

**SAMPLE INDEPENDENT SERVICE AUDITOR'S REPORT
(TYPE II SAS 70 AUDIT)**

INDEPENDENT SERVICE AUDITOR'S REPORT

To [Service Organization]:

We have examined the accompanying description of the controls related to the [system name(s), application name(s), process name(s), service name(s), etc.] of [Service Organization]. Our examination included procedures to obtain reasonable assurance about whether (1) the accompanying description presents fairly, in all material respects, the aspects of [Service Organization]'s controls that may be relevant to a user organization's internal control as it relates to an audit of financial statements;(2) the controls included in the description were suitably designed to achieve the control objectives specified in the description, if those controls were complied with satisfactorily; [If the application of controls by user organizations is necessary to achieve the stated control objectives, insert the italicized phrase following the words "complied with satisfactorily" in the scope opinion paragraph: - *"and user organizations applied the controls contemplated in the design of [Service Organization]'s controls;"*] and (3) such controls had been placed in operation as of [last day of review period]. The control Objectives were specified by the management of [Service Organization]. Our examination was performed in accordance with standards established by the American Institute of Certified Public Accountants and included those procedures we considered necessary in the circumstances to obtain a reasonable basis for rendering our opinion.

The accompanying description includes only those control objectives and related control activities of [Service Organization] and does not include control objectives and related control activities of third party providers. Our examination did not extend to controls of any third party providers.

In our opinion, the accompanying description of the aforementioned [system(s), application(s), process(es), service(s), etc.] presents fairly, in all material respects, the relevant aspects of [Service Organization]'s controls that had been placed in operation as of [last date of review period]. Also, in our opinion, the controls, as described, are suitably designed to provide reasonable assurance that the specified control objectives would be achieved if the described controls were complied with satisfactorily. [If the application of controls by user organizations is necessary to achieve the stated control objectives, insert the italicized phrase following the words "complied with satisfactorily" in the scope opinion paragraph: - *"and user organizations applied the controls contemplated in the design of [Service Organization]'s controls."*].

In addition to the procedures we considered necessary to render our opinion as expressed in the previous paragraph, we applied tests to specific controls, which are presented in Section(s) [Section #'s] (the Matrices) of this report, to obtain evidence about their effectiveness in meeting the related control objectives described in the Matrices, during the period from [first day of review period] to [last day of review period]. The specific controls and the nature, timing, extent, and results of the tests are listed in the Matrices. This information has been provided to user organizations of [Service Organization] and to their auditors to be taken into consideration, along with information about the internal control at user organizations, when making assessments of control risk for user organizations. In our opinion, the controls that were tested, as described in the Matrices, were operating with sufficient effectiveness to provide reasonable, but not absolute,

assurance that the control objectives specified in the Matrices were achieved during the period from [first day of review period] to [last day of review period]. [The following sentence should be added when all of the control objectives listed in the description of controls placed in operation are not covered by the tests of operating effectiveness. This sentence would be omitted when all of the control objectives listed in the description of controls placed in operation are included in the tests of operation effectiveness — “However, the scope of our engagement did not include tests to determine whether control objectives not listed in the Matrices were achieved; accordingly, we express no opinion on the achievement of control objectives not included in the Matrices.”]

The relative effectiveness and significance of specific controls at [Service Organization] and their effect on assessments of control risk at user organizations are dependent on their interaction with the controls and other factors present at individual user organizations. We have performed no procedures to evaluate the effectiveness of controls at individual user organizations.

The description of controls at [Service Organization] is as of [last day of review period], and information about tests of the operating effectiveness of specific controls covers the period from [first day of review period] to [last day of review period]. Any projection of such information to the future is subject to the risk that, because of change, the description may no longer portray the controls in existence. The potential effectiveness of specific controls at [Service Organization] is subject to inherent limitations and, accordingly, errors or fraud may occur and not be detected. Furthermore, the projection of any conclusions, based on our findings, to future periods is subject to the risk that (1) changes made to the system or controls, (2) changes in processing requirements, (3) changes required because of the passage of time, or (4) the failure to make needed changes to the system or controls may alter the validity of such conclusions.

The information included in Section [Section #] of this report is presented by [Service Organization] to provide additional information to user organizations and is not a part of [Service Organization]’s description of controls placed in operation. The information in [Section #] has not been subjected to the procedures applied in the examination of the description of the controls related to [system name(s), application name(s), process name(s), service name(s), etc.], and accordingly, we express no opinion on it.

This report is intended solely for use by the management of [Service Organization], its user organizations, and the independent auditors of its user organizations.

Morrison Brown Argiz and Farra

[last day of review period]