

## How to Report

# Vendor Risk Management Activity to the Board

### The board holds the fiduciary responsibility for the organization.

Every public company must have a board, and while not required, most privately held and non-profit organizations have a board.



Keeping the board actively involved is a regulatory requirement for most industries, but also a sound business practice for **all** industries. Why? They must have visibility across the organization; the board sets the strategic direction of the organization and holds responsibility for the organization achieving its objectives.

### The board holds the senior management team accountable.



## Board Vendor Risk Management Reporting Best Practices

Effective communication with your board requires not just reporting, but keeping the board actively involved in vendor risk management activities. To accomplish this lofty objective, strategize the way information is conveyed to your senior management team and to the board.

### Make sure the reports and accompanying information are:

#### Accurate.

Take the time to review your report to ensure the inclusions not only make sense, but are correct.

#### Easily digestible.

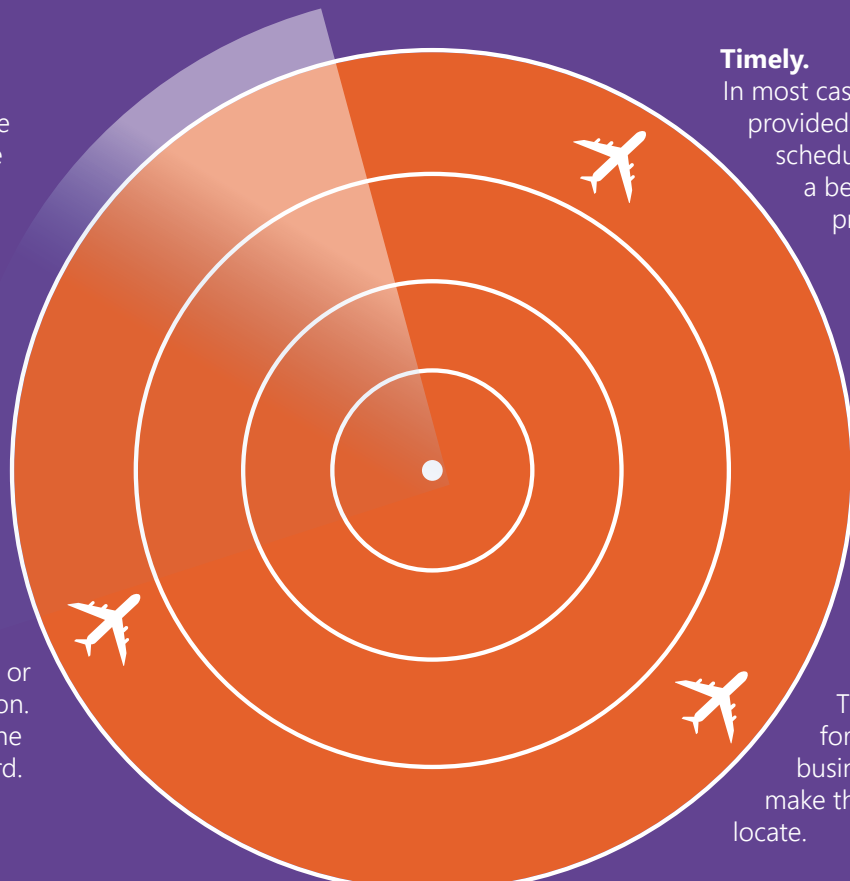
Today's boards have hundreds of pages in the packet of information that is prepared for them every time the board meets. While the board needs to see reporting on vendor risk management, you don't want to give too specific or too general of information. You really need to find the sweet spot for your board. Format and consistency are important.

#### Timely.

In most cases, reports should be provided on a regularly scheduled, recurring basis. As a best practice, consider providing them monthly to your risk or compliance committee and quarterly to your audit committee and board. Allow yourself room to call attention to crucial items which may need their guidance, direction and rationale.

#### Accessible.

The board is responsible for every facet of the business, so you need to make the information easy to locate.



## How to Format Reports and What's Included

Format should be uniform – stay away from using a new format each quarter and causing confusion. Create a concise, easily reproducible template.

Typically, board reports contain two fundamental components:

P

GET .PPT TEMPLATE

#### A POWERPOINT SLIDE DECK

with one slide devoted to each of the following areas of vendor risk management: vendor inventory, new regulatory requirements, due diligence and vendor selection, risk assessments, vendor risk issues, reporting and industry updates.

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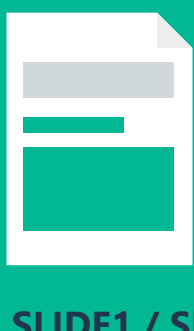
GET .DOC TEMPLATE

#### A MICROSOFT WORD DOCUMENT

containing an expanded version of each of aforementioned areas of vendor risk management, such as updates on site visits, investments in staff, staff training, key additions or departures from the team, etc. This is to be used in case anyone on the team needs deeper information.

## The Board Report

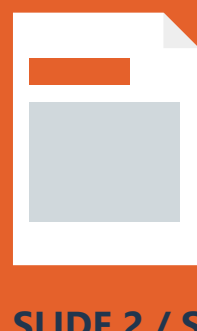
Use this layout for both the powerpoint and word document.



#### SLIDE 1 / SECTION

##### TITLE SLIDE COVER PAGE

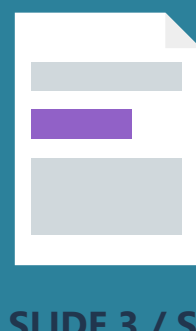
Include a cover page with title and your company information.



#### SLIDE 2 / SECTION

##### OVERVIEW OVERALL INVENTORY

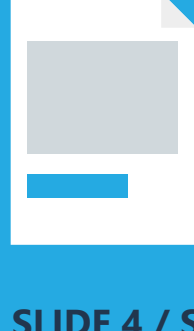
Start with an overall inventory that includes number of total actively managed vendors; percentages of critical and non-critical vendors; percentages of high, moderate and low residual risk vendors and the numbers of new vendors, vendors slated for renewal and vendors recommended for cancellation. Use charts to neatly show this data.



#### SLIDE 3 / SECTION

##### OVERVIEW NEW REGULATORY REQUIREMENTS

If there are any new regulatory requirements requiring changes in your governance documents, such as your vendor management policy, program and procedures, or any changes that you had to make otherwise, call those out to keep the board updated.



#### SLIDE 4 / SECTION

##### DUE DILIGENCE AND VENDOR SELECTION

Briefly summarize current and ongoing vendor selection processes, where you are in the process and if there are any hold ups or issues with due diligence in a format that works for your organization. The key is to stick to the same format in future reports for consistency.



#### SLIDE 5 / SECTION

##### RISK ASSESSMENTS

List the total number of vendors that have risk assessments in progress, number of total risk assessments completed since the last meeting and the resulting risk ratings of those completed by listing number of low, moderate and high-risk vendors. In this list, note any significant vendor changes that the board should be aware of.



#### SLIDE 6 / SECTION

##### VENDOR RISK ISSUES

List what you're doing about the high-risk vendors, any significant vendor changes and any additional issues that the board should be aware of, such as if there are concerns with a contract, a vendor isn't meeting SLA performance, a vendor is not adhering to the contract, a vendor has a high number of complaints, etc.



#### SLIDE 7 / SECTION

##### REPORTING - TIMELINE

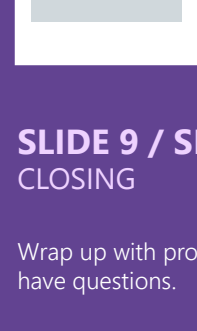
Here you'll create a timeline of the reports and meetings you're currently delivering to your lines of business, your senior management team and any committee getting regular reporting along with key events between now and the next board meeting, such as when the auditor is coming, vendor management or audit committee meetings and scheduled on-site audits, staff trainings, etc. By summarizing this information, you're showing active engagement throughout the year and helps track the invest of hours in educating all levels of the organization.



#### SLIDE 8 / SECTION

##### REPORTING - INDUSTRY HIGHLIGHTS

Include any industry highlights related to third-party risk management, such as the big news "headlines" like vendor announcements, changes in the industry or enforcement actions. This helps keep everyone informed and shows your attention to the industry.



#### SLIDE 9 / SECTION

##### CLOSING

Wrap up with providing your contact information in case they have questions.

Board reporting - done well - can not only help satisfy regulatory expectations but also help protect your organization.



Download free sample assessments of vendor controls and see how Venminder can help you reduce your third-party risk management workload.

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