

# *Trust & Transparency Solutions: Boost your image and save time*





## Overview

*In the aftermath of the global financial crisis, stakeholders are increasing their focus on effective risk management and good corporate governance. Organisations are being requested or required to provide an increasing amount of information about their own internal controls environment to a variety of external and internal stakeholders.*

*Furthermore, clients that rely on others, now need a robust way of demonstrating that the risks associated with the provision of service are identified, measured and managed in a reliable and cost efficient manner. They need an effective mechanism to communicate the way they manage their internal control environment.*

*Customers utilising the services offered by service providers are also increasingly looking for assurance over the risks and opportunities associated with the provision of these services. The effectiveness of processing, security, privacy and confidentiality need to be considered and communicated to potential users of the service.*

## Trust & Transparency Solutions

Organisations that provide services to their customers are often subject to independent assessments of the processes executed on behalf of their customers. By providing your customers a Third Party Services report, your customers have an independent assessment of controls and processes. This is a report that provides them with the confidence they are seeking.

The International Standard on Assurance Engagements 3402/3000 (ISAE 3402/3000) is issued by the International Auditing and Assurance Standards Board (IAASB), and it is the standard for performing these assessments. ISAE 3402/3000 provides the service organisation with a mechanism for sharing comfort (via an independent assurance report). It provides a reporting option for those service organisations that require a global attestation standard to deliver consistent reporting worldwide.

## ISAE 3402/3000 highlights

- Scope is focused on those controls that are likely to be relevant to user entities' internal control over financial reporting
- Type 1 (point in time) and Type 2 (over a period of time) reports may be issued by the service auditor. Reports may include (inclusive method) or exclude (carve-out method) services provided by subservice organisations
- Service auditor's report is restricted to use by the service organisations management, customers of the service organisation and the customers auditors
- Management is required to provide a written assertion with respect to the service organisations responsibilities for systems and controls
- Subservice organisations are required to provide a similar assertion when they are included in the scope of the report
- In a Type 2 report, the service auditor opines on the suitability of the design of controls related to the control objectives throughout the entire period
- The service auditor is required to disclose any reliance on the work of Internal Audit (or other independent management testing functions) within the report

## Benefits of an ISAE 3402/3000 assessment

- Removes the burden of having to manage and respond to multiple stakeholder requests.
- Allows the organisation to be transparent about its processes in a controlled manner.
- Minimises the costs to the business by reducing the level of disruption to 'business as usual' activities.
- Enables a "fresh-look" at processes and controls in order to identify appropriate control improvements that meet stakeholder requirements.
- Independent assurance about the service being provided by a supplier.
- Provides the organisation with a service-differentiating marketing tool.

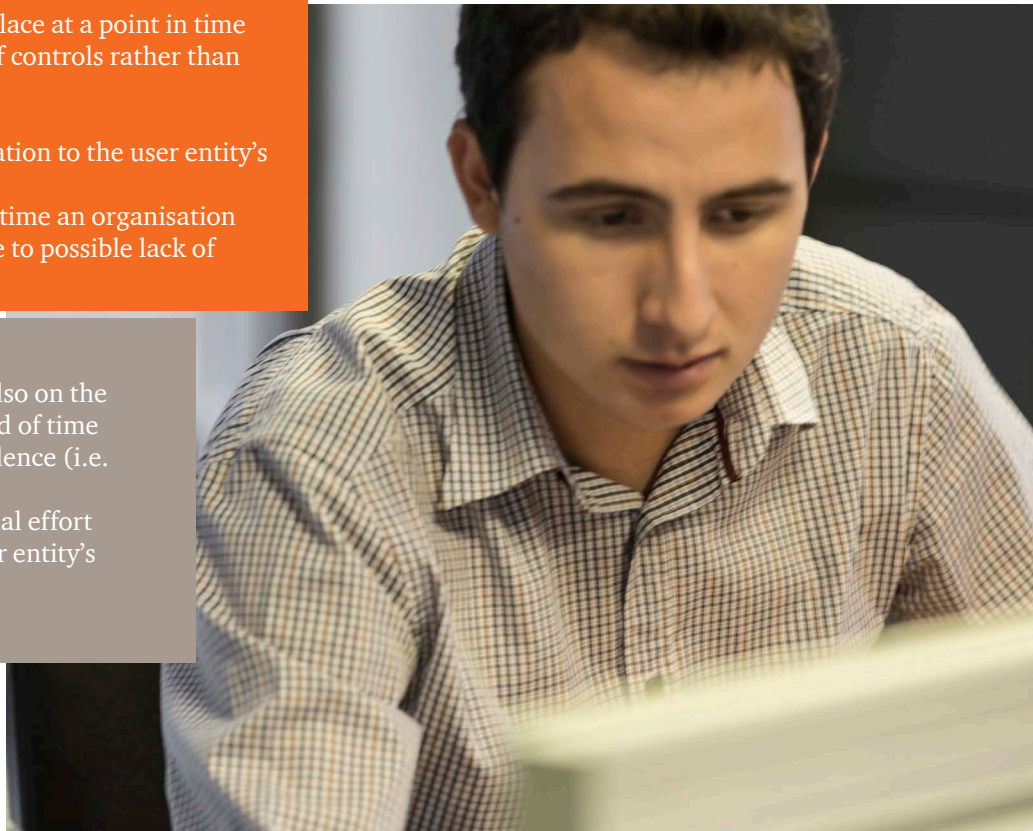
### Report Type 1

- Reports on controls in place at a point in time
- Reports on the design of controls rather than operating effectiveness
- Simpler to perform
- Mostly provides information to the user entity's auditors
- Usually chosen the first time an organisation undergoes the audit due to possible lack of support documentation

### Report Type 2

- Reports on controls in place and also on the operating effectiveness for a period of time
- More emphasis on supporting evidence (i.e. documentation)
- Requires more internal and external effort
- Provides actual comfort to the user entity's auditors

- An independent, third-party assurance that adequate internal controls exist for customer information, and associated business processes and operations.
- Differentiating your organization from its peers by demonstrating the establishment of a sound control environment and a commitment to safeguarding your customer data.
- Building trust and strengthening relationships between you and your customers.
- Reducing the strain on your own organization by eliminating multiple visits from your customers' auditors by having one ISAE 3402/3000 review performed.
- Identification of opportunities for improvement in business process and management of information technology operations.
- Independent assurance about the service being provided to customer.



## A three-way relationship

Regulatory bodies  
Customers/  
clients Management Board of  
Directors Market reviewers  
Auditors Investors

**Stakeholder  
(Third Party)**

**Service  
Provider**

Real Estate/Private Equity  
Asset Managers Transfer  
agency Fund Administration  
Custodian Services Health  
and Insurance Media and  
technology State Owned  
Entities Shared Service  
Centres

SOC/ISAE Reports Readiness  
assessments Agreed Upon  
Procedures Due Diligence  
Control optimisation reviews

**PwC**

## How can PwC help you?

### Scope identification

We will assist you with defining the technologies and processes that should be included in a ISAE 3402/3000 audit that would meet the audit requirements of your customers. This effort will deliver a draft set of control activities that you should have in place to meet your customers' expectations.

### Readiness assessment

We will assist you in a preliminary assessment of the effective controls in place. Through interviews and limited testing, we will help you identify where controls need improvement. We will deliver recommendations of controls requiring remediation of documentation or effectiveness. Management can use these recommendations to improve controls in preparation for the ISAE 3402/3000 audit.

### ISAE 3402/3000 audit

Our team will leverage the relationships and experience gained in the Scope Identification and Readiness Assessment to perform an efficient and effective audit of the control objectives defined by management. The deliverable of this service will be a report of independent Auditors (opinion) and the supporting description of control objectives, control activities, test procedures performed and related test results.

#### Phase 1

Project scoping, Walkthroughs and Readiness Review

#### Phase 2

Review of Remediation, Preparation of system description, issuing ISAE 3402/3000 Type 1 Report

#### Phase 3

Testing and issuing report – ISAE 3402/3000 Type 2



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