



1. Issue

- 1.1. Commercial, as part of their support of COVID-19 pandemic, are implementing a rapid due diligence process for the purchasing of Personal Protective Equipment (PPE). The objective is to undertake due diligence checks in three hours to enable quicker purchasing of essential supplies. Commercial have asked for advice from the Counter Fraud Function (CFF) on this process and what additional checks should be included. This review and advice has been provided in 24 hours with limited access to the proposed processes and details of the checks. The recommendations are confined to the remits of its limitations.

2. Summary

- 2.1. Purchasing of PPE in support of the COVID-19 response is having to be done at an unprecedented pace. It faces **significant fraud and irregular spending threats**, due to:
- The pace of purchase and product deployment;
 - Fraud risk increases in crisis management situations;
 - The complexity of the international supply chains and purchasing markets.
- 2.2. Fraud and irregular spending will be happening. **The question is not whether, but how much - and how we can limit it.** Intelligence collected in the context of the current, longer, process demonstrates this. 106 referrals have been received related to Healthcare COVID spending¹. Examples of fraud related to PPE include:
- Large payments being stopped due to hitting dormant or suspicious accounts;
 - Reports of companies failing to provide evidence of their ability to provide goods during pre procurement stage;
 - Companies who have failed due diligence checks overseas targeting the UK.
- 2.3. Commercial colleagues are seeking to limit the overall threat whilst delivering at an increased pace to ensure PPE gets to the front line workers who need it. It should be accepted that the increased pace will increase the risk (beyond its already heightened level) as due diligence checks are being reduced and some checks will not be able to be carried out. We have been told that the circumstances mean that it is not uncommon for payments to be made upfront, either in part or in full.
- 2.4. Key recommendations are provided below. Further recommendations are in the Annex.

Additional Checks

- Some basic additional checks should be added, specifically:
 - Use of SPOTLIGHT. This can be done in the three hour window;

¹ This is intelligence received from w/c 20th March to date and relates to provision of medical supplies, broader than PPE