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Procurement fraud during  
geopolitical disruptions:

Building resilience without  
sacrificing speed

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مئة عام  
Years in the Middle East

## The hidden risk in crisis response

During periods of geopolitical tension and uncertainty, organizations face mounting pressure to maintain operational continuity. Procurement teams are thrust into high-stakes decision-making, tasked with rapidly securing alternative suppliers, diversifying supply chains, and accelerating payment cycles. While these measures are operationally necessary, they inadvertently create an environment where procurement controls are weakened and fraudsters thrive.


Procurement fraud doesn't emerge because of disruptions; disruptions simply expose and amplify existing vulnerabilities. The challenge for modern organizations is clear: How do we maintain agility and speed while simultaneously strengthening our defenses against fraud?

## Why procurement is ground zero for fraud risk

The procurement function sits at a critical intersection: cash flow, supply chain complexity, and operational urgency. This convergence creates a perfect storm of vulnerability: Compressed timelines drive expedited vendor onboarding and reduce due diligence, while supply chain fragmentation increases reliance on unfamiliar suppliers and alternative routes. At the same time, accelerated approvals bypass standard governance layers, and resource constraints stretch teams thin, weakening oversight. As a result, decision-making becomes distorted, prioritizing speed over scrutiny.


Under these conditions, fraud schemes become significantly more prevalent

- 1




**Fictitious vendor schemes**

Emergency procurement bypasses standard vendor onboarding protocols. Fraudsters exploit this by creating shell companies and submitting fraudulent invoices that slip through weakened due diligence checks.
- 2




**Supplier collusion & price inflation**

With competitive bidding suspended or limited, internal and external actors collude to inflate prices, knowing that urgency will override cost scrutiny.
- 3




**Breakdown of segregation of duties**

Remote work, resource constraints, and emergency protocols collapse the traditional checks and balances. Single individuals gain control over multiple transaction stages, temporary access becomes permanent, and oversight evaporates.
- 4




**Over-reliance on manual processes**

Fraudsters intercept communications (via phishing or social engineering) to alter vendor banking details, redirecting legitimate payments to fraudulent accounts.
- 5



**Payment diversion fraud**

Emergency procurement bypasses standard vendor onboarding protocols. Fraudsters exploit this by creating shell companies and submitting fraudulent invoices that slip through weakened due diligence checks.
- 6



**Control fatigue & normalization of exceptions**

Prolonged disruptions erode discipline. Employees skip procedural steps to save time, rely on informal approvals (emails, messaging apps), and gradually normalize deviations from policy—until exceptions become the rule.

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# The path forward: From rigid controls to resilient frameworks

The traditional approach to procurement controls—rigid, bureaucratic, and inflexible—becomes a liability during disruptions. Organizations need a fundamentally different model: adaptive controls that maintain discipline without sacrificing operational speed.

The goal isn't to eliminate flexibility; it's to ensure controlled flexibility.

## Strategic imperatives

- Establish a structured "Crisis Mode" framework**  
 Speed requires predefined rules, not improvisation. Define a pre-approved emergency procurement model with clear escalation thresholds and time-bound, documented exceptions. This ensures that accelerated decision-making remains controlled. Post-transaction reviews and reconciliations should then be conducted to restore visibility and maintain accountability.
- Strengthen vendor due diligence | even under pressure**  
 Emergencies don't mean abandonment of due diligence. Instead, minimum due diligence requirements must be defined based on risk-tiered vendor profiles, and banking information must be validated independently. Additionally, all vendors and third parties should be screened against FATF watchlists and sanctions databases, while implementing rapid-turnaround verification processes designed for urgency.
- Deploy data analytics & automation**  
 Leverage data analytics and automation to sustain oversight when manual controls constrained. This means implementing the usage of real-time anomaly detection (unusual payment patterns, vendor concentration, price outliers), duplicate invoice flagging, and predictive monitoring. The result is early and continuous identification of risk.
- Integrate fraud risk assessments into internal audit**  
 Embed real-time fraud risk monitoring into the audit function by conducting rapid risk assessments during active disruptions and prioritizing targeted reviews of high-risk procurement activities. This should be supported by data-driven fraud detection techniques, alongside maintaining investigation readiness and rapid response protocols to ensure timely and effective action.
- Reinforce governance & tone at the top**  
 Culture matters, and leadership must clearly communicate that speed and integrity are both non-negotiable. This requires encouraging transparency and enabling escalation without penalty, while actively discouraging the normalization of exceptions. Leaders must also model ethical decision-making under pressure and consistently balance operational objectives with control discipline.
- Conduct post-disruption reviews**  
 After the disruption passes, organizations should comprehensively review all emergency procurements activities to identify anomalies, control gaps, and process breakdowns. Lessons learned should be clearly documented and used to strengthen processes and controls, ensuring greater resilience in similar future situations.

# The bottom line: Agility and discipline can coexist

Geopolitical tensions and supply chain disruptions are not anomalies. Organizations that succeed in this environment are those that recognize a fundamental truth: Procurement fraud thrives in the gap between urgency and oversight. The solution is not to slow down; it's to embed resilience into your processes.

By implementing adaptive controls, leveraging technology, and maintaining unwavering governance discipline, organizations can navigate uncertainty with both speed and integrity.

The result? Stronger operational resilience, protected cash flow, and a culture where agility and ethics reinforce rather than compete with each other.

The question isn't whether your organization can afford to strengthen procurement controls during disruptions. It is whether it can afford not to.

Adaptive controls, technology, and governance discipline are essential to resilient procurement. Stronger operational resilience begins with disciplined oversight under pressure.





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