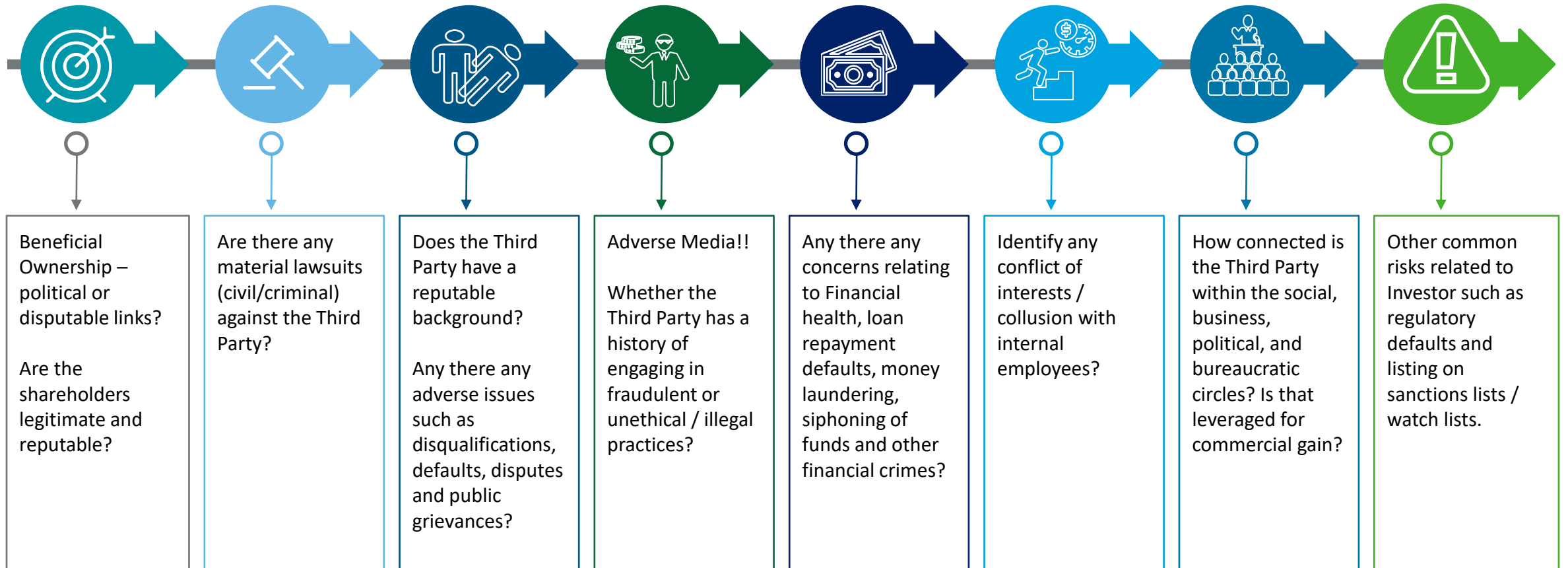
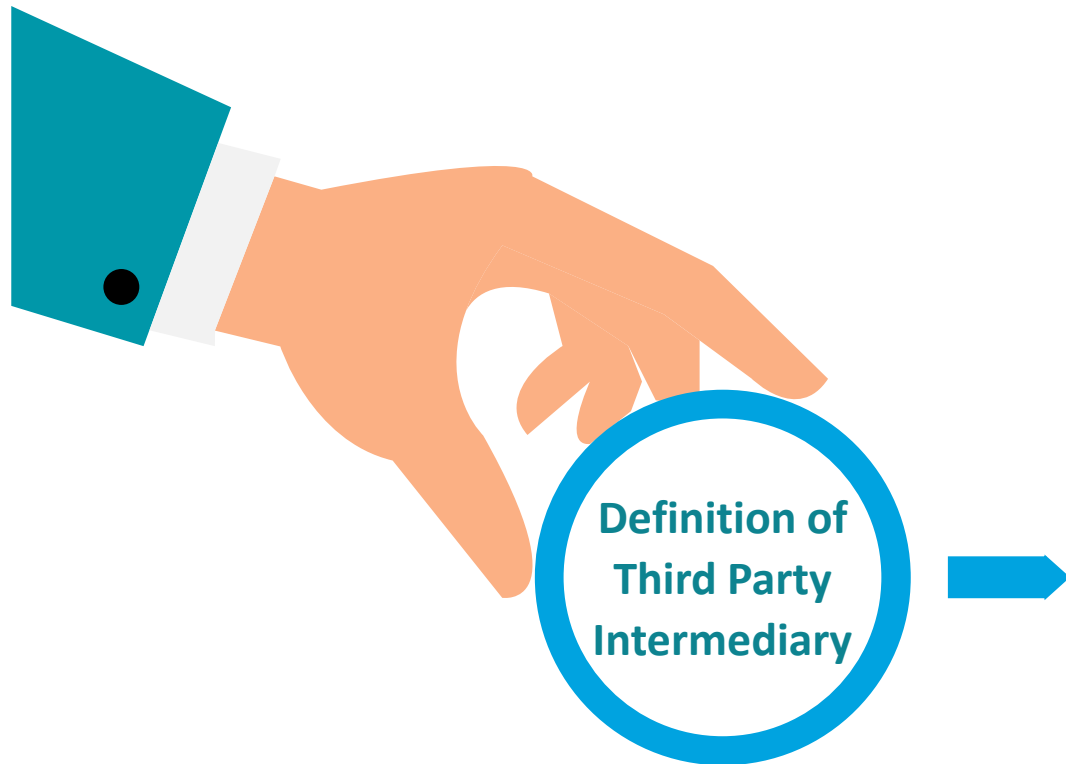




# Key Risks Associated with Third Parties



# What is Third Party Intermediary (TPI)



**Definition of  
Third Party  
Intermediary**

Third party intermediary is an individual/ entity that performs services for or acts on involving interaction with government authority/ official on behalf of the company .

Example - agents, brokers, consultants, sales representatives, distributors, attorneys, accountants, tax or custom agents etc.

# Third Party Due Diligence

Due Diligence on the 'Third-party Entity' and its 'Key Principals' : Access to public domain sources as well proprietary subscription databases including relevant corporate registries, media and litigation databases, archives and the internet with the objective of identifying information on the following issues:



Business Capabilities and reputation of the Third-party

Regulatory /Sanctions/Watchlist/ Law enforcement actions

Genuineness and credibility of the Third-party

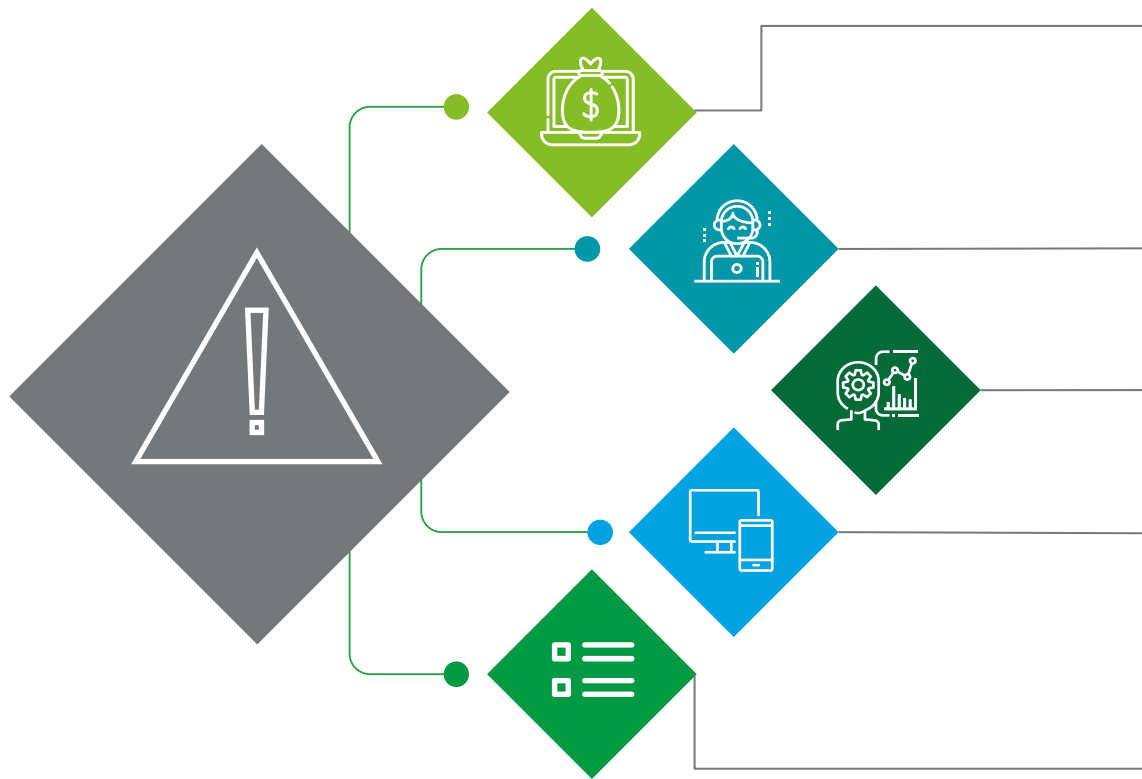
Legal and Criminal History

Financial / Credit information

Conflict of interest/Undisclosed relationship

Benefits of  
Due  
Diligence

# Third Party Risk Management



## Third-party due diligence

- Document
- Know your sub-contractors

## Third party risk assessment

- Maintaining a database for TPIs information – SOW, addendums, Ownership..
- Risk ranking of TPIs i.e., high, medium, low
- Certificate of Compliance

## TPI Contracts

Adequate process for on-boarding a third party (i.e., competitive bidding, clearly defined scope of work, payment terms, contracting (with right to audit clause and other ABAC clauses etc.))

## Continuous management and oversight

Periodic refresher of due diligence on account of change in ownership, entity status or scope of work. Black-listing & termination of TPIs indulged in malpractices, negative media articles. Periodic audits i.e., operational/ compliance audits

## Trainings

- Training compliance team members to identify red flags in relation to TPIs
- Trainings of TPIs on the policies of the Company and Code of Conduct

## Common Red Flags – TPI

Requests for reimbursement of fees and/or expenses with limited documentation or evidence of services performed

Contract terms that are vague/ambiguous, or neglect to include an audit clause

Vendor payments inconsistent with contracts terms

Upfront payments and deposits requested by the vendor to secure business

TPIs that refuse to certify compliance with FCPA or other local laws, or refuse to agree to reasonable financial and other controls

Unusually high commissions, large credit lines, free products/ services, and discounts granted to distributors

Introduction of additional third parties by TPIs into transactions

TPIs that are incorporated or established in an offshore jurisdiction



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