideration of which person(s) have the appropriate responsibilities for and knowledge of the matters concerned  Determine that our firm is independent of the service organization, and when the inclusive method is used, any subservice organization, is unbiased about the subject matter, and can maintain independence in mental attitude and meet other ethics and firm policies.	Procedures steps			
Removed	Under "Evaluating, Concluding, and Reporting Procedures" removed the following step:  Review the results of all of the attest engagement procedures performed and evaluate whether the subject matter or assertion is presented in accordance with the criteria in all material respects. The practitioner should consider all relevant evidence, regardless of whether it appears to corroborate or contradict the measurement or evaluation of the subject matter against the criteria. When	Procedures steps			

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	evidence obtained from one source is inconsistent with that obtained from another, the service auditor should determine what additional procedures are necessary to resolve the inconsistency.				
<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)</b>					
Modify	The program has been enhanced to align with AICPA SOC 2 AAG, <i>Reporting on Controls at a Service Organization Relevant to Security, Availability, Processing Integrity, Confidentiality, or Privacy (SOC 2) – Revised 2018</i> .	Procedures steps	Y	AICPA SOC 2 AAG 2018	No steps will reset on roll forward and there were two steps removed.
Removed	Under “Evaluating, Concluding, and Reporting Procedures the following steps were removed: Review the results of all of the attest engagement procedures performed, accumulate description misstatements or deficiencies (other than those that are clearly trivial) identified during the engagement, and evaluate whether the service commitments and system requirements and management’s assertion are presented in accordance with the trust service criteria in all material respects. Accumulate deviations that have not been determined to rise to the level of a deficiency and evaluate whether, in the aggregate, they result in a deficiency.	Procedures steps	Y	AICPA SOC 2 AAG 2018	
<b>ATT-401 Understanding Entity-Level Controls: Complex Entities</b>					
Modified	Instructions modified to enhance discussion of control objectives, compensating controls, and changes in controls from previous year.	Instructions	Clarification		
Modified	Modified Tables by modifying column headers, rearranging columns, and replacing referencing to “adequately reduce the risks of material misstatement” with “operating effectively”.	Instructions; Table	Improved Workflow		All columns will retain on roll forward if the user selects to keep workpaper on roll forward, except column 10 which is a new column.
<b>ATT-402 Understanding General Controls for Information Technology</b>					
Modified	Instructions modified to enhance discussion of changes in internal control from previous year.	Instructions	Clarification		

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
Modified	Modified Tables in Section III “Understanding of IT General Controls for Entities with a More Complex IT Structure” by modifying column headers, rearranging columns, replacing referencing to “adequately reduce the risks of material misstatement” with “operating effectively”, and adding a column to document if compensating controls are selected for operating effectiveness.	Instructions; Table	Improved Workflow		Columns 1-5, 6, 8, 11, 12 and 13 will retain on roll forward if user selects to keep workpaper on roll forward
<b>ATT-404 Evaluation of Management’s Description of the Service Organization’s System (SOC 2 and SOC 3)</b>					
New	Additional steps have been added and wording modifications have been made to more directly relate to the description criteria for SOC 2 and SOC 3.	Procedure Steps	Y	AICPA SOC 2 AAG 2018	

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

- **AID-604 Using the Work of a Practitioner’s Specialist** Additional consideration added regarding the threats to the independence of the practitioner’s specialist.
- **AID-915 Report Preparation Checklist: Engagement to Report on a Service Organization’s Controls (SOC 2)** Modified to align with changes in the practitioner’s reports.
- **NEW AID-703 Trust Services Criteria for Security, Availability, Processing Integrity, Confidentiality, and Privacy Description of Test of Controls and Results Thereof**
- **NEW AID-916 Report Preparation Checklist: Engagement to Report on a Service Organization’s Controls (SOC 3)** Report preparation checklist for SOC 3 engagements.

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

- **COR-211 Engagement Letter: Engagement to Report on Controls at a Service Organization Relevant to Security, Availability, Processing Integrity, Confidentiality, or Privacy (SOC 2)** Modified language in accordance with the new illustration provided in the SOC 2 AAG.
- **COR-915 Representation Letter: Type 1 Engagement to Report on Controls at a Service Organization Relevant to Security, Availability, Processing Integrity, Confidentiality, or Privacy (SOC 2)** Modified language in accordance with the new illustration provided in the SOC 2 AAG.
- **COR-916 – Representation Letter: Type 2 Engagement to Report on Controls at a Service Organization Relevant to Security, Availability, Processing Integrity, Confidentiality, or Privacy (SOC 2)** Modified language in accordance with the new illustration provided in the SOC 2 AAG.
- **COR-917 Representation Letter: Type 1 or 2 Engagement to Report on Controls at a Service Organization Relevant to Security, Availability, Process Integrity, Confidentiality, and Privacy (SOC 2)** Modified language in accordance with the new illustration provided in the SOC 2 AAG.
- **COR-918 Representation Letter: Representations from Management of the Subservice Organization, When the Service Organization uses the Inclusive Method (SOC 2)** Modified language in accordance with the new illustration provided in the SOC 2 AAG.
- **COR-920 Representation Letter: Engaging Party SOC 2 –** Modified language in accordance with the new illustration provided in the SOC 2 AAG.

- **NEW COR-212 Engagement Letter: Engagement to Report on Controls at a Service Organization Relevant to Security, Availability, Processing Integrity, Confidentiality, or Privacy (SOC 3) New engagement letter for SOC 3 engagements.**
- **NEW COR-921 Representation Letter: Engagement to Report on Controls at a Service Organization (SOC 3)**

**Practitioner's Reports (RPTs):** All of the reports have been modified and updated to align with the form and content of the illustrative examples provided in the AICPA SOC 2, AAG, *Reporting on Controls at a Service Organization Relevant to Security, Availability, Processing Integrity, Confidentiality, or Privacy (SOC 2) – Revised 2018*.

- **NEW RPT-1056 Service Auditor's Engagement (SOC 2): Unmodified Opinion on a Health Care Organization**
- **NEW 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)**

#### Resource Documents (RESs)

- **RES-002 Index of Attestation Programs, Forms, and Other Practice Aids Updated for changes throughout toolset.**
- **RES-014 Service Auditor's Engagement (SOC 2): Illustrative Management Assertion Regarding a Description of a Service Organization's System, the Suitability of the Design of Its Controls (Type 1) Relevant to Security, Availability, Processing Integrity, Confidentiality, and Privacy DC Section 200 – 2018 Description criteria** Provides an illustrative example of a SOC 2 Type 1 Management Assertion.
- **RES-015 Service Auditor's Engagement (SOC 2): Illustrative Management Assertion Regarding a Description of a Service Organization's System, the Suitability of the Design and Operating Effectiveness of Its Controls Relevant to Security, Availability, Processing Integrity, Confidentiality, and Privacy DC Section 200 – 2018 Description criteria** Provides an illustrative example of a SOC 2 Type 2 Management Assertion with Subservice Organization – Inclusive Method.
- **RES-016 Service Auditor's Engagement (SOC 2): Illustrative Management Assertion on Controls at a Service Organization Relevant to the Security, Availability, Processing Integrity, Confidentiality, and privacy Principles DC Section 200 – 2018 Description criteria** Provides an illustrative example of a SOC 2 Type 2 Management Assertion with Subservice Organization – Carve-out Method.
- **Reindexed: RES-009 Trust Services Criteria Provides 2017 Trust Services Criteria – TSP Section 100 to RES-010**
- **Reindexed: RES-017 Service Auditor's Engagement (SOC 3): Illustrative management Assertion on the Suitability of the Design and Operating Effectiveness of Controls relevant to security, availability, confidentiality, and Privacy** Provides an illustrative example of a SOC 3 Management Assertion to **RES-017**
- **Reindexed: RES-018 Comparison of SOC 1, SOC 2, and SOC 3 Engagements and Related Reports** Provides a comparison of SOC 1, SOC 2, and SOC 3 engagements to **RES-019**
- **NEW RES-008 Criteria for Evaluating the Fairness of the Presentation of the Description (Description Criteria) DC Section 200A Provides 2015 Description Criteria – DC Section 200A.**
- **NEW RES-009 Description Criteria for a Description of a Service Organization's System in a SOC 2 Examination and Related Implementation Guidance DC Section 200 Provides 2018 Description Criteria – DC Section 200.**
- **NEW RES-013 Service Auditor's Engagement (SOC 1): Illustrative Subservice Organization Management Assertions for a Type 2 Report**
- **NEW RES-017 Service Auditor's Engagement (SOC 2): Illustrative Subservice Organization Management Assertions for a Type 2 Report Provides an illustrative example of a SOC 2 Subservice Organization Management Assertion when the Inclusive Method is used.**
- **NEW RES-020 Illustrative Comparison of a SOC 2 Examination and Related Report With the Cybersecurity Risk Management Examination and Related Report** Provides a comparison of SOC 2 and cybersecurity engagements.
- **NEW RES-021 SOC 2 Sample Reporting Package – Illustration Only** Provides an illustrative example of a SOC 2 Reporting Package.

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 (SSAEs), *Attestation Standards: Clarification and Recodification* (SSAE No. 18)
- 2011 Revision of *Government Auditing Standards* (GAGAS, or the Yellow Book; QC Section 10, *A Firm's System of Quality Control*)
- the revised AICPA Code of Professional Conduct (Code), including the provisions of ET Section 1.295, *Nonattest Services*
- AICPA AAG, *Reporting on Controls at a Service Organization Relevant to Security, Availability, Processing Integrity, Confidentiality, or Privacy (SOC 2) – Revised 2018*, *2017 Trust Services Criteria*, and *DC Section 200 – 2018 Description Criteria*

## 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	
KBA-902	Attestation Engagement Documentation Checklist	
<b>ATT</b> s	<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)	



<i>Form No.</i>	<i>Form Name</i>	<i>Foundation Workpaper</i>
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: Complex Entities	
ATT-401N	Understanding Entity-Level Controls: Noncomplex Entities	
ATT-402	Understanding General Controls for Information Technology	
ATT-403	Evaluation of Management's Description of the Service Organization's System	
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	
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	

<i>Form No.</i>	<i>Form Name</i>	<i>Foundation Workpaper</i>
AID-606	Involvement of an Other Practitioner	
AID-702	Designing Tests of Controls	
AID-901	Differences of Professional Opinion	