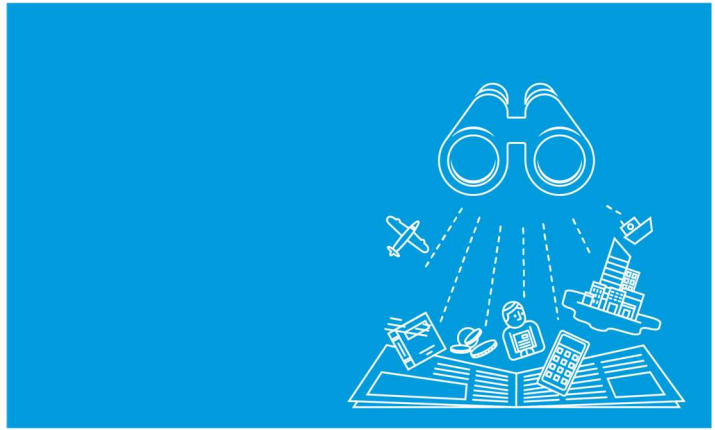


# Procurement spotlight



**Procurement fraud is any fraud relating to an organisation purchasing goods, services or commissioning construction projects from third parties. It can be perpetrated by those inside and outside an organisation.**

**The nature of procurement fraud differs between the two core stages of the procurement lifecycle; pre-contract award and post-contract award. Fraud in the pre-contract award phase is complex, often enabled by a lack of compliance with policy, but also involving activity such as collusion and corruption.**

**Fraud in the post-contract tends to involve overpayments to contractors, through false or duplicate invoicing, payments for substandard work or work not completed under contract terms. Sharp practice and unlawful activity can also be present in the margins of post-contract award fraud.**

## Indicators of fraud

- Bid documentation received from suppliers that are unusually similar,
- Bids containing less detail than expected,
- The successful bidder not taking the contract, or later subcontracting work,
- Inappropriate use of the single waiver tender process,
- Duplicate invoicing by suppliers,
- Disproportionate size of contract or geography,
- Customer/Supplier/Staff matches,
- Discrepancies in information supplied by suppliers,
- Unusual level of early terminations,
- Regular visits by same suppliers/excessive hospitality.

## Preventing procurement fraud

**Establish the right culture.** Setting the right ethical tone within the organisation is vital to prevent any type of fraud. Ensuring those involved in the procurement process comply with relevant policies.

**Know your supplier.** Performing background checks and integrity due diligence ensures that suppliers are of reputable standing. These checks highlight related parties and any possible conflicts of interest.

**Actively monitor the procurement process.** Continually monitoring the internal control framework to ensure it remains effective. Undertaking regular fraud risk assessments and systems audits to identify fraud threats.

**Suppliers.** Ensuring that the supplier has the required capacity to fulfil a contract is crucial.

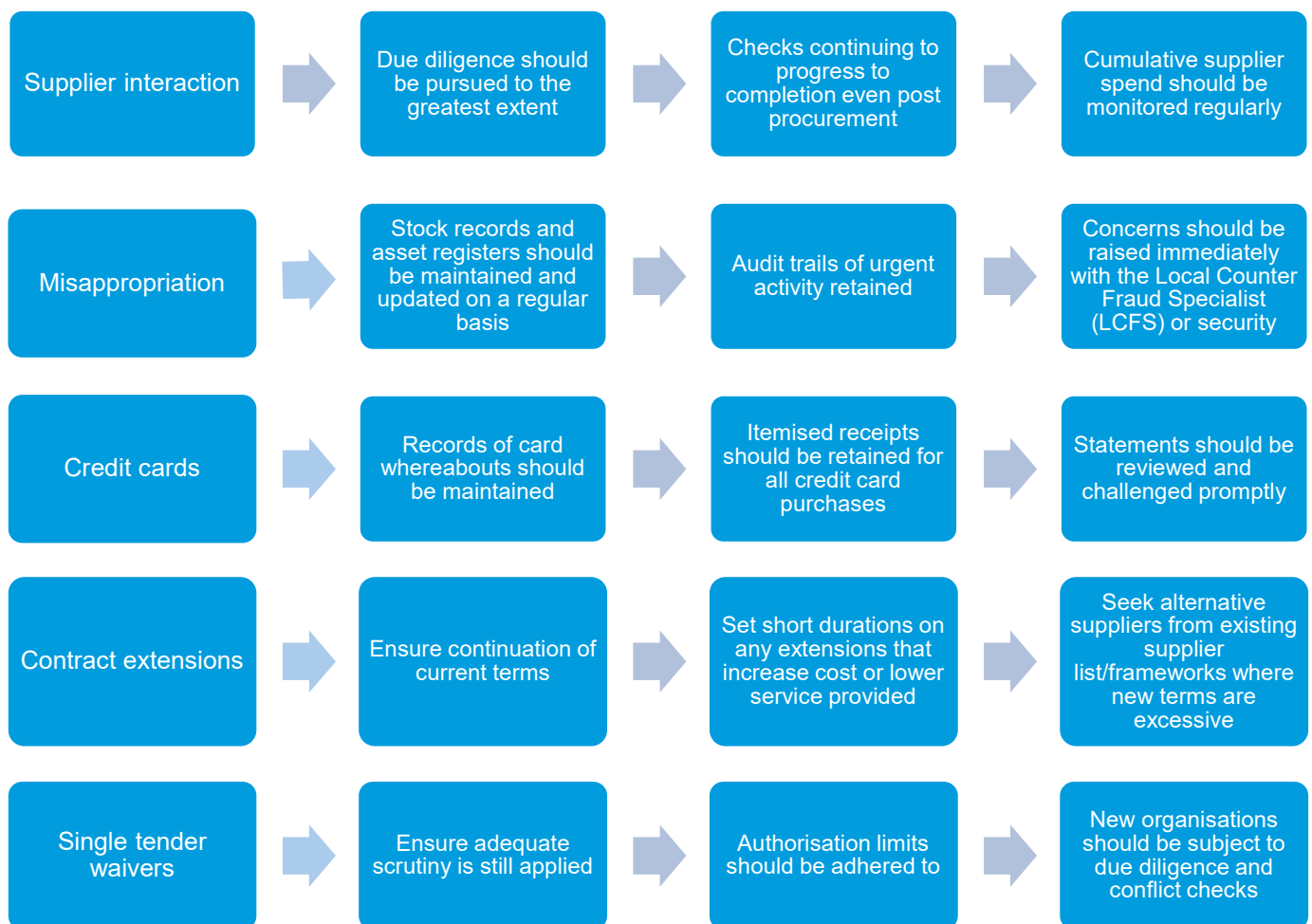


**The World Health Organization (WHO) labelled COVID-19 a “global pandemic” and, sadly, this brings with it an increased risk of fraud, particularly within the stretched NHS. With organisations facing many different pressures during a crisis, fraudsters will look to exploit the lapses and changes in controls to gain financially.**

**Procurement risks:** The NHS Counter Fraud Authority highlighted that the relaxation of procurement rules and practices caused by COVID-19, to allow Providers to procure goods, services and works with extreme urgency, causes immediate concern. It is important that managers and staff remain vigilant as ever when:

- onboarding new suppliers,
- procuring goods, services and works with existing suppliers,
- managing contracts / performance,
- paying suppliers.

Further information on each of the above risks and tips on preventing fraud can be found on [NHS CFA website](#).



**If you wish to arrange a workshop; require any further information regarding fraud or bribery within the NHS, or have identified any concerns, please contact your LCFS directly.**

**For further information please contact:**

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