Procurement Risk

Procurement fraud risk mitigation questionnaire

Global Risk Alliance Ltd

Procurement Risk Questionnaire

Policies and procedures

Assessing key steps within the procurement process for risk and compliance with procedures can be an effective way of identifying and mitigating fraud and corruption risk.

- Are there published procurement procedures and, where appropriate, a procurement plan in place?
- Are there appropriate and proportionate internal audit processes in place to inspect contracts, control measures and procedures for any indication of corruption, non-compliance or gaps in procurement controls?
- When drafting and negotiating contracts with a supplier, where appropriate, is legal advice sought and appropriate contractual protections included within the contract?
- Is there a documented process to assess suppliers, consultants and sub-contractors for procurement fraud and bribery risk?
- Are there defined procedures clearly outlining when it would be appropriate to utilise single and sole source procurement routes?
- Are checks conducted on the procure to pay process?
- Is there sufficient segregation of duties within the P2P process and can they be circumvented?
- Are there levels of Designated Procurement Authority and can it be circumvented or delegated?
- Are checks conducts of requisitions, purchase orders, invoices, delivery notes, asset registers and end user receipt of goods or materials for continuity or irregularity concerns?
- Are checks conducted to demonstrate that works or services have been completed?
- Are there documented procedures for vetting a new supplier?

Identification of need

- Was the work currently under review, fictitious or needed and who specified the requirement?
- Is the requirement falsified or is the work already covered within an existing contract?
- Has work been raised outside of the procurement process?
- Are the details of the individual(s) identifying the need documented?

Justification and business case

- Has the end user created a business case or requisition that has been authorised?
- Is the business case or requisition contained within the contract file?
- Are there instances where the person who creates the business case, can also raise a requisition and source the supplier?
- Can procurement staff be engaged without submission of a requisition?
- Is the person who identified the business requirement been clearly identified?

Design and specification

- Is the scope of work or design biased towards a specific company's capability?
- Is the specification reviewed and authorised by someone other than the originator?
- Is the specification or scope of work vague?
- Are specifications independently checked?

Budget and cost estimation

- Has a market price check been conducted and retained?
- Is total cost ownership contained within the cost estimation?
- Is there adequate budgetary or cost control and management throughout the life of the contract?
- Has project funding been split between budgets that may hide the true cost of completion?

Procurement route

- Is there a documented single source justification and authorisation process and is it followed?
- Are procurement decisions documented and open to review?
- Can orders be split to avoid the tender threshold?
- Have the goods, works or services been single sourced before?

Vendor identification

- Does the end user identify who the bidding companies should be and are they approved by the procurement department?
- Are there sufficient vendors within the supplier database?
- Is the vendor identification process dealt with by the procurement department?
- Can vendor identification and procurement route be influence by a senior executive?

Pre-qualification

- Is suitable financial evidence provided to confirm a supplier's ability to complete the contract?
- Are checks conducted to confirm a vendor's ability to perform the contract to specification?
- Is there evidence of a supplier's control measures to manage procurement and procurement fraud risk?
- Does the supplier have a system in place to identify and rectify quality and counterfeit product risk within their supply chain?

Bid response

- Are all communications within the bidding process transparent and shared with all bidding companies?
- Are there enough qualified vendors identified to bid for the requirement?
- Are response deadlines long enough to prevent manipulation of the bidding process?
- Is the bidding process secure and auditable?

Tender matrix

- Is the scoring matrix relevant, objective, measureable and impartial to the requirement?
- Can additional criteria be added during the selection process?
- Is the scoring mechanism standardised or has it been devised for the works?
- Are there auditable records that accurately document process assurance?

Tender selection

- Are there dual controls for opening bids and recording company details and persons opening bids?
- Is the disqualification of a bidding company justified and documented?
- Are persons involved in the selection process required to record conflicts of interest?
- Is security within the bidding and selection process tested?

Contract award

- Did the work start before the contract was awarded or order raised?
- Is the work sub-contracted to a company that doesn't have the required qualifications?
- Is the work sub-contracted to a company that was involved in the initial bid?
- Is the award process transparent and documented?

Expertise and capability

- Is there adequate expertise and capability within the procurement department
- Does the procurement department have independence from the influence of executives and other departments
- Is there adequate expertise and security within the tender selection process?