

SOC Reporting | The Basics + What You Need to Get Started | Transcript

Robert Ramsay + Myles Wallace

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Robert Ramsay: Welcome, hello. Thanks for joining us today. I'm Robert Ramsay with Barnes Dennig SOC team. Today we're talking about what is a soccer board and who needs them. Joining me today is Myles Wallace. Thanks for joining me Myles.

Myles Wallace: Thanks for having me, Robert.

Robert Ramsay: How are you doing today?

Myles Wallace: I'm doing great. How about you?

Robert Ramsay: Very good, thanks.

Myles Wallace: All right. Today I want to start out asking you what is a SOC report?

Robert Ramsay: Yeah, a SOC report is a construct that the AICPA came up with to audit once and report many. So in the past, service providers in a B2B relationship might have dozens of auditors, all their clients would send an auditor to come test controls and make sure things were working.

And over time we realized there's a need for an auditor like us, accounting firm, to come in, test a series of controls, draft a report that they can then, our customers, can give to their customers and say, "Hey, this covers it. They're qualified, they're trained, they've followed a strict criteria of reporting standards, and you can rely on this."

And now it's widely acceptable throughout the world.

Myles Wallace: Nice, nice. Are there any different type of reports? It's just one report you're doing?

Robert Ramsay: Yeah. Because we're accountants, we like numbers, and so we have a SOC 1 and a SOC 2, and there's even a SOC 3. The SOC 1 is the standard accounting, we say internal controls over financial reporting, and you could think of it as for debits



and credits. Back when auditors had to show up and make sure the numbers were right, this tells someone that the process that generates the numbers is working. Think of a payroll provider or somebody processing checks or invoices where numbers are the most important thing. That's the SOC 1.

That SOC 2, generally it starts with security, so data security, such a boom in cloud-based services and providers and B2B space. Similar to knowing that the numbers are accurate, to know that the data is secure and the processes are there to meet security standards, there's something called a SOC 2 just for that purpose.

Myles Wallace: Okay, nice. How much do these reports usually cost?

Robert Ramsay: They do range just like a financial statement audit or loads of different services. Building a house, they could be all different sizes, depending on the organization and how complicated it is. For some of our smaller startups and I sometimes say a single operation, a single location, a single application, they often start about \$30,000 and then go on up. You can multiply that by as many applications or locations as there are.

Myles Wallace: Okay. Is this something you usually do on-site or can it be done remotely?

Robert Ramsay: It used to be. We always just showed up and that was the way people assumed it needed to happen. Partially because of COVID, we've now learned that this can be done completely remotely.

There is a physical security component, and often a virtual tour is needed where we do FaceTime or some kind of Zoom walkthrough. And we love visiting our clients and it's nice to get to know people better and places better when you can in person. But if not, we can can very quickly and do just as well remotely.

Myles Wallace: Okay. Well, thank you Robert. I think that's all I need to know.

Robert Ramsay: Hey, thanks Myles. Thanks very much for joining me. Thanks for listening. Please call us, click, or subscribe. We've got downloadable DIY resources on our website and we're always here to answer your questions.