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How to confront South Africa's procurement fraud crisis

In a November 2025 report, procurement fraud was experienced by 56 percent of African respondents, dwarfing cyberfraud at 23 percent. This is according to "Combatting fraud in a perfect storm", published by the Association of Chartered Certified Accountants (ACCA).

By comparison, the global prevalence of cyberfraud is 39 percent, followed by procurement fraud at 34 percent.

"As Africa's largest economy, South Africa contributes significantly to this shocking statistic and needs to take proactive, preventive measures to rein in procurement fraud," says Elani Vogel, Senior Forensic Manager at Loxton Forensics.

This is especially true as a revitalised National Prosecuting Authority starts to enforce legislation that is set to curb corruption and hold business entities accountable.

Guilty by association

Section 34A was added to the Prevention and Combating of Corrupt Activities Act 12 of 2004 (PRECCA) in April 2024. It effectively states that any member of the private sector or a state-owned entity is equally guilty if a person associated with them bribes a third party with the intention of benefiting the member's business.

Simply put: Person A works for Company B; Person A bribes Person C; therefore, Person C awards some business benefit to Company B. If Person A is found out, Company B is guilty by default, regardless of their ignorance of Person A's actions.

For example, a company's sales manager bribes a customer's procurement officer to win a contract for their company. Because the sales manager is associated with the company and the company benefits from the bribe, the company is also guilty of an offence.

However, the company is saved if it had implemented "adequate procedures" to prevent its sales manager from bribing others, and will not be held accountable.

Although Section 34A technically applies to companies and other forms of businesses in the private sector, directors or senior management controlling these entities are ultimately responsible for driving the development and implementation of such procedures, especially in procurement. "Which procedures prove 'adequate' can only be determined if the organisation knows what their current state is and where their blind spots are," she says.

An invisible enemy

While emerging legislation aims to compel corporate leaders to take action against fraudulent acts, procurement fraud can be incredibly difficult to detect.

Cyberfraud occurs infrequently per company but is highly visible when it does. Procurement fraud, on the other hand, often goes unnoticed because it is deeply embedded in legitimate, trusted processes.

Collusion between employees and suppliers is a primary driver of procurement fraud, allowing for manipulation of bids, pricing and vendor selection while appearing compliant.

Small, unauthorised but seemingly normal transactions compound over time, eventually costing organisations more than any cyberattack.

Unfortunately, traditional controls and audits tend to focus on compliance, missing behavioural patterns that could expose coordinated and repeated misconduct.

"Organisations need to move away from post-mortems that only reveal what happened after it's too late, and adopt a digital, data-driven culture that exposes fraud before it can cause irreparable harm," says Vogel.

Preventive forensic investigation

Vogel says she encourages her clients to move their data to the Cloud as much as possible, and implement a data analytics approach to fraud prevention.

"Preventive forensic investigation can match transactional patterns in organisational data to patterns known to be associated with fraud, something that is often too labour intensive to attempt manually," she says.

Examples include repeated vendor awards, pricing anomalies and transaction splitting, that point to systemic issues rather than isolated incidents.

Professional forensic investigators can also assist companies in developing the necessary "adequate procedures" required but not detailed by the Act, as well as policies and processes that foster an anti-fraud culture within their organisation.

"Employing preventive forensic technologies and expertise against fraud will help ensure entities comply with the law, maintain their sustainability, lock in profits, and protect their reputation with shareholders and the public," says Vogel.

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