

IPC Mini-Summit 1:

Risk Evolution: Management of 3rd Parties

- Management of 3rd Parties in Rx industry
 - Highly-regulated industry- 3rd parties rep key risk due to limited reach and control
 - ‘How’ managed: function of specific company business model, structure, organization
 - Routine vs High-Risk 3rd party engagements
 - Collaborative effort: Business, Compliance, Legal
 - Roles at a Glance:
 - Business: 3rd party identification, due diligence vetting, routine day-to-day management and oversight
 - Compliance: Review/ approval of high-risk engagements (with business); regular, effective compliance oversight, monitoring (training, transaction testing, compliance certs, other)
 - Legal: Agreements terms, negotiation (w/ business) of terms and conditions

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Management of 3rd Parties: What does 'Good' look like?

➤ *Compliance Oversight Best Practices: Key Principles*

- **Clarify Rs & Rs:** Assure clarity re; roles and responsibilities as between Business, Compliance, Sourcing, legal, others
 - SOPs, Work Instructions, Trainings, and Communications: can be effective role clarification tools
- **Ruthlessly Prioritize:** Use risk-based approach- assure effective coverage of highest-risk 3rd parties first
- **Access Tools, Automation:** that fit your business and way of working
- **Leverage Internal Resources for Maximum Efficiency:** Sourcing/ Procurement, Business Ops, Audit, Finance, Legal, others often have a common interest with Compliance in effective oversight of key 3rd parties
- **Partner and Stay Connected with Business:** Business will often first hear about any issues, challenges, potentially adverse info relating to your 3rd parties

➤ *Oversight tasks: the details.....*

- *Compliance Training/ Code of Conduct: assure alignment re: expectations especially in key risk areas*
- *Transaction reviews: as feasible but on regular basis*
- *Compliance certifications: annual, other*
- *Periodic re-vetting RPS/ Blacklist screening, risk scoring, media/ sanction/ other info*