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| Form 2302: SOC 1 Evaluation Template |  |

The Olnick Organization

12/31/2020

Instructions

This memo can be used to document the procedures performed related to a service organization in accordance with requirements of GAM-US 402, *Use of a Service Organization,* or SECM 2601*, Consideration of an Entity’s Use of a Service Organization*. It is intended to be placed at the Form 2302 placeholder when the auditor plans to rely on the effectiveness of internal controls at the service organization for a given account and assertion. Although not required, the memo can also be used to support the auditor’s risk assessment procedures when no reliance is placed on controls in order to satisfy the requirements of AU-C 402.13 and .14 and SECM 2110. The auditor should identify those controls relevant to their engagement within the SOC 1 report and include them below within this memo.

For audits of employee benefit plans, service organization controls are documented on RSM Orb T 2302 EBP, *SOC 1 Evaluation Template –for Employee Benefit Plans*, and RSM Orb T 2303 EBP, *SOC 1 Evaluation Template –for Payroll*, as applicable. When auditing the employee benefit plan and the plan sponsor, if this form is used as a starting point in place of one of the employee benefit plan template forms, the auditor should compare the information documented on this form to the applicable employee benefit plan forms and assess whether the relevant objectives and user controls have been documented for the plan under audit.

The auditor should complete shaded cells and delete non-applicable items once addressed (including this note and the instructions above). This document can be used to document procedures performed.

See GAM-US 402, *Use of a Service Organization*, for requirements and application guidance.

*Link to manual section*: [on RSM US intranet](https://rsmnet.sharepoint.com/sites/Services/Audit/Manuals/Pages/Content/Topics-US/GAM-US/300-499/GAM-US-402.aspx) | [on Alliance portal](https://alliance.rsmus.com/tools/audit/GlobalManuals/Content/Topics-US/GAM-US/300-499/GAM-US-402.htm?url=tools/audit/GlobalManuals/Content/Topics-US/GAM-US/300-499/GAM-US-402.htm) | [on Firm Foundation portal](https://firmfoundation.rsmus.com/Tools/audit/GlobalManuals/Content/Topics-US/GAM-US/300-499/GAM-US-402.htm?url=tools/audit/GlobalManuals/Content/Topics-US/GAM-US/300-499/GAM-US-402.htm) | [on Advance CPA portal](https://advancecpa.rsmus.com/audit/GlobalManuals/Content/Topics-US/GAM-US/300-499/GAM-US-402.htm?url=%20tools/audit/GlobalManuals/Content/Topics-US/GAM-US/300-499/GAM-US-402.htm)

See SECM 2601, *Consideration of an Entity’s Use of a Service Organization*, for requirements and application guidance.

*Link to manual section*: [on RSM US intranet](https://rsmnet.sharepoint.com/sites/Services/Audit/Manuals/Pages/Content/Topics-US/SECM/2000-2999/SECM-2601.aspx) | [on Alliance portal](https://alliance.rsmus.com/tools/audit/GlobalManuals/Content/Topics-US/SECM/2000-2999/SECM-2601.htm?url=tools/audit/GlobalManuals/Content/Topics-US/SECM/2000-2999/SECM-2601.htm) | [on Firm Foundation portal](https://firmfoundation.rsmus.com/Tools/audit/GlobalManuals/Content/Topics-US/SECM/2000-2999/SECM-2601.htm?url=tools/audit/GlobalManuals/Content/Topics-US/SECM/2000-2999/SECM-2601.htm) | [on Advance CPA portal](https://advancecpa.rsmus.com/audit/GlobalManuals/Content/Topics-US/SECM/2000-2999/SECM-2601.htm?url=%20tools/audit/GlobalManuals/Content/Topics-US/SECM/2000-2999/SECM-2601.htm)

General Information

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| Reference to SOC report | **WP 2301A - AUDITOR RESPONSIBILITY** | |
| Name of Service Organization | ADP - BOT | |
| Services Covered by the Service Organization | AutoPay Payroll Services - BOT | |
| Period Covered by the SOC report | 10/1/2019-9/30/2020 - BOT | |
| Does the SOC report cover the entire period under audit?  If no, document additional procedures performed in the **Period Covered by SOC 1 Type 2 Report Precedes Entity’s Period End** (AU-C 402.17c or AS 2601.16). | No *- BOT*  *IF THE REPORT COVERED IS NOT A CALENDAR YEAR (12/31/20xx) THEN NO*  *IF 12/31/20xx THEN YES* | |
| SOC Report Type | SOC 1 Type 2 (Page 38 of PDF) - **Scope of Report Section - BOT** | |
| Name of Service Auditor | Ernst & Young LLP - BOT | |
| Date of Report | December 11, 2020 - BOT | |
| What is the opinion type?  If the opinion is modified, document the nature of the modifications below and document the implications on the appropriate form (e.g., Form 3300, *Significant Accounts and Risk Assessment*). | Unqualified - BOT – KEYWORD: FAIRLY PRESENTS | |
| See GAM-US 402 or SECM 2601 for additional guidance. | | |
|  | | |
| Standards under which the Report was issued (AU-C 402.13b or AS 2601.22) | SSAE 18 (Page 38 of PDF) (Scope of Report Section) | |
| Locations covered (if applicable) | N/A - Ignore for bot | |
| Was the service auditor’s report prepared by a CPA firm with whom the user auditor is familiar?  If No, document procedures performed to evaluate the service auditor’s professional competence and independence from the service organization below (AU-C 402.13a or AS 2601.18). | Yes *- BOT*  **Top 10 Accounting Firms in The USA**   1. Deloitte 2. PwC. - PriceWaterhouse Coopers 3. Ernst & Young - E&Y 4. KPMG 5. McGladrey 6. Grant Thornton 7. CBIZ/Mayer Hoffman McCann 8. BDO 9. Crowe Horwath 10. CliftonLarsonAllen | |
| E&Y | | |
| Are there any subservice organizations carved out of the report?  If Yes, complete the fields below. | | Yes *- BOT* |

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| --- | --- | --- |
| Name of Subservice Organization | Functions Performed | Work Performed to Address Carved-Out Subservice Organization1 |
| GETS US organization - BOT | * See Additional information on Page 63 in PDF - Provides operating system change management, data center management and network management services to support the data centers and technology infrastructure - **BOT** | ***N/A*** |

1If any significant account balances or transaction cycles have been outsourced by the third-party administrator, the auditor should obtain and evaluate additional SOC 1 reports.

Period Covered by SOC 1 Type 2 Report Precedes Entity’s Period End - AUDITOR RESPONSIBILITY

Complete the applicable procedures in this section if the period covered by the SOC 1 Type 2 Report precedes the entity’s period end per AU-C 402.17 or AS 2601.16.

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| Procedures | | Reference to Work Performed | Comments |
|  | 1. Obtain a “gap letter” (if available) and review it for appropriateness. A “gap letter” letter would generally be considered appropriate if it covers the remaining period in the entity’s period end and positively asserts, rather than providing negative assurance, that controls have not changed significantly since the period covered by the service auditor’s report. | WP 2301B - Leave Blank for Bot |  |
|  | 1. Inquire of management to determine whether management has identified any changes in the service organization’s controls subsequent to the period covered by the service auditor’s report (such as changes communicated to management from the service organization, changes in personnel at the service organization with whom management interacts, changes in reports or other data received from the service organization, changes in contracts or service level agreements with the service organization, or errors identified in the service organization’s processing). If management has identified such changes, evaluate and document their consideration of the effect of such changes on the conclusions regarding the effectiveness of internal control. | See WP 2100 - **Auditor Responsibility** |  |
|  | 1. If applicable, extend tests of complementary user controls through period end. These procedures may provide additional evidence that the controls at the service organization have not changed if they involve examination of reports or records produced by the service organization that are consistent with similar evidence covered within the period of the service auditor’s report. | See WP 2100 - **Auditor Responsibility** |  |
|  | 1. In cases where the auditor is unable to obtain an appropriate “gap letter” and plans to rely on controls, perform the procedures described in 2 and 3 above, evaluate whether the results of other substantive procedures indicate that there have been changes in the controls at the service organization, and evaluate procedures, if any, performed by management and the results of those procedures. In some cases, contacting the service organization through the entity to obtain specific information may be appropriate. In rare cases, when no other alternatives exist, it may be necessary to request that a service auditor be engaged to perform procedures that will supply the necessary information or to visit the service organization and perform such procedures. | N/A |  |
|  | 1. In cases when the service auditor’s report is dated more than three months prior to the entity’s period end, document whether it is appropriate to use this report in obtaining control reliance. | N/A |  |

Complimentary User Controls

All user controls from the SOC 1 Report have been included below. The auditor should identify those controls relevant to their engagement and delete those that are not relevant (delete these instructions as well).

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| 1. List the page reference to all user controls within the SOC 1 report. | | | Pgs. 69-107 - **BOT PULLS PAGE NUMBERS** | | | |
| 1. Document the results of the inquiry of all user controls with the entity. | | | See WP 2100 - **Auditor Responsibility** | | | |
| While only walkthroughs of user controls relevant to the audit (below) are required for non-integrated audits, the auditor should inquire if the company has a process in place to adequately address user controls that are relevant to the entity within the SOC 1 Report.  For integrated audits, user controls relevant to the audit should be treated like any other relevant control and should be tested for design and implementation as well as operating effectiveness.  Per AS 2201, for audits of internal control over financial reporting (ICFR), the auditor should perform procedures that include:   1. Obtaining an understanding of the controls at the service organization that are relevant to the entity’s internal control and the controls at the user organization over the activities of the service organization; and 2. Obtaining evidence that the controls that are relevant to the auditor’s report are operating effectively. | | | | | | |
| Relevant User Control | Control # | Account Balance/ Transaction Cycle | | Description and Walkthrough of Entity Control Procedures | Was the Control Designed Effectively and Implemented?2 | Describe or Reference TOC Performed, Including Results (or N/A)3 |
| See pages 65-66 for complimentary user entity controls - **Pull from Bot** |  | Payroll Expense - Auditor | | See client responses in WP 2450A - Auditor | Yes - Auditor |  |
|  |  |  | |  | Select |  |
|  |  |  | |  | Select |  |
|  |  |  | |  | Select |  |
|  |  |  | |  | Select |  |

2 If No, add a new control deficiency by clicking the Reportable Item button in CaseWare.

3 When reliance is placed on a control in the SOC, test the related user controls. Document the testing here (including population and sample sizes and testing performed) and the results, or reference the workpaper where tested.

Information Technology Controls4 (AU-C 402. 17d and 18 or AS 2601.03)

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| # | Area | Test of Controls Performed (pg. #) | Exceptions Noted5 |
| 1 | Page 98 of PDF Report |  | LIST EACH DEVIATION ON A SEPERATE LINE For three of a total population of forty three users with administrative access to the input/output system through SMS, access to the self service portal, payforce and hosted Enterprise HR. -Pull by bot .  This exception does not result in the risk of material misstatement for the F/S - **Auditor responsibility** |
| 2 | Controls provide reasonable assurance that [control objective]. |  |  |
| 3 | Controls provide reasonable assurance that [control objective]. |  |  |

4 If any relevant IT control objectives are omitted, a conclusion must be documented as to effect on reliance on the SOC 1 Report in areas of significant account balances or transaction cycles of the user entity included in the SOC 1 as documented below. Enter any identified risks of material misstatement on appropriate RSM Orb form (e.g., Form 3300, *Significant Accounts and Risk Assessment)* for the applicable accounts and assertions.

5 Any exceptions in this area must be evaluated and documented in order to assess effect on reliance on areas of significant account balances or transaction cycles of the entity included in the SOC 1 as documented below. Enter any identified risks of material misstatement on appropriate RSM Orb form (e.g., Form 3300, *Significant Accounts and Risk Assessment)* for the applicable accounts and assertions.

Significant Account Balances and Transaction Cycles (AU-C 402.17d and .18 or AS 2601.03) - AUDITOR RESPONSIBILITY

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| --- | --- | --- | --- | --- |
| # | Area | Test of Controls Performed (pg. #) | Exceptions Noted | Can Control Risk be Assessed Below Maximum Based on Results of Testing? (Y/N) |
| 1 | Payroll expenses | See WP 245A for payroll walkthrough testing performed |  | Yes |
| 2 | Controls provide reasonable assurance that [control objective]. |  |  | Select |
| 3 | Controls provide reasonable assurance that [control objective]. |  |  | Select |

Conclusion - AUDITOR RESPONSIBILITY

Reliance on Controls

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| --- | --- | --- |
|  | Yes/No | Comments |
| Have we obtained a sufficient understanding of the nature and significance of the services provided by the service organization and their effect on the user entity’s internal control relevant to the audit to provide a basis for the identification and assessment of risks of material misstatements? (AU-C 402.11 or AS 2601.07-.16)  If No, include reference or description of additional procedures performed (such as contacting service organization to obtain further information). (AU-C 402.12b–d or AS 2601.14-.15) | Yes |  |
| Does it appear that the service auditor has met the requirements for professional competence and independence from the service organization and does it appear that the work was performed under the appropriate attestation standards for the type of report that was issued? (AU-C 402.13 or AS 2601.18) | Yes |  |
| Do the tests of controls performed by the service auditor and the results thereof, as described in the SOC 1 Type 2 report provide sufficient appropriate audit evidence to support the planned control risk assessment? (AU-C 402.17d or AS 2601.11)  Considerations may include:   * Whether the report addresses all relevant control objectives including relevant IT general controls * Whether services provided by subservice organizations relevant to the audit have been addressed by the SOC 1 Report or if alternative procedures have been performed to obtain this evidence * The impact of qualifications in the service auditor’s report * The impact of exceptions noted in the service auditor’s tests of controls | Yes |  |
| Have complementary user entity controls identified by the service organization as relevant in addressing the risks of material misstatement relating to the relevant assertions in the entity’s financial statements been designed and implemented and are those controls operating effectively? (AU-C 402.17b or AS 2601.07-.16) | Yes | WP 2100 and 2450 |
| Has the user auditor identified any risk of material misstatements in relation to the controls at the service organization or sponsor?  If Yes, include reference to documentation of RMM. | No |  |