



सत्यमेव जयते

Social Audit Assessment Index



Department of Rural Development
Government of India
New Delhi

November 2020



Social Audit Assessment Index

Department of Rural Development, MoRD

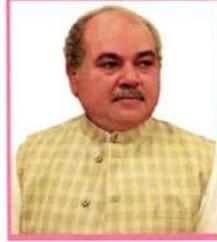
New Delhi

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NARENDRA SINGH TOMAR



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MINISTER OF AGRICULTURE & FARMERS' WELFARE,
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MESSAGE

Social Audit is a key part of the robust transparency and accountability framework established by the Ministry of Rural Development to ensure, inter-alia, zero tolerance for corruption. It is also a tool that promotes people's participation in schemes meant for their development.

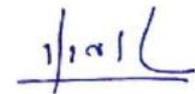
Social Audit was first mandated by the Mahatma Gandhi Rural Employment Guarantee Act. The Ministry has subsequently taken a policy decision to roll out social audit across all rural development programmes and released the social audit guidelines for PMAY-G and NSAP during the National Seminar in Delhi last year.

The Ministry has taken many steps to institutionalize the social audit of MGNREGS. It has emphasized the creation of independent units in each state. Besides ensuring financial independence by earmarking assured funds for undertaking social audit, it has also supported (i) capacity building programmes (30 day certificate programme for block, district and state resource persons and 4 day programme for village resource persons); and (ii) a transparent Management Information System to manage the social audit findings and the action taken reports, all of which are in the public domain.

The 'Status of Social Audit Report in India, 2019' published by NIRDPR points out, inter-alia, that (i) while some states have set up independent social audit units, many others are lagging behind; (ii) there is a need to increase coverage of gram panchayats; and (iii) effective follow up action should be taken on the social audit findings.

To shine a spotlight on the important issues to be addressed and in the spirit of cooperative and competitive federalism, a new Social Audit Assessment Index has been developed by the Ministry. For each of the parameters in the index, this compilation gives the relevant extracts from the Mahatma Gandhi NREG Act, MGNREG Audit of Scheme Rules, Auditing Standards and Annual Master Circular.

I hope that this index will facilitate states to identify the shortcomings and work to establish independent social audit units and effective social audits.



(Narendra Singh Tomar)

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SADHVI NIRANJAN JYOTI



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MINISTER OF STATE
FOR
RURAL DEVELOPMENT
GOVERNMENT OF INDIA



Message

Government of India is committed to developing rural areas across the Nation and is implementing many programmes including Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS), Pradhan Mantri Awaas Yojana – Gramin (PMAY-G), Pradhan Mantri Gram Sadak Yojana, National Social Assistance Programme (NSAP), Deen Dayal Upadhyaya Grameen Kaushalya Yojana and Deendayal Antyodaya Yojana – National Rural Livelihoods Mission (DAY-NRLM).

To ensure that these schemes are implemented in an exemplary manner, the government has instituted a robust accountability framework including Social Audit, Internal Audit, Geo-tagging, Direct Benefit Transfer, transparent Management Information System and Common Review Missions.

Social Audit is a powerful tool to pro-actively share information with villagers and to enforce accountability. It empowers people by providing them a platform for raising questions and holding elected representatives and government officials to account.

In addition to MGNREGS where social audit is mandated by law, the Ministry has taken steps to ensure that all rural development schemes should be covered by social audit. Last year, during the National Seminar on Social Audit, the social audit guidelines for PMAY-G, NSAP and Fourteenth Finance Commission Grants were released.

The Ministry has emphasised that all states set up an independent Social Audit Unit and that all Gram Panchayats in the states should be covered at least once in a year. In addition to providing support for a 30 day certificate course on social audit for Block, District and State resource persons, the Ministry has also supported a 4 day course for Village Resource Persons.

Many of the Village Resource Persons are members of DAY – NRLM Self Help Groups. Facilitating the social audit exercise will empower them and give them the confidence to address many social ills in rural India.

Full involvement of the states is crucial to ensure effective social audits. States should ensure that Social Audit Units are independent, that clear instructions are given to implementation agencies not to interfere in the process while at the same time they provide the required documents and attend the public hearings and take prompt action on the social audit findings. This will ensure the faith of the people in the social audit process and improve the quality of the scheme implementation.

To systematically track the areas where States have to act, the Ministry has in collaboration with NIRDPR developed the 'Social Audit Assessment Index' detailed in this book. For each parameter, the relevant sections from the Act, Rules and Auditing Standards are given which helps in laying emphasis on the importance of the parameter. States should use this index to find out where they stand and take action on the areas where they are weak.



(Sadhvi Niranjana Jyoti)

Minister of State for Rural Development

Government of India

नागेन्द्र नाथ सिन्हा, आई.ए.एस

सचिव

NAGENDRA NATH SINHA, IAS
SECRETARY



सत्यमेव जयते



भारत सरकार

ग्रामीण विकास मंत्रालय

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November 23, 2020

Message

Social audit is a powerful tool to improve the transparency, accountability and people's participation in the implementation of various rural development schemes. It gives an opportunity to villagers to question the officials and elected representatives about issues in implementation of works/provision of services in their areas and provides a platform for redressal of their grievances.

For the last ten years, this Ministry has been working for application of this powerful community tool in Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) Rules and its extension to PMAY-G and NSAP. Among its latest actions in this regard have been publication of the report 'Status of Social Audits in India, 2019' by NIRDPR, National Seminar on Social Audit last year and development of 'Financial Management Index', of which progress in the area of social audit forms a big part. Needless to say, in the Annual Planning as well revision exercises of Schemes, social audit constitutes a major item of discussion.

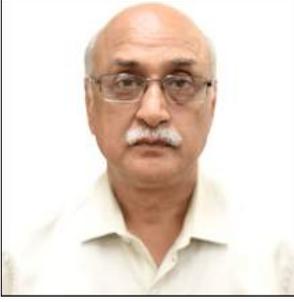
Disconcertingly, it has been noted that half of the SAUs are not independent and that the quality of audits and intensity of action on the findings needs to improve. To this end, the Ministry has developed a 'Social Audit Assessment Index' detailed in this book to help states to systematically identify areas which are in deviation of the Rules, Auditing Standards & best practices and which need to be looked into. Centre for Social Audit (CSA), NIRDPR has played an important role in developing this index.

I wish that this tool will be used widely to improve the quality of social audits and thereby improve the quality of all rural development programmes. Ideas and suggestion for improvement of this tool are most welcome.

Unitedly, through social audit, transfer of resources, Participatory People Planning Exercises, Capacity building of PRI Officials, Gram Sabhas and through SHG focused cluster of CBOs and a slew of other steps, we endeavor to march further for Gram Swarajya.



[Nagendra Nath Sinha]



Sanjeev Kumar

Additional Secretary & FA
Ministry of Rural Development

Foreword

Systematic institutionalization of Social Audit processes and appropriate capacity building have been central to the sustained efforts made by the Ministry of Rural Development to enrich the implementation of Mahatma Gandhi National Rural Employment Guarantee Scheme in particular and other important Rural Development Programmes in general.

2. The Social Audit structures, processes and implementation standards have been incorporated in (i) Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) (ii) MGNREG Audit of Scheme Rules, 2011 (iii) Auditing Standards for Social Audit (iv) MGNREGA - Annual Master Circular (v) Programme specific Social Audit guidelines, and (vi) Best practices followed in the States, and reinforce each other.

The “Social Audit Assessment Index” has got the twin purpose to **(i)** Prioritize and collate all important issues concerning Social Audit broadly falling in 15 broad categories viz. (a) Independent Social Audit Units (SAUs) (b) Governing Body (c) Social Audit Personnel (d) Social Audit Resource Persons (e) Capacity Building of Resource Persons (f) Funding, Expenditure and Audit (g) Social Audit Process (h) Social Audit Gram Sabha (i) Public Hearing (j) Social Audit Findings (k) Social Audit Reports (l) Response of state government to social audit findings (m) Transparency and Accountability of the SAU (n) Social Audit of other schemes (o) Collaboration with other organisations, at one place for easy accessibility, and **(ii)** generate a competition among the States to excel in this important area in true spirit of competitive co-operative federalism.

3. We owe a debt of gratitude to Hon’ble Minister of Agriculture and Farmers Welfare, Rural Development, Panchayati Raj, Shri Narendra Singh Tomar, for his continuous directions and guidance to strengthen Social Audit.

Hon'ble Minister of State for Rural Development Sadhvi Niranjana Jyoti has provided invaluable encouragement and support for this venture. Shri Amarjeet Sinha, former Secretary (Rural Development) laid a very firm foundation and pioneered various important initiatives in this regard which include systemic improvements and capacity building norms. Shri Nagendra Nath Sinha, Secretary (Rural Development) not only conceptualized the index but also contributed immensely in giving invaluable suggestions for finalizing it. We are also grateful to the states which have contributed immensely through significant best practices in Social Audit. Centre for Social Audit, NIRDPR under the able guidance of Dr. C. Dheeraja has done a commendable work. Shri Gurjeet Singh, SC(SAU), Jharkhand also gave several good ideas in formulating the index.

4. I am sure that this index and compilation would further strengthen the resolve of the States to bring much needed quantitative and qualitative improvement in conducting the Social Audit of Rural Development Programmes.



(Sanjeev Kumar)

1. Introduction

Section 17 of the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) mandates Social Audit of all works in the Gram Panchayat by the Gram Sabha. The Ministry with the help of Comptroller & Auditor General notified the MGNREG Audit of Scheme Rules in 2011 and the Auditing Standards for Social Audit in 2016.

The Ministry released the Financial Management Index for Rural Development Programmes in July 2020 to capture performance of the states on financial management. In this Index, social audit was one of the parameters to judge the efficiency of states in management of finances.

Ministry also released Social Audit Guidelines of Pradhan Mantri Awaas Yojana – Gramin (PMAY -G), National Social Assistance Programme (NSAP) and has requested states to start social audit of all rural development programmes.

For social audits to be effective, certain pre-requisites should be fulfilled. The social audit unit has to be independent, it should have adequate staff to facilitate social audit in all Gram Panchayats in the state at least once in a year and the implementation officials should take prompt and appropriate action on the social audit findings. However, this is not happening in many states today.

To address this situation, the Ministry along with the Centre for Social Audit, NIRDPR has developed the Social Audit Assessment Index which can be used by the states as a guide to identify the different issues which need to be corrected.

The Index in Tabular format is given in section 2. Marks have been allotted to each parameter in the index and this has been specified next to the parameter. For each of the parameter in the index, the relevant extracts from the Act, Rules, Auditing Standards and Annual Master Circular are given in Section 3.

The Annexures contain extracts relevant to Social Audit from the MGNREG Act, the MGNREG Audit of Scheme Rules, the Auditing Standards for Social Audit and the periodic letters relating to social audit sent from the Ministry to the States.



2. Social Audit Assessment Index

Social Audit Assessment Index						
Sl. No.	Indicator	Maximum Marks				
1	Independent Society					
a	Has an independent society for the exclusive conduct of social audit established in the state?	Yes (20)	No (0)			
b	Does the SAU have an independent bank account?	Yes (20)	No (0)			
c	Is the SAU able to incur expenditure without requiring the approval of the implementation department?	Yes (10)	No (0)			
d	Can the SAU recruit people it needs to function well without approval from the implementation department?	Yes (10)	No (0)			
e	Whether any state SAU personnel has to report to an official from the implementation department?	Yes (0)	No (10)			
f	Is the supervision (including marking attendance) of resource persons done directly by the SAU rather than through an implementation official?	Yes (20)	No (0)			
g	Does the SAU make payments to all resource persons directly rather than through an implementation official?	Yes (20)	No (0)			
2	Governing Body					
a	Was a notification on the composition of Governing Body issued?	Yes (10)	No (0)			



b	Is the Chairperson of the Governing Body an eminent person or senior official other than the Secretary of the Rural Development / Panchayati Raj Department?	Yes (10)	No (0)			
c	Is the PAG a member of the Governing body?	Yes (15)	No (0)			
d	Are there at least 3 representatives from among CSOs, academic and training institutes in the Governing body?	Yes (15)	No (0)			
e	Is at least one of the 3 representatives from CSOs, academic and training institutes a woman?	Yes (10)	No (0)			
f	Are there any MGNREGS implementation officials in the governing body of the SAU?	No (10)	Yes (0)			
g	In case an executive committee has been constituted, is it independent (not containing any officials from the MGNREGS implementation department)?	Yes (10)	No (0)	Not Applicable (10)		
h	Frequency of governing body meetings	At least once in a quarter (10)	At least once in six months (7)	Once in a year (3)	Not conducted (0)	
i	Does the Governing body approve annual calendar?	Yes (10)	No (3)	Annual calendar not prepared (0)		
j	Does the Governing body approve annual budget?	Yes (10)	No (3)	Annual budget not prepared (0)		
k	Does the Governing Body approve annual report?	Yes (10)	No (3)	Annual report not prepared (0)		
3	Social Audit Personnel					
a	Director Status	Full time (10)	Full time in charge (5)	Additional charge (3)	Not appointed (0)	



b	Recruitment of Director	Through an open and transparent process (10)	Nominated by implementing agency without following an open process (3)	Not appointed (0)		
c	Whether the specified qualification for director helps in enhancing the independence of the SAU?	Yes (10)	No (0)			
d	Whether Director is an employee of the rural development / MGNREGS implementation department?	Yes (0)	No (10)			
e	Whether SAU has sufficient staff for accounts / MIS / Capacity Building / Administration / Documentation?	Yes (10)	No (0)			
4	Social Audit Resource Persons					
a	Are the resource persons drawn from the primary stakeholders and other civil society organisations having knowledge and experience of working for the rights of the people?	Yes (10)	No (0)			
b	Whether guidelines for selection of state and district resource persons has been drafted and uploaded in the website?	Yes (10)	No (0)			
c	Whether guidelines for selection of block resource persons has been drafted and uploaded in the website?	Yes (10)	No (0)			
d	Are the guidelines for selection of resource persons based on an open (to anyone satisfying criterion) and transparent process?	Yes (10)	No (0)			



e	Was all staff in the SAU selected based on an open (to anyone satisfying criterion) and transparent process?	Yes (10)	No (0)			
f	Does the SAU have any staff deputed from the RD & PR / MGNREGS implementation department?	Yes (0)	No (10)			
g	Is the social audit in a GP led by a full-time, trained SRP / DRP / BRP?	Yes (20)	No (0)			
h	Is the number of block resource persons adequate to facilitate social audits in all GPs at least once in a year?	Yes (10)	No (0)			
i	Tenure of State, District & Block Resource persons	Fixed contract for one year or more (10)	Empanelled personnel called when needed (up to 10 marks based on % of empanelled personnel)			
j	VRP Selection Process	Empanelled personnel selected in a open and transparent process (10)	Selected by resource persons on an ad-hoc basis (5)	Nominated by BDO/ Panchayat Secretary (0)	VRPs do not participate in the social audit process (0)	
k	% of women among BRPs & VRPs	> 50% (10)	25 – 50 % (5)	Less than 25 % (0)		
l	Are resource persons facilitating the social audit from the same GP?	No (20)	Yes (0)			
5	Capacity Building of Resource Persons					
a	% of SRPs / DRPs / BRPs trained in one month certificate programme of social accountability and social audit	More than 95% (10)	75 – 95 % (5)	50 – 75 % (2)	Less than 50 % (0)	



b	% of VRPs who were provided 4 day training on social audit	More than 95% (10)	75 – 95 % (5)	50 – 75 % (2)	Less than 50 % (0)	
c	Whether an ongoing refresher training is provided to everyone in the organisation?	Yes (10)	No (0)			
6	Funding, Expenditure and Audit					
a	Funds received from MoRD in the financial year	Yes, 2 tranches (10)	Yes, 1 tranche (5)	No (0)		
b.	Whether SAU could forward proposal for release of funds to DoRD in due format providing all requisite attachments?	Yes (10)	No (0)			
c	Did the state government transfer the funds received from MoRD to the SAU account within 15 days of receipt?	Yes (10)	No (0)			
d	Is the state contributing additional funds for social audit?	Yes (10)	No (0)			
e	SAU expenditure as a % of MGNREGS in the last year	≥ 0.5 % (10)	> 0.25 % (5)	< 0.25 % (0)		
f	Were the accounts of SAU audited by independent chartered accountant firm and accepted by the Governing Body?	Yes (10)	No (0)			
g	Is an MIS used to manage the funds in the SAU?	Yes (10)	No (0)			
h	Are payments to resource persons made through an EFMS system?	Yes (10)	No (0)			
7	Social Audit Process					
a	Do the resource persons stay in the village during the audit?	Yes (20)	No (0)			
b	Do the resource persons contact the wage seekers to verify payments?	Yes (10)	No (0)			
c	Do the resource persons visit the work sites to assess the quality and quantity?	Yes (10)	No (0)			



d	Do the resource persons do document verification?	Yes (10)	No (0)			
e	Do the elected members participate in the gram sabha?	Yes (10)	No (0)			
f	Does the implementation staff participate in the gram sabha / panchayat level public hearing?	Yes (10)	No (0)			
g	Do the resource persons conduct awareness generation activities like rallies, Participatory Rural Appraisal, Focussed Group Discussion?	Yes (10)	No (0)			
h	Do the resource persons write key information on the walls of houses ('wall paintings') in the GP?	Yes (10)	No (0)			
8	Social Audit Gram Sabha					
a	Who presides over the social audit gram sabha?	Learned person from village (10)	Village traditional head (10)	Sarpanch (0)		
b	Are the decisions of the gram sabha / panchayat level public hearing recorded and counter-signed by the GS President/ Sarpanch?	Yes (10)	No (0)			
c	Does the DPC / appropriate official (independent observer) attend the gram sabha / panchayat level public hearing?	Yes (10)	No (0)			
d	Do DPCs take steps to ensure law and order that enables the free and fair conduct of gram sabha?	Yes (10)	No (0)			
e	Do DPCs ensure minimum infrastructure of tent, sound system & water for the gram sabha / public hearing?	Yes (10)	No (0)			



9 Public Hearing						
a	Are the block level public hearings held?	Yes (10)	No (0)			
b	Are public hearings held at the district and state level?	Yes (10)	No (0)			
10 Social Audit Findings						
a	% of GPs where social audit is done at least once	95 - 100 % (10)	75 - 90 % (7)	50 - 75 % (4)	25 - 50 % (2)	Less than 25 % (0)
b	% of GPs where social audit is done twice	75 - 100 % (10)	50 - 75 % (7)	25 - 50 % (4)	5 - 25 % (2)	Less than 5 % (0)
c	Average number of issues filed per GP	> 20 issues / GP (10)	10 - 20 issues / GP (5)	5 - 10 issues / GP (3)	< 5 issues (0)	
d	Average number of grievances filed per GP	> 20 grievances / GP (10)	10 - 20 grievances / GP (5)	5 - 10 grievances / GP (3)	< 5 grievances (0)	
11 Social Audit Reports						
a	Is the Social Audit Report in local language displayed in the notice board of the Gram Panchayat?	Yes (10)	No (0)			
b	% of Gram Panchayat social audit reports available in the public domain	95 - 100 % of GPs (10)	75 - 95 % of GPs (7)	50 - 75 % of GPs (4)	25 - 50 % of GPs (2)	< 25 % of GPs (0)
c	% of social audit findings entered in the MoRD MIS	95 - 100 % of GPs (10)	75 - 95 % of GPs (7)	50 - 75 % of GPs (4)	25 - 50 % of GPs (2)	< 25 % of GPs (0)
d	Data entry errors in the online MIS	Low (10)	Medium (5)	High (0)		
e	Quality of data entered in the MIS	High (10)	Medium (5)	Low (0)		
f	Has an annual achievement cum performance report been prepared?	Yes (10)	No (0)			
g	Did the State Employment Guarantee Council monitor the social audit findings and the action taken reports?	Yes (10)	No (0)			
h	Was a report containing the social audit findings and action taken placed in the state legislature?	Yes (10)	No (0)			



12	Response of state government to social audit findings					
a	Has the state government issued any rules/ GOs/ circulars on actions to be taken for different types of social audit findings?	Yes (10)	No (0)			
b	Has a separate vigilance cell set up to take follow up actions on social audit findings?	Yes (10)	No (0)			
c	Do the DPCs send biannual reports on findings and action taken to the Chief Secretary, State Employment Guarantee Council & SAU Governing Body?	Yes (10)	No (0)			
d	Are the audit findings and follow up actions reviewed periodically by the DPC?	Yes, Monthly (20)	Yes, once in a quarter (5)	Yes, infrequently / No (0)		
e	Are the audit findings and follow up actions reviewed at the state level?	Yes, Monthly (20)	Yes, once in a quarter (5)	Yes, infrequently / No (0)		
f	% of grievances redressed within 15 days	75 - 100 % (10)	50 - 75 % (7)	25- 50 % (4)	10 - 25 % (2)	< 10 % (0)
g	% of misappropriation amount recovered	75 - 100 % (10)	50 - 75 % (7)	25- 50 % (4)	10 - 25 % (2)	< 10 % (0)
h	% of issues that have been closed satisfactorily within 6 months from the gram sabha	75 - 100 % (10)	50 - 75 % (7)	25- 50 % (4)	10 - 25 % (2)	< 10 % (0)
i	Whether appropriate disciplinary action has been taken on personnel responsible for misappropriation?	Yes (10)	No (0)			
j	Whether the implementation agencies are recording the action taken in the MIS?	Yes (10)	No (0)			
k	Data entry errors in the online MIS	Low (10)	Medium (5)	High (0)		
l	Quality of data entered in the MIS	High (10)	Medium (5)	Low (0)		



m	Closure of issues / grievances - Has an independent committee been constituted and has a protocol been specified for this?	Yes (10)	No (0)			
13	Transparency and Accountability of the SAU					
a	Does the SAU have an independent public website?	Yes (10)	No (0)			
b	Are key documents (Governing / Executive body meeting minutes, audited statements, staff details, funding and expenditure details) hosted in the public website?	Yes (10)	No (0)			
c	Are all reports prepared by the SAU including the annual report hosted in the public website?	Yes (10)	No (0)			
d	Has the SAU prepared a 'Code of Ethics' to be followed by all SAU personnel?	Yes (10)	No (0)			
e	Has a grievance redressal officer been appointed for taking complaints from citizens about the staff and practices of SAU?	Yes (10)	No (0)			
f	Does SAU send quarterly reports to PAG as mandated by MoRD?	Yes (10)	No (0)			
g	Does the SAU have a quality assurance and improvement programme covering all aspects of the social audit process?	Yes (10)	No (0)			
h	Has the SAU been evaluated by an external agency in the last two years?	Yes (10)	No (0)			
i	% of test audits done	2 - 5 % of audits (10)	1 - 2 % of audits (5)	< 1% of audits (0)		



14		Social Audit of other Schemes				
a	Has social audit of NSAP been taken up in a regular manner (not pilots)?	Yes (10)	No (0)			
b	Has social audit of PMAY-G been taken up in a regular manner (not pilots)?	Yes (10)	No (0)			
c	Has social audit of Finance Commission Grants been taken up in a regular manner (not pilots)?	Yes (10)	No (0)			
d	Have social audits of other schemes been taken up?	Yes, 3 or more (10)	Yes, 2 other schemes (7)	Yes, one other scheme (4)		
15		Collaboration with other organisations				
a	Whether SAU is collaborating with CSOs?	Yes (10)	No (0)			
Maximum Marks		1110				

3. References to Social Audit Assessment Index Parameters

3.1. Independent Society

a) Has an independent society for the exclusive conduct of social audit established in the state?

MGNREG Audit of Scheme Rules – Section 4(1)

‘4. Social Audit facilitation.- (1) The State Government shall identify or establish, under the Act, an independent organisation (hereinafter referred to as Social Audit Unit) to facilitate conduct of social audit by the Gram Sabha’

Auditing Standards – Section 2.1(i)

‘(i) **Nature of SAU** The institution of SAU, which has responsibilities for planning social audits, technically supporting the particular audits, collating and consolidating reports and following up persuasively on the results of audit, is incorporated as a Society under the Societies Registration Act.’

Annual Master Circular 20-21 – Section 10.1.1

‘10.1.1 Setting up of an Independent Social Audit Unit: State Governments have to identify and/or establish independent Social Audit Units (SAU), to facilitate Gram Sabha/ Ward Sabha in conducting social audits of works taken up under Mahatma Gandhi NREGA within the Gram Panchayat. To this effect, State Governments are mandated to set up independent societies tasked with the exclusive responsibility of conducting social audits.’

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6.2 -Setting up of Independent SAUs

Annual Master Circular 20-21 – Section 10.1.6.1

‘The funds for the Social Audit Unit will be released from the Ministry to the SAU’s independent bank account through the respective State Government.’

b) Does the SAU have an independent bank account?

Auditing Standards – Section 2.1(iv)(c)

‘(c) Every State/UT will spend 0.5 % of the expenditure made during the previous year on conducting social audit during the current financial year. The MoRD will calculate the entitlement of each state and credit the same to the independent bank account of the SAU.’

Annual Master Circular 20-21 – Section 10.1.6.1

‘The funds for the Social Audit Unit will be released from the Ministry to the SAU’s independent bank account through the respective State Government.’

c) Is the SAU able to incur expenditure without requiring the approval of the implementation department?

MGNREG Audit of Scheme Rules – Section 5.1(2)

‘(2) The implementing agency shall at no time interfere with the conduct of social audit.’

Auditing Standards – Section 2.1(iv)(f)

‘(f) The SAU shall pay salaries/ honoraria to its Resource Persons at the State District, Block and Village level directly (subject to norms laid down by the Ministry of Rural Development).’

Annual Master Circular 2020-21 - Section 10.16.3

‘10.1.6.3 Payments to Social Audit Unit Resource Persons: State Social Audit Units will be authorized to make payments directly into the bank accounts of its Resource Persons at the State, District, Block and Village Level. The files relating to expenditure by SAUs shall not be routed through the implementing agency.’



d) Can the SAU recruit people it needs to function well without approval from the implementation department?

MGNREG Audit of Scheme Rules – Section 5.1(2)

‘(2) The implementing agency shall at no time interfere with the conduct of social audit.’

Annual Master Circular 2020-21 - Section 10.1.4.4

‘Social Audit in a Gram Panchayat should be led by a full-time certified Block/District/State Resource Person of the SAU along with Village Resource Persons (VRPs) to facilitate him/her.’

e) Whether any state SAU personnel has to report to an official from the implementation department?

MGNREG Audit of Scheme Rules – Section 5

See below.

f) Is the supervision (including marking attendance) of resource persons done directly by the SAU rather than through an implementation official?

MGNREG Audit of Scheme Rules – Section 5

“5. Social Audit Pre-requisites. - (1) The social audit shall be a process independent of any process undertaken by the implementing agency of the scheme.’

(2) The implementing agency shall at no time interfere with the conduct of social audit’

g) Does the SAU make payments to all resource persons directly rather than through an implementation official?

Auditing Standards – Section 2.1(iv)(f)

‘(f) The SAU shall pay salaries/ honoraria to its Resource Persons at the State District, Block and Village level directly (subject to norms laid down by the Ministry of Rural Development).’

3.2 Governing Body

a) Was a notification on the composition of Governing Body issued?

Auditing Standards – Section 2.1(ii)(a)

‘(a) The minimum composition of the Governing Body will be in accordance with MGNREGA Annual Master Circular (2016-12) para 2.9.1.2’

b) Is the Chairperson of the Governing Body an eminent person or senior official other than the Secretary of the Rural Development / Panchayati Raj Department?

Auditing Standards – Section 2.1(ii)(b)

‘(b) The Governing Body of the SAU should be chaired by an individual chosen by the State Government from a list of eminent persons as identified and communicated by the Ministry of Rural Development, Government of India in consultation with C&AG of India.’

Annual Master Circular 2020-21 - Section 10.1.2

‘The following shall be the minimum composition of the Governing Body: ...

f) It shall be ensured that the Principal Secretary, Department of Rural Development/ Panchayati Raj do not chair the Governing Body to ensure independence of the Social Audit Unit from the implementing agency.

g) The Governing Body of the SAU should be chaired by a senior officer or an eminent person identified by the State Government. The Director, SAU should serve as the Convener of Governing Body.’

c) Is the PAG a member of the Governing body?

Annual Master Circular 2020-21 - Section 10.1.2

‘The following shall be the minimum composition of the Governing Body: ...

d) Are there at least 3 representatives from among CSOs, academic and training institutes in the Governing body?

Annual Master Circular 2020-21 - Section 10.1.2

‘The following shall be the minimum composition of the Governing Body: ...

3 representatives from Civil Society Organizations, Academic and Training Institutions, working in the State or outside, having longstanding experience in working with issues related to transparency and public accountability. At least one of these should be a woman member.’

Annual Master Circular 2020-21 - Section 10.1.2

See below.

e) Is at least one of the 3 representatives from CSOs, academic and training institutes a woman?

Annual Master Circular 2020-21 - Section 10.1.2

‘The following shall be the minimum composition of the Governing Body: ...

d) 3 representatives from Civil Society Organizations, Academic and Training Institutions, working in the State or outside, having longstanding experience in working with issues related to transparency and public accountability. At least one of these should be a woman member.’

f) Are there any MGNREGS implementation officials in the governing body of the SAU?

Annual Master Circular 2020-21 - Section 10.1.2

‘The following shall be the minimum composition of the Governing Body: ...

g) In case an executive committee has been constituted, is it independent (not containing any officials from the MGNREGS implementation department)?

Annual Master Circular 2020-21 - Section 10.1.2

‘The following shall be the minimum composition of the Governing Body: ...

h) The officials of implementing agencies should not be member of the Governing Body or the Executive Committee.’



h) Frequency of governing body meetings

Auditing Standards – Section 2.1(ii)(d)

‘(d) The Governing Body should meet at least once on a quarterly basis.’

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6.3 – constitution of Governing body of SAU and holding its regular meetings

i) Does the Governing body approve annual calendar?

MGNREG Audit of Scheme Rules – Section 6(1)

‘6. Process for conducting social audit. - (1) The social audit unit shall, at the beginning of the year, frame an annual calendar to conduct at least one social audit in each Gram Panchayat every six months and a copy of the calendar shall be sent to all the District Programme Coordinators for making necessary arrangements’

Auditing Standards – Section 2.1(ii)(c)

See below.

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6.1 – Preparation of SA calendar of the Gram Panchayats

j) Does the Governing body approve annual budget?

Auditing Standards – Section 2.1(ii)(c)

See below.

k) Does the Governing Body approve annual report?

Auditing Standards – Section 2.1(ii)(c)

‘(c) The Governing Body shall approve the Annual Budget and Annual Calendar of the SAU, discuss and adopt the Annual Report prepared by the SAU. All other financial proposals shall require the approval of the competent authority’

3.3. Social Audit Personnel

a) Director Status

Auditing Standards – Annexure 1

‘Whether a full time Director of the SAU who is not holding an additional charge of any other Department and is not involved in the implementation of MGNREGA in the state is present?’

b) Recruitment of Director

Auditing Standards - Section 2.1 (iii)(b)

‘(b) A selection committee consisting of Chief Secretary / nominee; Pr. AG / AG in charge of Local Bodies Audit; Principal Secretary, DoRD; Eminent CSO representative as nominated by MoRD; and a representative of the Ministry not below the rank of Director/Deputy Secretary shall select the person who shall be appointed by the respective state government on the basis of this.’

c) Whether the specified qualification for director helps in enhancing the independence of the SAU?

Auditing Standards - Section 2.1(iii)(a)

‘(a) The qualification of the Director, SAU are to be clearly laid out and be of such a nature that it helps in enhancing the independence. The Director, SAU should have sufficient experience in the field of audit and government account. He/she should also have proven administrative ability to handle human resources with varying skill levels who can be deployed in different areas under his/her jurisdiction.’

Annual Master Circular 2020-21 - Section 10.1.4.1(a)

‘a. The qualification of the Director, SAU are to be clearly laid out and be of such a nature that it helps in enhancing the independence. The Director, SAU should have experience of at least two years in the fields of social audit’

d) Whether Director is an employee of the rural development / MGNREGS implementation department?

Annual Master Circular 2020-21 –Section 10.1.4.1(e)

‘e. If the budgetary allocation to the State/UT SAU is insufficient to hire full time services of a Director, the State/UT may give additional charge to a senior official as Director of Social Audit. However, it shall be ensured that the officer does not belong to the Rural Development/ Implementing Departments and his tenure shall be for a minimum period of one year but not exceeding three years.’

e) Whether SAU has sufficient staff for accounts / MIS / Capacity Building / Administration / Documentation?

Annual Master Circular 2020-21 – Section 10.1.4

‘10.1.4 Staffing- Selection and Appointment The Independent Social Audit Unit should be equipped with sufficient staff to ensure smooth functioning. These shall include but not be limited to: a full-time Director, an accounts in-charge, and staff dedicated for various functions like conduct of social audit, monitoring, IT, capacity building and documentation.’

3.4. Social Audit Resource Persons

a) Are the resource persons drawn from the primary stakeholders and other civil society organisations having knowledge and experience of working for the rights of the people?

MGNREG Audit of Scheme Rules- Section 4(2)(a)

‘(2) The Social Audit Unit shall be responsible for the following, namely:-

(a) build capacities of Gram Sabhas for the conduct of social audit; and towards this purpose, identify, train and deploy suitable resource persons at village, block, district and state level, drawing from primary stakeholders and other civil society organisations having knowledge and experience of working for the rights of the people.’

b) Whether guidelines for selection of state and district resource persons have been drafted and uploaded in the website?

Annual Master Circular 2020-21 –Section 10.1.4.2

‘10.1.4.2 Selection of Resource Persons at State and District level:

The Social Audit Resource Persons at the State and District Level shall be drawn from people with experience in the conduct of social audits and have been working in the social sector. The selection of candidates from shortlisted eligible candidates prepared by the Social Audit Unit shall be done by a selection committee consisting of the following members:

- a. Chief Secretary or her/ his nominee.
- b. Principal Secretary of the Department implementing Mahatma Gandhi NREGS.
- c. Director, Social Audit Unit (Member-Convener)
- d. Representative of the NIRD-PR from the Centre for Social Audit, Representative of a Civil Society Organization by the State or representative from Department of Social Justice/WCD/Law.’

c) Whether guidelines for selection of block resource persons has been drafted and uploaded in the website?

Annual Master Circular 2020-21 –Section 10.1.4.3

‘10.1.4.3 Selection of Resource Persons at Block level:

The State Social Audit Unit may engage Block Resource Persons by framing guidelines for the same. The guidelines shall be uploaded in the public domain by the State SAU.’

d) Are the guidelines for selection of resource persons based on an open (to anyone satisfying criterion) and transparent process?

Many SAUs have nominated people for positions without following an open and transparent process which affects the quality of the social audits.



e) Were all staff in the SAU selected based on an open (to anyone satisfying criterion) and transparent process?

Many SAUs have nominated people for positions without following an open and transparent process which affects the quality of the social audits.

f) Does the SAU have any staff deputed from the RD & PR / MGNREGS implementation department?

MGNREG Audit of Scheme Rules - Section 5

‘(1) The social audit shall be a process independent of any process undertaken by the implementing agency of the scheme. (2) The implementing agency shall at no time interfere with the conduct of social audit’

g) Is the social audit in a GP led by a full-time, trained SRP / DRP / BRP?

Annual Master Circular 2020-21 – Section 10.1.4.4

See below.

h) Is the number of block resource persons adequate to facilitate social audits in all GPs at least once in a year?

Annual Master Circular 2020-21 – Section 10.1.4.4

See below

i) Tenure of State, District & Block Resource persons

Annual Master Circular 2020-21 – Section 10.1.4.4

‘10.1.4.4 Village Resource Persons:

Social Audit in a Gram Panchayat should be led by a full-time certified Block / District/ State Resource Person of the SAU along with Village Resource Persons (VRPs) to facilitate him/her.’

Based on good practices in few states

SAUs should have adequate number of trained BRPs, DRPs, and SRPs to facilitate social audits in all Gram Panchayats at least once in a year. These resource persons should be on a fixed tenure (at least one year) positions. The trained and certified BRP / DRP / SRP should lead the social audit process in the Gram Panchayat and be responsible for the audit. He / she can take the assistance of Village Resource Persons.

j) VRP Selection Process

Based on good practices in few states

VRPs should be selected based on an open and transparent process by social audit resource persons (they should not be selected by either the Block Development Officer, Panchayat Secretary, any implementation official or elected representative)

k) % of women among BRPs & VRPs

Auditing Standards - Section 2.1(iii)(a)

‘(vi) SAU Resource Persons at the Block and the Village level will essentially be members from the local community and SHGs of women in the social audit exercise’

Annual Master Circular 2020-21 – Section 10.1.4.4

‘State/ UTs shall engage community cadre of village social auditors drawn from women members of SHG for an effective community accountability framework.’

l) Are resource persons facilitating the social audit from the same GP?

MGNREG Audit of Scheme Rules – Section 5(4)

‘(4) The resource persons deployed for facilitating social audit in a Panchayat shall not be residents of the same Panchayat’

Annual Master Circular 2020-21 – Section 10.1.4.4

‘Village Social Audit Resource Persons deployed for facilitating social audit in a Panchayat shall not be residents of the same Panchayat.’

3.5. Capacity Building of Resource Persons

a) % of SRPs / DRPs / BRPs trained in one month certificate programme of social accountability and social audit

Auditing Standards – Section 2.3

‘Standardised training modules on Social audit should be developed, and only persons trained under the standardized modules and having adequate skills should be certified to conduct the social audit’

Auditing Standards – Annexure 1

‘8. How many Number of SAU Resource persons have been trained as per the Standardized Training Module on Social Audit prepared by the Task Force?’

Annual Master Circular 2020-21 – Section 10.1.5

‘10.1.5 Trainings– SRP, DRP and BRP:

The 30-day Certificate Course on Social Accountability and Social Audits is a mandatory requisite for all State, District and Block level resource persons.’

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6.4 – Appropriate capacity building of the DRPs/BRPs

b) % of VRPs who were provided 4 day training on social audit

Annual Master Circular 2020-21 – Section 10.1.4.4

‘These village social auditors will be imparted training for 4 days by SIRD/SAU on basis of manual developed by MoRD.’

c) Whether an ongoing refresher training is provided to everyone in the organisation?

Auditing Standards – Section 2.3

‘SAU should adopt policies and procedures to recruit personnel with suitable qualifications and train them professionally. It should take adequate steps to provide for continuing professional development of its personnel’

3.6. Funding, Expenditure & Audit

a) Funds received from MoRD in the financial year

Auditing Standards - Section 2.1(iv)(c)

‘(c) Every State/UT will spend 0.5 % of the expenditure made during the previous year on conducting social audit during the current financial year. The MoRD will calculate the entitlement of each state and credit the same to the independent bank account of the SAU.’

Annual Master Circular 2020-21 - Section 10.1.6.1

See below.

b) Whether SAU could forward proposal for release of funds to DoRD in due format providing all requisite attachments

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6.8 – Forwarding due proposals for release of funds for SA to the DoRD

c) Did the state government transfer the funds received from MoRD to the SAU account within 15 days of receipt

Annual Master Circular 2020-21 - Section 10.1.6.1

‘10.1.6.1 From the States’ entitlement of 6% towards administrative expenditure, up to 0.5% shall be earmarked for the State’s Social Audit. The funds for the Social Audit Unit will be released from the Ministry to the SAU’s independent bank account through the respective State Government. The State Government shall ensure transfer of funds to the bank account of SAU within 15 working days of the receipt of funds. The SAU to maintain a separate bank

d) Is the state contributing additional funds for social audit?

Based on best practices in few states

Few state governments including Sikkim and Jharkhand contribute funds for Social Audit in addition to the funds from MoRD. This means that the State has taken ownership of the Social Audit Unit and is actively supporting it.

e) SAU expenditure as a % of MGNREGS in the last year

Based on best practices in few states

While SAUs are eligible to receive up to 0.5% of previous year's MGNREGS expenditure, many of them are spending much less than this amount and not covering all the Gram Panchayats in the state.

f) Were the accounts of SAU audited by independent chartered accountant firm and accepted by the Governing Body?

Auditing Standards - Section 2.1(iv)(d)

'(d) A certified copy of the accounts of the SAU duly audited by CA firm selected from a panel maintained by CAG shall be put up by the Director SAU to the Governing Body for its acceptance. After acceptance of the certified accounts, the same shall be forwarded to the State Government, for further submission to the Central Government. The CA firm is to be changed every three year and would be appointed by the Governing Council who would also review the performance.'

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6.7 – Appropriate financial management of funds received for conduct of SA- the accounts must be duly audited and optimum expenditure must be ensured

g) Is an MIS used to manage the funds in the SAU?

Using an MIS to manage the funds in an SAU leads to better tracking and correct usage of funds.

h) Are payments to resource persons made through an EFMS system?

The payment is made through cash in some states which has led to abuse. Payments to resource persons should be similar to how payments are made to MGNREGS workers.

3.7. Social Audit Process

a) Do the resource persons stay in the village during the audit?

Based on best practices in few states

Most of the MGNREGS workers are out during the day and they can be met only in the early morning or late evening. For this purpose some states including Andhra Pradesh, Telangana, Jharkhand and Bihar require that the social audit resource persons stay in the gram panchayat in a public building during the course of the audit. This also helps to build trust and get a better knowledge of the implementation of the scheme in the Gram Panchayat.

b) Do the resource persons contact the wage seekers to verify payments?

MGNREG Audit of Scheme Rules - Section 6(2)(i)

‘(2) For facilitating conduct of social audit by Gram Sabha, the resource persons deployed by the Social Audit Unit, along with primary stakeholders shall verify -
(i) the muster rolls, entry and payments made in the specified time period, by contacting the wage seekers whose names are entered in such muster rolls;’

c) Do the resource persons visit the work sites to assess the quality and quantity?

MGNREG Audit of Scheme Rules - Section 6(2)(ii)

‘(2) For facilitating conduct of social audit by Gram Sabha, the resource persons deployed by the Social Audit Unit, along with primary stakeholders shall verify -
(ii) the work site and assess the quantity with reference to records and also quality of work done;’

d) Do the resource persons do document verification?

MGNREG Audit of Scheme Rules - Section 6(2)(iii) & 6(2)(iv)

‘(2) For facilitating conduct of social audit by Gram Sabha, the resource persons deployed by the Social Audit Unit, along with primary stakeholders shall verify -

(iii) the cash book, bank statements and other financial records to verify the correctness and reliability of financial reporting;

(iv) the invoices, bills, vouchers or other related records used for procurement of materials to testify such procurement was as per the estimate, as per procedure laid down and was economical;’

e) Do the elected members participate in the gram sabha?

MGNREG Audit of Scheme Rules - Section 6(5)

See below.

f) Does the implementation staff participate in the gram sabha / panchayat level public hearing?

MGNREG Audit of Scheme Rules - Section 6(5)

‘(5) All elected members of Panchayats and staff involved in implementing Schemes under the Act (including the staff of the Non-Governmental Organisations, the Self Help Groups, and disbursing agencies) shall be present at the Gram Sabha and respond to queries.’

g) Do the resource persons conduct awareness generation activities like rallies, Participatory Rural Appraisal, Focussed Group Discussion?

Based on best practices in some states

Rallies, Participatory Rural Appraisal and Focussed Group Discussions are key tools that are used in few states to mobilize people to participate in the social audit process and get valuable feedback about implementation in the Gram Panchayat.

h) Do the resource persons write key information on the walls of houses ('wall paintings') in the GP?

Auditing Standards – Section 3.3

'3.3 Mandatory proactive disclosure of information

3300 The information contained in the records is required to be proactively disclosed and displayed.

Wall painting is one of the most effective and popular methods to raise awareness among the people. Wall painting may be given utmost importance as tool for the dissemination of knowledge related with MGNREGS. Details of MGNREGS could be exhibited in all the offices of Panchayats and other offices which are frequently visited by the common people. Also, anganwadis and schools, fair price shops could also be utilized for this purpose. Templates for wall paintings can be developed by SAU for standardization of display. The information deciphered from the records should also be shown in wall paintings in the locality where the work is under process.'

Based on best practices in some states

In some states including Andhra Pradesh and Chhattisgarh, the resource persons write down key information on the status of MGNREGS implementation on the walls of houses. This helps to pro-actively take key information to a wider section of the people.

3.8. Social Audit Gram Sabha

a) Who presides over the social audit gram sabha?

Auditing Standards – Section 3.6

'Social Audits is to be independent of the implementing agencies. Therefore, social audits Gram Sabhas is not to be chaired by anyone involved in the implementation of MGNREGA in the Gram Panchayat, including the Sarpanch.'

b) Are the decisions of the gram sabha/ panchayat level public hearing recorded and counter-signed by the Sarpanch?

Auditing Standards – Section 3.6

‘The SAU should record the decisions taken and get it counter signed by the Sarpanch, whoever is present’

c) Does the DPC / appropriate official (independent observer) attend the gram sabha / panchayat level public hearing?

MGNREG Audit of Scheme Rules – Section 6(7)

‘(7) The District Programme Coordinator shall attend the Gram Sabha meeting or nominate an official of appropriate level for smooth conduct of the Gram Sabha.’

d) Do DPCs take steps to ensure law and order that enables the free and fair conduct of gram sabha?

Auditing Standards – Section 3.6

‘The District Programme coordinator (DPC) in liaison with Circle Officer in Police and Tehsildar is to ensure law and order while ensuring that everyone wishing to attend the Gram Sabha to be present and be able to speak free of intimidation.’

e) Do DPCs ensure minimum infrastructure of tent, sound system & water for the gram sabha / public hearing?

Auditing Standards – Section 3.6

‘The DPC must also ensure that the Gram Sabha is provided with the minimum infrastructure of tent, sound system water etc.’

3.9. Public Hearing

a) Are the block level public hearings held?

Mahatma Gandhi NREGA Act –Schedule I Section 25(c)(viii)

‘25(c)(viii) Conduct of Public hearings by the social auditors at the Ward / Gram Panchayat and Block level to read out the findings’

b) Are public hearings held at the district and state level?

Based on best practices in few states

Similar to the block level hearings, some states including Jharkhand are organising district and state level public hearings which helps in ensuring that action is taken on the social audit findings, helps the senior personnel in the district and state to be aware of the issues in the field and also helps in improving the public participation.

3.10. Social Audit Findings

a) % of GPs where social audit is done at least once

MGNREG Audit of Scheme Rules - Section 3(1)

See below.

b) % of GPs where social audit is done twice

MGNREG Audit of Scheme Rules – Section 3(1)

‘3. Social Audit to be part of audit of schemes. – (1) The State Government shall facilitate conduct of social audit of the works taken up under the Act in every Gram Panchayat at least once in six months in the manner prescribed under these rules.’

c) Average number of issues filed per GP

Significant resources (in terms of time and money) are spent in the facilitation of social audit. Since there are widespread problems in the implementation of MGNREGS, the quality of social audit can be gauged by this simple metric.

d) Average number of grievances filed per GP

Auditing Standards - Annexure 1

'17. How many grievances registered?

18. How many grievances considered as redressed?'

3.11. Social Audit Reports

a) Is the Social Audit Report in local language displayed in the notice board of the Gram Panchayat?

MGNREG Audit of Scheme Rules

'6. Process for conducting social audit. -

(8) The social audit reports shall be prepared in local language by the Social Audit Unit and displayed on the notice board of the Gram Panchayat'

b) % of Gram Panchayat social audit reports available in the public domain

Auditing Standards – Section 3.7

'3720 The Social Audit Reports of each Gram Panchayat in the states should be in public domain.'

'State wide social audit reports of each Gram Panchayat is to be in public domain since the social audit exercise itself calls for peoples' participation'

c) % of social audit findings entered in the MoRD MIS

Auditing Standards – Section 3.9

‘3900 The State Government should leverage Information Technology and develop a Management Information System (MIS) at State Level to facilitate data capture about deviations recorded in social audit reports.

The Director, Social Audit Unit should be responsible for entering data extracted from the social audit reports in the public domain.

The district wise and block wise reports generated from the MIS would facilitate the management in getting first-hand information and feedback about the efficiency effectiveness of programme implementation.’

d) Data entry errors in the online MIS

Many states have made errors during data entry (for example, entering 1 crore when they meant to enter 1 lakh) which reflect poorly on the implementation of MGNREGS. SAUs should take care while entering data and correct the mistakes that have been made.

e) Quality of data entered in the online MIS

Many SAU resource persons have not entered descriptions of the issue which leads to difficulties in understanding the issue.

f) Has an annual achievement cum performance report been prepared?

General Financial Rules 2017 – Rule 242 (2) (i)

‘Rule 242 (2) Submission of Achievement-cum Performance Reports. i. The Grantee Institutions or Organisations should be required to submit performance cum achievement reports soon after the end of the financial year, and in any case, not later than six months after the close of the financial year.’

g) Did the State Employment Guarantee Council monitor the social audit findings and the action taken reports?

MGNREG Audit of Scheme Rules – Section 7(5)

See below.

h) Was a report containing the social audit findings and action taken placed in the state legislature?

MGNREG Audit of Scheme Rules – Section 7(5)

‘(5) The State Employment Guarantee Council shall monitor the action taken by the State Government and incorporate the Action Taken Report in the annual report to be laid before the State Legislature by the State Government’

3.12. Response of state government to social audit findings

a) Has the state government issued any rules/ GOs/ circulars on actions to be taken for different types of social audit findings?

Auditing Standards Section 3.8

‘The State Government shall assign responsibilities to the respective District programme Coordinators (DPCs) at district level and Programme Officers at block level to implement corrective actions in a time bound manner’

Based on best practices in few states

States including Telangana, Andhra Pradesh and Jharkhand have clearly laid out the actions to be taken on different types of irregularities.

b) Has a separate vigilance cell set up to take follow up actions on social audit findings?

Annual Master Circular 2020-21 - Section 10.4

‘10.4 Vigilance All States are mandated to arrange for a three-tier vigilance mechanism to proactively detect irregularities in the implementation of the Act and to follow up detected irregularities and malfeasance, including those identified during social audit, and ensure that the guilty are punished and recoveries of misspent funds duly made.

10.4.1 The State Government must set up a State Vigilance Cell consisting of a Chief Vigilance Officer who shall be entrusted with the responsibility of receiving complaints, verifying complaints and conducting regular field visits. The State Vigilance Cell will be authorized to initiate recoveries of amounts through the Public Accountants Act in the case of officials and Revenue Recovery Act in the case of others; recommend initiation of disciplinary action against the officials found guilty and recommend to the District Vigilance Cell to file a FIR before the police in cases where criminal action needs to be initiated. The Chief Vigilance Officer shall be responsible for sending an annual report to State Employment Guarantee Council with suggestions on controlling irregularities and malfeasance.

10.4.2 A District Vigilance Cell must be set up and should be headed by district level officer and supported by an Engineer and an Auditor to carry out functions as per directions of the State Vigilance Cell. The District Vigilance Cell shall perform inspections on its own and take follow up actions for recovery, disciplinary action and filing of criminal cases in respect of non-officials and officials whose disciplinary authority is at the district level.’

c) Do the DPCs send biannual reports on findings and action taken to the Chief Secretary, State Employment Guarantee Council & SAU Governing Body?

Auditing Standards – Section 3.8

‘A district wise report on action taken and recoveries made / punitive actions taken thereof shall be made semi-annually by the DPCs and forwarded to the Chief Secretary, State Employment Guarantee Council and the Governing Board of the Society for Social Audit.’

d) Are the audit findings and follow up actions reviewed periodically by the DPC?

MGNREG Audit of Scheme Rules – Section 7(3)

‘(3) Every District Programme Coordinator or any official on his behalf, shall, -

(b) ensure that corrective action is taken on the social audit report

(c) take steps to recover the amount embezzled or improperly utilized; and issue receipts or acknowledgement for amount so recovered’;

(d) pay wages found to be misappropriated within seven days of the recovery of such amount, to the wage seekers

(e) maintain a separate account for amounts recovered during the social audit process

(f) ensure that the appropriate action (including initiating criminal and civil proceedings or termination of services) is initiated against individuals or class of individuals or persons who misutilized or embezzled the amount meant for the schemes under the Act.’

Based on best practices in few states

In some states, public hearings chaired by the DPC are held at the district level periodically to decide on the action to be taken in the case of serious issues and to review the status of action that was taken. In others states, the review happens in a closed forum.

e) Are the audit findings and follow up actions reviewed at the state level?

Auditing Standards Annexure 1 (Parameters to measure the progress of Social Audit Unit)

‘Whether a review mechanism in the State by which the RD Department reviews the grievances identified in the social audits being conducted by the SAU and track progress made by the DPCs in redressing the same was exist / Present?’

Financial Management Index for Rural Development Programmes- 6

6.6 – Proper reporting of the observations/objections and appropriate follow up actions on the objections/ observations- Immediate remedial/corrective actions must be ensured

f) % of grievances redressed within 15 days

Mahatma Gandhi NREGA Act - Section 29(d) of Schedule I

'29(d) On completion of the enquiry, immediate steps shall be taken by the concerned authority to redress the grievance within 15 days;'

g) % of misappropriation amount recovered

MGNREG Audit of Scheme Rules – Section 7(3)(c)

'(3) Every District Programme Coordinator or any official on his behalf, shall, -

(c) take steps to recover the amount embezzled or improperly utilized; and issue receipts or acknowledgement for amount so recovered'

h) % of issues that have been closed satisfactorily within 6 months from the gram sabha

Mahatma Gandhi NREG Act - Section 25(c)(ix) of Schedule I

See below.

i) Whether appropriate disciplinary action has been taken on personnel responsible for misappropriation?

Mahatma Gandhi NREG Act - Section 25(c)(ix) of Schedule I

'25(c)(ix) Systematic follow up action on the reports of the social audit and completing recovery of amounts found misappropriated, and completing suitable disciplinary/criminal action on the irregularities brought out in social audits within 6 months from the date of conduct of social audit'

MGNREG Audit of Scheme Rules – Section 7(3)(f)

'(f) ensure that the appropriate action (including initiating criminal and civil proceedings or termination of services) is initiated against individuals or class of individuals or persons who misutilized or embezzled the amount meant for the schemes under the Act.'

j) Whether the implementation agencies are recording the action taken in the MIS?

Auditing Standards Section 3.8

‘The State Government, in consultation with the Social Audit Unit, shall establish a follow-up mechanism to monitor and ensure that management actions have been effectively implemented on the findings of the social audit. In view of the vast numbers of social audit, it is important that State Government frames the formats of social audits which are easier to use and presents the information collected during social audit in a usable manner for the purpose of taking follow up action and to know the indicators about the extent of effective implementation of social schemes. In follow-up action, separate statement showing the penalties and other punitive actions taken as required under the law, and their present status should be furnished.’

Lr F. No. M-11015/4/2018-RE-III (361866) dated 21st June 2018

‘As per the norms laid down in the Auditing Standards for Social Audit, State Government in consultation with Social Audit Units are required to establish a follow-up mechanism to monitor and ensure timely action on the findings of Social Audits.’

‘You are requested to take appropriate follow up actions on social audit findings and ensure that all issues reported from the Social Audit process and available on the MIS, and responded to **within 30 days** of reporting by the Social Audit Unit.’

k) Data entry errors in the online MIS

Many states are entering incorrect data in the MIS and this should be avoided.

l) Quality of data entered in the MIS

Many states are not entering the complete information that is required in the MIS and this should be avoided.

m) Closure of issues / grievances - Has an independent committee been constituted and has a protocol been specified for this?

Based on best practices from few states

When an implementation official says appropriate action has been taken on a social audit finding, a committee needs to meet and see whether this is true as per a specified protocol. The issue may be closed based on the recommendations of this committee.

3.13. Transparency & Accountability of SAU

a) Does the SAU have an independent public website?

Auditing Standards - Section 2.1(v)(b)

‘(b) The SAU shall abide by the Procedural Guidance of the RTI Act, 2005’

b) Are key documents (Governing / Executive body meeting minutes, audited statements, staff details, funding and expenditure details) hosted in the public website?

Auditing Standards - Section 2.1(v)(b)

‘(b) The SAU shall abide by the Procedural Guidance of the RTI Act, 2005’

c) Are all reports prepared by the SAU including the annual report hosted in the public website?

Auditing Standards - Section 2.1(v)(b)

‘(b) The SAU shall abide by the Procedural Guidance of the RTI Act, 2005’

RTI Act – Section 4

4. (1) Every public authority shall—

a) maintain all its records duly catalogued and indexed in a manner and the form which facilitates the right to information under this Act and ensure that all records that are

appropriate to be computerised are, within a reasonable time and subject to availability of resources, computerised and connected through a network all over the country on different systems so that access to such records is facilitated;

b) publish within one hundred and twenty days from the enactment of this Act,—

(i) the particulars of its organisation, functions and duties; (ii) the powers and duties of its officers and employees; (iii) the procedure followed in the decision making process, including channels of supervision and accountability; (iv) the norms set by it for the discharge of its functions; (v) the rules, regulations, instructions, manuals and records, held by it or under its control or used by its employees for discharging its functions; (vi) a statement of the categories of documents that are held by it or under its control; (vii) the particulars of any arrangement that exists for consultation with, or representation by, the members of the public in relation to the formulation of its policy or implementation thereof; (viii) a statement of the boards, councils, committees and other bodies consisting of two or more persons constituted as its part or for the purpose of its advice, and as to whether meetings of those boards, councils, committees and other bodies are open to the public, or the minutes of such meetings are accessible for public; (ix) a directory of its officers and employees; (x) the monthly remuneration received by each of its officers and employees, including the system of compensation as provided in its regulations; (xi) the budget allocated to each of its agency, indicating the particulars of all plans, proposed expenditures and reports on disbursements made; (xii) the manner of execution of subsidy programmes, including the amounts allocated and the details of beneficiaries of such programmes; (xiii) particulars of recipients of concessions, permits or authorisations granted by it; (xiv) details in respect of the information, available to or held by it, reduced in an electronic form; (xv) the particulars of facilities available to citizens for obtaining information, including the working hours of a library or reading room, if maintained for public use; (xvi) the names, designations and other particulars of the Public Information Officers; (xvii) such other information as may be prescribed; and thereafter update these publications every year;

c) publish all relevant facts while formulating important policies or announcing the decisions which affect public;

d) provide reasons for its administrative or quasi-judicial decisions to affected persons.

(2) It shall be a constant endeavour of every public authority to take steps in accordance with the requirements of clause (b) of sub-section (1) to provide as much information suo motu to the public at regular intervals through various means of communications, including internet, so that the public have minimum resort to the use of this Act to obtain information.

(3) For the purposes of sub-section (1), every information shall be disseminated widely and in such form and manner which is easily accessible to the public.

(4) All materials shall be disseminated taking into consideration the cost effectiveness, local language and the most effective method of communication in that local area and the information should be easily accessible, to the extent possible in electronic format with the Central Public Information Officer or State Public Information Officer, as the case may be, available free or at such cost of the medium or the print cost price as may be prescribed.

Explanation.—For the purposes of sub-sections (3) and (4), "disseminated" means making known or communicated the information to the public through notice boards, newspapers, public announcements, media broadcasts, the internet or any other means, including inspection of offices of any public authority.

d) Has the SAU prepared a 'Code of Ethics' to be followed by all SAU personnel?

Auditing Standards – Section 2.1

'Code of Ethics

2110 Standard Code of Ethics should be written in clearly defined language.

Standard code of ethics should lay down the behaviour, decorum, code of conduct, working hours to be followed by the Social Auditors. The conduct of SAU Resource Persons should be beyond reproach at all times and in all circumstances. They should conduct themselves in a manner which promotes co-operation and good relations. The Gram Sabha, general public and the implementing agencies should be fully assured of the fairness and impartiality of the work of SAU Resource Persons'

e) Has a grievance redressal officer been appointed for taking complaints from citizens about the staff and practices of SAU?

Auditing Standards – Section 2.1(v)(a)

'(a) The SAU should for grievance redressal designate a Grievance Redressal officer for accepting complaints from citizens about the staff and practices of the SAU. For the purposes of any complaints against the staff and practices of the SAU, the Grievance Redressal Officer shall report to the Governing Body'

f) Does SAU send quarterly reports to PAG as mandated by MoRD?

Letter No. K-11033/50/2010/MGNREGA Pt II dated 17th April 2015

‘Pursuant to the National Workshop on Social Audit held by the C&AG and MoRD on the 10th March 2015, and decisions taken therein, please find enclosed the following:

a) Format in which the Social Audit Units are requested to furnish Quarterly Reports to the Principal Accountant General (PAG) of the state by 30th June, 30th September, 30th December and 30th March of every year (Annexure I)’

Office Memorandum (F.No. L-11033/40/2016-RE-VII) dated 19th Dec 2016

‘Action Points for Social Audits

‘5. The SAU should forward quarterly reports to DoRD, State government and office of the Principal AG of state’

Financial Management Index for Rural Development Programmes- 6

6.9 – Sharing of SA calendar and findings with Local Fund Audit Authority/ PAG

g) Does the SAU have a quality assurance and improvement programme covering all aspects of the social audit process?

Auditing Standards – Section 2.4

‘2.4 Quality Assurance and Control

2400 A quality assurance and improvement program should be developed and maintained covering all aspects of the social audit activities.

To ensure audits conducted conform to these standards and are of a consistently high quality, quality control procedures should be framed by SAUS to cover the direction, supervision, collation and consolidation of reports and review of the audit process.

Director of the Social Audit Unit should develop and maintain a quality assurance and improvement program covering all aspects of the social audit activities.’

h) Has the SAU been evaluated by an external agency in the last two years?

Auditing Standards – Section 2.4

‘External Assessment of the SAU

2410 There should be periodic internal and external assessments of the social audit

The external assessments can be carried out by an agency such as Director, Local Fund Audit or any other agency approved by the Governing Board. The assessments should take place at least once in two years.’

i) % of test audits done

Auditing Standards – Section 2.4

To ensure audits conducted conform to these standards and are of a consistently high quality, quality control procedures should be framed by SAUs to cover the direction, supervision, collation and consolidation of reports and review of the audit process.

Based on good practices from few states

Some states select a fixed percentage of panchayats randomly and then do test audits and compare the results with the original audit. This helps in ensuring the quality of the audits.

3.14. Social Audit of other schemes

a) Has social audit of NSAP been taken up in a regular manner (not pilots)?

Financial Management Index for Rural Development Programmes- 6

6.5 – Appropriate conduct of the SA under MGNREGA, PMAY-G and NSAP

Letter from MoRD Secretary DO # Secy(RD)/Misc/GSA-2018 dated 14 June 2018&

Letter from MoRD Secretary DO # M-11015/37/2019-RE-III dated 29 November 2019

(See below)



b) Has social audit of PMAY-G been taken up in a regular manner (not pilots)?

Financial Management Index for Rural Development Programmes- 6

6.5 – Appropriate conduct of the SA under MGNREGA, PMAY-G and NSAP

Letter from MoRD Secretary DO # Secy(RD)/Misc/GSA-2018 dated 14 June 2018&

Letter from MoRD Secretary DO # M-11015/37/2019-RE-III dated 29 November 2019

(See below)

c) Has social audit of Finance Commission Grants been taken up in a regular manner (not pilots)?

Letter from MoRD Secretary DO # Secy(RD)/Misc/GSA-2018 dated 14 June 2018&

Letter from MoRD Secretary DO # M-11015/37/2019-RE-III dated 29 November 2019

(See below)

d) Have social audits of other schemes been taken up?

Letter from MoRD Secretary DO # Secy(RD)/Misc/GSA-2018 dated 14 June 2018

‘3. We would like to expand the ambit of Social Audit to funds transferred under 14th Finance Commission, the Pradhan Mantri Awaas Yojana-Gramin (PMAY-G), and all other initiatives that reflect as part of the Gram Panchayat Development Plan (GPDP).’

Letter from MoRD Secretary DO # M-11015/37/2019-RE-III dated 29 November 2019

‘(i) Social Audit which is already being conducted for Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) in consonance with the statutory rules and standards framed in consultation with the C&AG, could now also be extended in a structured way, to other important RD programmes viz. Pradhan Mantri Awaas Yojana-Gramin (PMAY-G), National Social Assistance Programme (NSAP) and FFC grants from the Ministry of Panchayati Raj from this financial year itself. The operational guidelines for Social Audit of these programmes have been finalized in close consultation with all the States and released;’

3.15. Collaboration with other organisations

a) Whether SAU is collaborating with CSOs?

Office Memorandum (F. No. L-11033/40/2016-RE-VII) dated 19th Dec 2016

‘Action Points for Social Audits

10. The synergetic roles and responsibilities of the SAU, DLFA, State Department and CSOs may be appropriately planned and evaluated.

12. It shall be the responsibility of the State Government to create an enabling environment with rules and Directives with specific instructions for the Gram sabha. The SAU and its resource persons must ensure the credibility and objectivity of the Gram Sabha is maintained. The CSOs shall play an important role in mobilizing communities to attend Gram Sabhas. Principal AG office and Local Bodies Audit may depute officers to attend as observers of social audit Gram Sabha.’

Annexures

Mahatma Gandhi National Rural Employment Guarantee Act, 2005

Chapter IV, Section (17)

‘17. Social audit of work by Gram Sabha:

- (1) The Gram Sabha shall monitor the execution of works within the Gram Panchayat.
- (2) The Gram Sabha shall conduct regular social audits of all the projects under the Scheme taken up within the Gram Panchayat.
- (3) The Gram Panchayat shall make available all relevant documents including the muster rolls, bills, vouchers, measurement books, copies of sanction orders and other connected books of account and papers to the Gram Sabha for the purpose of conducting the social audit.’



**Mahatma Gandhi National Rural Employment Guarantee Act,
2005**

Schedule 1, Sections 25 – 34

28 *The Mahatma Gandhi National Rural Employment Guarantee Act, 2005* [Sch. I

- (f) when a work is in progress, the workers engaged in that work may select from amongst themselves not less than five workers on a weekly rotational basis to verify and certify all the bills or vouchers of their worksite at least once in a week;
- (g) any person shall have access to muster rolls on the worksite on demand all days during all working hours;

16. Payment shall only be made based on the measurements taken at the worksite by the authorised personnel within three days of closure of the muster roll. The State Government shall ensure that adequate technical personnel are deployed to complete this work within the stipulated period. Suitable persons from the families of workers may be trained or skilled and deployed as barefoot engineers with appropriate delegation of technical powers and paid wages as skilled workers.

17. The State Government shall link the wages, without any gender bias, with the quantity of work done and it shall be paid according to the rural schedule of rates fixed after time and motion studies for different types of work and different seasons and revised periodically.

18. A separate Schedule of rates shall be finalised for women, the elderly, people with disabilities and people with debilitating ailments so to improve their participation through productive work.

19. (a) The schedule of rates of wages for various unskilled labourers shall be fixed up so that an adult person worked for eight hours which include an hour of rest will earn a wage which is equal to the stipulated wage rate;

(b) The working hours of an adult worker shall be flexible but shall not spread over more than twelve hours on any day.

¹[20. For all works taken up under the Scheme, by the Gram Panchayat and other implementing agencies, the cost of the material component including the wages of the skilled and semi-skilled workers, shall not exceed forty percent at the district level.]

21. The works executed shall be done without engaging any contractor. Implementing agencies under the Scheme shall execute the works in conformity with the processes specified under the Act and after complying with the mandatory proactive disclosures and social audit.

22. As far as practicable, works executed by the programme implementation agencies shall be performed by using manual labour and no labour displacing machines shall be used.

23. All material required for the works shall be procured by the Gram Panchayat or the implementing agency using a transparent tender process as specified by the State Government.

24. Out of the administrative costs allowed under the Scheme, at least one-third (1/3rd) shall be utilised at the Gram Panchayat level to employ and pay the Gram Rozgar Sahayak, other technical personnel as per the work done and for other administrative expenses.

25. Every Scheme to contain adequate provisions for ensuring transparency and accountability at all levels of implementation shall consist of the following measures, namely:—

- (a) Mandatory Proactive disclosure of basic information to all common people and stakeholders using a 'Janata Information System' consisting of:

1. Subs. by S.O. 2182(E), dated 22nd June, 2016, for paragraph 20. Earlier paragraph 20 was substituted by S.O. 1888(E), dated 21st July, 2014.



Sch. I] *The Mahatma Gandhi National Rural Employment Guarantee Act, 2005* 29

- (1) **Display at each worksite** the 'Janata' estimate of the work - showing the details of the work, estimated labour days, quantities of materials to be used in local terminology and item-wise cost of the estimate.
 - (2) **Display on prominent walls** or public boards in the village: job cards list, number of days of work provided and the wages paid to each job card holder; and entitlements provided under the Act.
 - (3) **Display through boards at the Gram Panchayat Office:** shelf of projects approved, year-wise works taken up or completed by Gram Panchayats and Line Departments, employment provided, funds received and expenditure, list of materials with quantities used in each work, rates at which the material was procured.
 - (4) **Display on the website:** The Ministry of Rural Development and the State Departments of Rural Development shall ensure that their websites are updated to fully comply with all the seventeen provisions of section 4(1)(b) of the Right to Information Act (22 of 2005) and all information about the Act is available in public domain, through free downloadable electronic form.
- (b) **Concurrent social audit** shall be done for all works every month. For this purpose, Programme Officer shall make available free of cost, details of works done and expenditure made during the past one month to the Bharat Nirman Volunteers, village social auditors, self-help groups, youth organisations and such other village level organisations for verification and report deviations if any.
- (c) **Social audit:** Implementation of all conditions for guaranteed rural employment under the Scheme and provision of minimum entitlements of labourers, including all expenditure under the Act shall be subjected to social audit in the manner prescribed by Central Government at least once in every six months consisting of the following:
- i. Identification, training of local youth as social auditors; and formation of trained social auditor teams for each Gram Panchayat with youth from outside the Gram Panchayat to conduct social audit, provided that at least 25% of village social auditors are from SC/ST groups. For services rendered by such youth, each one of them shall be paid an honorarium at a rate not less than the remuneration payable to the skilled labour under MGNREGA.
 - ii. Provision of records (muster rolls, M-Books, pay orders) to the social audit teams free of cost.
 - iii. Verification of every work site to cross-check the measurements in the field with that on M-Books; and to assess the utility and outcomes of the work so executed.
 - iv. Verification of every disbursement on record with the concerned beneficiaries.
 - v. Verification of outcomes with that of estimated outcomes.
 - vi. Verification of provision of entitlements in the field.
 - vii. Review the implementation of MGNREGA for vulnerable groups.
 - viii. Conduct of Public hearings by the social auditors at the Ward/Gram Panchayat and Block level to read out the findings.
 - ix. Systematic follow up action on the reports of the social audit and completing recovery of amounts found misappropriated, and completing suitable disciplinary/criminal action on the irregularities brought out in social audits within 6 months from the date of conduct of social audit.



30 The Mahatma Gandhi National Rural Employment Guarantee Act, 2005 [Sch. I

26. Any misappropriation of amounts spent under the Act shall be recoverable under the Revenue Laws for recovery prevailing in the State.

27. Provisions for regular inspection and supervision of works by quality control teams to ensure proper quality of work as well as to ensure that the total wages paid for the completion of the work is as per the quality and quantity of work done.

28. The State Government shall take steps to organize, either through its own machinery or working with Civil Society Organisations, the workers into formal groups/ labour collectives to improve their participation in implementation and to ensure provision of entitlements provided under the Act.

29. Establish an effective grievance redressal mechanism consisting of:

- (a) Institutional mechanisms for receiving grievances as and when they arise, while fixing one day each week during which all officials shall be necessarily present for receiving grievances at Ward/GP/Block and District level;
- (b) Issuance of dated receipt to complaints accepted in writing, phone, internet and orally by all personnel authorized to receive complaints;
- (c) Enquiry through spot verification, inspection and disposal to be completed within 7 working days;
- (d) On completion of the enquiry, immediate steps shall be taken by the concerned authority to redress the grievance within 15 days;
- (e) Failure to dispose of a complaint within seven days shall be considered as a contravention as per section 25 of the Act;
- (f) In case of a *prima facie* evidence regarding financial irregularities are noticed after preliminary enquiry of the complaint or of findings in the social audit report, the District Programme Coordinator after obtaining legal advice will ensure that a First Information Report is lodged;
- (g) The concerned authority shall be responsible for informing the person or party aggrieved of the conclusion of enquiry and steps being taken for the redressal of his/her grievance, in writing;
- (h) The action taken on the complaints received by all agencies shall be placed before the meetings of the intermediate Panchayat and the District Panchayat respectively,
- (i) Appeals against the orders of the Gram Panchayat shall be made to the Programme Officer; those against the orders of the Programme Officer shall be made to District Programme Coordinator; those against the District Programme Coordinator shall be made to State Commissioner (NREGS), Divisional Commissioner (NREGS) and State Grievance Redressal Officer.
- (j) All Appeals shall be made within forty-five days from the date of the issuance of the order.
- (k) All Appeals shall be disposed off within one month.
- (l) There shall be a system of escalation of the grievances registered at ward/ GP/Block/District level if not resolved within 15 days to the next higher level; and monitoring the same electronically.

30. Ombudsperson: There shall be an Ombudsperson for each District for receiving grievances, enquiring into and passing awards as per guidelines issued.

31. State Government shall coordinate the activities of Programme Officer, District Programme Coordinator, Ombudsmen, Social Audits Units, call centres or help Lines, Vigilance and Monitoring Committees, National Level Monitors, Rozgar, Sahayata Kendras and any other entity authorised by the appropriate Government for an effective monitoring of the programme and redressal of grievances.

Sch. II] *The Mahatma Gandhi National Rural Employment Guarantee Act, 2005* 31

32. Wherever contravention of the provisions of the Act has been proved after due enquiry by the State Government or the District Programme Coordinator or the Programme Officer or the Ombudsperson or any other authority authorized by the State Government, action in accordance with the provisions of section 25 of the Act shall be taken.

33. The District Programme Coordinator, the programme officer and the Gram Panchayat shall prepare a report annually containing the facts and figures and achievements relating to the implementation of the scheme within his or its jurisdiction and a copy of the same shall be made available to the public on demand on payment of such fee as may be specified in the Scheme.

34. All accounts and records including muster rolls relating to the scheme shall be made available for public scrutiny free of cost. Any person desirous of obtaining a copy or relevant extracts therefrom may be provided such copies or extracts on demand not later than three working days from the date of receipt of application.

35. There shall be a Capacity Building Plan, Information Education Communication plan and a plan for strengthening Panchayats as a part of the scheme.]

¹[SCHEDULE II

(See section 5)

**CONDITIONS FOR GUARANTEED RURAL EMPLOYMENT UNDER
A SCHEME AND MINIMUM ENTITLEMENTS OF LABOURERS**

Job cards:—

1. The adult member of every household residing in any rural area and willing to do unskilled manual work may submit the names, age and the address of the household to the Gram Panchayat at the village level, in whose jurisdiction they reside, for registration of their household for issuance of a job card. If the job seeker is a single woman or disabled person or aged person or released bonded labour or belonging to Particularly Vulnerable Tribal Group, they must be given a special job card of a distinct colour which will ensure them a special protection in providing work, work evaluation and work site facilities, as the case may be.
2. It shall be the duty of the Gram Panchayat, after making such enquiry, as it deems fit, to issue a job card within fifteen days from the date of receipt of such application, containing therein a unique job card number with details of the registered adult members of the household, their photos, Bank or Post office account number, insurance policy number and the Aadhaar numbers if any.
3. The job card issued shall be valid for atleast five years after which, it may be renewed after due verification.
4. No job card can be cancelled except where it is found to be a duplicate, or if the entire household has permanently migrated to a place outside the Gram Panchayat and no longer lives in the village.
5. The State Government shall make arrangements for updating the following details in the job card regularly while mentioning the key entitlements under the Act are clearly listed as follows:—
 - (i) number of days for which work was demanded;

1. Subs. by S.O. 19(E), dated 3rd January, 2014, for *Schedule II* (w.e.f. 3-1-2014). Earlier *Schedule II* was amended by S.O. 324(E), dated 6th March, 2007; by S.O. 802(E), dated 2nd April, 2008; by S.O. 2188(E), dated 11th September, 2008; by S.O. 2999(E), dated 31st December, 2008; by S.O. 513(E), dated 19th February, 2009; by S.O. 2266(E), dated 30th September, 2011; by S.O. 1022(E), dated 4th May, 2012 (w.e.f. 4-5-2012); by S.O. 2901(E), dated 24th September, 2013.



MGNREG Audit of Scheme Rules 2011

**MINISTRY OF RURAL DEVELOPMENT
NOTIFICATION**

New Delhi, the 30th June, 2011

G.S.R. 495(E).—Whereas, the draft of certain rules to be called the Mahatma Gandhi National Rural Employment Guarantee Audit of Schemes Rules, 2011 were published, in consultation with the Comptroller and Auditor General of India, in exercise of the powers conferred by the sub-section (1) of section 24 of the Mahatma Gandhi National Rural Employment Guarantee Act, 2005 (42 of 2005), vide notification of the Government of India in the Ministry of Rural Development number G.S.R. 307 (E), dated the 6th April, 2011 in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), dated the 6th April, 2011 inviting objections and suggestions from persons likely to be affected thereby before the expiry of a period of thirty days from the date of the said notification in the Official Gazette;

And whereas, the copies of the Gazette containing the said notification were made available to the public on the 6th April, 2011;

And whereas, objections and suggestions received from the public on the said draft rules have been considered by the Central Government;

Now, therefore, in exercise of the powers conferred by sub-section (1) of section 24 of the Mahatma Gandhi National Rural Employment Guarantee Act, 2005 (42 of 2005), the Central Government, in consultation with the Comptroller and Auditor General of India, hereby makes the following rules, namely:—

1. Short title and commencement.—(1) These rules may be called the Mahatma Gandhi National Rural Employment Guarantee Audit of Schemes Rules, 2011.

(2) For the purposes of these rules, audit of schemes shall include social audit.

(3) They shall come into force on the date of their publication in the Official Gazette.

2. Audit of accounts.—(1) The audit of the accounts of a scheme under the Act for each district as well as of the State Employment Guarantee Fund shall, for

each year, be carried out by the Director, Local Fund Audit or equivalent authority or by Chartered Accountants.

(2) The Director, Local Fund Audit, or equivalent authority, or the Chartered Accountant, as the case may be, shall submit accounts of the scheme together with the audit report thereon to the State Government.

(3) The accounts of the schemes of every State Government as certified together with the audit report thereon shall be forwarded to the Comptroller and Auditor General of India and the Central Government by the State Government. The Central Government shall cause the audit report to be laid, as soon as may be after they are received, before each House of Parliament.

(4) The Comptroller and Auditor General of India, or any person appointed by him in this behalf, shall have the right to conduct audit of the accounts of schemes at such intervals as he may deem fit.

3. Social audit to be part of audit of schemes.- (1) The State Government shall facilitate conduct of social audit of the works taken up under the Act in every Gram Panchayat at least once in six months in the manner prescribed under these rules.

(2) A summary of findings of such social audits conducted during a financial year shall be submitted by the State Government to the Comptroller and Auditor General of India.

4. Social audit facilitation.- (1) The State Government shall identify or establish, under the Act, an independent organisation (hereinafter referred to as Social Audit Unit) to facilitate conduct of social audit by Gram Sabhas.

(2) The Social Audit Unit shall be responsible for the following, namely:—

(a) build capacities of Gram Sabhas for conducting social audit; and towards this purpose, identify, train and deploy suitable resource persons at village, block, district and state level, drawing from primary stakeholders and other civil society organisations having knowledge and experience of working for the rights of the people.

(b) prepare social audit reporting formats, resource material, guidelines and manuals for the social audit process;

(c) create awareness amongst the labourers about their rights and entitlements under the Act;

(d) facilitate verification of records with primary stakeholders and work sites;

(e) facilitate smooth conduct of social audit Gram Sabhas for reading out and finalising decisions after due discussions;

(f) host the social audit reports including action taken reports in the public domain.

2424 4611-3



- 5. Social audit pre-requisites.** – (1) The Social Audit shall be a process independent of any process undertaken by the implementing agency of the scheme.
- (2) The implementing agency shall at no time interfere with the conduct of social audit.
- (3) Notwithstanding anything contained in sub-rule (2), the implementing agency of the Scheme shall provide requisite information to the Programme Officer for making it available to Social Audit Unit at least fifteen days prior to the date of commencement of the social audit.
- (4) The resource persons deployed for facilitating social audit in a Panchayat shall not be residents of the same Panchayat.

6. Process for conducting social audit.– (1) The Social Audit Unit shall, at the beginning of the year, frame an annual calendar to conduct at least one social audit in each Gram Panchayat every six months and a copy of the calendar shall be sent to all the District Programme Coordinators for making necessary arrangements.

- (2) For facilitating conduct of social audit by Gram Sabha, the resource persons deployed by Social Audit Unit, along with primary stakeholders shall verify –
- (i) the muster rolls, entry and payments made in the specified time period, by contacting the wage seekers whose names are entered in such muster rolls;
- (ii) the work site and assess the quantity with reference to records and also quality of work done;
- (iii) the cash book, bank statements and other financial records to verify the correctness and reliability of financial reporting;
- (iv) the invoices, bills, vouchers or other related records used for procurement of materials to testify such procurement was as per the estimate, as per procedure laid down and was economical;
- (v) any other payment made by the implementing agency from the funds of the scheme.
- (3) 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 Officer to ensure full participation.
- (4) To conduct 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, fulfillment of the rights and entitlements of labourers and proper utilisation of funds.

(5) All elected members of Panchayats and staff involved in implementing the schemes under the Act (including the staff of the Non-Governmental Organisations, the Self Help Groups, and disbursing agencies) shall be present at the Gram Sabha and respond to queries.

(6) The Gram Sabha shall provide a platform to all villagers to seek and obtain further information and responses from all involved in the implementation. It will also provide a platform to any person who has any contribution to make and relevant information to present.

(7) The District Programme Coordinator shall attend the Gram Sabha meeting or nominate an official of appropriate level for smooth conduct of the Gram Sabha.

(8) The social audit reports shall be prepared in local language by the Social Audit Unit and displayed on the notice board of the Gram Panchayat.

(9) The action taken report relating to the previous social audit shall be read out at the beginning of the meeting of each social audit.

7 Obligation of certain persons in relation to social audit. -(1) The Programme Officer shall ensure that all the required information and records of all implementing agencies such as, Job card register, Employment register, Work Register, Gram Sabha Resolution, Copies of the sanctions (Administrative or Technical or Financial), Work Estimates, Work Commencement Order, muster-roll issue and receipt register, muster Rolls, Wage Payment Acquittance & order, Materials - Bills and vouchers (for each work), Measurement Books (for each work), Asset Register, Action Taken Report on previous social audits, grievance or complaints register, any other documents that the Social Audit Unit requires to conduct the social audit process are properly collated in the requisite formats; and provided, along with photocopies, to the Social Audit Unit for facilitating conduct of social audit at least fifteen days in advance of the scheduled date of meeting of the Gram Sabha conducting social audit.

(2) The information referred to in sub-rule(1) shall be publically available at the same time and the photocopies shall be available at nominal cost.

(3) Every District Programme Coordinator or any official on his behalf, shall, -

- (a) ensure that all records for conduct of social audit are furnished to the Social Audit Unit by implementing agencies through the Programme Officer;
- (b) ensure that corrective action is taken on the social audit report;
- (c) take steps to recover the amount embezzled or improperly utilised; and issue receipts or acknowledgement for amount so recovered;

- (d) pay wages found to be misappropriated, within seven days of the recovery of such amount, to the wage seekers;
- (e) maintain a separate account for amounts recovered during the social audit process;
- (f) ensure that the appropriate action (including initiating criminal and civil proceedings or termination of services) is initiated against individual or class of individuals or persons who misutilised or embezzled the amount meant for the schemes under the Act.

(4) The State Govt shall be responsible to take follow up action on the findings of the social audit.

(5) The State Employment Guarantee Council shall monitor the action taken by the State Government and incorporate the Action Taken Report in the annual report to be laid before the State Legislature by the State Government.

(6) The costs of establishing the Social Audit Unit and conducting social Audit shall be met by the Central Government as a central assistance in accordance with the instructions issued in this regard.

[F. No. K-11033/50/2010-MGNREGA]

D. K. JAIN, Jt. Secy.



Auditing Standards for Social Audit

F. No. L-11033/40/2016-RE-VII
Government of India
Ministry of Rural Development (RE-III Section)

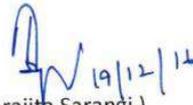
Krishi Bhawan, New Delhi
Dated: 19th December, 2016

OFFICE MEMORANDUM

In pursuance of Section 17(1) of the MGNREGA, 2005, Gram Sabha is required to conduct regular social audits of all the projects under the scheme taken up within the Gram Panchayat. The Ministry of Rural Development, in consultation with the Comptroller and Auditor General (C&AG), notified the Audit of Scheme Rules, 2011 under section (1) of section 24 of the Act in under the lay down the methodology and principles of conducting social audits.

2. In order to follow the provisions of the Act, bring in more transparency and accountability and through involvement of community, the Ministry of Rural Development in consultation with the C&AG constituted a Task Force on 22nd June 2015 for looking into all spheres of Social Audits and advise the Ministry on making the social audit exercise more effective.
3. The Joint Task Force set up four working groups to give their recommendations. The reports of the Working Groups have been examined by the Ministry of Rural Development and the recommendations are duly accepted.
4. The action points emerging from the recommendations are enclosed herewith for necessary action and compliance. The annexures include Auditing Standards for conducting social audits and action points for the Ministry and State governments concerning Social Audits.

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(Aparajita Sarangi)

Joint Secretary to the Govt of India

Enclosure:

- (i) Annexure 1 – Auditing standards for Social Audits
- (ii) Annexure 2 - Action Points for States
- (iii) Annexure 3 – Action Points for Ministry of Rural Development on Social Audits

To,

- (i) The Principal Secretary/Secretary RD (All States/UTs)
- (ii) The Commissioner, MGNREGA (All States/UTs)
- (iii) The Director, Social Audit Unit (All States)
- (iv) DG (NE Wing) O/o C&AG, New Delhi

Statement 1 - Auditing Standards for Social Audit

Introduction

1.1 Social audit is an audit that is conducted by the people, especially by those people who are affected by, or are the intended beneficiaries of the scheme being audited and facilitated by the government.¹ 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 stake holder. 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 also examines whether the money was spent properly and has made a difference to people's lives.

Mandate

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

1.3 The Government of India (GOI), 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 and Regulations in April 2011 titled the "Mahatma Gandhi National Rural Employment Guarantee Audit of Scheme Rules-2011" (MGNREG Scheme Rules, 2011).

Applicability

1.4 These standards will be applicable to all processes and persons associated with Social Audit under MGNREG Act.

1.5 The Social Auditing Standards have been presently made keeping in mind the MGNREG Act. These standards, however, are to act as basis for Government of India (GoI) and state governments' procedural guidance on social audit under various schemes. As the detailed social audit procedure and guidelines (under each standard) would be scheme oriented they would be developed and issued by the implementing agency at the central apex level through a similar process as the one adopted here.

Basis

¹There is a clear distinction between conduct of social audit and facilitation of social audit. The mandate for the conduct of social audit rests with the statutory body of the Gram Sabha. The SAU is tasked with the mandate of facilitating the Gram Sabha in conducting the Social Audit. The facilitation is required for consolidating information; translating records into information that can be consumed by workers; sharing information; verifying the information recorded in official documents with primary stakeholders in a methodical manner; facilitating an open, participatory and inclusive discussion in the Gram Sabha where people can speak freely and free of intimidation; recording of the decisions taken; submission of the Audit reports and follow up on the status of action being taken by the State Governments and disclosing the same in the public domain



1.6 The social audit standards have been framed keeping in view the fundamental principles of Public Sector Auditing and the operational guidelines for coordination and cooperation between SAIs and internal auditors in the public sector issued by International Organisation of Supreme Audit Institutions (INTOSAI) and the Indian Audit and Accounts Department (IAAD) Auditing Standards. They have been adapted to the extent applicable to Social Audit. The national legal framework has been borne in mind, especially taking into account provisions of MGNREG Act 2005 and MGNREG Audit of Scheme Rules 2011. These standards are accompanied by brief description and operational guidance emanating from the field requirements under the MGNREG Act.

Definitions

(the definitions here are indicative for basic understanding. For details the MGNREG Act, 2005/ MGNREG Audit of Scheme Rules, 2011 may be referred to)

- (a) **Social Audit Unit (SAU)**, under the MGNREG Act, is an independent organisation, identified or established by the State Government, to facilitate conduct of social audit by Gram Sabhas;
- (b) **Social Auditor** includes personnel involved in the conduct as well as in the facilitation of social audit.
- (c) **SAU Resource Persons (RPs)** are identified and positioned by the Social Audit Unit to facilitate in the process of social audit. They may be State Resource Persons (SRPs)/District Resource Persons (DRPs)/ Village Resource Persons (VRPs). Their brief functions are:
 - (i) **State Resource Persons (SRPs)** mainly assist the Director SAU in day to day functioning of the SAU and guide and design the training plan for social audit.
 - (ii) **District Resource Persons (DRPs)** basically provide awareness and information regarding MGNREGA to workers and Panchayat officials, ensure completion of wall paintings and identify and train Village Resource Persons (VRPs) to help carry out social audits.
 - (iii) **Village Resource Persons (VRPs)** carry out actual conduct of social audit in the Gram Panchayat along with primary stakeholders.
- (d) **"District Programme Coordinator" (DPC)** means an officer of the State Government designated as such under sub-section (1) of section 14 of MGNREG act, 2005 for implementation of the Scheme in a district. They are to ensure furnishing of records to SAU by implementing agencies through the Programme Officer and for ensuring corrective action;
- (e) **"Programme Officer" (POs)** means an officer appointed under sub-section (1) of section 15 of MGNREG Act, 2005 for implementing the Scheme. He assists the Panchayat in discharging its functions under this Act and any Scheme made thereunder.

Coverage

1.7 The Scheme Rules inter-alia included Social Audit facilitation by 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. The following are the broad principles that need to be complied with under the MGNREG Audit of Scheme Rules 2011:



- i. The State Government shall facilitate conduct of social audit of the works taken up under the Act in every Gram Panchayat at least once in six months in the manner prescribed under these rules.
- ii. The Social Audit unit, an independent organization, would facilitate conduct of Social Audit by Gram Sabhas and identify, train and deploy suitable Resource Persons at Village, block, district and state level, drawing from primary stakeholders and other civil society organisation having knowledge and experience of working for the rights of the people.
- iii. The SAU Resource Persons (RPs) along with the primary stakeholders shall verify the records related to payment, procurement of materials and financial records, visit the work sites, contact the 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 utilisation of funds. The Social Audit report shall be prepared in the local language. The RPs shall not be residents of the same Panchayat.

Objectives of Social Audit

- (a) Promote Transparency and accountability in the implementation of a programme;
- (b) Inform and educate people about their rights and entitlements under the Law in course of conducting social audits;
- (c) Provide a collective platform such as social audit Gram Sabha, for people to express their needs and grievances;
- (d) Promote people's participation in all stages of implementation;
- (e) Strengthen participation in Gram Sabha, make it an inclusive and participatory institution and make it a platform for positive collective action; and
- (f) Improve capacity of local stake holders who participate in the social audit

The environment for social audit differs in at least three important respects from public sector audits:

- (i) Social audit involves a more interactive matrix. Supported by SAU Resource Persons drawn from Gram Panchayats other than those being audited, members of the Gram Sabha of the Gram Panchayat being audited are both, the active auditors and also the primary users of the audit findings and conclusions.
- (ii) Apart from relying on documentary evidence, social audit requires, in addition, gathering oral evidence during audit execution, verifying it during site visits or with reference to existing records or by means of the preponderant view expressed at the public hearing and meticulously documenting the evidence.
- (iii) Gram Sabha members have to rely far more on work site verification and on a robust sense of everyday ethics.

Minimum principles

The following are the minimum principles of transparency and accountability that are required to be protected and strengthened by any set of standards defined for social audit:

Access to Information (Jaankari)

(i) **Understanding entitlements:** In order to enable and empower citizens- individually and collectively- to effectively perform the function of monitoring the implementation of interventions rolled out in their name, various conditions need to be fulfilled. These include a widespread understanding of the entitlements, of the prescribed time frames, of who's responsible for what, of the prescribed standards and rates, of the decision making processes, of the possibility for appeal, complaint or grievance redressal, and of the reasonably expected outputs and outcomes

(ii) **Equal and open access to Information:** There must be equal and open access of information to all citizens and should preclude any attempt that may restrict/exclude a citizen from using information or from having to prove their locus standii.

(iii) **Display and Dissemination of Information:** All relevant information regarding programmes and public institutions must be proactively displayed (Mandatory) and made accessible through different modes and medium, ensuring local language compatibility and keeping in mind the needs of the semi-literate, the illiterate and the differently abled.

Information must be authenticated, updated with reasonable periodicity, and put across in a manner and format that is easy to understand. Towards that end, special proformas and formats need to be developed. Relevant information must be appropriately displayed at the level of a village, Sub-State, State and National level.

(iv) **Multimedia communication:** Recognising that, despite best efforts, both the modes of providing information and of getting feedback can be corrupted or blocked, multiple modes and routes must be used in order to make it progressively difficult to inhibit the free flow of information to and from the people. Whereas focus must be on using as far as possible culturally appropriate modes of communication, especially traditional modes with which the local people are familiar, the advantages promised by new and emerging technologies must also not be ignored. Of especial relevance are mobile phones and social media which have effectively permeated rural households and promise an innovative, reliable and quick method of simultaneously communicating with a large number of people.

Involvement and participation of citizens in the process of decision making and arriving at justifiable output (Bhagidari)

(v) **Access to marginalized group:** There may be a need to specially empower and facilitate certain marginalized groups to access information through awareness programmes and educating them. Geographical remoteness is a factor which makes a society marginalized one. This should also be taken in to consideration.

(vi) **Inherent need for facilitation:** In all cases of pro-active disclosure or collective monitoring, there is an inherent need for facilitation by external agencies/individuals/groups.

(vii) **Open decision making:** It must also be kept in mind that, as far as possible, all decision making should be done in public in the full view of all interested stake holders. This is the best way of ensuring that decisions are not only fair but also appear to be fair.

(viii) **Transparency and Accountability:** Concepts like transparency and accountability must be framed in a manner in which they are governed by universal and inclusive processes. This is essential to empower every individual or group with the right to monitor a programme and help facilitate beneficiaries' claim their rights.

Protection of citizens (Suraksha)

(ix) It is important to have a secure forum for free and fair discussion for the Gram Sabha. This should be done through liaison with District Administration/Police.

Citizen's right to be heard (Sunwai)

(x) There should be a mechanism to address the grievances of the citizens and to take suitable action. The follow up needs to be intimated to the citizens during the next hearing.

Collective Platform (Janta ka Manch)

(xi) Presence of collective platform to strengthen and substantiate the citizens voice (*Janta ka manch*) which will be a safe and secure forum for free and fair discussion. For this, awareness programmes, wall paintings etc. to display and disseminate information will be useful so that participation of public on their own issues will result in development free of any corruption.

Report Dissemination (Prasaar)

(xii) The findings of Social Audit should be in access of public knowledge through public platform using traditional needs as well as new and emerging technologies.

(xiii) Thus, in brief, the guiding principles for social audit which are seen as tools for social accountability are as follows:

- Access to information (*Jaankari*)
- Involvement and participation of citizens in the process of decision making and arriving at a justifiable outcome (*Bhagidari*)
- Protection of citizens (*Suraksha*)
- Citizen's right to be heard (*Sunwai*)
- Collective Platform (*Janta ka Manch*)
- Report Dissemination (*Prasaar*)



2. Auditing Standards

Attribute Standards

2.1 Ethics and Independence

2100 SAU Resource Persons should have integrity, work with objectivity and due care

SAU Resource Persons should have a duty to adhere to high standards of behaviour in the course of their work and in their relationship with the staff of audited entities. In order to sustain public confidence, the conduct of SAU Resource Persons should be above suspicion and reproach. They should value the experiences narrated by members of the Gram Sabha. They must try to verify these narratives and with a questioning mind try to find out why such experiences as narrated occur.

Code of ethics

2110 Standard code of ethics should be written in clearly defined language.

Standard code of ethics should lay down the behaviour, decorum, code of conduct, working hours to be followed by the Social Auditors. The conduct of SAU Resource Persons should be beyond reproach at all times and in all circumstances. They should conduct themselves in a manner which promotes co-operation and good relations. The Gram Sabha, general public and the implementing agencies should be fully assured of the fairness and impartiality of the work of SAU Resource Persons.

Independence of Social Audit Unit

2120 Independence of the Social Audit set up should be guaranteed as envisaged in MGNREG Act, 2005.

To develop and safeguard the ethics and professionalism, institutionalizing the independence of the SAU is absolutely essential. It is essential that Social Audit Resource Persons are independent and impartial, not only in fact but in appearance to enable them to express a conclusion and be seen to express a conclusion without bias, conflict of interest or undue influence of others.

Rule 5 of the MGNREG Rules, 2011 lay down that *“social audit shall be a process independent of any process undertaken by the implementing agency of the scheme”*. Further, apart from making requisite information available for social audit 15 days in advance of the audit, the implementing agency shall at no time interfere with the conduct of social audit.

As per the MGNREG Audit of Scheme Rules, 2011, an independent SAU is responsible to build the capacities of Gram Sabhas for conducting social audit and towards this purpose, identify, train and deploy suitable Resource Persons at the village, block, district and State level, drawing from primary stakeholders and other civil society organizations having knowledge and experience of working for the rights of people.

Some of the **prerequisites** to be followed for social audit to be independent are:

(i) **Nature of SAU**

The institution of SAU, which has responsibilities for planning social audits, technically supporting the particular audits, collating and consolidating reports and following up persuasively on the results of audit, is incorporated as a Society under the Societies Registration Act.

(ii) **Governing Body of the SAU**

- (a) The minimum composition of the Governing Body will be in accordance with MGNREGA Annual Master Circular (2016-17) para 2.9.1.2
- (b) The Governing Body of the SAU should be chaired by an individual chosen by the State Government from a list of eminent persons as identified and communicated by the Ministry of Rural Development, Government of India in consultation with C&AG of India. The Director, SAU shall serve as the Convener of the Governing Body
- (c) The Governing Body shall approve the Annual Budget and Annual Calendar of the SAU, discuss and adopt the Annual Report prepared by SAU. All other financial proposals shall require the approval of the competent authority.
- (d) The Governing Body should meet at least once on quarterly basis. The day to day affairs of the Director will not be referred to the governing body. The report of the grievance redressal officer of SAU will be presented in the quarterly meetings of the Governing Body by the Director, SAU.

(iii) **Selection and appointment of Director, SAU**

- (a) The qualification of the Director, SAU are to be clearly laid out and be of such a nature that it helps in enhancing the independence. The Director, SAU should have sufficient experience in the field of audit and government account. He/she should also have proven administrative ability to handle human resources with varying skill levels who can be deployed in different areas under his/her jurisdiction.
- (b) A selection committee consisting of Chief Secretary/nominee; Pr. AG/AG in charge of Local Bodies Audit; Principal Secretary, DoRD; Eminent CSO representative as nominated by MoRD; and a representative of the Ministry of Rural Development, GoI not below the rank of Director/Deputy Secretary shall select the person who shall be appointed by the respective state government on the basis of this.
- (c) The minimum tenure of the Director, SAU shall be defined as three years not exceeding the age of 65 years.
- (d) Any decision to terminate the services of the Director, SAU prematurely shall be taken by the Government of the State only on the advice of the Governing Body.

(iv) **Finances**

- (a) The Director SAU shall be responsible for drawing up a proposed budget of the SAU for meeting its commitment to conduct social audit in all Gram Panchayats of the State at least twice a year. The proposed budget shall be drawn keeping in mind that 0.5.% of the MGNREGA expenditure of the State in the previous Financial Year. This is in line with para 2.9.1.4 of the Annual Master Circular
- (b) The proposed budget shall be forwarded by the Director SAU to the Governing Body for its approval.
- (c) Every State/UT will spend 0.5 % of the expenditure made during the previous year on conducting social audit during the current financial year. The MoRD will calculate the entitlement of each state and credit the same to the independent bank account of the SAU.
- (d) A certified copy of the accounts of the SAU duly audited by CA firm selected from a panel maintained by CAG shall be put up by the Director SAU to the Governing Body for its acceptance. After acceptance of the certified accounts, the same shall be forwarded to the State Government, for further submission to the Central Government. The CA firm is to be changed every three year and would be appointed by the Governing Council who would also review the performance
- (e) Upon the approval of the certified copy of the accounts of the SAU, the release of funds for the next Financial Year shall be initiated by the Ministry.
- (f) The SAU shall pay salaries/honoraria to its Resource Persons at the State, District, Block and Village level directly (subject to norms laid down by the Ministry of Rural Development).
- (v) **Transparency and Accountability of the SAU**
- (a) The SAU should for grievance redressal designate a Grievance Redressal Officer for accepting complaints from citizens about the staff and practices of the SAU. For the purposes of any complaints against the staff and practices of the SAU, the Grievance Redressal Officer shall report to the Governing Body
- (b) The SAU shall abide by the Procedural Guidance of the RTI Act, 2005.
- (c) The accountability of the SAU shall lie to the Governing Body of the SAU.
- (vi) SAU Resource Persons at the Block and the Village level will essentially be members from the local community and SHGs of women in the social audit exercise.

Objectivity and Impartiality

2130 Conclusions in opinions and reports should be based exclusively on evidence obtained and replies received from the functionaries and assembled in accordance with the auditing standards.

There is a need for objectivity and impartiality in all work conducted by auditors particularly in their reports which should be accurate and objective.

2.2 Professionalism

2200 SAU Resource Persons must possess characteristics/qualities of Professionalism during the audit. These are knowledge, competency, accountability, honesty and integrity.

SAU Resource Persons must be diligent and have a questioning attitude when assessing the sufficiency and appropriateness of evidence obtained throughout the audit. They must also remain open-minded and receptive to all views and arguments. They should apply knowledge, skills and experience to the audit process.

To ensure that the professional behaviour of SAU Resource Persons is appropriate and they do not indulge in any conduct that might discredit the social audit report due care must be exercised to:

- arrange the stay of SAU Resource Persons in public buildings and
- they should not accept any hospitality whatsoever from the Panchayat head and other field level functionaries implementing MGNREGA in the GP during the course of the audit. The local administration/Tehsildar is responsible for providing assistance for arrangements.

2.3 Audit team management and skills

2300 SAU Resource Persons should collectively possess or have access to the necessary skills.

SAU Resource Persons should acquire an understanding of the panchayat's operations, familiarity with the relevant sections of the applicable legislation and standards and practical experience to exercise professional judgement. SAUs should undertake the ongoing development of SAU Resource Persons through training and issue other written guidance and instructions concerning the conduct of audits, and assign sufficient audit resources. Where SAUs lack expertise in specific domains involved for the various types of works contemplated under the MGNREGA Act and Rules, like land development or forestry, they should engage the services of specialists for the relevant domains on a short-term basis both for purposes of their involvement in training of SAU Resource Persons or expert advice on specific issues.

Training and Capacity Building

2310 SAU should establish and regularly review minimum training requirements for the appointment of SAU Resource Persons at each level within the organisation.

Capacity building is the sustained development of the core capabilities of an organisation to deliver its mandate more effectively so as to create the desired impact. An SAU's capacity is its institutional, organisational and professional ability to deliver key audit results both in terms of its audit products and contribution to accountability, good governance and service delivery. In order to be able to deliver these results the SAU needs to be strengthened in the following six areas or domains

- independence and legal framework- (independence and mandate),
- leadership and internal Governance (planning, internal communications, accountability and transparency, code of ethics and conduct, internal controls, and continuous improvement),
- human resource (recruitment, retention, staff development, welfare and performance management),
- support structures and infrastructure (financial management, infrastructure, security, technology and support service),
- external stakeholder relations (Communication strategy, awareness raising and use of appropriate media, relationship with legislature, judiciary, executive and other stakeholders.) and
- SAU Core Processes – Social Audit Process (Social audit standards, Social audit manuals, guidance, Social audit tools, Social audit plans, quality Assurance etc.)

SAU should adopt policies and procedures to recruit personnel with suitable qualifications and train them professionally. It should take adequate steps to provide for continuing professional development of its personnel. Special attention should be given to improving theoretical and professional development of all members and staff, through internal, university and other programmes. Professional development should go beyond the knowledge of the schemes, their implementation and to include technical training in electronic data processing. Standardised training modules on Social audit should be developed, and only persons trained under the standardized modules and having adequate skills should be certified to conduct the social audit. For laying out the minimum standards of training of SAU Resource Persons and SAU Resource Persons, their minimum skills need to be defined. They need to be literate i.e. 12th pass if belonging to a MGNREGS family or a graduate



2.4 Quality Assurance and Control

2400 A quality assurance and improvement program should be developed and maintained covering all aspects of the social audit activities.

To ensure audits conducted conform to these standards and are of a consistently high quality, quality control procedures should be framed by SAUs to cover the direction, supervision, collation and consolidation of reports and review of the audit process.

Director of the Social Audit Unit should develop and maintain a quality assurance and improvement program covering all aspects of the social audit activities.

External Assessment of the SAU

2410 There should be periodic internal and external assessments of the social audit.

The external assessments can be carried out by an agency such as Director, Local Fund Audit or any other agency approved by the Governing Board. These assessments should take place at least once in two years.

Reporting on external assessments

The Director, Social Audit Unit should also report on the outcome of such external assessment to the Governing Board and send a copy of the report to the State Employment Guarantee Council.

A format containing some parameters to measure the progress of Social Audit Unit is at **Annexure 1**.

3000-4000 Social Audit Standards related to Audit Process

3.1 Planning an Audit

3100 SAU Resource Persons should obtain an understanding of the nature of the entity/programme to be audited.

This includes understanding the relevant objectives, operations, regulatory and financial system, internal controls and researching the potential sources of audit evidence in the entity/program to be audited. This should include appropriate risk analysis and finalisation of audit calendar.

Planning for a specific audit should include strategic and operational aspects. Strategically, planning should define the audit scope, objectives and approach. Therefore, a strategic audit plan of the SAU should include the Schemes for which SAU will facilitate conduct of social audits.

Operationally, planning entails setting a timetable for the audit and defining the nature, timing and extent of the audit procedures. During planning, SAU Resource Persons should assign tasks to the members of their team as appropriate and also identify other resources that may be required, such as subject experts. Therefore, an operational plan of the SAU should include:

- Laying out the schedule of social audits for the year, Gram Panchayat (GP) wise
- Assigning and deploying social audit teams (based on personnel available) to comply with the schedule

Audit Calendar

3110 SAU shall frame an annual calendar which includes coverage of all the Gram Panchayats within a specified period.

The MGNREGA audit of scheme rules, 2011 provides for two social audits in each gram panchayat. In case, there is need for adjustments in coverage due to shortage of resources and capacity building in the short term, the Director, Social Audit shall undertake risk assessment for judicious selection of gram panchayats ensuring full coverage of all Panchayats within a specified period. Selection of gram panchayats should be done through risk assessment on the parameters like financial outlays, number of beneficiaries and interaction with the members of Gram Sabha etc.

Risk Analysis and Assurance

3120 The audit assignment should be planned to reduce audit risk.

Audit risk is the risk that the audit report or more specifically the auditor's conclusion will be inappropriate in the circumstances of the audit. Auditors should actively manage audit risk, which is the risk of obtaining incorrect or incomplete conclusions, providing unbalanced information or failing to add value for users. Since audit risk cannot be fully eliminated, social auditors should manage their auditing with procedures to reduce the risks of providing a report that is inappropriate in the circumstances of the audit. The audit assignment should be planned to take into account these aspects.

Risk in audit means acceptance of some level of uncertainty in performing the audit. A small degree of audit risk would be acceptable otherwise the audit process may lose its purpose. Due to the limitations of an audit, it does not provide a guarantee or absolute assurance that all instances of non-compliance will be detected. Auditors should identify and assess the risks of fraud relevant to the audit objectives and make enquiries and perform procedures to identify and respond to the risks of fraud relevant to the audit objectives. They should be alert to the possibility of fraud throughout the audit process.

For social audits, the guidance on the level of acceptable audit risk must be given by the SAU depending on a judgment that takes into account the inherent, control, and detection risk. The inherent risks related to the scheme should be listed. An assessment of internal controls for the Scheme on the basis of whether controls are being actually applied or not must be done. Detection risk should be determined with reference to the limitations constraining the SAU or audit team. The planning for the audit assignment should take into account these factors when planning or prioritising the audit.

As far as possible, a review should be conducted at the Social Audit Gram Sabha/Public Hearing about the internal control structure which may, inter alia, include the following:

A system in place to ensure that all required documents are made available in time:

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- book-keeping procedural guidance were complied with, viz. all required books (including cash book) were opened and maintained. Vouching, Journal entries, posting was completed. Stock register, asset register etc. were opened and maintained, cannons of financial propriety were being followed and items were being procured as per the laid down procedure,
- receipts and payments have been vouched for,
- payments have been regularly made and bank accounts are verified to that extent.
- Bank reconciliations have been done regularly and
- site visits have validated construction of assets with reference to design and specifications.

The extent to which each of these has not been complied with is to be summarised and discussed at the public hearing of the Gram Sabha which is to be documented along with the supporting evidence. Based on the public hearings at Gram Sabhas, a reasonable assurance regarding the extent of compliance in proper implementation of the works of the Scheme in the block is to be arrived at.

3.2 Access and availability of records

3200 The State Governments should frame appropriate rules for fixing accountability for provision of records to the social audit teams within stipulated time frame. The nature of punitive action that shall be taken on the violation of the same should also be defined.

For an independent review and examination of records and activities under MNREGS by the community with active involvement of the primary stakeholders in Social Audit, Access and Availability of Records and is the primary step, to assess the quality of works being executed at different levels along with the details of disbursements made, the number of labourers employed and material used. The records regarding implementation of MGNREGS are maintained in the physical form, which is also required to be uploaded in electronic forms on the web site of Ministry of Rural Development in the public domain. The records can also be asked for under the Right to Information Act (RTI). The SAU should upload information within 2 weeks' time.

The following conditions are mandatory for access and availability of records to facilitate social audit.

Role of functionaries in providing records

3210 The role and responsibilities of all Government/Administration functionaries have to be clearly delineated.

The records regarding the implementation of MGNREGS are maintained by the government functionaries at state, district, block and GP levels. There should be clear and detailed instructions regarding role and responsibilities of government functionaries at each level to provide records to social audit team. To conduct social audit in timely manner, auditor should also be aware about these instructions.

It is also important that the Government functionaries discharge the role assigned to them, therefore there should be a system of monitoring to ensure proper follow up to provide all records in time.

Providing records within reasonable timeframe

3220 All the required information and records (along with their photocopies) of all implementing agencies are required to be provided to the social audit team at least 15 days before the date of Social Audit Gram Sabha meeting in order to provide enough time for assimilation and verification.

The Programme Officer should ensure that all the required information and records listed in **Annexure-2** and any other document that the Social Audit Unit requires to conduct the social audit process are properly collated in the requisite formats and provided along with photocopies to the Social Audit Unit at least fifteen days in advance of the scheduled date of meeting of the Gram Sabha conducting the social audit.

It is the responsibility of the District Programme Coordinator to ensure that all records required for the conduct of social audit are furnished to the SAU by the implementing agency through the Programme Officer.

Analysis of records

3230 The information contained in the records is required to be analysed in such a form that it can be easily understood by the stake holders.

Summaries of muster rolls and bills, where relevant, must be prepared (in a specially designed format) in advance for presentation to the villagers. The detailed checklist for analysis of records relating to entitlement of job is attached as **Annexure 3**. The detailed checklist for analysis of records relating to execution of works, procurement of material and payment of wages to job card holders is attached as **Annexure 4**.

3.3 Mandatory proactive disclosure of information

3300 The information on implementation of the scheme is required to be proactively disclosed and displayed.

Wall painting is one of the most effective and popular methods to raise awareness among the people. Wall painting may be given utmost importance as tool for the dissemination of knowledge related with MGNREGS. Details of MGNREGS could be exhibited in all the offices of Panchayats and other offices which are frequently visited by the common people. Also, anganwadis and schools, fair price shops could also be utilized for this purpose. Templates for wall paintings can be developed by SAU for standardization of display. The information deciphered from the records should be also be shown in wall paintings in the locality where the work is under process.

3301 A definite time line is to be laid down for updating the information on the portal of MoRD and a system must be set up to check the authenticity of the information available on the portal of MoRD with the physical records.

3302 The SAU Resource Persons should be familiar with the provisions of Chapter 2 of Right to Information Act, 2003 about the obligation of all public authority to maintain

all its records duly catalogued and indexed in such a manner that it is accessible in easy form to public.

The SAU should actively share all available information with the stake holders.

3303 The social audit is to be seen as the most public of all audits. Therefore mechanisms should be defined by which pro-active disclosure of information is ensured, nurtured and sustained in all processes of the SAU and the social audit process rolled out on the ground.

3304 There should be mandatory pro-active disclosure of all records and information that are made available to the SAU Resource Persons, to the residents of the Gram Panchayat, such as;

- Information to be shared in house to house visits
- Information to be painted on the walls by the administration and verified/certified by the SAU Resource Persons as per formats prescribed.
- Information disclosure in the Gram Sabha of the findings of the social audit exercise

Benefits of the work executed should be specifically mentioned on the information boards.

3305 The SAU should host the social audit reports including action taken reports and decision taken in the meeting should also be made public and hoisted on the web site of MoRD, so that social awareness can be ensured and implementers should be made responsible if there is flaw in implementation of the decisions taken.

3306 The SAU should host the video recordings of the proceedings of Gram Sabha on the web site of MoRD.

3.4 Evidence

3400 The audit findings, conclusions and recommendations must be based on evidence.

Audit evidence is necessary to support the auditor's opinion and report. It is cumulative in nature and is primarily obtained from audit procedures performed during the course of the audit. Evidence can be categorized as to its type - physical, oral, documentary, or analytical.

Physical evidence: The evidence can take the form of photographs, charts, maps, graphs or other pictorial representations. When the observation of a physical condition is critical to achieve the audit objectives, it should be corroborated by using photograph, video etc.

Oral evidence: Oral evidence takes the form of statements that are usually made in response to inquiries or interviews of beneficiaries. Corroboration of oral evidence is needed if it is to be used as evidence rather than mere background information. While



conducting social audit oral evidence (gathered by interviews and questionnaire) may support other findings as impact of scheme, status of job entitlement.

Jan Sunwai: Jan Sunwai or Public Hearing is a formal meeting designed to provide the public with an opportunity to express their support or opposition for the scheme in an open forum. In this hearing social audit team discusses all works executed under MGNREGS along with their details (sanctioned amount, expenditure incurred, employment generated, names of person engaged in that work, payment given to them and present status of work etc.).

Social audit team should also motivate beneficiaries to express their concern and grievances raised during the public hearing and follow-up of decisions should be done. As discussion held during Jan Sunwai needs to be documented by executive agency therefore SAU Resource Persons may use this to corroborate audit finding related to issues raised in Jan Sunwai.

Documentary evidence: Documentary evidence in physical or electronic form (all reports and statement entered in MIS on scheme website) is the most common form of audit evidence. It may be external or internal to the auditee. External documentary evidence may include letters or memoranda received by the auditee, suppliers' invoices, contracts, external and internal audits and other reports, and third-party confirmations. Internal documentary evidence originates within the audited entity. It includes items such as accounts of scheme, cash book, MR register, employment register, asset register, sanction, vouchers, and measurement books, copies of outgoing correspondence, job descriptions, plans, budgets and internal reports.

Analytical evidence: Analytical evidence stems from analysis and verification of data. The analysis can involve computations, analysis of ratios, trends, and patterns in data obtained from the auditee or other relevant sources. Comparisons can also be drawn with prescribed standards. Analysis is usually numerical, and considers, for example, ratios of output to resources, or the proportion of the budget that is spent. It can also be non-numerical in nature; for example, observing a consistent trend in the nature of complaints made about an auditee.

Physical Verification: The ultimate aim of social audit is to ensure that social objective of Government scheme have been achieved. Physical verification is an important task to be performed by social audit team in order to facilitate conduction of Jansunwai /Gram Sabha by Gram Panchayat. Physical verification is the process of verification of the issues related to entitlement and works executed under the scheme.

Selection of data collection techniques

3410 SAU Resource Persons should carefully choose the data collection techniques to achieve the audit objective.

Since SAU Resource Personsseldom have the opportunity of considering all information about the audited entity, evidence must be sufficient and persuasive to logically support the analysis, observations, conclusions and recommendations and for this the data collection techniques should be carefully chosen. SAU Resource Persons should also gather all the evidence to support their results.



Competence and sufficiency of evidence

3420 Audit evidence should be competent, relevant and sufficient as they support the Social Auditors' judgment and conclusions regarding the program or activity under audit.

Corroboration of evidence is a powerful technique for increasing reliability. This means that the auditor looks for different types of evidence from different sources. For instance results of examination of works executed under MGNREGS on the basis of records provided by GP can be corroborated using beneficiary survey/interviews or results of physical verification.

The reliability of auditee (Gram Panchayat) generated information will partly be a function of the reliability of the auditee's management/internal control systems. For this purpose previous reports (social audit reports, and audit reports of primary and secondary auditor) may be used.

Original documents are more reliable than photocopies. For example while doing physical verification and interaction with beneficiary, original documents (physical verification note signed by both auditor and auditee and questionnaire filled on the basis of interaction with beneficiaries and signed by both beneficiary and auditor) are more reliable.

Relevance requires that the evidence bear a clear and logical relationship to the audit objectives and to the criteria. For instance if the purpose of audit procedure is to check whether all applicants have got work within 13 days from the date of application or not, then job card, receipt given to applicant, Muster roll, starting date of work will be relevant records to get evidence.

The Social Auditors should obtain sufficient appropriate audit evidence to be able to draw reasonable conclusions. Sufficiency is a measure of quantity of audit evidence. Appropriateness is a measure of quality of audit evidence, its relevance to particular criteria, and its reliability. Evidence is sufficient when there is enough relevant and reliable evidence to persuade a reasonable person that the audit findings, conclusions are warranted and supported.

Documentation of evidence

3430 SAU Resource Persons should adequately document the audit evidence in working papers, including the basis and extent of the planning, work performed and the findings of the audit.

Adequate documentation is important for several reasons. Working papers are all relevant documents collected and generated during audit. They should include documents recording the audit planning; the nature, timing, and extent of the audit procedures performed; and the results and the conclusions drawn from the audit evidence obtained.

Working papers should contain at least three sections: planning, execution and reporting. Working papers should contain the evidence accumulated in support of the opinions, conclusions and analysis supporting the recommendations in the report. The

auditor should adopt appropriate procedures to maintain the confidentiality and safe custody of the working papers and should retain the working papers for a period sufficient to meet the needs of the legal and professional requirements of record retention.

3440 SAU Resource Persons should have a sound understanding of techniques and procedures to collect audit evidence.

Methods of obtaining audit evidence can include inspection, observation, verification, inquiry, confirmation, recalculation, analytical procedure etc. Proceedings of Jan Sunwai can also be used to corroborate audit findings.

Planning for Physical verification

3450 The SAU Resource Persons should ensure proper planning for physical verification so that verification is carried out in an efficient and timely manner.

The SAU Resource Persons should collect the basic data/relevant information in respect of identified areas (such as works to be inspected, payment of wages to be verified and beneficiaries to be interacted) from the available record in GP (refer **Annexure 2**) as well as information/ data disseminated in public domain/ local public places (information available on MIS, wall paintings).

The SAU Resource Persons should determine a timeline for door to door survey as well as work site verification so as to complete the physical verification within the deadline period. Since time is an important factor, it needs to be defined and strictly followed.

The SAU Resource Persons should also pre-determine the evidence including documents to be collected at the time of interaction/inspection. For instance, the method of interview which will be used to interact with beneficiary while conducting door to door survey. **Annexure 5** details out the procedure for physical verification.

Verification of entitlement of beneficiaries

3460 The Social Auditor should conduct door to door verification of information available in primary records to identify issues related to entitlement of the beneficiaries.

The Social Auditors should examine all primary records related to entitlement of job available at GP level to identify the thrust areas regarding entitlement before conduct of door to door survey. For this a detailed checklist is given in **Annexure 3**.

The Social Auditor should interact with adequate number of job card holders, social workers, nominees of NGOs if any and other responsible persons of the area to check the genuineness of information provided by GP. To collate the information and pinpoint the discrepancies, the guiding action plan as given in **Annexure 3 and 4** may be followed.

Verification of works

3470 The Social Auditors should conduct physical verification at work sites through measurement of works executed, quality checks and ascertainment of usability of works.

The Social Auditors should examine all records related to execution of works available at GP to verify usability of assets created and transparency and accountability norms. For this a detailed checklist is given in **Annexure 4**.

After this Social Auditors should visit work site with representatives from executive agency and beneficiaries to verify the actual status of work from what has been given in the records. For site verification a sample checklist is given in **Annexure 4**.

Verification of facts through Jansunwai

3480 The Social Auditors should also ensure verification of facts that emerge during Jansunwai or through complaints received.

Issue/complaints regarding entitlement of the beneficiaries that emerged during Jansunwai or through complaints received from the beneficiaries or other local people should be verified through record examination and interaction during social audit as they are also important in assessing achievement of objectives of the scheme.

The issues regarding fictitious (ghost) works, non-execution of works, execution of sub-standard works etc. emerged during Jansunwai or through complaints received can be verified through inspection at work sites and matching the ground reality with what has been recorded in the books of accounts of GP concerned.

The Procedural Guidance for complying with the above standards is detailed in **Annexure 6**

3.5 Documentation of Audit process

3500 SAU Resource Persons should document what they do in a sufficiently detailed manner to provide a clear understanding of the procedures performed, evidence obtained and conclusions reached.



The Director of the Social Audit Unit should ensure that SAU Resource Persons at village level document relevant information to support the conclusions and results of a social audit. The Director, Social Audit Unit should also control access to engagement documents. Documentation should be sufficiently detailed to enable a person, with no prior knowledge of the audit, to understand the nature, timing, scope and results of the procedures performed, the evidence obtained in support of the audit conclusions and recommendations, the reasoning behind all significant matters that may require the exercise of professional judgement.

3510 Retention requirements should be laid down for the audit records, regardless of the medium in which each record is stored.

The State Government should develop retention requirements for engagement records, regardless of the medium in which each record is stored. Policies should be laid down governing the custody and retention of social audit records, as well as their release to internal and external parties.

3520 Role and Responsibilities of SAU for maintaining basic records (e.g. audit frequency, proportions of population giving positive/negative feedback etc.) should be well defined.

The role and responsibilities of SAU Resource Persons to maintain basic records e.g. audit frequency, proportion of population giving positive/negative feedback, etc. should be well defined.

3.6 Participation of beneficiaries in the collective platform

3600 The social audit report should be presented to the larger collective in a methodical manner by the SAU Resource Persons and participation of beneficiaries in the collective platform must be ensured.

The statutory Gram Sabha or Jan-sunwai where the social audit report is read out and ratified by the residents of the Gram Panchayat forms the most critical component of the social audit process. To enable a collective platform to hold the implementation structure accountable, the following guidelines need to be laid down:

- The Head of the SAU shall be the individual responsible for convening the Social Audit Gram Sabha/Public Hearing.
- Social Audits is to be independent of the implementing agencies. Therefore, social audits Gram Sabhas is not to be chaired by anyone involved in the implementation of MGNREGA in the Gram Panchayat, including the Sarpanch.
- The Social Audit Gram Sabha is to be held in a neutral public place in the Gram Panchayat and the date should be informed by the VRPs much in advance and displayed on the notice board of the Gram Panchayat

- Participation of the most marginalized (SC, ST, elderly, single women etc.) must be pro-actively ensured by the SAU teams and Administration through wide local publicity (posters, rallies, yatras) on the occasion of the audit and documented.
- For the Gram Sabha to be able to effectively hold the implementing agencies accountable through the social audit process and act on findings, it is essential for the SAU team to present the social audit report to the larger collective in a methodical and inclusive manner.

The presentation of information should necessarily include:

- (a) Observation on the status of book keeping
- (b) Work orders and accounts related to each work is to be loudly read part by part which is to include items like
 - accounts for wages paid with names to whom they were paid. Testimonies for objections/corrections should be taken at each step and should not be heard only on the completion of the reading of the record,
 - accounts for material expenditure incurred including item wise material procured, quantities procured and rate at which it was procured. Testimonies for objections/corrections should be taken at each step and should not be heard only on the completion of the reading of the record,
 - observations on deviations found in measurement of works,
 - observations on status of completion of works and
 - bringing forward of specific cases of non-inclusion

The SAU should record the decisions taken and get it counter signed by the Sarpanch, whoever is present. The names of all participants and complainants should be recorded and signed by them and countersigned by the Presiding Officer.

The District Programme Coordinator (DPC) in liaison with Circle Officer in Police and Tehsildar is to ensure law and order while ensuring that everyone wishing to attend the Gram Sabha to be present and be able to speak free of intimidation. The DPC must also ensure that the Gram Sabha is provided with the minimum infrastructure of tent, sound system, water etc.

The participation in the Gram Sabha to include:

- elected members of the Panchayat
- staff involved in the implementation of the scheme in the Gram Panchayat including payment disbursal agencies which is to include staff of all such departments with whom MGNREGS works have been undertaken in convergence with and are responsible for output of the program.
- representatives of NGOs who are active in rural sector schemes of GoI.
- SHG members
- all voters of the Gram Panchayat including any other individual who is interested in participating in the proceedings. (participation of the most marginalized i.e. SC, ST, elderly, single women etc.) must be pro-actively ensured by the SAU teams

In addition to discussing the Social Audit Report, the scope of the Gram Sabha convened for this purpose is to include:

- seeking and obtaining further information and responses from all involved.

- It will also serve as a platform for any person who has any contribution to make and relevant information to present.

For ensuring people's participation, the Social Audit Unit of the state should build capacities of Gram Sabhas for conducting social audits, and towards this purpose, should identify, train and deploy suitable Resource Persons at village, block, district and state level.

3.7 Reporting

3700 Social Audit Reports should be accurate, objective, clear, concise and complete.

Reports should be easy to understand, free from vagueness or ambiguity and complete. They should be objective and fair, only including information which is supported by sufficient and appropriate audit evidence and ensuring that findings are put into perspective and context.

Common Reporting Formats for reports

3710 Social Audit reports should be in a standardised format

State Government is to prepare common reporting formats for social audit reporting. Common reporting formats across the State will help in interpreting the results in a structured manner. It may not be necessarily a narrative reporting but a quantitative and qualitative reporting of indicators, otherwise it may take enormous resources to read and interpret the results of a large number of social audit reports thus defeating the very purpose of the exercise.

Dissemination

3720 The Social Audit Reports of each Gram Panchayat in the states should be in public domain.

State wide social audit reports of each Gram Panchayat is to be in public domain since the social audit exercise itself calls for peoples' participation. The Director, Social Audit Unit should communicate results to the stakeholders and be responsible for reviewing and approving the final engagement communication before issuance and for deciding to whom and how it will be disseminated.

Language of reports

3730 Social Audit Reports should be prepared in the local language also and displayed on the notice board of the Gram Panchayat.

The Social Audit Report includes the findings of social audit along with the response responses recorded by independent observer in the Gram Sabha. The social audit report should be prepared in the local language by the SAU.

Consolidated Reports of the SAU, may however, be prepared in bilingual format, to enable wider dissemination, and ease of use by stakeholders and interest groups.

3800 A follow-up mechanism should be established to monitor and ensure that action has been taken on the findings of the social audit.

The State Government, in consultation with the Social Audit Unit, shall establish a follow-up mechanism to monitor and ensure that management actions have been effectively implemented on the findings of the social audit. In view of the vast number of social audits, it is important that State Government frames the formats of social audits which are easier to use and presents the information collected during social audit in a usable manner for the purpose of taking follow up action and to know the indicators about the extent of effective implementation of social schemes. In follow-up action, separate statement showing the penalties and other punitive actions taken, as required under the law, and their present status should be furnished.

SAU should pursue the objections reported in social audit reports (arrived at after audit including public hearing by Gram Sabhas and public hearings at block levels) and State Government should promptly fix responsibility as well as take action against errant officials, persons.

Responsibilities and time lines

3810 – Responsibilities and timelines should be assigned for corrective actions in a time bound manner.

The State Government shall assign responsibilities to the respective District Programme Coordinators (DPCs) at district level and Programme Officers (POs) at Block level to implement corrective actions in a time bound manner. A district wise report on action taken and recoveries made / punitive actions taken thereof shall be made semi-annually by the DPCs and forwarded to the Chief Secretary, State Employment Guarantee Council and the Governing Board of the Society for Social Audit.

Collective platform for sharing and reflecting

3820 A collective platform should be established for sharing and reflecting on the follow up.

State Government should ensure attendance of DPCs/POs and other staff involved in implementing the scheme under the Act. "Jan Sunwais" which provide the platform, to be informed about the previous social, audit public hearing report and action taken on the grievances and issues relating to the current social audit conducted.

Key Aspects

- The State Government shall be responsible for taking follow-up action on the findings of the social audit.
- The DPCs and POs and other stakeholders from the implementing agencies should be regularly sensitized and appraised about the efficacy of social audit mechanism in ensuring accountability and transparency. Regular workshops should be organized from out of Administrative Expenditure of the scheme
- The State Employment Guarantee Council shall monitor the action taken by the State Government and incorporate the Action Taken Report in the annual report to be laid before the State Legislature by the State Government.
- The District Programme Coordinator shall ensure that corrective action is taken on all the social audit reports and issue written orders within a time frame to be specified by the State Government.
- The District Programme Coordinator shall ensure that recoveries are made in cases of embezzlement or improper utilization and pay wages found to be misappropriated within seven days of the recovery.
- The District Programme Coordinator shall maintain a separate account for amounts recovered during the social audit process.
- The District Programme Coordinator shall ensure that the appropriate action (including initiating criminal civil proceedings or termination of services) is initiated against individual or class of individuals or persons who misused or embezzled the amount meant for the scheme.
- The State Government should ensure simplicity in reporting formats of social audit reports as this helps in an efficient follow-up.
- The State Government is to establish IT systems to facilitate uploading of social audit reports and key indicators identifying deviations found in the social audit process. Such IT systems are to be upgraded on a continuous improvement basis. Availability of entire social audit data in the public domain will help in ensuring transparency and accountability of the follow-up process itself.

3.9 Aggregation of data at district and state level

3900 The State Government should leverage Information Technology and develop a Management Information System (MIS) at State Level to facilitate data capture about deviations recorded in social audit reports.

The Director, Social Audit Unit should be responsible for entering data extracted from the social audit reports in the public domain.

The district wise and block wise reports generated from the MIS would facilitate the management in getting first-hand information and feedback about the efficiency and effectiveness of programme implementation.



Annexure-1 (Parameters to measure the progress of Social Audit Unit)

Sl. No.	Suggestive Parameter for measuring the progress of SAU	Remarks/Answer (Yes/No)
1.	Whether the independence society serving exclusively as the SAU of the States is present	
2.	Whether the SAU is having independent bank account.	
3.	Whether the State allocated 1% of MGNREGA Expenditure of the State for the purpose of Social Audit by the Center to the State	
4.	Whether the Central has transferred allocated amount to the State Government to the SAU? Whether a full time Director of the SAU who is not holding an additional charge of any other Department and is not involved in the implementation of MGNREGA in the State is present?	
5.	Whether the Notification of the Governing Body of the SAU, its composition and periodicity of its meeting is issued?	
6.	How many Number of State Resource Persons hired?	
7.	How many Number of District Resource Persons hired?	
8.	How many Number of SAU Resource Persons that have been trained as per the Standardized Training Module on Social Audit prepared by the Task Force?	
9.	Whether the existence/presence of official guidelines to ensure that SAU makes payments to SAU Resource Persons directly and is not dependent on the approval of the implementing authority at any level?	
10.	Details of Expenditure incurred by SAU	
11.	Whether the calendar prepared by the SAU for covering at least 50% of the GPs in a year to start with were exist/present?	
12.	How many number of GPs audited?	
13.	How many SA Reports uploaded on State Government website?	

14.	How many SA Reports for which ATRs have been submitted by the RD Department?	
15.	Whether a review mechanism in the State by which the RD Department reviews the grievances identified in the social audits being conducted by the SAU and track progress made by the DPCs in redressing the same was exist/present?	
16.	How many ATRs considered satisfactory/unsatisfactory?	
17.	How many grievances registered?	
18.	How many grievances considered as redressed?	
19.	How many FIRs registered?	
20.	How many officials against whom disciplinary action has been taken?	
21.	How much amount of money identified as misappropriated?	
22.	How much amount of money recovered?	

Annexure-2 (ACCESS AND AVAILABILITY OF RECORDS)

List of records to be provided

- All the information and records (along with their photocopies) of all implementing agencies related to MNREGS are required to be provided to the social audit team at least 15 days prior to the social audit Gram Sabha.
- A list of records that are required to be provided to the social audit team is given below:

Name of Record	Contents	Level at which record is maintained
Job Card	Days worked and wages earned by the individual MGNREGS Worker	MGNREGS Worker
Nominal Muster Rolls (NMRs) / E Muster Rolls	Work Name, Administrative Sanction Number, Muster Roll Number, Period of Work, Worker Job Card Number, Worker Attendance, Signature of workers and Sanctioned Amount	Project Implementing Agency (PIA) and Programme Office, Block
Muster Roll Receipt	This register will contain details of Muster Rolls received from the Block office	GP
Muster Roll Receipt for other implementing authorities	This Register provides date-wise information on receipt of Muster Roll and the works for which it is issued for all non GP PIAs	At the GP Level
Muster Roll Issue	Details about total Muster Rolls issued by the Block to different PIAs and GPs	Programme Office, Block
Job Card Application	This Register will contain the name of the applicant, date of receipt of application and the details of job cards issued	GP and PO
Job Card Receipt	Will contain details about Job Cards received from the Block Office	GP
Job Card Issue	Details about total Job Cards issued by the Block to GPs	Programme Office, Block
Employment Register	This register will contain information on details of application for work, allotment of work, performance of work and the wages or unemployment allowance paid to the worker.	Panchayat Secretary, GP and PO, Block
Gram Sabha Meeting Minutes Register	Prioritized list of works approved by the Gram Sabha	GP
Shelf of Works	Prioritized and Approved list of works that are to be taken up	GP



Works Register	This Register contains details of each work such as serial number, name and address of PIA, date on which work was started, its cost, location, completion date, expenditure incurred, date on which completion certificate was issued.	Panchayat Secretary, GP and PO, Block
Assets Register	This Register contains details of the asset, its cost, location, current status, benefits derivable and the details of works	Panchayat Secretary, GP and PO, Block
Complaint Status	This Register contains the date of receipt of the complaint, the details of the Complainant, the action taken on the complaint, response of complainant on Action Taken Report (ATR), and the date of final disposal.	Panchayat Secretary, GP Programme Office, Block DPC, District
Tenders/Contracts	This register will contain information on details of tender advertised by Gram Panchayat/Block/District	Panchayat Secretary, GP Programme Office, Block DPC, District
Material Procurement Information	Information on details of material procured.	Panchayat Secretary, GP Programme Office, Block DPC, District
Voucher Folder	This folder contains details of all vouchers kept in a serial number. These have to be linked up to the corresponding entries in the cash book.	Panchayat Secretary, GP Programme Office, Block DPC, District
Cash Book and Ledger	All payments and receipts	Panchayat Secretary, GP Programme Office, Block DPC, District
Stock register	This register contains details of all the receipts and issues of the stock items under MGNREGS.	Panchayat Secretary, GP Programme Office, Block DPC, District
Bank Reconciliation Statement Folder	This folder contains Bank reconciliation statements to reconcile the differences between the balances as per the bank column of the cash book and withdrawals / receipts made from the dedicated MGNREGS bank account.	DPC
Monthly allotment	This Register contains date-wise information on	Programme Office,

and utilization certificate status	allotment, expenditure, balance available with the implementing agency and the details regarding submission and pendency of Utilization Certificate.	Block
Administrative sanction	Every work should receive administrative sanction from the DPC before starting	PIA and Programme Office, Block
Work Estimate, Technical sanction	Every work should have a work estimate and technical sanction	PIA and Programme Office, Block
Gram Sabha Resolution	Only works that are approved and prioritized by the Gram Sabha should be started	Panchayat Secretary, GP Programme Office, Block
Work commencement order	Programme Officer should issue this at the start of a new work	PIA
Measurement Book	At the end of every work week, the technical assistant should measure the work done and record it in the M Book	Programme Office, Block
Wage List	List of people who worked in a particular week along with wages earned	PIA and Programme Office, Block
Work Completion Certificate	Document that certifies that the work is closed	PO
Local Fund Audit Report	Audit Report of the GP as certified by Local Fund Audit	GP, Block Office
Labour Budget	Record of the number of approved person days under MGNREGS for every GP based on which funds are released from the Central Government to the State Government	GP, Block Office, District Office, State Office

**Annexure-3 DETAILED CHECKLIST FOR EXAMINATION OF RECORDS
(ENTITLEMENT OF JOB)**

The provision of work on demand by wage-seekers and work provided under MNREGS is their legal right. Thus MNREGS is a demand driven public wage employment programme where works are opened and jobs offered whenever there is a demand for work. This requires very close attention of the implementers to generate awareness among potential wage-seekers and set up systems that facilitate and rigorously record registration for work, issuance of Job Cards (JCs) and applications on demand for work. Following records are maintained for recording the entitlement of the wage-seekers for employment under MNREGS:

1. If a household is found to be eligible for registration, the GP will within a fortnight of the application, issue a JC to the household.

Eligibility criteria:

- a. Really an entity, as stated in the application
 - b. Residents of GP
 - c. Adult members of the household
2. Complaint redressal: first approach the Gram Panchayat, if not satisfied approach the Programme Officer at the Block level, who has to take action within seven days.
3. Entries pertaining to employment and wages need to be updated within seven days. Missing entries or delay in entries in the JC is a violation (and punishable) under Section 25 of the Act.
2. Demand for employment by a JC holder will be recorded by Gram Rozgar Sahayak (GRS) in the prescribed application form and employment register.

Check List for entitlement of job

SAU Resource persons may examine whether:

- A list was prepared by the GP of all the possible households who might seek registration
- The registration list is regularly updated and put up on the notice board of GP
- Some beneficiaries can also be interviewed to assess that anyone who wants to register, but not registered
- a file containing photocopies of all job cards available for inspection in the GP office
- Some beneficiaries can also be interviewed to assess that the job card were issued free of cost and no charge was imposed for issuing the job card
- Job card application register contains name of applicant, date of receipt of application and details of JC issued. Scrutiny of the register to find:
 - (i) All applications received for issue of JCs have been disposed within the fortnight period.
 - (ii) Verification of identity of the applicant has been done on the basis of Ration Card/BPL Card/Aadhaar Card/Bank Passbook/Driving Licence/Voter Card identities.
- Scrutiny of Complaint Register for disposal of all complaints:
 - (i) Entries have been made against all the entries for their disposal.
 - (ii) Work out time taken for disposal of each complaint and work out the average time of response.
- Employment Register contains application for work, Allotment of work and payment of wages/unemployment allowance. Scrutiny of the register to find:
 - (i) Work out the days taken to allot the work..
 - (ii) All the applicant have been given the work.
 - (iii) Match the entries of some JCs with the Employment Register to verify the wages were paid to the labourers actually.

- (iv) Check from a sample of beneficiaries to whom employment was allocated by interview them.
- There is no one who has not received a job card and there is no other pending complaint
 - Workers were receiving dated receipts for their application for work
 - The allotment of work was done in a transparent manner and the list of work allotments was put up on GP notice board for public notice and display.
 - The gender quota (at least one-third of the beneficiaries should be women) was satisfied in the allotment of work and there was no discrimination on the basis of gender in allotment of work
 - A roster based on date of application received was followed for the allocation of work
 - Those who are allocated work outside the five km radius were given extra payment equal to 10 per cent of the minimum wage

**Annexure-4 DETAILED CHECKLIST FOR EXAMINATION OF RECORDS
(WORKS, MATERIAL AND PAYMENTS)**

After getting all relevant records social audit team may examine for execution of works, procurement of material for works and payments to the job card holders and for this, a detailed check list for demystification of information from the records is given below:

A. Execution of Works

Execution of works includes maintaining the inventory of sanctioned projects, which is recorded in the Work Register. The Work Register also contains information regarding the Implementation Agency, Cost of Works, location, completion date and expenditure incurred. The work register is maintained at both GP and Block Levels.

Check List for execution of Works

SAU Resource persons may examine whether:

- All the works sanctioned for GP are recorded in the Work Register
- Works recorded in the Work Register can be tallied with the meeting register of Gram Sabha (GS) to assure that all the works are approved in GS.
- Works recorded in the Work Register are also required to be checked with the shelf of the works prepared for GP
- Works taken up are prioritised for execution
- Estimates are available with GP for the Works taken up

Check List for estimates of Works

SAU Resource persons may examine whether:

- The estimates are descriptive to show the quantities of item of works, rates for each items
- The items are not grouped together, eg. Excavation of trenches is not clubbed with disposal and dressing of excavated soil
- The rates taken in the estimate are adopted from the latest Schedule of Rates (SoR).
- The proportion of labour to material is described in the estimate and it is within the mandatory limit of 60:20. Where the material component cannot exceed in the ratio beyond 20.
- Adequate provisions have been incorporated for work site amenities for the beneficiary labourers
- Some beneficiaries can also be interviewed to assess that the identification of the work was done in a transparent manner with the involvement of local stakeholders and they were involved in preparation of the estimate

B. Measurement of Work

Programme Officer (PO) issues the work commencement order to GP. The works executed by the implementing agencies are supervised by a mate, who records the measurements in the Measurement Books (MBs).

Check List for Measurement of Works

SAU Resource persons may examine whether:

- MB is issued with a proper authority of the competent authority
- periodicity for measurement of work has been specified (daily or weekly)
- The work was actually measured as per the specified periodicity
- Measurement have been recorded with clarity and there is no overcutting
- Abstracts for material consumed and the labour engaged are recorded in MBs
- Some beneficiaries can also be interviewed to assess whether they felt that the measurement of work was fair and transparent
- Some beneficiaries can also be interviewed to assess that the worksite facilities (medical aid, drinking water, shade, and crèche) were available

- Wage list provided by GP can be matched with MBs to assess the actual payment of wages to the labourers

C. Muster Rolls

Following registers are available with GP for issue and utilisation of Muster Rolls (MRs)

- MR receipt register
- MR issue register

Check List for MRs

SAU Resource persons may examine whether:

- Some beneficiaries can also be interviewed to verify that an open transparency meeting was held before commencement of the work to explain the work Procedural Guidance to the workers, including the labour and material estimates as per the technical sanction
- Date wise information on receipt of MR and works for it is issued are recorded
- All Muster Rolls have a unique identification number. Check can be applied for any duplicity in identification number
- Tally MR receipt register with MR issue register to assess that all MRs have been issued to the implementing agencies
- There are no cuttings, alterations and other irregularities in MRs
- All the entries are recorded in the MR viz names of labourers, name of work, location of work, dates of MR etc
- In ongoing works the MR being utilised, examine whether any “katcha” Muster Roll have not been utilised
- Some beneficiaries can also be interviewed to verify that the daily attendance of labourers were recorded in MR

D. Procurement Activities

The activity of procurement of material is recorded in three registers in GP

- Tender/Contract Register: Tender/Contract Register contains details of tenders advertised by GP.
- Material Procurement Register: Material Procurement Register contains information on details of material procured
- Stock Register: Stock Register contains details of all the receipts and issues of the stock items.

A transparent system should have been adopted for procurement of material for MNREGS, such as system of calling open tenders/limited quotations was adopted for finalisation of rate for of material.

Check List for procurement of material

SAU Resource persons may examine whether:

- All the entries in the Tender/Contract Register were recorded
- All tenders/limited quotations received in GP are available in the file and their details matches with the entries of the Tender/Contract Register
- Adequate number of offers were received for competitive bidding
- Before approval of the rates proper checks were applied for safeguard of economy
- The quantity of material corresponds with the quantities approved in the estimate
- A well-defined purchase order for supply was issued which contain quantities, rates, period and location of supplies
- Receipt of goods and services are properly recorded
- Payment is made only against authenticated receipt of goods and as per rates and quotes indicated in the contract/ purchase order
- Details of receipt of goods have been recorded in Material Procurement Register

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- Details of receipt of goods have been recorded in Material Procurement Register tally with the details of purchase order
- Material recorded in the register has been utilised/issued within a reasonable period
- Material procured has been taken in the stock register for MGNREGS
- Consumption of material in the work has been appropriately recorded in the stock register
- Balances of the stock register should be physically checked where the work is ongoing
- Some beneficiaries can also be interviewed to verify that the procedures for recording the consumption of material was followed and quantities were actually utilised in the work
- A work-site material register was maintained and verification by at least five workers was endorsed whenever the material came to the site

E. Payment of Wages and Unemployment Allowance

For ensuring fairness and transparency, payment of wages was required to be made through individual or joint savings accounts with Banks or post offices of workers.

Check List for Payment of Wages and Unemployment Allowance

SAU Resource persons may examine whether:

- individual accounts have been opened for every MGNREGS worker
- Acquaintances of wage payments from workers have been collected from the disbursing agency
- Payments of all wages have been made and no wage payment is still due
- All details of wage payment through Bank/Post Office are recorded in the JC
- Some beneficiaries can also be interviewed to verify that payments are made in the saving accounts of the labourers
- Beneficiaries can also be interviewed to verify that all payment details such as copies of muster roll were made available for public scrutiny and read out before the payments were actually made
- Collect the details of amount of unemployment allowance paid in GP
- the date of applications for work can be cross-checked to ascertain that unemployment allowance paid to entitled person
- Some beneficiaries can also be interviewed to verify that there was delay of more than 15 days in providing employment and unemployment allowance was paid
- Some beneficiaries can also be interviewed to verify that payment of wages was made within 12 days after start of the work
- In case where the wages are paid beyond 15 days of work done, appropriate compensation was paid along with the wages without the claim of worker

Annexure-5 (PHYSICAL VERIFICATION)

Requirement for Auditing Standard 'Physical verification'

To conduct physical verification in efficient, purposeful and timely manner, SAU Resource persons should ensure following:

1. The Social audit team should collect the basic data/relevant information in respect of identified areas (such as works to be inspected, payment of wages to be verified and beneficiaries to be interacted) from the available record in GP (refer Annexure 1) as well as information/ data disseminated in public domain/ local public places (information available on MIS, wall paintings).
2. Determination of timeline for interaction/inspection: The Social audit team may determine a timeline for door to door survey as well as work site verification so as to complete the physical verification within the deadline period.
3. Pre-determination of evidence and documents to be collected at the time of interaction /inspection: For instance which method of interview will be used to interact with beneficiary while conducting door to door survey (refer procedure/method to collect audit evidence given in Audit standard on Social audit evidence).

Procedure

1. Detailed examination of primary records: To conduct door to door survey SAU Resource persons should examine all primary records related to entitlement of job available at GP to identify the thrust areas regarding entitlement. For this a detailed checklist is given in Annexure II in stage 1 and 3.
2. After this SAU Resource persons should interact with adequate number of job card holders, social workers, nominees of NGOs if any and other responsible persons of the area to check the genuineness of information provided by GP. To collate the information and pinpoint the information mismatched with what has been reported, the guiding action plan is given below:

The SAU Resource persons while conducting door to door survey should verify following points to examine issues related to entitlement:

- Verify whether job cards have been allotted to all wage seekers who have applied for job cards. If not what were the reasons for not allotting the job cards as stated by the beneficiaries.
- Verify whether the wage seekers had applied for work and receipts had been issued and all the applicants had obtained employment. In case of non-allotment of work within 15 days of demand, the payment of unemployment allowances.
- Verify whether the potential beneficiaries as shown on record is actually available in the locality.
- Verify whether any bogus families/individuals have not been registered in the wage seeker list and payment of wages has been shown disbursed to them.

SAU Resource persons should be able to interact with beneficiaries regarding any irregularity found on the basis of above points and for this purpose sample questionnaire may be prepared by social audit team.

3. Detailed examination of other records: To conduct Physical verification SAU Resource persons should examine all records related to execution of works available at GP to verify usability of assets created and transparency and accountability norms.
2. After this SAU Resource persons should visit work site with representatives from executive agency and beneficiaries to verify the actual status of work from what has given in records. For site verification a sample checklist is given below:

While conducting physical verification at work site social audit team may use following points to examine the actual status of works:

- The works executed and recorded in the measurement books tally with the work actually found executed.
- The works executed/assets created as per record entry in the assets register actually existed at work site.
- The quantity/items of work at site tally with the record entry made in the work register and measurement book.
- Calculate the quantum of difference both in quantity and cost between actual work executed and recorded.
- The quality of works is as per specification shown in the technical estimates of works.
- The signatures/ thumb impressions of the labourers were taken on the muster rolls so as to ascertain the genuineness of the labourers who actually work at site.
- The details regarding measurements have been entered in the measurement sheets and the measurements have been recorded accurately
- The wage seekers received wages in accordance to the work done by them and the entry made in the muster rolls.
- The quality of work and the materials utilized are as per standards specifications and as per technical estimate of the work.
- The works shown completed in the work completion register have actually been completed as per drawing and design and useful to provide social objective to the stake holder.
- Wages were paid to the labourer according to the work done and match the same with cash book and payment voucher.

Example of detailed procedure to be followed in particular complaints:

During Jansunwai or through complaints received from the beneficiaries or other local people mainly two types of issues may be emerged.

- Issue/complaints regarding entitlement of the beneficiaries which can be verified through record examination and interaction during social audit.
- The second issue regarding fictitious (ghost) works, non-execution of works, execution of sub-standard works etc. can be verified through inspection at work sites and matching the ground reality with what has been recorded in the books of accounts of GP concerned.

The detailed procedure to be followed in particular complaints has been elaborated in examples 'A' and 'B' attached herewith

Example-A

During Jansunwai of Gram Sabha(GS) of Gram Panchayat (GP) of 'X', the villagers raised a issue that the functionaries of implementing authority (i.e. Sarpanch and Gram Sevak) did not give adequate employment and get the work executed by engaging machineries (excavator, tractors, etc.) and showing wrong details of workers in the muster rolls. In this case following points may be examined by social audit team:

- To verify the genuineness of the complaints, the social audit team has to collect the relevant record i.e. employment register, Job card, wage list, works sanction register, muster rolls, payment vouchers, etc.
- The social audit team may interact with beneficiaries through door to door visit to verify the genuineness of the complaint and to pin point on which works the machineries were used/being used.
- The social audit team may discuss the beneficiaries to ascertain whether they have submitted the applications for allotment of works and dated receipts thereof were given to them by the designated authority.
- If beneficiaries tell to social audit team that applications for allotment of work had been submitted to the Sarpanch/Gram Sevak but receipts of the same were not given to them. Then

social audit team may verify the employment register to find that the applications of the complainants for allotment of works were neither entered therein nor were available in the GP.

- If beneficiaries tell to the social audit team that when they went to designated authority (Sarpanch and Gram Sevak) for allotment of work they denied and replied that work had not been sanctioned as on date and application for allotment of work will be accepted as and when works are sanctioned. Then social audit team may verify the work register to find that number of works sanctioned and got executed during the period is as pointed out by the beneficiaries.
- The social audit team may also verify the record entries made in the muster rolls of the works alleged to be got executed through machinery. In some cases it may be the situation when all these works were found to be executed through labourers. However, the name of labourers shown in the muster rolls did not tally with the records of employment register and most of the labourers were not found available in the GP which can be checked during door to door visit. Their names were also not shown on wall painting. Merely few labourers who have supervised the work such as (mate labourers) were found available during door to door visit. Moreover, most of the mate labourers were closed relative of implementing authority as such their statement were neither legally cognizable nor were consistent with the circumstantial evidence.
- The social audit team may collect the evidence through photographs of the work sites and reach on the conclusion that complaint was quite genuine and works were got executed through ghost workers. Thus the implementing agency clearly manipulated the things and got the works executed through unfair means. On the other hand it had deprived the potential beneficiaries from their right of entitlement of getting minimum prescribed period of employment as provided in the scheme.

Example-B

During Jansunwai of GS of GP 'Y', some villagers lodged a complaint that expenditure incurred (both for wages and material) on wall painting in respect of gravel road connecting talai to nearby village "L" during the year 2012-15 was prima facie non-justified. It was further stated that the road already existed and mere patch repairs were done in some portion and new work in the few meters length was also done.

- To verify the genuineness of the complaint, the social audit team has to collect the necessary records from the GP such as register of Gram Sabha, shelf of works (work sanction register), assets register of the GP, sanction files, estimates, material procurement register, muster rolls of the work, wage register, payment vouchers, work completion certificates and Utilisation Certificates (UCs) files.
- The social audit team has to verify from the register of Gram Sabha, that the work of construction of the gravel road from talai to village "L" was approved in the Gram Sabha with presence of adequate numbers of members.
- The social audit team then has to verify from the work sanction register and the sanction files, that the work was sanctioned by the competent authority.
- The technical sanction was issued by the competent technical authority with proper justification for necessity for construction of road, indicating specifications for the road such as thickness for the gravel.
- The social audit team has to verify from the UC file that the work has been completed to the extent of the sanction (work has been completed to the sanctioned amount or there is some remaining work with comparison to the sanction).
- The social audit team has to also examine the MBs of the work to verify the facts submitted in the UC were really recorded there.
- To collate the information available from the records the social audit team then has to match the information displayed on wall painting.
- The social audit team has to visit the work site and physically verify the length, breadth and thickness of the gravel road (thickness can be measured at interval places to randomly thickness of the road).

- The patch repairs done on the road can be easily identified from the texture of the material of the patch with the material in the surrounding (material of the patch would have richer texture as the material of the surrounding loses texture with long exposure).
- The social audit team has to also interact with some of the labourers (by identifying them from MRs) to corroborate the facts gathered during the physical verification.
- The social audit team can also make a scrutiny of the Asset Register to make sure that the road was not sanctioned earlier under another scheme of State/Central Government.

Annexure-6 (EVIDENCE)

Procedural Guidance for Auditing Standard 'Evidence'

Auditor must ensure that audit findings and conclusion are based on audit evidence and for this Auditors should:

- collect data relevant to achieve the audit objectives:- data which will be used in social audit should be related to implementation of MGNREGS.
- collect data that is sufficient and persuasive to logically support the analysis, observations, conclusions and recommendations:- social auditor should gather all evidence to support their results.

a. Competence of evidence

Evidence is competent (valid and reliable) if it actually represents what it purports to represent. Reliability of evidence can be judged on the basis of following:

- Corroboration of evidence is a powerful technique for increasing reliability. This means that the auditor looks for different types of evidence from different sources. For instance results of examination of works executed under MGNREGS on the basis of records provided by GP can be corroborated using beneficiary survey/interviews or results of physical verification.
- The reliability of auditee(Gram Panchayat) generated information will partly be a function of the reliability of the auditee's management/internal control systems. For this purpose previous reports (social audit reports, and audit reports of primary and secondary auditor) may be used.
- Original documents are more reliable than photocopies. For example while doing physical verification and interaction with beneficiary, original documents (physical verification note signed by both auditor and auditee and questionnaire filled on the basis of interaction with beneficiaries and signed by both beneficiary and auditor) are more reliable.

b. Relevance of evidence

Relevance requires that the evidence bear a clear and logical relationship to the audit objectives and to the criteria. For instance if the purpose of audit procedure is to check whether all applicant have got work within 15 days from the date of application or not, then job card , receipt to be given to applicant , Muster roll , starting date of work will be more relevant records to get evidence.

c. Sufficiency of evidence

The auditor should obtain sufficient appropriate audit evidence to be able to draw reasonable conclusions. Sufficiency is a measure of quantity of audit evidence. Appropriateness is a measure of quality of audit evidence, its relevance to particular criteria, and its reliability. Evidence is sufficient when there is enough relevant and reliable evidence to persuade a reasonable person that the audit findings, conclusions are warranted and supported.

(The International Standards of Supreme Audit Institutions, ISSAI, 3000A)

- a. Techniques/types/forms of audit evidence

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b. Procedures/methods to collect audit evidence

1. Examination of records

Documents provide an efficient way of collecting data, and record examination is likely to form the basis of audit. Therefore after getting all relevant record at Gram Panchayat level auditor should start examining them as they contain a wide range of information for example starting form the basis of selection of works to their sanctions, execution, and providing employment to wage seekers. A detailed checklist containing all important checks to be exercised for each document is given in Appendix II.

2. Surveys or questionnaire

A survey is a systematic collection of information from a defined population, usually by means of interviews or questionnaires administered to a sample of units in the population. Surveys are used to gather detailed and specific information from a group of people or organizations. Questionnaires are mainly used to collect facts that are not available in any other way and that are important as a reference to substantiate a viewpoint. A wide range of survey techniques is available. The most commonly used are postal, Internet, telephone, and in-person interviews.

Door to door survey may useful in social audit to involve beneficiaries in the social audit process and it may also use to disseminate the information collected and arranged works wise/beneficiaries wise on the basis of records provided by Gram Panchayat, wall paintings. For this a set questionnaire should prepared in advance by social audit team which should have all relevant questions related to job card status, employment provided, wage payment, works details, facilities provided at works site etc.

(Social Audit tool kit, CGG,SectionI,point no. 17)

3. Interviews

Personal interview: Interviews are a far more personal form of research. This method helps to learn more about the situation in detail, to discuss issues that would be difficult to address in group situations and to reveal their personal perspectives on a particular topic. It is more relevant as under MGNREGS generally beneficiaries belong to backward section of society and they can explain themselves better in interview rather than group situations.

Semi-structured interviews: Semi-structured interviews are conducted with a fairly open framework which allows for focused, conversational, two-way communication. They can be used both to give and receive information. The strategy of a semi-structured interview is to prepare in advance a minimum number of questions, say 10 to 15.

In-depth interviews: In-depth interviewing involves asking questions, listening to the answers, and then posing additional questions to clarify or expand on a particular issue. To start with, the social auditor should define the sample size and method which determines who will be interviewed, and the number of interviews required to collect the required information. As the second stage to undertake in-depth interviews, the auditor should design an interview guide which can be used as a checklist so that the interviewers can be sure that they cover each topic thoroughly.

(Social Audit tool kit, CGG ,SectionI,point no. 17)

4. Jan Sunwai

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Jan Sunwai or Public Hearing is a formal meeting designed to provide the public with an opportunity to express their support or opposition for any project or scheme in an open forum. In this hearing social audit team discuss all works executed under MGNREGS along with their details (sanctioned amount, expenditure incurred, employment generated, names of person engaged in that work, payment given to them and present status of work etc.). Social audit team should also motivate beneficiaries to express their concern and grievances raised during the public hearing are resolved immediately. After the public hearing a follow-up of decisions taken is done to ensure the implementation of these decisions.

Jan Sunwai is very effective in terms of achieving the objective of social audit because it gives the opportunities to the beneficiaries to express their grievances and action on raised issues takes place immediately. As discussion held during Jan Sunwai needs to be documented by executive agency therefore social auditor may use this to corroborate audit finding related to issue raised in Jan Sunwai.

Annexure - II

Statement 2
Action Points for Social Audits

S.No.	Action Points for Social Audit
1	All states must set-up independent as Social Audit Units by 31 st January 2017.
2	All States must appoint independent full-time director to head the SAU by 31 st January 2017.
3	All SAUs should notify a Governing Body, as per the provisions laid down by MoRD in the MGNREGA Annual Master Circular (2016-17) para 2.9.1.2
4	All SAUs to have independent bank account by 31 st January 2017.
5	The SAU should forward quarterly reports to DoRD, State government and office of the the Principal AG of state
6	The DoRD, State Government should submit quarterly reports on grievances identified by SAU.
7	The parameters for measuring the progress of SAU will be done as per annexure 1 of Statement 1.
8	Draft audit plan of Directorate of Local Fund Audit may be shared with the SAU in advance. Similarly the calendar of the SAU may be shared with O/o Principal Accountant General and the Directorate of Local Fund Audit.
9	The Principal Accountant General office and Directorate of Local Fund Audit may access social Audit reports of the previous year while determining risk assessment for preparation of the audit.
10	The synergetic roles and responsibilities of the SAU, DLFA, State Department and CSOs may be appropriately planned and evaluated.
11	The LFA report of the concerned Gram Panchayat should be shared with the Social Audit Unit for information during the conduct of social audits.
12	It shall be the responsibility of the State Government to create an enabling environment with rules and Directives with specific instructions for the Gram sabha. The SAU and its resource persons must ensure the credibility and objectivity of the Gram Sabha is maintained. The CSOs shall play an important role in mobilizing communities to attend Gram Sabhas. The Principal AG office and Local Bodies Audit may depute officers to attend as observers of social audit Gram Sabha.
13	The SAU must ensure the proper collection of evidence for social audit findings. The State Government must notify order/directives for time bound action on grievances identified during social audits.
14	The Social Audit Unit shall be accountable to its governing body.
15	Minimum qualification for DRP/BRP should be 12 th pass and belonging to MGNREGA family, or a graduate degree holder.
16	It should be mandatory for the DRPs and BRPs to undergo the 30-day training module on social audits.
17	DRPs and BRPs that do not complete the training module should not continue serving as resource persons for the SAU.
18	State wise Master Trainers for executing the trainings of resource persons have been identified by MoRD.

19	All states must operationalize the rollout of the certification course on social audits.
20	A methodology for the execution of concurrent social audit by Village and Monitoring Committees will be developed. It will include identification, frequency, monitoring, payments to VMCs, Action taken and reporting structure.
21	The SAU shall identify, support and monitor the process of concurrent monitoring by operationalizing a plan for activating the VMCs. The conduct of social audit of the fourteenth Finance Commission Grant in a Gram Panchayat.
22	The schedule of both audits should be streamlined to ensure that the social audit teams visiting any given Gram Panchayat, will facilitate both, the social audits of MGNREGA works and Fourteenth Finance Commission sanctioned works.
23	A similar process of undertaking social audits must be adopted for all schemes pertaining to sectors of a Gram Panchayat.
24	The performa for monitoring SansadAadarsh Gram Yojna may be used by the GP to assess the status of service provision in the Gram Panchayat.

Annexure III

Action points for Ministry based on recommendations of the O/o C&AG:

S. no.	Action points
1	The MoRD and the C&AG may hold joint periodic reviews on the progress of social audits, at least twice a year.
2	The Ministry will take appropriate steps for working out the entitlement of each state/UT keeping in view 0.5% of the expenditure under MGNREGA by it during the previous financial year and for crediting the calculated amount into the independent bank account of the SAU. This 0.5% will be part of the 6% administrative cost under MGNREGA.
3	The Central Government in consultation with the C&AG has jointly laid down the minimum standards and content of 30-day training for the State, District, Block resource persons of the SAU. Further, the Ministry will develop a 3-day training course for Village Resource Persons in consultation with O/o C&AG, TISS-Mumbai and NIRD&PR.
4	The MoRD will bear the cost of training all SRPs, DRPs and BRPs across the country.
5	The curriculum and course content, faculty and all matters related to the training programme will be reviewed one year after the roll out by MoRD for necessary modification.
6	Concurrent social audits shall be done for all works every month. For this purpose Bharat Niraman Volunteers, village social auditors, self-help groups, youth organisations, Village Monitoring Committees and such other village level organizations will have right to inspect all records of works done and expenditure made in the Gram Panchayat on a fixed day of the week. Copies of records, where needed, will be provided by the Programme Officer.
7	The MoRD and MoPR in consultation with State Governments, will jointly workout a methodology for carrying out social audit of works undertaken by the GP using FFCCG. Introducing social audits in other Centrally Sponsored Schemes beyond MGNREGA may be done.
8	The Ministries that have volunteered to incorporate social audits in centrally sponsored schemes should be permitted the use of upto 1% of the allocated budget of the respective schemes. The MoRD will guide other Ministries based on its own experience in this regard.
9	A resource hub on social audit may be constituted under NIRD&PR to provide assistance to state governments and SAUs.
10	The MoRD may include the summary of social audit reports in the annual report laid in the Parliament.



Annual Master Circular 2020-21

Chapter 10



Chapter 10

Entitlement IX- Right to conduct Social Audit of all Mahatma Gandhi NREGA expenditure

The Mahatma Gandhi NREGA gives the Gram Sabha the right to Social Audit of all works and expenditures. This includes facilitation of the social audit through independent Social Audit Units, complete access to all records- online and offline, and pro-active disclosure through wall writings.

Section 17 of the Mahatma Gandhi NREGA, 2005 mandates the Gram Sabha to conduct Social Audits as under:

“(1) The Gram Sabha shall monitor the execution of works within the Gram Panchayat.

(2) The Gram Sabha shall conduct regular social audits of all the projects under the Scheme taken up within the Gram Panchayat.

(3) The Gram Panchayat shall make available all relevant documents including the muster rolls, bills, vouchers, measurement books, copies of sanction orders and other connected book of account and papers to the Gram Sabha for the purpose of conducting Social Audit.”

The Central Government, in consultation with the Comptroller and Auditor General of India (C&AG) notified The Mahatma Gandhi National Rural Employment Guarantee Audit of Schemes Rules, 2011, which laid down the methodology and principles for conducting social audits in the States/UTs.

The Ministry has introduced Auditing Standards for Social Audit, based on recommendations of the C&AG and Joint Task Force for Social Audits, in order to strengthen the process of social audits and to ensure compliance of Audit of Scheme Rules, 2011. The Ministry has advised all States / UTs to adopt the Auditing Standards for the functioning of social audit units and conduct of Social Audits.

The following instructions are to be complied with in accordance with the concerned provisions of the Audit of Schemes Rules, 2011 and Auditing Standards for Social Audit.





10.1 Conduct of Social Audits

10.1.1 Setting up of an Independent Social Audit Unit:

State Governments have to identify and/or establish independent Social Audit Units (SAU), to facilitate Gram Sabha/ Ward Sabha in conducting social audits of works taken up under Mahatma Gandhi NREGA within the Gram Panchayat. To this effect, State Governments are mandated to set up independent societies tasked with the exclusive responsibility of conducting social audits.

10.1.2 Governing Body of the Social Audit Unit

Every Independent Social Audit Unit shall be headed by a Governing Body which will be responsible for overseeing the performance of the Unit on a periodic basis and provide advice and direction to the Unit as and when needed. The following shall be the minimum composition of the Governing Body:

- a) Principal Accountant General, C&AG
- b) Principal Secretary, Department of Rural Development/Panchayati Raj
- c) Director, Social Audit Unit
- d) 3 representatives from Civil Society Organizations, Academic and Training Institutions, working in the State or outside, having long-standing experience in working with issues related to transparency and public accountability. At least one of these should be a woman member.
- e) Other special invitees from Departments that are undertaking social audits in their programmes.
- f) It shall be ensured that the Principal Secretary, Department of Rural Development/ Panchayati Raj does not chair the Governing Body to ensure independence of the Social Audit Unit from the implementing agency.
- g) The Governing Body of the SAU should be chaired by a senior officer or an eminent person identified by the State Government. The Director, SAU should serve as the Convener of Governing Body.
- h) The officials of implementing agencies should not be member of the Governing Body or the Executive Committee.

10.1.3 In areas where social audits have not been conducted in the manner prescribed by the Rules, the Central Government under section 27(2) of the Act, may order stoppage of release of funds to the Scheme and institute appropriate remedial measures for its proper implementation within a reasonable period of time.





10.1.4 Staffing- Selection and Appointment

The Independent Social Audit Unit should be equipped with sufficient staff to ensure smooth functioning. These shall include but not be limited to: a full-time Director, an accounts in-charge, and staff dedicated for various functions like conduct of social audit, monitoring, IT, capacity building and documentation. To ensure quality and maintenance of ethical standards in the social audit process and to follow-up of the social audit findings, every Social Audit Unit shall appoint adequate number of State, District and Block Resource Persons. The staffing pattern, qualification etc., of personnel to be recruited for SAU at the State, District and Block level will be decided by the State Government in consultation of the Governing Body of the SAU.

10.1.4.1 Director, SAU

- a. The qualification of the Director, SAU are to be clearly laid out and be of such a nature that it helps in enhancing the independence. The Director, SAU should have experience of at least two years in the fields of social audit
- b. A selection committee consisting of Chief Secretary or his/her nominee; Principal Accountant General/Accountant General in-charge of Local Bodies Audit; Principal Secretary, Rural Development Department; Eminent CSO representative as nominated by the State; and a representative of the Ministry of Rural Development, Government of India, shall select the person who shall be appointed by the respective state government on the basis of the above.
- c. The minimum tenure of the Director, SAU shall be three years and with the approval of the Governing body the services of Director, SAU can be extended up to the maximum tenure of 5 years or 65 years age whichever is earlier. The maximum age at the time of recruitment shall not be more than 62 years and the incumbent will not be eligible for the post of Director in the same SAU.
- d. If a State is unable to recruit a Director for Social Audit after three consecutive advertisements, it may post an officer of the State Government on deputation basis (full-time) as Director of Social Audit. However, it shall be ensured that the officer does not belong to the Rural Development/ Implementing Department and his tenure shall be for a minimum period of one year but not exceeding three years.





- e. If the budgetary allocation to the State/UT SAU is insufficient to hire full time services of a Director, SAU then, the State/UT may give additional charge to a senior official as Director of Social Audit. However, it shall be ensured that the officer does not belong to the Rural Development/ Implementing Departments and his tenure shall be for a minimum period of one year but not exceeding three years.
- f. Any decision to terminate the services of the Director, SAU prematurely shall be taken by the Government of the State only after consultation with the Governing Body.

10.1.4.2 Selection of Resource Persons at State and District level:

The Social Audit Resource Persons at the State and District Level shall be drawn from people with experience in the conduct of social audits and have been working in the social sector. The selection of candidates from shortlisted eligible candidates prepared by the Social Audit Unit, shall be done by a selection committee consisting of the following members:

- a. Chief Secretary or her/ his nominee.
- b. Principal Secretary of the Department implementing Mahatma Gandhi NREGS.
- c. Director, Social Audit Unit (Member-Convenor)
- d. Representative of the NIRD-PR from the Centre for Social Audit, Representative of a Civil Society Organization by the State or representative from Department of Social Justice/WCD/Law.

10.1.4.3 Selection of Resource Persons at Block level:

The State Social Audit Unit, may engage Block Resource Persons by framing guidelines for the same. The guidelines shall be uploaded in the public domain by the State SAU.

10.1.4.4 Village Resource Persons:

Social Audit in a Gram Panchayat should be led by a full-time certified Block/District/State Resource Person of the SAU along with Village Resource Persons (VRPs) to facilitate him/her. Village Social Audit Resource Persons deployed for facilitating social audit in a Panchayat shall not be residents of the same Panchayat. State/ UTs shall engage community cadre of village social auditors drawn from women members of SHG for an effective community accountability framework. In case there is no SHG in the area, State/UT shall





engage capable persons for conducting the Social Audit as VRP. These village social auditors will be imparted training for 4 days by SIR/SAU on basis of manual developed by MoRD.

10.1.5 Trainings– SRP, DRP and BRP:

The 30-day Certificate Course on Social Accountability and Social Audits is a mandatory requisite for all State, District and Block level resource persons. Lead Course Coordinators nominated by the States and certified by TISS/NIRD-PR shall impart the trainings to the resource persons in SIRs. All States must ensure complete data entry of all training batches with details of resource persons trained.

10.1.6 Finances:

10.1.6.1 From the States' entitlement of 6% towards administrative expenditure, upto 0.5% shall be earmarked for the State's Social Audit. The funds for the Social Audit Unit will be released from the Ministry to the SAU's independent bank account through the respective State Government. The State Government shall ensure transfer of funds to the bank account of SAU within 15 working days of the receipt of funds. The SAU to maintain a separate bank account in the nationalized bank exclusively for Mahatma Gandhi NREGS.

10.1.6.2 The Director, SAU shall be responsible for drawing up a proposed budget of the SAU for meeting its commitment to conduct social audit in Gram Panchayats of the State.

10.1.6.3 Payments to Social Audit Unit Resource Persons: State Social Audit Units will be authorized to make payments directly into the bank accounts of its Resource Persons at the State, District, Block and Village Level. The files relating to expenditure by SAUs shall not be routed through the implementing agency.

10.1.6.4 Release of Funds:

The State SAUs shall apply for release of funds in two tranches for conduct of social audits and administration of SAU.

1. First Tranche

- a. The SAU shall apply for the first tranche within the first month of





the financial year. First tranche shall be released to SAU after utilisation of 60 percent of the total available funds released during previous financial year subject to submission of the following documents:

- i. Provisional UC of the previous Financial Year, as per the format shared by the Ministry vide letter No.M-11014/4/2017-RE-III dated 06.06.2017, duly signed and stamped by the Director, SAU.
 - ii. Expenditure Statement and Physical Achievement of the Social Audits conducted.
 - iii. Bank Account Statement of the Social Audit Unit's Bank Account for previous financial year duly certified by bank and also verified by competent authority of SAU with official seal clearly mentioning opening balance (as on 1st April) & closing balance (as on 31st March) duly tallied with UC.
 - iv. In case of mismatch between UC and bank statement, bank reconciliation statement duly certified by competent authority of SAU with official seal is also required.
- b.** In case, the SAU applies for the first tranche after 30th September, in addition to the above, the following documents are also required for release of first trench:
- i. Updated Provisional UC as per the format shared by the Ministry for the current Financial Year duly signed and stamped by Director, SAU;
 - ii. Audited UC as per the format shared by the Ministry for the previous Financial Year duly signed and stamped by a Chartered Accountant and Director, SAU.
 - iii. Audited Report including Receipt & Payment A/c, Income & Expenditure A/c, Balance Sheet and Auditor's note of previous Financial Year duly signed and stamped by a Chartered Accountant.
 - iv. Opening Balance, Closing Balance, funds released from Ministry and expenditure as mentioned in audited UC should be tallied with the Receipt & Payment A/c of Audit Report. In case of mismatch, clarification is required.

2. Second Tranche

a. Second tranche shall be released to SAU after utilisation of 60 percent of the total available funds subject to submission of the following documents:





- i. Provisional UC as per the prescribed format of the current Financial Year (1st tranche) duly signed and stamped by Director, SAU.
 - ii. Audited UC of the previous Financial Year as per the prescribed format duly signed and stamped by a Chartered Accountant and Director, SAU. In case SAU has conducted social audits for other schemes, then separate UC for conducting Social Audit under Mahatma Gandhi NREGA shall be provided.
 - iii. Audited Report including Receipt & Payment A/c, Income & Expenditure A/c, Balance Sheet and Auditor's note of previous Financial Year duly signed and stamped by a Chartered Accountant.
 - iv. Opening Balance, Closing Balance, funds released from Ministry and expenditure as mentioned in audited UC should be tallied with the Receipt & Payment A/c of Audit Report. In case of mismatch, clarification is required.
 - v. Expenditure Statement and Physical Achievement of the Social Audits conducted as per the format shared by the Ministry
 - vi. Bank Account Statement of the Social Audit Unit's Bank Account for previous financial year duly certified by bank and also verified by competent authority of SAU with official seal clearly mentioning opening balance (as on 1st April), closing balance (as on 31st March) duly tallied with UC.
 - vii. In case of mismatch between UC and bank statement, bank reconciliation statement duly certified by competent authority of SAU with official seal is also required.
- b.** In case the UC for second tranche is submitted before October, then the provisional UC of the current financial year should be furnished. In this case, 50 percent of second tranche shall be released to the SAU and the remaining 50 percent of the second tranche shall be released after receipt of the updated Provisional UC of the current financial year, Audited UC and Audited report of the previous financial year duly signed and stamped by a Chartered Accountant and Director, SAU.
- c.** In case, SAU receives funds from State Government for Social Audits under Mahatma Gandhi NREGS or for any other Scheme, the SAU shall provide copy of the sanction orders while applying for funds from the Ministry.





10.1.7 Calendar:

The Social Audit Unit is required to frame an annual calendar at the beginning of the year to conduct social audit in all the Gram Panchayats in consultation with the State Rural Development Department. A copy of the calendar shall be circulated to all the District Programme Coordinators for making necessary arrangements for the social audit. The Calendar shall be pro-actively disclosed in the public domain.

10.1.8 Social Audit Process:

10.1.8.1 Provision of Records: The Programme Officer shall ensure that all the required information and records of implementing agencies are made available and provided along with photocopies to the Social Audit Unit for facilitating conduct of social audit at least fifteen days in advance of the scheduled date of meeting of the Gram Sabha/Ward Sabha on Social Audit. These records include 7 Registers and documents listed in Annexure 2 of the Auditing Standards for Social Audit.

10.1.8.2 Physical Verification: The social auditors should physically verify as per the Annexure -5 of the Auditing Standard for Social Audit. The information to be used for physical verification shall be as listed in Annexure-2 of the Auditing Standards for Social Audit. The Social Auditor should conduct door to door survey to ensure all households are verified.

a. Verification of job entitlements of beneficiaries:

The Social Auditors should examine primary records related to entitlement of job available at GP level as listed in the Annexure-3 of Auditing Standards for Social Audit.

The resource persons deployed by the Social Audit Unit to facilitate the Gram Sabha/ Ward Sabha in conducting social audits are required to conduct a verification of entries made against job card holders of the Gram Panchayat.

b. Verification of Works:

The Social Auditor shall examine records related to execution of works available at GP as per Annexure-4 of Auditing Standards for Social Audit. The Social Auditors shall also ensure verification of the site of the assets created. Representatives from implementing agency and beneficiaries may also accompany the Social Auditors at the site of the asset.





10.1.8.3 Collating the Social Audit finding:

Issues/ complaints observed during the Social Audit shall be verified through examination of records and interaction with beneficiaries. Annexure-6 of the Auditing Standard for Social Audit may be referred to in this regard.

10.1.8.4 Gram Sabha/Ward Sabha:

A Social Audit Gram Sabha/Ward Sabha must be convened to discuss the findings of the social audit verification exercise and to review fulfilment of the rights and entitlements of workers and proper utilization of funds.

10.1.8.5 Documentation:

After the conduction of Social Audit Gram Sabha, the Director, SAU shall ensure that SAU Resource Persons at village level compile relevant information to support the conclusions of social audit.

- a) **Social Audit Reports:** Social Audit Reports must be prepared in the local language and displayed on the notice board of the Gram Panchayat. Summary of the major findings of the Social Audit Reports must be hosted in the public domain by the Social Audit Unit within 15 working days of the Social Audit being completed.
- b) **Uploading reports in MIS:** Social Audit Units are instructed to use the National MIS on Social Audit developed by National Informatics Centre to download reports required for verification during social audits and enter findings of the same. The Social Audit Unit shall ensure that Social Audit Gram Sabha reports are uploaded on the MIS within 15 working days after the meeting of the Social Audit Gram Sabha.
- c) **Reports to DPC and SAU:** The Social Audit Reports are required to be submitted to the District Programme Coordinator and the Social Audit Unit of the State within 15 working days of the completion of the Social Audit Gram Sabha/Ward Sabha.

10.1.9 Follow-up Action:

- i. The State Government shall be responsible to take follow-up action on the findings of the social audit.
- ii. Every District Programme Coordinator or any official on his behalf shall-





- a) Ensure that the corrective measures are taken on the social audit report;
 - b) Take steps to recover the amount embezzled or improperly utilised and issue receipts or acknowledgement for amount so recovered;
 - c) Payment of wages found to be misappropriated, within seven days of the recovery of such amount to be credited to the concerned worker;
 - d) Maintain a separate account for amounts recovered during the social audit process;
 - e) Ensure that the appropriate action (including initiating criminal and civil proceedings or disciplinary proceedings) is initiated against individuals or officials or persons who wrongly utilised or embezzled the amount meant for the schemes under the Act. These actions must be completed within 6 months from the date of the conduct of the Social Audit.
- (iii) The State Employment Guarantee Council shall monitor the action taken by the State Government and incorporate the Action Taken Report in the Annual Report to be laid before the State Legislature by the State Government.

10.1.10 Action Taken Report:

Within a month of the Gram Sabha/Ward Sabha, the Programme Officer should submit the Action Taken Report (ATR) to the Social Audit Unit. At least 15 days before the subsequent social audit, the resource person facilitating the social audit should get a copy of the ATR from the implementing agency as well as report from the resource person who conducted the audit the previous time. During field visits, the Social Audit Unit should verify whether action as specified in the ATR has indeed been taken. At the start of the Social Audit Gram Sabha/Ward Sabha, the ATR of the previous report and findings from field verification should first be presented before the social audit report of the current social audit.

10.1.11 Periodic Review:

The Additional Chief Secretary/ Principal Secretary/ Secretary, Rural Development/ Panchayati Raj Department shall conduct a monthly review of Social Audit wherein irregularities identified in the social audit reports and status of progress on action taken by the implementing agencies on redressing the same shall be reviewed.





10.1.12 Concurrent Social Audit

Concurrent social audit shall be done for all works every month. For this purpose, self-help groups, village social auditors, Village Monitoring Committees (VMC) and other village level organizations (VO) will have the right to inspect all records of works done and expenditure made in the Gram Panchayat on a fixed day of the week. Copies of records, where needed, will be provided by the Programme Officer at a nominal cost. Every Gram Sabha will select a Village Monitoring Committee (VMC) consisting of 5 Mahatma Gandhi NREGA workers. The VMC shall consist of women workers under Mahatma Gandhi NREGA, workers from SC/ST households, and those households who are automatically included/report a deprivation as per the Socio-Economic Caste Census. Where Self-Help group women meet the criteria of eligibility of VMCs, as detailed above, they may be deemed VMCs for the Gram Panchayat after being duly approved by the Gram Sabha. VMC may visit each active worksite once a month. Members of the VMC will be paid a day's wage, upto one day's wage for every week, to carry out the task of inspection. The VMC shall conduct a concurrent social audit of all active works of the Gram Panchayat and will monitor whether due norms are being complied with at the worksite in terms of processes, and records to be maintained. They will also monitor whether worker entitlements are being provided as per the Act. The VMC shall sign its report and submit the same to the Programme Officer.

10.2 Ombudsperson:

Para 30 of Schedule I of the Mahatma Gandhi NREGA mandates that there shall be an Ombudsperson for each District for receiving grievances, enquiring into and passing awards as per Guidelines. Central Government norms for process of appointment; application, tenure and termination; autonomy; remuneration; powers and responsibilities; procedure for redress of grievances and action to be taken on the Report of the Ombudsman have been detailed in Ministry's Guidelines on Ombudsman dated 28th August 2017, which stands as it is.

The cases of denial of entitlements as brought out through social audits shall be referred to the Ombudsman by the Social Audit Unit. The Ombudsman shall be responsible for registering the same as *suo moto* complaints for disposal and passing of awards within 30 days from the date of filing of the compliant as per the norms laid down.





10.3 Grievance Redressal:

As per Section 19 of MGNREG Act, the State Governments shall, by rules, determine appropriate grievance redressal mechanisms which allows a worker/citizen to lodge complaint and trace the subsequent response. The time lines for redressal of grievances should be consistent with the provisions of “Public Service Delivery Act” of the State, if any. Such a system should also create awareness among the wage seekers regarding their entitlements, processes and the redressal system through Public Information Campaigns like Rozgar Diwas. Multiple modes should be enabled for the complainant to register a complaint and include written complaints as well as those through telephone help lines. Complaints should be entered in the complaint register (one of the 7 Registers) disposed within the statutory time limit. The complainants must also be informed of the action taken in writing.

10.4 Vigilance

All States are mandated to arrange for a three-tier vigilance mechanism to proactively detect irregularities in the implementation of the Act and to follow up detected irregularities and malfeasance, including those identified during social audit, and ensure that the guilty are punished and recoveries of misspent funds duly made.

10.4.1 The State Government must set up a State Vigilance Cell consisting of a Chief Vigilance Officer who shall be entrusted with the responsibility of receiving complaints, verifying complaints and conducting regular field visits. The State Vigilance Cell will be authorized to initiate recoveries of amounts through the Public Accountants Act in the case of officials and Revenue Recovery Act in the case of others; recommend initiation of disciplinary action against the officials found guilty and recommend to the District Vigilance Cell to file a FIR before the police in cases where criminal action needs to be initiated. The Chief Vigilance Officer shall be responsible for sending an annual report to State Employment Guarantee Council with suggestions on controlling irregularities and malfeasance.

10.4.2 A District Vigilance Cell must be set up and should be headed by district level officer and supported by an Engineer and an Auditor to carry out functions as per directions of the State Vigilance Cell. The District Vigilance Cell shall perform inspections on its own and take follow up actions for recovery, disciplinary action and filing of criminal cases in respect of non-officials and officials whose disciplinary authority is at the district level.





10.4.3 Vigilance and Monitoring Committees (VMC) must be set up in each Gram Panchayat consisting of 5 persons, with adequate representation from Scheduled Castes and Scheduled Tribe households, half of whom shall be women. The members of the VMC may be identified from teachers, AW workers, SHG members, SA Resource Persons, user groups, youth clubs, Civil Society Organisations etc. The VMC shall necessarily be appointed/nominated/elected by the Gram Sabha for a period of at least 6 months. The functions of the VMC shall include visiting work sites; interacting with workers; verifying records; verifying onsite facilities; assessing quality of works; assessing cost; end to end reporting on work; qualitative assessment of nature of work. The VMC may check all works and its evaluation report will be recorded in the Works Register and submitted to Gram Sabha during the Social Audit. Reports of the VMC must be treated as public documents and shall be made available at the Gram Panchayat on demand.

10.5 Mandatory Pro-Active Disclosure:

State Governments are requested to ensure proactive disclosure of information and records to all common people and stakeholders using a 'Janata Information System' consisting of disclosures at the worksites, through CIB, Gram Panchayat Notice Boards and the Mahatma Gandhi NREGA website. The Ministry has issued suggestive framework for Citizen Information Board which the states are required to adhere to for each work.

10.6 Minimum Principles of Transparency and Accountability:

The Ministry has notified the minimum principles of transparency and accountability to be adhered to in all stages of implementation of the Act.

10.6.1 In order to enable and empower citizens, individually and collectively, to effectively perform the function of monitoring the implementation of interventions rolled out in their name, various conditions need to be fulfilled. These include a widespread understanding of the entitlements, of the prescribed time frames, of who's responsible for what, of the prescribed standards and rates, of the decision-making processes, of the possibility for appeal, complaint or grievance redressal, and of the reasonably expected outputs and outcomes.

10.6.2 Concepts like transparency and accountability must be framed in





a manner in which they are governed by universal and inclusive processes. This is essential to empower every individual or group with the right to monitor a programme and help facilitate beneficiaries' claim their rights.

10.6.3 There must be equal and open access of information to all citizens and should preclude any attempt that may restrict/exclude a citizen from using information or from having to prove their *locus standi*.

10.6.4 There may be a need to specially empower and facilitate certain marginalized groups to access information.

10.6.5 In all cases of pro-active disclosure or collective monitoring, there is an inherent need for facilitation by external agencies/individuals/groups.

10.6.6 All relevant information regarding programmes and public institutions must be proactively displayed (mandatorily) and made accessible through different modes and medium, ensuring local language compatibility and keeping in mind the needs of the semi-literate, the illiterate and the differently abled.

10.6.7 Information must be authenticated, updated with reasonable periodicity, and put across in a manner and format that is easy to understand. Towards that end, special proforma and formats need to be developed.

10.6.8 Relevant information must be appropriately displayed at the level of the village, Gram Panchayat, Block/Intermediate Panchayat and the District.

10.6.9 It must also be kept in mind that, as far as possible, all decision making should be done in public in the full view of all interested stakeholders. This is the best way of ensuring that decisions are not only fair but also appear to be fair.

10.6.10 Recognising that, despite best efforts, both the modes of providing information and of getting feedback can be corrupted or blocked, multiple modes and routes must be used in order to make it progressively difficult to inhibit the free flow of information to and from the people.





10.6.11 Whereas focus must be on using as far as possible culturally appropriate modes of communication, especially traditional modes with which the local people are familiar, the advantages promised by new and emerging technologies must also not be ignored. Of special relevance are mobile phones and social media which have effectively permeated rural households and promise an innovative, reliable and quick method of simultaneously communicating with a large number of people.

10.7 Record Keeping

Proper record maintenance is crucial to the effective implementation of any programme. There ought to be lot of clarity and simplicity in maintenance of minimum number of records to enable the cutting edge functionaries at Gram Panchayat level to spend their time effectively and gainfully in ensuring smooth implementation of the programme and not to be bogged down by the maintenance of Records and Registers alone. The Ministry has reduced the number of Registers to be maintained at the Gram Panchayat level to 7 from an average of 22 Registers that were being maintained in different states.

The simplified formats of the 7 Registers are the outcome of intense engagement with the States, the representatives of Gram Rozgar Sahayaks and NIC. They are designed with a view to ease the functioning of the field level personnel and reduce duplication of work without compromising with the quality of information especially those relating to entitlements of workers.

The 7 Registers are:-

- Register – I Register For Job Card (Application, Registration, Job Card Issue) And Household Employment Reports
- Register – II Gram Sabha Register
- Register – III Demand For Work, Allocation Of Work And Payment Of Wages Register
- Register – IV Work Register
- Register – V Fixed Asset Register
- Register – VI Complaint Register
- Register – VII Material Register

Register –I, IV, VI and VII can be printed and pasted from MIS itself while Register II, III and V are to be maintained manually. These 7





Registers do not include the records and registers pertaining to financial administration pertaining to Cash Book, Ledger, and Stock Register etc. which the States may continue to maintain as per their Financial Rules.

Adoption of these 7 Registers is to be ensured by the states/UTs for purpose of efficient book keeping as well as for purpose of concurrent Audit and Social Audit. The Registers are to be made available for scrutiny, inspections etc. to officials as well as the public, at all times.





Financial Management Index for Rural Development Programmes



Department of Rural Development
Ministry of Rural Development
Government of India

FINANCIAL MANAGEMENT INDEX FOR RURAL DEVELOPMENT PROGRAMMES



ग्रामीण विकास कार्यक्रमों के लिए वित्तीय प्रबंधन इन्डैक्स



NSAP

SPMRM

FINANCIAL MANAGEMENT INDEX (FMI) FOR RURAL DEVELOPMENT (RD) PROGRAMMES.

Hon'ble President of India in his address dated 30.01.2020,
to the joint sitting of two Houses of Parliament,
has inter-alia, stated that,

“ In a federal country like India it is imperative for fast paced
development, that States compete with each other in development
schemes; and also share experiences with each other.

My Government has therefore been consistently emphasizing
Competitive Cooperative Federalism. The Government is ranking
States on the basis of real time data collected at district and
village level. Its impact is visible in various areas ranging from
Swachh Bharat Abhiyan to Ease of Doing Business and
Smart City Mission to Aspirational District Programme. ”

FINANCIAL MANAGEMENT INDEX (FMI)

With the ever increasing time bound targets and consequential higher allocation of funds under Rural Development (RD) Programmes being administered by the Department of RD, GoI, it is essential to lay down minimum essential norms of financial management and accountability for ensuring optimal utilization of funds by the State Implementing Agencies, in order to achieve the desired objectives. This issue was discussed comprehensively in the meeting of Programme Review Committee (PRC) held with the States on 6th - 7th June, 2019. It was, inter-alia, agreed that setting up of a robust system of PFMS, Internal Audit (IA), Social Audit (SA) and effective implementation thereof would be very useful in ensuring utilization of finances. The DoRD over a period of time has already taken various measures, in consultation with various stakeholders to strengthen these systems.



6. Social Audit (SA)

Sl. No.	Activity	Timeline	Remarks	Marking		
				Scheme	Max Marks	Criteria
6.1	Preparation of SA Calendar of the Gram Panchayats	Feb/Mar. of the previous FY	The plan of each Gram Panchayat must be prepared	MGNREGA PMAY-G NSAP	10	March of pr. FY- 10 April of the FY- 3 Else-0
6.2	Setting up of independent SAUs.	On-going process	-Do -		5	Yes- 5 No- 0
6.3	Constitution of Governing body of SAU and holding its regular meetings.	-Do -			5	Yes-5 No-0
6.4	Appropriate capacity building of the DRPs/BRPs.	Annual plan to be worked out	All the functionaries must have undergone the requisite training programme		5	100% -5 80% -3 Else -0
6.5	Appropriate conduct of the SA under MGNREGA, PMAY-G and NSAP.	As given in the MGNREG Act and guidelines of the respective schemes	The audit must be conducted in consonance with the laid down standard/ approved guidelines	MGNREGA PMAY(G) NSAP	10 5 5	100% As per plan- 10/5 80% As per plan- 8/4 60% As per plan- 6/3 Else -0
6.6	Proper reporting of the observations / objections and Appropriate follow up action on the objections / observations.	1 month	Immediate remedial/ corrective action must be ensured	MGNREGA PMAY-G NSAP	10 5 5	1 month -10/5 2 months -5/3 Else -0



6.7	Appropriate Financial Management of funds received for conduct of SA.	On-going process	The accounts must be duly audited and optimum expenditure must be ensured.			
6.8	Forwarding due proposal for release of funds for SA to the DoRD.	On-going process	-		5	If done -5 Else -0
6.9	Sharing of SA calendar and findings with the Local Fund Audit Authority.	April	-		5	If done-5 Else -0

Letters from senior MoRD Officials

- 1) 2020 Oct 07, Letter by RD Secretary on status report of action points from National Seminar
- 2) 2019 Nov 29, Letter by RD Secretary on action points from National Seminar
- 3) 2018 June 21, Letter by JS, MGNREGS on follow-up action on social audit findings
- 4) 2018 June 14, Letter by RD Secretary on SA of Panchayat & RD Programmes
- 5) 2018 Jan 24, Letter by RD Secretary on SA of all rural development programmes



नागेन्द्र नाथ सिन्हा, आई.ए.एस
सचिव
NAGENDRA NATH SINHA, IAS
SECRETARY



Annex-1

भारत सरकार
ग्रामीण विकास मंत्रालय
ग्रामीण विकास विभाग
कृषि भवन, नई दिल्ली-110001

Government of India
Ministry of Rural Development
Department of Rural Development
Krishi Bhawan, New Delhi-110001
Tel.: 91-11-23382230, 23384467
Fax: 011-23382408
E-mail: secyrd@nic.in

DO # M-11015/37/2019-RE-III (368108)

October 7, 2020

Dear Chief Secretary,

As you are aware, a "National Seminar on Social Audit (SA) in Rural Development Programmes" was organized at New Delhi in November 2019. The two-day seminar helped to identify key action points to strengthen social audit across different Rural Development programmes. The former Secretary, Rural Development vide his D.O. letter dated 29.11.2019 (**copy enclosed**), had brought to your notice the key decisions arrived at, for strengthening the SA. Section 6 of the proceedings of the seminar, which contains various action points, is available at http://nirdpr.org.in/nird_docs/rss/socaudit-rs240420.pdf.

2. You would appreciate that it would be now appropriate to review the progress of action taken on the above issues. Accordingly, a questionnaire has been prepared on the basis of the decisions taken during the National Seminar, inter-alia, including the issues flagged by the former Secretary, Rural Development, in his D.O. letter dated 29.11.2019 *ibid*, MGNREGA Audit of Scheme Rules, 2011 and the Auditing Standards. I would request you to kindly have the necessary responses forwarded to the Centre for Social Audit (CSA), NIRD&PR on csa.nird@gmail.com by 15th November, 2020. It would enable the CSA, NIRD&PR to come up with updated, "Status of Social Audits in India, 2020", for providing useful inputs and guidance to the States.

3. I would request to kindly have the necessary action taken as above and have the name of the Nodal Officer in the State communicated to us. Our nodal officer in the Ministry is Shri Sanjeev Kumar, AS&FA, at his e-mail address (sanjeevk@nic.in).

With warm regards,

Yours sincerely,

wnh

[Nagendra Nath Sinha]

encl: as above

All the Chief Secretaries/Advisors to the Administrators of
all States/UTs.

500278/2019/O/o SECRETARY (RD)

अमरजीत सिन्हा
AMARJEET SINHA



सचिव
भारत सरकार
ग्रामीण विकास मंत्रालय
ग्रामीण विकास विभाग
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DO # M-11015/37/2019-RE-III

November 29, 2019

Dear Chief Secretary/Advisor,

I am thankful to you for having nominated the senior officials and resource persons from your State to participate in the first ever 2-day "**National Seminar on Social Audit (SA) of Rural Development (RD) Programmes**" held at New Delhi on 13th - 14th November 2019, in response to my D.O. letter dated October 7, 2019. About 300 participants from 31 States/UTs actively contributed.

2. The Seminar provided a unique opportunity to the participants to reflect upon the desirable systemic and operational improvements which would further strengthen SA as a tool for bringing about a higher degree of transparency and accountability in the implementation of RD Programmes.

3. A detailed report of the Seminar is being prepared and would be forwarded shortly for your consideration. At this stage, I would like to bring some of the important issues for favour of your consideration:-

- (i) Social Audit, which is already being conducted for Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) in consonance with the statutory Rules and standards framed in consultation with the C&AG, could now also be extended in a structured way, to other important RD Programmes viz. Pradhan Mantri Awaas Yojana-Yojana (PMAY-G), National Social Assistance Programme (NSAP) and FFC grants of Ministry of Panchayati Raj from this financial year itself. The operational guidelines for Social Audit of these programmes have been finalized in close consultation with all the States and released;
- (ii) The existing Social Audit Units (SAUs) set up under MGNREGS may be appropriately strengthened and provide the secretariat assistance for all the programmes;
- (iii) The independent and efficient functioning of SAUs and their governing bodies may be ensured in consonance with the extant Rules and standards. Operational guidelines may be framed to mandate the implementation agencies to fully facilitate in the SA process and taking prompt follow up action on the findings. Duly prepared Annual SA Report may be included in the Annual Report and placed before the State Legislature, as envisaged in the SA Standards;

contd...

500278/2019/O/o SECRETARY (RD)

-2-

- (iv) NIRD&PR, Hyderabad in collaboration with TISS has developed training modules for capacity building support to the SAUs and Resource Persons at various levels. The requirement of "Training-of-Trainers" from the State, if felt, may be projected (for conducting one-month Certification and SHG-VRP Programme) to NIRDPR; and
- (v) The members of the Self Help Groups constituted under the DAY-NRLM may be engaged in the concurrent Social Audit/Grievance redressal process after proper capacity building through SHG-VRP training programme in consonance with the SA Rules;
- (vi) Local Administration may be instructed to provide security to the Social Audit Team during their field visit for Audit whenever a request is received from the visiting team

4. Your directions on these issues, to the concerned officials, would go a long way in strengthening the SA process in the RD Programmes for maximizing their intended benefits.

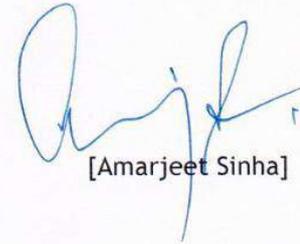
Yours sincerely,

sd/-
[Amarjeet Sinha]

All the Chief Secretaries/Advisors to the Administrators of
all States/UTs

Copy to:

The Director General of Police of all States/UTs



[Amarjeet Sinha]

F.No. M-11015/4/2018-RE-III (361686)
Government of India
Ministry of Rural Development
Department of Rural Development
MGNREGA Division

Krishi Bhawan, New Delhi
21st June, 2018

To
The Principal Secretary/Secretary/Commissioner
(in-charge of MGNREGA)
(All States)

Subject: Follow-up action on Social Audit Reports to be uploaded on the newly developed MIS -
reg.

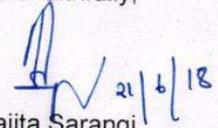
Madam/Sir,

As per the norms laid down in the Auditing Standards for Social Audit, State Government in consultation with Social Audit Units are required to establish a follow-up mechanism to monitor and ensure timely action on the findings of Social Audits.

The Ministry in due consultation with Social Audit Units (SAUs) has recently revisited and modified the Social Audit MIS for reporting the Social Audit findings as well as Action Taken Reports (ATRs) on such findings. The issues reported by the SAUs can be viewed and responded through State DBA login.

you are requested to take appropriate follow up actions on social audit findings and ensure that all the issues reported from the Social Audit process and available on the MIS, and responded to **within 30 days** of reporting by the State Social Audit Unit.

Yours faithfully,



Aparajita Sarangi
Joint Secretary (MGNREGA)
Tel: 011-23383553

Copy to:

1. State nodal MIS persons in-charge of MGNREGA
2. Director, Social Audit Unit (All States)
3. NIC-DRD, Krishi Bhawan, New Delhi

अमरजीत सिन्हा
AMARJEET SINHA



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भारत सरकार
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DO # Secy(RD)/Misc/2018-GSA

June 14, 2018

Subject: Social Audit of Panchayat and Rural Development Programmes

Dear Chief Secretary,

As you are aware, Social Audit is a process for ensuring the accountability and transparency in which the details of financial and non-financial resources used in the implementation of development projects/programmes and their objectives are shared with the villagers and then villagers examine these details, verify, seek clarifications and convey their opinions including suggestions for corrective actions and improvements to the Gram Panchayat/ other Implementing Agency. The Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) provides for autonomous Directorates of Social Audit in States/UTs. These autonomous Directorates make use of District, Block and Village Resource Persons for carrying out Social Audit systematically.

2. To enable a systematic institutional development of the Social Audit process, in the context of the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) and in consultation with Task Forces set up by the Controller & Auditor General of India, for the first time Auditing Standards for Social Audit have been notified by the Department of Rural Development. It lays down the processes very clearly. Based on these notified Auditing Standards, special Training Modules for District, Block and Village Resource Persons have been prepared by National Institute of Rural Development & Panchayati Raj (NIRD&PR), Hyderabad in partnership with the Tata Institute of Social Sciences (TISS), Mumbai. These certified and Capacity Development Programmes have been rolled out on a very large scale and nationally we already have over 4000 well-trained and certified Resource Persons for Social Audit as part of Social Audit visits set up in the States. A conscious decision was taken last year to involve educated members of women Self Help Groups (SHGs) on a very large scale as trained Social Auditors at the Village level. Over 60,000 such women have already undergone the Capacity Building Training and are in a position to conduct effective Village level Social Audit of Programmes.

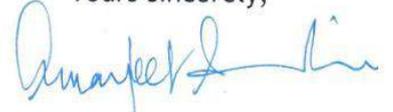
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3. We would like to expand the ambit of Social Audit to funds transferred under 14th Finance Commission, the Pradhan Mantri Awas Yojana-Gramin (PMAY-G), and all other initiatives that reflect as part of the Gram Panchayat Development Plan (GPDP). The Directorate of Social Audit set up under MGNREGS can provide the Human Resource (HR) support from this expanded coverage of Social Audit to improve transparency, accountability and outcomes from Panchayat and Rural Development Programmes. The per day charges for engaging Village Resource Persons trained to conduct Social Audit have already been developed by the Directorates of Social Audit and the same could be the basis for other Programmes as well. Administrative costs, as admissible, in other programmes, may be utilized for conducting Social Audits under respective Programmes in the ground.

With regards,

Yours sincerely,



[Amarjeet Sinha]

14 June 2018

Chief Secretaries of all States/UTs.
Principal Secretary (RD/PR) of all States/UTs.
Commissioner (MGNREGA) of all States/UTs.

अमरजीत सिन्हा
AMARJEET SINHA



सचिव
भारत सरकार
ग्रामीण विकास मंत्रालय
ग्रामीण विकास विभाग
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January 24, 2018

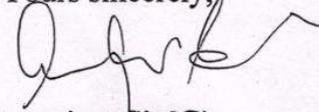
D.O.No.M-11015/1/2018-RE-III

Subject: Social Audit of RD Programmes.

As you are aware the Department of Rural Development notified auditing standards of Social Audit and also developed certificate programmes for Village, Block and District Resource Persons for conducting Social Audit. I am happy to note the active participation of States in moving this important task systematically. Already 3760 Resource Persons from independent Social Audit Units have been trained and certified. Similarly, 47,000 women Self Help Group members have been trained on a four day training module for conducting Social Audit at Gram Panchayat level.

With the auditing standards and trained community cadre on Social Audit from among women SHGs, I would like to urge the States to take up Social Audit across all the Rural Development Programmes using these Resource Persons on a payment basis as and when required. This will help in community ownership of rural initiatives.

Yours sincerely,


(Amarjeet Sinha)

Chief Secretaries of all States & UTs (as per list)

Copy to: Principal Secretary (Rural Development & PR)

Issued
24/01/2018

S/C



**Department of Rural Development
Government of India
New Delhi**