

Third-Party Insights

KPMG in Malaysia



It's a risky business

Businesses are increasingly reliant on third-parties (e.g., suppliers, vendors, agents, distributors, contractors, sub-contractors and business partners) to carry out key business functions in their day-to-day operations.

Due to escalating threats emerging across the extended enterprise as well as changes in the legal and regulatory landscape, there is a growing need for organizations to effectively manage the risks posed by their third-party relationships and ensure that these third-parties uphold the relevant laws, regulations and standards that they are subject to.

The enforcement of Section 17A of the Malaysian Anti-Corruption Commission ("MACC") Act 2009 effective 1 June 2020 has heightened the impetus for third-party risk management. Under the updated Act, all commercial organizations face the risk of being charged if any persons associated with the commercial organization (including its third-parties) commits a corruption offence. If a commercial organization is found guilty under Section 17A, the penalty is a fine of not less than 10 times the value of the bribe or RM 1million, whichever is higher, or imprisonment for up to 20 years, or both.

In essence, governance, risk management and compliance challenges now extend beyond traditional organizational boundaries. To mitigate third-party risks, organizations need to put in place comprehensive Third-Party Risk Management ("TPRM") measures encompassing adequate due diligence, risk assessment and ongoing risk monitoring.

Third-Party onboarding and monitoring: The challenge

Third-Party Due Diligence not only plays an essential role during the initial phases of the TPRM lifecycle, namely third-party identification and onboarding but also throughout the third-party relationship as part of the ongoing monitoring process. Whilst most organizations are cognizant of the criticality of this component in third-party risk management, many organizations in Malaysia still have very manual, antiquated, and siloed processes where they rely on manual forms and spreadsheets.

Key questions organizations need to ask themselves include:

- 1 Can you easily identify all third-parties with whom you have established a business relationship?
- 2 Are you able to easily update and monitor changes to the profile of your third-parties from the time of onboarding and subsequently throughout the relationship?
- 3 Are you able to easily segregate and group your third-parties based on specific attributes, such as industry or type of goods or services provided, as well as identify those with indicators of increased risk?
- 4 Is a consistent and standardized third-party information-gathering and preliminary screening process being adopted across all functions in your organization as well as all entities within your organization's group of companies?
- 5 Is there a full audit trail of the onboarding process?
- 6 Are you aware of the types of risks posed by your third-parties?



Introducing KPMG Third-Party Insights

KPMG in Malaysia developed Third-Party Insights to provide organizations with a digitally powered solution for third-party risk management. Our web-based third-party assessment application is equipped with cloud-based analytics which automates and simplifies the information-gathering and preliminary screening processes from the point of onboarding, registration, and during ongoing monitoring.

Key features of KPMG Third-Party Insights



Automated workflows



Centralized register, data collection and repository



Automated alerts and reminders



Pre-built, customizable questionnaires



Cloud-based analytics



Access to comprehensive reports and dashboards on-demand



Consolidated responses with automated screening of exceptions and red flags



Real-time visibility of status and progress



Full audit trail



De-duplication of entries

User advantage

Efficiency

Increased efficiency in the onboarding/ registration process through the elimination of redundant and manual tasks, including the use of manual forms, registers, spreadsheets, and reports.

Human error no more

Reduce the risk of human error and prevent duplication of entries in the system.

Real-time insights

Gain real-time visibility through data visualization dashboards:

- Status and progress of third-party due diligence questionnaire completion and submission
- Assessment status
- A comprehensive view of the organization's ecosystem of third-parties (e.g., entire population, by project or based on specific attributes)
- A breakdown of third-party exceptions by risk domain type

KPMG Third-Party Insights can be deployed as an off-the-shelf product or with customization to the questionnaire content, escalation workflows, dashboards and reports.

It's designed to be suitable for all organizations with or without an existing TPRM program in place. Our application incorporates a keen focus on key business, legal and regulatory requirements in Malaysia whilst also aligning with global requirements in the space of information security, data privacy, bribery and corruption, money laundering and ESG. The application would therefore be relevant and beneficial to all organizations in Malaysia regardless of whether they operate solely within the country or in multiple jurisdictions.



Request for a demo

Scan this QR code to request for a complimentary demo of KPMG Third-Party Insights or drop us an email at kpmgtpi@kpmg.com.my.

Contact us

Request for a bespoke consultation today by reaching out to our team of professionals below, or call +603 7721 3388.

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