



Procurement fraud



The focal point...

Procurement is a key function in any organisation covering the following broad areas:

- **Sourcing:** Identification of vendors/service providers.
- **Selection:** Select a vendor for the product/service required.
- **Onboarding:** Conduct due diligence of the selected vendor, contract finalisation and integrating the vendor in the procurement process.
- **Vendor negotiations:** Hold discussions with the vendors for specific transactions
- **Order placement:** Initiate purchase orders against the vendor and schedule delivery of goods/services.

- **Periodic evaluation:** Measure the performance of the vendor on an ongoing basis to maintain delivery standards.
- **Delivery and payment:** Ensure delivery of products/ services are as per the contract/purchase order meeting all the requirements of the Service Level Agreements (SLAs) and payment as per the terms agreed with either the vendor.
- **Termination:** includes exit procedures for a vendor parting after either completion of contract terms or in case of pre-mature termination of the contract.

Our objective is to help companies identify and address the fraud risks arising from vulnerabilities in their procurement function.

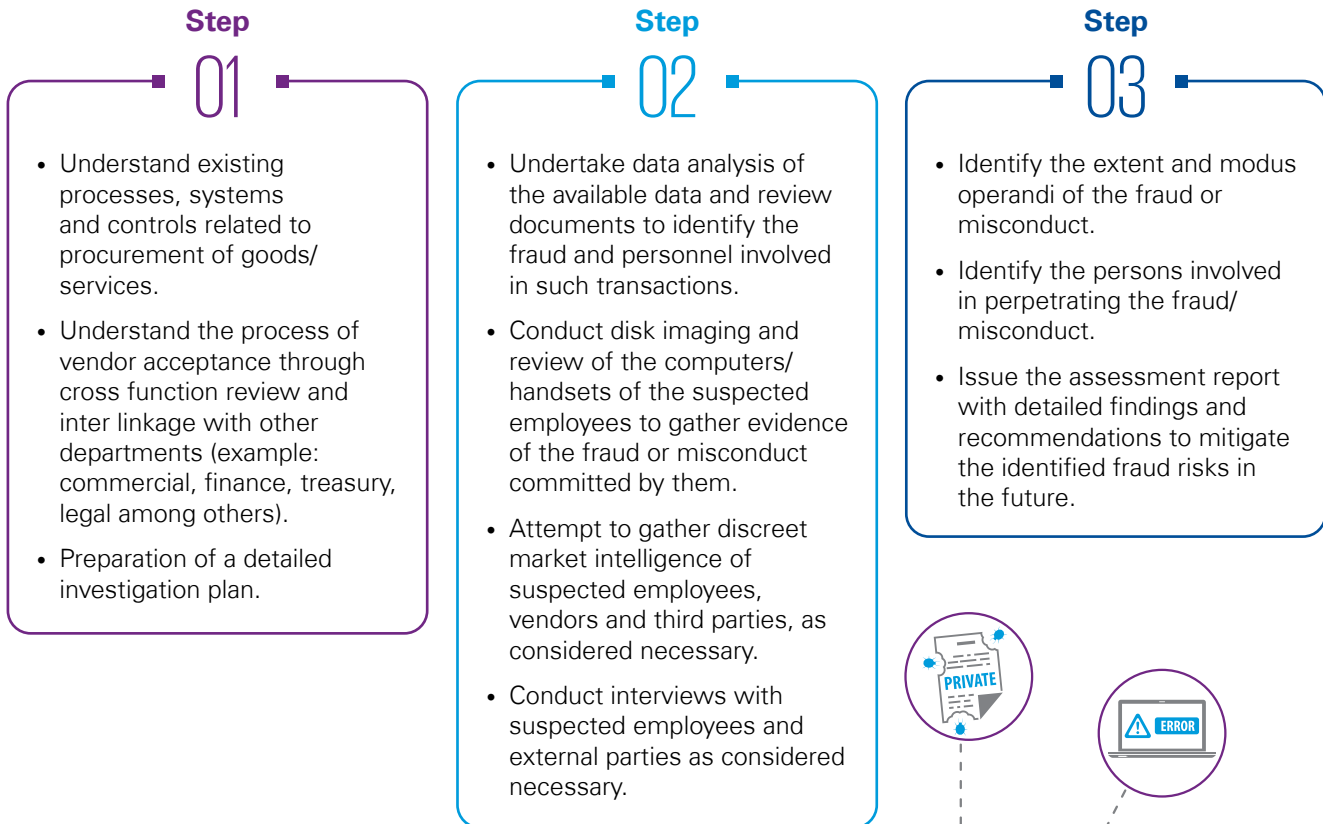


Key vulnerabilities you should watch out for

- Inflated budget approved for procurement to cover future kickbacks.
- Shell organisations registered as vendors in the system with poor or fictitious documentation.
- Bid rigging / bid splitting leading to favoritism of vendors and inflation of costs for personal benefits.
- Deliberate exclusion of alternate quotations resulting in single vendor procurement at higher price.
- Ordering excess quantity compared to requirements, or ordering at higher than competitive market price, resulting in substantial loss to an organization.
- Conflict of interest situation between vendors and employees resulting in kickbacks paid to employees in procurement, accounting and other departments.
- Falsification of documents, including processing of fraudulent invoices.
- Duplicate payments made to a vendor without the product received or service rendered to justify the second payment.
- Favorable early payments terms offered to preferred vendor for kickbacks.

How we can help you

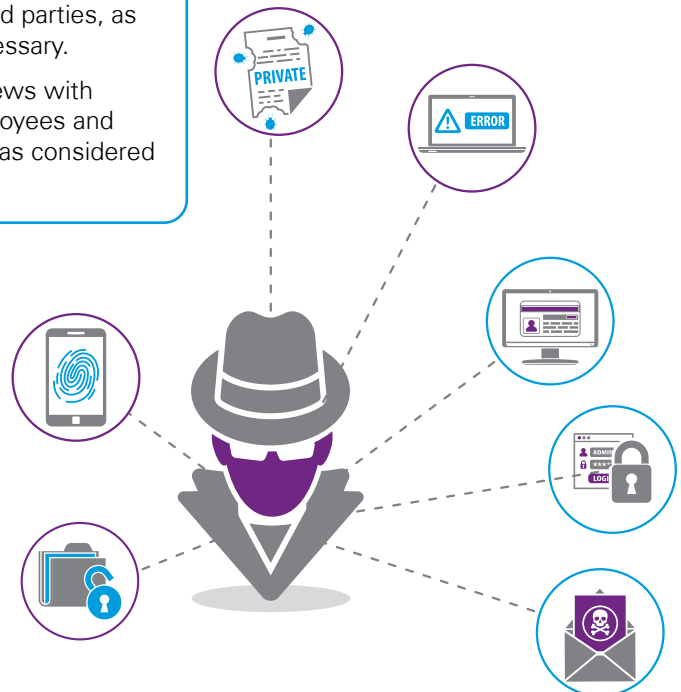
Our approach for conducting a procurement fraud investigation is detailed below:



While this is the broad outline of our approach, it is highly customisable, and can be modified to suit the specific requirements of the client.

Potential benefits

- Identification of potential frauds in the procurement function of the company can help the management of the company take stringent action against the perpetrators.
- Implement corrective actions for the issues identified and plug control gaps noted in the existing systems and processes.



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