



Advisory



Businesses



Risk

Manage your evolving third-party risks

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Third party resources, components, and goods are critical for many organizations to deliver consistent and high-quality performance. But it is hard for these organizations to form a complete picture of their third-party risk and compliance exposures, given the complexity of third-party ecosystems and shifting requirements for compliance and reporting.

An integrated and incremental approach gets results

To implement an effective third-party risk management program, organizations must overcome external strategic challenges. Internal factors can pose challenges as well, including the organizational difficulties of pulling together a comprehensive risk-based profile for any third party or third-party group, segmented by type, location, service, contract value, data access and other factors.

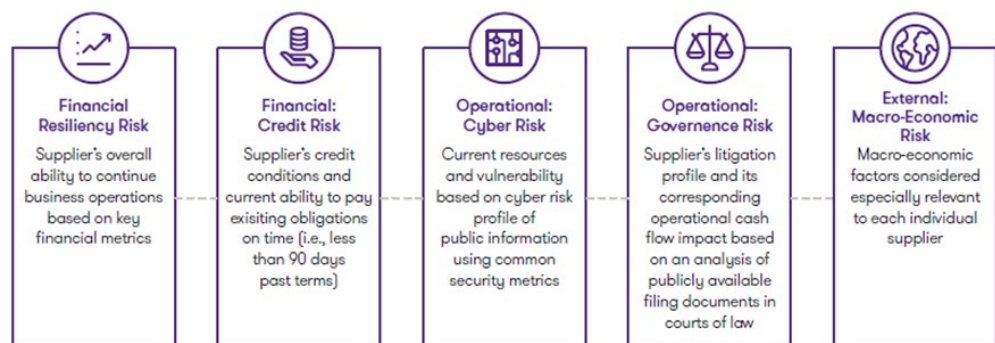
Third party data is often spread throughout internal systems, teams and functional levels, where it is independently tracked and reported by these various constituents.

Incremental steps to integration

To begin implementing integrated risk management, organizations need to design an internal governance approach that better aligns with its goals. This process often starts with better alignment of internal risk terminology, risk assessment processes and risk mitigation expectations.

Integrate risk and data elements

Identify the key types of third-party risks that can negatively impact your organization:



The biggest challenges you will face

Integrated risk management must be designed to drive effective decisions and directly address the organization's biggest challenges in order to achieve effective third-party risk management and drive towards improved organizational resiliency.

Risk monitoring your high-risk third parties

By prioritizing threats and identifying third parties linked to business-critical and customer service functions, an integrated risk management approach can help organizations make sense of a fast-changing third-party risk ecosystem while driving synergies through other risk intelligence platforms. These platforms are often located in procurement, supply chain, enterprise risk management, compliance, and other areas. Organizations should conduct risk analysis and generate dynamic third-party risk intelligence; this helps organizations focus resources on their most important third-party risks.

Cost pressures (less budget, fewer resources)

Enterprise risk management, including underlying third-party risk management governance approaches and processes, often fail to meaningfully collect, connect, and assess third party data applicable to the entirety of the organization. Governance, Risk and Compliance analysis prepared with the data available to you, can be incomplete, at least from a third-party risk management perspective.

Informational gaps, along with process-based redundancies, foster various operational and governance inefficiencies which can be solved by a more integrated governance approach. Integrated risk management reduces the number of systems that must be explored separately and reduces the amount of time spent on risk assessment, risk monitoring and risk reporting, including front-side screening for due diligence to reduce inefficiencies for third parties already pre-qualified.

Managing subcontractors

A lean and integrated system reduces data duplication and noise. Both factors make it easier to manage third parties, but also to drill down to subcontractors at multiple levels.

Reporting and issue management

Integrated risk management increases the chances that issues will be reported, read and acted upon. With integrated risk management, issues can be tracked in a single system, informed by clean data, prioritized, and framed in ways that make them relevant to decision makers.

Communicating risk to business leaders

Risk must be framed in meaningful terms. Reports across all functions can note how quickly risks will materialize and what their economic impacts might be.

Gaining executive buy-in / lack of tone at the top

Integrated risk management can generate value and support by informing better high-level business decisions. It also gives executives a better platform to generate their own ideas and contribute to the success of the initiative, beyond simply evaluating it.

Duration of pre-contract due diligence activities

By creating vendor designations which indicate the amount and type of due diligence needed, and by creating reliable, up-to-date repositories of vendor information, an integrated system eliminates busywork.

A central focus

While the end goal of integrated risk management might seem ambitious, it is important to be nimble and consider how to leverage market-leading approaches while staying focused on long-term goals. Take an incremental approach that lowers short-term expectations while generating insights and advocates. Focus on building a better third-party risk scoring approaching and synchronizing data sources. This builds on small successes, and lets you measure those achievements, communicate results, and gather resources to achieve more valuable insight.

Organizations should anticipate some complexities and contingencies, but the core effort behind third party risk data integration is straightforward. It essentially pairs your resources with new solutions to get more value out of your third-party vendor data.

By better analyzing your data and resources with your existing infrastructure, you can bring true insights to the leaders that need to evaluate your supply chain and third-party risks.

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Marta Rodríguez
Advisory Senior Manager
E marta.rodriguez@pr.gt.com



Neysha Otero
Advisory Manager
E neysha.otero@pr.gt.com



Jorge Paredes
Advisory Manager
E jorge.paredes@pr.gt.com



Jorge Oquendo
Advisory Manager
E jorge.oquendo@pr.gt.com



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