

6 Third-Party Risk Management Reports to Maintain

Third-party risk management (TPRM) stakeholders such as risk committees, senior leadership, and the board of directors need high-quality reports that will support their decision-making. So, what data should these reports include and what's the best way to keep them current?

Here are 6 types of TPRM reports to develop and maintain:

1 Inventory

- DATA TO INCLUDE** → Number of vendors, categorized by risk level or rating and criticality.
- PURPOSE** → Gives you a big picture of where risk lies within your organization, so you know which areas require more attention.
- GETTING STARTED** → Contact your accounts payable department for a full list of all the entities your organization pays.

PRO TIPS:

- ✓ Review your critical and high-risk vendor inventory at least annually.
- ✓ A regular inventory of critical and high-risk vendors should always be included in your regular reporting to the board.

2 Risk Assessments/ Due Diligence

- DATA TO INCLUDE** → Completed, on schedule, and overdue vendor risk assessments, and number of vendors who weren't approved during due diligence.
- PURPOSE** → Helps affirm the effectiveness of your TPRM processes, such as vendor vetting and selection. Also serves to keep stakeholders informed on where vendors are in the process and if there are any issues.
- GETTING STARTED** → Consult with your vendor owners and ask for a status on their vendor risk assessments and due diligence activities.

PRO TIPS:

- ✓ This report should also highlight any significant changes that occur with your vendors, such as new due diligence requirements or updates to the inherent risk questionnaire.
- ✓ A software tool makes it easier to monitor the status of multiple risk assessments, whether they're complete, on schedule, or overdue.

3 Contracts

- DATA TO INCLUDE** → List of vendor contracts including effective, renewal, and termination dates.
- PURPOSE** → Keeps you informed of contract statuses, so you're prepared for renegotiation or termination.
- GETTING STARTED** → Obtain a list of current vendor contracts from the appropriate team, such as your legal or accounts payable departments.

PRO TIPS:

- ✓ Review the contract midterm to determine if there will be any updates, changes, or renegotiations as it approaches the expiration date.
- ✓ Vendor contracts should be reassessed outside of formal review periods, such as situations involving poor performance or cybersecurity incidents.

4 Issues

- DATA TO INCLUDE** → Any unexpected results or scenarios that occur with your vendors and the remediation statuses.
- PURPOSE** → Confirms that vendor issues are being addressed to prevent larger problems that could harm your organization.
- GETTING STARTED** → Refer to your issue management strategy and make sure your process includes key details, such as the issue owner, severity level, resolution, and open and closing dates.

PRO TIP:

- ✓ Issues should be consistently reported until they reach a resolution, either by remediation or ending the vendor relationship.

5 Ongoing Monitoring

- DATA TO INCLUDE** → Trends in a vendor's performance, and any new or emerging risks that weren't identified in the inherent risk assessment.
- PURPOSE** → Highlights areas of concern regarding changes in the vendor's performance or risk profile so you can act quickly.
- GETTING STARTED** → Review your vendor's performance standards, which should already be outlined in the service level agreement (SLA). Stay alert of any emerging risks that exist within your organization's industry or your vendor's industry.

PRO TIP:

- ✓ Monitoring should always occur throughout the vendor relationship, but the frequency of the report to stakeholders will depend on the vendor's risk and criticality.

6 Regulatory Guidance

- DATA TO INCLUDE** → Proposed updates, amendments, or rescindments of existing guidance.
- PURPOSE** → Ensures that your TPRM program aligns with current regulatory expectations.
- GETTING STARTED** → Review your governance documents (policy, program, and procedures) and compare them to current TPRM guidance. Identify any areas in your documents that need to be updated.

PRO TIP:

- ✓ Regulators often look to each other for best practices, so it's recommended to stay informed of new guidance even if they don't apply to your organization or industry.

BEST PRACTICE:

TPRM reports should be consistent, accurate, and easily accessible. You should ensure that the data is current and available on demand.

The reports we've listed here are not all-encompassing and should be considered a guideline for important data to collect and continuously update.

Whether you create a single report for each data point, or combine two or more into a single document, it's important to use the right tool to organize and update all the information.

A robust TPRM report will ensure that the appropriate stakeholders are well-informed to drive action in your program.



Download free samples of Venminder's vendor Control Assessments and see how they empower third-party risk professionals in mitigating risks.

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