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Procurement fraud during
geopolitical disruptions:

Building resilience without
sacrificing speed

100
مئة عام
Years in the Middle East

The hidden risk in crisis response

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


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. These measures are necessary, but they can disrupt control environments, creating conditions where fraud thrives.

Why procurement is ground zero for fraud risk

Procurement operates at the intersection of cash flow, supply chain complexity, and operational urgency. This convergence creates a perfect storm of vulnerability: Compressed timelines don't just accelerate vendor onboarding, they redefine acceptable risk thresholds often without formal acknowledgment, 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 risk accelerates:

- 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 fraudsters 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

Reduced automation shifts control entirely to manual review where controls depend entirely on human review, making them vulnerable to error, fatigue, and manipulation under time pressure.
- 5



Payment diversion fraud

Fraudsters intercept communications (via phishing or social engineering) to alter vendor banking details, redirecting legitimate payments to fraudulent accounts.
- 6



Control fatigue & normalization of exceptions

Procedural discipline erodes as teams bypass controls to maintain speed, relying on informal approvals (emails, messaging apps), while gradually normalizing deviations from policy—until exceptions become the rule.

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The path forward: From rigid controls to resilient frameworks

While traditional procurement controls provide essential discipline and governance, their rigid structure can become constraining during disruptions. Organizations benefit from complementing these foundational controls with adaptive mechanisms that maintain discipline while enabling operational speed.

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

Strategic imperatives: A two-tier approach

Tier 1:

Immediate actions and measures that are urgent, tactical and implementable within days and critical to protecting operations during disruptions

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 (24-48 hours).

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, predefine, document and communicate clear approval thresholds for emergency procurements (reinforce segregation of duties), and consistently send explicit messages that speed, integrity and control discipline are non-negotiable.

Reinforce segregation of duties - immediately

Under remote work and resource constraints, the traditional separation of duties collapses rapidly. Begin by mapping current transaction ownership to identify individuals who control multiple stages of the procurement process. Where possible, reassign approval authority to separate individuals to restore the critical checks and balances that prevent fraud. Implement mandatory dual sign-off requirements for all emergency procurements above defined thresholds, ensuring no single individual can authorize high-value transactions. Additionally, document all temporary access grants with explicit end dates and schedule mandatory reviews to prevent temporary access from becoming permanent. These measures directly prevent internal collusion and eliminate single-point-of-failure risks that fraudsters exploit during disruptions.

Establish Real-Time payment monitoring

Implement immediate controls over cash outflows by leveraging the existing technological infrastructure. If the organization has data analytics tools in place, activate them immediately to flag duplicate invoices, detect unusual payment patterns, and identify vendor concentration spikes in real time. However, if such tools are not yet available, establish a rotational and independent manual review process focused on high-value transactions. This ensures continuous oversight without overwhelming your teams.

Regardless of the approach, it is imperative to implement mandatory dual sign-off requirements for all payments exceeding defined thresholds, ensuring that no single individual can authorize significant cash disbursements. Additionally, establish an independent verification protocol for all vendor banking details before payment processing—this critical step prevents payment diversion fraud by confirming that banking information has not been compromised or altered. Together, these measures create multiple layers of protection against both external fraud schemes and internal manipulation of payment processes.

Continuous monitoring transforms data analytics from a crisis response tool into a permanent competitive advantage

Conduct post-disruption reviews

After the disruption passes, organizations should comprehensively review all emergency procurement 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.

Tier 2:
Strategic initiatives that are foundational capabilities to embed during stable periods, ensuring resilience for future disruptions.

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.

Deploy data analytics & automation as baseline capability

When human-dependent controls weaken under pressure, technology becomes your force multiplier. However, rather than deploying these capabilities only during disruptions, organizations should embed real-time anomaly detection, duplicate invoice flagging, and predictive monitoring into their baseline control environment.

This means implementing continuous monitoring for unusual payment patterns, vendor concentration risks, and price outliers—operating 24/7, independent of staffing constraints or control fatigue. The strategic advantage is clear: by establishing these systems during stable periods, organizations ensure they're tested, refined, and operationally embedded before urgency demands their activation. This transforms data analytics from a crisis response tool into a permanent competitive advantage, delivering early risk identification and continuous oversight in all operating conditions - not just during disruptions.

Integrate fraud risk assessments into internal audit

Embed real-time fraud risk monitoring into the internal audit function through a hybrid approach combining human expertise and advanced technology. Deploy data-driven fraud detection techniques and automated anomaly flagging to continuously scan procurement activities, then leverage audit professionals to conduct rapid fraud risk assessments during active disruptions and prioritize targeted reviews of high-risk transactions. This human-technology partnership ensures that algorithmic detection is validated by experienced judgment, while audit teams focus their limited time on the highest-impact investigations. Maintain investigation readiness and rapid response protocols to ensure findings translate into timely corrective action.

The bottom line: Agility and discipline can coexist

Geopolitical tensions and supply chain disruptions are not anomalies. Success depends on recognizing a simple reality: 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.

Adaptive controls, technology, and governance discipline enable organizations to operate 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.

In times of disruption,
procurement fraud thrives in
the gap between urgency and
oversight





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