

Accounts Payable

Accounts Payable can provide you a report of your service providers. Make sure you are checking in to ensure you have an updated list. From this you will determine what vendors need to be actively managed from a risk standpoint.

Active Parties

Your third parties that you DO need to actively manage may include:

- ★ Core processor
- ★ Marketing company
- ★ Credit bureau
- ★ Shred company
- ★ Facilities maintenance
- ★ Statement printing
- ★ Internet banking
- ★ ATM hosting

In-Active Parties

You'll have third parties you MAY NOT need to actively manage. These include:

- ★ Office supply company
- ★ Government agencies
- ★ Utility companies
- ★ One time use providers
- ★ Low dollar threshold

Note: But make sure you've specifically identified these as exclusions in your program document.

What to do on These Actively Managed Vendors

01 Due Diligence

- Make sure your due diligence is:
 - ★ Thorough
 - ★ Risk-based
 - ★ Timely
 - ★ Appropriate for product or service
- Tailor it to the company, product and/or service
- Identify and be familiar with your fourth parties
- Due diligence should be analyzed, not just a check mark on a checklist

02 Ongoing Monitoring

- Use reporting
- Customize monitoring to the product and/or service
- Use SLA's
- There should be two-way participation between you and your vendor
- Commensurate with level of risk
- The frequency may vary based on risk
- Report results and any deficiencies addressed

03 Contract Management

- Contracts should be informed by risk assessment
- Address issues raised in the risk assessment as needed
- Provide mutual agreements, rights and responsibilities
- Avoid the boilerplate one size fits all
- Include service level agreements if needed
- Provide termination rights in the event of problems
- Make sure all key events are carefully tracked

04 Reporting

- Set up a standard reporting package for board and senior management
- Cover each pillar of regulatory guidance
- Identify key risks
- Call out changing risk
- Focus on risk trends with Critical and High Risk third parties
- Capture reporting and discussion in meeting minutes

05 Ongoing Risk Assessment and Due Diligence

- The guidance now requires it
- Managing risk is not a one-time event
- You should periodically complete analysis and updates
- You should have a formal schedule or event driven requirement to update
- Don't let key items get stale dated

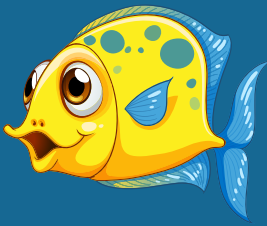
Increased Expectations

Regulatory News

Regulatory expectations and news will continue to intensify. **Survive the storm** by preparing now and ensuring your vendors are properly accounted for and managed appropriately.

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