

# Buying goods and services safely

How to keep fraud out of your business



## A checklist

### Ask yourself...

- Am I sure this supplier is genuine?
- Does the business usually spend this much with this supplier every month/quarter?
- Is the quality of goods, works or services the same as I paid for?
- Do I recognise this email address and person as being from that supplier?

### Do...



- Include clauses in contracts with suppliers and employees which set out your stance on fraud, bribery and corruption.
- Conduct due diligence on suppliers.
- Check the references of employees, volunteers and anyone else who works for you.
- Monitor spending with suppliers regularly – follow up anything out of the ordinary.
- Segregate decision-making and payment duties.
- Monitor your inventory and assets – follow up anything out of the ordinary.

- Make staff aware of the potential for fraud in the procurement life cycle, as well as the relevant legislation (eg, UK Bribery Act 2010, Fraud Act 2006 and Competition Law).
- Create a mechanism for employees and suppliers to raise their concerns with you.
- Close dormant supplier accounts to make sure they are not misused.
- Make sure you have written procurement policies and procedures and that they are accessible to everyone.
- If you do fall victim to procurement fraud, help to deter others by taking action against the culprits.

### Don't...

- Allow any one person to make all the procurement decisions.
- Allow any one person to perform all payment activities.
- Work with new suppliers or staff without performing due diligence.
- Be pressurised into changing supplier records (especially bank account details) without first verifying them independently.
- Accept deliveries that do not match the specifications you paid for.



# Protecting your business

Some simple steps can make your business safer.

## Do due diligence

Make sure that suppliers, consultants and contractors really do exist. Check their VAT registrations (where appropriate), references from previous clients, and bank and registered office details. Review publicly available information online, including Companies House. And it is always a good idea to cross-check supplier details (addresses, bank accounts and so on) against those you hold for employees.

## Split staff duties

Segregate responsibilities for ordering/commissioning and the making of payments wherever possible. Ideally no one person should be solely responsible for procurement decisions.

## Record conflicts of interest, gifts and hospitality

Create formal policies and procedures that apply to everyone. Keep a record of all conflicts of interest, gifts and hospitality (given and received), especially where they concern suppliers, subcontractors and intermediaries. Review and update these regularly.

## Monitor spending and contract management

Review spending – both with suppliers and by employees (on credit cards and using petty cash). Investigate anomalies as soon as possible. Monitor deliveries of goods or services against the original specifications. Match payments to purchase orders. Make sure you have a clear process for making amendments to contracts and orders after work has begun.

## Check inventory and assets

To be sure you are receiving exactly what you have paid for, always check delivery notes and the products delivered. Keep inventory and asset registers up to date and monitor their usage regularly. To prevent deliveries going astray think about providing suppliers with a list of approved delivery addresses.

## Maintain a contracts database

Ask staff to record all decisions and actions relating to the award, implementation and management of each individual contract.



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Love business. Hate fraud.

This practical guide highlights the many risks of procurement fraud. But business fraud comes in many other guises. It makes good business sense to find out more.

Go to [lovebusiness-hatefraud.org.uk](https://lovebusiness-hatefraud.org.uk) or follow the campaign on [Twitter](#) and [LinkedIn](#).

