



Know the warning signs of corruption in procurement

Information sheet

Procurement in the public sector is vulnerable to corruption because it can involve large sums of public money.

Corruption in procurement undermines fair competition, increases costs, and reduces trust in the integrity of the public sector.

Be aware

We know corruption can occur at any stage of the procurement process, from sourcing suppliers to authorising contracts and payments.

It's crucial to be aware of the risks in procurement so you can identify and report any suspicious activity.

Reporting to IBAC can help prevent corruption in procurement

IBAC is Victoria's independent anti-corruption and police oversight agency. We're here to prevent and expose public sector corruption and police misconduct, with the aim of strengthening integrity within our state.

An important part of what we do is acting to prevent the risk of corruption when goods and services are purchased from suppliers for use by the public sector.

If you work in the public sector, including local government or Victoria Police, as an employee or supplier, you should be aware of the risks that can arise in the procurement process. You should also know how to identify, report, and reduce corruption risks when you see them.

Frequently Asked Questions

Q. What is procurement?

- A. Procurement refers to the process of purchasing goods or services from external sources. It involves activities such as sourcing suppliers, negotiating contracts, and managing relationships with suppliers. The goal of procurement is to source the required goods or services at the best possible value, while ensuring fairness, transparency, and accountability in the process.



Q. How can corruption occur in procurement?

A. Corruption can occur in procurement when people misuse their authority or manipulate the procurement process for personal gain. Some common corrupt practices include bribery, bid rigging, favouritism, and collusion between suppliers and public officials. For example, an official might accept bribes from a supplier in exchange for awarding them a contract without the proper procurement processes being followed.

Q. What can fraud look like in procurement?

A. Fraud is when a person is intentionally deceptive or dishonest to gain a financial advantage or other benefit. It is a common form of corruption in procurement.

Fraudulent activities can cause financial losses and reputational damage to public sector organisations. It erodes public trust and confidence in government institutions and services.

Common examples of fraud in procurement include:

- theft of funds
- theft of equipment or inventory by employees
- false invoicing
- misappropriation of public funds
- financial reporting fraud.

Q. What are the warning signs you need to look out for?

A. There are several warning signs that may indicate the presence of corruption or fraud in procurement. These include:

- favouritism towards specific suppliers or contractors, without proper procurement processes being followed

- employees failing to declare conflicts of interest, or accepting gifts and benefits from suppliers
- non-compliance with established procurement procedures and documentation requirements
- lack of transparency in supplier selection and payment approval processes
- complaints from staff, suppliers or the community about biased bidding, lack of competition, or poor quality goods and services
- suspicious invoices, such as those with inflated prices or those for goods and services that were never delivered.

Being vigilant and recognising these warning signs is crucial for detecting and preventing corruption in procurement.

Q. How can organisations reduce the risk of corruption in procurement?

A. There's a number of actions that organisations can take to reduce the risk of corruption in procurement. These include:

- have clear procurement policies and procedures in place
- promote and follow Victorian public sector standards
- provide regular training for employees on ethical procurement practices
- establish confidential reporting mechanisms for employees to report suspicions
- establish effective internal controls and separate duties in the procurement process
- monitor and evaluate procurement activities at random and regular intervals
- conduct thorough due diligence on suppliers before engagement
- promote competition and fairness in the bidding process.

It's your duty to report corruption whenever you see it.

If you notice any signs of corruption or fraud in procurement, you need to report it.

IBAC is committed to upholding public trust and maintaining integrity within the public sector.



Fill out the secure online form to report at www.ibac.vic.gov.au



If you have difficulty accessing the online form call us on **1300 735 135** for further assistance.



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