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Case Study

SOC 1 (Type I & Type II) Readiness Support for a Payroll Processing Platform

Industry	Financial Technology / Payroll Processing
Engagement Type	SOC 1 Type I Readiness followed by SOC 1 Type II Examination Support
Scope	Internal Controls Over Financial Reporting (ICFR) relevant to client payroll processing services
Framework Referenced	SSAE 18 / AT-C 320, SOC 1 (Type I and Type II)
Core Services Delivered	Control Environment Gap Assessment, Control Objective & Activity Design Support, Type I Readiness, Operating Effectiveness Testing Preparation, Auditor Liaison Support

Executive Summary

Service organizations that process transactions affecting their customers' financial statements are frequently required to demonstrate the design and operating effectiveness of their internal controls through a SOC 1 examination. For organizations providing payroll, billing, or financial data processing services, a SOC 1 report has become a baseline expectation from customers and their auditors.

A payroll processing platform engaged Woollemia Infosec to support its journey toward SOC 1 compliance, beginning with a Type I readiness assessment focused on control design at a specific point in time, and continuing into Type II examination support evaluating the operating effectiveness of those controls over a defined review period.

Woollemia Infosec conducted a structured gap assessment of the client's control environment, supported the design of control objectives and control activities aligned with relevant financial reporting risks, and helped the organization prepare for both the Type I and subsequent Type II examinations performed by its independent audit firm.

The engagement enabled the client to demonstrate a well-controlled service environment to its customers and their auditors, supporting continued growth in its enterprise and mid-market customer base.

Client Overview

The client operates a cloud-based payroll processing platform used by customer organizations to calculate employee compensation, manage tax withholdings, and generate financial reporting data relevant to its customers' own financial statements.

Because the client's processing directly affects customer financial reporting, its enterprise customers and their external auditors required independent assurance over the design and operation of controls relevant to payroll calculation accuracy, data integrity, and change management.

Prior to this engagement, the client had a number of informal operational controls in place but had not yet formally documented or tested them against a recognized examination framework.

Business Challenge

The client needed to produce a SOC 1 report to satisfy contractual requirements from several enterprise customers and their financial statement auditors, but had limited prior experience translating its existing operational practices into formally documented, testable control objectives and activities.

The organization's control environment had grown informally alongside the business, with responsibilities distributed across engineering, operations, and finance teams without a unified control framework or consistent evidence retention practices.

The client needed to first achieve a Type I report demonstrating that controls were suitably designed as of a point in time, and subsequently sustain those controls consistently enough to support a Type II examination covering operating effectiveness over a multi-month review period.

Our Understanding

Woollemia Infosec recognized that SOC 1 readiness required close alignment between control design and the specific financial reporting risks relevant to the client's payroll processing services, rather than a generic security control checklist.

Our team understood that succeeding at Type II examination depended on building controls that could be consistently performed and evidenced by the client's own teams over time, not simply controls designed to look good on paper for a single point-in-time assessment.

Our Solution

Control Environment Gap Assessment

Woollemia Infosec conducted a structured review of the client's existing operational practices relevant to payroll processing accuracy, system change management, access provisioning, and data integrity, identifying gaps against typical SOC 1 control objectives.

Control Objective and Activity Design

Our consultants worked with process owners across engineering, operations, and finance to define control objectives addressing relevant financial reporting risks, and to design specific, testable control activities supporting each objective.

Type I Readiness Support

The team supported the client in documenting its system description, control matrix, and supporting evidence ahead of its Type I examination, confirming that controls were suitably designed as of the specified point in time.

Evidence Collection and Retention Guidance

Recognizing that Type II examination depends on consistent evidence over time, our consultants helped the client establish repeatable evidence collection practices, including access review logs, change management records, and processing reconciliation reports.

Operating Effectiveness Testing Preparation

Ahead of the Type II examination period, Woollemia Infosec conducted internal walkthroughs and sample testing of control activities, identifying any inconsistencies in control performance so the client could remediate them before the formal audit period began.

Auditor Liaison Support

Our team supported the client's coordination with its independent audit firm throughout both the Type I and Type II examinations, helping prepare requested evidence, clarify control descriptions, and respond to auditor inquiries efficiently.

Business Value Delivered

The engagement enabled the client to achieve both a Type I and, following a sustained control operating period, a Type II SOC 1 report, providing its enterprise customers and their auditors with independent assurance over payroll processing controls.

The organization gained a clearly documented, repeatable control environment that reduced the burden of responding to individual customer security questionnaires and audit requests.

By building genuinely operable controls rather than point-in-time documentation, the client positioned itself for a smoother, lower-effort Type II examination in subsequent reporting periods.

Why Woollemia Infosec

Woollemia Infosec supports service organizations through the full SOC 1 journey, from initial control design through Type I and Type II examination support, combining deep understanding of financial reporting risk with practical, operationally realistic control design.

Rather than delivering documentation designed only to pass a single examination, we help clients build controls their teams can genuinely sustain over time.

Conclusion

This representative engagement demonstrates Woollemia Infosec's ability to guide service organizations through SOC 1 Type I and Type II readiness in a practical, business-aligned manner.

By supporting control design, evidence practices, and auditor coordination, we helped the client build a sustainable control environment and strengthen its position with financially regulated enterprise customers.