

FOCUS ON FRAUD

Welcome to the September RSM counter fraud newsletter.

Fraud trends in 2022/23

The [Office for National Statistics](#) has reported frauds are returning to their pre-pandemic levels, but the types of frauds reported is shifting in nature. There were 3.5m fraud offences recorded in England and Wales in the year ending March 2023. The method used by fraudsters is constantly evolving as they exploit weaknesses in controls. [Figures obtained by RSM](#) show a 10% rise in reported cases of fraud committed by employees against their employers alone.

High risk areas for fraud



External fraudsters are skilled, honing their technique through years of trial and error. Their attempts may be difficult for your teams to identify and prevent. It's important that you remain up-to-date with the latest methods. We have seen mandate fraud and dual working emerge as areas of increasing risk and which are likely to feature in any risk assessment.

Mandate fraud

Fraudsters pose as legitimate suppliers to divert payments to their own bank accounts. These requests are supported by fake invoices containing the bogus data to further legitimise the change requests. Sophisticated attempts involve lookalike email accounts or email account hijacks to trick recipients into thinking the request has come from a legitimate source. Fraudsters also use these techniques to target payroll systems to divert salary payments.

Requests to change bank account details, for suppliers or staff, should be treated with caution and independently verified with a known contact.

[Read more about mandate fraud.](#)

Dual working

This fraud occurs where an individual has two or more full-time jobs, normally working exactly the same hours, for both employers, and doing the bare minimum in each role to receive two salaries without being dismissed. This risk is heightened for organisations that have embraced hybrid or remote working, as it can allow a minority of staff to deliberately undertake 'dual employment'. This type of deceit also carries additional risks relating to the exploitation of conflicts of interest.

[Read more about recruitment fraud risks.](#)

Review of mandate fraud controls

RSM has reviewed controls at a financial services organisation, following a successful mandate fraud, resulting in the loss of £75,000 from a customer's account. Using a 'soft' approach the fraudster used publicly available information about the customer to elicit information from bank staff. This resulted in the bank providing information about their customer's nominated contacts and their own internal process. The fraudster was then able to change the contact information and bank details for the customer. With the fraudster controlling the new contact details a payment of £75,000 was requested and approved.

Our review found control weaknesses in the amendment process. We also identified that despite receiving training, staff had a relaxed approach to fraud. As no fraud had been committed previously, staff felt there was no threat, even when faced with multiple red flags. A regular and varied fraud awareness campaign, including topical examples that staff can relate to is vital.

FRAUD PREVENTION: WHAT YOU NEED TO KNOW

RSM provides a series of webinars which highlight key fraud risks and provide practical insights to protect your organisation.



Failure to prevent fraud: What to consider

Event date and time: 29 September 2023 10-11am

The government is implementing a [new corporate offence of failing to prevent fraud](#), intended to hold organisations to account if they profit from fraud committed by their employees.

This webinar brings together RSM's fraud prevention and investigation experts to highlight measures organisations should be implementing to ensure they are not exposed to the risk of criminal prosecution when the legislation comes into force.

[Register for the webinar](#)



Insider fraud: How to save half a million pounds

How did two trusted staff steal over £500,000 from their employer? In our [webinar](#), we revealed how Barry Stannard and Thomas Elrick created fake companies and invoices to pocket £800,000 and £564,000 respectively.

They exploited weak controls and used their own authority to approve the payments. Both were caught and jailed for their crimes. We showed you how they did it, and how you can prevent it.

Our experts explained the key controls and the type of internal audit tests used to detect and deter such frauds. Revisit the webinar to learn from these cases and protect your organisation.



Fraud risk assessment

Fraud, bribery and corruption should be high on any organisation's risk agenda, as preventing fraud is much easier and cheaper than dealing with its aftermath. By preventing fraud, you are protecting your finances and reputation, which are critical factors for maintaining stakeholder trust.

Understanding your organisation's individual fraud risk profile is essential in ensuring you minimise your risk and make best use of your resources. RSM provides a bespoke risk assessment, utilising our expert's extensive knowledge and experience in the counter fraud and investigation sectors.

The risk assessment identifies gaps and weaknesses in your controls, and we help organisations to devise effective preventative measures.

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[Find out more about how we can help you organisation.](#)

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