

Vendor Billing Fraud Detection Checklist

F&B, Aggregator Platforms & Third-Party Billing — GCC Context

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Developed from forensic investigation of third-party aggregator billing fraud at a GCC cloud kitchen operator — a scheme that exploited the gap between contracted commission rates and actual settlement statements, compounded by high transaction volume and weak three-way matching controls. **Total impact recovered: AED 7.7M.** Use as a pre-fieldwork risk identification tool and as a continuous monitoring framework for any business processing high-volume third-party settlements.

SECTION 1 — CONTRACT VS. ACTUALS REVIEW

- ☐ Obtain signed contracts for all active vendors — commission rates, settlement terms, fee structures
- ☐ Map all active fee types per contract: commission %, delivery fee, marketing deduction, packaging, VAT
- ☐ Verify no undisclosed fee categories appear on settlement statements
Any fee type not in the contract but appearing on invoices is a red flag — investigate immediately
- ☐ Compare contracted commission rates against actual rates applied in last 12 months, by vendor
- ☐ Check for unilateral rate changes — did the vendor notify in writing before applying?
- ☐ Identify any retroactive billing — charges applied to prior periods after settlement

SECTION 2 — VOLUME & VALUE RECONCILIATION

- ☐ Reconcile orders per POS / ERP against orders per vendor settlement statement (order count)
- ☐ Reconcile GMV (Gross Merchandise Value) per internal system vs. GMV per vendor statement
- ☐ Reconcile cancellations per internal records against cancellations per vendor statement
Common scheme: vendor understates cancelled orders to inflate settlement deductions
- ☐ Test refunds: for each refund on vendor statement, verify corresponding customer complaint in CRM

☐ Identify orders marked “delivered” by vendor but “not received” by customer — triangulate with delivery logs

☐ Run volume trend analysis: flag months where vendor deductions grow faster than order volume

SECTION 3 — SETTLEMENT TIMING & BANKING

☐ Confirm settlement cycle matches contract terms: daily, weekly, or monthly

☐ Identify settlement delays exceeding contracted terms — float benefit accrues to vendor

☐ Verify settlement bank account details match original vendor registration — unauthorized changes = fraud signal

☐ Test for duplicate settlement payments: same period, same vendor, different reference numbers

☐ Confirm VAT charged on vendor invoices matches VAT registration and rate in effect

- ☐ Is a three-way match process in place: PO / contract + vendor invoice + internal transaction data?
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- ☐ Is matching automated or manual? Document and assess risk of manual matching at volume
Manual matching is a control weakness at scale — automate if processing more than 500 transactions/month
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- ☐ What is the tolerance threshold for variance approval? Who approves variances above threshold?
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- ☐ Review all approved variances in last 12 months — are they clustered around threshold (threshold manipulation)?
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- ☐ Test whether any invoices were paid without three-way match — document exceptions
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- ☐ Confirm payment authorization levels enforced — who can approve vendor payments and at what amount?
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SECTION 5 — AGGREGATOR PLATFORM-SPECIFIC TESTS

- ☐ Test menu pricing parity: prices on aggregator app vs. own channel — unexplained discounts = revenue leakage
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- ☐ Identify “exclusive” promotional campaigns funded by the business — were these authorized?
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- ☐ Review aggregator marketing spend charged to the business — is there a signed agreement per campaign?
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- ☐ Test for phantom outlets: locations active on aggregator platform but not generating internal orders
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- ☐ Verify aggregator payment credentials and sub-merchant IDs match contracted entities
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SECTION 6 — DATA ANALYTICS TESTS

- ☐ Benford’s Law analysis on settlement amounts — deviations in leading digits flag rounding/fabrication schemes
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- ☐ Duplicate detection: same invoice amount, same vendor, within 30-day window
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- ☐ Round-number test: elevated frequency of round-number invoices (systematic over-billing indicator)
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Velocity test: flag vendors with sudden invoice frequency increase exceeding 2x prior quarter average



Pareto analysis: top 10 vendors by total spend — do they represent reasonable % of total payments?

From Practice: The AED 7.7M was not discovered through suspicion — it was discovered through systematic reconciliation of contracted rates against actual settlement data across 36 months of transaction history. The scheme had been running for over two years. No single transaction was large enough to trigger manual review. Only population testing revealed the pattern.