

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

■ Use a risk-based approach for effective prioritisation and mitigation.



RiskRate®
THIRD-PARTY RISK MONITORING

The Challenge

Organisations 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 organisations are doing business in your name and what they do – right or wrong – can directly impact your organisation’s reputation, operational integrity, and even lead to regulatory enforcement actions.

The Solution

To reduce third-party risk, organisations 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 centralisation 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.



Process: Pursue a Risk-Based Third-Party System

- 1** Define your organisational 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 organisation.

Benefits



Programme Confidence

While many organisations 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 organisations manage and reduce third-party risk while closing loopholes and inconsistencies will deliver programme 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 organisations provide programme and risk defensibility if audited or investigated.



Organisation

Many organisations 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 organisation engages and the individual risk each can represent, an automated, risk-based, centralised and consistent software solution is the only viable option.