



# An introductory guide to procurement fraud and corruption risk mitigation (Part 2)

## Oil and Gas Sector: An Enabling Environment for Fraud

Oil and gas is one of the global sectors in which financial crime can be substantial, from theft to oil bunkering in which countries such as Nigeria lose billions of dollars every year, through to million dollar bribery to obtain high value contracts. When we look at the types of fraud and the areas of risk within the oil and gas sector, how do you make a significant counter fraud impact.

Facts are threatening to those  
invested in fraud

— DaShanne Stokes

The oil and gas sector in its approach to fraud and corruption prevention and detection are faced with a significant variety of fraud risks and the targeting of several business areas.

### Conflicts of interest

Identifying conflicts of interest can be a significant challenge in certain regions where an organisation is required to employ locally or there is a national requirement, where practicable, to use local suppliers to support the national economy.

The local community, family or business relationships can be opaque that can have a significant impact on an organisations governance process and risk within supplier vetting, manipulation of tenders or award process including the sign off of payment for fictitious or incomplete works or services.

Such conflicts of interest may create a greater opportunity for an insider to either create a fictitious requirement or company, to manipulate the award of single source contract or be covertly involved with a supplier that may manipulate the award process giving the appearance of competition or are engaged within asset management and the illicit appropriation of materials that can be sold on or resold back to the organisation.

### Project risk

It is rare within the oil and gas sector that projects are assessed for fraud risk and yet it is one area in which substantial losses can occur and costs can spiral out of control. A lack of fraud risk assessment at the design and planning stage of a project impedes an organisations ability to identify or manage fraud risk. Governance controls are further limited where 'urgent requirements' are made on a regular basis because of time or cost sensitivity. Normal procedures are dropped to ensure speed of procurement, creating an environment where fraud can flourish.

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## **Fictitious remediation**

Oil remediation is an important part of the sectors responsibility to protect the environment particularly where land or sea is contaminated in the extraction process. It is an area of fraud and corruption risk if not monitored correctly, identifying that a vendor has the correct credentials and ability to dispose of contaminated soil correctly must be an ongoing assessment to ensure that contaminated materials are not disposed of in rivers or in landfill to hide their misconduct. It is also an area, through corruption, where fictitious requirements can be created to facilitate the awarding of contracts to a local supplier.

## **Facilities management**

Facilities management contracts are also an essential part of the smooth running of the day to day operations and are one of the simplest areas in which fraud can occur. Due to the fact that many of these contracts are resource based including areas such as security and maintenance.

Where there is no effective monitoring of resources or service delivery, it is easy for the contractor to submit invoices for goods, works or services that weren't provided or inflating invoices where works or services were only partially provided and billing for the contracted amounts.

This becomes more relevant where it is a multi-million dollar contract and the fraud is 25% or more of the value of the contract. Additionally, when audit is eventually carried out, it can be difficult if not impossible to identify whether specific quantities or resource expertise were used.

## **Consultancy and subcontracting**

There are many aspects of this type of works or services in which fraud can occur. Where an insider threat isn't recognised as a significant threat or individuals don't understand the various methods of insider fraud methods, many illicit activities can go on undetected.

It is not unusual for consultants to have personal or professional relationships with other businesses. As they are working inside a business they are rarely seen as an insider threat and as such may have unfettered access to systems and data that might help facilitate the award of work through the sharing of commercially sensitive information to a business they either own or have an active involvement in.

Where vetting isn't adequately conducted on a subcontractor, this type of engagement may be used as a method of paying bribes to an individual who facilitated the award of a contract, or has an active ownership or shareholding in, and receives work from the main contractor as a method of bribe payment, whether or not the work was carried out.

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## Risk assessment

An organisation's ability to scrutinise its own data sources is another key governance risk area. Departments retaining data in silos and the lack of understanding of the various methodologies of fraud and associated financial crime, limits the ability to analyse its data or recognise which data sources are relevant for future analysis. A risk assessment might for example identify quality and maintenance records as a valuable source of information and risk mitigation, particularly where there have been a number of product or equipment failures.

The management and audit of procurement and finance systems can be a valuable tool in identifying fraud risk but can be missed due to the lack of understanding of fraud or the tools and techniques available to analyse data for fraud.

## Compliance

One of the challenges in the oil and gas sector is an organisation's culture. The revenues within the sector are significant and the losses from fraud or other financial irregularity can also be substantial, however the risk appetite to identify and mitigate the level of fraud can be varied. Counter fraud can be seen as a distraction from outputs and profits and are prepared to lose monies to fraud to get the job done. This attitude to fraud can determine response and the importance placed on compliance, resources and response.

The attitude towards the departments involved and the priority it places on the compliance framework including its engagement with staff, consultants, suppliers and its leadership will ultimately have a direct impact on the culture and an organisation's ability to quantify the level of revenue loss to fraud and corruption.

## Prevention through design

In building or enhancing a response to procurement fraud a consistent approach should be taken to design out fraud risk. As a first step, key areas that should be considered in the introduction of this process should include:

- The design of a communication strategy that supports the increase in reporting and involvement of staff and supplier to enhance the anti-fraud culture.
- Strong and consistent vendor onboarding process that includes checking staff and supplier details against new vendors.
- Continued or frequent analysis of organisation data sources that includes finance, procurement, quality and maintenance records.
- Introduction of a counter fraud risk assessment at the project planning stage.
- Creation of an annual fraud risk profile to monitor annual changes in fraud risk.

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As a starting point this process will enable an organisation to measure its counter fraud performance, identify areas of risk, the increase in reporting and the quantity and quality of risk information that supports an approach to risk mitigation including fraud and corruption prevention and detection.

As always the simple approach can sometimes be the best approach, what approach would you add that can impact fraud risk within your organisation?

## Impact of Procurement Fraud within the Financial Sector

Procurement fraud is not an area of financial crime risk that is generally identified or specifically highlighted as a risk within the financial sector and yet in many cases, it is linked to the insider threat.

An investment in knowledge pays the best interest.

— Benjamin Franklin

In many procurement fraud cases, an associated risk can be bribery and corruption, where an individual accepts or requests a bribe payment to facilitate the awarding of a contract, and once a contract is obtained by this method, in many cases, further fraud can be committed ensuring maximum financial gain throughout the lifetime of the contract.

In the 2023 Annual Fraud Indicator, produced by the University of Portsmouth, estimated that procurement fraud within the UK private sector to be £133.6 billion, or 4.57% of the £2.9 trillion of total expenditure. Whether the actual percentage of financial losses due to procurement fraud is much less this figure of losses is still significant.

## The insider threat

Assessing bribery and obtaining or retaining new business, which includes the use and payment to third parties in developing new areas of business, there has been a number of published cases and reviews that have highlighted the extent of the risk that the financial sector faces. However, in publishing these risks have the financial sector and regulating bodies properly considered the extent of the fraud and corruption risk that they may face.

Bribery in the regulated sectors has in many cases been considered as a front office risk on the financial services and financial solutions that they provide. However, is procurement an area within an organisation that requires a second look to determine the extent of the fraud and corruption risk? Is this a financial crime risk that you aren't aware of, is it part of your risk management plan or do you believe that the risk is so low that it requires minimal consideration as part of your compliance regime.

Although there are specific requirements placed on the financial sector to introduce bribery risk mitigation, having assessed an investment banks approach to risk mitigation, it was identified that the risk department had assessed the risk within its £400 Million annual spend as low. The subsequent external review identified significant gaps in their assessment approach and estimated that their procurement approach was a high risk of bribery.



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Procurement is a process that all organisations have and use, and financial sector organisations can spend hundreds of millions annually, from cutting edge IT security to facility management and physical security services. But is it an area that an organisation focuses on or prioritises when assessing fraud and corruption risks? The British Standard BS10501 (Guide to Implementing Procurement Fraud Controls) delineates the many methods through which procurement fraud can be committed.

## Department autonomy

One of the challenges within the financial sector is the ongoing assessment and procurement of cutting edge IT infrastructure and in many cases is one of the largest procurement areas. Dependent on the approach and responsibility given to ownership and procurement of these solutions, greater procurement autonomy can be given to IT departments and their leadership.

In these circumstances procurement procedures, routes and controls can be ignored. This may evidence itself in several ways that include the improper procurement of consultants, conflicts of interest in the award of contracts and misuse of procurement cards for low value procurement, poor reconciliation of requisitions, purchase orders and invoices particularly where there is a lack of governance or risk assessment in the process.

## Recognising risk

Although the financial sector has a clear focus on risk, this capability is only as good as the knowledge of the individuals assessment for bribery and procurement fraud risk. Over the years we have identified different bribery and procurement fraud risks that were missed during the risk assessment process, which has included the weakness in the invoice payment process where 60% of the invoices received didn't have a requisition or purchase order. This meant that the only control in the procurement process was the review before payment. If there was a weakness in this control measure then it would leave the process open to the creation of fake invoices for fictitious goods, works or services.

## Recruitment risk

The recruitment of IT expertise is an essential part of the banking infrastructure and in many cases the financial sector use specialist recruitment companies to identify key candidates. Where, as a case example, the head of an ICT department consistently fails individuals within the interview process and then goes outside of the normal process to identify a specific individual for a role through a different recruitment company. The risks highlighted within this case included the individual recruited was a friend of the ICT head and secondly why was the recruitment company paid for this individual when the head of ICT already knew the individual.

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## Strategic approach

Financial institutions that don't place enough emphasis on the expertise of procurement staff and procedure, may increase the risk of bribery and corruption, particularly where a procurement team is only used in an advisory role for high value projects. In instances where departments carry out their own procurement, it may reduce segregation of duties and control measures and increase the procurement fraud and bribery risk.

Globally, procurement fraud is limited within organisation crime strategies and consequently, there has been limited assessment of risk in this area.

The UK Financial Conduct Authority (FCA) has tended to focus upon bribery and has published the results of thematic reviews in order to assist organisations in evaluating and developing their own anti-bribery systems and controls. These have included a thematic review on anti-bribery and corruption in commercial insurance broking and anti-bribery and corruption systems and controls within Investment Banks. The further publication of the final notices to Aon Ltd, Willis Ltd and Besso Limited have provided a specific focus on third party bribery risk in obtaining and retaining new business and the marketing of financial solutions that an organisation may offer.

## Regulator oversight

The use of procurement contracts to obtain and retain new business within the financial sector, has featured only to a limited degree within FCA publications and then only in relation to third party relationships (including general comment on policies and procedures for said parties) and due diligence. Although corruption and fraud within procurement can be serious risks, FCA publications mention bribery risk in procurement fleetingly and then only in terms of a commentary on good practice for specific organisations' implementation of anti-bribery initiatives.

To support the assessment of an organisation's bribery risk, the FCA suggests that a review should be conducted with internal stakeholders to determine the risk within respective business areas.

Although this is an important methodology in the identification of fraud and bribery risk per se, the lack of knowledge on the part of corporate professionals in relation to procurement fraud methodologies, their connection to bribery and corruption and the threat posed by insiders involved in the procurement process to the organisations' internal controls, may lead to an incomplete risk strategy.



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## Procurement risk typologies

Organisations should have a process in place to verify whether the procurement need identified within the organisation is required or whether there are, in fact, illicit motivations driving the request. The specification should be checked to establish where possible that, for example, where cutting-edge technology is requested that it is actually required or whether in fact something 'off the shelf' might be more appropriate. The pre-qualification and selection of vendors and the subsequent award of contracts can also be open to personal influence, and suitable control measures should be put in place for the management of those processes.

The Competition and Markets Authority (CMA) also highlights bid rigging as a procurement fraud risk that includes the collusion between contractors and their pre-determination of the winners of tenders. In a recent settlement, the CMA fined 10 construction firms a total of nearly £60 million for illegally colluding to rig bids for demolition and asbestos removal contracts involving both public and private sector projects.

This example of procurement fraud risk is recognised as a common method within which fraud and corruption can occur and which can result, if appropriate controls are not put in place, in corrupt influence and improper awarding of contracts.

Post-award procurement fraud and corruption risks can also be seen in a number of areas including payments based on false vendor information, false invoices (including requests for the amendment of company billing information), and legitimate payments diverted to illicit accounts. An organisation must have proactive links between departments, including accounts payable, procurement, and compliance, respectively, to systematically identify and respond to such risks. It is how the organisation implements controls in this area that generally determines the level of mitigation and the subsequent extent of procurement fraud committed against it.

The FCA also confirms that the notion of bribery extends to anyone acting on the firm's behalf who engages in bribery. The FCA affirms that it does not enforce or give guidance on the Bribery Act but firms which are subject to rules SYSC 3.2.6R and SYSC 6.1.1R are under a separate regulatory obligation to establish and maintain effective systems and controls to mitigate financial crime risk.

Do individuals involved in purchasing on behalf of your organisation or the handling of supplier information face additional vetting procedures to ensure that they do not have a conflict of interest or fraud and corruption risk?

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In a large percentage of cases, procurement fraud is facilitated with the support of an insider.

Where organisations have decentralised their procurement or accounts payable capability and have a number of procurement hubs to support their purchasing requirement, particularly in organisations with an international reach, they may develop weaknesses in their procurement and payment controls. Fraud risk may also increase in this area, particularly where departments are driven by time sensitive operational requirements and control measures are relaxed to expedite procurement.

## Enhanced due diligence

Organisations should not just conduct due diligence on companies they use in developing new business but should also review business services that are outsourced, and which may include procurement. Organisations that either outsource their procurement capability or use temporary staff within their own organisation for procurement requirements have a recognised susceptibility to procurement fraud and corruption risk. Where a high level of risk assessment and vetting is not conducted in these areas it can leave the organisation open to corruption and procurement fraud schemes.

The World Bank highlights, within its fraud and corruption awareness handbook, that an insider threat can emanate from the leaking of information about cost estimates and competing bids to favoured bidders in order to provide them with an unfair advantage which enables them to tailor their bid to secure a contract award. The method is simple to commit and difficult to detect, thus organisations must put security systems and controls in place to mitigate this risk.

Procurement fraud methodologies and schemes are not new, but globalisation and the outsourcing of business functions, together with the continued enhancement of technology that expedites business and financial transactions, have rendered this type of fraud more difficult to detect. The fraudster's best tool is the combination of insider knowledge of an organisation's processes and controls and subsequent ability to manipulate weaknesses within them to their benefit. Financial institutions must ensure that they have the correct understanding of their procurement fraud and corruption risk and that their control measures adequately reflect their risk appetite.

## A New Approach to Prevent the Transfer of Vendor Fraud Risk

When considering a holistic approach to procurement fraud and corruption risk mitigation, a question that should be asked is whose duty is it to protect the revenues of an organisation from fraud and corruption risk? Is a prevention approach used and how is it confirmed that vendors that wish to become a supplier can demonstrate that they mitigate their own fraud risk and that they don't transfer bribery and procurement fraud risk into the procurement lifecycle?

Security is always excessive until it's not enough.

— Robbie Sinclair

### Defence sector risk assessment

In 2012 and again in 2015, Transparency International UK Defence and Security Programme (TI) led by Mark Pyman assessed the ethics and anti-corruption programmes of 163 Defence companies from 47 countries using publicly available information.

Based on the extent of publicly available evidence on their ethics and anti-corruption programmes, companies were placed in one of six bands A to F from extensive evidence through to almost no evidence.

All companies in the index were sent a draft assessment for comment and review.

TI UK also reviewed information that was internal or confidential to companies. In 2015 Sixty-three companies provided detailed internal information, almost double the number that did so in 2012.

### Anti-corruption analysis

The outcomes of this assessment approach identified that:

1. Two-thirds (107 companies) performed in the bottom half of the index (bands D to F), with limited to no evidence of such programmes.
2. 23% (37 companies) provide no evidence at all.
3. 42 companies out of 127 (33%) improved significantly since 2012, by one or more bands. In total, 76 companies (60%) have improved compared with 2012.

### Assessment of risk

The anti-corruption analysis was banded into a number of areas that included:

- Leadership, governance and organisation risk management
- Company policies and codes
- Training

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- Personnel and helplines
- Offsets

This significant piece of analysis and subsequent publication on which companies had been proactive in developing and improving their anti-corruption initiatives highlight a major point. A significant number of companies recognised the importance of anti-corruption and also that their company is perceived as ethical.

When we appraise this simple method and the psychology of prevention and assessing corruption risk, both public and private sectors need to assess the value of its implementation as part of a supplier onboarding process.

## Procurement fraud detection and prevention

Identifying procurement fraud and corruption is always a challenge because of its covert nature. If you are taking steps to check for conflicts of interest, a vendor's ability to adequately complete the contract including verifying previous performance or that they are a low financial risk. If checks confirm that they are compliant with organisation policies such as health and safety or UN Global Compact requirements why wouldn't we make the same assessment of their proactive approach to counter fraud and anti-corruption approach?

## A new approach to vendor risk assessment

So when considering the areas assessed by Transparency International, areas that should be verified when reviewing a vendor's anti-corruption and procurement fraud approach might include:

- Is there an internal anti-bribery message and other communication that includes a leadership message of zero tolerance
- Is this information published on the company website
- Does a vendor have a proactive approach to risk management that might include audit and data analysis.
- Do they assess their supply chain for counterfeit or inferior product risk.
- Does a vendor have codes of conduct and anti-fraud and corruption policies and how are they communicated.
- Is there an anti-bribery training programme in place or are you able to provide training to new suppliers.
- Does the vendor have a hotline and/or helpline for ethical concerns.

If a vendor can't adequately evidence that they can protect public or private sector revenues or transfer risk particularly in high value projects, would you wish to approve them as a contractor?

## **An anti-corruption message**

Supplier registration is the key point where vendor risk should be assessed and yet it is rare that their anti-corruption or a counter fraud approach is measured. Having a policy isn't enough, it's not just about communication by a vendor it's also about the proactive action they take.

Where zero tolerance to procurement fraud and corruption is communicated and more time is spent at the point of supplier registration and due diligence, there may be a greater opportunity to more effectively reduce incidents and opportunities for corruption and procurement fraud and also create a more effective procurement process reducing the instances of fraud and failing projects. It additionally sends a strong counter fraud and corruption message.

## How to measure your anti-corruption performance

Does your organisation or national anti-corruption programme have the impact that you would like? Organisations that have procurement risk, fraud, and corruption training and awareness at the heart of their anti-corruption culture, not only have a greater opportunity to develop internal capabilities and retain expertise but will also have an increased ability to develop an understanding of the risk that they face and a better aptitude to respond to these risks.

Investment in knowledge always pays the best interest.

— Benjamin Franklin

The value of education as part of an organisation's strategy to protect its revenues from procurement fraud and corruption risk can never be underestimated, not only in building capabilities but transforming into an anti-fraud culture.

One of the challenges is persuading senior management of its value and the positive impact that education and awareness can have on an organisation.

The ability to measure the impact that education can have, in the majority of cases is never considered, and yet one of the consequences of an increase in awareness is that in many instances there will be a rise in the identification and reporting of risk.

## Starting from the end

Within the planning process particularly within national training programmes, asking the question 'what do we want to achieve as a result of the training', can help with the design of the programme including roles and expertise that should be introduced to the training. Dependent on the outcomes you wish to achieve, such questions might include:

- How can the training assist with the response to the national anti-corruption risk assessment.
- Can we standardise risk assessment that will help measure an organisation's current performance.
- How do we enhance communication and engagement between organisations to share risk information and best practice.
- What approach can be used to assess and enhance risk mitigation and what measurement can be introduced to monitor performance.



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## Design your approach

To maximise the benefits and reach of an anti-corruption training programme, consideration should be given to the various training methods.

- eLearning - procurement fraud risk and the various typologies including how and where an organisation can be targeted.
- Assignments - that furthers a student's initial learning through the assessment of their organisation's current approach to risk mitigation.
- Virtual - sharing information on the various methods of implementing a risk identification and mitigation approach.
- Face to face - in depth training on a coordinated and strategic approach to risk mitigation including assessment of projects.
- Mentoring - enhancing the specialist knowledge and expertise of professionals and leaders working within the field of procurement fraud and corruption risk

## Benefits of education

When individuals are made aware of the key procurement and finance risks including fraud and corruption methodologies, the insider threat that can influence or manipulate procedures, they have a better understanding of their role in mitigating these risks.

Learning how an organisation can design and build a risk mitigation model, allows leadership to reflect on an organisation's current response and performance. On many occasions, there can be a light bulb moment because of a realisation that fraud is ongoing within an organisation or that there are significant gaps in the procurement and anti-fraud or corruption compliance regime. Such examples and responses that we've seen from training have included:

- The introduction of a field compliance team to monitor the performance of projects in key risk areas. Verifying whether a contractor has completed the work invoiced for, and is of the right quality, quantity, or specification that also includes further monitoring where product failures are identified.
- The creation of a data analysis team to scrutinise organisation data for known fraud and corruption methodologies that helped create an organisation risk profile.
- Listening to live case examples and methodologies created a realisation that the change in vendor to build a new warehouse could have been improperly influenced.
- Introduction of a compliance department because of an organisation's inability to manage and respond to whistle-blower complaints securely.

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- The creation and introduction of anti-fraud policies and the annual sign-off by staff.
- Creation of a compliance team due to an inability to carry out an investigation where allegations have been received and as an example, investigation work is given to inexperienced procurement managers to complete.

## Response to risk

Education should not be a tick box response as part of a procurement risk, anti-fraud or anti-corruption programme, but should be an integral part of an organisation's strategy to mitigate risk and protect revenues. Fraud and corruption methodologies are continually changing, highlighted by the quantity of national and global cases and companies reported on in the press, continually updating training programmes with this new information should be integrated into a risk mitigation approach.

To keep informed of these new methods and assess whether they impact your organisation and sector, risks should always be under review. The cost of an organisation's awareness of procurement, procurement fraud, and corruption risk can be small in comparison to the values of loss identified because of the training and awareness.

## The figures don't lie

In addition to the many benefits already described, a key area of persuasion is the collection of data from the introduction of anti-corruption or procurement fraud mitigation training. The list is not exhaustive but might include:

- increase in hotline reports
- increase in allegations and number of investigations
- values of fraud or corruption identified and loss prevented
- monies recovered under the contract for inflated or falsified invoices
- decrease in maintenance requirements or product failures
- reports received from individuals receiving training
- comparison of training cost to the level of fraud or other financial crime prevented or detected

But the question remains if a leader doesn't believe the facts how do you change into an anti-fraud culture?

## Top 10 Questions to Reduce the Likelihood of Importing Vendor Risk

When an organisation takes steps to tackle procurement risk whether it is procurement fraud or corruption, quality or health and safety risk from substituted or counterfeit products, one of the first considerations in the planning process should be how do we stop these risks at the front door.

Good governance cannot remain merely a philosophy. Concrete steps have to be taken for realising its goals.

— Narendra Modi

How do you stop a vendor from transferring their risk into your organisation or increasing the opportunity of identifying a fraud or corruption risk at the onboarding stage?

As part of initial planning, does your organisation assess the vendor onboarding process to establish if it is obtaining the correct quality and quantity of data to make a proper assessment of the vendor risk?

Introducing a consistent approach to vendor risk assessment as part of the onboarding process may help identify that there is an increased risk from procurement fraud or corruption include conflicts of interest checks, a vendor's ability to perform the contract, vendor visits, company financials, company formation dates, and whether it is a new company and having sight of their anti-fraud policy and procedures.

In addition to the standard checks and to strengthen the onboarding process a number of additional questions should be asked to assess the level of procurement fraud and bribery risk that a vendor may if approved, transfer to your organisation:

### Key questions

1. Are you able to compare new vendor details including executives, and shareholders against other suppliers for conflicts of interest and bid rigging risk?
2. Are you able to match new vendor information against staff and consultant information for undisclosed conflicts of interest?
3. Do you contact a vendor's previous clients to confirm their contract performance and ethical behaviour?

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4. Are you able to visit new vendor premises to verify the scale of their operations?
5. Are you able to visit a new vendor's premises to verify supply chains, quality and specification of goods and materials compared to the contract requirement.
6. Are you satisfied that the vendor's management take action to protect your organisation from child labour and modern slavery risk in their supply chain?
7. Can you verify a vendor's financial security and their ability to complete the contract?
8. Do you confirm a vendor's formation date with how long their company has been trading?
9. Can a new vendor show proactively how they mitigate fraud and bribery risk in their company and supply chain?
10. Do vendors have their own ethics training or do you provide them access to your training before contracts commence.

## Process review

The vendor registration process should always be under review particularly where a supplier risk is identified within contract management. If it is a significant financial or performance risk, do you need to go back to the vetting process to verify the integrity in the onboarding process and how a vendor got through the vetting process in these circumstances?

## Data management

Once you have a process in place to obtain this information, how do you better use this data and build on this approach. To support this approach, additional areas to consider within risk identification and mitigation could include:

- Building a **culture** that includes suppliers where open communication around risk and current trends are discussed
- **Hotline reporting** within contract management to help facilitate reporting of irregularity within, and
- Using the available information as part of your approach to **risk assessment**

## Conclusion

The cost and reputation damage of a subsequent investigation where fraud and corruption are identified may be significantly more expensive than the costs involved in ensuring that you have a strong onboarding process in place.

When an organisation takes steps to tackle procurement risk whether it is procurement fraud and corruption risk, if you are able to answer the above questions during vendor onboarding, do you think that you will be able to measure the levels of reduction in fraud and financial loss.