

How to Effectively Manage International Vendors

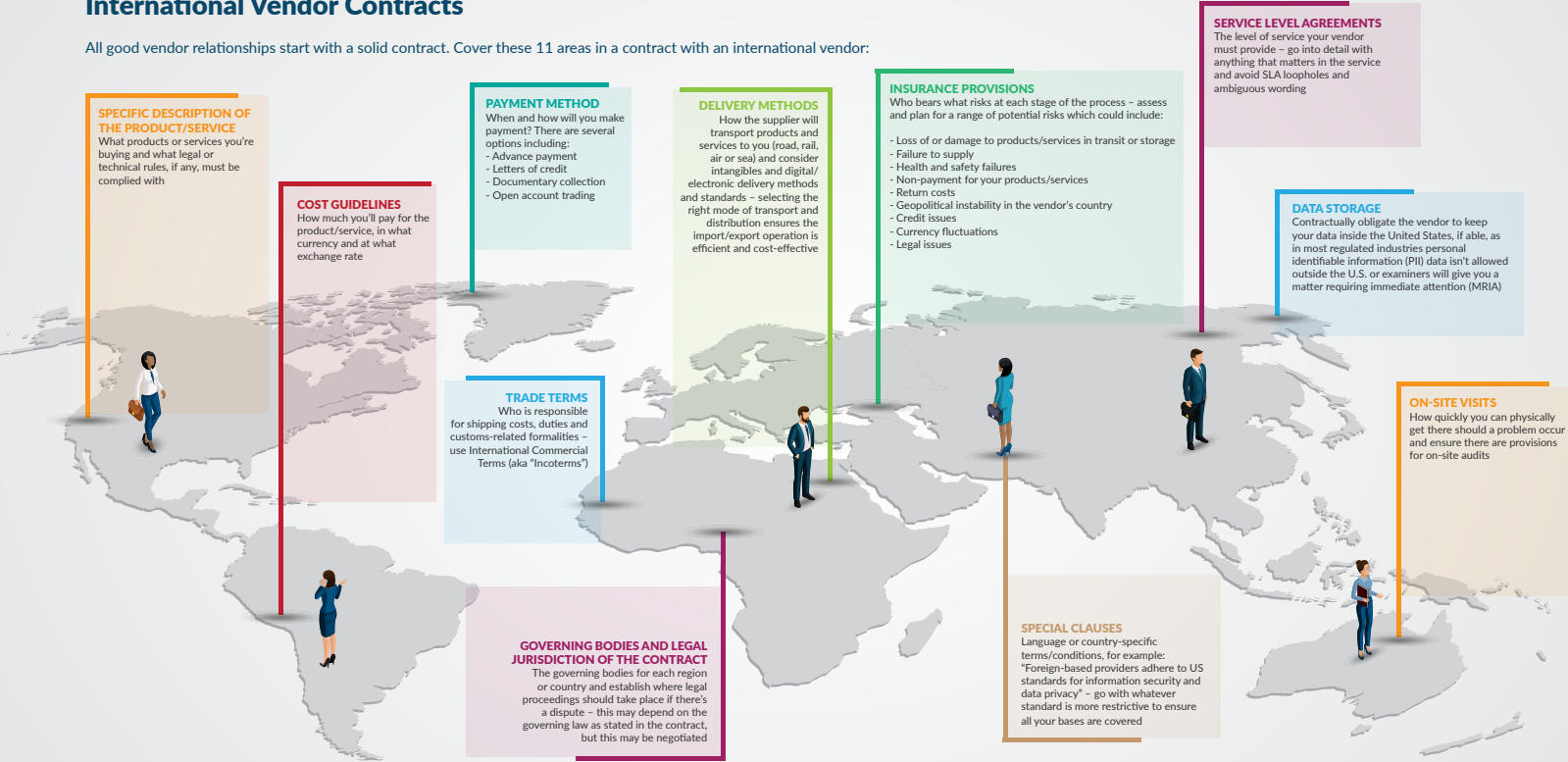


BEST PRACTICES FOR CONTRACTS AND DUE DILIGENCE

Competition and boosting the bottom line for your organization are key factors to running a successful operation. Outsourcing to vendors can support those goals by creating operational efficiencies and help provide the best products and services to your customers. It's often recommended to keep outsourced vendor relationships domestic, but in some cases your best bet is an international vendor. Global locations may have different regulations they follow but domestic organizations are still held to the U.S. regulations. Risk assessments, collecting documentation and overall monitoring and oversight are essentially the same as a domestic vendor. However, there are some key contract and due diligence areas to know.

International Vendor Contracts

All good vendor relationships start with a solid contract. Cover these 11 areas in a contract with an international vendor:



Collecting and Performing Due Diligence on International Vendors

You'll want to warrant additional scrutiny on the international vendor going forward. It's important to collect and review as much due diligence as you can from the vendor. Identify the missing pieces and follow up your due diligence request with a questionnaire to cover these and any critical controls.

You'll want to collect and review:

- 1 Vendor/organization background**
Identify all relevant historical information including ownership and management, beneficial owners or relevant parties who may have a relationship with the organization.
- 2 Financial documentation**
Most international vendors aren't monitored by Dunn and Bradstreet (DnB), but they do still have financial statements and similar financial standards, just like a US-based organization. Ensure the financial statement is in English and you'll be able to perform an assessment (Note: the numbers don't have to be in dollars).
- 3 Policies and plans**
Make sure to check for procedures and documentation as you would with a domestic vendor. Request and review SOC reports, business continuity and disaster recovery plans, cybersecurity policies, local hiring practices and background check policies, etc.
- 4 Regulatory history**
Request disclosure of any civil, criminal and regulatory matters to identify a history of issues that may present risk factors.
- 5 Compliance/training information**
Anti-corruption knowledge and compliance information should be obtained, including questions about knowledge of laws and the vendor's compliance regime and training efforts.
- 6 References**
Inquire around others' personal knowledge and experience with the business partner. Consider this the "Yelp review" phase of the process where you seek someone who can provide verification of business relationships and experience.
- 7 Good faith verification**
Signature of a responsible party who verifies, in good faith, the accuracy of information and agrees to follow applicable laws/policies of the vendor.



Proper third-party risk management of international vendors is just as critical, if not more so, as managing outsourced domestic relationships.



Download free sample assessments of vendor controls and see how Venminder can help reduce your third-party risk management workload.

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