Third Parties: Helping you grow? Or growing your risk?

EY Integrity Diligence
Delivering risk-based third party management
A changing landscape

Understanding who you conduct business with has become more than just good business practice; enforcement standards around the world are holding companies responsible for the actions of their business partners and vendors and expect an effective integrity diligence programme to be in place.

Whether it is the Foreign Corrupt Practices Act (FCPA) in the US, the UK Bribery Act, or recently enacted regulations in Brazil, Russia, China and elsewhere, governments are taking clearer steps against corruption through third parties.

Key expectations include:

Understanding the qualifications and associations of the third party partner, including its business reputation and its relationship, if any, with government officials. The degree of scrutiny should be risk-based, increasing scrutiny if and when red flags surface.

Understanding the business rationale for including a third party in a transaction. The company should understand the role and need for the third party and ensure that contract terms specifically describe the service to be performed and the potential risks involved with those services.

Monitoring your third party relationships once they begin. This may include requiring and exercising audit rights, updating existing integrity diligence, providing regular training and requesting annual compliance certifications by the third party.

Diligence and monitoring of these third parties not only helps to reduce the risk of corruption, but also can reduce the risk of fraudulent transactions, conflicts of interest, money laundering. It helps to safeguard company assets and reputation and other financial crime.

Responding to these emerging standards in a standardised and efficient way presents a large operational challenge. Management is often challenged by widely varying information availability across markets, and fragmentation of their own internal systems. So how do you create one consistent, practical and risk-based process to manage third party risk across the many jurisdictions where you conduct business?
Third party due diligence is integral to EY’s corporate integrity and compliance programme

- Do you know who all of your high risk third parties are?
- Do you have visibility of these across your businesses?
- Are you comfortable that risk assessments of your third parties are consistent?
- Do you have a clear timetable for when to renew the risk assessments of your third parties?
- Are you spending more time chasing the paperwork and less on understanding who you’re doing business with?
- Does your integrity diligence programme support business growth – helping the business engage third parties swiftly?
- Do you have the big picture – to help you focus your resources, spot emerging risks and report effectively to your stakeholders?
Meeting the challenge

EY_ID is a proprietary technology platform to help you address the challenge of a comprehensive and consistent integrity diligence process.

EY_ID is a secure, end-to-end technology solution to connect companies, third parties and service providers seamlessly on a single web-based platform. It acts as an automated focal point to collect, review, assess, approve and archive the information required for a robust integrity diligence programme.

The result is a centrally managed and globally accessible platform designed to improve standardisation, transparency and accountability throughout the third party life cycle.

EY_ID is highly customisable with a tailored workflow. It offers dashboards with visual data analytics and search functionality. Key features include:

► An automated risk scoring engine driven by key integrity diligence results and external risk data
► Single-entry and bulk upload screening of third parties
► Customised third party questionnaires and certifications
► Automated functions to reduce administrative burden
► Auditable repository of third party records, integrity diligence reports and approvals.

Proprietary data and risk engine drives consistency

Business has direct and easy access

Third party has direct access – no more email questionnaires

EY_ID Risk-based, robust third party management
How EY can help

Businesses with multi-national operations are exposed to risks associated with third parties and expected by regulators to have processes in place to manage these risks. But integrity diligence is more than ‘tick the box’: it is critical to effective decision making.

Having better information and intelligence improves the ability of businesses to negotiate, establish the most effective relationships and manage known risks.

Ensuring this process is consistent across the whole business, is conducted in a robust manner and is well documented is what external stakeholders expect.

We support our clients by providing Integrity Diligence services, conducting consistent screenings across large volumes of third party data using an extensive range of data sources – through EY_ID or other tools.

We provide in-depth research into acquisition targets, associated entities and individuals, providing evidence of their integrity and identifying risks that may need to be managed.

We also support businesses in establishing an integrity diligence capability – advising on people, process and technology and we advise on the development of risk scoring processes and tools.

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EY_ID Risk-based, robust third party management
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Dealing with complex issues of fraud, regulatory compliance and business disputes can detract from efforts to succeed. Better management of fraud risk and compliance exposure is a critical business priority – no matter what the industry sector. With over 4,200 fraud investigation and dispute professionals around the world, we can assemble the right multidisciplinary and culturally aligned team to work with you and your legal advisors. We work to give you the benefit of our broad sector experience, our deep subject matter knowledge and the latest insights from our work worldwide.

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