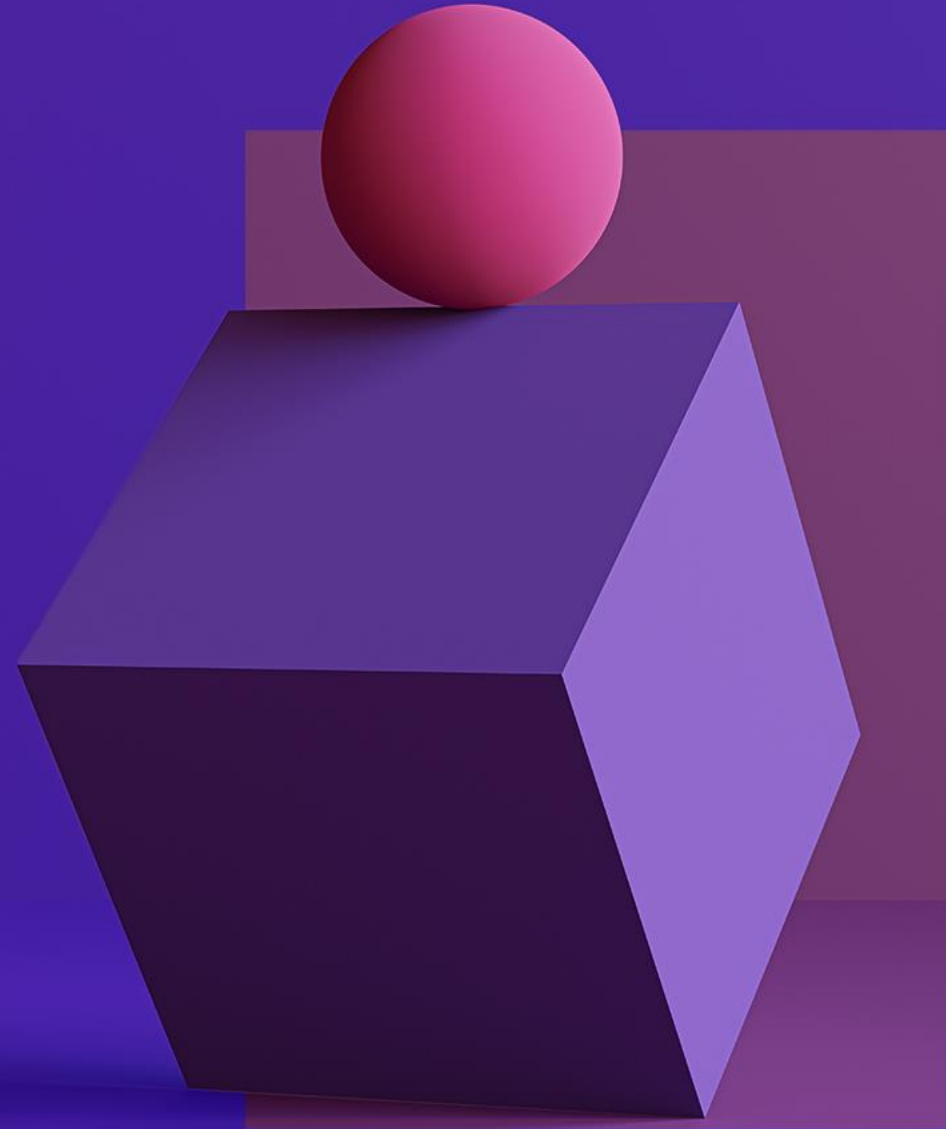




KPMG-GIPS 2023 Procurement Enhancement Survey Report

November 2023



Contents

01	Foreword	3
02	Methodology and Demographics	7
03	Procurement Processes and Controls	10
04	Vendor Management	14
05	Decoding Procurement Fraud	17
06	Reporting and Training	21
07	Sectoral Focus	28
08	Conclusion	32

01

Foreword



Andy Akoto

Partner, Head of Advisory
KPMG Ghana

Foreword

On behalf of KPMG and the Ghana Institute of Procurement and Supply (GIPS), I am delighted to present the 2023 Procurement Enhancement Survey, our latest study into procurement practices in Ghana. This particular study sought to highlight information about procurement practices in four thematic areas: procurement processes and controls, vendor management, decoding procurement fraud and reporting procurement irregularities to enhance the practice and application of professionalism in procurement in Ghana.

In today's dynamic and interconnected global marketplace, the role of procurement has evolved into a strategic function that goes beyond cost savings and vendor management. It has become a pivotal driver of innovation, sustainability, risk mitigation, and ultimately, the overall success of organisations and economies around the world. However, this evolution has not been without its challenges, foremost among them being the scourge of procurement malpractices and fraud. Procurement malpractices and fraud not only erode trust but also have adverse financial and reputational consequences. They undermine the very foundation of ethical and transparent business conduct, harming not just the organisations involved but also the broader economy and society as a whole. It is imperative that we confront this issue head-on.

Our Procurement Enhancement Survey is a crucial step towards establishing and promoting a sound and value-based procurement culture in Ghana.

The findings from the survey are expected to offer stakeholders and users, invaluable insights that can enhance procurement practices in Ghana.

This report is based on data that was provided by 314 procurement practitioners from diverse industries in Ghana, who took part in the survey. We are grateful to the procurement practitioners who participated in this survey and shared information so that others could benefit from their experiences. This report is, in many ways, a testament to the dedication of those procurement practitioners.

I encourage you to embrace this report, digest its contents, and take meaningful actions to enhance procurement practices; while taking measures to protect your organisation from the risks of malpractice and fraud. Let us all collectively rise to the challenge, secure the trust of stakeholders and set a new standard of procurement excellence in Ghana. I encourage you to reach out to us for further insights and areas of collaboration.





Simon Annan

President, Ghana Institute of Procurement and Supply (GIPS)

GIPS Contribution

Procurement and supply play a crucial role in the success of businesses, organisations, and governments. The socioeconomic development agenda of Ghana cannot be achieved without the appreciation of the value of procurement in driving stakeholder value within the entire value chain, providing solutions tailored for dealing with societal issues such as systemic corruption, high interest rates, price hikes, and falling local currency. The 2023 Procurement Enhancement Survey, conducted in collaboration with KPMG, seeks to provide insights into procurement in the country and provide best-in-class recommendations to elevate procurement in the country.

The insights presented in this report aim to provide a comprehensive understanding of the current state of procurement practices in Ghana. This report does not seek to only identify irregularities but also to highlight opportunities for improvement. It is our firm belief that this report will serve as a valuable resource for practitioners, policymakers, and stakeholders alike, to implement the necessary measures to enhance procurement practices and uphold the highest standards of professionalism and ethical conduct.

The 2023 Procurement Enhancement Survey report stands as a testament to KPMG and GIPS collective commitment to advancing the field of procurement and fostering a sound and value-based procurement culture in Ghana.

I would like to express my gratitude to KPMG for their collaboration and dedication to this survey. Their expertise and commitment have undoubtedly enriched the depth and quality of the findings presented in this report.

I would also like to thank the Governing Council of GIPS led by Mrs. Evelyn Sam for the continuous support, which has been instrumental in shaping the institute's direction. The Executive Committee of GIPS is also appreciated for their contribution towards this collaboration with KPMG.

I would also like to commend the Research Committee of GIPS led by Prof. Ebenezer Adaku (Ag. Dean of GIMPA Business School) for the unflinching support towards the release of this survey.

To the procurement practitioners who participated in this survey, your contribution is invaluable. Your commitment to transparency and value-based procurement practices is commendable, and I trust that the insights shared in this report will serve as a catalyst for continuous improvement.

As we navigate the challenges and opportunities presented by the ever-changing landscape of procurement, let this report inspire us to collectively raise the bar for professionalism and integrity in our field. Together, let us forge a path towards a future where procurement is synonymous with ethics, and sustainable growth.



Highlights of findings

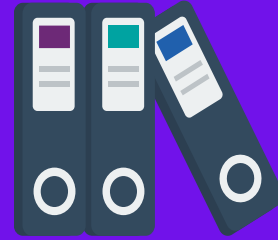
59%



of respondents indicated that their organisations do not have anonymous channels for reporting suspicious fraudulent activity

49%

of respondents indicated that their organisations do not have policies to prevent and detect fraud



48%



of respondents indicated that their organisations do not conduct fraud risk assessments

Conflict of Interest is the most common type of procurement irregularity



33%

One out of every three respondents have encountered instances where they were encouraged or pressured to engage in fraudulent procurement activities



89%

of respondents indicated that procurement fraud occurs in their respective organisations



36%



of respondents indicated that their organisations do not regularly monitor relationships with vendors

02

Methodology and Demographics



About This Study

The 2023 Procurement Enhancement Survey is based on the results of the 2023 KPMG-GIPS Procurement Survey, an online survey that was made available to procurement practitioners in Ghana between July and September 2023. As part of the survey, respondents were asked to provide responses that gauge their awareness and response to procurement processes and malpractices in their organisations (respondents were not asked to identify their organisations).

We received 314 total responses to the survey.

Methodology

The percentages presented in this report were calculated using the total number of responses for the question(s) being analysed. Specifically, we excluded any blank responses or instances where the respondents indicated that they did not know the answer to a question.

In addition, some survey questions allowed respondents to select more than one answer. Therefore, the sum of percentages in many figures throughout the report may exceed 100%. The sum of percentages in other figures might not be exactly 100% (i.e., it might be 99% or 101%) due to rounding off individual category data.

Survey Respondents

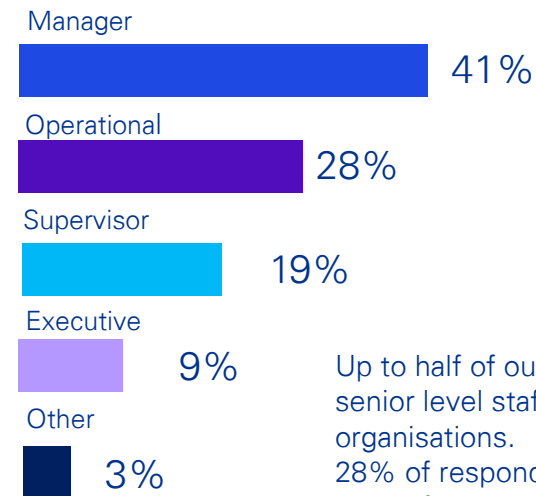
To provide context and enhance the credibility of the study results, the demographic information of the respondents were obtained as part of the survey.

Demographics

314

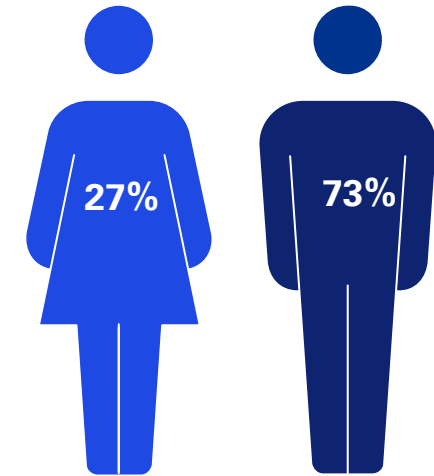
responses from procurement practitioners in diverse business sectors.

Role in organisation



Up to half of our survey respondents (50%) were senior level staff (Executives and Managers) in their organisations. 28% of respondents were operational level staff and 19% of respondents were supervisory level staff.

Gender composition

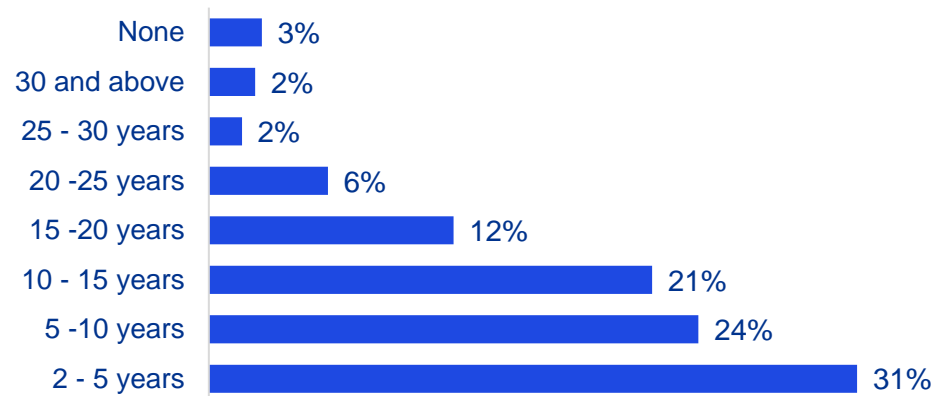




Professional Experience

The median experience of the procurement professionals who took part in the 2023 Procurement Enhancement Survey was between 5 – 10years; 66% of the respondents had more than 5 years of experience.

Figure 1: Breakdown of respondents by years of experience



Staff Strength of Organisation

35% of respondents are employed in organisations with 500 or more employees while 18% of the respondents work in organisations with staff strength ranging between 101 to 250.

Educational and Professional Qualification

89% of respondents have an **educational qualification in procurement.**

72% of respondents belong to a professional body related to procurement and supply

Industry representation of respondents

Food and Agriculture	6%	Banking, Finance and Insurance Services	6%
Science, Technology and Innovation	5%	Mining, Energy and Petroleum	7%
Charitable, Religious and Social Services	29%	Construction and Manufacturing	8%
Health care	16%	Professional Services	13%
Automobile and Transport Services	6%	Retail, Wholesale and Distribution	4%

Figure 2: Industries representation of respondents.

03

Procurement Processes and Controls



Establishing Effective Processes and Controls

Effective procurement processes and controls are vital components of any organisation's operations, whether in the public or private sector. The extent to which an organisation's procurement processes and controls are able to prevent fraud reveals the proactive measures that have been implemented to safeguard procurement operations. We sought to determine the extent to which organisations have implemented policies to prevent and detect procurement fraud.

Figure 3: Organisations with policies to prevent and detect fraud



49% of respondents indicated that their organisations do not have policies to prevent and detect fraud. Out of the 51% respondents who stated that their organisations had policies, 11% of these respondents indicated that they were not aware of the details of the policies despite the existence of such policies in their organisations.

We also sought to determine the level of awareness of existence of the policies across various job levels.

Figure 4: Awareness of policies to prevent and detect fraud by various roles within organisations.

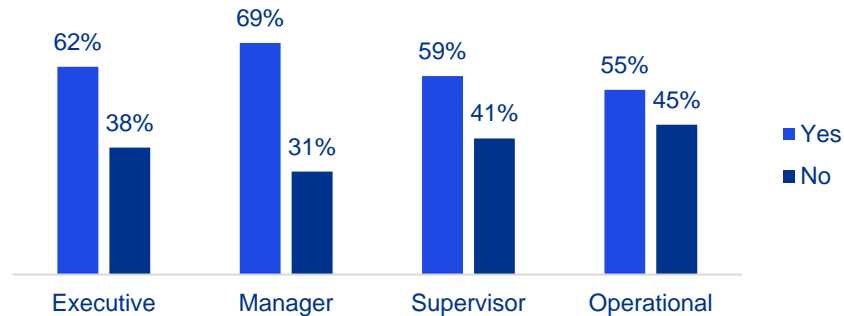


Figure 4 shows that 41% and 45% of procurement practitioners at supervisory and operational levels respectively are not aware of the existence of policies to prevent and detect fraud within their organisations. However, 38% and 31% of executives and managers respectively are not aware of the existence of policies to prevent and detect fraud within their organisations. This shows an increased level of awareness among higher level staff. To bridge this gap, directors and managers should create more awareness to communicate the existence of anti-fraud policies to staff. According to the survey, training workshops emerged as the prevailing approach for fostering such awareness among procurement practitioners.

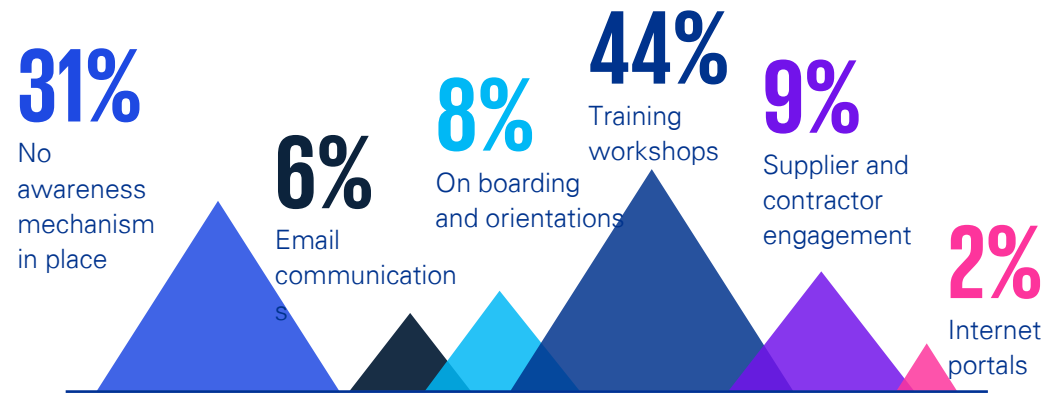


Figure 5: Medium of communicating organisation policies

While training workshops represent the most common medium of creating awareness, 31% of respondents revealed the absence of any awareness mechanisms within their organisations for disseminating information about fraud policies. This deficiency hampers the effectiveness of procurement processes and controls in the prevention and detection of fraud.



Establishing Effective Processes and Controls

Fraud Risk Assessments

Fraud risk assessment is an important tool in the fight against procurement fraud and malpractices. These assessments serve as proactive health checks that identify vulnerabilities within processes and systems. Organisations can mitigate potential fraud risks, particularly those associated with procurement, by implementing preventative measures prior to the occurrence of the fraud incidents. We inquired from the respondents whether fraud risk assessments are conducted in their organisations.

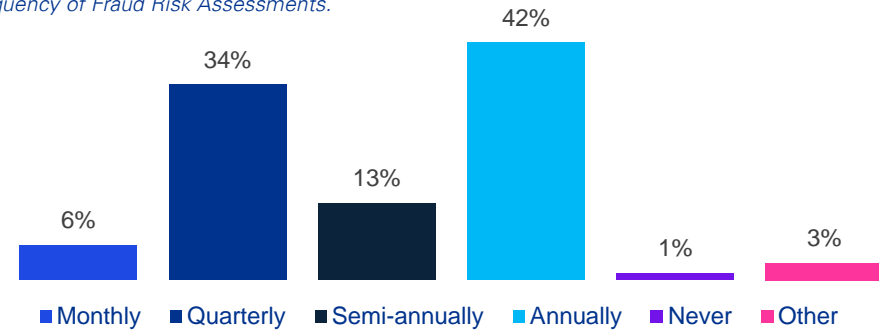
Figure 6: Conduct of Fraud Risk Assessments.



Nearly half of the respondents (48%) disclosed their organisations do not conduct fraud risk assessments. Organisations that do not conduct fraud risk assessments are more susceptible to fraudulent activities. Without a proactive approach to identifying vulnerabilities, organisations may be unaware of potential risks and as a result are at a higher risk of falling victim to procurement fraud and malpractices.

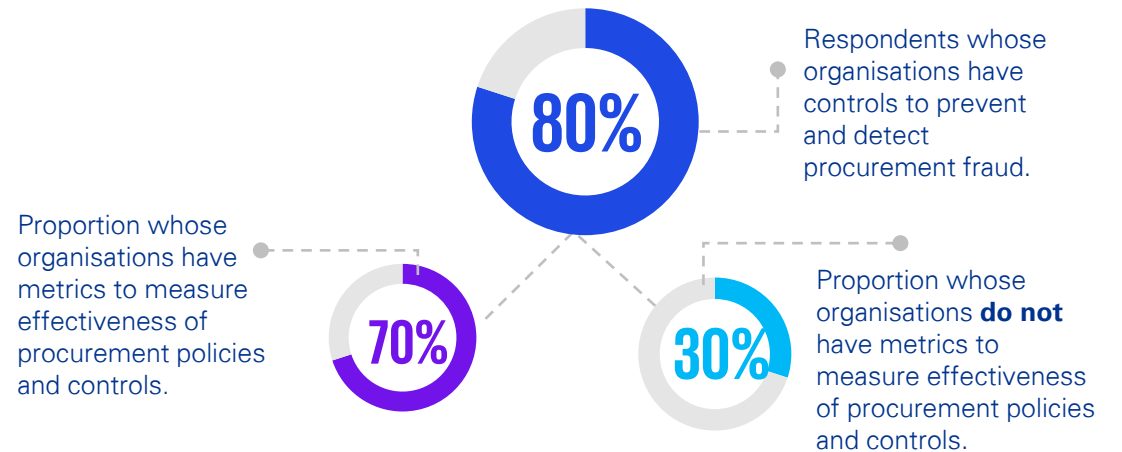
As shown in Figure 6 above, 52% of respondents indicated that procurement fraud risk assessments are conducted in their organisations. We then sought to determine the frequency of these fraud risk assessments. Out of the 52% who answered yes, 42% indicated that these assessments are conducted annually whereas 34% indicated quarterly (See Figure 7).

Figure 7: Frequency of Fraud Risk Assessments.



Controls to prevent and detect procurement fraud

Figure 8: Organisations with controls to prevent and detect procurement fraud





Establishing Effective Processes and Controls

Are procurement activities monitored and reviewed regularly for compliance with policies and procedures?



Figure 9: Monitoring and regular review for compliance with policies and procedures

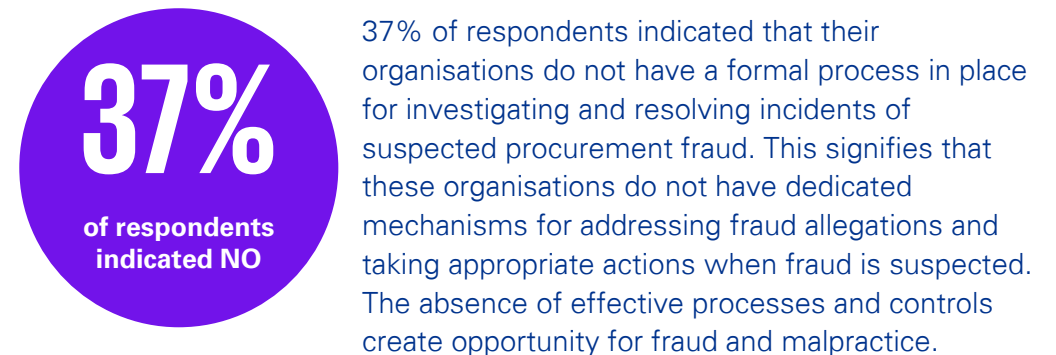
Are there any procedures in place to address conflicts of interest or other red flags related to vendors?



Is there a clear separation of duties within the procurement process to prevent fraud?



Formal processes to investigate and resolve incidents of suspected procurement fraud



04

Vendor Management



Navigating Vendor Relationships

With the fast pace of globalisation, organisations must navigate a complex web of relationships with vendors and partners. Ensuring the integrity of these third-party relationships is vital for mitigation of risks and conflicts of interest.

We inquired from the respondents whether there was a formal vendor evaluation process in place in their respective organisations. **72%** of the respondents indicated that their organisations have formal vendor evaluation process in place. This reflects a commitment to assessing and selecting vendors based on specific criteria, which can contribute to better decision-making and reduced procurement fraud risk.

Figure 10: Existence of a formal vendor evaluation process



Our analysis further revealed that out of the 72% respondents that indicated that their organisations had formal vendor evaluation process, 68% of them were from the public sector while 27% of them were from the private sector (see Figure 11).

Controls to prevent vendor-related fraud

We sought to determine whether these organizations have controls in place to prevent kickbacks or other forms of vendor-related fraud. **47%** of the respondents indicated that their organizations do not have such controls in place.

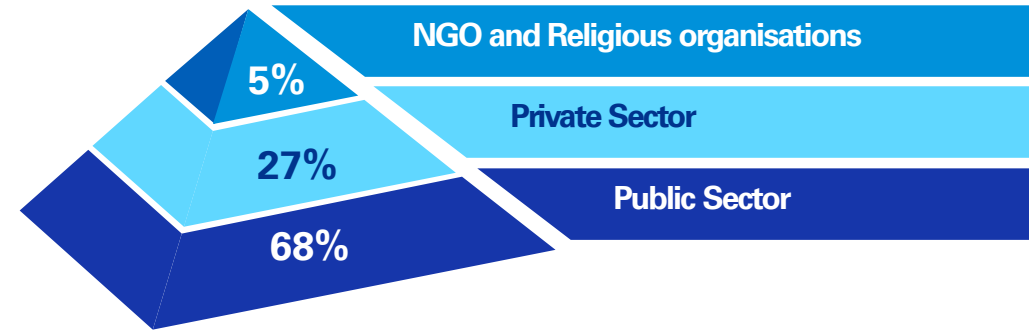


Figure 11: Breakdown of a formal vendor evaluation process among the various sectors

Our analysis further showed that out of the 47% respondents whose organisations do not have controls mitigating vendor related fraud, 75% of them were from the public sector. This suggests that, despite the formal vendor evaluation processes in the public sector, these procedures lack the robustness required to deter kickbacks and other types of vendor-related fraud (refer to Figure 12). More robust controls must therefore be enforced to enhance effectiveness in the procurement process.

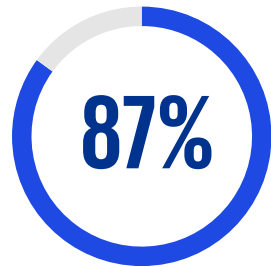
Figure 12: Percentage of respondents who indicated there are no controls in place to prevent kickbacks or other forms of vendor-related fraud in the various sectors.





Navigating Vendor Relationships

In line with the objective of enhancing procurement practices in Ghana, the survey sought to further inquire from respondents whether vendors are required to sign contracts or agreements that outline their obligations and responsibilities.



87% of respondents indicated that vendors are required to sign contracts or agreements that outline their obligations and responsibilities

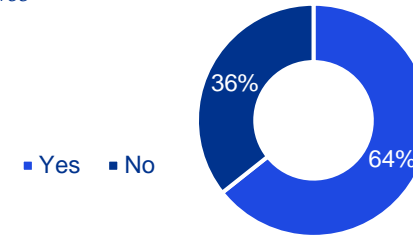
As evidenced in Figure 12 above, **87%** of respondents affirmed that vendors are required to sign agreements with their organisations which details the obligations and responsibilities of both parties. This signifies that responsibilities, deliverables, pricing, payment terms, and performance expectations are clearly defined and measurable.

Monitoring of Vendor Relationship

To further assess vendor management practices, respondents were asked about the monitoring of vendor relationships in their organisations. **64%** of respondents indicated that vendor relationships are regularly monitored and reviewed for compliance while the remaining **36%** reported otherwise (see Figure 13).

Regular monitoring and review of vendor relationships for compliance with procurement policies and procedures are vital to ensuring the integrity and efficiency of procurement processes.

Figure 13: Regular monitoring and review of vendor relationships for compliance with procurement policies and procedures



We sought to understand the relationship between organisations that have central procurement units and the regular monitoring and review of vendor relationships.

Out of the significant majority (97%) of respondents that indicated that their organisations have central procurement units (see Figure 14), **64%** actually monitor and review vendor relationships. This situation creates opportunities for higher risks of collusion and malpractices with vendor management even in organisations with central procurement units..

Figure 14: Representation of organisations with a central procurement unit



05

Decoding Procurement Fraud



Procurement Fraud Typologies

The existence of fraudulent procurement activities pose significant risks, not only threatening an organisation's financial stability but also eroding trust, damaging reputation, and undermining the integrity of business operations.

Common fraudulent procurement activities that occur in organisations

45% of respondents are aware of common procurement fraud schemes that have occurred in their organisations.

Among these respondents, conflict of interest (27%) stands out as the most common type of procurement fraud scheme that occurs in organisations. This was followed by fake invoicing (19%), bid rigging (19%), and kickbacks (16%). Perpetrators of procurement fraud do not necessarily limit themselves to one fraudulent procurement activity; 61% of respondents noted to have witnessed the occurrence of more than one of the common procurement irregularities in their organisation. Additionally, the survey revealed that more than half (68%) of procurement irregularities are vendor-related despite a lot of organisations having a formal vendor evaluation process (72%) and monitoring of vendor relationships (64%).

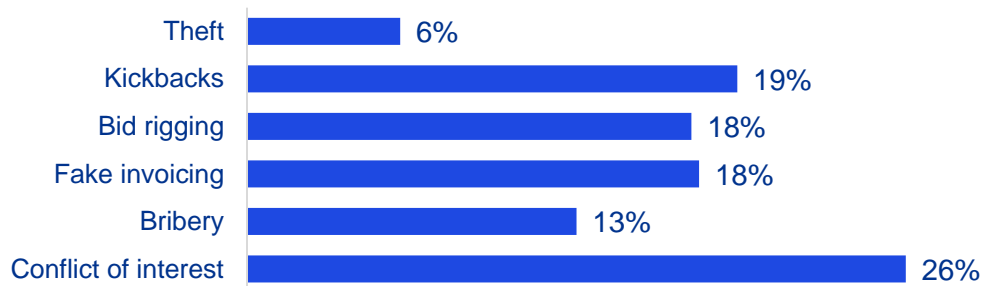
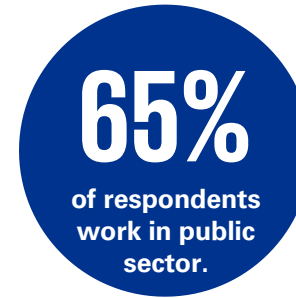


Figure 15: Breakdown of common fraudulent procurement activities or schemes that occur in organisation

Procurement fraud occurrence in different Sectors



Of respondents who are aware of procurement fraud schemes in their organisations, **65% work in the public sector, 30% work in the private sector, and 5% work in NGOs and religious organisations.**

Most common reason for committing procurement fraud

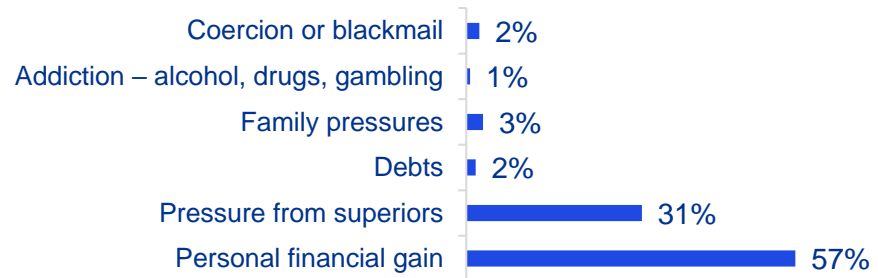


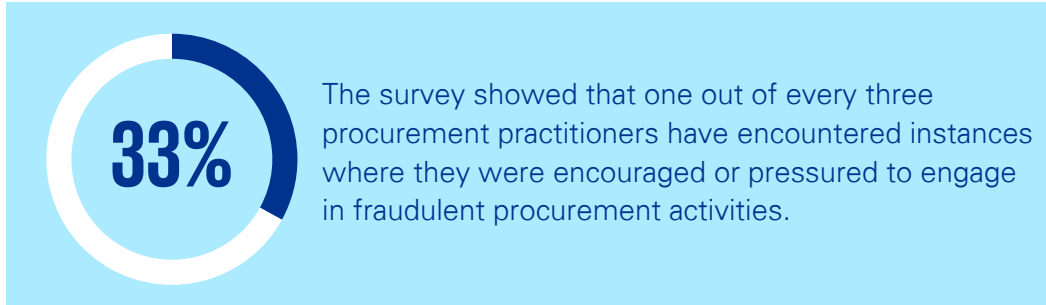
Figure 16: Breakdown of common reasons for committing procurement fraud

Among respondents, the primary motivation for engaging in procurement fraud, as reported by **57%** of them, is driven by the desire for personal financial gain. The second most prevalent incentive for engaging in procurement fraud is pressure from superiors (31%). Other reasons stated by the respondents include family pressures (3%), coercion or blackmail (2%), debts (2%) and addiction (1%).



Presence of Pressure to Commit Fraud

We also inquired from the respondents whether they have been encouraged or pressured to engage in procurement fraud.



We also asked respondents to indicate how often procurement fraud occurs in their organisations. **89%** of respondents indicated that procurement fraud occurs but in various degrees as shown in Figure 17.

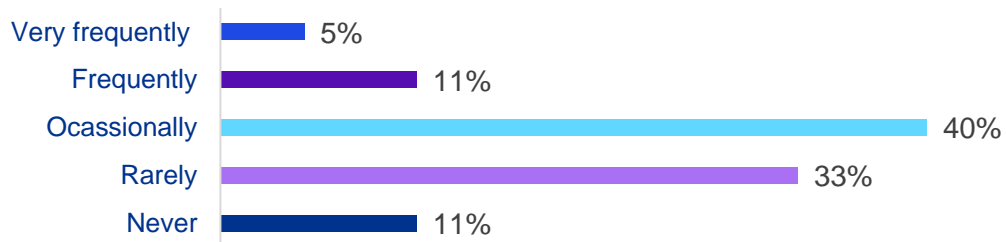


Figure 17: Frequency of procurement fraud occurring

Pressures to engage in fraudulent procurement activities at different ages

According to the Association of Certified Fraud Examiners (ACFE) report¹ 2022, individuals who are mostly engaged in fraudulent activities are usually between the ages of 31 and 50. The survey also revealed that individuals who are pressured to engage in fraudulent activities are within the ages of 31 and 50. This could be attributed to the confluence of financial stressors and family dependency that often manifest during this particular age range.

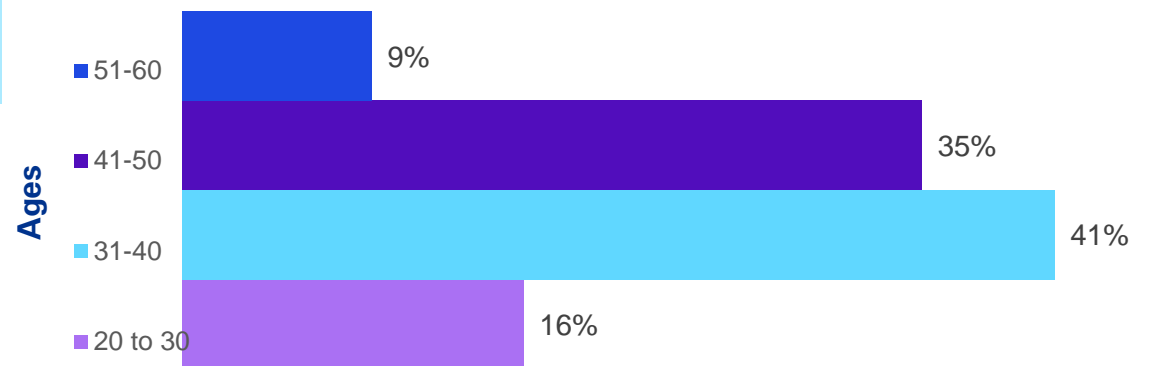


Figure 18: Pressures to engage in fraudulent procurement activities at different ages



How People Rationalise Procurement Fraud

Some of the respondents recognised **'beating a flawed system'** as a rationalisation for procurement fraud.

Majority of the respondents indicated that the common reason for indulging in procurement fraud is **feeling underpaid and undervalued.**

Some of the respondents cited **'it is only a small amount and nobody will miss it'** as a rationalisation.

Some of the respondents stated that some individuals believe **'the organisation owes them'**, is their justification involving in procurement fraud.

Many of the respondents cited **'everyone else does it'** as a common reason for engaging in procurement fraud.

Some of the respondents indicated that people engage in procurement fraud because **'they think they are in charge.'**

Some of the respondents mentioned that **'pressure from a superior'** is sometimes cited as a reason for procurement fraud

Some of the respondents pointed out **'I will pay back later'** as a rationalisation for procurement fraud.



06

Reporting and Training



Reporting of Procurement Irregularities

Reporting procurement irregularities is a critical aspect of maintaining transparency, integrity, and accountability within any organisation's procurement processes. It serves as a safeguard against fraudulent activities, unethical behaviour and potential financial losses.

Reporting Mechanism

A recent study by the Association of Certified Fraud Examiners (ACFE)¹ reported that organisations with whistleblowing mechanisms are more quickly and more likely to detect fraud and irregularities than organisations without such mechanism. From this, it can be inferred that setting up a whistleblowing mechanism within an organisation increases the speed of detection of fraud and irregularities.

The survey inquired from respondents whether they had an anonymous channel for reporting suspicious fraudulent activity in their organisation.



1 - Association of Certified Fraud Examiners Report to the Nations 2022, Global Study on Occupational Fraud and Abuse

2 - KPMG 2020 Whistleblowing Survey

The low rate of adoption of anonymous reporting channels among organisations in Ghana may be due to the lack of understanding of the importance of such mechanisms to fraud prevention and detection, perceived cost and association of a reporting mechanism with victimisation and intimidation.



In contrast, the KPMG and Chartered Institute of Bankers (CIB) 2022 Ethics and Business Conduct Report highlights a 97% adoption rate of whistleblowing mechanisms among banks in Ghana. The high adoption rate among banks may be due to the increasing need for transparency as well as the regulatory requirement to establish measures that promote reporting of irregularities as per Section 12 of the Ghana Banking Code of Ethics and Business Conduct ("the Code"). These findings demonstrate that professional bodies and regulators could support the establishment of such mechanisms by codifying the adoption and application to enhance transparency and promote an environment that shuns malpractices and fraud.

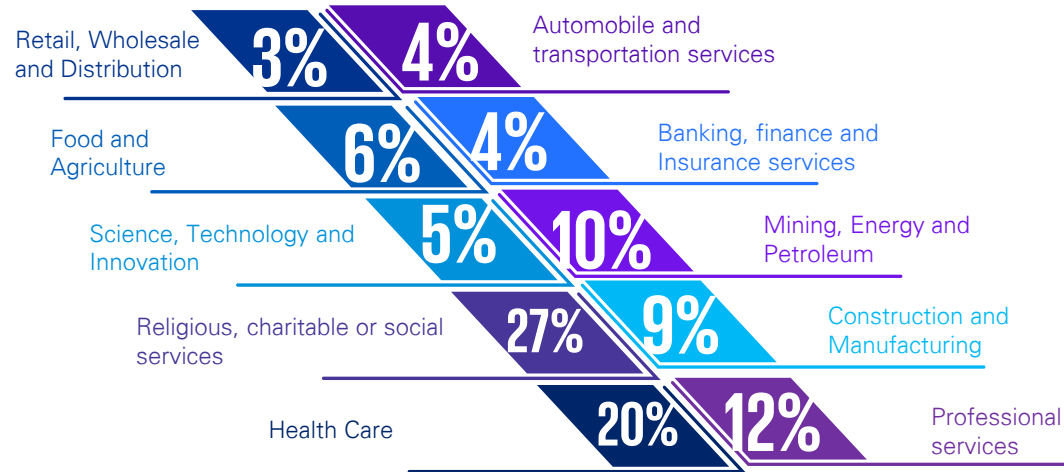
To facilitate the reporting of suspected irregularities, the 2020 KPMG Whistleblowing Survey² recommends the setting up of confidential and anonymous whistleblowing hotlines for employees and external parties outside the organisation to enhance control systems and to facilitate reporting of unethical issues. It is also generally recommended to have the hotline managed by a third party instead of administering it within the organisation.



Reporting of Procurement Irregularities

We further categorised respondents with no whistleblowing mechanisms established in their applicable sectors..

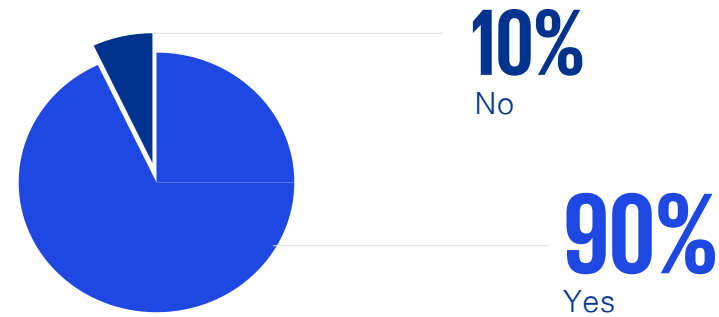
Figure 19: Breakdown of organisations without an anonymous channel for reporting



The need for anonymity of whistleblowers

We asked the respondents about their stance on whether whistleblowers should remain anonymous following the reporting of suspected procurement fraud. The findings indicate a strong consensus among respondents, with 90% expressing a preference for maintaining anonymity after reporting their suspicions. The results suggest that respondents value the protection of their identity throughout the investigation process. From these findings, it is evident that the need for organisations to institute a third party anonymous reporting channel is extremely vital in raising whistleblower confidence, fostering a culture of transparency, accountability, and ethical conduct within the workplace.

Figure 20: Whistleblower anonymity preference following a report



Suspicion of procurement fraud in organisations

We inquired from the respondents whether they have suspected any fraudulent activity in the procurement process within their place of work. The survey revealed that **45%** of respondents have suspected fraudulent activities within the procurement process at some point.

It is significant to note that although nearly half of respondents admitted to suspecting fraudulent activities within procurement processes at some point, **one-third** of these persons were not reporting these issues. Insights from our 2020 KPMG Whistleblowing Survey showed a similar trend. The findings indicated that a significant number of respondents abstain from reporting due to a lack of trust in the reporting system, fear of retaliation, and the belief that no action will be taken.. Similar sentiments were expressed by procurement practitioners as evidenced by some of their responses on the next page.



Some Reasons Respondents Do Not Report Suspicion

"Kept quiet because there is no listening ear"

"I am afraid of being victimised should my identity be disclosed as the reporter"

"I did not take action because of the fear of being sacked"



"I don't have anyone to report to because it is management who is doing it"

"Lack of trust in the system to deal with the crisis truthfully"

"No action will be taken"

"The mind your business approach"

"I don't trust those I'm to report to"

"Fear of intimidation"



The Need for Training...

Further analysis revealed that out of the respondents who did not report suspicions of procurement fraud, 77% worked in the public sector while 19% and 4% worked in the private and NGO sectors respectively. This suggests that workers in the public sector may not want to report due to fear of victimisation as indicated in the KPMG whistle blowing survey¹.

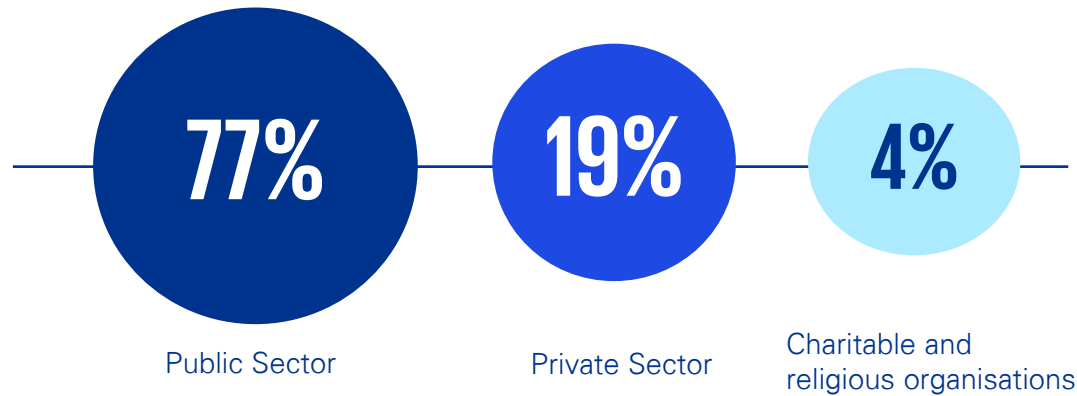


Figure 21: Sector representation of respondents that were not reporting procurement fraud

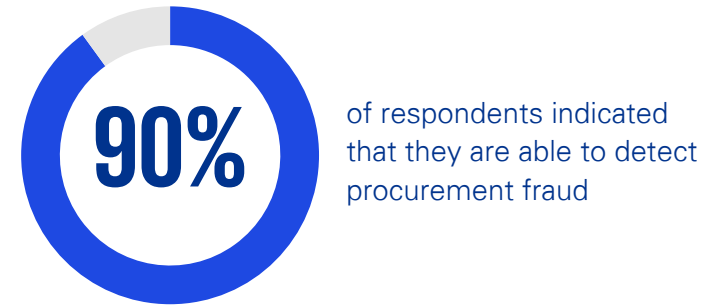
Respondents that have received training on what constitutes procurement fraud

The survey inquired from respondents whether they receive training or guidance on what constitutes procurement fraud. A significant number of respondents (75%) indicated that they had received training or guidance on what constitutes procurement fraud. This shows a proactive approach by organisations in educating their workforce about the potential risks and implications of procurement fraud.

1 – [KPMG 2020 Whistleblowing Survey](#)

Respondents ability to detect procurement fraud

Moreover, the survey inquired of the ability of respondents to detect procurement fraud. 90% of the respondents feel they have the ability to recognise procurement fraud. This high level of confidence in their ability to identify such fraudulent activities suggests that procurement fraud trainings organised for employees are effective.



The need for procurement fraud awareness training

We inquired from the respondents if their organisations should provide more trainings on detecting and reporting procurement fraud. An overwhelming 96% of respondents think their organisations should provide more training to employees on how to spot and report procurement fraud (refer to Figure 22). This suggests that by providing employees with the necessary knowledge and skills, organisations can foster a more vigilant and informed workforce. This could lead to enhanced reporting of breaches and suspected fraudulent activities, contributing to a more robust and proactive approach to addressing procurement fraud within organisations.



The Need for Training...

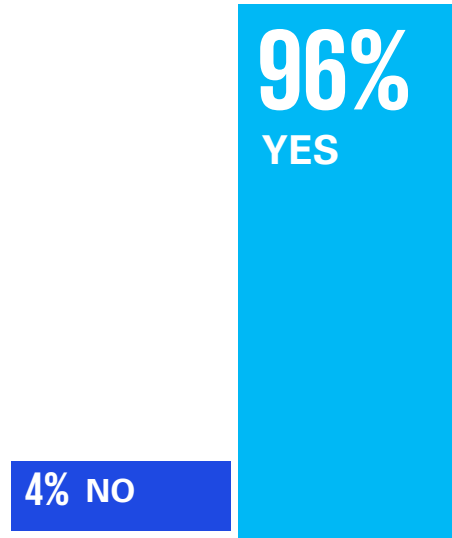


Figure 22: The need for fraud awareness training

Retaliation against individuals that report suspected procurement breaches

In the survey, respondents were asked whether they had encountered any form of retaliation for reporting suspected procurement fraud. The results indicate that **74%** of respondents reported no instances of retaliation, while **26%** reported experiencing some form of retaliation after reporting suspected procurement fraud. This suggests that a minority of the respondents faced adverse consequences for their reporting their suspicion. There is the need for third party anonymous reporting channels to protect the whistleblower from retaliation.

The need for stringent measures to prevent and detect procurement fraud

95% of respondents indicated that their organisations should adopt measures to tighten controls that prevent and detect procurement fraud.

This overwhelming response indicates that respondents believe that the existing procurement measures have some inherent challenges and these measures are essential for reinforcing the integrity and sustainability of procurement processes within their organisations. First and foremost, a strong ethical culture must be cultivated within organisations, one that resonates from the executive suite to the warehouse floor. This culture reinforces the understanding that integrity is not negotiable and that the repercussions of procurement irregularities are swift and severe. To tighten controls, organisations should conduct periodic reviews to assess the effectiveness of existing controls in preventing and detecting fraud. Conflict of interest checks should be done before the completion of the procurement process. Regular audits and third-party assessments would also serve as a strong measure, uncovering hidden threats to an organisation's sound and value-driven procurement processes.



General Comments by Procurement Practitioners

"I think superiors are using too much power on us to have their way in procurement fraud"

"I suspect that favoured suppliers get to know the price quoted by others and they later reduce their price in the form of discount to win the bid"

"Adequate information should be made before one determines that only one company can supply an item on single source method"

"Our system does not support professionalism. Often, people who are upright are punished and frustrated for doing the right thing. More so, independent professional bodies do very little to protect their members. The consequences will be dire if this trend should continue. We might all have to hang our boots and join the band wagon".

"E-procurement should be fully integrated in the Public procurement process to reduce human interface"

"We need a regulatory body to protect procurement professionals who are willing to expose fraud"

"Most often, contracts are given based on those who can give kick backs"

"I suggest organisations should ensure quotations are submitted to one central tender mail and not buyers. This can be part of the procurement processes and a form of control measure."

"Organisations need to give employees relevant training required to understand the process of procurement and it's ever changing field"

"Procurement practitioners are very underpaid in this country"

"Can we investigate why accounts still do not want to leave the procurement process to the procurement staff to take full control?"



07

Sectoral Focus

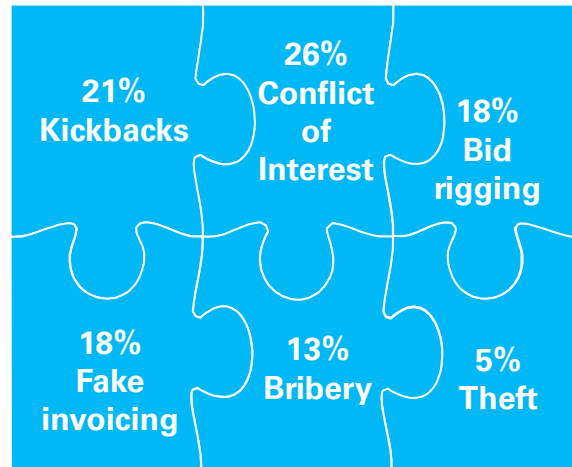


Highlights from the Public Sector



Each sector has its own unique challenges and advantages. As such, this section provides an overview of the key findings relevant to the **public sector**, shedding light on the specific insights and trends that have emerged. By focusing on this sector, we aim to offer a tailored and insightful analysis that caters to the distinct needs and interests of stakeholders and players in the **public sector**.

Most common types of procurement fraud in the Public Sector



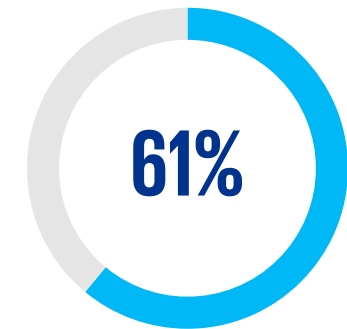
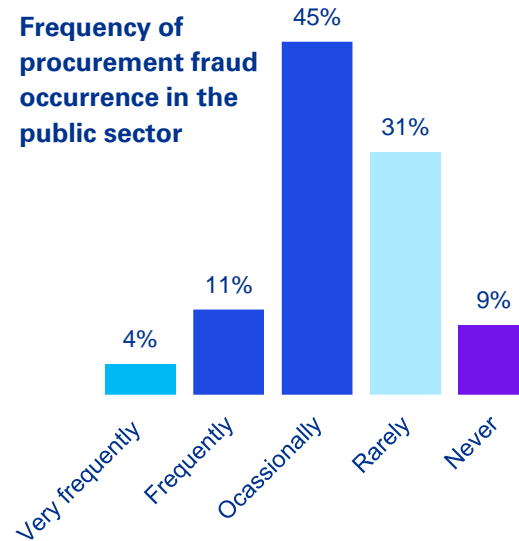
66%

of organisations in the public sector do not have an anonymous channel for reporting suspicious fraudulent activity

77%

of respondents in the public sector have received training or guidance on what constitutes procurement fraud.

Frequency of procurement fraud occurrence in the public sector



Presence of formal process of investigating and resolving incidents of suspected procurement fraud in the public sector

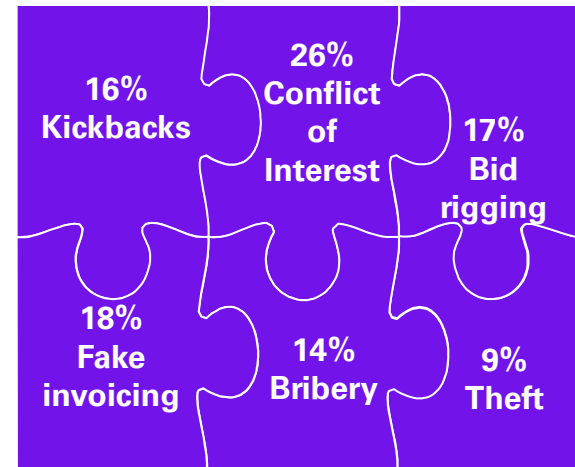


Highlights from the Private Sector



Each sector has its own unique challenges and advantages. As such, this section provides an overview of the key findings relevant to the **private sector**, shedding light on the specific insights and trends that have emerged. By focusing on this sector, we aim to offer a tailored and insightful analysis that caters to the distinct needs and interests of stakeholders and players in the **private sector**.

Most common types of procurement fraud in the Private Sector.



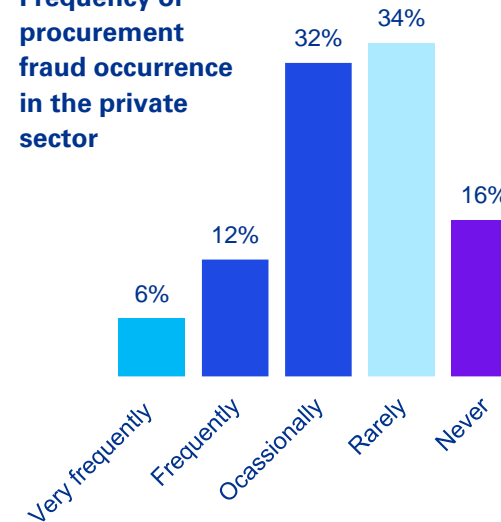
46%

of organisations in the private sector do not have an anonymous channel for reporting suspicious fraudulent activity

70%

of respondents in the private sector have received training or guidance on what constitutes procurement fraud.

Frequency of procurement fraud occurrence in the private sector



33%

of respondents who have faced pressures to commit fraud.

67%

Presence of formal process of investigating and resolving incidents of suspected procurement fraud in the private sector.



Highlights from NGO and Religious Organisations



Each sector has its own unique challenges and advantages. As such, this section provides an overview of the key findings relevant to the **NGO and religious organisations**, shedding light on the specific insights and trends that have emerged. By focusing on this sector, we aim to offer a tailored and insightful analysis that caters to the distinct needs and interests of stakeholders and players in the **NGO and religious organisations**.

Most common types of procurement fraud in the NGO and Religious Organisations.



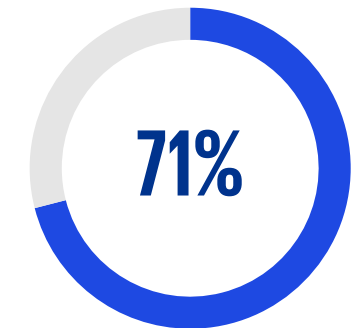
50%

of NGOs and religious organisations do not have an anonymous channel for reporting suspicious fraudulent activity

71%

of respondents in NGO and religious organisations have received training or guidance on what constitutes procurement fraud.

Frequency of procurement fraud occurrence in NGO and religious organisations.



Presence of formal process of investigating and resolving incidents of suspected procurement fraud in NGOs and religious organisations.

08

Conclusion



The Path Forward...

The Reality of Procurement Fraud

The findings from this survey underscore the pervasive nature of procurement fraud within a significant number of organisations. Majority of respondents have indicated that procurement fraud occurs in their organisation. While a majority of the respondents noted that their organisations have controls to prevent and detect fraud, the findings from this survey suggest that there may be potential challenges in the form of collusion to bypass controls, management override of controls, absence of effective controls and a lack of adherence to established control mechanisms.

In response to these findings, it is imperative for management and executive leadership in organisations to set the right tone-at-the-top, review the effectiveness of controls and establish welfare programs that provide support to employees, thereby alleviating the pressures that may lead them to engage in fraudulent activities. By taking these measures, organisations can strengthen the foundations of sound and value based procurement.

This view is supported by a majority of respondents who indicated that their organisations should implement more stringent measures to prevent and detect procurement fraud. Furthermore, majority of respondents also believe that additional training for employees on spotting and reporting fraud would be beneficial.

Whistleblowing and Retaliation

The survey findings indicate a critical gap, with over half of the respondents reporting the absence of whistleblowing mechanisms within their organisations. To foster a culture of reporting suspected procurement irregularities, organisations must take proactive steps.

Organisations should consider outsourcing their whistleblowing reporting mechanisms to facilitate anonymity and instil confidence among employees who may wish to report suspected irregularities. By offering external channels for reporting, organisations can provide a safe and confidential space for employees to disclose their concerns without fear of retaliation.

Fraud Risk Assessments and Reviews

The survey revealed a concerning gap in fraud risk assessments, with nearly half of organisations in the country not conducting them. Tackling procurement fraud and malpractices requires a comprehensive approach that begins with assessing the vulnerable points in the procurement chain that is susceptible to fraud and developing effective response programs to address assessed risks. Notably, the survey revealed that conflict of interest emerges as the most common procurement fraud typology.

Equally noteworthy is that nearly one-third of respondents disclosed that their organisations lack procedures to address conflict of interest when it arises. This underlines the need for organisations to adopt a proactive stance in addressing this prevalent fraud typology and enhance their anti-fraud measures.

Furthermore, enhancing anti-fraud measures would require regular fraud management health checks to determine whether processes and controls are functioning as designed and policies and procedures are being adhered to.

A Path Forward

The survey results have provided valuable insights regarding the current state of procurement practices. It is imperative that looking ahead, organisations adapt new realities such as artificial intelligence (AI) and Environmental, Social, and Governance (ESG) considerations. To ensure future readiness, organisations should plan to incorporate technology and emerging ethical frameworks such as ESG principles and AI into procurement practices.

The integration of these considerations will enhance procurement practices by making them more sustainable, data-driven and efficient, ultimately benefitting organisations, the environment, and society at large.

It is noteworthy that ESG considerations are an increasingly important part of doing business. The procurement function can play a leading role in meeting ESG expectations in every organisation.



Contact

Andy Akoto

Partner, Head of Advisory
KPMG Ghana

KPMG
Marlin House
13 Yiyiwa Drive, Abelenkpe
P.O.Box GP 242
Tel: +233 20 817 4629
Email: aakoto@kpmg.com

Simon Annan

President,
Ghana Institute of Procurement and Supply

Ghana Institute of Procurement and Supply
2nd Floor, Forico Mall
Mission Street, Osu
P.O.Box CT 3651
Tel: +233 24 139 8603
Email: info@gipsghana.org



kpmg.com/socialmedia

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organisation.

© 2023 KPMG a partnership established under Ghanaian law and a member firm of the KPMG global organisation of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

Document Classification: KPMG Public