

# Outsourcing Policy

## 1. Overview

Pinnacle Charter School uses service and facility outsourcing as a means of reducing costs, accessing specialist expertise, and providing greater focus on non-core functions. While this service offering provides great benefit to Pinnacle Charter School and its customers, processes must be carefully managed to ensure service levels are maintained and risks remain within acceptable levels.

## 2. Purpose

Outsourcing involves the use of a third party service provider in any number of operational functions to perform ongoing activities (including agreements for a limited period), that would normally be undertaken by Pinnacle Charter School personnel. This policy is designed to manage the risks associated with outsourcing agreements.

## 3. Scope

This policy applies to all Pinnacle Charter School management and staff involved in procuring outsourced services across Pinnacle Charter School.

## 4. Policy

### A. GENERAL

Management shall ensure all outsourcing arrangements do not diminish Pinnacle Charter School's ability to meet regulatory, contractual and/or compliance obligations. Procedures shall be identified to ensure that outsource providers employ the same standard of care in performing services as would Pinnacle Charter School employees.

### B. RISK ASSESSMENTS

Material outsourcing contracts have the potential to significantly impact Pinnacle Charter School business operations, customer service, and reputation. As such, management shall use the following indicators to determine outsourcing materiality:

- The level of importance of the service provided by the outsourcer
- The potential Pinnacle Charter School impact should the outsourcer be unable to provide services
- The potential impact of an outsourcer security breach
- Outsourcer costs and related cost controls

Risks that should be evaluated and analyzed by Pinnacle Charter School management include:

- **Strategic Risk** – Potential the outsourcing agent may conduct business in a manner inconsistent with Pinnacle Charter School goals and objectives.

- **Operational Risk** – The potential that the service provider experiences a failure in business operations and be unable to meet its contractual service levels or performance obligations.
- **Compliance/Regulatory Risk** – The potential that service provider failure might cause Pinnacle Charter School to face penalties related to privacy, security, and regulatory items.
- **Legal Risk** – The potential that Pinnacle Charter School might be out of compliance with statute or law should the service provider fail.
- **Termination Risk** – The potential for impacts to Pinnacle Charter School should a termination of services occur with the service provider.

Outsourcing to any third party service provider creates risks that must be identified and managed. However, under no circumstances shall any supplier provide Pinnacle Charter School services outside the United States. Outsourcing engagements using international locations are expressly forbidden in form and substance.

### C. PROCEDURAL IMPLEMENTATION

For each outsourcing engagement, Pinnacle Charter School management shall consider and ensure the following:

- The ability of the service provider to comply with its obligations and meet the performance service levels required by the Pinnacle Charter School
- The compatibility of the Pinnacle Charter School system environment, delivery philosophy, and implementation logistics with those of the service provider.
- Multiple outsourcing arrangements that subject Pinnacle Charter School to potential exposure with one particular service provider shall be avoided.
- Outsourcing service provider staff are subjected to required or recommended background checks and adhere to all component state laws, regulations, and statutes.
- Appropriate disclosure and FERPA notifications, public transparency requirements, and acknowledgements are adhered to when service providers are acting on systems with student Personally Identifiable Information (PII).
- Proper contractual agreements with the service provider as required by Pinnacle Charter School policy, regulations, state, and federal laws.
- The service provider adheres to all applicable state laws and regulations related to service delivery, data privacy, and public notification/disclosure.
- Outsourcing of any activity does not diminish Pinnacle Charter School obligations and those of Pinnacle Charter School management who have the ultimate responsibility for the outsourced service. Outsourcing a business process or function shall in no way interfere with the ability of a department to effectively oversee and manage its activities. Pinnacle Charter School departments maintain full responsibility for the actions of the outsourcer and the confidentiality of information collected, transmitted, stored, or processed by the third party service provider.

- Management shall consider compliance, contractual, and legal requirements when qualifying, evaluating, and selecting an outsourcer.

**5. Audit Controls and Management**

On-demand documented procedures and evidence of practice should be in place for this operational policy as part of Pinnacle Charter School management practice. Examples of appropriate audit controls and evidence include:

- Compliant state contracts with third party service providers
- Established change management and agency governance practices
- Day-to-day observational operational management processes, archival documentation of management practice, and anecdotal evidence of compliance

**6. Enforcement**

Staff members found in policy violation may be subject to disciplinary action, up to and including termination.

**7. Distribution**

This policy is to be distributed to all Pinnacle Charter School staff responsible for contracting services and outsourcing procurement.

**8. Policy Version History**

Version	Date	Description	Approved By
1.0	12/15/2017	Initial Policy Drafted	