

Internal Audit Report on Bank Mandate Fraud

Report number:	PAS/WS/24/002	
Report to and date(s):	Performance and Audit Scrutiny Committee	25 January 2024
Cabinet member:	Councillor Diane Hind Cabinet Member for Resources Email: diane.hind@westsuffolk.gov.uk	
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Decisions Plan: This item is not required to be included in the Decisions Plan.

Wards impacted: No specific wards are impacted by this report

Recommendation: It is recommended that the Performance and Audit Scrutiny Committee:

1. Notes the contents of this report

1. Context to this report

- 1.1 Mandate fraud, sometimes known as 'payment diversion fraud' or 'business email compromise', occurs when someone purporting to be from a genuine supplier contacts the council with a request to change bank account details that payments are made to. If the request is actioned, the payments will then be made to the fraudster's bank account.
- 1.2 The council was subject to a bank mandate fraud in July 2023 resulting in payment being made to a fraudster instead of the intended supplier following the supplier being the subject of a cyber-attack of its email, unknown to the supplier or the council at the time. While this incident was extremely regrettable many organisations are unfortunately affected by such scams, and this is the first time the council has been defrauded in this way.
- 1.3 This fraud incident was previously reported to the Performance and Audit Scrutiny Committee in the Internal Audit Mid-Year Report in November 2023. **Appendix A** and **Exempt Appendix B** build on the information contained within that report and provides additional information requested by members.
- 1.4 **Appendix A** explains what happened and actions taken to mitigate the risk of fraud re-occurring while omitting any specific details which could identify parties involved or give fraudsters information that could be useful to them. These specific details are included for members information at **Appendix B** which is therefore an exempt paper not for publication.

2. Proposals within this report

- 2.1 This report sets out additional information regarding the mandate fraud to further inform members.

3. Alternative options that have been considered

- 3.1 No alternative options were considered.

4. Consultation and engagement undertaken

- 4.1 This report was prepared in consultation with the Portfolio Holder for Resources and Property, S151 Officer, Service Manager (Finance and Procurement), and Monitoring Officer.

5. Risks associated with the proposals

5.1 Any relevant risks are covered within the report

6. Implications arising from the proposals

6.1 Any implications arising are covered at Appendices A and B.

7. Appendices referenced in this report

7.1 **Appendix A** – Internal Audit Report on Bank Mandate Fraud

7.2 **EXEMPT Appendix B** - Internal Audit Report on Bank Mandate Fraud
– Additional Information

8. Background documents associated with this report

8.1 [Internal Audit Mid-Year Progress 2023-24](#)