

INTERNAL CONTROL OBJECTIVES		INTERNAL CONTROL TECHNIQUES	COMP- LIANCE WP-REF	RISK EVALUATION					COMMENTS	REPORT W/P-REF
No	DESCRIPTION	DESCRIPTION		C	B	L	M	H		
1	Definitions <input type="checkbox"/> All key terms in the framework contract have been defined.								Examples: - "umbrella contract" in the part of the outsourcing contract defining principles - "outsourcing contract" describes contractual agreements between the provider and the service "recipient" (customer or user) - "service provider" is the party providing services to a third party - reference to a glossary of terms - etc.	
2	Contract Management 2.1 Object of the Contract <input type="checkbox"/> Every contractual relationship involving the service provider is regulated by an appropriate service description. <input type="checkbox"/> This service description always pertains to one clearly defined 'outsourced domain' and is a sub-contract of the framework contract, or a part of the framework contract. <input type="checkbox"/> The legally valid signature of both service provider and service recipient is added to every sub-contract included in the framework contract (2.1, 6.4), to the appendix to the framework contract (3.3, 6.2, 6.3) and to the framework contract itself.		D						A label "D" in column WP-Ref indicates that the element as defined in column "control objective" must exist and that its existence should be inspected during audit tests (to be documented)	
2.2	Contracting Parties/Contractual Relationship <input type="checkbox"/> An appropriate service recipient group is assigned the administration and maintenance both of the contract and of the relationship which the contracting parties have entered into.								- This group: - Leads contract negotiations in the following situations: contract modifications, updates, termination of service relationship, merger, take-over, closure of business, etc.	

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2.2	Contracting Parties/Contractual Relationship - continued <input type="checkbox"/>								- This group: - Leads contract negotiations in the following situations: contract modifications, updates, termination of service relationship, merger, take-over, closure of business, etc. - Leads contract negotiations on transfer of resources, such as software licences, human resources, systems, infrastructure - Leads negotiations on resolution of disputes - Establishes rights of service recipient to audit the accounts for actual cost calculation - Establishes the auditing procedure in the above case	
2.3	Duration of Contract <input type="checkbox"/> The start and end of the contract, and rolling contract renewal (if applicable) are clearly regulated and documented. <input type="checkbox"/> The agreement to implement rolling contract renewal is of central importance in partnerships which are expected to be long term.	<input type="checkbox"/> When negotiating the contract term, preference should be given to a short term contract with renewal options.	D						The contract term should not exceed n year(s)	
2.4	Contract Termination <input type="checkbox"/> A contract may be terminated by either party subject to the appropriate period of notice.		D						The need for contract termination at a given time can be foreseen	

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2.4	<p>Contract Termination - continued</p> <ul style="list-style-type: none"> <input type="checkbox"/> The time of and conditions for a termination of contract are specified <input type="checkbox"/> The responsibilities of both parties in case of contract termination are defined <input type="checkbox"/> The contract can be terminated in case of gross breach of contract. <input type="checkbox"/> Even after termination of the contract, the service provider is obliged to treat as strictly confidential all knowledge and information gained during the service relationship. <input type="checkbox"/> At contract termination, the service provider is required to return all material owned by, respectively destroy it according to, the request of the customer. 							<p>"Responsibilities" can include:</p> <ul style="list-style-type: none"> - cost allocation - deliverables until final end of operations - co-operation until final end of operations <p>This may be the case in the following instances:</p> <ul style="list-style-type: none"> - serious loss in performance for a specified period, - obvious negligence in the provision of services, - breach of the security requirements. 		
2.5	<p>Contract Modification (Scope of Services)</p> <ul style="list-style-type: none"> <input type="checkbox"/> Modification of a contract as a result of substantial and requested changes in the scope of services in the 'outsourced domain' can only be made after observing an agreed period of notice. <input type="checkbox"/> The contract defines the tolerance of change requests to be accepted without the need for a new contract. <input type="checkbox"/> Each change in the scope of the service requires the agreement signature of both parties. 							<p>Examples:</p> <ul style="list-style-type: none"> - System maintenance for error removal - Enhancement due to business requirements imposed by government - Development of new applications due to business other requirements 		

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2.5	<p>Contract Modification (Scope of Services) - continued</p> <p><input type="checkbox"/> Modifications may be made to the contract until the end of the contract period, if the period of notice is observed. Where there is rolling contract renewal, the contracts should be adapted to reflect changed requirements.</p>									
2.6	<p>Contract Validity (Merger, Take-over, Insolvency, Closure of Business)</p> <p><input type="checkbox"/> Unambiguous regulations govern the contract's validity and the period of notice in the event of merger, take-over, insolvency or closure of business.</p> <p><input type="checkbox"/> The impact of merger, take-over, insolvency, or closure of business of one contract party does not affect the other party.</p>		D							
3 3.1	<p>Transfer of Resources Licences</p> <p><input type="checkbox"/> All licences which affect the service contract in any way are known and documented.</p>								<p><input type="checkbox"/> The following details apply:</p> <ul style="list-style-type: none"> - Each licence is listed and accounted for - The licensing authority, licensee, licence allocation, licence use, place of use, charges, validity, restrictions on use and duration for each licence are known and contractually agreed 	

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3 3.2	<p>Transfer of Resources - continued</p> <p>Human Resources</p> <ul style="list-style-type: none"> <input type="checkbox"/> In the event of transfers of personnel from the service recipient to the service provider, the individuals involved are identified. <input type="checkbox"/> Precise descriptions are available of the movement of personnel for this purpose and the conditions for this are established. <input type="checkbox"/> Confidentiality requirements affecting transferred personnel <input type="checkbox"/> Rights of access of these personnel to the service recipient's resources <input type="checkbox"/> Changed risk due to change of roles 		D						<ul style="list-style-type: none"> <input type="checkbox"/> These include: <ul style="list-style-type: none"> <input type="checkbox"/> job guarantees <input type="checkbox"/> transfer of acquired rights and benefits (pension, participation, etc.) 	
3.3	<p>Systems, Infrastructure</p> <p>Asset transfer is documented and signed by both parties. The individual asset items are listed in detail in Appendix X. This appendix is an integral part of the framework contract.</p>		D						<ul style="list-style-type: none"> <input type="checkbox"/> These can include: <ul style="list-style-type: none"> <input type="checkbox"/> computer hardware and software <input type="checkbox"/> communications equipment <input type="checkbox"/> furnishings <input type="checkbox"/> offices <input type="checkbox"/> buildings <input type="checkbox"/> computer rooms <input type="checkbox"/> etc. 	

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3 3.3	<p>Transfer of Resources Systems, Infrastructure - continued</p> <ul style="list-style-type: none"> <input type="checkbox"/> It is established under which conditions the above units are to be used in the future. The conditions of use have been defined for all transferred items. <input type="checkbox"/> Duration of validity of the transfer agreements and the conditions for transfer back to the receiver of service 							<ul style="list-style-type: none"> <input type="checkbox"/> These conditions could be: <ul style="list-style-type: none"> - Units are leased by the service provider - provided to the service provider under contract - the service provider is licensed to use them 		
4	<p>Technological changes</p> <ul style="list-style-type: none"> <input type="checkbox"/> The effects of the development of new technology on the agreed services should be anticipated. <input type="checkbox"/> Changes affecting IT security at the provider of service and with implications on availability, confidentiality, integrity cost, or requiring process changes and training of personnel require updates of the sub contracts security and audit of the outsourced domain / processes. <input type="checkbox"/> The current contract may be re-negotiated if there are exceptional and/or significant modifications to the normal business or if there is fundamental technological progress. 							<p>Cost reduction by using new technologies in areas such as hardware, networks, operating systems, tolls for application development, databases</p>		

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5 5.1	<p>Liability and Compensation Damages for Non-Performance</p> <ul style="list-style-type: none"> <input type="checkbox"/> The obligations (limits) which must be observed by the service provider are defined and documented. <input type="checkbox"/> The service provider is insured against potential damages in the outsourced domain. <input type="checkbox"/> In the case of a serious breach of obligation, regulations which govern the payment of compensation and termination of the contract have been defined. <input type="checkbox"/> The types of non-performance which constitute a serious breach of contract are clearly defined. <input type="checkbox"/> The service recipient ensures that damages which exceed acceptable risk are insured. 								<p>Examples of types of insurance are:</p> <ul style="list-style-type: none"> - Casualty, covering repair to equipment - Casualty, covering excess cost - Casualty, interruption of operations - Indemnity, computer misuse - Indemnity, erroneous handling <p>Non-performance can lead to a serious breach of contract, if e.g., the service recipient suffers loss of revenue of the order of CHF nnn,nnn.</p>	
5.2	<p>Conflict Resolution, Arbitration Board</p> <ul style="list-style-type: none"> <input type="checkbox"/> If an incident cannot be resolved between the contracting parties, they may call in arbitration. <input type="checkbox"/> The arbitration board is named and is accepted by both contracting parties when the contract is signed. <input type="checkbox"/> Guidelines are given about whether an appeal can be made to a court against an arbitration award and, if so, in what form. 		D							

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5 5.3	<p>Liability and Compensation Claims Regulation</p> <p><input type="checkbox"/> Compensation can be made by payment or, if agreed, by payment in kind (services).</p> <p>Incurring damages must be demonstrable.</p>									
6 6.1 6.2	<p>Rights and Obligations</p> <p><input type="checkbox"/> The rights and obligations of both contracting parties are defined.</p> <p>Governing (local) Law</p> <p><input type="checkbox"/> Both parties respect country specific law regarding data protection, product liability, and copy right</p> <p>Additional legislation and trade specific agreements</p> <p><input type="checkbox"/> Measures are identified to maintain security and confidentiality of data and software. The computer software is listed in Appendix X. This appendix is an integral part of the framework contract.</p> <p><input type="checkbox"/> The steps to ensure the confidentiality and secrecy of the above conform to legal requirements.</p>		D						<p>Definitions of responsibility are stated regarding Data Protection Law (DSG), Product Liability Law (PrHG), Copyright Law (URG), that is, regarding any possession of intellectual rights</p> <p>Bank, Post, Health Insurance, national and trade-specific requirements, etc.</p>	

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6 6.2	<p>Rights and Obligations Banking Secrecy Legislation/Obligation to Maintain Secrecy/Confidentiality - continued</p> <p><input type="checkbox"/> The service provider is required to treat as confidential all knowledge and information acquired during the service relationship.</p>									
6.3	<p>Exclusivity</p> <p><input type="checkbox"/> Steps to protect exclusivity are defined and documented. The service recipient will not suffer disadvantage of any kind as a result of this.</p> <p><input type="checkbox"/> In so far as infrastructure, information, data or software are owned wholly or in part by the service recipient, this party has the exclusive right to their use in accordance with the terms of ownership. The service provider may not offer the services provided by these elements to any other customer.</p> <p><input type="checkbox"/> These (exclusive) restrictions include in particular those competitors listed in Appendix X, Business Competitors. Appendix X is an integral part of the umbrella contract.</p>		D						All services included in the service description are obtained from the same service provider ("sole sourcing", "single source")	
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6.4	<p>Security and Auditing</p> <ul style="list-style-type: none"> <input type="checkbox"/> The agreement between the contracting parties regulates security requirements for the data owned by the service recipient and the computer software used to process it, in so far as these areas affect the 'outsourced domain'. This regulation is contained in the framework contract within the 'Security in the Outsourced Domain' sub-contract. <input type="checkbox"/> The contracting parties are bound by the contractual agreement to hold an periodic audit of the 'outsourced domain' at the service provider's site. This ruling is contained in the framework contract within the 'Auditing the Outsourced Domain' sub-contract. 		D							
6.5	<p>Applicable Law and Place of Jurisdiction</p> <ul style="list-style-type: none"> <input type="checkbox"/> The applicable law (country) and place of jurisdiction are defined and do not conceal any unknown potential risks. 							country specific differences location specific differences		

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7	Pricing/Payment Procedures									
7.1	Price Calculation Basis <input type="checkbox"/> The services/products covered by the prices are clearly defined. <input type="checkbox"/> In the case of variable payments, payment modalities and the basis for price calculation are unambiguously specified. <input type="checkbox"/> Mode of payment is defined. <input type="checkbox"/> Price transparency permits a reliable estimation of the costs. Taxes, e.g. VAT, are explicitly shown. <input type="checkbox"/> Additional Resource Charges and Reduced Resource Charges are defined.	<input type="checkbox"/>	D						The remuneration for services allows a reasonable profit margin for the service provider (fair deal in pricing).	
7.2	Special/Additional Expenses <input type="checkbox"/> Unequivocal definitions exist regarding the payment during the contract term of the service recipient's special expenses, for example, for newly introduced taxes or new essential licence fees. <input type="checkbox"/> There are clear regulations on the payment of additional expenses for CPU upgrades (incl. SW licences) SW release upgrades, increases in the number of users and in the volume of transactions.									
7.3	Payment Terms <input type="checkbox"/> The time is defined for the remuneration of the services provided. <input type="checkbox"/> The payment procedure is specified.		D							