

SOC 1 (AICPA)

SOC 1 provides assurance about the design and operating effectiveness of controls affecting clients' financial statements.



What it is

SOC 1 — System and Organization Controls for Financial Reporting is an attestation framework that enables organizations to assess and report on the effectiveness of internal controls relevant to users' financial statements. The purpose of SOC 1 is to provide assurance to stakeholders—such as clients and their auditors—that key controls over financial reporting are appropriately designed and operating effectively.

The framework is published by the American Institute of Certified Public Accountants (AICPA) and is primarily used by service organizations that impact clients' financial reporting processes. SOC 1 reports are often requested by client organizations and their external auditors as part of financial audits, focusing on areas such as risk management, internal controls, and compliance with regulatory requirements.

At a glance

<div>PUBLISHER</div> American Institute of Certified Public Accountants (AICPA)	<div>TYPE</div> Certification / Assurance Program	<div>VERSION</div> SOC 1 (based on SSAE 18)
<div>EFFECTIVE</div> 2011	<div>DOMAIN</div> Financial Services Regulation	<div>FAMILY</div> SOC Frameworks
<div>REGION</div> United States	<div>INDUSTRY</div> Financial Services	<div>ADOPTION MODEL</div> Certification
<div>IMPLEMENTATION COMPLEXITY</div> Moderate		

Source: <https://www.aicpa-cima.com/resources/landing/system-and-organization-controls-soc-suite-of-services>

Why it matters

- **Increase audit readiness** Provide independent assurance to client auditors, streamlining financial audit processes and reducing time spent on control evidence requests.
- **Strengthen internal control oversight** Enable organizations to monitor and maintain robust internal controls relevant to financial reporting requirements, reducing errors and omissions.
- **Enhance client trust** Deliver verifiable evidence of control effectiveness, assuring clients their financial data is processed accurately and reliably.
- **Support regulatory compliance** Align with regulatory expectations and standards for financial reporting, helping to avoid penalties and support transparent disclosures.

How SmartSuite supports SOC 1

SOC 1 Control Library and Scope

Define the SOC 1 system scope and manage control ownership and documentation.

Evidence Collection and Audit Trail

Centralize policies, access/change evidence, and processing controls proof.

Control Testing and Operating Effectiveness

Plan testing, document results, and manage exceptions across the audit period.

Issue Remediation and Retesting

Track findings, corrective actions, retesting, and closure evidence.

Customer-Ready Reporting Packages

Organize auditor requests, deliverables, and customer-facing evidence needs.

Audit Readiness Dashboards

Report control status, open issues, and readiness for each audit cycle.

Common framework mappings

COBIT 2019

COSO IC 2013

ISO 27001:2022

NIST 800-53 Rev.5

PCI DSS 4.0.1

SOC 2

SOC 3

Official resources

SOC 1 Guide

Defines the criteria for Service Organization Controls for financial reporting by AICPA.

aicpa.org/resources/landing/system-and-organization-controls-soc-suite-of-services

SOC 1 Reporting Framework

Provides guidance on preparing SOC 1 reports for service organizations.

aicpa.org/soc

SOC 1 Oversight

Outlines responsibilities for auditors using the SOC 1 framework.

aicpa.org/cpe-learning/soc-1-guidance

SOC Suite Overview

Describes the range of SOC services offered by AICPA.

aicpa-cima.com/resources/landing/system-and-organization-controls-soc-suite-of-services

Frequently asked questions

What is SOC 1 used for?

SOC 1 is used by service organizations to assess and report on the effectiveness of internal controls that are relevant to their clients' financial reporting. It provides assurance to user entities and their auditors about controls impacting financial statement accuracy.

Is SOC 1 mandatory or certifiable?

SOC 1 is not legally mandatory but is often contractually required by clients and their external auditors. It is an attestation, not a certification; compliance is demonstrated through an independent auditor's report rather than a formal certificate.

Who needs a SOC 1 report?

SOC 1 is applicable to service organizations whose services could affect the financial reporting of their customers. Examples include payroll processors, data centers, and financial technology providers that handle transactions or information impacting client financial statements.

What are the key control areas covered by SOC 1?

SOC 1 focuses on controls relevant to internal control over financial reporting (ICFR). This typically includes entity-level controls, process-level controls, and IT general controls such as access management, change management, and operations.

How does SOC 1 implementation work?

Implementing SOC 1 involves identifying in-scope systems and services, documenting control objectives, mapping and testing controls, collecting evidence, and remediating deficiencies. Organizations must then undergo an independent audit by a qualified CPA to obtain the SOC 1 report.

How does SOC 1 differ from SOC 2?

SOC 1 addresses controls relevant to financial reporting, while SOC 2 focuses on controls tied to Trust Services Criteria like security, availability, and confidentiality. SOC 1 is designed for financial audit requirements; SOC 2 addresses broader compliance and risk issues.

What are the ongoing compliance requirements for SOC 1?

Ongoing SOC 1 compliance requires periodic review and testing of controls, evidence collection, remediation of any issues, and maintaining documentation. Organizations typically undergo annual assessments to ensure continuous control effectiveness.

How would SmartSuite support SOC 1?

SmartSuite supports SOC 1 by enabling organizations to establish a control library, manage risk registers, and document financial reporting controls. It facilitates evidence collection, compliance tracking, remediation workflows, and scheduled control assessments, while dashboards and reports streamline audit readiness and ongoing monitoring for both management and auditors.

License included / downloadable: No SOC 1 reporting standards are published by the American Institute of Certified Public Accountants. Access to official guidance typically requires purchasing AICPA publications. License not included with platform

Full framework page and mappings: smartsuite.com/frameworks/soc-1-system-and-organization-controls-for-financial-reporting