This publication, which consists of an illustrative report, has been prepared by the AICPA Service Organizations Task Force and staff, and is an other attestation publication, as defined in AT section 50, SSAE Hierarchy (AICPA, Professional Standards). Other attestation publications have no authoritative status; however, they may help a practitioner understand and apply the Statements on Standards for Attestation Engagements.

If a practitioner applies the attestation guidance included in an other attestation publication, he or she should be satisfied that, in his or her judgment, it is both relevant to the circumstances of the attestation engagement and appropriate. The attestation guidance in this document has been reviewed by the AICPA Audit and Attest Standards staff and published by the AICPA and is presumed to be appropriate. This document has not been approved, disapproved, or otherwise acted on by a senior technical committee of the AICPA.

The following illustrative service auditor’s report on a description of a service organization’s system and the suitability of the design and operating effectiveness of controls (type 2 report) meets the requirements for the contents of a type 2 report in AT section 801, Reporting on Controls at a Service Organization (AICPA, Professional Standards), and International Standard on Assurance Engagements (ISAE) 3402, Assurance Reports on Controls at a Service Organization, when the service auditor is reporting under both standards. This illustrative report is intended for reports dated on or after December 15, 2015.

**Independent Service Auditor’s Assurance Report on a Description of a Service Organization’s System and the Suitability of the Design and Operating Effectiveness of Controls**

To: Management of XYZ Service Organization

**Scope**

We have examined XYZ Service Organization’s description of its [type or name of] system for processing user entities’ transactions [or identification of the function performed by the system] throughout the period [date] to [date] (description) and the suitability of the design and operating effectiveness of controls to achieve the related control objectives stated in the description.

**Service organization’s responsibilities**

On page XX of the description, XYZ Service Organization has provided an assertion about the fairness of the presentation of the description and suitability of the design and operating effectiveness of the controls to achieve the related control objectives stated in the description. XYZ Service Organization is responsible for preparing the description and for the assertion, including the completeness, accuracy, and method of presentation of the description and the assertion, providing the services covered by the description, specifying the control objectives and stating them in the description, identifying the risks that threaten the achievement of the control objectives, selecting the criteria, and designing, implementing, and documenting controls to achieve the related control objectives stated in the description.
Service auditor’s responsibilities
Our responsibility is to express an opinion on the fairness of the presentation of the description and on the suitability of the design and operating effectiveness of the controls to achieve the related control objectives stated in the description, based on our examination. We conducted our examination in accordance with attestation standards established by the American Institute of Certified Public Accountants (AICPA) and International Standard on Assurance Engagements (ISAE) 3402, Assurance Reports on Controls at a Service Organization, issued by the International Auditing and Assurance Standards Board. Those standards require that we comply with applicable ethical requirements and plan and perform our examination to obtain reasonable assurance about whether, in all material respects, the description is fairly presented and the controls were suitably designed and operating effectively to achieve the related control objectives stated in the description throughout the period [date] to [date].

An examination of a description of a service organization’s system and the suitability of the design and operating effectiveness of the service organization’s controls to achieve the related control objectives stated in the description involves performing procedures to obtain evidence about the fairness of the presentation of the description and the suitability of the design and operating effectiveness of those controls to achieve the related control objectives stated in the description. Our procedures included assessing the risks that the description is not fairly presented and that the controls were not suitably designed or operating effectively to achieve the related control objectives stated in the description. Our procedures also included testing the operating effectiveness of those controls that we consider necessary to provide reasonable assurance that the related control objectives stated in the description were achieved. An examination engagement of this type also includes evaluating the overall presentation of the description and the suitability of the control objectives stated therein, and the suitability of the criteria specified by the service organization and described at page [aa]. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Service auditor’s independence and quality control
We have complied with the independence and other ethical requirements of the Code of Professional Conduct established by the AICPA.

We applied the statements on quality control standards established by the AICPA and accordingly maintain a comprehensive system of quality control.

Inherent limitations
XYZ Service Organization’s description is prepared to meet the common needs of a broad range of user entities and their auditors, and may not, therefore, include every aspect of the system that each individual user entity may consider important in its own particular environment. Because of their nature, controls at a service organization may not prevent, or detect and correct, all errors or omissions in processing or reporting transactions [or identification of the function performed by the system]. Also, the projection to the future of any evaluation of the fairness of the presentation of the description, or conclusions about the suitability of the design or operating effectiveness of the controls to achieve the related control objectives is subject to the risk that controls at a service organization may become inadequate or fail.
Opinion

In our opinion, in all material respects, based on the criteria described in XYZ Service Organization’s assertion on page [aa],

a. the description fairly presents the [type or name of] system that was designed and implemented throughout the period [date] to [date].

b. the controls related to the control objectives stated in the description were suitably designed to provide reasonable assurance that the control objectives would be achieved if the controls operated effectively throughout the period [date] to [date].

c. the controls tested, which were those necessary to provide reasonable assurance that the control objectives stated in the description were achieved, operated effectively throughout the period [date] to [date].

Description of tests of controls

The specific controls tested and the nature, timing, and results of those tests are listed on pages [yy–zz].

Restricted use

This report, including the description of tests of controls and results thereof on pages [yy–zz], is intended solely for the information and use of XYZ Service Organization, user entities of XYZ Service Organization’s [type or name of] system during some or all of the period [date] to [date], and the independent auditors of such user entities, who have a sufficient understanding to consider it, along with other information including information about controls implemented by user entities themselves, when assessing the risks of material misstatements of user entities’ financial statements. This report is not intended to be and should not be used by anyone other than these specified parties.

[Service auditor’s signature]
[Date of the service auditor’s report]
[Service auditor’s city and state]