

S.No-329

00315



Report on Mahatma Gandhi National Rural Employment Guarantee Audit of Scheme Rules, 2011 (Social Audit Rules)



Report of the
Comptroller and Auditor General of India
Union Government (Civil)
Report No. 8 of 2016

**©COMPTROLLER AND
AUDITOR GENERAL OF INDIA**
www.cag.gov.in

**Report on
Mahatma Gandhi National Rural Employment
Guarantee Audit of Scheme Rules, 2011
(Social Audit Rules)**

**Report of the
Comptroller and Auditor General of India
for the year ended March 2015**

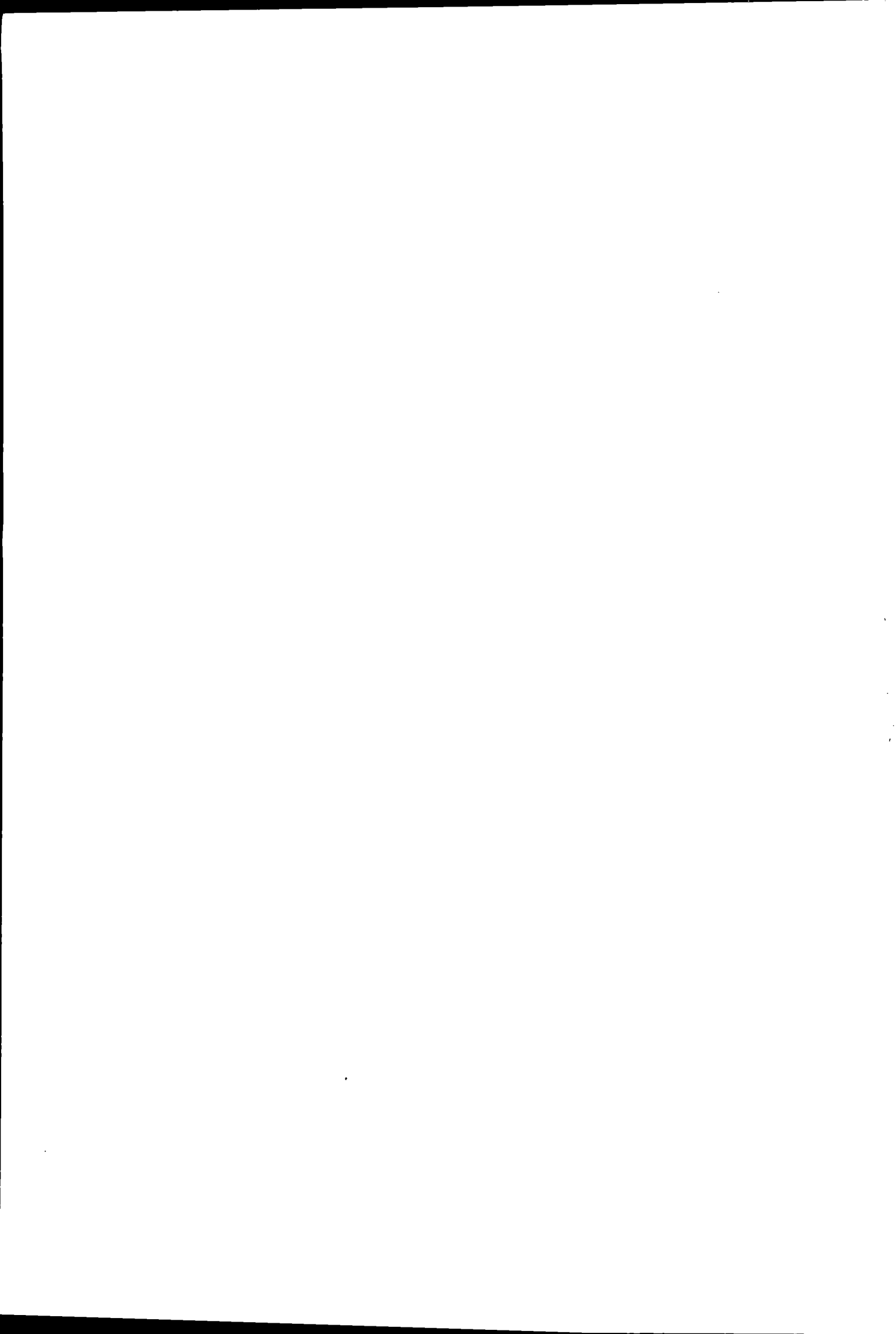
Presented to Lok Sabha
and Rajya Sabha on

Dated 29 APR 2015

IPSAS Book.

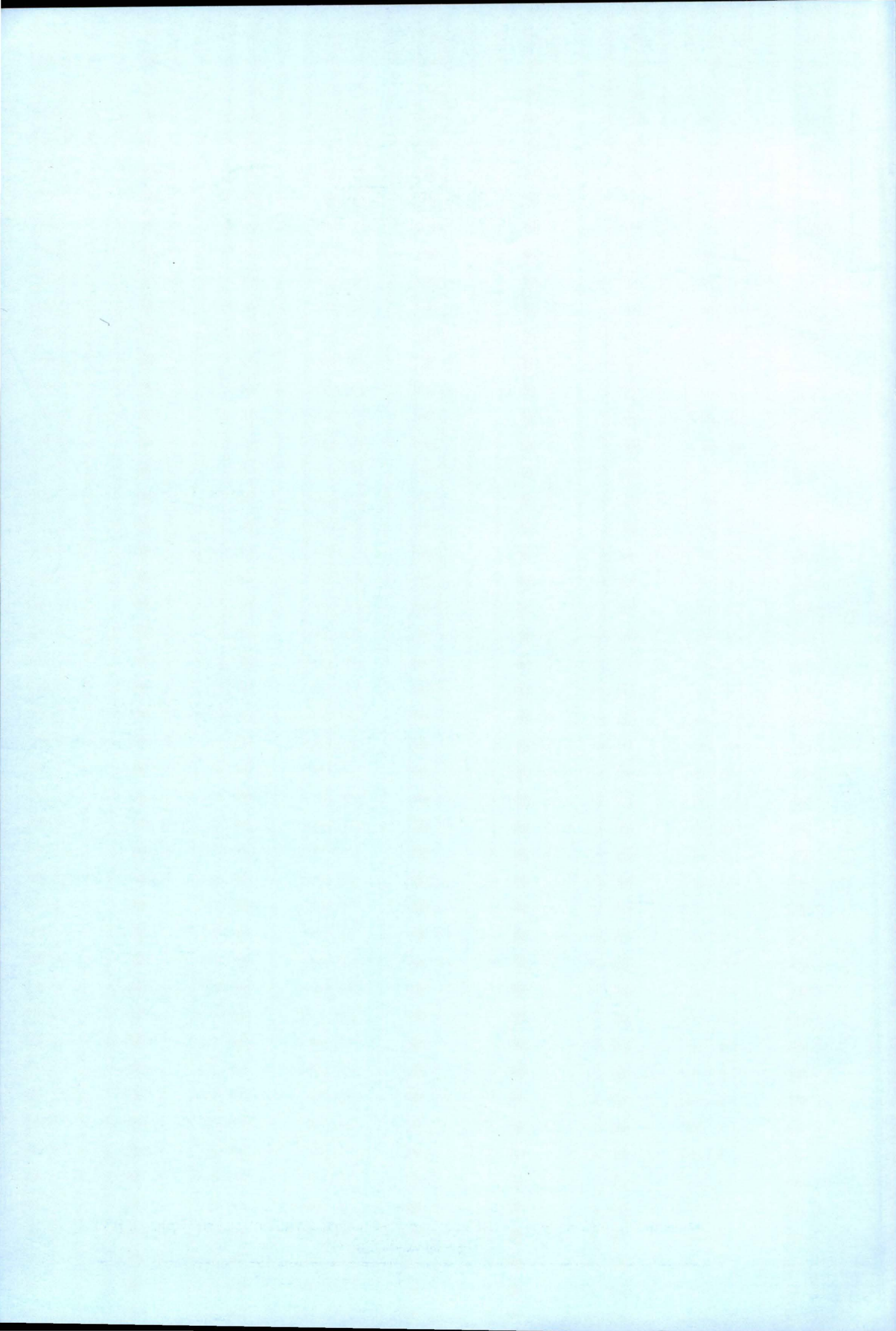
U

I



CONTENTS

	Preface	iii
	Executive Summary	v-viii
Chapter - I	Introduction	1 - 4
Chapter - II	Social Audit Units and Resource Persons	5 - 11
Chapter - III	Planning and Execution of Social Audit	12-22
Chapter - IV	Follow up of Social Audit	23 - 25
	Annexes	27 - 30



Preface

This report of the Comptroller and Auditor General of India containing the results of audit on Mahatma Gandhi National Rural Employment Guarantee Audit of Scheme Rules, 2011 (Social Audit Rules) has been prepared for submission to the President of India under Article 151 of Constitution.

In last three years (2012-15), ₹ 1,14,155 crore was incurred on Mahatma Gandhi National Rural Employment Guarantee Scheme. To ensure the optimum utilisation of fund and extent of the success of the implementation of the Scheme for the benefit of the stakeholders, social audit mechanism was institutionalised and notified in April 2011. With a view to review the progress in implementation of Audit of Scheme Rules, 2011, we decided to take up this audit.

The audit covered Social Audit Units and evaluation of Social Audits conducted by the states during 2014-15. Field audit of relevant records of the Ministry of Rural Development, State Governments and Districts, Blocks and Panchayat level offices was conducted between April 2015 and August 2015.

The audit has been conducted in conformity with the Auditing Standards issued by the Comptroller and Auditor General of India.



Executive Summary

Background

Mahatma Gandhi National Rural Employment Guarantee Audit of Scheme Rules, 2011 (Rules) were enacted with the objectives to promote transparency and accountability in the implementation of programme, inform and educate people about their rights and entitlements, provide platform for people to express their needs and grievances, promote people's participation in all stages of the implementation and strengthening the scheme by deterring corruption and improving implementation. Rules provide nature of infrastructure and procedure to conduct the Social Audit.

The Audit of implementation of Rules was conducted to assess the establishment of Social Audit Units, planning and conduct of Social Audit. For this purpose we covered 1140 *Gram Panchayats* in 25 states where Social Audits were conducted during 2014-15.

The important findings of the audit are given below:

Social Audit Unit and Resource Persons

- Social Audit Units were not set up in **Arunachal Pradesh, Goa, Himachal Pradesh, Jammu & Kashmir, Jharkhand, Kerala, and Uttarakhand.**

(Para 2.1)

- In **Assam, Bihar, Haryana, Maharashtra, Nagaland, Punjab, Rajasthan** and **West Bengal**, Social Audit Units were functioning as a cell within the department of Rural Development of the State Governments.

(Para 2.1)

- In **Madhya Pradesh, Manipur** and **Mizoram**, though societies have been set up as Social Audit Units but these were headed by departmental officers as additional charge. In **Odisha**, post of Director had been lying vacant since March 2014.

(Para 2.1)

- Shortage of resource persons to support and carry out Social Audits was observed. In 14 states where independent Social Audit Units had been established, the shortage of 43 (22 per cent) State Resource Persons, 358 (24 per cent) District Resource Persons and 1957 (57 per cent) Block Resource Persons were observed. In five states assessment of Village Resource Persons was not done whereas in nine states, Village Resource Persons were adequately identified/deployed.

(Para 2.3.1)

- States did not take the advantage of the Special Project launched by the Ministry to support the conduct of Social Audit and also failed to strengthen the resources for Social Audit.

(Para 2.5)

Planning and Execution of Social Audit

- Annual Calendar to conduct the Social Audit was not prepared in majority of States.

(Para 3.1.1)

- Out of 2,34,594 GPs to be covered for Social Audit in 25 States during 2014-15, only 1,20,841 GPs (51 per cent) were covered. Audit selected 1124 GPs where Social Audit was conducted during 2014-15. In 368 GPs Social Audit was conducted twice whereas in 756 GPs once.

(Para 3.1.2) & (Para 3.2)

- Instances of non-requisition/non-production of records in large number of cases were noted. In some cases evidence in support of requisition/verification of records were not enclosed with Social Audit Reports.

(Para 3.2.1)

- In Assam, Bihar, Haryana, Gujarat, Punjab, Tripura and Uttar Pradesh, door to door visits were not carried out to meet beneficiaries and share relevant information with them.

(Para 3.2.1)

- **Assam, Bihar, Gujarat, Maharashtra, Tripura** and **Uttar Pradesh** did not have any evidence of physical verification of work sites. In **Punjab** and **Haryana**, physical verification of work sites was not carried out.

(Para 3.2.1)

- Instances of non-convening of *Gram Sabha* meetings, low participation of village community, non-discussion of Social Audit findings, non-preparation of Social Audit Reports in local language and prescribed format, non-video recording and uploading of proceedings of *Gram Sabha* and Social Audit Reports on website, etc. were observed.

(Para 3.3)

Follow up of Social Audit

- In **Assam, Goa, Haryana, Himachal Pradesh, Gujarat, Jharkhand, Karnataka, Punjab, Tamil Nadu, Tripura** and **West Bengal**, block level public hearings were not held to discuss Social Audit findings and to ensure that the orders were issued in open.

(Para 4.2)

- **Andhra Pradesh** and **Telangana** did not constitute State Employment Guarantee Council after April 2013. In **Gujarat, Haryana, Madhya Pradesh, Odisha** and **Punjab**, State Employment Guarantee Council did not monitor action taken by the State Governments on Social Audit Reports.

(Para 4.4)

- Summary of findings of the Social Audit was not submitted to Comptroller and Auditor General of India by the States and action taken on the Social Audit Reports was not incorporated in the annual report to be laid before the State Legislature and Parliament.

(Para 4.5) & (Para 4.6)

Summary of Recommendations

- Ministry may fix a time frame and impress upon the State Governments to establish an independent SAU.
- Ministry may impress upon the State Governments to ensure availability of adequate trained resource persons at all levels.

- Effective steps may be taken to ensure the preparation of Annual Calendar and its implementation shall also be monitored.
- Record management may be improved at all levels to facilitate credibility of Social Audit.
- Social Audit Team may ensure verification of project sites and conduct door to door visit in compliance with the extant provisions.
- Awareness amongst the stakeholders for full participation in the *Gram Sabha* meetings on Social Audit may be ensured.
- Conducting of Social Audit meetings and reporting mechanism, as per the provisions of Rules may be ensured.
- Follow up action at all levels as per provisions of the Rules may be ensured.

CHAPTER-I INTRODUCTION

Social Audit is an audit of a Scheme/Programme that is conducted jointly by the Government functionaries and the people, especially by those people who are affected by, or are the intended beneficiaries of such scheme. Hence, Social Audit can be described as verification of the implementation of a programme/scheme and its results by the community with active involvement of the primary stakeholder. This is done by comparing official records with actual ground realities, with the participation of the community in the verification exercise and reading out the findings of the verification exercise aloud in a public platform. Oral testimonies and facts are obtained from the public and compared with the official records. The Social Audit process goes beyond accounting for the money that has been spent to examine whether the money was spent properly and has made a difference to people's lives.

The major objectives of Social Audit are to promote transparency and accountability in the implementation of programme, inform and educate people about their rights and entitlements, provide a collective platform for people to express their needs and grievances, promote people's participation in all stages of the implementation and strengthening the scheme by deterring corruption and improving implementation.

1.1 Background

Section 17 of the Mahatma Gandhi National Rural Employment Guarantee Act 2005 (Act) states that the *Gram Sabha* would monitor the execution of works within the *Gram Panchayat* (GP), conduct regular Social Audits of all the projects under the scheme taken up within the GP. GP shall make available all relevant records to the *Gram Sabha* for the purpose of conducting the Social Audit.

The Government of India, Ministry of Rural Development (Ministry), in consultation with the Comptroller and Auditor General (C&AG) under sub section (1) of section 24 of the Act, has framed a set of Rules in April 2011 titled the "Mahatma Gandhi National Rural Employment Guarantee Audit of Scheme Rules-2011" (Rules).

The Rules *inter-alia* included Social Audit facilitation by the State Governments, identification and creation of independent organization *viz.* Social Audit Unit (SAU), process of conducting Social Audit and obligations of certain persons in relation to Social Audit. As per 3 (1) of Rules, the State Government shall facilitate conduct of Social Audit of the works taken up under the Act in every GP at least once in six months in the manner prescribed under these Rules. The Social Audit Unit (SAU), an independent organization, would facilitate conduct of Social Audit by *Gram Sabha* with the help and support of Resource Persons identified by State SAU at district and village levels. The Resource Persons along with the primary stakeholders shall verify the records related to payment, procurement of materials and other financial transactions, visit the work sites, contact wage seekers, collate records and convene a *Gram Sabha* to discuss the findings of the verification exercise and to review the compliance on transparency and accountability, fulfilment of rights and entitlements of labourers and proper utilization of funds. The Social Audit Report (SAR) shall be prepared in local language based on their findings to be read out to the *Gram Sabha*. The *Gram Sabha* will deliberate on the findings and the implementing agencies have to respond to the report presented in the *Gram Sabha*.

1.2 Audit Objectives

The audit was conducted to assess:-

- Whether independent SAU were established with adequate resources in each state;
- Whether planning of Social Audit was effective and Social Audits conducted during 2014-15 were in accordance with extant orders.
- Whether follow up mechanism by State Employment Guarantee Council (SEGC), Central Employment Guarantee Council (CEGC) and Ministry of Rural Development (Ministry), etc. was adequate.

1.3 Audit Scope and Methodology

The audit covered 29¹ States to review the establishment of Social Audit Unit, availability of resources persons and planning process. However, the audit of the execution of Social Audit was restricted to 1140² GPs of 290 Districts in 25 States as in the remaining four states *viz.* **Arunachal Pradesh,**

¹ Except Delhi as MGNREGS is not applicable.

² Assam (49), Goa (20), Himachal Pradesh (23), Meghalaya (48), Mizoram, (28) Utrkhand (32), West Bengal (40) and in other States 50 GPs each

Kerala, Manipur and Nagaland, Social Audit was not done as per the Rules. In each state, the GPs were selected from the randomized list of all Social Audits done across the state during 2014-15 using by Simple Random Sampling without Replacement (SRSWR) method.

An entry conference was held on 27 April 2015 with Ministry of Rural Development (Ministry) to discuss audit methodology, scope, objectives and criteria. In addition, entry conferences were also held by the Pr. Accountants General/Accountants General with the State Government before commencement of audit at State level. Audit included examination of records of Ministry, State Government department responsible for implementing Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS), SAU Headquarters; District Programme Coordinators (DPC) and Programme Officers (PO). Audit teams also visited selected GPs for evaluation of the SAR and also POs/DPCs of selected GPs for evaluating their support to Social Audit and follow up action on SAR taken by them.

Exit conference was held at the State level by the Pr. Accountant General/Accountant General with the State Government, where state-specific findings were discussed. After the conclusion of audit and consolidation and analysis of audit findings, an exit conference was held with Ministry on 17 November 2015 wherein audit findings and recommendations were discussed. Replies received from the Ministry (December 2015) have been suitably incorporated in the Report.

1.4 Audit Criteria:

Audit criteria were derived from:

- Mahatma Gandhi National Rural Employment Guarantee Act, 2005;
- Mahatma Gandhi National Rural Employment Guarantee Audit of Scheme Rules, 2011;
- Instructions issued by the Ministry and rules issued by State Government and SAU from time to time in this regard;
- MGNREGA Operational Guidelines 2013 and Amendment thereon.

1.5 Structure of the Report

The audit issues have been analysed from an all-India perspective and the layout of the Report is as under:

- Chapter 2 gives the status of SAUs, resource persons and their capacity building.
- Chapter 3 deals with the planning and execution of Social Audit.
- Chapter 4 deals with the follow up action on SARs.

1.6 Acknowledgement

We wish to acknowledge the cooperation received from Ministry of Rural Development, State Governments, SAUs, and MGNREGS implementing departments in the States during the audit process.

CHAPTER-II

SOCIAL AUDIT UNIT AND RESOURCE PERSONS

Section 4 of the Rules stipulates that State Government shall identify or establish an independent organisation referred (to) as SAU to facilitate conduct of Social Audit by *Gram Sabha*. This SAU may either be a Society or a Directorate, independent of the implementing departments/agencies. The Director/Chief Executive Officer of the Society/Directorate shall be a person who has worked in the social sector for the rights of the people for not less than ten years. The work may also be outsourced to an outside agency preferably possessing adequate experience in rights and entitlement based programme. The SAU shall have an independent staff structure comprising State Resource Persons (SRP) and thematic experts, District Resource Persons (DRP), Block Resource Persons (BRP) and Village Resource Persons (VRP). The SAU is responsible for the following:

- build capacities of the *Gram Sabha* for conducting Social Audit and towards this purpose identify, train and deploy suitable resources at village, block, district and state level, drawing from primary stakeholder, civil society organisations having knowledge and experience of working for the rights of people;
- prepare Social Audit reporting formats, resource material, guidelines and manuals for Social Audit process;
- create awareness amongst labourers about their rights and entitlements under the Rules;
- facilitate verification of records with primary stakeholders and work sites;
- facilitate smooth conduct of Social Audit *Gram Sabha* for reading out and finalizing decisions after due discussions;
- host SARs including Action Taken Reports (ATRs) in the public domain.

Further, as per Section 7 (6) of the Rules, cost of establishing the SAU and conducting Social Audit shall be met by the Central Government as central assistance in accordance with the instructions issued in this regard. Ministry issued instruction/clarification (August 2012/April 2013) that the

cost of establishing SAU and conducting Social Audit in the States shall be met from within the 'Administrative Charges' under MGNREGS. The States may spend up to one *per cent* on SAU within the *six per cent* permissible limit under this head.

2.1 Establishment of SAUs

Section 4 of the Rules stipulates that State Government shall identify or establish an independent SAU to facilitate conduct of Social Audit by *Gram Sabha*. This SAU may either be a Society or a Directorate, independent of the implementing departments/agencies. Audit observed that in seven states³, SAU was not established till date (Dec 2015). Of these, in five states i.e. **Goa, Himachal Pradesh, Jammu & Kashmir, Jharkhand** and **Uttarakhand**, the implementing agency is conducting the Social Audit in violation of provision of Section 4 of Rules. In **Kerala**, Social Audit was being conducted by Social Audit cell established in December 2010 under the provision of guidelines issued in October 2007. In **Arunachal Pradesh**, the department of Rural Development had engaged a private firm to conduct Social Audit in the state. As per agreement (January 2014), Social Audit for 2013-14 was to be completed within 12 months. No SAR had been submitted by the firm (July 2015) and only basic information of GPs was submitted. However, payment of ₹ 103.82 lakh had been made to the firm without completing the Social Audit work.

In other States, we noted that;

- In eight states⁴ SAUs were functioning as a cell within the department of Rural Development of the State Governments. In all these states, officers of the department of Rural Development had been given additional charge as head of the SAUs.
- In four states⁵ though an independent SAUs was established, these were headed by the officers of the Rural Development Departments. In **Odisha**, the post of Director was lying vacant since March 2014. Further, out of these four states, SAU in **Odisha** did not have its own bank account.

³ Arunachal Pradesh, Goa, Himachal Pradesh, Jammu & Kashmir, Jharkhand, Kerala, and Uttarakhand.

⁴ Assam, Bihar, Haryana, Maharashtra, Nagaland, Punjab, Rajasthan and West Bengal

⁵ Madhya Pradesh, Manipur, Mizoram and Odisha

- In 10 states⁶, Societies/NGOs were functioning as independent SAUs with full time Director as their head. In **Gujarat**, independent SAU (NGO) was functioning up to January 2015 and establishment of new SAU was in progress. In **Meghalaya**, SAU started functioning from April 2015. Further, out of these 10 states, SAU in **Tripura** did not have its own bank account.

From the above it is evident that even after four years of promulgation of the Rules, independent SAU could not be established in 15 states and out of 14 states where independent SAU was established, four states had the independent SAU being headed by departmental officers. This adversely affects the effective roll-out of Social Audits.

The issue of not-setting up of independent SAU was also taken up with Ministry. Ministry stated (June 2015) that it had not given any time frame for establishing the independent SAU to the State Governments. However, in every Performance Review Committee and Review Meeting, State Governments were advised to comply with the provisions of the Rules.

Ministry further replied (December 2015) that it had given the necessary direction to the concerned states to set up independent SAU within three months and to have a separate bank account of the SAU where one *per cent* of the allocated budget for MGNREGS for the state could be directly transferred at the beginning of the year.

2.2 Transparency in Recruitment Process

Norms of recruitment of staff of independent SAU issued by Ministry (August 2014) stipulate that post of Director shall be filled by a social activist experienced for not less than 10 years in conduct of Social Audit and right based activities. Further, if retired government official is appointed by the State for the position of Director, SAU, only officials who have not served in any Government position for the last five years shall be eligible. We, however, observed deviations viz.:

- In **Meghalaya**, the Director was appointed in April 2015 who was superannuated in February 2015 by relaxing the prescribed criteria.
- In **West Bengal**, State Government appointed (April 2015) a retired government official as Director, SAU despite knowing about his part

⁶ Andhra Pradesh, Chhattisgarh, Gujarat, Karnataka, Meghalaya, Sikkim, Tamil Nadu, Tripura, Telangana and Uttar Pradesh

time association as Secretary with a NGO implementing programme funded by West Bengal State Rural Livelihood Mission, Nation Rural Livelihood Mission and MGNREGS. This violated the basic requirement of separation of Social Audit personnel from the implementing agencies of MGNREGS. Further, we also noted that the weightage criteria prescribed by Ministry was not followed for short-listing the DRPs.

Such deviations affect the independence of SAU.

Ministry replied (December 2015) that concerned states would be asked to submit their response in writing.

2.3 Resource Persons for Social Audit

The SAU should have an independent staff structure comprising of State Resource persons (SRPs) with the responsibility to evaluate the Social Audit process and research and data analysis on the finding of Social Audit and thematic experts, District Resource Persons (DRPs) responsible for identification and training of Village Resource Persons (VRPs) and anchor the Social Audit Team at district level, Block Resource Persons (BRPs) for identifying and train GP level resource person and guide them during the Social Audit verification process and Village Resource Persons (VRPs) to conduct the Social Audit at field level. As per Ministry's norms (July 2012), the requirement of state team monitor in each state was fixed from seven to 10 persons, district resource person from one to two persons for each district, block resource person from two to three persons for each block and village resource person from four to five persons for each GP depending on the size of the State/District. Further, Section 4 of the Rules provides that SAU shall identify and train appropriate number of SRPs, DRPs and VRPs to facilitate the *Gram Sabha* in conducting Social Audit.

2.3.1 Availability of Resource Persons for Social Audit

The details of availability and shortage of Resource Persons for Social Audit in respect of 29 states are shown in **Annex-I**. We noted that:

State Level Resource Person

- In 15 states, there was shortfall of 65 SRPs and no assessment was made in six states. Appointment of resource persons in **Assam** and **Rajasthan** is under process. No shortfall of resource persons was noted in remaining six states.

District Level Resource Person

- In 16 states, there was shortage of 481 DRPs, no assessment was made in six states. Appointment of resource persons in **Rajasthan** was under process. No shortfall of resource persons was noted in remaining six states.

Block Level Resource Person

- In nine states, there was shortage of 2091 BRPs and no assessment was made in 16 states. Appointment of resource persons in **Maharashtra** was under process. No shortfall of resource persons was noticed in three states.

Village Level Resource Person

- In three states, VRPs were not identified adequately by the State Governments to carry out the social audit of GPs once in six month as stipulated in the Rules. In 15 states, requirement of VRPs were not assessed and identified. Requirement of VRPs were adequately identified only in 11 states.

Further, even in 14 states where independent SAU was established, the shortage of 43 (22 *per cent*) SRPs, 358 (24 *per cent*) DRPs and 1,957 (57 *per cent*) BRPs was observed. In five states, assessment of requirement of VRPs was not done whereas in nine states, VRPs were adequately identified/ deployed.

Thus, shortage/inadequacy in deployment of independent resource persons hampered the effective conduct of Social Audit.

Ministry accepted the observation and stated (December 2015) that directions would be issued to all the states to ensure the deployment of resource persons within a specified time frame.

2.4 Training of Resource Persons

As per section 4 of the Rules, SAU shall identify and train appropriate number of SRPs, DRPs, BRPs and VRPs to facilitate the *Gram Sabha* in conducting Social Audit. Training is inculcation of knowledge and professional skill for the performance of Social Audit. We noted that:

- In **Gujarat**, there was shortfall of 22 to 27 *per cent* in imparting training to *Taluka* (Block) Resources Group (BRPs) during 2012-15.

- In **Tripura**, selection of VRPs and imparting training for facilitation of Social Audit was not done.
- In **Madhya Pradesh**, 245 Village Social Animators (VSA) were trained to facilitate *Gram Samparicha Samiti* in conducting Social Audit. However, format for audit report were not filled properly by them.
- In **West Bengal**, various discrepancies were noted in finalizing SAR due to insufficient training.
- In **Assam**, SAU has not adopted any mechanism to assess the performance of its resources persons as well as to monitor the inadequacies of its resources persons at different levels. Moreover, SAU did not have any mechanism of briefing pre and post Social Audit work except the basic training at the time of induction.
- In other states where Social Audit was conducted, the information regarding training of resource persons was not furnished.

Ministry replied (December 2015) that it was in the process of developing a standardized training module on Social Audit with Tata Institute of Social Sciences for resource personnel and preparing a comprehensive calendar to train them in phased manner.

2.4.1 Non Utilization of Funds for Training for Social Audit

Ministry, in March 2014, released ₹ 23.50 crore to National Institute of Rural Development (NIRD) to implement a project on training of trainers/ capacity building of staff in the field of Social Audit. We however noted that NIRD, at the instance of Ministry utilized ₹ 20.39 crore towards Intensive Participatory Planning Exercise (₹ 18.89 crore) and *Sansad Aadrsh Gram Yojana* (₹ 1.50 crore) instead of Social Audit training. The reasons for non-utilization of fund for training of Social Audit were not found on record. The non-utilization of fund meant for capacity building for Social Audit diluted its importance.

Ministry replied (December 2015) that steps would be taken for proper utilisation of funds for training of Social Audit.

2.5 Special Project

In order to provide additional support to the States to conduct the Social Audit as laid down under the Rules, Ministry decided (June 2014) to provide technical assistance under a special project that would be in operation till

2017. Under this, the cost of engaging Social Audit resource persons at the State and District level was to be reimbursed to the States/UT subject to setting up of SAU, conduct of Social Audit and follow-up as prescribed by the Ministry. The release to the States was to be made in two instalments subject to certain conditions.

Ministry, in March 2015, released ₹ 79.20 lakh to the eight States⁷ under this project. Of these, **Nagaland** and **Punjab**, despite not having independent SAU, received ₹ 17.16 lakh under special project. In response to the audit query, Ministry stated that no progress report had been received from the States. Thus, even with the special project for provision of funds, Social Audit could not be strengthened.

Ministry replied (December 2015) that it was taking the necessary steps to ensure that funds for the special project were released to all concerned states.

2.6 Conclusion

The establishment of SAU as stipulated in Section 4 of the Rules was still not completed in 15 states even after four years of promulgation of the Rules. In the remaining 14 states where independent SAU was established, four states, the independent SAU being headed by Departmental officers. Further, there was a shortage in the availability of Resource Persons in most of the States. Even in the 14 states where independent SAU was established, the percentage of shortfall was 22 to 57 *per cent*. Capacity building was also not ensured in states. States also did not take advantage of the Special Project launched by the Ministry to support the conduct of Social Audit and also failed to strengthen the resources for Social Audit.

2.7 Recommendations :

- (i) Ministry may fix a time frame and impress upon the State Governments to establish an independent SAU.
- (ii) Ministry may impress upon the State Governments to ensure availability of adequate trained resource persons at all levels.

⁷ Andhra Pradesh (₹ 9.90 lakh), Chhattisgarh (₹13.86 lakh), Gujarat (₹11.22 lakh), Nagaland (₹ 7.26 lakh), Punjab (₹ 9.90 lakh), Sikkim (₹ 5.94 lakh), Tamil Nadu (₹ 15.18 lakh) and Tripura (₹ 5.94 lakh).

CHAPTER-III PLANNING AND EXECUTION OF SOCIAL AUDIT

3.1 Planning

Section 6(1) of the Rules provides that each Social Audit Unit (SAU) shall at the beginning of the year, frame an annual calendar to conduct at least one Social Audit in each GP every six months. A copy of the calendar shall be sent to all the DPCs for making necessary arrangements. The calendar should lay out the sequence and dates of *Gram Sabha* and Social Audit public hearing for all the GPs of the State. Any change in the actual conduct of Social Audit vis-à-vis the Social Audit calendar approved, is to be considered as a violation of the process and can take place only with the approval of Director, SAU and Principal Secretary, Rural Development Department.

3.1.1 Calendar of Social Audit

In five states⁸ annual calendar to conduct Social Audit of GPs was prepared and in 14 states⁹, no annual calendar was prepared. Six states¹⁰ have not furnished the information.

Thus, annual calendar to conduct Social Audit in each GP was not prepared in majority of states.

Ministry replied (December 2015) that direction would be issued to all the states to ensure the notification of the calendar for Social Audit with in a specified time frame.

3.1.2 Shortfall in achieving Social Audit coverage

Out of 2,34,594 GPs to be covered for Social Audit in 25 States during 2014-15, only 1,20,841 (51 per cent) GPs were covered and in 1,13,753 GPs, no Social Audit was conducted. The state-wise details are given in **Annex-II**.

3.2 Evaluation of Social Audit process

To assess the effectiveness of the Social Audit, we selected 1140 GPs¹¹

⁸ Chhattisgarh (prepared in November 2014), Karnataka, Meghalaya, Mizoram and Sikkim

⁹ Andhra Pradesh, Assam, Gujarat, Haryana, Jammu & Kashmir, Jharkhand, Madhya Pradesh, Maharashtra, Odisha, Punjab, Telangana, Uttarakhand, Uttar Pradesh and West Bengal

¹⁰ Bihar, Goa, Himachal Pradesh, Rajasthan, Tamil Nadu and Tripura

¹¹ Independent SAU- 448 GPs; Headed by officer of Rural Development Department - 178 GPs; Cell within Deptt.-339 GPs and No SAU-175 GPs

(using SRSWR method) in 25 states¹² where in ₹ 414.89 crore¹³ was incurred on MGNREGS works and Social Audit was stated to have been conducted during 2014-15. We noted that in 16 GPs in six states¹⁴, State Government has informed that Social Audit was conducted, however, it was observed during field visit that Social Audit was actually not conducted which implied that reliable data on Social Audit was not available with the State Governments.

Further, Section 3 (1) of the Rules stipulates that Social Audit should be conducted in each GP at least twice a year. However, during 2014-15, Social Audit was conducted in 1124 GPs, out of which in 368 GPs, Social Audits were conducted twice and once in 756 GPs. Thus, 1492 Social Audits were conducted instead of 2248 (1124 x2) as stipulated in the said provision and there was a short fall of 756 (34 per cent) Social Audits. The state-wise details are given in **Annex-II**.

Findings on the Social Audit conducted are detailed below:

3.2.1 Availability of records

Section 5 of the Rules and provisions of para 13 of Operational Guidelines 2013(OG) stipulate that Programme Officer shall ensure that all the records and information of the implementing agencies including Action Taken Report (ATR) on the previous Social Audit are properly collated and provided along with photocopies to the SAU for facilitating conduct of Social Audit at least 15 days in advance of the scheduled date of meeting of the *Gram Sabha* conducting Social Audit. The SAU teams shall conduct door to door visit to meet beneficiaries of the MGNREGS and share relevant information with them. These teams shall also visit project sites and physically verify whether completed projects match the information contained in the records of the implementing agencies.

In states where SAUs were working independently, we noted that:

- In **Chhattisgarh, Gujarat** and **Meghalaya**, evidence to ensure availability of Measurement Book, Muster Roll, and Stock Register, etc. was not on record. In **Sikkim**, in 12 GPs out of 50 GPs, 51 records pertaining to Stock Register, Work files, Measurement Book, Asset Register and Photographs were not made available to SAU team.

12 Except Arunachal Pradesh, Kerala, Manipur and Nagaland

13 In Gujarat expenditure on MGNREGS was made available only on 29 GPs out of 50 GPs.

14 Haryana (1), Jammu and Kashmir (8), Jharkhand (4), Punjab (1), Telangana (1) and Uttarakhand (1)

- In **Tripura**, neither the implementing agencies nor the SAU sought any record/information from district/block/GP level as required under the Rules. Therefore, there was little assurance of examination of records by the SAU relating to execution of works and expenditure incurred thereon.
- In **Karnataka**, no communication was made by SAU to DPC/PO seeking of records to be produced. In the test-checked GPs, few cases of non-production of records were observed. The SAU had not put in place any monitoring mechanism for production of records and action taken thereon.
- In **Andhra Pradesh** and **Telangana**, SAU sent intimation for conducting Social Audit 4 to 13 days in advance by email instead of the prescribed 15 days. Consequently, records relating to complete expenditure were not made available for Social Audit.
- In **Tamil Nadu**, all information and records obtained and examined by SAU teams.
- In 50 test checked GPs, in **Uttar Pradesh**, records were not provided 15 days in advance in 45 (90 per cent) GPs. In 13 (26 per cent) GPs, records were provided on same day of *Gram Sabha* meeting. In five¹⁵ out of 50 test-checked GPs, the line departments did not furnish record of executed works to SAU team. In other GPs, the status of executed works was not ascertained by POs.
- Out of 497 GPs where Social Audit was conducted during 2014-15, in 197 GPs¹⁶, door-to-door visit to meet beneficiaries of the MGNREGS and share relevant information with them was not done.
- In four states¹⁷, there was no evidence of physical verification of project sites.

In state, where independent SAU is headed by officer of Rural Development Department/Panchayati Raj Department, we noted that:

15 (1) Charwa, block Chayal, district Kaushambi (2) GosaPrayagpur, block GanjMuradabad, district Unnao (3&4) Laxmanpurmatahi, and Matiha block Balha districts Bahraich (5) Satijore block Nababgaj district Bahraich

16 Gujarat (50), Meghalaya (48), Tripura (49) and Uttar Pradesh (50)

17 Chhattisgarh (33), Gujarat (50), Tripura (50) and Uttar Pradesh (50)

- In **Madhya Pradesh** and **Odisha**, evidence of list of records being examined by SAU teams was not found on record, door-to-door visit was not carried out to meet beneficiaries of the MGNREGS and share relevant information with them and in **Odisha**, SAU teams did not verify the project sites. In **Madhya Pradesh**, SAU teams partially verified the project sites.

In states, where SAUs working as a cell within the department, we noted that:

- In 48 GPs out of 49 test checked GPs of **Assam**, social auditor failed to collect information and check the issues pertaining to maintenance and collection of records. In 9 to 25 GPs records like, Job Card Register, Asset Registers, Material Registers at work site, complaint register though not maintained/updated but stated to be maintained in SARs. Besides this, in 14 to 47 GPs, mis-match of figure of number of works executed, expenditure incurred, number of job card holders, etc. was noticed in SARs. There was no evidence of door-to-door visit to meet beneficiaries of the MGNREGS and physical verification of work sites.
- In 34 out of 50 test checked GPs of **Bihar**, evidence in support of verification of records such as copies of documents were not enclosed with SARs. In another 14 GPs, SARs were not available. There was no evidence of physical verification of work sites, door-to-door visit to meet beneficiaries of the MGNREGS and share relevant information with them.
- SAU teams in **Haryana** were collecting records on the date of *Gram Sabha* meeting for Social Audit. There was no evidence of physical verification of work sites and door-to-door visit to meet beneficiaries of the MGNREGS and share relevant information with them.
- SARs in **Maharashtra** were filled up perfunctorily making it difficult to ascertain the verification status. In Jawhar block, record of line department was not made available to Social Audit Team. There was no evidence of physical verification of work sites.
- In 40 out of 50 test checked GPs in **Punjab**, POs did not make necessary arrangement for submission of records to SAU teams 15 days prior to commencement of *Gram Sabha* meeting for Social Audit. There was no evidence of physical verification of work sites

and door-to-door visit to meet beneficiaries of the MGNREGS and share relevant information with them.

- In 13 GPs of **Rajasthan**, records were provided after a delay of 5 to 11 days. Also, out of 43,163 beneficiaries in 50 GPs, interaction was done with only 162 beneficiaries of 25 GPs during door to door visit. Further, only two *per cent* of the works were physically verified.
- Door-to-door visit was not undertaken in 32 GPs in **West Bengal**.

Non-requisition/production of records in large number of cases indicates non-compliance with the laid down provisions. Besides, the mechanism in place in conducting Social Audit was also seriously eroded in the absence of complete documentation and appropriate verification procedure.

Ministry replied (December 2015) that it would urge the states to notify rules ensuring timely provision of records to Social Audit teams and nature of punitive action to be taken for non-provision of the records. In respect of verification of all job card holder and worksites, Ministry replied that it would take active efforts in ensuring that SAU resource persons comply with the same.

3.2.2 Awareness among stakeholders about Social Audit meeting

Section 4 (2) (c) of Rules and para 13.3.2 of OG provides that the labourers and the village community shall be informed about the *Gram Sabha* conducting Social Audit by the resource persons as well as the Programme Officers to ensure full participation. We noted that

- In 91 GPs (three states¹⁸), labourers and village community were not informed about the *Gram Sabha* .
- In 45 out of 50 test checked GPs of **Chhattisgarh**, no documentary evidence regarding intimation of Social Audit by *Gram Sabha* to labourers and village community was produced to audit. However, in two¹⁹ GPs it was stated that labourers and village community were informed through *Munadi*²⁰ by *kotwar*²¹.

¹⁸ Himachal Pradesh (4), Odisha (37) and Tripura (50)

¹⁹ Sheri and Domhara

²⁰ Munadiis a process of intimation by announcement for conduct of Social Audit *Gram Sabha*

²¹ Kotwaris a person who announces intimation of Social Audit *Gram Sabha*

- In 27 out of 50 test checked GPs of **Madhya Pradesh**, all the residents of the respective villages were informed through *Munadi*. In other 23 GPs²², records of *Munadi* orders were not produced to audit for verification.
- In 45 GPs of **Assam**, interaction with 363 Job card holders, on random basis, was done to assess the awareness on Social Audit and their involvement in the process. 9 to 67 *per cent* villagers expressed their ignorance about the process of Social Audit. Similarly, 58 *per cent* stated that they were not aware of *Gram Sabha* for Social Audit. The Director, SIRD also stated that only 10 to 25 *per cent* people could be involved during *Gram Sabha* for Social Audit.
- In all the test checked GPs (except Dumri and Jhakhra Sheikh) of **Bihar**, there was no evidence to verify whether the labourers and village community were informed about the Social Audit by *Gram Sabha*.
- In **Jammu & Kashmir** and **West Bengal**, the labourers and village community was not informed about the *Gram Sabha* conducting Social Audit to ensure full participation.
- In remaining 16 states²³, labourers and village community were informed about the *Gram Sabha* conducting the Social Audit.

Ministry replied (December 2015) that it would ensure the awareness among stakeholders about the Social Audit process and *Gram Sabha* through constant IEC activities.

3.3 Social Audit by *Gram Sabha*

As per Para 13.3.5 of OG, to conduct the Social Audit process, a *Gram Sabha* shall be convened to discuss the findings of the verification exercise and also to review the compliance on transparency and accountability, fulfilment of the rights and entitlements of labourers and proper utilisation of funds. The *Gram Sabha* shall be convened in a neutral public space and in any case not in the hamlet/village of the head of the panchayat. The meeting shall be chaired by an elderly villager who is not a part of *Panchayat* or

22 Boda, Banspur, Bamhni, Bangai, Bandhibodalkachar, Bodalkachar, Bhikewara, Chhapra Dauriyakheda, Delakhari, Dudgaonbasti, Fattepur, Harrakachar, Jamundonga, Jagantola(M), Khapasani, Kumhadi, Khulsan, Muttair, Patehra, Sirsod, Sitakamath and Sivanpat

23 Andhra Pradesh, Goa, Gujarat, Haryana, Jharkhand, Karnataka, Maharashtra, Meghalaya, Mizoram, Punjab, Rajasthan, Sikkim, Tamil Nadu, Telangana, Uttarakhand and Uttar Pradesh

any implementing agency. Decisions and resolutions will be put to voting. However, dissenting opinion must be recorded in the minutes. Action Taken Reports on the previous Social Audit must be read out at the beginning of the meeting. All the officials responsible for implementation must be present in the meeting to answer queries from the members of the *Gram Sabha* .

As per Section 6(7) of the Rules, the District Programme Coordinator shall attend the *Gram Sabha* meeting or nominate an official of appropriate level for smooth conduct of the *Gram Sabha*.

As per para 13.3.11 of OG, the proceeding of the Social Audit *Gram Sabha* shall be video recorded, compressed using latest compression techniques (to reduce space occupied by it) and uploaded on website, *www.nrega.nic.in* without editing. The video recording will also be stored in the custody of DPC.

As per para 13.3.4 (vii) of OG, for facilitating conduct of Social Audit by *Gram Sabha*, the resource persons deployed by Social Audit Unit, along with primary stakeholders shall verify that the wall painting showing details of money paid to all job card holders have been done using the prescribed format and the details contained therein are a true reflection of the records as they obtain in *www.nrega.nic.in* and at the block and *panchayat* office.

As per para 13.3.12 of OG, the SARs shall be prepared in local language by the SAU. The SARs must be counter-signed by the chairperson of that particular Social Audit *Gram Sabha*. A copy of the report must be displayed on the notice board of the GP for at least seven days.

As per Section 4(2) (f) of the Rules, the SAU shall be responsible for the hosting of the SAR including Action Taken Report in the public domain.

Holding and reporting mechanism by *Gram Sabha* in 1124 GPs test checked in audit for 25 out of the 29 states showed the following:

(i) Convening of Gram Sabha Meeting

In 135 (12 per cent) GPs (11 States²⁴), *Gram Sabha* meetings were not held to discuss the findings of Social Audit.

²⁴ Andhra Pradesh (7), Assam (1), Bihar(2), Goa(18), Haryana(36), Maharashtra (10), Meghalaya (7), Odisha (13), Telangana (9), Tripura (12) and Uttarakhand (20)

(ii) Gram Sabha meeting at neutral public space

In 241(21 per cent) GPs (11 states²⁵), *Gram Sabha* meetings were not held at neutral place.

(iii) Gram Sabha meeting chaired by an elderly villager

In 560 (50 per cent) GPs (20 states²⁶), *Gram Sabha* meetings were not chaired by an elderly person. In **Chhattisgarh, Sikkim, Tamil Nadu** and **Uttar Pradesh**, elderly villager chaired the *Gram Sabha* meetings. In **Assam**, no evidence regarding *Gram Sabha* meeting chaired by elderly person was available in the SARs.

(iv) Decision and resolutions of the Gram Sabha not put to vote

In 453 (40 per cent) GPs (12 states)²⁷, decisions of the *Gram Sabha* were not put to vote.

(v) Discussion on ATR on the previous SARs

In 567 (50 per cent) GPs (15 states²⁸), ATRs on the previous Social Audits were not discussed in the *Gram Sabha* meetings. In **Madhya Pradesh**, Social Audit was conducted first time during 2014-15.

(vi) Countersign of chairperson on the SAR

In 534 (48 per cent) GPs (16 states²⁹), SARs were not countersigned by the chairperson of the *Gram Sabha*. In **Punjab**, no information was provided. No SAR was prepared in Goa.

(vii) SARs not prepared

During 2014-15, out of 1492 SARs to be prepared in 25 states, 1270 SARs were prepared in test checked GPs in 25 states. In case of 10

25 Andhra Pradesh (50), Goa (2), Himachal Pradesh (1), Karnataka (42), Maharashtra (37),

Mizoram(5), Punjab (01), Tamil Nadu(3), Telangana (49), Tripura(18) and West Bengal (33)

26 Andhra Pradesh (50), Bihar(50), Goa (01), Gujarat (48), Haryana (17), Himachal Pradesh (12), Jammu and Kashmir (26), Jharkhand (30), Karnataka (47), Madhya Pradesh (20), Maharashtra (25), Meghalaya (12), Mizoram(2), Odisha (27), Punjab (30), Rajasthan (50), Telangana (49), Tripura(17), Uttarakhand (8) and west Bengal (39)

27 Andhra Pradesh(50), Bihar(48), Goa(10), Himachal Pradesh(8), Madhya Pradesh(43), Maharashtra(50), Mizoram(5), Odisha(50), Telangana(49), Tripura(50), Uttar Pradesh(50) and West Bengal(40)

28 Andhra Pradesh(50), Assam(48), Bihar(48), Chhattisgarh(50), Gujarat(15), Himachal Pradesh (5), Jharkhand (46), Maharashtra(50), Meghalaya (15), Mizoram (2), Odisha(50), Punjab(49), Telangana (49), Tripura(50) and West Bengal(40)

29 Bihar(47), Chhattisgarh (8), Gujarat (26), Himachal Pradesh(7), Jammu and Kashmir(26), Jharkhand (18), Madhya Pradesh (30), Maharashtra(50), Meghalaya (48), Mizoram (28), Odisha (37), Tamil Nadu (50), Tripura(50), Uttarakhand (31), Uttar Pradesh (50) and West Bengal (28)

states³⁰, out of 557 Social Audit conducted, 222 SARs (40 per cent) were not prepared. In 15 states³¹, 935 Social Audit conducted, SARs were prepared and there was no shortfall in preparation of SARs.

(viii) Standard format of SARs

Out of 1270 SARs prepared in test checked GPs during the year 2014-15, 364 (29 per cent) SARs (11 states) were not prepared in standard format as prescribed by SAU/Ministry. States wise details are given in **Annex-III**.

(ix) Hosting of SARs on the website

Out of 1270 SARs prepared during 2014-15, 177 (14 per cent) SAR³² were uploaded on Ministry website by six states (includes 50 SARs³³ uploaded on states website). **Sikkim** uploaded 50 SARs on State website only. States wise details where uploading of SARs was not done, is given in **Annex-III**.

(x) SARs not in local language and displayed on the notice board of the GP

In 335 (30 per cent) GPs (nine states,³⁴), SARs were not prepared in local language. In 577 (51 per cent) GPs (15 states³⁵), SARs were not displayed on the notice board.

(xi) Wall painting to display the money paid to job card holders

In 881 (78 per cent) GPs (21 states³⁶), there was no wall painting to display details of money paid to job cardholders.

30 Assam (01), Bihar (16), Goa(21), Gujarat(23), Haryana (53), Himachal Pradesh (8), Jammu and Kashmir (17), Mizoram (27), Punjab (52) and West Bengal (04)

31 Andhra Pradesh, Chhattisgarh, Jharkhand, Karnataka, Madhya Pradesh, Maharashtra, Meghalaya, Odisha, Rajasthan, Sikkim, Tamil Nadu, Telangana, Tripura, Uttarakhand and Uttar Pradesh

32 Himachal Pradesh (14), Jammu & Kashmir (12), Meghalaya (12), Odisha (43), Punjab (46) and Uttar Pradesh (50)

33 Himachal Pradesh (14) and Uttar Pradesh (36)

34 Assam(48), Himachal Pradesh (5), Jammu and Kashmir (26), Maharashtra(50), Meghalaya(28), Mizoram(28), Odisha(50), Sikkim (50) and Tripura (50)

35 Andhra Pradesh(50), Assam (48), Bihar(48), Chhattisgarh(50), Gujarat (6), Haryana (49), Himachal Pradesh (5), Jammu and Kashmir (26), Maharashtra (50), Meghalaya (29), Telangana(49), Tripura(47), Uttarakhand (31), Uttar Pradesh (50) and West Bengal (39)

36 Andhra Pradesh(50), Assam (25), Bihar(48), Chhattisgarh(50), Gujarat(50), Haryana(49), Himachal Pradesh (7), Jammu and Kashmir (42), Jharkhand (38), Karnataka (26), Madhya Pradesh(49), Mizoram(28), Odisha(50), Punjab (49), Sikkim(50), Tamil Nadu(50), Telangana(49), Tripura (50), Uttarakhand(31), Uttar Pradesh(50) and West Bengal(40)

(xii) Video recording of the proceeding of the Gram Sabha and uploading on web-site

In 924 (82 per cent) GPs (24 states³⁷), proceedings of *Gram Sabha* were not video recorded. In 200 GPs, video recording of proceedings were done but in 160³⁸ GPs the same were not uploaded on the website.

(xiii) Presence of DPC or Nominated Officer

In 649 (58 per cent) GPs (19 states³⁹), neither the DPC nor member nominated by him had attended the *Gram Sabha* meeting.

(xiv) Participation by Village Community

In 657 (58 per cent) GPs (20 states⁴⁰), *Gram Sabha* meetings were held with less than 10 per cent of participation by village community. No information was provided in **Mizoram**.

Ministry replied (December 2015) that efforts would be taken to train resource persons to ensure the compliance of the provisions of the Social Audit Rules. Ministry also stated that a State Level Technical Team would be put in place for conducting periodic test audits on a sample of GPs already audited by the SAUs.

3.4 Conclusion

Deficiencies in planning and execution of Social Audit such as non-preparation of annual calendar for Social Audit, poor documentation, non-verification of work sites, lack of awareness amongst stake holders, non-convening of *Gram Sabha* meetings, not putting decision and resolution of the *Gram Sabha* to vote, non-preparation of SARs, non-video recording of proceedings of *Gram*

37 Andhra Pradesh (50), Assam(48), Bihar(38), Chhattisgarh(50), Goa(20), Gujarat(50), Haryana(49), Himachal Pradesh(05), Jammu and Kashmir(42), Jharkhand(46), Karnataka(32), Madhya Pradesh(43), Maharashtra(31), Meghalaya(41), Mizoram(28), Odisha (50), Punjab(36), Rajasthan(23), Sikkim(50), Tripura(50), Telangana(49), Uttarakhand(31), Uttar Pradesh(46) and West Bengal(16)

38 Bihar (12), Karnataka(18), Madhya Pradesh(7), Maharashtra(9), Punjab(13), Rajasthan(27), Tamil Nadu(50) and West Bengal(24)

39 Andhra Pradesh(44), Assam (48), Bihar (33), Chhattisgarh (50), Gujarat (32), Haryana (25), Himachal Pradesh (20), Jammu and Kashmir (42), Jharkhand (46), Madhya Pradesh (6), Maharashtra (8), Odisha(50), Punjab(34), Rajasthan (8), Tamil Nadu (29), Telangana (49), Tripura (50), Uttar Pradesh (40) and West Bengal (35)

40 Andhra Pradesh(48), Bihar (48), Chhattisgarh (39), Goa (2), Gujarat (48), Haryana (13), Himachal Pradesh(1), Jammu and Kashmir(42), Jharkhand(30), Karnataka(50), Madhya Pradesh(44), Maharashtra (40), Odisha(37), Rajasthan (31), Tamil Nadu (07), Telangana (49), Tripura (27), Uttarakhand (11), Uttar Pradesh (50) and West Bengal (40)

Sabha, etc. were noticed. SAUs failed to provide adequate support mechanism like availability of records, reporting and follow-up of Social Audits to ensure its efficacy. District Programme Coordinators and Programme Officers also failed to provide effective and adequate support to conduct of Social Audit.

3.5 Recommendations:

- (i) Effective steps may be taken to ensure the preparation of Annual Calendar and its implementation shall also be monitored.
- (ii) Record management may be improved at all levels to facilitate credibility of Social Audit.
- (iii) Social Audit Team may ensure verification of project sites and conduct door to door visit in compliance with the extant provisions.
- (iv) Awareness amongst the stakeholders for full participation in the *Gram Sabha* meetings on Social Audit may be ensured.
- (v) Conducting of Social Audit meetings and reporting mechanism, as per the provisions of Rules may be ensured.

CHAPTER-IV FOLLOW UP OF SOCIAL AUDIT

4.1 Follow up

Social Audit would not be complete unless there is a time bound follow up action on the grievances that were identified. Time bound follow up is the responsibility of the State Government towards all the people who have participated in the Social Audit in the State. Section 7 (4) of the Rules provides that State Government shall be responsible to take follow up action on the findings of Social Audit.

4.2 Follow up at District and Block level

Para 25 (c) (vii) Schedule I of Section 4(3) of MGNREGS Act 2005 and Para 13.3.15 OG provides that after *Gram Sabha* meeting, a Social Audit public hearing should be held in the block headquarter in the presence of MGNREGS workers, elected representatives and officials to discuss the Social Audit findings and ensure that orders are issued in open on Social Audit findings. Further, on conclusion of the Social Audit public hearing at the block level, district level consultations may be organized for *Pramukh* and members of Block *Panchayat* for reviewing the follow up on grievances raised.

We, however, noted that in 11 states⁴¹ public hearing after Social Audit was not held at block level. Further,

- In **Sikkim**, out of 1053 issues pointed out by the Social Audit for 2014-15, 584 issues were resolved by POs and DPCs.
- In **Uttar Pradesh**, in seven cases First Information Report (FIR) were lodged while 444 cases in 16 test check districts were pending as on March 2015. No punitive action was taken in these cases.
- In **Odisha**, out of 88 public hearing meetings to be conducted in 44 blocks test checked during 2014-15, only 45 meetings were conducted.
- In **Maharashtra**, in five test checked districts⁴² where public hearing was held, no action was taken on ATRs submitted by the blocks.

Non- holding of the public hearing at block level after conduct of Social Audit to discuss the follow-up action and not resolving the issue and lack of monitoring of action taken on Social Audit at district level was detrimental to the objectives of Social Audit.

41 Assam, Goa, Gujarat, Haryana, Himachal Pradesh, Jharkhand, Karnataka, Punjab, Tamil Nadu, Tripura, West Bengal and in other state information was not available

42 Nagpur, Nanded, Nashik, Palghar and Wardha

Ministry replied (December 2015) that it would issue model rules on action to be taken based on findings of Social Audit.

4.3 Recovery of misappropriated amount

Section 7(3) (c) of the Rules provides that every DPC or any official on his behalf shall take steps to recover the amount embezzled or improperly utilised and maintain a separate bank account for the amounts so recovered.

We, however, noted that significant portion of the misappropriated amount pointed out in Social Audit, as tabulated below, was yet to be recovered:

(₹in crore)

Sl. No.	State	Amount misappropriated	Amount recovered	Balance	percentage of recovery
1.	Andhra Pradesh	54.41	19.55	34.86	36
2.	Telangana	54.01	16.35	37.66	30
3.	Uttar Pradesh	3.44	0.03	3.41	1

Further, no separate bank account for amount so recovered was maintained.

4.4 Follow up at State Level

Section 7(4) of the Rules provides that the State Government shall be responsible to take follow up action on the findings of the Social Audit. Further, as per section 7(5) of the Rules, the State Employment Guarantee Council (SEGC) shall monitor the action taken by the State Government and incorporate in the Annual Report to be laid before the State Legislature by the State Government.

We noted that out of 25 states reviewed, SEGC was not constituted in five states⁴³.

SEGC, though constituted in 18 states⁴⁴, did not monitor the action taken by the State Governments on SARs and only in two states *viz.* **Rajasthan** and **Sikkim**, SEGC duly monitored the follow up on the SAR by the State Government.

This indicated poor monitoring of action taken on SARs at state level.

4.5 Submission of summary of findings of Social Audit to C&AG

Section 3(2) of the Rules provides that summary of findings of Social Audit conducting during the financial year shall be submitted by the State Government to the C&AG.

We noted that in all selected States summary of findings of the Social Audit was not submitted to C&AG.

43 Andhra Pradesh, Bihar, Chhattisgarh, Himachal Pradesh and Telangana.

44 Assam, Goa, Gujarat, Haryana, Jammu & Kashmir, Jharkhand, Karnataka, Madhya Pradesh, Maharashtra, Meghalaya, Mizoram, Odisha, Punjab, Tamil Nadu, Tripura, Uttar Pradesh, Uttarakhand and West Bengal

4.6 Submission of Action Taken Report on Social Audit to the State Legislature and Parliament

Para 13.4.5 and 13.4.7 of the OG provides that action taken on the SARs shall be incorporated in the Annual Report to be laid before the State Legislature and Parliament. We, however, noted that action taken on the SARs was not incorporated in the Annual Report to be laid before the State Legislature and Parliament.

Ministry replied (December 2015) that States would be asked for strict compliance of the provisions of Rules. However, Ministry remained silent about incorporation of ATR in Annual Report to be laid before the Parliament.

4.7 Conclusion

Social Audit block level public hearings were not organized to take follow up actions. District Programme Coordinators did not review the action taken on SARs. State Employment Guarantee Council did not monitor the action taken on SARs. State Governments also failed to submit the summary of findings of SARs to Comptroller and Auditor General of India. Neither the State Governments nor the Central Government incorporated the action taken on SARs in the Annual Reports to be laid before respective State Legislature and Parliament.

4.8 Recommendation

Follow up action at all levels as per provisions of the Rules may be ensured.

New Delhi
Dated: 04 March 2016


(MUKESH PRASAD SINGH)
Director General of Audit
Central Expenditure

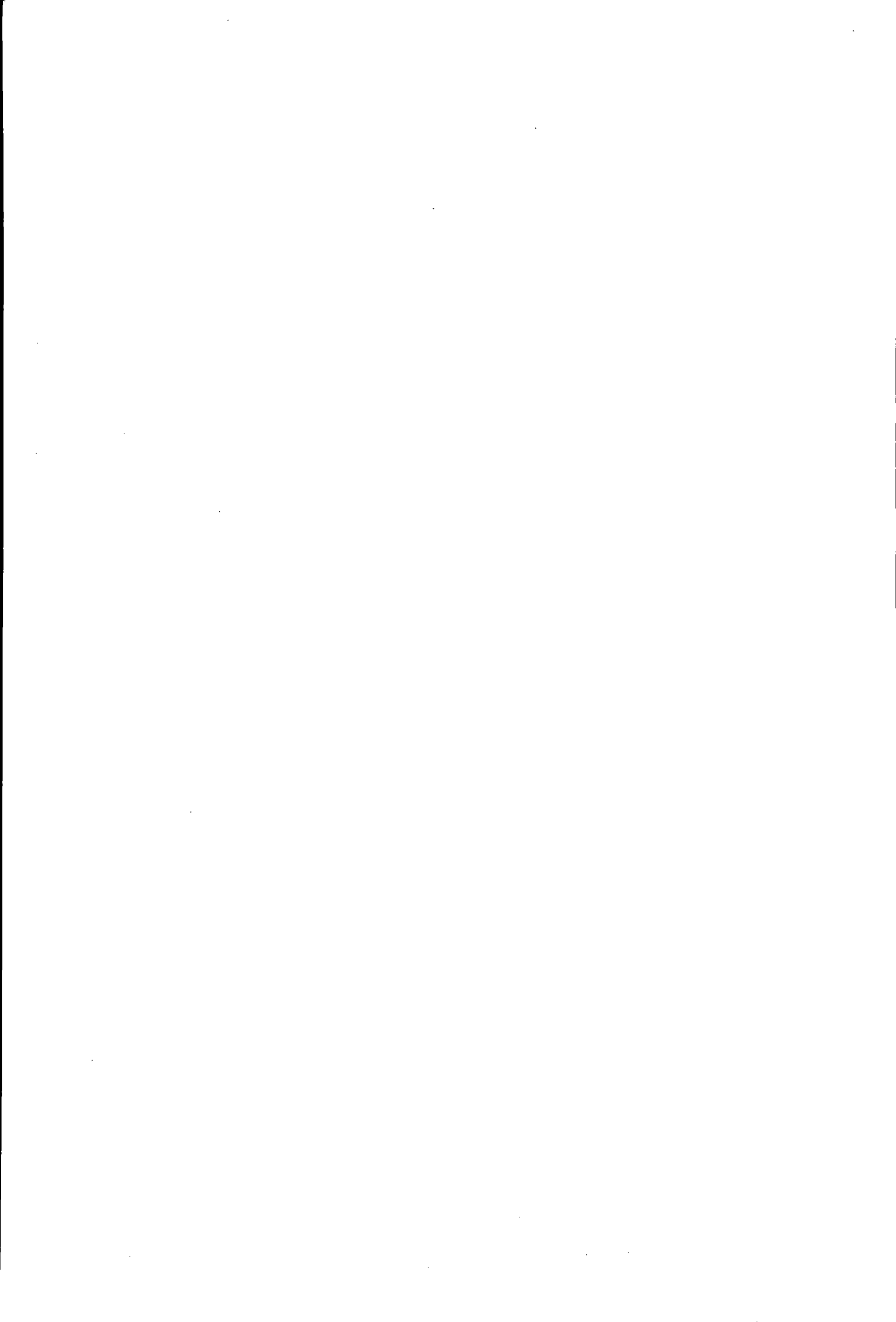
Countersigned

New Delhi
Dated: 04 March 2016


(SHASHI KANT SHARMA)
Comptroller and Auditor General of India



Annexes



Annex-I
(Refer to Para no. 2.3.1)
Availability of Resource Persons for Social Audit

Levels	Shortfall in Resource Persons				No. of states where no shortfall	No. of states where no assessment was made	Remarks
	Particular	Requirement	Deployment	Short fall			
State	15 ¹	222	157	65	6 Gujarat, Sikkim, Mizoram, Tamil Nadu, Tripura and Nagaland	6 Bihar, Arunachal Pradesh, Goa, Jharkhand, Kerala, Uttarakhand	2 Assam (Rajasthan-appointment of SRP is under Process),
District	16 ²	1618	1137	481	6 Gujarat, Sikkim, J&K, Tripura, West Bengal and Assam	6 Bihar Arunachal Pradesh, Goa, Kerala, Jharkhand, Uttarakhand	1 (Rajasthan-appointment of DRP is under Process),
Block	9 ³	3562	1471	2091	3 Assam Gujarat Tripura	16 ⁴	1 Maharashtra
Village	3 ⁵	----	-----	-----	11 ⁶	15 ⁷	

¹ Andhra Pradesh (6), Chhattisgarh (5), Haryana (4), Himachal Pradesh (3), Jammu and Kashmir (5), Karnataka (3), Madhya Pradesh (11), Maharashtra (2), Manipur (3), Meghalaya (2), Odisha(7), Punjab (2), Telangana (3), Uttar Pradesh (3) and West Bengal (6),

² Andhra Pradesh (76), Chhattisgarh (32), Haryana(21), Himachal Pradesh (21), Karnataka (7), Madhya Pradesh(82), Maharashtra (38), Manipur(4), Meghalaya (11), Mizoram (26), Nagaland(19), Odisha (32), Punjab (24), Tamil Nadu (9), Telangana (75) and Uttar Pradesh (4)

³ Chhattisgarh (295), Haryana (126), Karnataka(322), Madhya Pradesh (626), Manipur (2), Nagaland (8), Odisha (314), Tamil Nadu (226) and Uttar Pradesh (172)

⁴ Andhra Pradesh, Arunachal Pradesh, Bihar, Goa, Himachal Pradesh, Jammu & Kashmir, Jharkhand, Kerala, Meghalaya, Mizoram, Punjab, Rajasthan, Sikkim, Telangana, Uttarakhand and West Bengal

⁵ Bihar, Himachal Pradesh and Maharashtra

⁶ Andhra Pradesh, Assam, Chhattisgarh, Haryana, Karnataka, Madhya Pradesh, Mizoram, Odisha, Tamil Nadu, Telangana and Uttar Pradesh

⁷ Arunachal Pradesh, Goa, Gujarat, Jammu and Kashmir, Jharkhand, Kerala, Manipur, Meghalaya, Nagaland, Punjab, Rajasthan, Sikkim, Tripura, Uttarakhand and West Bengal

Annex-II
(Refer to Para no. 3.1.2 and 3.2)
Coverage and Evaluation of Social Audit

Sl. No.	Name of the State	Total Number of GPs in the State	Total Number of GPs covered by MGN-REGS during 2014-15	Number of GPs where Social Audit was conducted during 2014-15	Short-fall	Percentage of shortfall	Out of Column (4), Number of test check GPs	Out of Column 7, Number of GP where Social Audit conducted during 2014-15	Out of Column 8, Number of GPs where Social Audit conducted twice during 2014-15	Out of Column 8, Number of GPs where Social Audit conducted once during 2014-15	Total Number of Social Audit Conducted (Col.9 X2+ Col. 10)	Total Number of Social Audit not conducted 8X2-11
0	1	2	3	4	5	6	7	8	9	10	11	12
1.	Andhra Pradesh	13782	13083	12268	815	6	50	50	3	47	53	47
2.	Assam	2201	2201	2201	0	0	49	49	0	49	49	49
3.	Bihar	8407	8407	235	8172	97	50	50	0	50	50	50
4.	Chhattisgarh	10971	9734	1056	8678	89	50	50	0	50	50	50
5.	Goa	190	181	159	22	12	20	20	01	19	21	19
6.	Gujarat	14151	14151	13815	336	2	50	50	50	0	100	0
7.	Haryana	6140	6140	4761	1379	22	50	49	14	35	63	35
8.	Himachal Pradesh	3243	3243	2632	611	19	23	23	3	20	26	20
9.	Jammu & Kashmir	4199	4199	1666	2533	60	50	42	2	40	44	40
10.	Jharkhand	4423	4423	2251	2172	49	50	46	37	9	83	9
11.	Karnataka	5631	5631	5042	589	10	50	50	49	1	99	1

Mahatma Gandhi National Rural Employment Guarantee Audit of Scheme Rules, 2011
(Social Audit Rules)

Sl. No.	Name of the State	Total Number of GPs in the State	Total Number of GPs covered by MGN-REGS during 2014-15	Number of GPs where Social Audit was conducted during 2014-15	Short-fall	Percentage of shortfall	Out of Column (4), Number of test check GPs	Out of Column 7, Number of GP where Social Audit conducted during 2014-15	Out of Column 8, Number of GPs where Social Audit conducted twice during 2014-15	Out of Column 8, Number of GPs where Social Audit conducted once during 2014-15	Total Number of Social Audit Conducted (Col.9 X2+ Col. 10)	Total Number of Social Audit not conducted 8X2-11
0	1	2	3	4	5	6	7	8	9	10	11	12
12.	Madhya Pradesh	22823	22823	931	21892	96	50	50	0	50	50	50
13.	Maharashtra	28006	19180	210	18970	99	50	50	0	50	50	50
14.	Meghalaya	6217	6217	4033	2184	35	48	48	8	40	56	40
15.	Mizoram	798	798	28	770	96	28	28	0	28	28	28
16.	Odisha	6234	6234	6151	83	1	50	50	50	0	100	0
17.	Punjab	12991	12991	12991	0	0	50	49	49	0	98	0
18.	Rajasthan	9177	9177	8649	528	6	50	50	0	50	50	50
19.	Sikkim	176	176	92	84	48	50	50	0	50	50	50
20.	Tamil Nadu	12524	12523	1132	11391	91	50	50	0	50	50	50
21.	Telangana	9496	8799	7674	1125	13	50	49	2	47	51	47
22.	Tripura	1118	1118	1118	0	0	50	50	50	0	100*	0
23.	Uttarakhand	7705	7705	7678	27	.4	32	31	12	19	43	19
24.	Uttar Pradesh	52111	52111	20844	31267	60	50	50	0	50	50	50
25.	West Bengal	3349	3349	3224	125	4	40	40	38	2	78	2
	Total	246063	234594	120841	113753	48	1140	1124	368	756	1492	756

*- (total audit conducted 192 (Social Audit are being conducted on quarterly basis)-Four time in 43 GPs, twice in 1 GPs and thrice in 6 GPs)

Mahatma Gandhi National Rural Employment Guarantee Audit of Scheme Rules, 2011
(Social Audit Rules)

Annexure-III
(Refer to Para no. 3.3 (VIII and IX))
Standard format and Hosting of SARs

Sl. No.	Name of the State	Total Number of Social Audit Conducted	Out of Column 2, Total Number of Social Audit Report prepared	Out of Column 3, Number of SAR not prepared as per standard format	Out of Column 4, Number of SAR uploaded on the website	
					State Website	Ministry Website
0	1	2	3	4	5	6
1.	Andhra Pradesh	53	53	0*	0	0
2.	Assam	49	48	0	0	0
3.	Bihar	50	34	29	0	0
4.	Chhattisgarh	50	50	0	0	0
5.	Goa	21	0	0	0	0
6.	Gujarat	100	77	18	0	0
7.	Haryana	63	10	0	0	0
8.	Himachal Pradesh	26	18	18	14	14
9.	Jammu & Kashmir	44	27	27	0	12
10.	Jharkhand	83	83	0	0	-
11.	Karnataka	99	99	2	0	0
12.	Madhya Pradesh	50	50	0	0	0
13.	Maharashtra	50	50	0	0	0
14.	Meghalaya	56	56	38	0	12
15.	Mizoram	28	1	1	0	0
16.	Odisha	100	100	76	0	43
17.	Punjab	98	46	0	0	46
18.	Rajasthan	50	50	5	0	0
19.	Sikkim	50	50	0	50	0
20.	Tamil Nadu	50	50	50	0	0
21.	Telangana	51	51	0	0	0
22.	Tripura	100 [#]	100	100	0	0
23.	Uttarakhand	43	43	0	0	0
24.	Uttar Pradesh	50	50	0	36	50
25.	West Bengal	78	74	0	0	0
		1492	1270	364	100	177

* 0 represent Nil Value

(total audit conducted 192 (Social Audit are being conducted on quarterly basis)-Four time in 43 GPs, twice in one GPs and thrice in six GPs)