

Spandana Sphoorty Financial Ltd.

Internal Audit Department



Fraud Investigation Report

Branch Details:

Branch Code	Branch Name	Cluster	Area	Region	State	Zone
UP3277	Nautanwa	Pharenda	Maharajganj	Gorakhpur	Uttar Pradesh	North
Branch Manager Name/ID	Branch Quality Manager Name/ID	Cluster Manager Name/ID	AVP Name/ID	VP Name/ID	SVP Name/ID	CBO Name/ID
Krishana Nand Kumar Singh/SF007175 1	Alok Kumar Singh/SF0069 654	Rakesh Kumar Yadav/SF0098081	Sudhir Tiwari/SF009 8608	Nand Kishore Rai/SF0097965	Vipin Yadav/SF00719 28	Ajay Ganotra/SF0068 487
Date of Information Received (DD/MMM/YY)		03-May-2025	Date of event/transactions occurred (From-To) (DD/MMM/YY)		11-Sep-24	29-Mar-25

Type of Incident (Fraud/Robbery/Theft)	Staff Fraud
Internal or External	Internal
No. of staff/persons involved: Fraud/Robbery/Theft	02
Total Amount Involved (Rs.)	279921 /-

Describe how the incident has been exposed/identified:

During a branch visit, the Branch team identified by **Cluster Manager Rakesh Kumar Yadav** instances of fraud within the Microfinance Institution through careful monitoring and investigation. The fraud was detected by the operations department, who flagged the issue through process reviews and proactive risk management measures.

It was observed that the audit team identified fraudulent activities involving 2 staff members **Branch Manager Kamlesh Kumar/SF0072519** and **BQM Prashant Singh SF0088682**.

These staff members were found to have misappropriate details related to **Disbursed Amount Recollected & Pre-Closure Misappropriation** using the information for personal gain rather than properly posting it in the FIMO system. This unauthorized activity led to serious concerns regarding financial mismanagement and fraud.

Complaints were raised regarding these fraudulent activities on several occasions: **03-May-2025 & 28-May-2025**.

Based on the evidence provided by both the Audit teams, formal complaints were registered under the following complaint numbers **Branch Manager Kamlesh Kumar/SF0072519 - FN-25-26 00705** and **BQM Prashant Singh SF0088682- FN25-26-00783**.

These complaints reflect the ongoing investigation into the misappropriation of funds and the breach of institutional protocols.

Brief Details of the incident:

Investigation Approach:

The audit team undertook a field investigation, visiting a selected sample of borrowers managed by the following Staff and **Branch Manager Kamlesh Kumar/SF0072519 - FN-25-26 00705** and **BQM Prashant Singh SF0088682- FN25-26-00783**.

Spandana Sphoorty Financial Ltd.
Internal **Audit Department**



The purpose of these visits was to verify the borrowers' status and ensure that payments made by the borrowers had been properly recorded. With the borrowers' visits, the audit team uncovered a significant issue— the amounts collected from the borrowers were found to be missing or not properly documented in the financial records, indicating potential discrepancies in the accounting process or possible mismanagement. This raised concerns about the accuracy and integrity of the financial records related to these loans.

Modus Operandi:

An investigation was conducted by the Internal Audit team from **2-Jun-2025 to 7-Jun-2025**, covering a total of 307 borrower loans handled by **Branch Manager Kamlesh Kumar/SF0072519 - FN-25-26 00705** and **BQM Prashant Singh SF0088682- FN25-26-00783**.

The investigation revealed that these staff members had committed fraud by processing **Disbursed Amount Recollected & Pre-Closure Misappropriation** but failed to update the borrowers' accounts in the FIMO system. Instead, they embezzled the collected funds for personal use.

To verify the allegations, the Internal Audit team conducted visits to all 307 borrowers' loans whose loans were managed by the identified staff **Branch Manager Kamlesh Kumar/SF0072519- 239** borrowers' loans had their Loan Misappropriation & **BQM Prashant Singh SF0088682- 68** borrowers' loans had their Loan Misappropriation, Instead of properly posting the updates, the amounts collected from these borrowers were retained by **Branch Manager Kamlesh Kumar/SF0072519** and **BQM Prashant Singh SF0088682** for personal use, further confirming the fraudulent activity.

Borrower Wise details are mentioned Here -:

Pre-Closure Misappropriation Borrower Details Under Here-:

SN	Borrower Name	Loan ID	Misappropriated Staff Name/EMP ID	Staff Designation	Amount Collected	Amount Recovered & Accounted in FIMO	Amount Recovered But "Not" Accounted in FIMO	Difference Amount
					(Gross Fraud)			(Net Fraud)
1	SHREEMANTI	352006827	Prashant Singh/SF0088682	BQM	17080	0	0	17080
2	KIRAN	354398154	Kamlesh Kumar Rauniyar/SF0072519	BM	9000	8881		119
3	ALKA DEVI	356669232	Kamlesh Kumar Rauniyar	BM	19170	7200		11970
4	NIRMALA SINGH	357928196	Kamlesh Kumar Rauniyar	BM	62000	30900		31100
5	MAMTA VERMA	357851681	Kamlesh Kumar Rauniyar	BM	43200	0		43200
6	SONMATI	352981013	Kamlesh Kumar Rauniyar	BM	15400	0		15400

Spandana Sphoorty Financial Ltd.
Internal **Audit Department**



7	SONMATI	35609928 5	Kamlesh Kumar Rauniyar	BM	10900	0		10900
8	ASHARFI	35168672 5	Kamlesh Kumar Rauniyar	BM	15171	12600		2571

Disbursed Amount Recollected Borrower Details Under Here-:

SN	Borrower Name	Loan ID	Misappropriated Staff Name/EMP ID	Staff Designation	Amount Collected	Amount Recovered & Accounted in FIMO	Amount Recovered But "Not" Accounted in FIMO	Difference Amount
					(Gross Fraud)			(Net Fraud)
1	CHITRAREKHA	35829849 3	Kamlesh Kumar Rauniyar	BM	40000	0		40000
2	NIMA	35795809 9	Kamlesh Kumar Rauniyar	BM	48000	28440		19560

The total amount involved in the fraud, affecting all the borrowers, is **Rs.279921 /-** (Two lakh seventy-nine thousand nine hundred twenty-one). This amount represents the funds that were misappropriated by the staff members involved. The funds were collected from the borrowers but were not properly updated in the borrowers' accounts in the FIMO system. Instead, these funds were embezzled by the staff for personal use, leading to significant discrepancies in the financial records.

Staff wise fraud details-

SN	Name of the Staff Involved (As per HR Records)	Employee Designation (As per HR Records)	Employee Code (As per HR Records)	Total Fraud Amount (Post Investigation)	Amount Recovered (On or before Fraud Investigation)	Net Fraud Amount (To be Recovered)
1	Kamlesh Kumar Rauniyar	Branch Manager	SF0072519	262841	88021	174820
2	Prashant Singh	Branch Quality Manager	SF0088682	17080.00	0	17080.00

Spandana Sphoorty Financial Ltd.
Internal **Audit Department**



Sl. NO.	Checklist	Particulars
1	Who exposed the event: Name/ID/Designation/Department/Centre to be mentioned	Rakesh Kumar Yadav/SF0098081/Cluster Manager
Audit	Date of event exposed	03-May-2025
3	Name/ID/Designation of the Fraudulent Staff	Branch Manager Kamlesh Kumar/SF0072519 and BQM Prashant Singh SF0088682
4	Whether it is in the notice of BM/BQM/CM/AVP/VP/SVP & HR (Yes/No)	Yes (All Branch Management staff and HR)
5	If yes, mention the Action initiated by BM/BQM/CM/AVP/VP/SVP	Yes
6	No. of thefts/robberies happened in this branch for the past 12 months (excluding this)	NO
7	No. of staff frauds happened in this branch for the past 12 months (excluding this)	NA
8	Is there any disciplinary action taken by HR in his/her past tenure?	NA
9	Whether an internal audit was conducted at the branch during the occurrence of the fraud (Yes/No/NA)	Yes
10	If yes, whether an internal audit has detected the fraud (Yes/No/NA)	Yes
11	If no, why was fraud not detected/informed during such an audit?	NA
12	Is there any investigation conducted & reported after detection by other departments (Yes/No/NA)	Yes
13	If yes, mention the departments that conducted and reported.	Internal Audit

Details of staff involved

Sr. No.	Staff Name	Employee ID	Designation	DOJ in SSFL	DOJ in Branch	DOJ in Exit
				(DD/MMM/YY)	(DD/MMM/YY)	(DD/MMM/YY)
1	Kamlesh Kumar Rauniyar	Branch Manager	SF0072519	17/04/2023	01/05/2023	5/21/2025
2	Prashant Singh	Branch Quality Manager	SF0088682	30/07/2024	30/07/2024	5/09/2025

Spandana Sphoorty Financial Ltd.
Internal **Audit Department**



Note: The information and observations given in the report are based on records and documents produced before us for verification. We have relied on certain explanations and representations provided by the SSFL staff & customers wherever applicable.

Report prepared by: Internal Audit Team.

Date : 12th Jun 2025