

Uncovering Collusion and Fraud: A Comprehensive Investigation into Recruitment Practices

BACKGROUND

The Internal Audit department of a large establishment based in UAE raised concerns over potential fraud in HR operations, specifically regarding ghost employees, unauthorized visa issuance, and collusion between the Head of HR and external recruitment/travel agencies.

DETAILS OF THE FRAUD

The Head of HR established a recruitment agency under his spouse's name to divert business and receive kickbacks, leveraging his position to secure lucrative deals. The Head of HR also hired employees in exchange for bribes, offering them high-paying jobs. These dishonest actions were carried to benefit the Head of HR and his associates at the company's cost.

CLIENT IMPACT

The fraudulent activities resulted in significant financial losses, including visa frauds, disbursement of funds to ghost employee, and unauthorized payments. As a consequence of the investigation, the Head of HR was terminated. Additionally, the recruitment agency responsible for the fraud was blacklisted by the client.

AT A GLANCE

How was fraud committed?

- The Head of HR created fake employees by falsifying Emirates ID details, diverting salaries to his own account.
- The Head of HR in collusion with the procurement manager, awarded major recruitment contracts to his spouse's company. This conflict was not declared during annual conflict declarations.
- The Head of HR took bribes from candidates for placing them in the organization within the UAE.
- Non-employees were issued visas, and accommodation costs were billed to the company for ghost workers.
- The HR team operates within the same jurisdiction and language, with key members supporting the Head of HR



How could have this been prevented?

- Annual Conflict of Interest Disclosures and associated consequences
- Regular Fraud Risk Assessments of HR Functions using data analytics
- A diverse team spanning various levels within a single department