



THE SYSTEM CFO SERIES
HINDOL DATTA

FREE ASSESSMENT

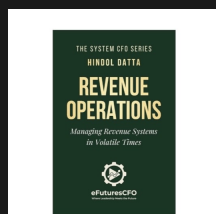
PILLAR 5: GOVERNANCE & GLOBAL STRUCTURE | TOOLKIT #35 OF 37

THE VENDOR AND THIRD-PARTY RISK DIAGNOSTIC

*Managing the Risks That Live
Outside Your Four Walls*

20-Question Diagnostic | 5-Page Assessment

Score Your Organization 1-5 Across Four Dimensions
Identify Gaps and Build Your Action Plan



EfuturesCFO.com

Where Leadership Meets the Future

(C) 2026 Hindol Datta. All Rights Reserved.

QUESTIONS 1-5

Section A: Vendor Inventory and Risk Classification

Do You Know All Your Vendors — and Which Ones Could Hurt You Most?

Third-party risk has become one of the most significant and least managed risk categories in modern enterprises. Your vendors process your data, host your applications, deliver your products, and interact with your customers. A failure at any critical vendor can cascade into operational disruption, data breach, regulatory violation, or reputational damage. The System CFO maps the entire vendor landscape and classifies each vendor by the risk they introduce.

A. VENDOR INVENTORY AND RISK CLASSIFICATION

1	A complete vendor inventory exists — every third party that receives payment, accesses data, provides critical services, or interacts with customers is catalogued with contract terms.	1 Non-Ex	2 Ad Hoc	3 Dev	4 Estab	5 Best
2	Vendors are classified by risk tier — based on criticality to operations, data access, spend level, and replaceability, with high-risk vendors receiving enhanced due diligence and	1 Non-Ex	2 Ad Hoc	3 Dev	4 Estab	5 Best
3	Critical vendor dependencies are identified — the organization knows which vendors, if disrupted, would cause operational inactivity within 24-48 hours, and these have been flagged for	1 Non-Ex	2 Ad Hoc	3 Dev	4 Estab	5 Best
4	Vendor concentration risk is assessed — the organization monitors whether too much spend, capability, or operational dependency is concentrated in a single vendor or a small	1 Non-Ex	2 Ad Hoc	3 Dev	4 Estab	5 Best
5	The vendor inventory is updated at least annually — new vendors are added, terminated vendors are removed, and risk classifications are reassessed based on changing business	1 Non-Ex	2 Ad Hoc	3 Dev	4 Estab	5 Best

SECTION A SCORE: Total: _____ / 25 Average: _____ / 5



QUESTIONS 6-10

Section B: Due Diligence and Onboarding Controls

Do You Evaluate Vendors Before You Give Them Access — or After Something Goes Wrong?

Vendor due diligence is not a formality — it is a risk management control. The System CFO ensures that every new vendor undergoes appropriate screening before receiving access to systems, data, or payment. The depth of due diligence is proportional to the risk tier: low-risk vendors get streamlined review, while high-risk vendors undergo comprehensive evaluation of financial stability, security posture, compliance, and operational capability.

B. DUE DILIGENCE AND ONBOARDING CONTROLS

6	A vendor onboarding process exists with risk-based due diligence — new vendors are evaluated before engagement, with assessment depth proportional to the risk tier and nature of	1 Non-Ex	2 Ad Hoc	3 Dev	4 Estab	5 Best
7	Financial stability of critical vendors is assessed — for high-risk vendors, the organization reviews financial statements, credit ratings, or other indicators of the	1 Non-Ex	2 Ad Hoc	3 Dev	4 Estab	5 Best
8	Security and compliance assessments are conducted — vendors with access to sensitive data provide SOC 2 reports, complete security questionnaires, or undergo security assessments	1 Non-Ex	2 Ad Hoc	3 Dev	4 Estab	5 Best
9	Contract terms include protective provisions — vendor agreements include data protection requirements, SLA commitments, termination rights, audit rights, and liability	1 Non-Ex	2 Ad Hoc	3 Dev	4 Estab	5 Best
10	Vendor payment controls prevent fraud — new vendor setup requires verification of banking information through independent confirmation, and changes to vendor payment	1 Non-Ex	2 Ad Hoc	3 Dev	4 Estab	5 Best

SECTION B SCORE: Total: ____ / 25 Average: ____ / 5

QUESTIONS 11-15

Section C: Ongoing Monitoring and Performance Management

Are You Managing Your Vendors — or Just Paying Their Invoices?

Vendor management does not end at contract signing — it begins there. The System CFO builds an ongoing monitoring framework that tracks vendor performance against SLAs, monitors financial health for early warning signs, validates continued compliance with security requirements, and manages the commercial relationship to ensure the organization receives the value it is paying for.

C. ONGOING MONITORING AND PERFORMANCE MANAGEMENT

11	SLA performance is tracked for critical vendors — service levels, response times, uptime, and quality metrics are monitored against contractual commitments with documented	1 Non-Ex	2 Ad Hoc	3 Dev	4 Estab	5 Best
12	Periodic business reviews occur with strategic vendors — at least quarterly, the organization meets with its most critical vendors to review performance, discuss issues, and align on	1 Non-Ex	2 Ad Hoc	3 Dev	4 Estab	5 Best
13	Vendor compliance is re-assessed periodically — SOC 2 reports, insurance certificates, and security assessments are collected annually for high-risk vendors, with gaps triggering	1 Non-Ex	2 Ad Hoc	3 Dev	4 Estab	5 Best
14	Vendor spend is analyzed for optimization — the organization regularly reviews vendor spend for consolidation opportunities, price benchmarking, contract renegotiation, and	1 Non-Ex	2 Ad Hoc	3 Dev	4 Estab	5 Best
15	Vendor risk events are tracked and responded to — data breaches at vendors, financial distress signals, leadership changes, or service degradation trigger defined response	1 Non-Ex	2 Ad Hoc	3 Dev	4 Estab	5 Best

SECTION C SCORE: Total: ____ / 25 Average: ____ / 5



QUESTIONS 16-20

Section D: Business Continuity and Exit Planning

What Is Your Plan If a Critical Vendor Fails Tomorrow?

Vendor continuity planning is the test of mature third-party risk management. If your ERP hosting provider went down for a week, could you close the books? If your payroll processor failed, could you pay employees? The System CFO ensures that contingency plans exist for every critical vendor dependency, with alternative providers identified, data portability confirmed, and transition procedures documented.

D. BUSINESS CONTINUITY AND EXIT PLANNING

16	Business continuity plans exist for critical vendor dependencies — for each Tier 1 vendor, a documented plan describes how the organization would maintain operations if	1	2	3	4	5
		Non-Ex	Ad Hoc	Dev	Estab	Best
17	Alternative vendors have been identified for critical services — the organization knows which alternative providers could serve as replacements and has assessed switching costs.	1	2	3	4	5
		Non-Ex	Ad Hoc	Dev	Estab	Best
18	Data portability is confirmed — the organization has verified that it can extract its data from critical vendor systems in usable formats, and has tested the extraction process for key	1	2	3	4	5
		Non-Ex	Ad Hoc	Dev	Estab	Best
19	Contract exit provisions are adequate — vendor agreements include reasonable termination provisions, transition assistance obligations, and data return requirements that	1	2	3	4	5
		Non-Ex	Ad Hoc	Dev	Estab	Best
20	Vendor risk is included in the enterprise risk register — third-party risk is assessed, quantified, and reported alongside other enterprise risks, with board visibility into	1	2	3	4	5
		Non-Ex	Ad Hoc	Dev	Estab	Best

SECTION D SCORE: Total: ____ / 25 Average: ____ / 5

OVERALL ASSESSMENT SCORE
 Section A: ____ / 25 Section B: ____ / 25 Section C: ____ / 25 Section D: ____ / 25 TOTAL: ____ / 100 AVG: ____ / 5

GAP TO GOAL

Gap-to-Goal Action Plan

Bridging the Gap — Vendor and Third-Party Risk Diagnostic

Transfer your five lowest-scoring questions. For each gap, define the target state, specific actions, owner, timeline, and success metric. Focus on highest-impact gaps first.

GAP #	Q REF	CURRENT	TARGET	SPECIFIC ACTION TO CLOSE GAP	OWNER	DEADLINE	METRIC
1	Q__	___/5	___/5	_____	_____	_____	_____
2	Q__	___/5	___/5	_____	_____	_____	_____
3	Q__	___/5	___/5	_____	_____	_____	_____
4	Q__	___/5	___/5	_____	_____	_____	_____
5	Q__	___/5	___/5	_____	_____	_____	_____

ASSESSMENT SUMMARY

Completed by: _____ Date: _____

Overall average score: ___ / 5 Items scored 1-2 (critical): ___

Items scored 3 (developing): ___ Items scored 4-5 (strong): ___

Top strength: _____

Most critical gap: _____

One action this week: _____

READY TO GO DEEPER?

This free assessment identified your gaps. The Premium System CFO Toolkits provide the frameworks, templates, and action plans to close them. Visit EfuturesCFO.com





READY TO GO DEEPER?

This Assessment Identified the Gaps. The Premium Toolkit Closes Them.

PREMIUM: The Organizational Finance Assessment Kit (46 Pages)

The full premium assessment kit includes comprehensive diagnostics across 16 finance domains including vendor management, third-party risk, and procurement governance, with 300+ evaluation items and detailed remediation planning templates.

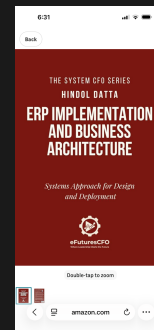
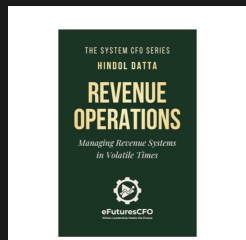
*Plus: Access the Super Exclusive 46-Page
System CFO Organizational Finance Assessment Kit*

ABOUT THE AUTHOR

Hindol Datta

25+ years as CFO and VP Finance | \$150M+ in M&A | CPA, CMA, CIA, PMP, CPIM

Author of The System CFO Series | MS Analytics, Georgia Tech



EfutureCFO.com

LinkedIn: Hindol Datta | YouTube: @efuturescfo

Where Leadership Meets the Future