

This newsletter is published on a monthly basis to provide relevant information to government purchasing and contracting professionals regarding public procurement and contracting topics. Hope you enjoy!

## Training Schedule

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### Procurement Fraud

Have you ever thought about the type of person that commits procurement fraud? Is it that twenty-something employee who got into trouble as a teenager? Or maybe the person with the tattoos and wild hair color?

These may be the common stereotypes, but according to the Association of Certified Fraud Examiners (ACFE), the typical profile of a person who commits fraud is:

- Men (61%)
- Age of 31-45 (50%)
- College degree (52%)
- Never been charged with a crime (87%)
- Committed by two or more individuals (40%)

Here are some more fraud statistics:

- Eighty (80) percent of fraud comes from six departments:
  - Accounting
  - Operations
  - Sales
  - Sales Executives/Upper Management
  - Customer Service
  - **Purchasing**
- Fraud lasts a median of 18 months before being detected.
- The majority of fraud within the purchasing department involves:



#### Workshop Prices:

\$225 1-day

\$450 2-Day

*Group Discounts  
Available*

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### **Essentials of Contract Management (NEW!)**

**Feb 1-2, 2012**  
*DFW - Irving*

**Feb 22-23, 2012**  
*Austin*

**Mar 28-29, 2012**  
*Houston*

**Oct 3-4, 2012**  
*Houston*

**Oct 24-25, 2012**  
*Austin*

**Nov 7-8, 2012**  
*DFW - Irving*

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- Corruption
- Billing schemes

Both of the above schemes are more likely to occur in the purchasing department than in any other area of the organization, which is not surprising because the purchasing function often lends itself to bribery, overbilling and bid rigging schemes, which are among the most costly forms of occupational fraud.

Employee behaviors that should raise red flags include:

- Living beyond their means
- Experiencing financial difficulties
- Unusually close association with vendors

Do you think that auditors find most fraud? If so, you would be mistaken! Click on the link below to find out how most fraud is detected.

[Fraud Detection Table](#)

Fraud reporting mechanisms are a critical component of an effective fraud prevention and detection system. Organizations should implement hotlines to receive tips from both internal and external sources. Such reporting mechanisms should allow anonymity and confidentiality, and employees should be encouraged to report suspicious activity without fear of reprisal.

According to the ACFE, organizations that have anti-fraud training for employees and managers experience lower fraud losses.

**Source:** *Association of Certified Fraud Examiners*

## Question of the Month

### QUESTION:

Last year around Christmas time, a vendor delivered a fruit basket to the Purchasing Section. We accepted the basket and put it in the break room for everyone to eat. Was that okay or should we have returned it to the vendor?

### ANSWER:

Yes, it was okay to accept the fruit basket. According to the Texas Ethics Commission: "**small**



## Ethics in Contracting

**Jan 17, 2012**

*DFW-Irving*

**Feb 28, 2012**

*Houston*

**June 5, 2012**

*Austin*

**Sept 11, 2012**

*Houston*

**Oct 9, 2012**

*DFW -Irving*

**Dec 11, 2012**

*Austin*

## Fundamentals of Public Purchasing

**Dec 8-9, 2011**

*Houston*

**Dec 13-14, 2011**

*Ft. Worth*

**June 21-22, 2012**

*Houston*

**July 19-20, 2012**

*DFW -Irving*

## Negotiation Skills

**March 22, 2012**

*Houston*

**amounts of perishable food delivered infrequently to government offices are generally not considered benefits.** [Ethics Commission Advisory Opinion #62 and #130]

The Ethics Commission recommends that "public servants exercise good judgment and caution in these matters. The food must be unsolicited and not offered or accepted in exchange for action or inaction on the part of a public servant."

Even though accepting a fruit basket may be acceptable according to the Ethics Commission, it does not mean that your own entity allows it. Remember, that government entities may have personnel policies that are more stringent than the law. So to be safe, check with your own entity's policies on this matter.

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*Hope to see you in a workshop soon!*

*Janet Hasty, CPPO, CTPM*

*Government Procurement Services*

*(888) 254-7715*

**GPS is a Historically Underutilized Business (HUB) and a Woman-Owned Business Enterprise (WBE).**

**April 18, 2012**

*DFW -Irving*

**May 9, 2012**

*Austin*

**Oct 24, 2012**

*Houston*

**Nov 8, 2012**

*Austin*

**Dec 5, 2012**

*DFW-Irving*

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### **Specification Writing**

**Mar 21, 2012**

*Houston*

**April 17, 2012**

*DFW - Irving*

**May 8, 2012**

*Austin*

**Oct 23, 2012**

*Houston*

**Nov. 7, 2012**

*Austin*

**Dec 4, 2012**

*DFW-Irving*

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### **Using Request for Proposals**

**Jan 18-19, 2012**

*DFW - Irving*

**Feb 29-Mar 1, 2012**

*Houston*

**June 6-7, 2012**

*Austin*

**Sept 12-13, 2012**

*Houston*

**Oct 10-11, 2012**

*DFW -Irving*

**Dec 12-13, 2012**

*Austin*