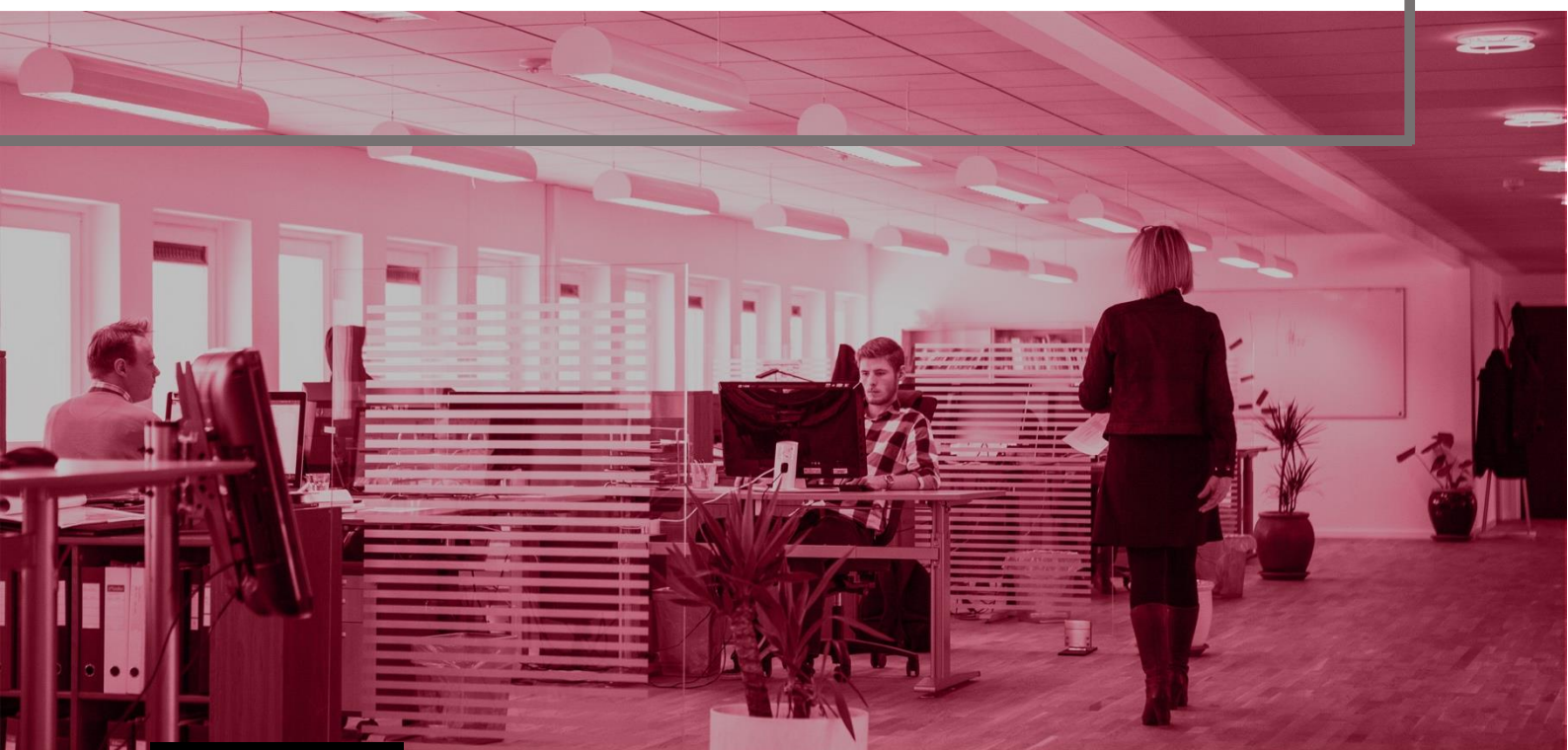


PS 951 IMPLEMENTATION

WHITEPAPER ON INTERNAL CONTROL SYSTEMS AND COMPLIANCE



WHITEPAPER

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Trust Through Audited Processes: PS 951 as an Audit Standard for Service Providers

More and more companies are handing over business-critical processes to specialized service providers, whether for IT, payroll, accounting, or cloud platforms. With this shift comes growing expectations around transparency, security, and compliance.

This is exactly where the audit standard IDW PS 951 comes in. It gives service providers a clear and recognized framework for documenting, evaluating, and having their internal control systems (ICS) independently audited. A PS 951 audit shows that a company's processes are transparent, risk-aware, and follow a defined structure. This creates trust—both among clients and with auditors and regulators. In regulated markets, and for internationally active clients, a verified control framework is becoming essential for long-term partnerships. But PS 951 isn't just an "IT controls audit." It makes processes easier to follow, reduces the effort required by clients, and helps service providers position themselves as reliable partners. For many service organizations, PS 951 is a real competitive advantage.

Two Audit Types: Type I and Type II

Audits under PS 951 can follow two formats, depending on the objective and maturity of the control system:

Type I: Point-in-time assessment

Type I audits examine whether the ICS is appropriately documented and implemented as of a specific date. This format is particularly suitable for organizations that are implementing an ICS for the first time or preparing for an upcoming audit.

Type II: Period-based assessment

Type II goes one step further. In addition to documentation, it evaluates whether the controls have actually been effective over a defined time period (minimum six months). This is especially relevant for organizations whose clients require reliable assurance as part of the year-end audit.

Both formats strengthen confidence in the processes under review. However, only the Type II audit allows for reliable statements on the actual operational effectiveness of the implemented controls.



” COMPETITIVE ADVANTAGE

A certified internal control system builds lasting trust, especially among clients with a regulatory focus. With PS 951, companies position themselves as transparent, and reliable partners in an increasingly digital environment.

A structured audit report demonstrating security, control, and compliance reduces the audit burden for clients and can be a decisive factor in tenders and contract negotiations.

Companies that undergo audits at an early stage differentiate themselves from the competition, strengthen their market position, and present a solid case to demanding business partners — provable and measurable. In regulated markets or when working with international clients, a transparent control framework is often a prerequisite. PS 951 provides the decisive assurance here: structured, independently audited, and professionally documented.

PS 951 –Verification of Internal Controls in Service Delivery

Companies are increasingly outsourcing core business processes to specialized service providers — for example in IT, accounting, or payroll. This raises important questions about the reliability, traceability, and compliance of the services provided. The PS 951 audit standard enables companies to systematically assess their internal control system (ICS) and transparently demonstrate to clients and auditors that service delivery is secured. This builds trust and positions providers of professional services as reliable partners.

A Structured ICS as a Basis for Trust

The aim of a PS 951 audit is to demonstrate that the company's internal control system is suitable for managing processes securely and in compliance with regulations. Typical risks in IT-based service delivery are covered — from access control and data integrity to system availability. A successful audit shows that processes are safeguarded not only technically, but also organizationally — a key factor in meeting the expectations of clients, regulators, and financial auditors.

Relevance for Service Providers and Their Clients

The standard is especially relevant for organizations that deliver services on behalf of other companies — such as processing sensitive business data, providing system platforms, or supporting accounting-related processes.

Typical areas of application:

- IT and cloud service providers with business-critical infrastructure
- Business Process Outsourcing (BPO) providers focusing on payroll, accounting, or HR
- Service providers in the financial or insurance sector
- Companies with complex internal IT processes that are regularly assessed by clients or auditors

A PS 951 audit helps these companies demonstrate in a structured way that their internal processes are controlled and reliable — a key aspect of any trust-based business relationship.



PS 951

Ein kontrolliertes, IT-gestütztes Umfeld ist heute die Basis für A controlled, IT-supported environment is now the foundation for reliably delivering professional services. Whether it's accounting, cloud platforms, or automated processes — clients expect traceable, secure operations. PS 951 provides exactly that with a structured framework. Clearly defined controls and responsibilities make it transparent how a company manages risks, monitors systems, and meets regulatory requirements. A verified control framework not only makes service delivery more secure, but also more efficient and measurably more trustworthy — a strong argument for clients, partners, and auditors alike.

ALIGNING EXTERNAL REQUIREMENTS WITH INTERNAL RISK MANAGEMENT

Any provider offering IT-based services takes on responsibility — not just for the technology, but also for its security and integrity. PS 951 supports the process of identifying risks, defining responsibilities, and closing control gaps in a systematic way.

Access restrictions, logging, backups, and monitoring help reduce outages and eliminate weak points — a clear competitive advantage over less transparent providers.

Benefits of a Structured Implementation

The structured implementation of an internal control system based on PS 951 goes far beyond audit assurance. It creates transparency around critical processes, documents the quality of internal workflows, and enables organizations to proactively meet regulatory requirements.



For many service providers, this becomes a decisive competitive factor — especially when providing services for regulated industries or internationally operating clients. PS 951 offers a practical framework for defining, implementing, and regularly assessing technical, organizational, and procedural controls. It takes into account specific requirements around cloud security and is based on international standards. The audit identifies where risks exist, how they are addressed, and where there is potential for improvement. The resulting documentation not only builds trust with clients and auditors, but also streamlines internal processes: recurring client inquiries can be answered in a standardized way, audit requests can be fulfilled at any time, and internal coordination becomes more efficient. Companies that implement PS 951 create a strong foundation for verified quality — and secure long-term market advantages through demonstrable reliability.

What is Audited – Typical Control Areas

The focus of the audit is on internal controls related to IT-supported service delivery. It's not just about technology, but about how processes, responsibilities, and system behavior interact. The following areas are typically examined:

1. **Governance & Organization:** How are responsibilities defined, and how is the control system managed?
2. **Access & Authorization Management:** Who has access to critical systems, and how are permissions assigned and monitored?
3. **Change Management:** How are technical or functional changes in systems planned, documented, and controlled?
4. **Backup & Recovery:** Are there functioning backup and recovery processes for all relevant systems?
5. **IT Operations & Monitoring:** How is it ensured that systems run stably and without undetected errors?
6. **Data Integrity & Quality:** How is it ensured that data is processed accurately, completely, and traceably?
7. **System Interfaces & Data Flows:** What controls are in place for the transfer of data between systems or to third parties?
8. **Archiving & Retention:** Are relevant documents and data stored in compliance with legal requirements?
9. **Business Continuity:** Are contingency plans in place for outages or security incidents?
10. **Compliance & Documentation:** Are legal requirements fulfilled, and are processes properly documented?

Integrating Compliance into Daily Operations

For many companies, regulatory compliance is more than a legal obligation — it's a mark of quality in a competitive market. PS 951 helps translate compliance requirements from GoBD or the German Commercial Code (HGB) into daily operations. This is achieved through effective, documented controls that are not just written down but embedded into real processes. This applies not only to technical systems, but also to organizational workflows — from user management to data transfers and archiving. The audit ensures that these processes are transparent, traceable, and verifiable — a critical prerequisite for building trust with clients and auditors.

Operational Stability Through Controlled Systems

An effective internal control system doesn't just operate in the background — it actively supports the stability of day-to-day business operations. A PS 951-certified system ensures that critical platforms and applications are always available and operate smoothly. This is especially relevant for automated or data-intensive processes, such as cloud-based billing or financial systems, where fast response times and clear escalation mechanisms are essential. Well-structured controls ensure that disruptions can be addressed quickly, data integrity is maintained, and business operations continue without interruption.

BENEFITS

IMPROVED PROCESS SECURITY AND COMPLIANCE



Both service providers and their clients benefit from a PS 951 audit.

VERIFIABLE BENEFITS

- + REDUCED AUDIT EFFORT
- + TRANSPARENCY FOR CLIENTS AND AUDITORS
- + VERIFIED COMPLIANCE AND RISK MITIGATION
- + STRONGER MARKET POSITION

ALIGNING THE ICS WITH INDUSTRY AND CLIENT REQUIREMENTS

PS 951 is the recognized audit standard for internal control systems in service organizations. The audit helps providers implement regulatory requirements in a transparent way and creates a reliable

foundation for compliance and trust. Whether it's IT outsourcing, financial services, or platform operations — wherever services are delivered on behalf of other organizations, PS 951 helps ensure that control systems are clearly documented and traceable. The audit can be tailored to industry-specific requirements and creates synergies with other standards.



IT & CLOUD-SERVICES

Providers of hosting, SaaS, PaaS, or IT operations use PS 951 to transparently document control mechanisms — including access management, backup, and system monitoring.



BUSINESS PROCESS OUTSOURCING

Providers of payroll, accounting, or HR services use PS 951 to demonstrate controlled, auditable workflows in client engagements.



FINANCIAL AND PAYMENT SERVICES

Providers of transaction, KYC, or reporting services use PS 951 to demonstrate IT control effectiveness and support compliance with regulatory obligations.



TECHNOLOGY COMPANIES

Organizations with complex platforms and IT-based products use PS 951 to secure processes systematically and meet client-specific requirements.



PUBLIC SECTOR & REGULATORS

Government solution providers or public institutions benefit from a structured control system with PS 951 — increasing transparency and reducing audit effort.



INSURANCE & HEALTHCARE

Providers of policy management or medical data processing use PS 951 to demonstrate security and data integrity.

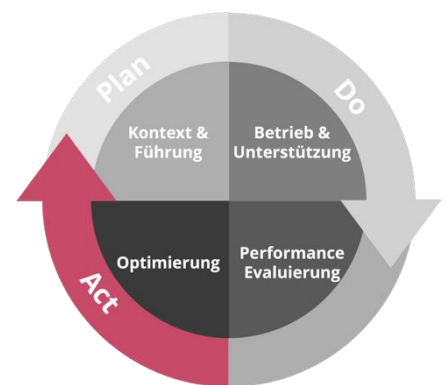
Many companies provide services to different clients, often subject to various regulatory requirements. While PS 951 is established in the German market, in practice it is often combined with international audit standards such as ISAE 3402, ISO 27001, or SOC 2. The right combination depends on the business area and target audience.

PS 951 – Foundation for Internal Control Systems in Germany

The PS 951 audit standard assesses whether a service provider has an effective internal control system. This includes, for example, access controls, change management, data processing, and IT operations. Especially as part of the year-end audit, PS 951 is widely used as proof of compliance and control reliability.

SOC 2 – The International Security Standard for Cloud Service Providers

SOC 2 was developed by the American Institute of Certified Public Accountants (AICPA) and targets companies offering IT-based services. Unlike PS 951, SOC 2 is based on the Trust Services Criteria, covering five core areas: security, availability, processing integrity, confidentiality, and privacy. Companies can tailor the scope of the SOC 2 report to their needs by selecting only the criteria that are relevant to them. This flexibility makes SOC 2 particularly attractive for internationally active companies that want to provide clients and stakeholders in multiple markets with consistent assurance over their internal controls. While PS 951 is primarily aligned with the requirements of the German audit landscape, SOC 2 is established as a global standard. For internationally positioned service providers, a combination of both audits can be a strategic way to meet the expectations of national and international clients alike.



ISAE 3402 – Standard for International Service Providers

ISAE 3402 is a globally recognized audit standard for companies that handle outsourced processes. It focuses on auditing controls relevant to financial reporting. For many service providers, ISAE 3402 is especially important when serving clients based abroad or as part of a corporate group. The ISAE 3402 audit assesses processes, risks, and control measures over a longer period. It allows companies to demonstrate to international partners that their operations are traceable, well-controlled, and reliable. In practice, ISAE 3402 is often used alongside PS 951 to meet both national and international expectations.

PS 951, ISAE 3402, or SOC 2?

All three standards assess internal control systems but differ in scope and purpose. PS 951 is tailored to the German market and aligned with local audit requirements under the HGB. ISAE 3402 is internationally widespread and particularly relevant for providers whose services impact their clients' financial reporting. SOC 2 is highly flexible and widely used in the U.S. tech and cloud sector. The right choice depends on whether your company primarily serves domestic or international clients. In many cases, a combination of standards is recommended to efficiently cover different requirements and streamline audits.

IMPLEMENTATION

INVEST IN STRUCTURE AND CONTROL TRANSPARENCY



IDENTIFY RISKS, DEFINE CONTROL STRUCTURES, AND BUILD SYSTEM DOCUMENTATION

Preparing for a PS 951 audit begins with a comprehensive analysis of internal processes, IT systems, and organizational workflows. The goal is to identify vulnerabilities and create a consistent understanding of the existing control framework. Key areas of the internal control system are assessed, evaluated, and documented in a structured way.



In the next step, core control processes are described, and existing measures are evaluated. This forms a structured system description that serves as the basis for the later audit.

A readiness assessment highlights any remaining gaps and supports targeted improvements. This enables efficient preparation and alignment of the control system for a successful audit.

RISK MANAGEMENT AND COMPLIANCE

SERVICE ORGANIZATIONS // CLIENTS

A PS 951 audit offers benefits for both sides:

Service providers can use a certified internal control system to demonstrate the quality and reliability of their services. Client organizations benefit from knowing they can rely on audited processes and reduce their own audit efforts.

▼ SERVICE PROVIDERS

A certified ICS in accordance with PS 951 builds trust with clients and auditors. The audit demonstrates that internal processes are well-controlled, documented, and aligned with relevant risks. This strengthens a provider's market position and improves collaboration with demanding clients and regulated industries.

▼ CLIENTS

Companies that work with certified service providers can fulfill compliance requirements more efficiently. A PS 951 audit provides a traceable foundation of trust, reduces the effort required for coordination, and lowers internal audit costs. It also increases transparency across outsourced processes.

PS 951 ADVANTAGES



ALIGNMENT OF ICS & RISKS
STRUCTURED CONTROL OF INTERNAL PROCESSES



COMPLIANCE
ICS ALIGNED WITH HGB, GOBD AND AUDIT REQUIREMENTS



AUDIT RELIEF
REDUCED EFFORT FOR CLIENTS AND AUDITORS

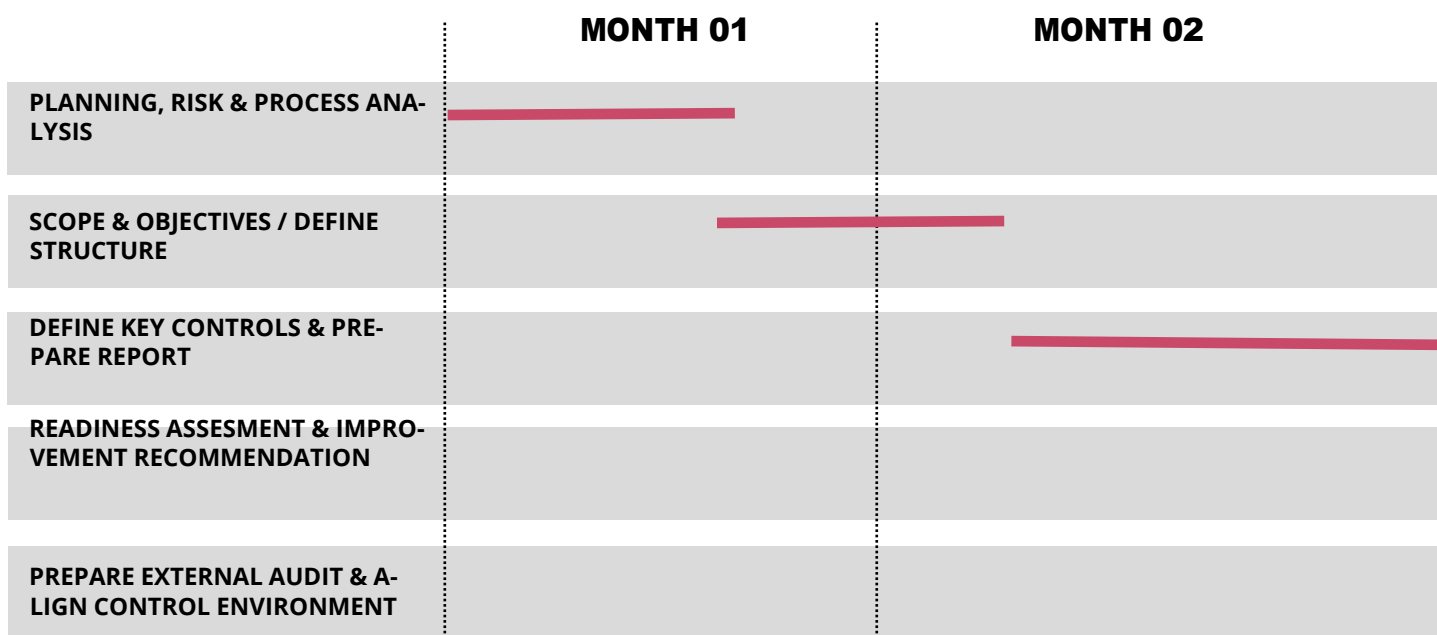


MARKET TRUST
BUILT THROUGH TRANSPARENCY



PROJECT PLANNING

TIMELINE



PLANNING, RISK & PROCESS ANALYSIS

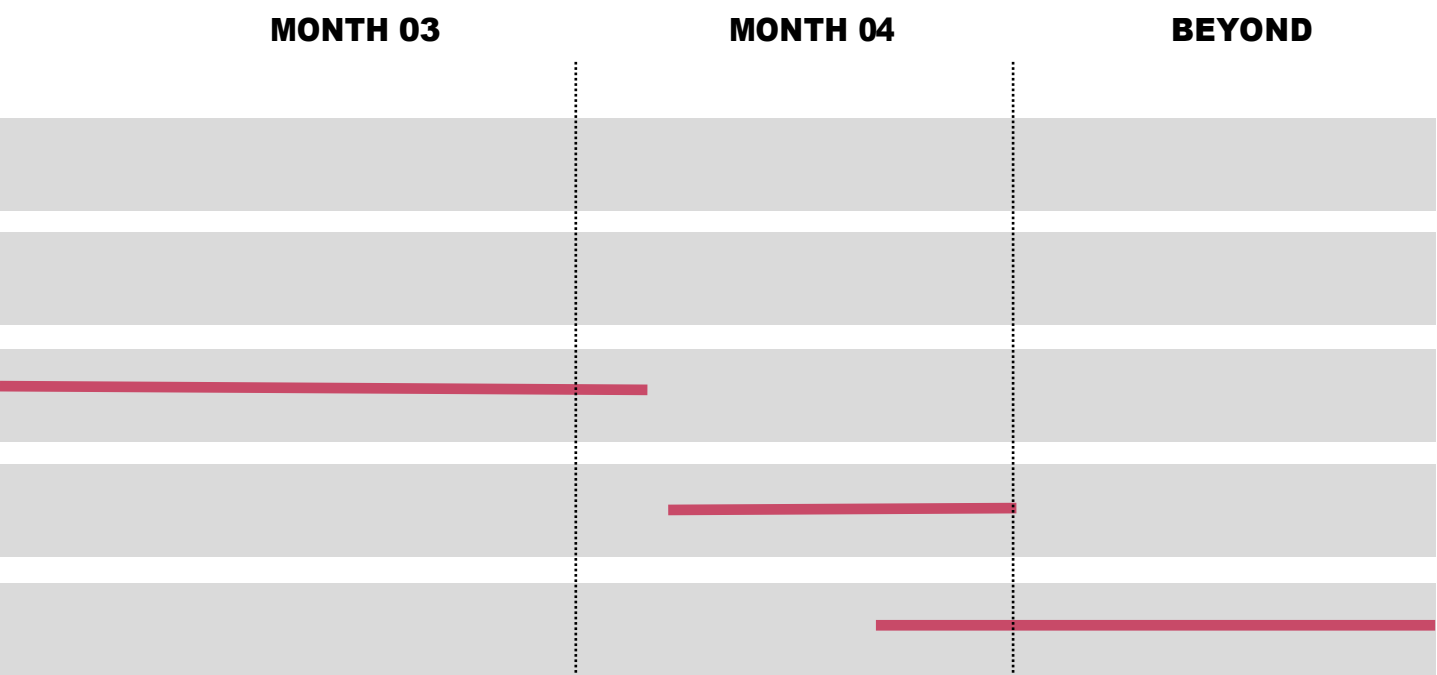
Define activities and timeline, clarify management expectations. Carry out a complete and traceable risk assessment that includes all relevant IT-supported processes, responsibilities, and control areas.



SCOPE & OBJECTIVES / DEFINE REPORT STRUCTURE

Align audit objectives with the requirements of all relevant stakeholders (e.g. user organization, auditors, internal departments). Define key control areas and reporting contents based on business processes and IT systems.

The preparation and audit according to PS 951 typically takes 2 to 4 months for an average-sized organization (<100 employees), depending on process complexity, company size, and available resources.



DETERMINE KEY CONTROLS & PREPARE REPORT



DEFINE KEY CONTROLS & PREPARE AUDIT REPORT

Identify and document key controls based on core process objectives. PS 951 requires structured oversight of all measures, including a control matrix that reflects relevant regulatory and organizational requirements.



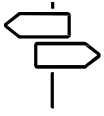
READINESS ASSESSMENT & ADVISORY

Review the effectiveness of existing controls through walkthroughs and identify improvement opportunities. The assessment ensures that all PS 951 requirements are met and properly documented.



AUDIT & OPTIMIZATION MANAGEMENT

Align the complete control environment with PS 951 requirements. Optimize processes and documentation in collaboration with auditors to ensure efficient and traceable audit readiness.



FURTHER INFORMATION

YOUR NEXT STEPS

VISIT [PS951.DE](https://ps951.de)

Contact our assurance experts to discuss your specific requirements and goals for implementing PS 951 in your organization. Feel free to send your inquiry via email to **info@ps951.de**.

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CONTACT

E-MAIL:

info@ps951.de