

PROJECT & ASSET-BASED ORGANISATIONS

Construction, infrastructure, utilities, engineering and energy (mobilisation, subcontracting, and asset build-outs).

Where and why to look for fraud

In project and asset-based businesses, the same controls that catch an inflated variation also give you an accurate cost-to-complete. The checks that verify what a subcontractor has actually delivered give you the performance data to negotiate the next contract from a position of strength. A business that certifies what it can evidence, approves changes before they happen, and tracks labour and plant honestly delivers on its commercial promises, and attracts better terms and funding as a result.

Fraud loss estimates range from around 1% to 7% of revenue. In project businesses, the losses are often significant and buried in variations, cost codes, and WIP adjustments. **This tool helps reduce those fraud risks, and it only takes 15 minutes.**

This tool is the start of that process, and it only takes 15 minutes.

Business model map

Step	What happens	What's at risk
1. Bid & contract	Pricing, negotiation, partner selection	Your commercial baseline and cost model (before the project even starts)
2. Mobilisation	Advance payments, site setup, hiring, procurement	Early cash, released before controls are fully in place
3. Procurement & subcontracting	Supplier selection, rate agreements	Your supplier spend, approval controls, and sub-contract relationships
4. On-site delivery	Labour, plant, materials, supervision	Your labour costs, plant utilisation, and materials inventory
5. Variations & change orders	Scope changes, claims, extensions	Your contract margin and control of the project scope
6. Measure, certify & pay	Certification, invoicing, payment	The integrity and reliability of what gets certified, and control over who gets paid (and how much)
7. WIP & financial reporting	Cost/revenue recognition	The accuracy of your reported profit and project health
8. Handover & close-out	Defects, final accounts, asset disposal	Your final account, warranty exposure, and residual asset value

Pressure triggers to consider: tick all that apply:

- | | |
|---|---|
| ☐ Fast mobilisation or tight deadlines | ☐ Heavy subcontractor dependency |
| ☐ Large advance or milestone payments | ☐ Remote sites with limited oversight |
| ☐ Frequent scope changes and variations | ☐ Extensive plant and equipment hire |
| ☐ Complex bill of quantities or measurement structures | ☐ No clear owner for commercial document control |
| ☐ Centralised approval and payment authority | ☐ High staff turnover |

Red flags and what to look for



Use the following as a checklist to identify things that require investigation:



Procurement & subcontracting

- Repeated urgent/sole-source awards or poor-performing suppliers winning consistently
- Orders split just below approval limits (look for invoices within 5% of your threshold)
- Supplier bank details changed electronically with no independent call-back check
- Shared contact details between suppliers or with employees.

Labour, plant & site

- Identical timesheets or uniform handwriting
- Single-person control of access, timesheets, and materials
- High fuel or equipment-hour claims with no usage logs
- Split or duplicate receipts; unreturned advances
- Deliveries at unusual times or locations.

Variations, measurement & payment

- Late-stage surge in variations
- Approvals dated after work execution
- Progress certificates are inconsistent with site conditions
- Double-billing across multiple cost codes.

WIP & financial reporting

- Percentage complete consistently ahead of physical progress or cash outflow
- Sharp shifts in cost-to-complete near period-end
- Costs are capitalised instead of expensed without justification.

Payroll

- Leavers still receive pay after exit
- Self-approved timesheets or expenses
- Two employees share the same bank account number in the payroll system
- Pay anomalies on weekends, bank holidays, or shutdown periods.

Bank reconciliation

- Reconciliations are infrequent or performed by the same person who executes payments
- Items sitting in suspense accounts without a clear explanation (review unresolved after 30 days)
- Reconciling items that keep rolling forward month after month.

People & behaviour

- Refusal to take leave, share duties, or allow independent checks
- Unusually close ties with a supplier or subcontractor
- Pressure to approve without documentation ("we'll sort the paperwork later").



Tips

Before investigating, save emails, invoices, approvals, and system logs as evidence.

"Most fraud is caught through people speaking up or routine checks - make it easy for them to raise a concern."

Quick self-assessment & action prompts

Score each line: 0 = not in place/ don't know 1 = partly in place 2 = in place and used

	0	1	2
We can trace high-value payments from request to approval, with independent evidence of work done (not just an invoice)	☐	☐	☐
Subcontractor onboarding includes basic checks: ownership, conflicts of interest, capability, and whether they share details with another supplier or employee	☐	☐	☐
Mobilisation advances are tied to a clear plan and tracked to actual spend	☐	☐	☐
Timesheets and labour records have an independent cross-check (access logs, attendance, supervisor sign-off)	☐	☐	☐
Plant and equipment hire has daily utilisation evidence and is checked against market rates	☐	☐	☐
Variations require rationale and approval before (or at the point of) execution, not after	☐	☐	☐
Certification has an evidence pack (photos, test results, sign-offs) and is not done by one person alone	☐	☐	☐
Bank detail changes and new payee instructions are verified by call-back to a trusted number, and not by replying to the request/through an inbound call	☐	☐	☐
WIP estimates and cost-to-complete figures are reviewed by someone independent of the project team near period-end	☐	☐	☐
Bank reconciliations are done at least monthly by someone who does not process payments	☐	☐	☐
Payroll is checked quarterly: leavers removed promptly, no duplicate bank accounts, no one approving their own time	☐	☐	☐
Staff know how to raise a concern safely, and trust it will be taken seriously	☐	☐	☐

How to read your results

Mostly 2s:

Maintain controls; focus on the highest-exposure areas.

Mixed:

Prioritise 2-3 quick improvements and assign owners and deadlines.

Mostly 0s and 1s:

Start with payment controls, supplier checks, and bank reconciliation.

Action prompts

In the next 48 hours:

- Review the last 90 days for near-threshold or duplicate invoices.
- Spot-check one live site: timesheets, plant logs, materials receipts, cash/fuel records.
- Review payroll for ex-employees still listed as active.

In the next 30 days:

- **Introduce a simple subcontractor onboarding checklist:** ownership, conflicts, capability, and a check for shared details with other suppliers or employees.
- **Set up a variation tracker:** rationale, rate, approval date, and execution date. Flag anything where execution came before approval.
- **Run the top 20 variations:** who approved, who benefited, any patterns?
- **Start monthly exceptions review** (duplicates, near-threshold spend, bank changes).
- **Define a scrap and asset disposal process:** who approves it, and what evidence is required.

Your plan (write it down)

1. Top 2 fraud risks, in plain language: _____
2. Two actions we will complete by [date]: _____
3. Owner (name/role) and check-in date: _____