Checklist for Offboarding a Vendor

Offboarding a vendor is a critical step within the third-party risk management lifecycle. It's important to remember that the details of the process need to be established even before the contract is signed. Use this checklist as a guideline for important questions and considerations that are generally needed when offboarding a vendor.

PRE-CONTRACT CONSIDERATIONS
Before selecting a vendor and signing the contract, ask the following questions:

- Will our organization face any difficulties if we decide to terminate the contract?
- Can we include contract language to help minimize the impact of ending the vendor relationship?
- What are the conversion and deconversion costs?
- If the vendor is critical or high risk, do we have an exit strategy in place? If yes, has the exit strategy been tested?
- Does the contract include details about how the vendor will return or destroy any data after termination?

PLANNING AND EXECUTION CONSIDERATIONS
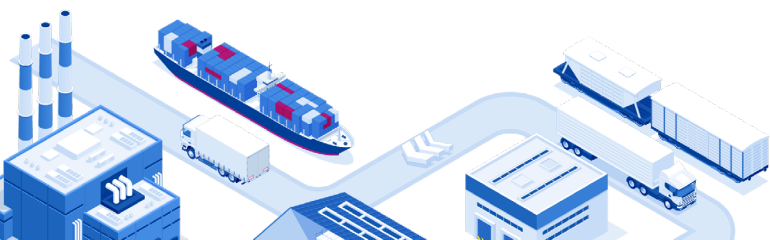When deciding to terminate the vendor contract, consider the following questions:

- Is termination the only appropriate action?
- Is the current exit strategy still viable?
- Is the vendor considered critical to our operations?
- Do we need to notify or seek approval from the board or senior leadership to terminate the vendor?
- Is the termination planned to coincide with the end of the contract or is it in response to poor performance or another vendor failure?
- What are the requirements to terminate the contract?
- What is the cause for termination?
- What is the required notice period and method?
- Are there any early termination fees or penalties?
- Is there a possibility that the termination could lead to litigation?
- Who will verbally notify the vendor of the termination?
- Who will draft and send written notice of the termination?
- Does the vendor have access to our organization's or customers' data?

- Does the vendor have any access credentials that need to be terminated (for systems, data, or our facilities)?
- Does the vendor possess any pieces of equipment or other assets belonging to our organization? If yes, how will they be returned?
- Can we negotiate the terms of the exit with the vendor?
- Which termination activities are our responsibility and which ones are the vendor's responsibility?
- Do we have any record retention requirements for the vendor?
- Do we need to perform any risk assessments before, during, or after offboarding the vendor?
- Who is responsible for updating the vendor database and archiving the vendor records after offboarding?
- How will we manage issues?
  - If there are delays to the return of equipment or confirmation of disconnected systems, how will we document this in our risk management program?
  - Who will be assigned as the issue owner?
  - How and when will we escalate to legal or senior management?
- Do we understand all upstream and downstream dependencies on the product or service and vendor relationship?
- Do we have a full understanding of how terminating the relationship will impact and affect stakeholders?
- Who will communicate information about the termination to affected stakeholders?
- Have stakeholder concerns been sufficiently addressed?

Remember that the offboarding process will differ based on the vendor and your organization. Overall, make sure to keep the lines of communication open with the vendor and appropriate stakeholders so the transition is efficient for both parties.

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