

CASE STUDY

Lafayette Federal Credit Union

Employing expert vendor management advice that delivers value



About Lafayette FCU:

Size: \$500 million

Location: Rockville, MD

Customer since: 2012

Primary examiner: NCUA



Challenge:

With vendor management growing in importance and complexity, Lafayette FCU needed a cost-effective solution to manage increasing volume.



Results:

- Saves on the cost of additional staff and legal help
- More time to focus on other areas of risk management
- Confidence in detailed, expert contract review
- Catches vendor issues and oversights early
- Simplified, central documentation
- Puts vendor management front and center

As a smaller credit union, Lafayette Federal Credit Union in Rockville, Maryland, relies on many third-party vendors. Over the past few years, regulators have been taking a greater interest in how Lafayette manages these relationships, especially critical vendors. To fill this need, the \$500 million-asset credit union sought out a more efficient solution while trying to limit expense.

The clear choice was Ncontracts Manager, says Lynn English, senior vice president of risk management.

“Ncontracts provides not just a service, but a value to credit unions,” she says of Ncontracts Manager, a complete contracts solution that allows English to delegate much of the heavy lifting, including tedious contract reviews.

Expert, timely contract insights

When a new contract comes in, English uploads it into the system, and Ncontracts’ expert legal team reviews the contracts looking for details, deadlines and exceptions. It provides executive summaries that distill contracts into their most essential elements.

“Being able to have a partner like Ncontracts allows us to shift some of that reliance over and have that expertise,” says English. “You can get your lawyer to do that, but it’s going to cost you a lot more.”

English is confident knowing Ncontracts’ staff is well versed in credit union product and services agreements. “Especially if you’re using general counsel, their true expertise may lie elsewhere, not necessarily in contract review. Or maybe they don’t know products and services but know real estate versus operational contracts. It makes the process easier having a partner that has that knowledge,” she says.

The time Ncontracts Manager saves English allows her to focus on other critical tasks like risk assessments. “We’re in a smaller institution where we all wear multiple hats, which means we are very limited in the time we can spend in one aspect of our job versus another.”



Ncontracts is extremely affordable, especially for what you get in return... It just kind of boggles the mind how Ncontracts is able to provide the same level of service, yet you aren't gouging the institution to be able to provide the service.

—Lynn English, Senior Vice President of Risk Management, Lafayette Federal Credit Union

A centralized system eliminates confusion

English also never has to wonder where the latest version of a contract or supporting documents are because all of Lafayette's contracts are stored in a secure online repository. "There are times when a situation will come up and you have to be able to put your hands on the contract. If you're maintaining it on paper and somebody moves the paper, you may not know where it went," English notes. "You know the contract will be here. The support documents are going to be here."

Always up-to-date with automatic alerts

The same is true of vendor risk assessments. Ncontracts helps Lafayette monitor existing vendors, collecting due diligence documents and providing alerts when vendors are facing problems or regulatory scrutiny to help determine if that impacts the criticality of a vendor. Everything needed to track and assess vendors is all in one place. For instance, Ncontracts informed Lafayette that a vendor's SSAE 16 form was completed outside the one-year time frame, and no bridge letter was provided. It gave English the opportunity to correct the oversight before a regulator found it.

"It allows you to keep up with who your vendors are from year to year," English says. "When we're being audited or examined I just go right into Nvendor and print out the documentation to show this is who the vendor is, this is how it's categorized, this is their risk profile."

Reminders and alerts ensure that no contract expiration or vendor review is forgotten.

"We put the more complex contracts in Ncontracts Manager so we know that someone always has eyes on them," she says.

Capturing cost savings

Employing Ncontracts has been an effective and cost-efficient vendor management strategy for Lafayette, English says. Finding and affording a new staff member to perform the work of Ncontracts wasn't possible. Meanwhile, Ncontracts' staff, service and solutions are outstanding and a huge value compared to vendors charging much more.

"Ncontracts is extremely affordable, especially for what you get in return... It just kind of boggles the mind how Ncontracts is able to provide the same level of service, yet they are not gouging the institution to be able to provide the service," she says. "It's like having your own little assistant you didn't have to pay through the nose for."