



(भारत सरकार) GOVERNMENT OF INDIA
(रेल मंत्रालय) MINISTRY OF RAILWAYS
(रेलवे बोर्ड) RAILWAY BOARD

RBA No. 7c /2019

No. 2019/AC-II/25/2/NFR (Lumding)

20th August, 2019

Principal Financial Adviser,
All Zonal Railways and Production Units.

Sub :- Fraud case in passing of Bills.

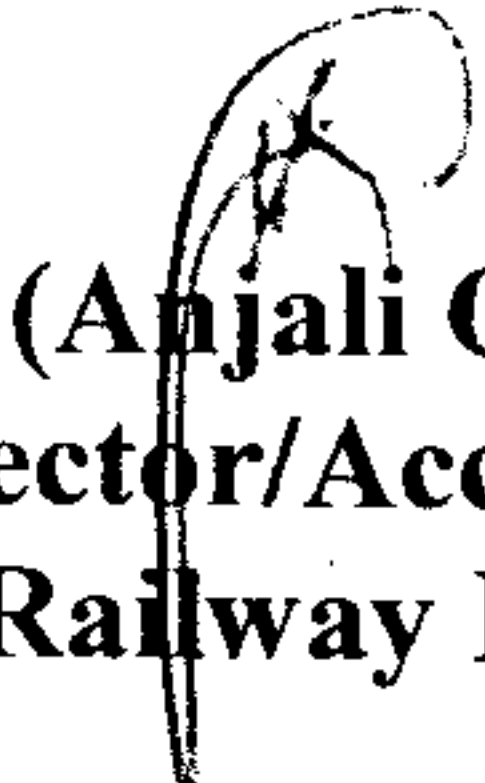
Ref:- Board's letter No. even dated 26.04.2019 (RBA No. 33/2019).

In continuation to Board's letter under reference, an extract of the detailed report on Fraud case in Lumding Division, NFR is enclosed for information and necessary action. Board (FC) has desired that all the Zonal Railways and Production Units may review the existing system in place in the context of modus-operandi of the fraud committed in NF Railway immediately, so that the loopholes (if any) in the existing system are plugged. Following action may be taken by all the Railways in this regard:-

- Systemic review of Vendor/Party Master by all the PFAs. This activity should be targeted for completion in a time period of three months, by 19th November, 2019, by weeding out fake entities and expired contracts;
- It may be got confirmed from the staff that all prescribed protocol or Rules are being strictly followed as envisaged in Codes and Manuals;
- Strict compliance to be ensured in rotating staff from Sensitive Seats to Non-Sensitive seats;
- Test Check Mechanism at various levels (from Junior Scale to Higher Administrative Grade) to be strictly followed.

Action taken report on the above may be submitted to Board's office. This may be treated as most urgent.

DA:- As above.


(Anjali Goyal)
Pr. Executive Director/Accounts
Railway Board

General Manager's Detailed Report on Fraud case in Lumding Division, NFR.

A) Amount Involved:- In continuation to the earlier report on fraud case committed by Shri XX, AA and Shri YY, a retired Sr. SO under Sr. DFM/LMG who was re-engaged (and his services since terminated), the total amount involved as per current information is Rs. 4,33,46,571/-. Out of which Shri XX committed the fraud of Rs. 40,46,571/- and Shri YY, ex. Sr. SO committed the fraud of Rs. 3.93 crores. The case was handed over to CVO/MLG who has eventually handed over the case to CBI. Any change in the amount involved in the fraud, if pointed out by CBI, will be subsequently communicated to Railway Board accordingly.

Shri XX, AA has confessed to his crime and accepted the fraud of Rs. 40,46,571/-. He has since refunded the whole amount back to Railways. Sr. DFM/LMG's report is placed at Annexure A. Shri YY, ex Sr. SO has refunded an amount of Rs. 24,00,000/-. Details attached as Annexure-B out of total doubtful transaction of Rs. 3.93 crores. Any further recoveries will be intimated to Railway Board as and when received.

B) Modus Operandi of:**a) Sri XX, AA, under Sr. DFM/LMG**

Sri XX, AA, under Sr. DFM/LMG has admitted to the fraud of diverting Railway Money into his bank accounts. Based on the statement of Sri XX (Annexure C) and examination of his bank statements, the fraudulent transactions have been traced in the IPAS system. Sri XX, had access to Bill registration, Bill Passing, CO7 confirmation and cheque generation in IPAS system. In the IPAS system, earlier, modification of the bank details of the party was allowed at the time of bill passing and it did not require online approval of Gazetted officer. Taking advantage of these loopholes and having access to every section, Sri XX, edited the account no. of Sri. ZZ during bill passing and diverted the money into his own bank account. Two pay orders were made by Books section to make payment to Sri ZZ received the payment through Pay order No. 12480/65 and CO7 no. 05041017000014 (Annexure D). The counterfoil of Pay order no. 12480/62 which was used for fraud is torn out. It may be mentioned here that Sri ZZ has been paid his dues, so it's a direct loss to Railways.

Later on the restrictions of party modifications were put in place. Then Sri AA edited the bank account no. in CD which is sent to the bank. As it is evident with latest case. Sri XX forged the signature of ADFM-I in hard copy of the CO7 no. 05041018700020 dt. 21.12.2018 and cheque abstract no. 0504180172 sent to Cash office. While taking the signature on hard copy of the abstract the information of the fraudulent transaction was deleted. Relevant CO7 and bank abstract sent to cash office³ with forged signature is kept at Annexure-F.

It has been established that Bank CD has been tampered with and tampering happened outside the IPAS system. Since, the other bank accounts may also be involved which have not been confessed by Sri XX. A thorough inquiry has been taken up by CBI.

b) Shri YY, ex Sr. SO under Sr. DFM/LMG

During the investigation of modus operandi of fraud committed by Sri XX, a slew of doubtful transactions have come into light where beneficiary seems to be Sri YY a retired Sr. SO under Sr. DFM/LMG who was re-engaged (and his services since terminated). The money through these seemingly fraudulent transactions have been diverted to the account no. 0030210031727, UBI, LMG branch. The account no. belongs to M/S. Intimate which is allegedly registered in the name of Smt. BB, w/o Sri YY. The PAN no. registered with the bank account is ACNPC7966J (Annexure F). The GSTIN no. 18 ACNPC7966JIZZ is linked with M/S intimate and M/S RC computer solution with account no. 7359250004527 in IPAS party master. The modus operandi in all these latter cases has been same. The bill was registered against one party with or without any bill. While passing bill, it was divided into two or more than two parties. The larger amount went to the account of UBI mentioned above. On every occasion bills passed to the same account no. have different party name. As per the remarks while registration of bill passing it was shown as refund of unsuccessful transactions or payment related to employees. Similar doubtful transactions has also been seen in the Account No. 7359250004527 of Assam Grameen Bank (IFSC Code UTBI0RRBAGB) AND 0030050013891 of UBI, Lumding (IFSC code UTBI0LMG321). The details of these transactions is kept at Annexure G and bank statement of account no. 0030210031727, UBI, LMG branch is at Annexure H.

c) System Failure: From time to time many checks has been introduced in the IPAS system. Any system is bound to fail if the guidelines are not being followed. In Lumding Accounts office, there seems to be no system of checks and balances. Usual protocols of Accounts Office were not being followed. Books section was issuing the pay orders to clear the amount which was returned from the bank due to technical error such as wrong bank account. Books section was also passing bills related to postal stamps and commission for issuing DDs, hence, they had access to other bill registration and passing module in IPAS. Generally in Accounts office books section neither issues the pay order i.e. creating a bill nor passes the bill.

Headquarter guidelines regarding privilege allotment in IPAS circulated vide letter no. IT/037/IPAS/2014 dated 04.05.2017 (Annexure I) were not followed otherwise fraud could have been prevented. Sri XX and Sri YY had access of many modules IPAS system which led to fraud. There was no check. Till recently, the registered email ID was ADMINLMG, is in the name of Sr. DFM/LMG was adminlmg@gmail.com which was accessible to Sri XX and YY. Also, the

password of ADMINLMG was known to more than one person which was against the guidelines as given by the HQ Privileges were distributed through ADMIN ID.

In case of CO7 No. 0504071818700403, it is passed by ADFM-I and Sri YY on the hard copy (Annexure-I). Paid voucher of this CO7 is missing in the Accounts office. The party was created by IPAS ID NFR04EST2014 with Account no. 7359250004527 of Assam Grameen Bank (IFSC Code UTBI0RRB AGB) on 09.11.2018. Later, modifications of party details were done by NFR04EST2014 with a different bank account on 10.11.2018 and confirmed by ID IPASLMG01P on 12.11.2018 (As informed by CRIS, Annexure K). This was probably done to cover the fraudulent transaction which was already done on 09.11.2018 . The paid voucher of this CO7 is missing while the paid vouchers of other CO7s presented for cheque are found in Accounts office. As per ADFM-I, Sri YY had access to his ID and also the bills are being presented to him while passing. It seems there was no sanctity of user ID and password and they were shared. It is also noteworthy that in LMG division most of the Sr. SOs did not have IDs in IPAS to supervise the work of their subordinates. This is one of the major system failures. In an online environment of work if Sr. Section Officers or officers are not having proper understanding of the system, they can easily be deceived. It is noteworthy that paid vouchers were not sent to cash office along with CO7s and cheque abstract. As it is mentioned above that paid voucher of doubtful transaction is missing, hence this fraud could have been detected if usual practice of sending paid vouchers to cash office was followed. Books section in LMG has given acquittance to cash office upto Dec'2018.

D)Administrative failure : LMG division was repeatedly warned about not following the guidelines issued by the HQ. On two separate occasions letters (No. IT/037/IPAS/2014 dated 28.04.2017 and 06.09.2017) were written to Sr. DFM/LMG warning about the wrong privileges given to certain IDs. Sr. DFM/LMG replied to first one through email which is quoted here” **acknowledged...preventive measures being taken forthwith**” (Annexure L). Sr. DFM/LMG did not reply to the second letter where explanations were called from him and it seems no corrective steps were taken. The fraud has taken place from the same ID which was specifically mentioned in the letter.

Following can be established without doubt:

- a. Work distribution was not as per the allotment made by the HQ.
- b. HQ guidelines regarding distribution of privileges were not followed by the division.
- c. Proper action was not taken on the letters of the HQ.
- d. The IDs which were misused in bill passing of these fraudulent /doubtful transactions are:

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S. NO.	Employee ID	Employee No.	Employee Name
1.	NFR04CHQ2001	124N0401521	XX, AA
2.	NFR04CHQ2007	124A0400772	Manish Karna, AA
3.	NFR04CHQ2002	12404159470	Anirudha Kar, AA
4.	NFR04EST2014	12404211030	Bijoy Roy, AA
5.	NFR04CHQ2001, IPASLMG01A	12404059761	YY, Sr. SO (Acs), Retd.
6.	IPASLMGG01P	12802024019	Arun Kumar Bahadur, ADFM-I

E) Disciplinary action taken against the party at fault:

After detection of the aforesaid fraud, Shri XX, AA was suspended. The re-engagement of Shri YY, ex. Sr. SO since terminated. Moreover, for further detailed investigation, the case was handed over to CVO/MLG with the approval of GM/NFR who has eventually handed over the case to CBI.

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