

Why South African businesses should leverage trustworthy data for better procurement choices

Mitigating the risk of procurement fraud and other irregularities is possible by equipping organisations with the tools necessary to improve transparency, decision-making, and cost-effectiveness in procurement, says Sameer Kumandan, Managing Director at [SearchWorks](#) – South Africa’s largest online data aggregation platform.

The procurement department serves as a pivotal entity within an organisation, entrusted with the monumental task of procuring goods, services, and works from external suppliers. Its significance lies in ensuring that the company gets the best possible value for money by making informed decisions that positively influence operations and profitability, while navigating a world of commercial complexities and avoiding the pitfalls of fraud and other irregularities with the potential to damage the bottom line and the reputation of the business. In 2021, the South African Institute of Chartered Accountants (SAICA) found that 70% of South African companies had experienced procurement fraud or irregularities in the past year, while the Association for Savings and Investments South Africa (ASISA) reported that R10 billion was lost to procurement fraud and irregularities in the private sector in 2020.

Urgently seeking: a guardian for procurement integrity

With these eye-opening statistics in mind, and in response to increasingly tough economic conditions, procurement integrity is more important than ever. “Here, the strategic use of credible, dependable tools becomes paramount,” explains Kumandan. “By streamlining procurement processes, reducing risk and boosting efficiency, procurement can make confident decisions based on solid data.”

Procurement: what’s the big deal?

The procurement department is typically tasked with sourcing, identifying and qualifying suppliers. This includes market research, supplier capability evaluation, and contract negotiation. Once concluded, procurement is also responsible for placing orders with suppliers, tracking orders, and ensuring that deliveries are made on time and in full. Thereafter, procurement is tasked with processing payments to suppliers and managing accounts payable. In addition, procurement also carries the unenviable burden of risk management and compliance. It is their task to mitigate and manage the risks associated with procurement, such as the potential for fraud, supply chain disruptions, quality issues, and price volatility. Compliance is equally important, and all procurement activities must

comply with the company's policies and procedures, as well as applicable industry laws and regulations.

Instilling transparency and accountability

"To assist in their role as gatekeepers in ensuring that their businesses only engage with legitimate partners and safeguard against fraudulent practices, procurement departments need the ability to thoroughly vet vendors, perform company background checks, and assist in crucial decision-making that ensures that organisations can grow with complete confidence," says Kumandan.

Measurable Advantages of Risk Management in Procurement

With the right platform, procurement teams can greatly enhance their influence over products, steering organisational competitiveness, efficiency, and profitability. Benefits include:

- **Greater transparency:** Establishing systems that stymie fraudulent actions, bolstering accountability and compliance.
- **Elevated due diligence:** Protecting against interactions with unsavoury entities, all while refining the sourcing, negotiation, and record-keeping processes.
- **Better decision-making:** Offering businesses the critical data needed to evaluate suppliers effectively and reduce potential risks.
- **Cost reduction:** Proactively identifying and curtailing procurement risks, thereby averting significant losses.

The power of search

Modern procurement strategies rely on myriad verification methods, from credit checks to ID verifications. A single platform that brings together diverse data sources is instrumental in empowering procurement teams to validate vendors efficiently. "Consolidating data is vital for fostering efficiency and precision in procurement practices. As businesses evolve in an ever-complex world, embracing innovative solutions ensures that procurement departments navigate their myriad responsibilities with greater confidence – and ensure businesses operate more ethically and efficiently," says Kumandan

Ends.
