REPORT SELECTION

SOC Report Decision Guide

Use the users' information needs to distinguish SOC 1 from SOC 2 and Type 1 from Type 2.

SOC 1 or SOC 2?

Comparison	SOC 1	SOC 2
Primary focus	Controls relevant to user entities' internal control over financial reporting.	Controls relevant to security, availability, processing integrity, confidentiality, or privacy.
Typical users	User entities and the auditors of user entities' financial statements.	Customers, business partners, management, and other specified parties with sufficient knowledge.
Criteria	Management-defined control objectives and related controls, evaluated under the applicable SOC 1 criteria.	AICPA Trust Services Criteria and applicable description criteria.
Common trigger	The service affects transaction processing or financial reporting at customers.	Customers seek assurance over technology, security, availability, confidentiality, privacy, or processing.
Examples	Payroll processing, claims administration, transaction processing, or certain fund administration services.	SaaS, cloud hosting, managed services, data platforms, or other technology-enabled services.

A service organization may need both.

When the same environment creates risks relevant to user entities' financial reporting and also creates security or other Trust Services Criteria concerns, customers may request both SOC 1 and SOC 2 reporting. Scope should be evaluated rather than assumed.

Type 1 or Type 2?

Comparison	Type 1	Type 2
Period covered	As of a specified date.	Throughout a specified period.
Control design	Evaluated.	Evaluated.
Operating effectiveness	Not tested throughout a period.	Tested throughout the specified period.
Common use	Initial examination or point-in-time reporting milestone.	Ongoing assurance requested by customers and other stakeholders.
Evidence implication	Evidence supports implementation and design as of the date.	Evidence must demonstrate operation at the stated frequency throughout the period.

Questions to resolve before scoping

- What precise customer, contractual, or user-auditor requirement is driving the report?
- Which services, products, entities, locations, systems, and data are expected to be included?
- Which report users and intended uses must the report address?
- Are vendors or subservice organizations significant to the in-scope services?
- Is sufficient operating evidence available for the desired Type 2 period?
- Would beginning with Type 1 create value, or is the organization ready to proceed directly to Type 2?

Important information

This resource is for general educational purposes and is not a substitute for professional advice or engagement-specific planning. Scope, criteria, controls, evidence, timing, and independence considerations vary. Management remains responsible for its system, controls, documentation, risk assessment, and assertions.