



SAS 70 FAQs – May 2009

To view a list of all the questions included in this document and jump to a specific question, click the **Bookmarks** tab to the left of this page.

1. What does SAS 70 Compliance have to offer me?

SAS 70 Compliance's primary role is to ensure that Ceridian US has the appropriate processes and tools to help customers meet their Sarbanes-Oxley (SOX) obligations. These specific activities include:

- Helping customers download their SAS 70's via MyCeridian.com
- Ongoing SAS 70 customer support for customers

2. What is a SAS 70 Report?

SAS 70 stands for *Statement on Auditing Standards (SAS) No. 70*. SAS 70 is an internationally recognized auditing standard developed by the American Institute of Certified Public Accountants (AICPA). A SAS 70 audit or service auditor's examination is widely recognized, because it represents that a service organization has been through an in-depth audit of their control activities, which generally include controls over information technology and related processes. Service organizations or service providers must demonstrate that they have adequate controls and safeguards when they host or process data belonging to their customers.

3. What is a Letter of Assurance (LOA), Bridge Letter, or Gap Letter?

The term Letter of Assurance (LOA) is synonymous to a Bridge Letter and a Gap Letter at Ceridian. LOAs are signed by business unit leadership and state that Ceridian has not experienced significant changes to the control environment that would impact the findings as stated in the most recently published SAS 70 report. LOAs are the result of a quarterly certification process. Within this process, Ceridian management level employees have been assigned ownership of control areas within each report. These individuals certify that no significant changes have occurred to the control environment in their area and that, if they have, what the changes are (these changes are then disclosed on the LOA if applicable). Business unit leadership then reviews the certification responses from each owner and, based on their own understanding of changes in Ceridian's control environment and the responses, signs the LOA.

These are issued every quarter a SAS 70 is not issued so customers with differing fiscal years can assure their auditors our controls are still operating effectively.

4. What is the difference between a Type I and a Type II SAS 70 report? Are Ceridian's SAS 70 Reports Type I or Type II?

In a Type I report, the service auditor expresses an opinion about whether the:

- service organization's description of its controls presents fairly in all material respects the relevant aspects of the service organization's controls that had been placed in operation as of a specific date and
- controls were suitably designed to achieve specified control objectives.

In a Type II report, the service auditor expresses an opinion about the items previously listed in a Type I report, and whether the tested controls operated with sufficient effectiveness to provide reasonable, but not absolute, assurance that the control objectives were achieved during the specified period

The main difference between a Type I and Type II report is that testing of the controls is only completed for a Type II report. All Ceridian SAS 70 reports are Type II reports.

5. Are SAS 70 reports new? Did they exist before Sarbanes-Oxley?

SAS 70 reports are not a new practice and have been used in the accounting and auditing world since prior to 1992. With the passage of the Sarbanes-Oxley Act in 2002, the Public Company Accounting Oversight Board (PCAOB) also issued auditing standards for public companies on a go-forward basis.

6. Who needs a SAS 70 Report?

Publicly traded companies who use Ceridian services will request SAS 70 reports to comply with auditing and accounting practices. A company's external auditors may request the SAS 70 for the company they audit. Increasingly, private companies, investment banks, and even non-profit organizations request SAS 70 reports to comply with SOX measures as part of a company's best practices.

7. What does a SAS 70 report provide for the customer?

The SAS 70 report speaks to the design and effectiveness of the controls in place for a period of time with the details of tests performed. These tests are called "*Tests of Operating Effectiveness and Results of Test Work.*"

8. Since we have a SAS 70 for a product, does this mean Ceridian is Sarbanes-Oxley Certified? Just exactly what does a SAS 70 certify or prove?

A SAS 70 report or opinion means that an external auditor has:

- Determined the controls in operation for Ceridian products
- Examined these controls and has determined that they are:
 - represented fairly
 - suitably designed to achieve the control objectives
 - in operation during a specified period of time.

There is no 'Certification' to Sarbanes-Oxley SOX, but this is a common question. Providing SAS 70 reports for customers means that Ceridian's products/services control processes have been reviewed against a predetermined set of controls or guidelines. The auditor's opinion means that our procedures have been tested against these controls for operating effectiveness.

9. Ceridian needs to implement several controls because they are dictated by Sarbanes-Oxley legislation. Is that true?

No. The obligations for compliance with SOX rest with you, the customer. Outsourcing your payroll services does not transfer this burden to Ceridian. All of our activities around the SAS 70 program are designed to help you comply with your obligations. Customers will often be very specific about the controls they would like to see in place. Most often, these customer requests are not specifically mentioned in SOX legislation. Ceridian must make business decisions about what controls to include in their SAS 70s. For further questions and discussion on this issue, you should contact the SAS 70 Compliance team at SAS70Compliance@Ceridian.com

10. What Ceridian products have SAS 70 reports available?

Currently the following products have SAS 70 reports available for customers:

Signature Payroll	Signature Payroll Services
Source 100	Signature Payroll Services
Source 500	Signature Payroll Services
Source 520	Signature Payroll Services
Source 550	Signature Payroll Services
Encore/Ensemble	Signature Payroll Services
HR/PR Web (previously called eSource)	Hosted Services and Signature Payroll Services
Source Assist	Hosted Services and Signature Payroll Services
Source Empowerment (aka: Self-Service)	Hosted Services
Source Time Professional (Time & Attendance)	Hosted Services
Ceridian Tax Services	Ceridian Tax Services
CBS Princeton, NJ (previously called RPS)	Ceridian Benefits Services - Princeton, NJ
COBRA	COBRA Services

FSA	Flexible Spending Account Services
H&W	Health and Welfare Services
Human Resource Outsourcing Services	HRO
iEmployee	iEmployee
HR/Payroll Latitude	Latitude

11. What is the frequency of the reports?

All SAS 70 audits included in #9 above are conducted annually, with the time period beginning October 1 and ending September 30. These reports are available during November/December of every year. The exception is Ceridian Tax Services which has a time period beginning July 1 and ending June 30 on an annual basis. This report is available during August/September of every year.

12. How can I obtain a SAS 70 or LOA?

Customers can download our SAS 70s and LOAs themselves via MyCeridian.com. If you currently do not have access to MyCeridian.com please email SAS70Compliance@Ceridian.com and a link will be sent to you to directly download the reports.

13. Are electronic copies of SAS 70 reports available?

Yes, all of our SAS 70s and LOAs are available for download in PDF format. This is the preferred method of delivering these reports. However, we ask that you do not send these reports to others as it does not allow us to track who is receiving them.

The data contained in these reports are the sole property of Ceridian Corporation. SAS 70s are intended to be an aid to Ceridian customers and their auditors/regulators. SAS 70 reports may be provided to these entities provided that, to the extent permitted by law, such entities do not themselves distribute or publish the contents to other third parties.

14. When I have a compliance issue or question, who can I contact?

Please contact your Ceridian Account Executive first as they may be able to answer any questions you have. If you have any additional questions, please contact the SAS 70 Compliance team at SAS70Compliance@Ceridian.com

15. I would like to contact someone from the SAS 70 Compliance group directly? Is there adequate support available?

Absolutely! Please contact the SAS 70 Compliance group via email or fax and we will respond to you as soon as possible.

SAS 70 Compliance Resources:

Email: SAS70Compliance@Ceridian.com

Fax: 952-516-5862