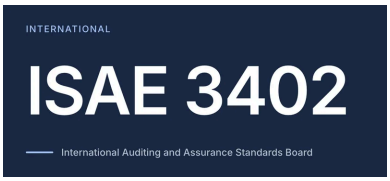
SmartSuite

Framework / IT Governance / Other

ISAE 3402

ISAE 3402 is the IAASB standard for service auditors' reports on a service organization's controls relevant to user entities' financial reporting, from periods ending June 15, 2011.



What it is

ISAE 3402, Assurance Reports on Controls at a Service Organization, is the IAASB standard under which a service auditor reports to user entities and their auditors on a service organization's description of its system, the design of its controls and, in a Type 2 report, their operating effectiveness. It applies to service auditors' reports covering periods ending on or after June 15, 2011.

It covers services likely to be relevant to user entities' internal control over financial reporting, and only reasonable assurance attestation engagements (paragraphs 1 to 3). A Type 1 report covers the description and design of controls at a specified date. A Type 2 report adds operating effectiveness over a period and a description of the tests performed (paragraphs 9(j), 9(k) and 54). It complements ISA 402 and is applied together with ISAE 3000 (Revised) (paragraphs 1 and 5).

At a glance

PUBLISHER International Auditing and Assurance Standards Board (IAASB)	TYPE Standard	VERSION ISAE 3402
EFFECTIVE June 15, 2011 (service auditors' reports covering periods ending on or after)	DOMAIN IT Governance	FAMILY Other
REGION International	ADOPTION MODEL Voluntary	IMPLEMENTATION COMPLEXITY High

Source: iaasb.org/publications/2026-handbook-international-quality-management-auditing-review-sustainability-and-other-assurance

Why it matters

- **Type 1 and Type 2 reports** A Type 1 report covers description and design at a specified date. A Type 2 report adds operating effectiveness throughout a period (paragraphs 9(j) and 9(k)).
- **A defined system description** The description covers services, procedures, records, how significant events are handled, control objectives, controls and complementary user entity controls (paragraph 16(a)).
- **Subservice organizations are visible** The report states whether the inclusive or the carve-out method is used for each subservice organization (paragraphs 9(a), 9(g) and 21(d)).
- **Tested, not assumed** In a Type 2 report the auditor tests controls over the period, cannot reduce testing because of earlier periods, and reports deviations (paragraphs 24 and 54).

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How SmartSuite supports ISAE 3402

System Description and Control Objectives

Record the services covered, the period or date, the control objectives and the controls that meet them (paragraphs 9(o) and 16).

Risks Linked to Control Objectives

Map each risk that threatens a control objective to the controls designed to address it (paragraph 23).

Complementary User Entity Controls

Keep the list of controls that user entities are assumed to operate (paragraph 9(b)).

Subservice Organizations

Record each subservice organization, the service it provides and whether the carve-out or inclusive method applies (paragraphs 9(a) and 9(g)).

Test Results and Exceptions

Log tests by control and period with samples, deviations and an owner for each exception (paragraphs 24 to 27 and 54).

Management Statement and Representations

Hold the service organization's statement and the written representations the auditor requests (paragraphs 9(n) and 38).

Common framework mappings

COBIT 2019 · ISAE 3000 · ISO 27001:2022 · NIST CSF 2.0 · NIST 800-53 Rev.5 · PCI DSS 4.0.1 · SOC 1 · SOC 2

Official resources

IAASB staff overview: ISAE 3402, Assurance Reports on Controls at a Service Organization

Provides a detailed overview of the ISAE 3402 framework for assurance engagements.

iaasb.org/publications/staff-overview-international-standard-assurance-engagements-isae-3402-assurance-reports-controls

Frequently asked questions

What is ISAE 3402 used for?

ISAE 3402 sets how a service auditor reports on controls at a service organization that are likely to be relevant to user entities' internal control over financial reporting. The report covers the description of the system, the design of controls and, in a Type 2 report, operating effectiveness (paragraphs 1 and 8). It is effective for reports covering periods ending on or after June 15, 2011 (paragraph 7).

What is the difference between a Type 1 and a Type 2 report?

A Type 1 report covers the description of the system and the suitability of control design as at a specified date. A Type 2 report covers the same matters throughout a period and adds the operating effectiveness of the controls, with a description of the tests and their results (paragraphs 9(j), 9(k) and 54).

Who can rely on an ISAE 3402 report?

The report is intended only for user entities and their auditors, who must have enough understanding to consider it along with information about controls the user entities operate themselves (paragraph 53(e)). Reports prepared under ISAE 3402 can provide appropriate evidence under ISA 402 (paragraph 1).

What are complementary user entity controls and subservice organizations?

Complementary user entity controls are controls the service organization assumes its customers will implement; the auditor does not evaluate them (paragraphs 9(b) and 53(c)(iii)). A subservice organization is a service organization used by another one. The report states whether it is carved out or included in scope (paragraphs 9(a), 9(g) and 53(c)(iv)).

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Is ISAE 3402 the same as SOC 1?

No. ISAE 3402 is an IAASB standard. In the United States, SOC 1 examinations are performed under AT-C section 320 of the AICPA's SSAE No. 18. Both address controls at a service organization that are relevant to user entities' internal control over financial reporting, but a report is issued under one standard or the other.

License included / downloadable: Yes The IAASB publishes ISAE 3402 in its Handbook, whose volumes are free PDF downloads on iaasb.org, with print copies sold. Copyright belongs to the International Federation of Accountants (IFAC), so the text is linked from the source above and not reproduced here.

Full framework page and mappings: smartsuite.com/frameworks/isae-3402-assurance-reports-on-controls-at-a-service-organization