

# SAS 70 Services

## What is a SAS 70?

A SAS 70 is an independent audit and report to demonstrate the quality (effectiveness) of a service organization's internal controls – including information technology and related processes – to customers, investors and lenders.

SAS 70 services are conducted by independent auditors in accordance with the American Institute of Certified Public Accountants (AICPA) Statement on Auditing Standard (SAS) No. 70, which prescribes professional standards for the audit and report preparation.

## What are SAS 70 options?

A SAS 70 Type I reports on control existence and design as of a specific date.

A SAS 70 Type II reports on control operating effectiveness for a duration of time (typically 6 months or 1 year).

Note: Perkins also provides SAS 70 Readiness Assessments in preparation for Type II audits by a third-party

## What is the typical SAS 70 process?

A typical SAS 70 engagement includes:

- consultation to gain an understanding of the Service Organization's business processes, control environment and control components;
- guidance on the adequacy of control objectives and controls relative to the organization's environment and industry;
- on-site testing to determine the operating effectiveness of controls (for Type II reports);
- draft report preparation and review; and
- final SAS 70 Report delivery.

## What's in a SAS 70 Report?

A SAS 70 Report typically includes:

- a description of the service organization and control environment;
- descriptions of [relevant] computerized systems;
- descriptions of the service organization's internal control objectives and activities, and related considerations;
- tests of control operating effectiveness (for Type II Reports); and
- the independent Service Auditor's Report (i.e., opinion).

Note: SAS 70 does not pre-determine control objectives or activities that service organizations must achieve. Service auditors are required to follow the AICPA's standards for fieldwork, quality control and reporting.

## What are the benefits of a SAS 70?

SAS 70 is a widely-recognized auditing standard developed by the American Institute of Certified Public Accountants (AICPA).

A SAS 70 Report can help service organizations to:

- streamline business processes;
- mitigate risks to achieving key business objectives;
- satisfy contract requirements;
- build trust with customers and business partners;
- gain competitive advantage;
- fulfill customer audit requirements; and
- comply with regulatory requirements.

## Who can benefit from a SAS 70?

In today's global and "wired" economy, service providers must ensure the integrity of customer information through strong internal controls and safeguards.

Providers who may benefit from a SAS 70 include:

- application service providers;
- claims processing centers;
- data centers and collocation facilities;
- payroll providers;
- credit card processors;
- third-party administrators; and
- other data processing service bureaus.

## What Perkins provides:

- Large firm resources and sophistication – as a member of the global BDO Seidman alliance
- Local firm continuity, attention and service – as Portland, Oregon’s largest locally-based public accounting firm
- Senior, experienced professionals with a proven controls, auditing and information technology track record
- Independent and credible SAS 70 audit and reporting

## The Perkins SAS 70 Team



**Peter Kwong, CPA**  
Shareholder

Peter is an audit shareholder responsible for managing engagement teams involved with financial audits, financial consulting, and other assurance services. He also heads the firm’s Internal Audit and Sarbanes-Oxley 404 practice.

Peter’s experience includes reviewing accounting policies, internal controls analysis, consolidation, due diligence reviews, and regulatory compliance. His background in financial reporting includes reviewing SEC disclosures, external financial statements, SEC registration statements, offering memorandums and other financial related documents. He also has coordinated due diligence teams, provided guidance on several multi-national engagements, and assisted clients during acquisition negotiations.

Peter has experience working with private and public clients in agriculture, manufacturing, and utilities industries and he regularly provides financial recommendations and technical accounting guidance to senior management teams.

Prior to joining Perkins & Company, Peter was a corporate controller in private industry. He also spent ten years at the national accounting firm, Arthur Andersen, in their assurance and internal audit outsourcing practices.



**Sue Markovitz, CISA**  
Manager

Sue is an IT Audit Manager at Perkins & Company. Sue is a Certified Information Systems Auditor (CISA) and has 12 years combined experience in IT external and internal audit and IT project management, including SAS 70 review expertise. Previously, Sue was in Internal Audit at PacifiCorp where she was responsible for the all aspects of the North American IT audit plan, including Sarbanes-Oxley (404) internal audits. For these engagements, Sue performed IT audit plan development, process analysis, risk assessment, verification of IT control design and operating effectiveness.

Before joining PacifiCorp, Sue worked as a Project Manager at Intel responsible for information system implementations of acquired companies. She also spent several years at PricewaterhouseCoopers in Operational & IT Systems Risk Management.



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