

At the pre-tendering phase

What you might see

Officer/member insisting on the need for goods/services

Atypical use of single sourcing

Unusual timing of procurement

Procurement of goods/services not in procurement plans

Tender requirements are overly specific or vague

Close relationship between officer/member and supplier

What it might mean

Officer/member keen to ensure that a specific supplier wins the contract.

Either because:

- linked to a specific supplier, either directly as a director or via family or friend

Or:

- Officer/member receiving a bribe in exchange for contract money or other benefit

Or:

- Officer/member receiving being coerced/forced into giving supplier work

What can you do about it

Ensure no one individual solely responsible for procurement decisions

Robust and transparent management of Conflict of Interest

Robust and transparent management of Gifts and Hospitality

Robust needs assessment process

Up-to-date and embedded contract procedure rules

Scrutiny of single-sourcing justification

Use standard templates for tender specifications

How can you measure it

Survey usage of goods/services purchased

Identify contracts where there was only one (or limited) bids. Assess market place to see whether this would be expected.

Data analysis and testing of contracts where values lie just below relevant thresholds.

Review single source contracts

Data analysis on contracts to identify splitting

Review tenders within a short period/holiday period

At the tendering phase

What you might see

Pattern of certain suppliers securing tenders over time

Only one bid is credible

Similarity between bids of several suppliers

Lower than expected number of bidders/bidders withdrawing unexpectedly

Suppliers share contact details or bank account with other supplier/staff

Bid matches very closely the 'should cost' model

Direct communications or close relationship between bidder and staff/member.

Discrepancies between original and final bid

Unexplained extensions

Tender not advertised or inappropriately advertised

What it might mean

Collusion between suppliers. Including:

- Bid rotation
- Market sharing
- Bid suppression
- Bid rigging/price fixing
- Cover pricing

Staff member connection to supplier (undisclosed conflict of interest or fictitious supplier)

Leak or sale of information by officer/member to supplier

Officer/member keen to ensure specific supplier wins contract. Either because:

- linked to a specific supplier,

Or:

- receiving a bribe in exchange

Or:

- being coerced/forced into giving supplier work

What can you do about it

- Monitor winning suppliers over time
- Be alert to similarities in bids
- Conduct market engagement
- Mechanisms for suppliers and staff to raise concerns
- Share intelligence across LAs
- Declarations of non-collusion
- Create 'should cost' models

Verify new suppliers to Companies' House, VAT registration, trade associations, financial institutions. Check new supplier details against staff and existing suppliers

Use e-tendering platform and mandate all communication with suppliers through this.

- Use e-tendering platform and mandate all communications with suppliers through this
- Use e-tendering platform to prevent early bid-opening
- Put in place rules about how opportunities must be advertised and monitor for non-adherence

How can you measure it

- Data analysis to look at procurement patterns both across departments and organisations
- Benchmarking prices to similar suppliers used elsewhere across government.
- Identify instances where low number of bids submitted

Background checks on status of companies submitting bids and evidence of previous work

Review email traffic to ensure all communication with suppliers via e-tendering platform

- Identify all cases where extensions given - who made and authorised them; and impact on final outcome - did winning bid come in late?
- Identify advertisement routes and benchmark to usual practice to highlight anomalies

At the award phase

What you might see

Scoring criteria not set in advance

Scoring criteria used for evaluation different from those in specification

Selection or award criteria appear unrelated to contract type

Individual tries to influence other panel members

Panel members not appropriately qualified

Unsigned panel meeting minutes

No panel or committee used to evaluate tenders/bids

Manual alteration to bid documentation after submission

What it might mean

Officer/member keen to ensure that a specific supplier wins the contract.

Either because:

- linked to a specific supplier, either directly as a director or via family or friend

Or:

- Officer/member receiving a bribe in exchange for contract money or other benefit

Or:

- Officer/member receiving being coerced/forced into giving supplier work

What can you do about it

Agree evaluation criteria in advance and publish with the tender documentation.

Ensure that no single individual is responsible for drafting/agreeing criteria

Use an evaluation with appropriate skills, experience and seniority

Clear guidelines on the role of evaluation panels and verify process is followed

Conduct assessment using an online system to maintain independence

Use an e-tendering platform to protect bids from alteration

How can you measure it

Test validity of scoring / weighting against original specification

Compare instances of excluded bidders against original specification

Interview all panel members individually to ascertain reasons why supplier selected

Identify all cases where contract decisions made by single individual. Assess for patterns, trends. Use data analytics to see if any relationship with supplier can be confirmed.

During contract delivery

What you might see

Unexplained spend increases

Invoices outside of usual billing cycle

Goods, services or works do not match contract

Unusual/new line items on invoices

Undocumented amendments to contract

High level of complaints, product failures, high maintenance costs

Substandard work, unqualified

Supplier chasing payment urgently

Close relationship with supplier

Lack of monitoring reports or perfect reports every time

Unexpected delays or unwillingness of supplier to respond to communication

Different delivery address used

What it might mean

- Supplier charging for goods or services not provided, may be in collusion with staff member
- Supplier extending contract scope to overcharge, may be in collusion with staff member
- Supplier may charge twice for same goods/services

Product substitution: lower quality goods or underqualified consultants substituted at same cost

Payment made to staff member or fictitious supplier

May indicate:
 - linked to a specific supplier,
 Or: receiving a bribe
 Or: being coerced/forced

Deliberate delay to allow for extra costs to be claimed

Officer/Member ordering goods for personal use

What can you do about it

- Regular contract audits
- Checks on invoices before payment
- No PO, no pay policy
- Spend analysis to flag unusual payments
- Clear process in place for change orders/contract amendments
- Link payments to lifecycle stages

- Spot check quality of goods received
- Collect and monitor user and customer feedback

- Verification of supplier on set up
- Close dormant accounts
- Process in place for bank account change requests

- Conflicts of interest and G&H procedures
- Spot checks on monitoring

System flags contract overruns and renewal dates

- Use approved delivery addresses
- Inventory/asset registers
- Monitor usage levels
- Monitor purchasing card spend

How can you measure it

- Test for physical evidence of goods / services as well as supporting documentation e.g. timesheets
- Review and independently verify all contract amendments.
- Run duplicates test. Test all invoices from supplier and match to specific goods / services

Independent quality assessment of goods received

Identify and review all bank account changes within a specified time period.

Independent review of monitoring reports and assessments

Identify and review contracts where delays occurred.

- Test goods received notes for unusual delivery addresses.
- Identify missing GRNs.
- Physical inspection.

Where no formal tender in place

What you might see

Unexplained spend increases

Invoices outside of usual cycle

Aggregate spend exceeds thresholds for tender yet no tender process conducted

Purchasing card spend increases, or used for unsuitable spend

No justification for use, or continued use, of consultant(s)

Consultant influencing or leading procurement process

Newly created suppliers used with no previous work history

Supplier has same address or account as staff or other supplier

Close relationship with supplier

High usage of petty cash or large petty cash balance

Petty cash used for inappropriate items

Different delivery address used

What it might mean

Supplier charging for goods or services not provided, may be in collusion with staff member

Splitting contract/purchases into smaller amounts avoiding thresholds to favour a supplier

Fraudulent purchases using cards

Personal connection to supplier or receipt of bribe

Consultant manipulating process for own/company's benefit

Entirely fictitious supplier set up to steal funds

May indicate:
- linked to a specific supplier,
Or: receiving a bribe
Or: being coerced/forced

Petty cash used to conceal fraudulent purchases

Officer/Member ordering goods for personal use

What can you do about it

- Invoice checks before payment
- No PO, no pay policy
- Spend analysis - unusual payments
- Clear process in place for change orders/contract amendments
- Link payments to lifecycle stages
- Monitor aggregate spend

- Monitor purchasing card spend
- Limit merchant categories
- Use spend limits

- Conflicts of interest and G&H
- Due diligence on consultants
- Robust process for use of consultants/contract extension

- Verification of supplier on set up
- Close dormant accounts
- Process in place for bank account change requests

Conflicts of interest and G&H procedures

- Limit cash usage
- Monitor petty cash/spend analysis
- Strict controls/usage rules

- Use approved delivery addresses
- Inventory/asset registers
- Monitor usage levels

How can you measure it

Test for physical evidence of goods / services as well as supporting documentation e.g. timesheets

Data analysis of Procurement Card purchases to identify unusual items, suppliers or transactions that have taken place at unusual times

Identify, review and test process for recruiting and employing consultants

Identify and review all bank account changes within a specified time period.

Verification of supplier companies using Companies House data and internet searches. Look for directors and related companies

Review and test all Petty Cash transactions.

- Test goods received notes for unusual delivery addresses.
- Identify missing GRNs.
- Physical inspection.