SAMPLE - IT THIRD-PARTY SERVICE PROVIDERS CHECKLIST

TSP General Risk Assessment

In evaluating the security of TSP relationships, it is important that financial institutions recognize that federal financial regulators are authorized to supervise all of its internal records and activities, as well as any operations performed by a third-party service provider. Therefore, be aware that the transmission of records and/or operations between the financial institution and the third party do not in any way hinder or limit the federal examination and regulation of a financial institution.

TSP General Risk Assessment Checklist

	Complete	Incomplete
1. Note any potential risks or threats already involved with the TSP, which may hinder or conflict with your operations.		
2. Evaluate the efficiency and reliability of the TSP's own risk management and security systems.		
3. Ensure that the TSP and its services are in compliance with all appropriate laws and regulations regarding third party services provided to financial institutions.		
4. Any recommendations based on evaluative findings and any corrective measures should be communicated to the TSP, its clients, and supervisory personnel promptly and with clarity.		
5. xxxxxxxx.		
6. Oversee any and all changes in the TSP's risk management systems, products, and services that might conflict with or hinder the processes and operations of its clients.		

TSP Transaction Risk Assessment

When outsourcing your IT processes to a TSP, it is crucial to assess transactional risk to safeguard the reputation of your financial institution. If your TSP fails to support a comprehensive business resumption plan or provide the necessary systems for major processes, your financial institution may be rendered incapable of providing vital services to your customer base.

The following are factors to consider when assessing potential transaction risks to your institution's reputation:

TSP Transaction Risk Assessment Checklist

	Yes	No	Comments
Reputation:			
1. Has the TSP caused any omissions, delays, or errors in your information technology that affect customer relations?			
2. Has the TSP failed to support a comprehensive business resumption plan or provide the necessary systems for the major processes of your institution?			
Customer:			
3. Can the customer clearly distinguish whether or not the financial institution or the third-party service providers are offering products and/or services?			
Liquidity, Interest Rate, and Price:			
xxxxxx			
Strategic:			

More Rows Present in the actual form

Quantity of TSP Transactional Risks Checklist

The quantity of transactional risks associated with TSP relationships is based on the volume or level of risk that exists between the TSPs operations and the operations of your financial institution.

	Rating Scale Unfavorable — Perfect				
How would you rate:	**1**	**2**	**3**	**4**	**5**
1. The financial condition of the TSP?					
2. The number of clients held by the TSP and their assessment of its services?					
3. The volume of transactions (both the quantity and dollar value) between the TSP and its serviced financial institutions?					

Quality of TSP Transactional Risks Checklist

Assessing the efficiency of risk identification, measurement, and supervision is crucial to evaluating the quality of the transactional risks involved with TSP relationships.

	Rating Scale Unfavorable — Perfect				
How would you rate:	**1**	**2**	**3**	**4**	**5**
1. The quality of the TSP's operational and control procedures and their alignment with the policies and procedures of your financial institution?					
2. The management information systems employed by the TSP: Is it accurate and on time in adequately measuring the performance, risk management decisions, and efficiency of its internal and external processes?					
3. The technical and managerial expertise, as well as the directorial oversight of the TSP?					

IT Audit Checklist

	Rating Scale Concern Low — High				
How would you rate:	**1**	**2**	**3**	**4**	**5**
1. The level of independence, oversight quality, and overall support provided by the					

	Rating Scale Concern Low — High				
How would you rate:	**1**	**2**	**3**	**4**	**5**
board of directors and management?					
2. The efficiency of:					
The risk analysis method used;					
The prioritization of xxxxxx					
The allocation xxxxxxx					
The schedule followed by the audit.					
3. The extent, accuracy, xxxxxx of internal and external audit reports.					

More Rows Present in the actual form

IT Management Checklist

	Rating Scale Concern Low — High				
How would you rate:	**1**	**2**	**3**	**4**	**5**
1. The level and quality of oversight and overall support for the IT activities by the Board of Directors and management?					
2. The efficiency of management's planning and xxxxxx					
3. The effectiveness of risk xxxxx					
6. The compliance and efficiency of internal and external policies and controls that address IT operations and possible risks to major business activities?					
7. The level of understanding and awareness of most recent laws and regulations?					

More Rows Present in the actual form

IT Development and Acquisition Checklist

		Rating Scale Concern				
		Low				High
How would you rate:		**1**	**2**	**3**	**4**	**5**
1.	The level of oversight quality and overall support of systems development and the board of directors and senior management's acquisition activities?					
2.	The nature, volume, and extent of risk exposure to your financial institution in regards to xxxxxx?					
3.	How efficient the organizational and management structures establish both responsibility and accountability for IT systems and any other technological initiatives?					
4.	The duration and adequacy of the institution's system development life cycle (SDLC) and programming standards?					
5.	The independence of quality assurance functions and the capability of controls over program changes?					
6.	The nature and quality of project management programs and practices adopted and followed by executive management/owners, operators, developers, independent vendors, users, or any other affiliated servicers?					

IT Development and Acquisitions Ratings

IT Support and Delivery Checklist

		Rating Scale Concern				
		Low				High
How would you rate:		**1**	**2**	**3**	**4**	**5**
1.	How well IT support and delivery meets the established requirements of the business?					
2.	The efficiency of security procedures, practices, and policies at any and all units and levels of the financial institution and/or service provider?					
3.	The quality of processes and programs that oversee xxxxxxx					

	Rating Scale Concern				
	Low				High
How would you rate:	**1**	**2**	**3**	**4**	**5**
4. The adequacy of business resumption for networks, data centers, business units, and service providers as well as corporate contingency planning?					

More Rows Present in the actual table

Checklist for Choosing Outside Vendors

It is critical for the board of directors and management seriously consider the price, quality, and extent of the services provided when making decisions regarding outside vendors. In order to acquire the best services for the best price, the Board of Directors and management need to review the needs of the bank and clearly communicate these needs to the vendors being considered. However, more importantly, the board of directors and management need to adequately assess both the internal and external risks involved in contracting outside vendors.

			Rating Scale (if Yes)				
			Good				Poor
	Yes	**No**	**1**	**2**	**3**	**4**	**5**
Policy and Supervision							
1. Is the contracting-with-vendors policy consistent with the most current institutional policies?							
2. Do the minutes of the Board of Directors show that policy changes were formally authorized?							
3. Were policy changes effectively implemented?							
4. Were policy changes xxxxxxx							

More Rows Present in the actual form

Outsourced Software Development Checklist

When outsourcing software development to outside service providers establish an effective risk management program that addresses the following:

	Complete	Incomplete
1. The credentials and reputation of the service providers		
2. The provider's secure development environment		
3. Employee background checks		
xxxx		
xxxxx		
6. The provider's fidelity coverage		
7. Signed nondisclosure agreements to protect the financial institution's rights to source codes and customer data		
8. Security requirements, acceptance criterion, and test plans		

More than 60 parameters /rows present in actual checklist