



world compliance

Vendor Due Diligence



Contents

Vendor Due Diligence	1
Data Requirements	1
Internatl Controls	1
Requirement Specifications.....	1
Vendor Process.....	2
Gap Analysis.....	3
Assessment.....	3
A World in Compliance.....	4



Vendor Due Diligence

Vendor due diligence is an analysis and verification tool designed to provide an organization the assurance that a service provider meets the standards necessary to fulfill their business needs. As businesses continue to evolve, a greater number are relying on outside sources to provide information processing. In many cases this means sharing sensitive as well as regulated information. Ultimately it is the responsibility of the business that originally collected that data to maintain both the integrity as well privacy of said information.

With that in mind it is critical that businesses apply a thorough and consistent methodology when evaluating their vendor supply chain. For this purpose there are a variety of models or steps which can be implemented to ensure this. The most commonly used method is a six step process that begins at the RFP stage and manages the relationship throughout the life of the project or contract.

Step 1: Data requirements

Identify the data fields and processes which you want the vendor to perform, then document the minimum requirements necessary to complete the test. Include those elements in the data that is transmitted to the vendor and ensure that it complies with your organizations internal policies concerning privacy and security. These same policies will be used to dictate the contract terms on information sharing.

Step 2: Internal controls

Ensure that your organization has written policies in force concerning what information to provide and that the staff is cognizant of it. In addition, make sure your organization has the controls in place to monitor and capture errors when they occur.

Step 3: Requirement specifications

The organization must specify both how the data is to be protected as well as transmitted or stored. These requirements commonly adhere to a set of classification policies that are outlined in the identity data activity.



Step 4: Vendor processes

The Federal Financial Institution s Examination Council (FFIEC) developed an Outsourcing Services Booklet in 2004 that includes a checklist to aid businesses in conducting a comprehensive due diligence review. The checklist is designed to ensure a business that the vendor they select has the necessary experience, resources and skill set to effectively manage the contract.

We have reproduced a copy (below) of the checklist courtesy of the FFIEC.

FFIEC Outsourcing technology Services Booklet

Category	Vendor 1	Vendor 2	Vendor 3
Existence and corporate history			
Qualifications, background and reputation			
Of company principles			
References			
Financial status			
Strategy and reputation			
Service delivery capability			
Technology architecture			
Internal controls			
Legal and regulatory compliance			
Insurance coverage			
Typical client			
Certifications			
Staff training			



Step 5: Gap analysis

Step 5 involves identifying and elevating issues that come out of the due diligence process. This usually involves verifying vendor claims and discussing those areas where the vendor does not meet expectations or has trouble delivering. At this stage, processes and requirements may be expanded or scaled back depending on the scope and timing required to complete the project.

Step 6: Assessment

This is the point at which the organization and vendor agree on the terms of the contract. It is recommended to repeat the assessment on a periodic basis by the organizations internal audit and or third party to ensure its smooth execution.



A World in Compliance

WorldCompliance® offers a complete solution to the increasingly unforgiving task of compliance. As more and more leaders realize 'open source intelligence equals protecting profits', they turn towards WorldCompliance® as their preventative solution.

For complete protection for your organization wherever you are based in the world, email:

North-America@worldcompliance.com
South-America@worldcompliance.com
Europe@worldcompliance.com
Middle-East@worldcompliance.com
Asia@worldcompliance.com
Africa@worldcompliance.com
Oceania@worldcompliance.com

and our nearest representative will contact you.

Alternatively call (+1 877 258 1877) in the U.S., or visit worldcompliance.com for further details.

Europe	+49 951 3020 688
Germany	+49 951 3020 688
Latin America	+571 211 9601
Mexico	+52 722 477 3985
Middle East	+971 4 312 4043