

## What is SAS 70?

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The Statement on Auditing Standards Number 70 is a set of guidelines developed for evaluating service organizations by the American Institute of Certified Public Accountants (AICPA). A SAS 70 report is an extensive assessment of a service organizations' control objectives, safeguards, and activities, and is performed by an independent service auditor, generally part of an accounting firm.

## What companies need this reporting service?

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Service organizations that provide a user organization with outsourcing services that materially impact the user organizations' operations are frequently required to undergo this type of assessment. When the user organization is being evaluated, the user auditor will require the service organization to turn in a SAS 70 report generated by the service auditor.

## What is the difference between a Type I and Type II report?

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A Type I report states an opinion by the service auditor of whether or not the service organization is accurately describing the material aspects of its control objectives and whether the controls are designed appropriately to meet those objectives. A Type II report combines the elements of the Type I report with the results of extensive testing conducted over a defined period of time to determine how effectively the current controls meet the control objectives.

## What are the benefits of a SAS 70 report?

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A SAS 70 report benefits both the user organization and the service organization. It demonstrates that the service organization has ensured that it has implemented effective control objectives and activities. Creating a Type II report engages in detailed testing which can often identify areas where the service organization can increase operational efficiency. The SAS 70 report aids the user organization in completing its own financial audits.

## Why does Softlayer need to undergo a SAS 70?

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Supporting the effectiveness of our control activities and control objectives is fundamental to maintaining our position as a leader in information technology. A SAS 70 report is one of the most thorough and comprehensive surveys for monitoring service organizations that support information technology companies. This report will include an outline of the design of our controls and detailed testing of their implementation. Upon completing the SAS 70 report we will be able to definitively assure our customers of our reliability and provide a set of standardized reports without the need for additional assessments.

## SAS Institute, history, and importance to the industry.

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Prior to SAS 70 the AICPA instituted SAS 55. This required any company that outsourced services which materially impacted information provided for financial audits, to complete an audit of the service organization providing those services. As service organizations became increasingly overwhelmed with individual audit requests from each user organization, the AICPA issued SAS 70. This allowed service organizations to complete one standardized report that could be relied on by each user organization. Additionally, a SAS 70 report satisfies the requirements of the Sarbanes-Oxley Act of 2002, which mandates that auditors of all publicly traded companies generate an opinion on internal controls for financial reporting.

In the data center industry, the SAS 70 report is becoming more and more crucial as competition grows and public companies place greater reliance upon outsourced IT services. The SAS 70 report is recognized as a comprehensive analysis of control objectives and activities in place by service organizations, such as data centers. The AICPA lays out detailed guidelines for the auditing agency based upon standards for fieldwork, quality control, and reporting. The extensive amount of testing going into a SAS 70 makes the report a valuable asset to both the user organization and the service organization. The user is saved time and money by not having to hire additional consultants to evaluate the service organization. And while it is an expense to the service organization, the report demonstrates secure and reliable controls giving confidence to prospective clients.

Please visit [www.aicpa.org](http://www.aicpa.org) for more information.