

Brief Note on Systemic Improvement

Issue in Brief

The Statutory Auditor for one of the subsidiary of Power Finance Corporation Ltd. (PFC) observed some procedural lapses in respect of financial matters particularly dealing with official hospitality for business promotion. The Vigilance unit of PFC found unrealistic provisioning and incurring expenditure on account of official hospitality for business promotion. While initiating Departmental action against the concerned officials working in that subsidiary, corrective measures were taken as a preventive step and to avoid such instances in future.

Steps taken for systemic improvement

Amendments were made in the Delegation of Power (DoP) Rules according to the business requirements; Provision of prior approval of the higher authority was introduced for the cases of exceeding the limit of entitlement for official hospitality; Internal Audit system was strengthened by appointing reputed Internal Audit firm; Procurement of gifts/mementos etc. by the subsidiary company would be done in line with the procedures followed by the PFC; A robust mechanism was formulated for allocating funds for implementation of their schemes of SPVs, UMPP & ITPs; Role and responsibility of each unit were defined.; The staff of the subsidiary was sensitized by conducting training programs to acquaint with latest trends in the respective field; The approving authority and the concurring authority separately identified in line with DoP for all proposals.