



Office of the State Controller

OFFICIAL MEMORANDUM

To: Chief Financial Officers, Vice Chancellors, and Business Managers
From: Anne Godwin, Deputy State Controller *Anne Godwin*
Date: April 18, 2019
Subject: Service Organization Reports, SOC Audits
CC: Fiscal Contacts

System and Organization Controls (SOC) audit reports are reports that help service organizations build trust and confidence in the internal controls that are in place within that service provider's operation. Agencies, who utilize service organization vendors for the processing of ACH payments or other financial transactions, must ensure that the vendors are providing timely annual SOC audit reports. Your agency should obtain a copy of your vendor's current SOC audit report for your records.

Failure of your service organization vendor to obtain and provide a timely SOC audit of the controls of the vendor's operations may lead to your agency's financial statements being unreliable for financial reporting. This can lead to a qualified opinion of your agency's financial statements and potentially a qualified opinion for the State's Comprehensive Annual Financial Report (CAFR).

Thank you for your attention to this matter.

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