



**State of Louisiana**  
Division of Administration  
Office of Finance and Support Services

**DIVISION OF ADMINISTRATION**

**POLICY NO.:** OFSS-07

**EFFECTIVE DATE:** June 20, 2013

**SUBJECT:** Outsourcing of Key Internal Control Policy

**AUTHORIZATION:** Monique Appeaning  
Monique Appeaning, Appointing Authority

**I. POLICY:**

It is the policy of any Division of Administration (DOA) section or agency that mitigating controls are in place when outsourcing Key Internal Controls to an outside service organization. Each individual DOA section or agency is to obtain assurances that outside service organizations to whom key internal controls are outsourced in contractual arrangements are administering their functions and processes in accordance with this policy.

**II. PURPOSE:**

The purpose of this policy is to provide guidance to DOA sections or agencies that will require obtaining assurances that will mitigate risks, when Key Internal Controls are outsourced to an outside service organization. The required assurances need to be addressed in the contracting process prior to the contract being fully executed.

**III. APPLICABILITY:**

This policy shall be applicable to any DOA section or agency.

**IV. PROCEDURE:**

Each DOA section or agency is to certify whether a key internal control is being outsourced prior to services being provided by an outside service organization or entering into a contract/agreement. Each individual DOA section or agency is to determine the type of assurances needed from the outside service organization in order to make the determination that the key internal control outsourced will be properly administered.

Prior to a contract being fully executed, the DOA section or agency is to complete the *Key Internal Outsourcing Certification* form located on the Office of Finance and Support (OFSS) website at [http://www.doa.louisiana.gov/OFSS/ofss\\_forms.htm](http://www.doa.louisiana.gov/OFSS/ofss_forms.htm).

**V. RESPONSIBILITY:**

**The section/agency is responsible for:**

Determining if a key internal control is being outsourced when contracts are initiated with outside service organizations. A decision tree "*Evaluating Whether Outsourced Functions Represent Key Internal Controls*" located on the OFSS website at [http://www.doa.louisiana.gov/OFSS/ofss\\_forms.htm](http://www.doa.louisiana.gov/OFSS/ofss_forms.htm) can be accessed to assist the DOA section or agency in making the determination. If a key internal control is being outsourced, the DOA section or agency is to identify and document why the internal control is considered to be a key internal control. It is the responsibility of the DOA section or agency to complete the *Key Internal Control Outsourcing Certification* form located on the OFSS website documenting the evaluation of the outsourced functions. The information included on the form must be certified as being accurate and in line with the section or agency's core mission. Each individual DOA section or agency is responsible for maintaining a record of all forms submitted to the OFSS Budget Section for review/approval.

The DOA section or agency is to submit the completed form to OFSS for review and approval. The section or agency may proceed with the contracting process upon notification of approval from the OFSS Budget Section.

Additionally, the DOA section or agency is to monitor the requirements of the contract to make sure the assurances that are required from the vendor are received and are carried out. These assurances should be monitored and an electronic copy of the status

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report is to be provided to the OFSS Budget Section on a quarterly basis, unless otherwise stated. If the original contract is being amended to change the scope of services, the OFSS Budget Section is to be notified and the change is to be documented on the status report.

### **The Office of Finance and Support Services is responsible for:**

Reviewing and approving the completed *Key Internal Control Outsourcing Certification* form. Upon review and approval, notify the DOA section or agency electronically to proceed with the contracting process.

Once the fully executed contract is received by the OFSS from the section or agency, it will be submitted to the Office of Contractual Review (OCR) and/or Office of State Purchasing (OSP), including the *Key Internal Control Outsourcing Certification* form.

Monitoring the status reports received by the section or agency on a quarterly basis, unless otherwise stated, to ensure the proper assurances required by the contract are being obtained. The OFSS will provide notice of evidence that this requirement has been satisfied to OCR and/or OSP for their files.

Ensuring that this policy and subsequent revisions are provided to each DOA agency or section head.

## **VI. QUESTIONS:**

Questions regarding this policy should be directed to staff of the OFSS Budget Section.