NWF Health Network
Policy & Procedure

Series: 700: Provider Network and Licensing

Policy Name: Review and Evaluation of SOC Reports

Policy Number: 723

Origination Date: 04/23/2026

Policy

It is the policy of NWF Health Network (NWFHN), to review and evaluate System and Organization Controls (SOC) reports to assess control effectiveness, identify risks and gaps and support contractor risk management decisions.

Definitions

A. SOC 1 Report – Evaluates a services organization's internal controls that are relevant to a customer's financial reporting. Focuses on controls that could impact financial statements.

B. SOC 2 Report – Evaluates controls related to security and operational effectiveness, based on defined trust principles.

C. SOC 3 Report – A general use, high level summary of a SOC 2 Report.

Procedure

A. Identify Contractors Requiring SOC Reports

1. Identify which contractors meet critical service criteria (billing, data processing, financial management, IT services and hosted systems).

2. Classify contractors as high, medium or low risk based on data, accesses criticality and prior report evaluations.

B. Request Reports

1. On July 1 of each year, NWFHN will issue formal requests to the contractors' points of contact for SOC Reports.

2. Request the most recent SOC 1 and/or SOC 2 report, management letter, bridge letter and any other supplemental materials or applicable reports.

3. Ensure all audit periods are appropriate (period end within last six months).

C. Conduct Report Review

1. Using the NWFHN SOC Review Checklist, the assigned review evaluates:
    a. Report type, period, and auditor
    b. Scope of Services Covered
    c. Subservice organizations and monitoring practices
    d. User control considerations
    e. Control exceptions, deviations or findings
    f. Overall auditor opinion
    g. Any significant changes since the prior year

2. Evaluate exceptions, deviations or findings through follow-up communications with contractor, if necessary, assess potential risk to NWFHN operations or integrity and determine if compensating controls exist at NWFHN.

D. Summary Report to Executive Leadership

An assessment summary will be provided to executive leadership informing them of the annual review, evaluations and any associated risks.