



Lack of Supervisory Control and Sharing of Password facilitated an irregularity at an Oil Depot

In every organization, be it a public or private, it is expected that officers working in the capacity of supervisory positions are required to work diligently and ensure effective management of activities under their jurisdiction. It is also the duty of supervisor to ensure that his subordinates are working honestly and for this he has to ensure effective monitoring of the functions carried out by his subordinates.

The subject case study is relating to a matter wherein lack of control / monitoring by a supervisor facilitated an Officer Trainee to defraud the Corporation.

How did the irregularity crop-up?

Vigilance received a complaint alleging that loads (products) amounting to Rs. 32.42 lakhs had been removed from an Oil Depot without collection of amounts.

Prima facie Observations

Vigilance took up the case and started investigation wherein it was observed that against indents on four separate dates, supplies were made to dealer of a fuel station through a dealer-owned Tank Truck. It was further observed that on the said dates, PRCNs (Product Receipt Credit Notes) were prepared against the invoices after the Tank Truck left the depot.

PRCN is a document for reversal of invoice. It nullifies the invoice value and creates credit balance in the dealer's account in ERP system. Using this method, irregular credits were generated in the dealer's account and thereby loads were dispatched to the dealer on the days immediately following the said dates through same tank truck. Further, the original invoices, PRCNs etc. were also missing from the Depot.

Investigation Observations

During investigation, Vigilance examined the machine (system) log details, ERP transaction IDs and shift attendance records. It was revealed that one officer trainee was responsible for tank truck planning and stock reconciliation.

Initially, it appeared from ERP IDs that the PRCNs were created by another officer and the depot manager. However, shift attendance and machine log details indicated that the officer trainee had apparently used the ID and password of another officer and depot manager to create / process fraudulent PRCNs for nullifying the invoice value and creating credit in dealer's account.



Vigilance's prima-facie finding was strengthened with the help of other corroborative evidences when investigation revealed that the alleged officer trainee, on the immediate following days, using his own user ID had prepared invoices for dispatching products / loads to the alleged dealer against the fraudulently created credits in dealer account.

Further, fraudulent PRCNs resulted in variations in books and physical stock i.e. stock loss. It was also revealed that in order to conceal the irregularity and stock loss, the officer trainee had manipulated the tank dip and temperature readings in ERP system. It was evident from the ERP user data.

Role of dealer was also ascertained in the investigation. In response to vigilance queries, dealer refused his involvement. However, investigation revealed that all the alleged four loads had been dispatched through the same tank truck belonging to the dealer and signatory of dealership agreement and transporter agreement were same i.e. the dealer. Further, in all four cases, the same driver was involved.

In order to monitor tank truck movements and to prevent adulteration, Corporation had taken initiative with adoption of state-of-art technology wherein tank trucks were fitted with GPS enabled Vehicle Tracking System (VTS).

During investigation, vigilance analyzed the VTS data wherein it was observed that the alleged TT, in all four cases had travelled all the way to the location / city where the dealer's pump was located. The TT was sent in all four case with abloy locks (lock used to prevent theft of products) which can be opened only by the key available with dealer. Though dealer had refused that he had not received any stolen product, considering the fact that the dealer had a SKO godown closed to his outlet, it was concluded that the product could only have been unloaded there or sold directly.

To ascertain the active involvement of the officer trainee and his personal gain, vigilance asked him to provide his bank account statements. It was revealed from bank statements that in the last six months, there was no withdrawal from his bank account for meeting day to day expenditure. Further, the officer trainee admitted that he had purchased a car and a plot within six months, amount to the tune of Rs. 4.5 lakhs and for this, he had paid Rs. 1.10 Lacs in Cash towards these purchase without having any withdrawal.

Upon interrogation, Depot Manager and the other Officer admitted that they had shared their password with the officer trainee to carry out certain jobs in case of any exigency. Further, it was revealed that Depot Manager had not exercised operational controls such as proper documentation, monitoring of stock etc. in the Depot.



Therefore, upon investigation it was concluded that the Officer Trainee had connived with the dealer and indulged in fraudulent activities for his personal gain.

Result of the Investigation and Disciplinary Action

Basis Vigilance recommendation, Disciplinary Authority initiated RDA for Major Penalty proceedings against the Officer Trainee. After some hearings, it was observed that the Officer Trainee did not attend the session and also did not report to duty. As per procedure, necessary notices were sent to Officer Trainee's last known address to attend the enquiry sittings. However, he did not respond. Therefore, the proceeding was continued on ex-parte basis and upon completion of the proceedings, since all the charges levelled against Officer Trainee had been established, the Disciplinary Authority imposed Major Penalty of "Dismissal from the services of Corporation" upon him.

With regard to Depot Manager and Other Officer, Disciplinary Proceedings were initiated for the lapses on their part and appropriate penalties were imposed upon them.

Further, considering the role of Dealer, the amount was also recovered from them.

(In order to maintain the confidentiality, name / location and other factual data have been masked)

- *A Case Study from HPCL*

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