

Unpacking Third Party Assurance

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Contents

Background and context	1
Why Third Party Assurance	2
Common Third Party Reporting Options	3
Why PwC for your Assurance Reporting	4
Contacts	5



Background and context

Over the past few years, there has been a shift to outsourcing with companies seeking to cut costs, execute on their digital strategies, strengthen their control environment and gain operational efficiencies. Most organisations are relying on at least one third party/service provider to deliver on their core services including:

Fund
administration

Information and
communication
technology

Finance and
accounting

Human
Resources
and payroll
administration

Custody

Logistics
(warehousing and
order fulfilment)

Payments and
administration

As a consequence of the increase in outsourcing, service organisations are often challenged by their clients on their system of internal controls and governance processes. Similarly, customers of these third party service providers are increasing their due diligence on prospective clients and requiring more transparency in the third party's internal controls.



Why Third Party Assurance

Given the increasing need for service providers to provide transparency on their systems of internal control, it is critical that they demonstrate the appropriateness of design and operational effectiveness of controls to customers. We have seen a growing need for independent assurance reporting, expressing an opinion on the service organisation's internal controls relating to either:

- Financial reporting, or
- The security, availability and privacy of data as well as the processing integrity of the system.

Assurance reporting is an independent assessment of the suitability, design and operational effectiveness of an organisation's control environment. It details controls to achieve specific control objectives and/or criteria that align to industry-wide standards. Common examples of assurance reports are the ISAE 3402/SOC 1, which reports on internal controls over financial reporting, and the SOC 2, which reports on controls relevant to trust service criteria: security, availability, processing integrity, confidentiality, and privacy.

These reports are designed as a communication to oversight functions, users' entities, their auditors, and specified parties (based on report type), who have generally received similar reports in the past and have an understanding of what the reports will include. Crucially, the assurance report includes a PwC branded opinion for readers to understand that the controls have been independently assessed.



Common Third Party Reporting Options

Report Option	Service Organisation Control report no.1 (SOC 1 /ISAE/SSAE18)	Service Organisation Control report no.2 (SOC 2)	ISAE 3000
Purpose	<ul style="list-style-type: none"> Provide assurance over the design and operation of controls over financial reporting/ financial information at a third party 	<ul style="list-style-type: none"> Provide assurance over the design and operation of a service organisation's controls over its system relevant to security, availability, processing integrity, confidentiality, or privacy 	<ul style="list-style-type: none"> Framework that allows for providing assurance over subject matters not covered by SOC 1 or 2 e.g. specific regulatory compliance
Benefits	<ul style="list-style-type: none"> Familiarity in marketplace Provides transparency on the system description, the controls, the test procedures and the results thereof Restricted in use to the user entity and its auditors 	<ul style="list-style-type: none"> Provides a level of transparency similar to that of a SOC 1 – Specifically description of the system, test of procedures, and results Quickly being established as a fundamental security standard (in addition to ISO 27001) Restricted in use to the user entity, its auditors, and other specified parties that have knowledge of the system 	<ul style="list-style-type: none"> Familiar framework in marketplace (similar to SOC 1) Provides transparency on the system description, the controls, the test procedures and the results thereof Restricted in use to the user entity and known users
Opinion	<ul style="list-style-type: none"> Whether the description of the service organisation's system is presented fairly Whether the controls are suitably designed to provide reasonable assurance that the applicable control objectives/Trust Services criteria would be met if the controls operated effectively For type 2 reports, whether the controls were operated effectively during a defined period to achieve/ meet applicable control objectives/Trust services criteria 		<ul style="list-style-type: none"> Opinion can be adjusted based on the assurance subject matter. Some examples include: Whether the subject matter is prepared in all material respects in accordance with the reporting criteria



Why PwC for your Assurance Reporting

Our Credentials

We have extensive experience issuing and preparing for third party assurance reports for technology clients

Our experience and 'tried and tested' approach will avoid unnecessary re-work, additional costs, or burden on management.

Value Added

Although a 'Big-4' accounting firm often costs more than local firms, our extensive experience helping our clients through similar reporting helps you avoid extra unforeseen costs while providing a better experience.

Insight

PwC is a market leader in Financial Services, Fintech, and Technology assurance. This enables us to benchmark and understand best practice.

We will provide insight and benchmark analysis of reporting compared to industry. We will provide recommendations on process and control improvements

One Assurance

Depending on other services that PwC already provides, we can leverage between internal audit and TPA assistance to drive efficiency.

Having an audit and assurance policy including audit and TPA provides boards and audit committees with greater control and awareness of the reliability of data

Efficiency and Effective Approach

We will use our experience to scope reporting to maximise the applicability across your entire offering portfolio and customer base. We will leverage our experience and global footprint to incorporate multiple offerings, irrespective of delivery location, into common reporting to maximise efficiency.

We have made significant investments in on-shore and off-shore delivery centres of excellence that allow us to manage costs while providing high quality services.

Delivery Model

We will utilise our technology investments in project management, evidence collection, and telecommunication software and tools to provide value and smoothly manage the audit process. These tools will provide a more efficient and valuable experience

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