

Auditor warns government agencies of scam targeting public money

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SANTA FE — State Auditor Wayne Johnson is warning state and local agencies today that a scam artist could target their finance employees with fraudulent invoices for significant amounts of money. In the past, some New Mexico entities have fallen victim to such fraud, costing taxpayers thousands.

“These criminals are very savvy and convincing,” Johnson said. “They do their research and often know how specific agencies work, and who works there. We have to be careful and rely on internal control methods to safeguard public money. Unfortunately, over the years we’ve seen schools, cities, and counties fall prey to these scams, costing us more than half a million of valuable tax dollars that could be used for actual services.”

Some government entities have paid invoices before realizing it was fraudulent. In 2017 the City of Albuquerque paid \$400,000 and the Silver City School District paid \$200,000 to scammers. In 2016, San Miguel County lost \$38,000 to a similar scheme.

In the latest case, perpetrators “spoofed” the e-mail of a senior level official in a local school district and created a sense of urgency, demanding that an invoice be paid that day.

On April 18, the school district’s accounts payable manager received an email that appeared to come from the district’s chief financial officer. The CFO asked the manager to pay a \$26,280.50 invoice immediately. When the accounts manager asked for further information and documentation, the fake CFO replied that it was okay to pay the invoice outside of the normal

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process and that it was critical to pay immediately.

The employee wasn't fooled, and reported the scam to her superiors.

The Risk Advisory report can be read here: https://www.saonm.org/media/uploads/GAO_RA_Vendor_Invoicing_Scam.pdf

Government employees and leaders who received e-mails suspected of being fraudulent can e-mail the OSA at reports@osa.state.nm.us or call 505-476-3800.

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