



# Third party trust in Singapore

In today's environment, it would be nearly impossible to find a company that does not contract with a vendor. However, the convenience and flexibility of outsourcing to third parties comes with significant risks, including the potential for regulatory penalties related to vendor incidents – penalties that have soared in recent years, costing institutions billions of dollars.

Preventing risk events at third-party service providers has always been a challenge, but now the stakes are far higher. This is not isolated to technology but spans business processes, governance and people.

PwC has worked with multiple organisations and service providers in Singapore to assess existing Service-Level Agreements and identify key controls that should be in place in areas such as data processing, security and incident reporting.

By assisting our clients with the review and development of a robust risk management framework, we enable them to place greater confidence in their third-party relationships as they continue to rely on them to do business. Ultimately it is not just the outcome that is important, but addressing the risks and underlying quality that is critical. Failures in these areas would often eradicate any short-term savings.

## When to act

- You need the electronic records and document images in your IT systems to be used as evidence in a court of law.
- You or your customer needs an SSAE 16 or ISAE 3402 (SSAE 3402) report, for their statutory auditors or regulators.
- You need to ensure your clients that you have complied with the Technology Risk Management (TRM) guidelines from the Monetary Authority of Singapore.
- You or your customer needs assurance for the security and controls in your IT systems.
- You need assurance over financial information that is not part of historical financial records (i.e. financial statements).
- You need assurance that third party contract manufacturers are complying with local environment and employment laws.



## Building trust in Singapore

Working with document imaging vendors to certify their procedures as "approved process" under the Evidence Act. This helps their clients use document images as evidence in court cases.

Working with IT solutions providers who need to provide a SSAE 16 report to their customers to confirm that they have appropriate and effective controls in their data centre. We help the solutions provider understand their key controls and provide independent assurance reports to their customers.

Working with hospitals to improve the controls and provide assurance over new electronic medical records systems, which they are implementing.

Following a security incident, we worked with service providers to help them find ways to improve their internal controls and hence building digital trust for their clients.

Working with banks in Singapore to provide assurance over their implementation of Technology Risk Management (TRM).

Sustainable sourcing is critical for companies that use low cost jurisdictions to manufacture products that end up on shelves in developed countries. Consumers are conscious of their buying choices. Companies have to rely on third party contract manufacturers to adhere to local regulations on employment practices.

- PwC was engaged to review the sourcing practices of UK tea packing companies to ensure that the goods that customers buy are sourced in an ethical way. This included visits to tea plantations and factories in various parts of the world to determine whether workers are treated in accordance with human rights and local laws.
- Global Social Compliance - PwC reviewed various suppliers' work practices to ensure they complied with the local employment laws and regulations in countries such as India and Indonesia. The reviews involved on-site visits to factories with up to 2,000 workers. A sample of workers were interviewed and their responses were analysed to ensure compliance with the local laws.



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