To the Point:

Vendor Management

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Table of Contents

Contributor 5

Dan Huston, CPA, CFIRS 5

How to Use This To the Point Guide 6

Introduction: 7

What is Vendor Risk Management? 7

Why you need to do this: 7

What is involved in a Vendor Risk Management Program? 7

STEP 1: Basic Due Diligence 8

Ready, Set, Go: 8

Conduct Risk Assessments in Key Areas **8**

Check it Twice: 8

Company Stability and Reliability **8**

Data Security **8**

Hiring Practices **8**

Insurance and Bonds: **9**

Training: **9**

STEP 2: Choosing what you need to review: 10

Tailor your efforts to the industry and relationship: 10

STEP 3: What to look for? 10

Compliance with Laws and Regulations - Compliance Program: 10

Compliance with Laws and Regulations - Compliance Officer: 10

Compliance with Laws and Regulations - Key Regulations: 11

Consumer Notices: **11**

Consumer Complaints are Key: **11**

CFPB Complaint Portal: **12**

Websites: **12**

Credit Reporting: 12

For vendors transmitting or relying upon Credit Bureau records, evaluate: **12**

Payment Processing: 13

For vendors processing or transmitting payments on your behalf, evaluate: **13**

Audits and Defining Unmitigated Risk: 14

Risk Assessments: **15**

Targeting Key Areas: **15**

Considering Vendor and Client Audits: **15**

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Policies and Procedures: 16
Auditing Communications: 16
Sample Sizes: 16
Testing Transactions: 16
Audits: 17
Summing it all up: 17
Common Issues in Audits: 17
Best Practices in Vendor Audits: 17
Report Results of Audits 17
Identify Recommended Corrective Action 17
Document Vendor or Client Responses 17
Best Practices – Vendor and Client Audits: 17
Review Independent Reporting 17
Review of material subcontractor relationships 18
Re-Test According to Issues Detected 18
Subcontractors – Monitoring your Vendors Vendor: 18
Best Practices – Vendor and Client Audits: 18
Your Vendor's Management Program 18
Your Vendor should monitor 18
Review of material subcontractor relationships 19
Apply Servicer practices to sub-contractors through contractual arrangements 19
References for Third Party Oversight and Actions: 20
Appendices 21
insideOperations: Vendor Management webinar transcript 21
insideOperations: Vendor Management webinar PowerPoint 21
Certificate of Completion 21

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Introduction:

What is Vendor Risk Management?

Cost control, efficiency of process, and the globalization of the ARM industry have significantly increased the use of outside vendors to manage everything from the telephony systems we use, to the letters we send, to the individuals speaking to our customers.

With that expansion of outsourcing there is a risk of those tasks being done incorrectly or outside of compliance with either your policies or regulatory guidelines. Recognizing, reviewing and remediation have become not just a good idea but a vital part of the relationships with your vendors. These vendors have become an extension of your company.

You must increase your review of these companies to ensure good corporate governance. You need to understand the risk they pose to your organization along with the obvious benefits.

Why you need to do this:

Regulatory changes are the primary reason most of the industry began to really look into vendor risk assessments. But there should be other driving factors in your efforts. Damage to your reputation, client requirements and finding potential legal issues are equally important and should play a part in your process.

What is involved in a Vendor Risk Management Program?

The program should be a formal process to identify and measure third-party risk, review the implications of that risk and build and implement controls with your vendors to mitigate that risk wherever possible.

It can look many different ways. It can be tracked in excel spreadsheets or entered into a number of good process management systems available to the industry. It should be driven by the core values of your company, augmented by your policies and procedures and ultimately enhance the consumer experience by ensuring quality and accuracy in your dealings with those consumers.

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