

Spandana Sphoorty Financial Ltd.

Internal Audit Department



Fraud Investigation Report

Branch Details:

Branch Code	Branch Name	Cluster	Area	Region	State	Zone
UP3246	Salemgarh	Salemgarh	Kushinagar	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
Vikesh Yadav/SF0098153	Rameshwar Singh/SF0082235	Mukesh Kumar Tripathi/SF0064143	Manoj Kumar Yadav/SF0075353	Nand Kishore Rai/SF0097965	Vipin Yadav/SF0071928	Ajay Ganotra/SF0068487
Date of Information Received (DD/MMM/YY)	21-May-2025	Date of event/transactions occurred (From-To) (DD/MMM/YY)	16-Jul-24	28-Sep-24		

Type of Incident (Fraud/Robbery/Theft)	Staff Fraud
Internal or External	Internal
No. of staff/persons involved: Fraud/Robbery/Theft	01
Total Amount Involved (Rs.)	197247/-

Describe how the incident has been exposed/identified:

During a branch visit, the Branch team identified by **Branch Quality Manager Rameshwar Singh/ SF0073176** 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 1 staff members **Branch Manager Balwant Kumar Singh/SF0073176**.

These staff members were found to have misappropriate details related to **Loan Disbursement 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: **26-May-2025**.

Based on the evidence provided by both the Audit teams, formal complaints were registered under the following complaint numbers **Branch Manager Balwant Kumar Singh/SF0073176- FN25-26-00741**.

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 Balwant Kumar Singh/SF0073176- FN25-26-00741**.

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.

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Modus Operandi:

An investigation was conducted by the Internal Audit team from **5-Jun-2025 to 7-Jun-2025**, covering a total of 48 borrower loans handled by **Branch Manager Balwant Kumar Singh/SF0073176- FN25-26-00741**.

And the KYC details for this borrower Gita Devi/357992406 and Manju Devi/358263779 and Arti Devi/357780973 were uploaded in FIMO by Loan Officer Avnish Kumar/SF0067219, and the CGT and GRT were conducted by the same Loan Officer Avnish Kumar/SF0067219 and Branch Manager Balwant Singh/SF0073176. A loan disbursement of 3 Borrowers Gita Devi/357992406 (Rs.56000, 4-Aug-2024) and Manju Devi/358263779 (Rs.54000, 28-Sep-2024) and Arti Devi/357780973 (Rs. 65000, 16-Jul-2024) was recorded in FIMO by LO Avnish Kumar/SF0067219 and the first loan amount was credited to the borrower's account, but for the second loan, the amount was disbursed to a third party's account without informing the borrower, and the bank passbook was manipulated

The investigation revealed that these staff members had committed fraud by processing **Disbursement 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 48 borrowers' loans whose loans were managed by the identified staff **Branch Manager Balwant Kumar Singh/SF0073176**- 48 borrowers' loans had their Loan Misappropriation, Instead of properly posting the updates, the amounts collected from these borrowers were retained by **Branch Manager Balwant Kumar Singh/SF0073176** for personal use, further confirming the fraudulent activity.

Borrower Wise details are mentioned Here -:

Loan Disbursement Misappropriation Borrower Details Under Here-:

Sr. No	Borrower Name	Loan ID	Misappropriated Staff Name/EMP ID	Fraudulent Staff Designation (Formula from 2 row)	Amount Collected (Gross Fraud)	Amount Recovered & Accounted in FIMO	Amount Recovered But "Not" Accounted in FIMO	Difference Amount (Net Fraud) (Formula)
1	GITA DEVI	357992406	Balwant Kumar Singh/SF0073176	Branch Manager	63408	20930		42478
2	MANJU DEVI	358263779	Balwant Kumar Singh/SF0073176	Branch Manager	59485	14400		45085
3	ARATI DEVI	357780973	Balwant Kumar Singh/SF0073176	Branch Manager	74354	24290		50064

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The total amount involved in fraud, affecting all the borrowers, is **Rs. 1,97,247 (Rupees One Lakh Ninety-Seven Thousand Two Hundred Forty-Seven only)** 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-

Sr. No.	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	Balwant Kumar Singh	Branch Manager	SF0073176	197247.00	59620.00	137627.00

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Sl. NO.	Checklist	Particulars
1	Who exposed the event: Name/ID/Designation/Department/Centre to be mentioned	Branch Quality Manager Rameshwar Singh
Audit	Date of event exposed	21-May-25
3	Name/ID/Designation of the Fraudulent Staff	Balwant Kumar Singh/SF0073176/Branch Manager
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	Balwant Kumar Singh	Branch Manager	SF0073176	24-05-2023	24-05-2023	30-05-2025

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 : 15th Jun 2025

