



COMPLIANCE SPOTLIGHT

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UPCOMING EVENT

April 27th-29th, 2023 – BTG will be exhibiting at the Hawaii Credit Union League's Annual Convention held at Grand Hyatt Kauai Resort & Spa.

COMPLIANCE REMINDER

Ensure Board members receive information security and cyber threat awareness training at least annually.



ISSAC Online is a comprehensive Information Security: Strategy, Audit & Compliance software solution designed to exceed regulatory requirements.

Streamline your Vendor Management, Business Continuity & Disaster Recovery, and IT Risk & Compliance Programs in one centralized solution.

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VENDOR MANAGEMENT BLUNDERS

Third party risk management is a topic that is frequently discussed; however, the multitude of information available does not lessen the challenge in implementing a vendor management program that makes sense for your institution. During client engagements, we see vendor management programs that look great on paper, but are lacking in action.

Below are the most common pitfalls in maintaining an effective vendor management program:

1. Asset Size is Not an Exception:

No matter the size of the credit union, vendor monitoring and due diligence is a regulatory requirement. “We are a small credit union” is one of the most common statements that we receive during client engagements where vendor monitoring practices are insufficient. One of the biggest misunderstandings is that vendor management programs should be the same for all credit unions; and as a result, smaller credit unions struggle to implement processes that are not aligned with their environment or fail to consistently monitor third parties.

2. Policy versus Procedure:

The vendor management policy typically meets regulatory standards for all requirements that should be outlined based on guidelines; however, the actual process to review vendor relationships and perform due diligence do not align with policy statements. Credit unions should review its policy and procedures and update where necessary to ensure actions follow policy requirements.

3. “Do I need to complete vendor risk assessments?”

Management generally has a good handle on determining critical versus noncritical vendors, but effective and meaningful due diligence should be risk-based. Completing vendor risk assessments to determine the inherent risk to the credit union is necessary in creating due diligence practices. For example, vendors rated with a low inherent risk may not require the same level of monitoring compared to a high inherent risk vendor. Additionally, the vendor services provided should also be factored in to determine appropriate due diligence documents required for review. Performing a risk assessment should always come first in order to determine the level of due diligence required.

BTG provides tailored vendor management services to credit unions based on individual risk profile, size, and complexity to help implement a program that can be managed in alignment with resources. Contact us for more information on our vendor management solutions to ensure effective mitigation of third party risks.

● Elisabeth N. Esposito