

10 TIPS FOR COLLECTING VENDOR DUE DILIGENCE DOCUMENTS

1

Be organized and make sure your due diligence is risk based

Have firm guidelines and set standards based on the type of product or service the vendor is providing. Make certain the level of due diligence performed adequately represents the risks associated with doing business with them. Generally speaking, the more critical the vendor is to the organization, the more due diligence you'll need to request.



5

Document the efforts, particularly if you can't get something

There will always be times you can't obtain something [sometimes reasonable, sometimes not] but you should document the efforts [who, what, when, where, why] and engage management, as needed. Determine what the next steps are and determine if it requires an exception to policy.



7

Avoid the checklist mentality

Nothing is a quicker recipe for future disaster than simply accepting an item at face value and forgetting to look at it. We've seen numerous times many lessons learned from getting a document, filing it and forgetting it only to find later that it was not what was needed or, worse yet, should have been a huge red flag indicating a problem.



2

Start well ahead of the anticipated contract signing

Due diligence takes time and, despite business pressures, shouldn't be unduly rushed. Ideally, start as soon as there's a reasonable chance you'll be going forward with the relationship, but also be willing to push back if there's an idea that you're becoming a sounding board for every possibility. Starting ahead allows you time to address any hurdles.



6

Don't forget ongoing monitoring

Ongoing monitoring is the often-forgotten pillar in vendor management; however, it's critical. You're expected to continue to request the most current due diligence from your vendors on a regular periodic basis. In addition, the documents will have to be reviewed again to further evaluate if any new risk is posed to the organization. You may need to get regular service level reporting and agree on how to handle complaints.



8

If you can't get it, get creative

Consider alternatives like meeting with the vendor's management team or reviewing highly confidential documents in person or by WebEx rather than gathering for evidence. Look for other ways of satisfying the request, for example through public documents or reports from other companies on similar experience. Don't take the easy [no] as the final answer.



3

Write it into the contract

If you're in the process of vetting a vendor and you find there's something you want them to provide, but you anticipate it may be a challenge obtaining the document or the vendor may have a slow turnaround time, try to write it into the contract. Contractually committing them to provide documents will make it a lot easier. We see this happen often for items like a business continuity plan or audit report.



9

Stick to your processes when a vendor "pushes back"

Escalate with senior management, if needed, and don't accept the first time the vendor simply refuses to provide an item.



4

Actively engage the lines of business

You likely aren't, and don't want to be, the day-to-day contact with the vendor, so you need to get your lines of business involved, especially the first line, aka the front line. They need to represent you well and push as hard as you would for the items that you need. You must make sure they understand what you need, why you need it and perhaps even the acceptable alternatives. Having a good working relationship with the lines of business is paramount to your success.



10

Once you have the document in hand, have a subject matter expert review it

Subject matter expert review and analysis may, and in most cases likely should, be required. In some industries it's mandated by regulatory guidance that the documentation be thoroughly analyzed in both the vendor vetting and ongoing monitoring phases.



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