Vendor Due Diligence
Checklist

To both adequately prepare for regulatory examinations and maintain a healthy schedule of ongoing vendor management duties, it's critical your organization gathers all the necessary due diligence documents and specific data points from third-party vendors. The due diligence requirements will vary by type of third party, what sort of risk they represent and what you would reasonably expect a vendor to have, but here's a pretty good list of the items you should consider when performing your vendor due diligence. Remember, however, that vendor management is not just a checklist exercise – you should have an expert review each item for accuracy, timeliness and quality.

FOUNDATIONAL DOCUMENTS

- [ ] Mutual Non-Disclosure Agreement (MNDA) or Confidentiality Agreement
- [ ] Basic information (full legal name, address, all physical locations, website URL)
- [ ] Ownership structure and affiliated companies
- [ ] Tax ID
- [ ] State of Incorporation
- [ ] Articles of Incorporation
- [ ] Secretary of State Check
- [ ] Business license
- [ ] Certificate of Good Standing
- [ ] Credit report
- [ ] OFAC/PEP checks
- [ ] Any "doing business as" or "also/previously known as" (d/b/a, aka, pka)
- [ ] Dun & Bradstreet (D&B) report
- [ ] Vendor complaints research findings
- [ ] Vendor negative news search findings
- [ ] List of subcontractors/fourth parties
- [ ] Picture or Google map view of facility (if required)
- [ ] Conduct check of CFPB Complaint Database and/or Better Business Bureau rating

Some of the other documents listed in this checklist may be a foundational document request, too (e.g., financials, SOC report, business continuity plan).

FINANCIALS

- [ ] Audited financial statements/annual report (2-3 years; including income statement, balance sheet and cash flow statement)
- [ ] Audit letter/opinion
- [ ] Management discussion and analysis on financial performance
- [ ] Outstanding legal/litigation matters (as available)
- [ ] Ongoing mergers & acquisitions/corporate restructuring matters (as available)

INSURANCE

- [ ] General liability
- [ ] Cyber insurance
- [ ] Employee malfeasance
- [ ] Specific insurance standards required by business lines

DIAGRAMS

- [ ] Network diagram
- [ ] Data flow diagram, including any third party/fourth party
- [ ] Organization chart of affiliated companies and holding company
- [ ] Organization chart of staff
- [ ] IVR/call routing flows
- [ ] Service roadmap
- [ ] Application architecture

LICENSES OR PROFESSIONAL CERTIFICATIONS

- [ ] Any required licenses (e.g., state money transmitter license)
- [ ] Any required certifications (ISO, ITIL, NIST, HITRUST, FedRAMP, SIG, etc.)
- [ ] PCI certification/QSA letter
- [ ] Proof of admission to the bar for state practices

EDUCATION

- [ ] Biographies of key managers (if needed)
- [ ] Compliance education schedule
- [ ] Change management education schedule

EXAMINATIONS AND REPORTS

- [ ] Reports of internal and external audits
- [ ] Regulatory regional office record of audit reports (FI's must request directly)
- [ ] Information security penetration testing
- [ ] Vulnerability testing
- [ ] Business continuity plan (including disaster recovery and pandemic plans)
- [ ] Disaster recovery plan and testing
- [ ] SSAE 18, SOC 1, 2 or 3 and bridge letter, if needed

POLICIES AND PROCEDURES

- [ ] Compliance policies
- [ ] Anti-money laundering (AML) detection policies
- [ ] Change management policy
- [ ] Information security policy
- [ ] Business continuity plan (including disaster recovery and pandemic plans)
- [ ] Record retention/data destruction policy
- [ ] Hiring policies (drug testing, background check)
- [ ] Social media policy
- [ ] Vendor management policy
- [ ] Complaint management policy
- [ ] Service delivery policy

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SAVE CHECKLIST   **PRINT CHECKLIST**

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