

BID RIGGING



Is fraud happening in your department?

Bid rigging can occur when there is coordination between an employee and a vendor(s) or among multiple vendors to influence the awarding of a City contract or to drive up contract prices. An employee involved in this activity may be accepting a kickback or bribe.

How does it occur?



- ...> Discloses confidential bid information to a specific vendor(s) to give them a competitive advantage
- ...> Develops or changes bidding requirements to favor a particular vendor(s)



- ...> Collude to steer winning contracts towards a particular vendor by:
 - submitting uncompetitive bids
 - agreeing to subcontract the work to the losing bidders
 - agreeing not to submit a bid so another vendor can win

How can you prevent it?

Maintain and adhere to procurement policies which must include:

- Requiring employees involved in the procurement process to disclose personal or financial connections to vendors
- Rotating assignment of employees who oversee vendors to keep personal relationships at a minimum
- Reviewing bids against expected costs and re-bidding when there are exceedingly high or low bids
- Regularly reviewing the selection of vendors that were exempt from a competitive bidding process

WHAT ARE RED FLAGS?



Employee frequently extends contracts or accepts late or suspicious bids



Lack of appropriate paperwork during procurement process (i.e., documentation of decisions, bid or cost proposals)



Vendor consistently wins contracts with no apparent competitive advantage



Employee has a close personal or business relationship with vendor



Vendors complain about fairness or lack of competition in selection process



Winning bids are consistently too high or too low compared to cost estimates, price lists or industry averages



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