

July 17, 2018

# What Are Complementary Subservice Organization Controls And How Do They Impact SOC Reports?

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Service organizations typically outsource functions such as data center hosting or transaction processing, to outside vendors, referred to as subservice organizations. Depending on the nature of the function outsourced, user entities may require information about the controls that are in place to mitigate the risk presented by the service they're providing to the service organization. When the carve-out method is used for presenting a subservice organization, and controls at the subservice organization, in combination with controls at the service organization, are necessary in order to achieve a control objective (SOC 1) or a trust services criteria (SOC 2), the controls performed by the subservice organization are referred to as complementary subservice organization controls (CSOCs).

When an instance like this occurs, service organizations must incorporate CSOCs into their SOC reports. The CSOCs need to be specific to the services provided by the service organization's system. The description of the service organization's system needs to describe the subservice organization's responsibility for implementing CSOCs and indicate that the service organization can only achieve the specific control objectives or applicable trust services criteria if the CSOCs are suitably designed and, in a type 2 examination, operating effectively throughout the period.

Service organization management may request the service auditor's assistance when determining how to present the CSOCs in the description. For example, the service auditor may be able to provide examples of CSOC disclosures made by others and can make recommendations to improve the presentation of the CSOCs in the description.

Examples of the types of CSOCs a subservice organization is assumed to have implemented include the following:

- Controls relevant to the completeness and accuracy of transaction processing on behalf of the service organization.
- Controls relevant to the completeness and accuracy of specified reports provided to and used by the service organization.
- General IT controls relevant to the processing performed for the service organization

For more on subservice organization controls, contact a professional at Schneider Downs.

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