

Vendor Compliance Audit Checklist.

A step-by-step checklist to evaluate your vendor vetting, onboarding, and compliance processes against best practices.

From the 3C Vendor Strategy Webinar | Created by Lula | Date completed: DATE GOES HERE

Insurance Verification.

Every vendor should carry current, valid insurance before they touch a property. This is the absolute bare minimum.

- General liability insurance on file
- Workers' compensation insurance on file
- Insurance expiration dates tracked in PMS (e.g., Appfolio, Buildium)
- Auto-block enabled for vendors with expired insurance
- Named as additional insured on vendor policies where applicable
- Insurance documents reviewed (not just collected) for adequate coverage limits

License Verification.

Collecting a license number is not the same as verifying it. Take the extra step to confirm it's valid through official channels.

- Vendor license number on file
- License validity confirmed through state or county database
- Correct licensing body identified for your state (e.g., California Contractor State License Board, Florida Dept. of Business and Professional Regulation)
- License type matches scope of work being assigned
- License expiration tracked and renewals monitored

Background Checks.

Most property managers skip this entirely, but it's one of the most impactful steps you can take for resident safety and liability protection.

- Background checks completed for all vendors before first dispatch
- Background check results stored securely (not in PMS if no built-in field)

- Clear criteria defined for what results are acceptable vs. disqualifying
- Re-screening schedule established (annual recommended)

Competency Testing.

Verify that vendors can actually do the work before you send them to a property. Short quizzes on trade fundamentals are a low-cost, high-signal vetting tool.

- Trade-specific competency quizzes created (plumbing, electrical, HVAC, general)
- Passing threshold defined (recommended: 90%+)
- Quiz results stored as part of vendor profile
- Quiz content reviewed and updated annually

Vendor Onboarding.

Onboarding is not “send them a job and see how it goes.” It’s a structured process that sets expectations before the first work order.

- Defined check-in cadence (e.g. weekly, monthly, quarterly) with check-in owner specified
- Formal onboarding process documented
- SLAs and performance expectations shared with vendor in writing
- Vendor trained on your PMS / vendor portal
- Work order acceptance and completion workflow explained
- Contact information and escalation paths provided
- Emergency vs. non-emergency scheduling rules communicated

On-Site Behavior & Resident Communication.

This is the compliance area most property managers never think about — until it causes a legal problem. Set clear rules about what vendors can and cannot say on-site.

- On-site behavior expectations documented and shared during onboarding
- Resident communication guardrails defined:
 - Never mention mold, moisture, or mildew to residents
 - Never tell residents something needs replacement
 - Never discuss repair costs with residents

- Never surface potential safety concerns directly to residents
- All diagnostic findings to be communicated to property manager first
- Talking track or FAQ provided to vendors for common resident questions
- On-site expectations reviewed with vendors at least annually

Approved Vendor Register.

Maintain a single, current list of all approved vendors with their compliance status clearly visible.

- Centralized approved vendor list maintained
- Each vendor's compliance status visible at a glance (insurance, license, background check, competency)
- Process for adding new vendors to the approved list documented
- Process for removing or suspending non-compliant vendors documented
- Vendor list reviewed quarterly for accuracy

Ongoing Performance Monitoring.

Track vendor performance consistently, not just when something goes wrong.

- Vendor scoring model defined (speed, price accuracy, resident satisfaction)
- Secondary metrics tracked (first-time fix rate, rejected invoices, warranty rates)
- Review cadence established (monthly or quarterly recommended)
- Criteria for removing or suspending underperforming vendors documented
- Performance data reviewed alongside relationship quality (50% data, 50% relationship)