

ESTABLISHING ACCOUNTABILITY IN THIRD PARTY RISK MANAGEMENT

THREE LINES OF DEFENSE MODEL

A proven approach to establish clear accountability.

Introduced by the Institute of Internal Auditors (IIA) in 2013.

⚠️ *Even the best TPRM frameworks can fail without clear accountability.*

✅ **Accountability = The backbone of effective TPRM**
Ensures roles and responsibilities are well-defined, with everyone playing their part.

1. FIRST LINE: OPERATIONAL MANAGEMENT

- Frontline teams managing third-party vendors.
- Key TPRM responsibilities:
 - Identify & manage risks (e.g. data breaches, interruptions)
 - Set & monitor Service Level Agreements (SLAs)
 - Perform inherent risk assessments
 - Develop exit strategies for high-risk vendors



2. SECOND LINE: RISK MANAGEMENT & COMPLIANCE

- Dedicated TPRM teams + SMEs in:
 - Compliance, Legal, Finance, InfoSec, Business Continuity
- Responsibilities:
 - Build policies, frameworks, tools
 - Oversee & guide first-line activities
 - Ensure consistent & quality risk measurement



3. THIRD LINE: INTERNAL AUDIT

- Independent assurance function
- Key activities:
 - Evaluate overall TPRM effectiveness
 - Check compliance with laws & regulations
 - Report gaps to the Board & senior management
 - Recommend improvements
 - Conduct regular TPRM audits



“EFFECTIVE TPRM ISN’T JUST ABOUT TOOLS OR PROCESSES — IT’S ABOUT MAKING ACCOUNTABILITY PART OF YOUR CULTURE.”