NAVEX™

Develop a Risk-Based Approach To Third-Party Risk Management

Use a risk-based approach for effective prioritization and mitigation.

RiskRate®
THIRD-PARTY RISK MONITORING

The Challenge

Organizations often have direct control and visibility of their own risk and compliance programs, audits and internal enforcement activity; however, that same level of control and visibility can be elusive when it comes to third parties. The adage, "trust but verify," applies to all third-party relationships. After all, these organizations are doing business in your name and what they do – right or wrong – can directly impact your organization's reputation, operational integrity, and even lead to regulatory enforcement actions.

The Solution

To reduce third-party risk, organizations must take a risk-based approach to third-party risk management and due diligence programs. Multiple global regulatory enforcement agencies have published guidelines on how to improve visibility and manage risk through defined processes, documentation and record keeping. According to generally accepted best practices, a risk-based program includes centralization of records and processes, third-party risk scoring and stratification, and aggressive third-party screening, monitoring and deeper scrutiny when needed based on the level and nature of risk each third party represents.

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Process: Pursue a Risk-Based Third-Party System

1 Define your organizational risk based on industry, regulatory environment, number of third parties and other factors, and set your third-party risk tolerance in our Profile Risk Tool in RiskRate. Upload all of your third parties into RiskRate.

2 Apply business rules against your on-boarding processes, questionnaire responses, profile risk calculations and screening results to drive predefined risk mitigation processes, all within RiskRate.

3 Surface third parties that represent higher risk due to geographical location, type of business, contract value, and government relationships. Screen outcomes and conduct additional due diligence when applicable to protect your organization.

Benefits

Program Confidence

While many organizations work to apply existing operational technologies to manage third-party relationships and risks, reconfiguring existing solutions built for other purposes can actually increase vulnerabilities. A solution built specifically to help organizations manage and reduce third-party risk while closing loopholes and inconsistencies will deliver program management – and audit, enforcement and reputation security – beyond any reconfigured solution.

Defensibility

A central tenet of a risk-based solution is the ability to capture, store and, when applicable, retrieve important information detailing why certain strategies were taken to identify, mitigate and control against third-party risk. RiskRate helps organizations provide program and risk defensibility if audited or investigated.

Organization

Many organizations work with hundreds, thousands, or more third parties. Third parties are constantly being onboarded, reviewed, screened and monitored around the world. When considering all the types of third parties with which an organization engages and the individual risk each can represent, an automated, risk-based, centralized and consistent software solution is the only viable option.