

**Reducing the risk of  
supply chain fraud**  
**10 May 2018**

The webinar will begin shortly...

*Business & Management*  
*20 minute lunch*



**[corporatepartnerships@moneycorp.com](mailto:corporatepartnerships@moneycorp.com)**



# Fraud Advisory Panel

Reducing the risk of supply chain fraud

Matthew Weitz and Michael Milton

10 May 2018

# Overview

- What is supply chain fraud?
- Recent perspectives – Kroll's Global Fraud Report 2018
- Examples of case studies
- Tackling supply chain fraud

# What is supply chain fraud?

- Procurement fraud – bid rigging / kickbacks / contract fraud / defective pricing fraud (collusion to inflate prices)
- Distributor fraud – excessive marketing payments / lack of clarity of scope of work / commission structures
- Bribery and corruption

# What is supply chain fraud?

Huawei now under Department of Justice eye for sanctions breach

US slaps supply ban on ZTE over Iran sanctions breach

E. Coli Outbreak In Romaine Lettuce Underscores Need For Change And Technology

Counterfeiting hits nearly half of brands

More than half predicted that keeping a brand safe would become more difficult over the next five years

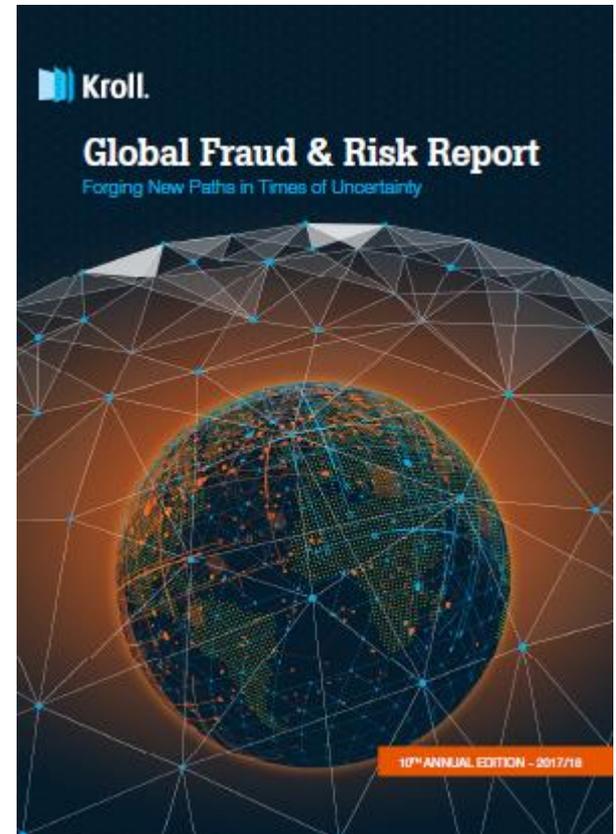
Dragonfly 2.0: the sophisticated attack group is back with destructive purposes

Three potential victims of human trafficking and modern slavery identified in major police operation at M1 London Gateway Services

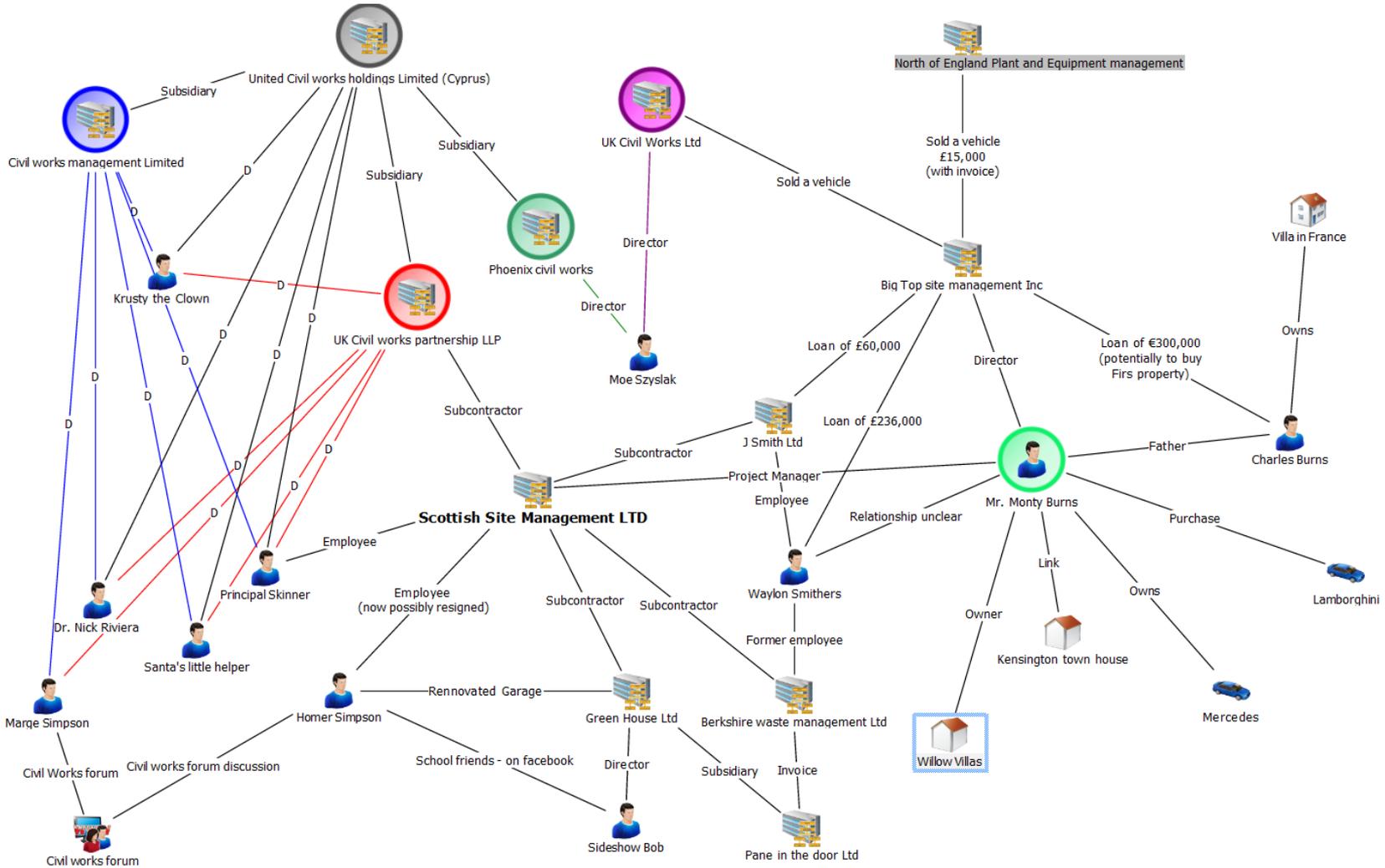


# Recent perspectives – Kroll Global Fraud Report 2018

- Perpetrators – internal vs. external
- 51% of respondents felt they were vulnerable to vendor, supplier or procurement fraud [2015: 49%]
- 56% vulnerable to IP theft, piracy, counterfeiting [2015: 37%]
- Supply chain risks amplified when complexity and complacency converge
- Particular geographical challenges
- Just a cost of doing business?



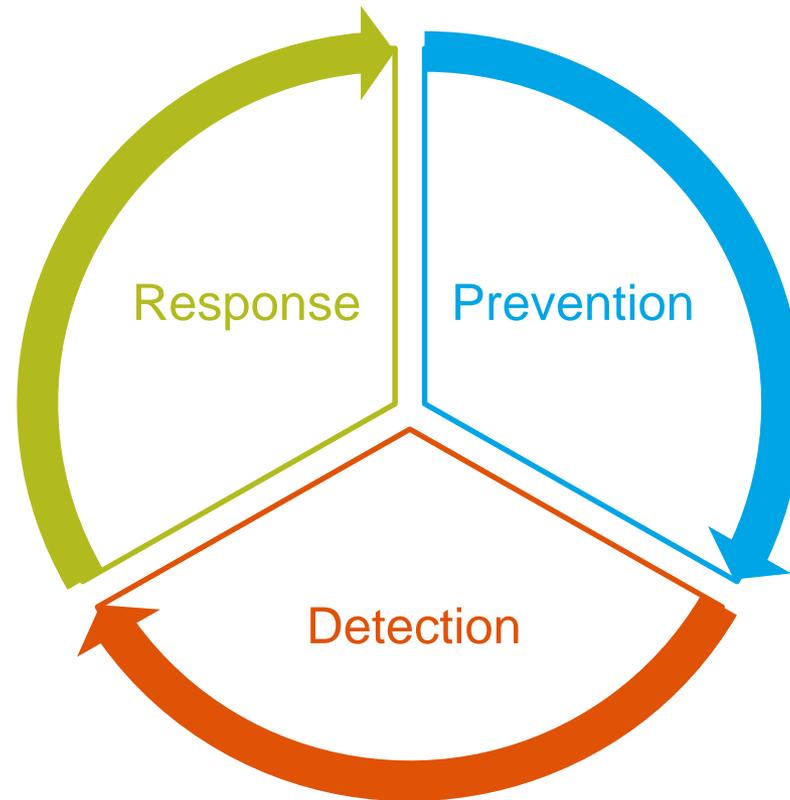
# Case study – supplier collusion



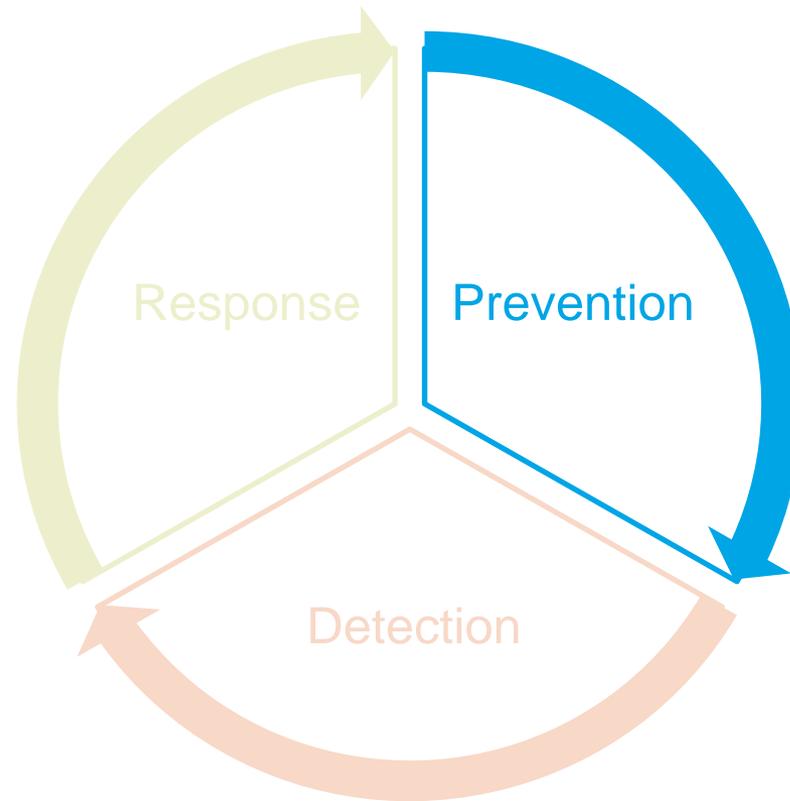
# Case study – counterfeit investigation



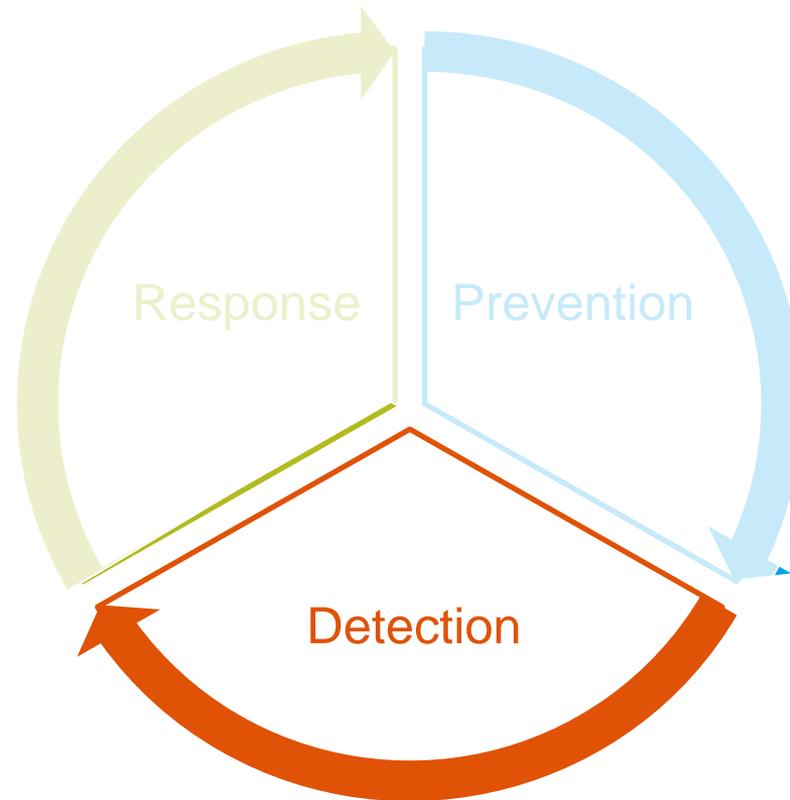
# Tackling supply chain fraud



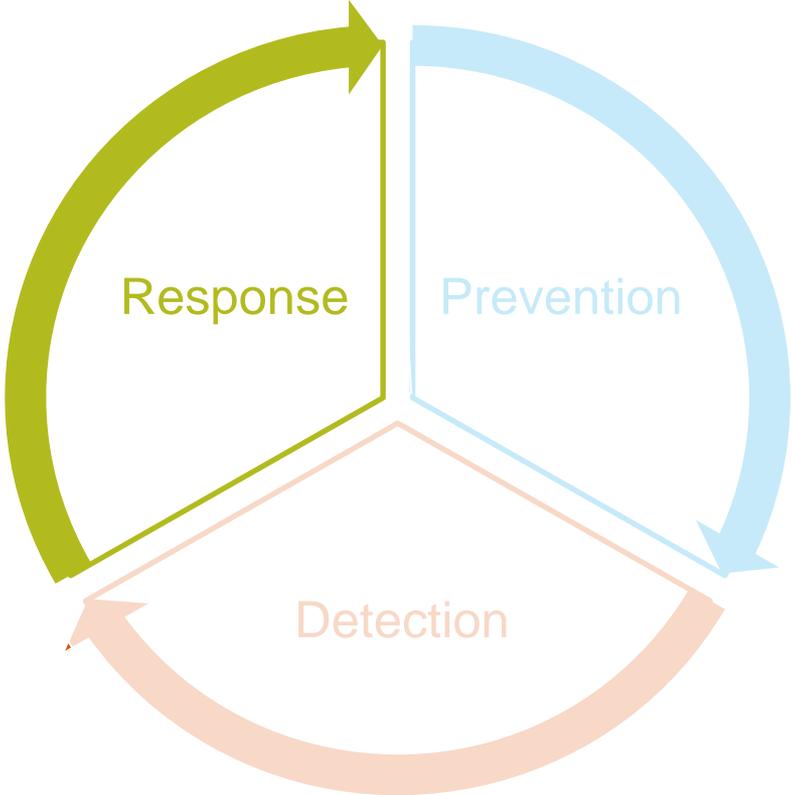
# Tackling supply chain fraud



# Tackling supply chain fraud



# Tackling supply chain fraud



# Tackling supply chain fraud



**PROACTIVE**

**REACTIVE**

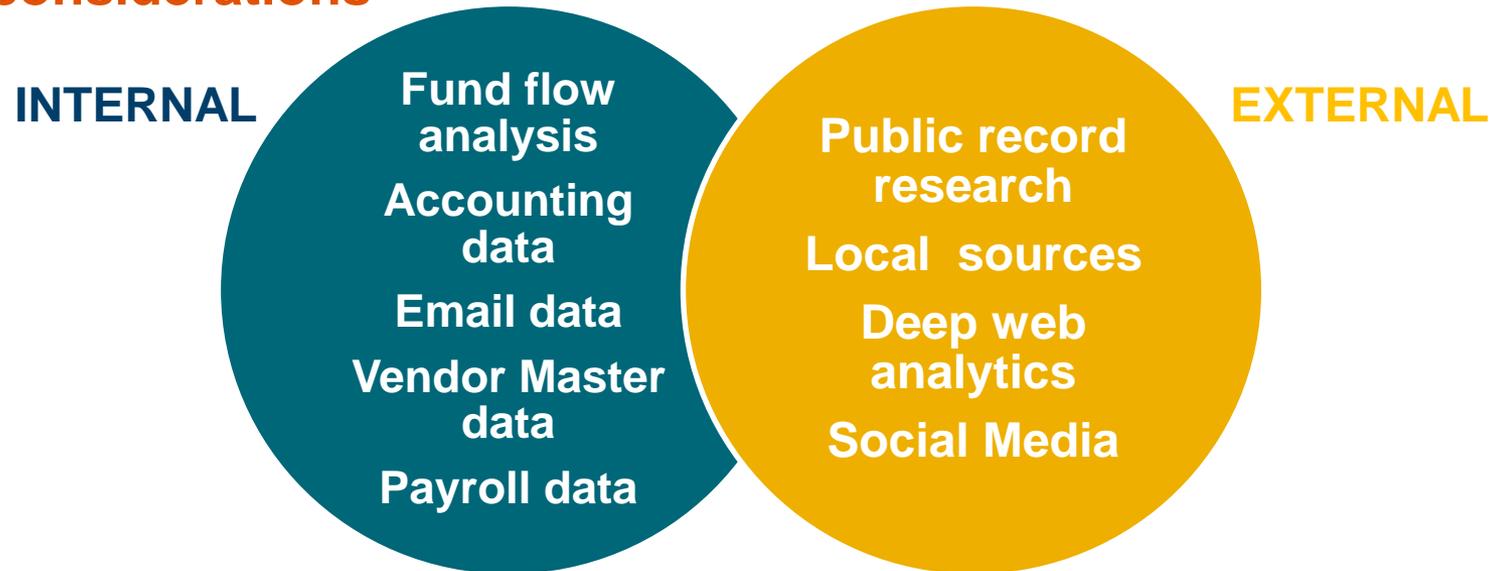
# Tackling supply chain fraud

## Data considerations

- What is KEY data for what we are trying to find?
- What is a red flag?
- How do we identify relationships?
- Who are our customers?
- Where are they paid?
- Who controls / authorises payments?
- How does the organisation classify higher risk transactions?

# Tackling supply chain fraud

## Data considerations



## Types of analysis

Statistical analysis and comparison

Interrogation of accounting / SAP data

Relationship analysis

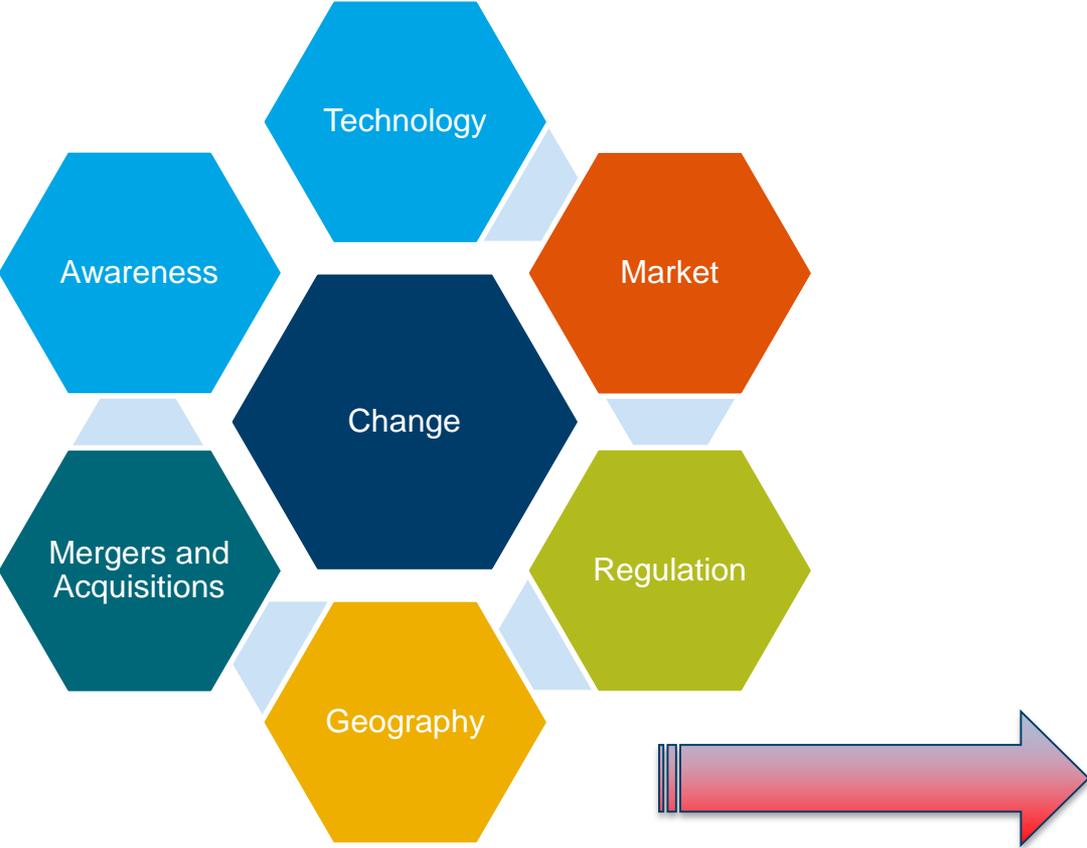
# Tackling supply chain fraud

## Data considerations

- Joining up multiple data sets to look for anomalies



# Tackling supply chain fraud – continuous re-evaluation





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Economic update  
23 May 10am

[icaew.com/bammaywebinar](http://icaew.com/bammaywebinar)

Stats skills for Excel – smoothing data (seasonalising)  
29 May 12:30pm

[icaew.com/lunchmay](http://icaew.com/lunchmay)

Brexit update  
20 June 12:30pm  
[icaew.com/lunchjun](http://icaew.com/lunchjun)

Fraud response – legal redress through the civil  
courts  
28 June 12:30pm  
[icaew.com/lunchjun2](http://icaew.com/lunchjun2)

## **Free event**

*Economic Update with IEA*  
15 May

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## **THANK YOU FOR ATTENDING**

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