

Third Party Risk Management Considerations on Overseas Vendors

Working with overseas vendors, whether they're a third party, fourth party or beyond, requires special attention. In recent years, it seems there has been a huge push toward offshoring – particularly in call centers, data storage, reporting and processing. While these moves help in terms of cost and efficiency, they do require special handling.



Examinations



Reputation Risk

Carefully review and understand the following considerations when assessing an overseas vendor.

Visibility

Understand the level of visibility you'll have into their controls, reporting, education and hiring.

OFAC/PEP Check

Perform a check on their owners and key management team – you certainly need to make sure they're not owned or affiliated with a foreign entity that you wouldn't want to read about in the newspaper.

On-Site Visits

Know how quickly you can get there should a problem occur. Do you have rights for on-site audits?

Location

This may seem obvious, but where are they located? Be sure to understand their local hiring practices and any concerns over crime or drug problems (i.e., more prone to theft or danger to people who may need to be on-site to educate the staff).

Customer Data Protection

Can you mask customer data? Are you able to truncate non-public personal information (NPI) such as social security numbers, dates of birth, account numbers and more just to lessen the chance of data theft?

Policies

Do they have a clean desk policy?

Premises

Are there cameras throughout the facility?

ASK QUESTIONS

There's absolutely nothing wrong with further clarifying by asking questions like the following:

Why is an offshore vendor being used?

Is it a cost play?

Is it for efficiency?

How is the overseas vendor being managed?

How frequently do we use this third party and how often do we visit them?

To be clear, there's no problem whatsoever with using foreign companies. However, they absolutely require additional due diligence and consideration of heightened monitoring. An ounce of prevention is worth a pound of cure, so go into the relationship with clear direction and heightened awareness.



Download free work product samples and see how Venminder can help reduce your vendor management workload.

DOWNLOAD NOW

PRINTABLE VERSION

venminder

Manage Vendors. Mitigate Risk. **Reduce Workload.**

Copyright © 2019 by Venminder, Inc.

(270) 506-5140 | venminder.com