

A Case Study regarding False Prescription, Fake Bills and False Reimbursement of Medicines

1.0 Executive Summary (Abstract)

In a dispensary / hospital of SAIL, it emerged that false medicine prescriptions were being made by a Doctor for his dependents and also for some other employees and / or their dependents. The Pharmacist was certifying the medicines prescribed by the Doctor, including medicines of vitamins/minerals/probiotic/cosmetic nature, as 'Not Available'.

The Doctor was then clearing false Medicine Reimbursement bills against false invoices submitted to show that the medicines were purchased from Chemist shops in the open market. The medicines which were reimbursed had not actually been purchased at all.

Thus, documents regarding prescription, purchase and reimbursement of medicines were generated only for the purpose of undue financial benefit.

The concerned officials i.e. the Doctor, the Pharmacist and two other employees admitted to wrongdoings in the false reimbursement of medicines during investigation of the case.

Thus, irregularities in reimbursement of medicine bills were established.

Based on the advice of Vigilance and after following the due procedure, suitable Major Penalties were imposed on the Doctor and the Pharmacist; and suitable Minor Penalties were imposed on the two other employees involved in false reimbursement of fake medicine bills. Further, the reimbursement amount wrongfully claimed by the Doctor, the Pharmacist and the other two employees were recovered; and the Doctor was transferred to other location. A System Improvement was also put in place to prevent recurrence of such incidents.

2.0 Type of the source of the complaint

The case originated in SAIL Vigilance through a preventive check. On finding certain irregularities in the matter, the case was taken up for Detailed Investigation and was registered as a Complaint.

3.0 Level of officials involved

The involved Doctor was a mid-level executive of SAIL. The pharmacist and two other employees involved in the case were non-executives.

4.0 Money involved (wherever it is possible to estimate)

The total amount of false reimbursement of medicine bills submitted by the Doctor, the Pharmacist and two other employees was approximately Rs. 2.70 Lakhs.

5.0 Vigilance Angle identified and pursued

On scrutiny of the documents gathered during the Preventive Check, inconsistencies were noticed in the Serial Numbers and Dates of the Medicine Bills purportedly issued by the local Chemist shops.

In one instance, two bills of the same Chemist Shop were bearing the same Serial Number but different dates; and these had been submitted for reimbursement by different employees.

In many other instances, bills of the Chemist Shop having a higher Serial Number were issued earlier than the bills of the same Chemist Shop having a lower Serial Number; and these bills had been submitted for reimbursement by different employees.

On finding out inconsistencies as indicated above, the matter was taken up for Detailed Investigation and was registered as a Complaint.

6.0 The methods used in the investigation

As indicated above, detailed scrutiny of documents and bills submitted for reimbursement of medicines revealed certain inconsistencies.

Further, records of OPD / Dispensary Register were also checked. These registers did not have any record of the visit of the patients against whom suspicious prescriptions had been given by the doctor.

The matter was also pursued by Vigilance with the Chemist Shops who had purportedly issued the bills. One Chemist informed Vigilance in writing that the bills were not issued by his shop and the signature on the bills were not made by him; further mentioning that his shop used a different format of bills and also provided a copy of the same. Incidentally, maximum number of reimbursement bills had been submitted using invoices of this Chemist Shop.

As suspicion increased regarding the genuineness of the medicine bills, it was decided to investigate the prescriptions made by the Doctor. On detailed scrutiny of the same, it emerged that in one instance, the Doctor had regularly prescribed Contraceptive Pills to one of his dependents; and had simultaneously prescribed expensive injections (to the same dependent on multiple occasions) which are only prescribed to pregnant ladies in case the Rh factor of mother and child are different. Further, a medicine for Internal Bowel Syndrome had been prescribed by the Doctor for one of his dependents for a continuous period of 11 months; which appeared to be against the feasible medical protocols. Moreover, medicine for controlling Blood Sugar level had been prescribed by the Doctor to one of his dependents for long periods without any testing of blood sugar levels. Further, many medicines of vitamins/minerals/cosmetic/probiotic nature were also prescribed and reimbursed, which was not allowed as per guidelines. Several other inconsistencies were also found in medicine prescriptions made by the doctor for his dependents and for other employees / their dependents.

To substantiate the suspected irregularities in the prescriptions given the said doctor, Expert Opinion regarding the same was taken by Vigilance from Specialist Doctors in the field of Gynaecology and General Medicine; from which it clearly emerged that the line of treatment prescribed by said doctor to his patients is not medically advisable; and such treatments, if resorted to, should be done only after consulting specialist doctors (which had not been the case).

During investigation of the case by Vigilance, Written Statements of the Doctor, the Pharmacist and two other employees who were suspected to be involved in the irregularities were recorded. When presented with the facts / questionnaire, all the said employees admitted to wrongdoing and accepted the alleged irregularities.

7.0 The conclusions of the investigation

Based on the evidence on record and admission of guilt by all the involved employees, it was clear that false medicine prescriptions had been made by the Doctor and the same had been marked as 'Not Available' by the Pharmacist; following which fake medicine bills had been arranged by the said employees and reimbursement had been claimed against the same. Thus, the documents regarding prescription, purchase and reimbursement of medicines were generated only for the purpose of undue financial benefit; and no medicines had actually been purchased by the accused employees.

8.0 The action taken against the concerned officials

Based on the advice of Vigilance and after following the due procedure, suitable Major Penalties were imposed on the Doctor and the Pharmacist; and suitable Minor Penalties were imposed on the two other employees involved in false reimbursement of fake medicine bills. Further, the reimbursement amount wrongfully claimed by the Doctor, the Pharmacist and the other two employees was recovered; and the Doctor was transferred to other location. A System Improvement was also put in place to prevent recurrence of such incidents.

9.0 Total Cycle Time

The total time taken from the date of registration of the complaint to the date of issuance of final penalty order in the said case was approximately two years.

10.0 Lessons from the Case

The area of reimbursement of medicine bills may also be subject to misuse of power by the concerned doctor and / or the pharmacist. Necessary caution in this regard needs to be exercised by the Administrative Authorities.

11.0 Points to Ponder / Questions

Doctors and Pharmacists are involved in the noble profession of healing and cure. However, such are the times, that even the noble professions have corrupt elements which may use the system for their own benefits and bring a bad name to the entire department / profession.

A Case Study on Irregularities in Payment to Enumerators of NPR 2015.

1.0 Executive Summary (Abstract): In order to update the database for National Population Register 2015 and linking of AADHAR to NPR, 107 employees from Education Department of one of SAIL's Integrated Steel Plants were engaged as enumerators. For this job, Government of India had provided Rs 6000/- as honorarium plus Rs 600/- towards stationery expenses for each enumerator. A complaint was received from one of the enumerators alleging that after the job was completed, honorarium amount of Rs 6000/- was paid to each enumerator by cheque, however, the stationery expenses of Rs 600 was not paid. Allegedly an amount of Rs. 64,200/- towards stationery expenses was embezzled by one Senior and one Junior level Executive and an Assistant (Non-executive) of the Education Department of the concerned Steel Plant. During the investigation of the case, the allegations were found to be correct, while the Honorarium was paid to each enumerator through Cheque, the stationery expense was not paid. Stationery Expense Certificate with forged signatures of the enumerators was submitted to the Deputy Commissioner's Office. The Senior Executive had since retired and the Junior level Executive was awarded major Penalty. However, no role of the Assistant (non-executive) in any kind of monetary activities was found.

2.0 Type of the Source of the complaint: The complaint was received by Corporate Vigilance from one of the employees who was engaged as an enumerator. The complaint was registered by Corporate Vigilance and investigated by the Vigilance Deptt of the concerned Steel Plant.

3.0 Level of officials involved: A Senior level officer and a Junior level officer of the Education Department of a Steel Plant were involved.

4.0 Money involved: An amount of Rs. 62,700/- was embezzled.

5.0 Vigilance Angle identified and pursued: Forgery and misappropriation.

6.0 The method used in the investigation: Investigation was carried out based on scrutiny of documents, interview with some of the affected employees and surprise checks.

7.0 The case in detail: As advised by the Government of India (GOI), employees from Education Department of one of the SAIL Plants were engaged as enumerators to update the database for National Population Register 2015 (NPR) and linking of AADHAR to NPR. To carry out the job, the Deputy Commissioner of the City nominated SE (Education) of the SAIL Plant as officer in charge. 107 employees from the Education Deptt. of the Plant, were engaged as enumerators.

In order to carry out the job, Rs 1500 per Electoral Block(EB) per enumerators honorarium and Rs 150 per EB per enumerator towards stationery expenses were to be paid by GOI. There were totally 418 EBs. To receive and disburse the amount, a Current Account in the name of Senior Executive (Education) was opened in a particular bank. The Senior Executive

After the completion of the job, following documents jointly certified by the concerned SE and JE of the Education Deptt of the Steel Plant were submitted to the Deputy Commissioner of the City on 2 different dates:

- i) **List 1 (for honorarium)** for a total amount of Rs 6,27,000/- (418 EBs @ Rs. 1500/- each), containing names of the 107 enumerators, Cheque No., amount and signatures of the concerned enumerators towards receipt of the Cheque - submitted in May'2017.
- ii) **List 2 (Certificate for Stationery Expenses)** for a total amount of Rs. 62,700/-(418 EBs @ Rs. 150/- each), containing names of the 107 enumerators, amount and their signatures towards receipt of amount by Cash – submitted in Feb'2018 (i.e., about 9 months after payment of honorarium).

Initially nothing amiss was found with these two Lists as both these Lists had acknowledgement of payments with signatures of same set of 107 employees. However, a close scrutiny of the signatures revealed that signatures of the individual employees in the two Lists were not matching, which implied that signatures in one of the Lists were probably forged.

To ascertain the apparent forgery, some of the enumerators were contacted by Vigilance. These enumerators confirmed that they had received the honorarium amount of Rs. 6000/- through Cheque, however, they denied receiving any amount for stationery expenses. These enumerators also confirmed that they had put their signatures on List 1 (for honorarium) but denied to have put their signatures on List2(for Stationery expenses). Their sample signatures also matched with signatures in List 1 but did not match with the ones in List 2.

In order to investigate further, a surprise check was conducted by Vigilance in the Education Department of the Plant and some more documents and facts emerged:

- i. Cheque books which contain the record slips mentioning cheques issued for honorarium amount with the names of the enumerators and the corresponding cheque nos. were found.
 - ii. In one of the three Chequebooks found, the unused undated Cheque Nos. xxx761 to xxx775 were signed by the JE but not by the SE for a sum of Rs 600 each, to be paid towards stationery expenses.
 - iii. In another Chequebook (printing date of chequebook was of the month March'2017 and validity of each Cheque was 3 months from the date of issuance) undated unused Cheque Nos. xxx701 to xxx794 were signed by the JE but not by the SE for a sum of Rs 600/450 to be paid towards stationery expenses (Rs. 450/- in cases, where 3 EBs were covered by the enumerator instead of 4 EBs).
- Copy of an application of the month Dec'2018 signed both by the JE and SE to the bank, requesting to close the Current Account No. XYZ20 and to stop the above Cheque Nos. xxx701 to xxx794, were found.

A further scrutiny of the account statement of Current Account No. XYZ20 revealed the following:

Rs 6,40,500/- was credited to the Account in March'2016 towards honorarium and Rs. 72,850/- was credited in March'2017 towards stationery expenses. The first cheque to be realized by any enumerator for honorarium was in March'2017 and the last cheque was encashed in May'2017. Further, Rs. 53,000/- in cash had been withdrawn on 3 occasions in June'2017 and another 13,000/- was withdrawn in Feb'2018.

The concerned SE had already retired in May'2019, hence response from the concerned JE was taken with regard to the above observations. He confirmed that he had certified both the List 1 (for honorarium) and List 2 (for stationery expenses). He was asked whether the employees had put their signatures on List 2 in his presence. He replied that the list was brought to him to sign by the SE Office and the SE told him that disbursement of Rs. 600 was done in cash by his office. He further added that he had prepared cheque of Rs 600 and signed but the JE did not deliver the cheques to the concerned.

However, the following facts revealed that the above responses were afterthoughts and the JE was well aware that the payment towards stationery expenses was not made to the enumerators either by Cheque or by Cash:

a) Rs 6,40,500/- was credited to the Account in March'2016 towards honorarium and Rs. 72,850/- was credited to the Account in March'2017 towards stationery expenses. Cheques for Honorarium were issued subsequently. Thus, instead of cheques being issued just for honorarium, a combined cheque both for honorarium and stationery expenses could have been issued. Instead stationery expenses were supposedly paid in cash, 9 months after the honorariums were paid.

b) The first cheque to be realized by any enumerator for honorarium was in March'2017 and the last cheque was encashed in May'2017. Being a co signatory, the JE was aware that Rs. 53,000 in cash had already been withdrawn on 3 occasions in June'2017. Thus, sufficient amount was not left in the account for all cheques for stationery expenses to be realized. Further, these amounts had been withdrawn almost 8 months before the stationery expenses were supposedly distributed in Feb'2018. Further, another Rs. 13000/- was again withdrawn in Feb'2018, 9 days after the supposed disbursement of stationery expenses. This Rs. 13000/- would not have been left in the Account, had the full amount on account of stationery expenses been disbursed to the enumerators through in Feb'2018.

c) An application addressed to the concerned bank, signed by the JE and SE, was found requesting them to close the Account No. XYZ20 and to stop the Cheque Nos. xxx701 to xxx794, which are the same cheques, signed by the JE in the name of enumerators in List 2 for stationery expenses.

8.0 Conclusions: The List 2 (for stationery expenses) having the acknowledgements towards receipt of stationery expenses through cash by the 107 enumerators, with their

signatures, was certified by the SE and the JE in Feb'2018 and submitted to the Deputy Commissioner. However, none of the signatures in this List 2 matched with the signatures of the same enumerators in the List 1 (for honorarium paid through Cheques). It appeared that the signatures in the List 2 were forged.

Further, total cash withdrawal of Rs 53,000/- had been made almost 8 months before the stationery expenses were supposedly distributed in Feb'2018 and further Rs 13,000 cash was withdrawn 9 days after the supposed disbursement. Thus, it was evident that payment towards stationery expenses was not made to the enumerators either by Cheque or by Cash.

Being co-signatories of cheques, it was concluded that the amount for stationery expenses was misappropriated by the SE and the JE. Hence the allegation was getting substantiated.

9.0 Action Taken against the Concerned Officials: Since the SE had already superannuated in May 2019, it was advised by CVO to initiate RDA for major penalty against the JE and also to appropriately recover amount of Rs 62700/-, which was meant for disbursement of stationery expenses for the enumerators, from the concerned. RDA Proceeding against the JE is currently in process.

10.0 Total Cycle Time: The total time taken from the date of Registration of the Complaint to the date of issuance of the FSA of CVO was approximately 6 months

11.0 Lesson from the Case: In a very important national issue like updating NPR, when responsibility is assigned to an individual Steel Plant by the Government of India, probably the Finance Deptt. of the Steel Plant could have been given the responsibility for dealing with matters related to payments / disbursement etc. so that this problem could have been avoided.

12.0 Points to Ponder / Questions: Education Deptt. is engaged in the noble act of providing education. However, even in such noble Deptt. there are certain corrupt elements who do not hesitate to use unfair and corrupt practices for petty monetary gains and bring disrepute to the organisation and unto themselves.

A Case Study regarding Non-receipt of payment and Non return of rejected cable to the vendor even after attending quality complaint

1.0 Executive Summary (Abstract)

There is a procedure existing in the Plant for handling of Inspection Complaints which arise. The Inspection Complaints are categorized into two types of complaint

1. For dealing with quality issues after drawl from Plant Stores but before use.
2. For quality issues noticed after installation /use.

Existing procedure regarding settlement of Quality complaints is such that on receipt of complaint from user department, Stores Department requests the supplier to replace/rectify the material at the earliest with a copy to purchase department to take up the issue. Finance & Accounts (F&A) is advised to withhold the payment of supplier of equal amount. After rectification/replacement of materials by the supplier user department submits performance report to Stores department and stores in turn advises Inspection department to close the quality complaint and also to advise F&A to release payment of supplier. Stores advises closure of QC and advises Finance to create Debit Memo and then only payment can be made to the supplier. Processing of quality complaint is computerized up to feeding of data of consignment. Holding up of payment/Release of payment to vendor is manually processed by Stores and Finance. Once quality complaint is issued by the user department, on request of user/indenting department, finance department registers demand of equivalent amount against the vendor. The demand amount is recovered while releasing processed bill for payment to the concerned vendor by any paying section (i.e by F&A Stores, Project etc). The amount can only be recovered if any payment belonging to the vendor is in processing stage. After recovery of demand amount, credit memo is created by finance department. Credit Memo is used to allow the supplier to take out the rejected material if needed.

M/s XYZ Cables Pvt. Ltd. raised a complaint regarding non-payment by Steel Plant even though quality complaint raised earlier by Steel Plant had been resolved. It was alleged that three quality complaints were raised, against 500 meters of one type of cable, against 2492 meters of different type of cable and against 500 meters of another type of cable. Cable was replaced by the party but neither rejected cable was given to the party nor was the payment released to the vendor after rectification of quality complaint. It was further alleged that Steel Plant had kept on hold payment of Rs. 9,97,328.00 of M/s XYZ against their supplies made during last 9 months.

It was revealed that party had not supplied cables as per the order specification and quality complaints were raised against supplied items. Against quality complaint, demands had been booked by Finance and payments were withheld against four quality

complaints. Against 4 quality complaints, Rs. 9,77,732.00 were recovered from the supplier against demands raised. Out of these 4 quality complaints, cables had been replaced against 3 quality complaints having total value Rs. 7,89,242.00 but this amount was not released to the party as quality complaint was not yet closed by user/indenting department. Calculation for demand is done by the Materials Management Department and it is raised by Finance Department.

The fourth quality complaint could not be settled as party was not intimated in time and cable was not replaced by party, but against this complaint Rs. 188490.00 had been withheld by Steel Plant. It is to be mentioned here that against a single purchase order, two quality complaints had been booked but the dealing officer from purchase intimated the party regarding quality complaint issued against one item only and inadvertently did not mention other item in the e-mail which was sent to the party. Vendor supplied replacement cable against one item but they could not take out rejected cable from the premises of Steel Plant since demand could not be cleared against the vendor as the vendor in the records of Materials Management did not have sufficient amount against bills payable to him to enable him to take out the rejected cable. (Since the bills for which payment should have been released earlier after replacement of cable were already blocked even after replacement of cable).

It was concluded that in absence of online monitoring of quality complaint in SAP, this issue could not be properly coordinated among Indenter, MM-Purchase and F&A department. In absence of proper co-ordination, rejected cable was not handed over to the party whereas party had already provided replacement cable to Steel Plant.

2.0 Type of the source of the Complaint

The case originated in SAIL Vigilance after a complaint. The case was taken up for Detailed Investigation.

3.0 Level of Officials Involved

The case occurred because of lack of co-ordination among Mid-level officials of user department, Materials Management and Finance.

4.0 Money Involved (Wherever it is possible to estimate)

Rs. 977732.00 was recovered from party against demand issued against four quality complaints. Out of these four quality complaints, cables were replaced against three quality complaints by the party. This amount was not released to the party as these three quality complaint were not yet closed by User cum Indenter.

The fourth quality complaint could not be settled as party was not informed about it. This cable was not replaced by party and against this complaint Rs. 188490.00 was withheld

by unit of SAIL against demand .Hence, payment of Rs. 977732.00 to the vendor was withheld by unit of SAIL

5.0 Vigilance Angle Identified and pursued

It was observed that even after replacement of defective/under size cables with new cables, quality complaints were not closed by the stock controller concerned Stores officer and payments were still withheld, party had supplied cable as a replacement against rejected quantity of one of the item. However, party was not allowed to take out the rejected cable from Steel Plant as there were no bills payable to the vendor because quality complaint were not closed in the system and credit memo could not be generated against rejected quantity.

6.0 Methods used in the Investigation

Information was collated from various records kept in the unit like supply day book, payment made against a Purchase Order in SAP, Store dispatch advice, Credit Memo generated , Cable gate pass issued for rejected cable and delivery Challan.

Details were checked against each Purchase Order mentioned chronologically by the Investigation Officer, starting from supply day book, Goods acceptance and receive note, quality complaint raised by user department, credit note issued, store dispatch advice and inspection and acceptance certificate of replaced material.

Also, written statements from concerned officers were taken.

7.0 Conclusion of the Investigation

It was concluded that against 3 Purchase Orders 4 quality complaints were booked by the user department against which payments were withheld. Cables were replaced in 3 quality complaints but complaints were not closed even after replacement of cable by the vendor in three cases. Fourth complaint was not intimated in time by purchase officer to the vender as the warranty period was over cable was not replaced by vendor.

In absence of online monitoring of quality complaint in SAP, issue could not be properly coordinated among indenter, MM-Purchase and F&A department. In absence of proper co-ordination, rejected cable against a particular PO No. was not handed over to the party whereas party had already provided replacement cable to unit of SAIL. Also, amount was not released to the vendor as three(3) quality complaint were not yet closed by user cum indenter in SAP system

8.0 Action taken against the concerned officials

An advisory letter was issued to Sri ABC, Stock Controller as he did not close three quality complaints against which vendor had already replaced cables.

An advisory letter was issued to dealing officer of MM-Purchase Smt.DEF MM-Purchase for delay in informing to the party regarding quality complaints against two cables and to be more cautious while dealing with quality complaints in all future cases.

9.0 Total Cycle Time

Total cycle time from the date of registration of the complaint to the date of issuance of advisory letter took around 12 months.

10.0 Lessons from the Case

In absence of online monitoring of quality complaint in SAP, these quality complaints were not addressed properly and resulted in delay and duplication. Hence, Vigilance recommended implementation of an integrated **QC Module** in the computerized system wherein all the concerned departments and their activities are interlinked. The status of the quality complaints may be monitored in the system at any point of time i.e. from creation of QC to release of payment to the party.

Through QC Module, rating/ reliability of supplier or contractor may be linked so that preventive action can be taken for future tenders.

11.0 Points to Ponder/Questions

Sometimes Re-engineering of systems is required to deal with issues which arise out of Vigilance complaint.

A Case Study regarding wrongful HRA Claims

1.0 Executive Summary (Abstract): Based on source information, an investigation was conducted in 2016 in one of the Steel Plants of SAIL (Plant) regarding wrongful House Rent Allowance (HRA) claimed by an employee. It was alleged that an employee, who was not eligible for HRA as she was already residing in a Government Quarter allotted to her husband; was drawing HRA for a long time. During investigation, it came to the fore that various circulars/letters/orders etc. regulating grant of HRA had been issued in the Plant from time to time and as per the existing rules, if one spouse has been allotted accommodation by a Government / Public Sector or having Company's accommodation; the other spouse shall not be eligible for HRA. However, the concerned employee was drawing HRA since September 2002 while residing at a Government Quarter allotted to her husband by the National Institute of Technology (NIT), which is fully funded by Govt of India and administratively controlled by Ministry of HRD. The Personnel Deptt also confirmed that HRA was not admissible to her as per the existing rules, however, her application in which she had claimed HRA was not traceable. During investigation, the Personnel Deptt provided a Standard Format, in which the eligible employees were required to apply for HRA and it was seen that the prescribed format didn't provide for mandatory declaration by the applicant in respect of admissibility and residential status/address of the applicant. Thus, in the absence of any available document/ evidence, the role and responsibility of the employee could not be verified as to whether she had suppressed facts regarding her eligibility in her HRA application. It was advised by Vigilance to stop payment of HRA to the employee with immediate effect and also to recover, preferably in instalments, about Rs 11 Lakhs, which had been paid towards HRA, from the salary/other payments due to the employee. Besides, certain other system improvement was also advised.

2.0 Type of the Source of the complaint: The complaint was registered based on source information.

3.0 Level of officials involved: A Mid level officer was involved.

4.0 Money Involved: An amount of Rs. 11,10,343/- was wrongfully claimed towards HRA by the concerned employee.

5.0 Vigilance angle identified ad pursued: Wrongful claims of HRA though not eligible as per existing Rules. However, whether facts were suppressed with malafide intention to claim HRA, could not be verified due to non availability of the HRA Application of the employee in her personal file.

6.0 The method used in the investigation: Investigation was carried out based on scrutiny of documents, personal file of the employee and response of the employee against Vigilance Questionnaire.

7.0 The Case in detail: Source information was received by Vigilance that a mid-level executive has been drawing HRA for a long time whereas she has been residing at a Government Quarter allotted to her husband by National Institute of Technology (NIT) in the

Professor in the NIT, had been allotted a Quarter in the NIT Campus and she had been staying in the Quarter since June 2002. Two Circulars related to payment of HRA were also in vogue in the Plant, as per which, “in case one spouse has been allotted accommodation by Government/Public Sector or having Company’s accommodation, other spouse employee shall not be allowed any assistance towards HRA”.

During investigation, it was revealed that, for various purposes like applying for an Employee ID Card, NOC for Passport etc., the employee had been declaring her present address, the same as the Quarter allotted to her husband in the NIT Campus. However, her HRA Application vide which she had applied for grant of HRA could not be traced in her Personal file being maintained by the Personnel Deptt. During investigation, Personnel Deptt. provided a Standard Format, in which eligible employees apply for HRA. It was seen that this Standard Format doesn’t provide for the check on the eligibility of the concerned employee towards HRA by way of declaring the residential status/address of the applicant in line with the existing Circulars which specified that in case company accommodation is provided to spouse, HRA is not admissible.

During investigation, the concerned employee confirmed that she had been staying in NIT Campus in the Quarter allotted to her husband since June 2002. She also confirmed that she has been drawing HRA since Sept’2002. When asked whether she had knowledge of the rule of the Company that “in case one spouse has been allotted accommodation by the Government/Public Sector or having company’s accommodation, the other employee would not be allowed any assistance towards HRA if both are stationed at one place”, she stated that she was not aware. She also contended that she had applied for HRA as she was only aware that rule was applicable to purely government jobs and her husband is posted in NIT, which is an autonomous body funded by Government. However, during investigation it was revealed that NIT was a fully funded premier Technological Institution of Government of India under the Ministry of Human Resource Development (HRD) since 2003 and before 2003, it was under the control of both Govt. of India and Govt. of West Bengal, hence it was covered under Government/ Public Sector.

When asked whether at the time of her application for HRA, she verified/clarified her eligibility from concerned authority, she stated that she had applied for HRA based on verbal confirmation from Department. She also stated that it was the responsibility of approving authority to accept or reject her application based on the applicable rules.

It was found that the concerned employee had been drawing HRA since July’2002 and the total amount paid to her towards HRA was Rs. 11,10,343/-

8.0 Conclusions:

It was established from the facts and response of the employee that she was staying at a Quarter in the NIT Campus, allotted to her husband since June 2002, by NIT, which is a fully funded premier Technological Institution of Government of India under the Ministry of Human Resource Development (HRD). Thus, as per the existing rules, she was not eligible for HRA, yet she was drawing HRA since September 2002.

However, her HRA Application could not be traced and it was also seen from the Standard HRA Application Format provided by Personnel Deptt that the Format doesn't provide for the check on the eligibility of the concerned employee towards HRA by way of declaring the residential status/address of the applicant in line with the existing Circulars which specified that in case company accommodation is provided to spouse, HRA is not admissible. Thus, it was given to understand that while applying for HRA, she must have adhered to the printed format of the HRA application. In the absence of any available document/ evidence, the role and responsibility of employee was not found verifiable in availing HRA by suppressing facts regarding her eligibility in the HRA application. However, it was concluded that she was not eligible for the HRA, which she had been paid since September 2002.

9.0 Action taken against the concerned officials: Following actions were advised:

- To stop payment of HRA with immediate effect and to recover the entire amount, preferably in instalment(s) from the salary/other payments due to the employee. In addition, Personnel Deptt. was advised to ensure up-keep of record of HRA sanction document in the personal file of the applicant.
- System improvement: Since the payment of HRA is applicable to all employees across all plant/units of SAIL, it was advised that SAIL Corporate Personnel may make consolidated rules for regulating the grant and payment of House Rent Allowance (HRA) for uniform implementation across all plant/units.

10.0 Total Cycle Time: It took about 5 months, from registration of the complaint till FSA of CVO.

11.0 Lesson from the case: It was seen that various circulars/letters/orders regulating grant of HRA were issued since 1988. Various formats were also designed and issued by the Plant for the grant of HRA, however, the Formats were not covering all issues /aspects specified in the circulars (as seen in the instant case). Application Formats must reflect the existing Guidelines and cover all aspects of various applicable circulars/orders etc. issued from time to time for grant of any facility to employees/their dependents.

12.0 Points to Ponder / Questions: Ignorance of rules and procedures is not an excuse for not following the same. It is possible that in the instant case, the concerned employee was either not fully aware about the existing rules or maybe she was under the impression that the concerned NIT was not a pure Government Organisation, hence, the HRA Rules were not applicable to her. In any case, she should have taken a written clarification from Personnel Deptt by declaring all the facts. It is better to be sure than to be sorry at a later stage. As employees, it is our prime responsibility to check about eligibility before applying for any allowance/ perks, lest problems like this may come at a later stage, not only spoiling the reputation of the employee but also bringing financial difficulties.

A Case Study regarding Submission of False Information to gain undue benefits.

1.0 Executive Summary (Abstract)

In a unit of SAIL, it emerged that an executive had misrepresented information regarding Associate Membership of Institute of Engineers (AMIE), mentioning that it was equivalent to Engineering Degree; and the same had been considered / updated by Personnel Department.

As per SAIL Personnel Manual, on obtaining Engineering Degree, an executive gets higher qualification rating while being considered for promotion.

During Vigilance Investigation, it was found that the concerned executive had been enrolled as an “Associate Member” of Institute of Engineers based on him possessing the First Class Certificate of Competency to Manage a Coal Mine and having the due experience in the field of Mining.

However, as per Personnel Manual of SAIL, qualification of Section A& B of Associate Membership Examination of Institute of Engineers would be treated as equivalent to Engineering Degree. Further, it was found that the concerned executive had not qualified Section A& B of Associate Membership Examination of Institute of Engineers.

Thus, due to the misrepresentation of facts by the concerned executive, and the same being considered / updated by Personnel Department, the concerned executive got the benefits of higher qualification rating for more than eleven years, during which he was promoted thrice.

2.0 Type of the source of the complaint

The case originated in SAIL Vigilance after receipt of a complaint. The case was taken up for Detailed Investigation after veracity confirmation.

3.0 Level of officials involved

The involved official was a mid-level executive of SAIL.

4.0 Money involved (wherever it is possible to estimate)

As qualification rating is one of the parameters considered for promotion, and the concerned executive wrongly benefitted from a higher qualification rating, monetary benefit might have been gained by the concerned executive owing to rise in basic pay and related allowances owing to promotion.

5.0 Vigilance angle identified and pursued

There appeared to an intentional misrepresentation of facts by the concerned executive.

Further, Personnel Department had also updated the qualification of the concerned executive based on his application and declaration, which was not as per the prevailing guidelines of SAIL Personnel Manual.

To examine the possibility of existence of malafide in the aforesaid process, the matter was examined in detail.

6.0 The methods used in the investigation

Initially, the provisions of SAIL Personnel Manual were studied in detail and the documents of the concerned executive as available in his Personnel File were scrutinized.

Information regarding Associate Membership of Institute of Engineers was also checked from the internet.

Further, information was obtained from the Institute of Engineers regarding the Associate Membership of the concerned executive.

On examining the information as gathered from the above sources, it clearly emerged that the concerned executive had not qualified Section A & B of Associate Membership Examination of Institute of Engineers; which was a mandatory requirement for being considered as equivalent to Engineering Degree by SAIL.

It was also found that the concerned executive had merely been enrolled as an Associate Member of Institute of Engineers based on his experience in the field of Mining and the possession of First Class Mine Manager Competency Certificate. However, the said enrolment cannot be considered as having qualified Section A& B of the Associate Membership Examination of Institute of Engineers in any way.

As per SAIL Personnel Manual, on obtaining Engineering Degree, an executive gets higher qualification rating while being considered for promotion.

Thus, it was clear that the concerned executive had wrongfully submitted an application (enclosing therewith a certificate of Institute of Engineers) for getting benefits equivalent to Engineering Degree. Further, Personnel Department had also erred in providing him benefits equivalent to Engineering Degree.

To examine the presence of malafide intent in the matter, response was obtained from the concerned executive who had misrepresented facts regarding his qualification; and also from the executives who were posted in Personnel Department eleven years ago.

7.0 The conclusions of the investigation

Based on the evidence on record, it was concluded that the concerned executive had submitted factually incorrect and misleading information to Personnel Department with an intent of getting benefits equivalent to Engineering Degree.

Even though all the executives who were posted in Personnel Department eleven years ago (when the application was received from the concerned executive) denied taking any action on the application of the concerned executive, it was a fact that the qualification was updated in the Personnel records. It was not possible to ascertain from the records as to who specifically added the qualification of the concerned executive in the Personnel File/records; the reason of which appears to be a lack of control mechanism / lacunae in the system / procedure being followed at Personnel Department.

Owing to wrongful additional of Engineering Degree equivalence in the Personnel records, the concerned executive got the undue benefits of higher qualification rating for more than eleven years, during which he was promoted thrice.

8.0 The action taken against the concerned officials

Based on the advice of Vigilance and after following the due procedure, suitable penalty was imposed on the concerned executive.

Further, necessary corrective action was also taken by Personnel Department in the matter.

A System Improvement was also put in place to prevent recurrence of such incidents.

9.0 Total cycle time

The total time taken from the date of registration of the complaint to the date of issuance of final penalty order in the said case was approximately 15 months.

10.0 Lessons from the case

Necessary caution needs to be exercised by Personnel Department in adding qualifications of employees in the Personnel records as such additions may provide undue benefits in terms of promotion, seniority and monetary benefits to the concerned employees. Further, the system should have clear identification of the Personnel Officer who updates the Personnel records so as to ensure proper accountability of the erring Personnel Officer.

11.0 Points to ponder / questions

To gain undue advantage in the matter of promotion and associated increase in pay and allowances, the employees may resort to submitting false / misleading documents. But is the risk worth taking?

Someday someone who is aware of the matter may report the same to Vigilance or the concerned administrative authorities. On being exposed, over and above losing the undue advantages gained; the person also risks losing his reputation and the trust and confidence of his superiors and subordinates.