DRIVING RISK CULTURE: AN INTEGRATED AND PURPOSE-BUILT APPROACH TO EFFECTIVE THIRD-PARTY RISK MANAGEMENT

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Housekeeping

- Download slides at https://go.oceg.org/driving-risk-culture-an-integrated-and-purpose-built-approach-to-effective-third-party-risk-management-nbv
- Answer all 3 polls
- Certificates of completion
  (only for OCEG All Access Pass holders)
- Evaluation survey at the close of the webinar
- Find the recording on the OCEG site at https://go.oceg.org/webinar-recordings

Learning Objectives

- Learn about new research on Third-Party GRC from GRC 20/20 Research
- Gain knowledge on best practices for monitoring risk and performance of third parties
- Discover how to operationalize controls by tying Third-Party GRC to contracting and purchasing

Poll 1

Do you have an OCEG All Access Pass (a paid membership) and would you like to receive CPE credit for this event?

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Introduction

Sam Mele
Global Vice President, Risk Management Solutions

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Coupa is the Cloud Platform for Business Spend Management

Coupa empowers you to spend smarter and maximize the value of every dollar your business spends.

The Coupa platform provides greater visibility into and control over how companies spend money. Using Coupa, businesses are able to achieve real, measurable value and savings that drive their profitability.

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Coupa Helps Companies Build Resilient Businesses

Mitigate Risk While Driving Resilience

- Address 3rd-party business continuity risk, concentration risk
- Assess pandemic response e.g. social distancing
- Accelerate to support supplier replacements, supply-chain reconfiguration

83% of organizations experienced a third-party incident in the past 3 years.

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Poll 2

What challenges does your organization face in its third-party risk management efforts?

a. Business partners engaged unvetted third parties

b. Difficulty managing multiple risk domains, e.g. InfoSec, ABAC, etc.

c. Difficulty managing complex third and fourth party relationships

d. Siloed third-party management leads to overlapping assessments

e. Other

Governance, Risk Management, and Compliance Insights

Michael Rasmussen
The GRC Pundit and Analyst
grc2020

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Navigating Chaos

> The more we study the major problems of our time, the more we come to realise that they cannot be understood in isolation. They are systemic problems, which means that they are interconnected and interdependent.
>
> - Physicist Fritjof Capra

No Organization is an Island . . .

*"No **[organization]** is an island, entire of itself; Every **[organization]** is a piece of the continent, a part of the main."*

- John Donne

Who is a 3rd party?

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The Organization Has to be Able to See . . .

- ❑ The Tree. The individual 3rd party relationship
- ❑ The Forest. The interconnectedness of relationships (e.g., risk) on the organization

Inevitability of Failure in 3rd Party Risk

Third Party GRC in Transition: From Old Ways to New Ways

3rd party GRC management is a capability that enables an organization to:

G) reliably achieve objectives

R) while addressing uncertainty and

C) act with integrity

in and across its 3rd party relationships.

SOURCE: Adapted from the OCEG GRC Capability Model

Governance, Risk Management & Compliance of 3rd Parties

Governance

Governance of 3rd Parties: so the organization may reliably achieve objectives in the relationship and align those with the overall objectives of the organization.

Risk Management

Manage & Mitigate Uncertainty: To understand risk exposure and mitigate uncertainty, issues, and loss in 3rd party relationships that impact the organization.

Compliance

Act With Integrity: To ensure that 3rd parties align and meet the values, ethics, policies, regulatory, and contractual obligations of the organization.

3rd Party GRC Management: a Top Down Approach

- 3rd Party GRC Management Strategy
- 3rd Party GRC Management Process
- 3rd Party GRC Management Information
- 3rd Party GRC Management Technology

Core Components: 3rd Party GRC Management Program

In today's complex economy, your suppliers, distributors, sub-contractors, agents and other 3rd parties play critical roles in your business success. Its too complex to manage without an integrated strategy that includes people, process and technology . The goal is to protect and grow value by establishing a capability to see your entire 3rd party landscape with real time information about external and internal events that may change risk profiles and impact performance.

CORE COMPONENTS

1 IDENTIFY
- Contracts and contact info for all 3rd parties
- Mapping of internal relationships
- Relevant triggers for alerts or changes
- Risk exposure and level of control

2 MONITOR
- Contracts and contact info for all 3rd parties
- Mapping of internal relationships
- Compliance with contract requirements
- Changes to risk, obligations and business

3 ASSESS
- Risk and compliance
- Performance against SLAs and KPIs
- Identified internal and external events and changes
- Effectiveness of 3rd party program

4 RE-EVALUATE
- Contract provisions and controls
- Use of each 3rd party and internal relationships
- Program design and operation
- Issue investigations and resolutions

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3rd Party GRC Management Lifecycle

Monitoring for Context Changes that Impact Culture & Third Parties

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Collaboration: Third Party Collaboration Across Departments

Operationalization: Automation & Process Automation of Third Party GRC

Third party GRC management technology provides automation and tracking

MANAGEMENT REPORTING

AUDIT TRAIL

WORKFLOW & TASKS

COLLABORATION

ENFORCEMENT

Integration

Visibility

Global Reach

Availability

Accountability

Automation

Repository

Consistency

3rd Party Information Architecture Provides 360° Contextual Intelligence

360° 3rd Party Contextual Intelligence

3rd Party GRC Management Solutions Provide Defensibility & Accountability

VERSION (DATE/TIME)

ASK & RESOLVE QUESTIONS

MEET REQUIREMENTS

MANAGE EXCEPTIONS

UNDERSTAND CONTEXT

PROVIDE AUDITABLE RECORDS

REPEATABLE CYCLE

DEMONSTRATE SEQUENCE

Benefits of 360° Contextual Awareness of Third Party GRC

Step 1: Develop a 3rd Party GRC Strategic Plan

It is critical to plan your journey by laying out the route ahead of time

Step 2: Conditioning is Critical, Make Sure Your Team and Systems are Ready

Is your organization prepared for the 3rd Party GRC journey?

Step 3: Tackle 3rd Party GRC in Stages

A good journey is not done with one effort but is broken down into stages

Step 4: Select the Right Equipment for the 3rd Party GRC Journey

You don’t just throw everything in a bag, you carefully select your equipment for the task

Poll 3

Of the four steps just discussed, which one does your organization need the most help with?

a. Step 1 - Develop a 3rd Party GRC Strategic Plan

b. Step 2 - Conditioning is Critical, Make Sure Your Team and Systems are Ready

c. Step 3 - Tackle 3rd Party GRC in Stages

d. Step 4 - Select the Right Equipment for the 3rd Party GRC Journey

e. I don't know

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Only Coupa Can Drive a True Risk Culture

- Optimize Sourcing & Buying
- Monitor Risk & Performance
- Immediately Respond
- Terminate and Off-Board

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Discussion Session with our Presenters

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Q&A Session

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