



**Countdown to Audit - A SAS 70/SSAE 16 Audit Timeline  
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If someone from your Sales or Client Services team has asked you: “What is a SAS 70?” chances are your operations will be undergoing an audit within the next 12 to 24 months. A SAS70 / SSAE 16 audit is simply an audit of the internal controls and related reporting of a service provider. If you are asked this question, and you are a service provider, you should determine if and when an audit will be required. Generally, your company may be asked about SAS 70 certification during an RFP or when your client’s internal control environment is being assessed by their outside auditors. If you delay what might be inevitable, the risks are loss of a customer or a weakened competitive position.

Once you’ve established you do need an audit, the timeline required for a SAS 70 / SSAE 16 audit is critical and will be of significant interest to your customer. This is easily underestimated, and you will need to carefully establish the timeline so that you can manage and meet your customers’ expectations. Most national and regional accounting firms will want to see a period of six months of active internal controls operating effectively to have any value for their independent, annual financial statement audit and, in particular, internal controls over financial reporting (Sarbanes-Oxley or SOX) audit.

The six month time period obviously impacts the timeline significantly. As mentioned, it is *your customers’ auditors driving the need for the service provider audit* in the majority of cases. Accordingly, your customer is already on a deadline. Depending on your industry, you may have customers who are savvy enough to inquire about a service provider audit report, but that is not typical. Accordingly, ensure that your customer obtains from their financial statement audit team the appropriate audit report period. Your internal controls will be tested over a six-month period, at a minimum. As a result, your internal control environment must be operating effectively prior to the start date of the audit period (e.g. March 1, 20xx to September 30, 20xx).

So, where do you begin? Future articles will elaborate on many of the necessary steps to take for a successful audit. However, the following table provides a detail of the key steps as well as an illustrative timeline to assist you in planning for a SAS 70 / SSAE 16 audit of the internal controls:

	Audit Preparedness Project Step	Time to Complete	End Date if Prep began on 1/1/xx
<b>1</b>	Form Steering Committee	2 days	1/3/xx
<b>2</b>	Identify and assign Project Lead	1 week	1/10/xx
<b>3</b>	Hold Brainstorming Session [to identify significant processes (and related risks) that impact customer financial data and/or customer assets]	1 day	1/11/xx
<b>4</b>	Formalize brainstorming results by documenting each of the processes, process flows, and risks specific to each process.	1 week	1/18/xx
<b>5</b>	Engage Process Owners	1 week	1/25/xx
<b>6</b>	Walkthrough the transaction process flow with the process owners and identify key controls	3 weeks	2/15/xx
<b>6a</b>	Walkthrough the execution of the key controls to understand how	Included	



	they are performed and what documentation exists to support the execution of the key controls	above	
<b>7</b>	Identify Control Gaps by comparing the risks originally identified to the existing key controls	1 day	2/16/xx
<b>8</b>	Draft the preliminary Remediation/Project Plan	1 week	2/23/xx
<b>9</b>	Review preliminary remediation/project plan with Steering Committee and obtain resources commitments	1 week [budgetary approval]	3/2/xx
<b>10</b>	Formalize Remediation/Project plan	1 day	3/3/xx
<b>11</b>	Obtain references and proposals and Engage Audit Firm	2 weeks	3/17/xx
<b>12</b>	Monitor progress and as control gaps are closed walkthrough the controls that have been implemented for effectiveness & adequacy of the control documentation	3 to 6 months	6/17/xx to 9/17/xx
<b>13</b>	Six-Month “operational effectiveness” requirement	6 months	12/17/xx to 3/17/xx+1
<b>14</b>	Audit Begins		12/18/xx to 3/18/xx+1

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