



MGNREGA Social Audit Report

Analytical Overview of the Public Information Available on NREGA MIS

Social Accountability Forum
for Action and Research

November 2020

National Seminar and
Workshop on Social Audits

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Background

- Social audit is a powerful tool to enforce transparency, accountability and democratic participation in governance.
- Its origins lay in the extraordinary efforts made by social movements and people's campaigns to democratize the demand for accountability, and speaking truth to power. However, it's breakthrough in terms of institutionalization came in the form of it being mandated under the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA).
- Social Audit's institutional architecture as provided for under the MGNREGA has advanced possibilities of extending social audit to other programmes as well. This includes the National Food Security Act, Persons with Disabilities Act, National Social Assistance Programme, Pradhan Mantri Awaas Yojana, Pradhan Mantri Gram Sadak Yojana, Building and other Construction Workers (BoCW) and the Juvenile Justice acts to name a few, where the Parliament and Government through legislations and executive orders or even the Supreme Court through a directive have mandated social audits.
- In order to ensure independence, credibility, and quality of social audits, the apex audit institution in the country, the Comptroller and Auditor General (C&AG) of India laid down minimum auditing standards for social audits in 2015 that for the first time laid out the minimum standards and norms of social audits, irrespective of where they are applied.
- Social Audit Units (SAUs) have been set up in nearly all states of the country to facilitate social audit by the Gram Sabha. In addition to MGNREGA, some of the Social Audit Units (SAUs) are facilitating social audit of other schemes including Pradhan Mantri Awas Yojana-Gramin (PMAY-G), National Social Assistance Programme (NSAP), Integrated Child Development Services (ICDS), Mid-day Meal (MDM) and Public Distribution System (PDS).
- According to the Center for Social Audit (CSA) at the National Institute of Rural Development and Panchayati Raj¹, The nature of the SAUs and the quality of the audits

¹ National Seminar on Social Audit of Rural Development Programs

vary widely. In some States, the SAUs are very independent while in others, they do not have the independence to function effectively because of directors being selected in an arbitrary manner; SAU's having to depend on implementing agencies for hiring and fund release; representation of civil society organizations in Governing Bodies not being entirely independent etc. Some States are also doing audits on a very small scale. Lack of adequate full-time personnel, lack of adequate funds, lack of action on the findings by the implementation agencies, lack of an effective MIS to record the findings and track the action taken have all served to limit the potential of Social Audit.

Overview of the status of Social Audit Units in India

- a. The Auditing Standards say that the SAU should be incorporated as a society under the Societies Registration Act. However, according to the Center for Social Audit report², as of November 2019, **only 22 SAUs have done this.**
- b. The Annual Master Circular (AMC) specifies that the Secretary of the Department of Rural Development / Panchayati Raj should not chair the Governing Body. The GB should be chaired by a senior officer or eminent person. However, this is not followed in **9 out of 25 states.**
- c. The auditing standards say that the GB should meet at least once in a quarter, but in **9 states**, according to the CSA³, the GB did not meet even once in 2018-19, as of November 2019.
- d. The Audit of Scheme Rules say that at no time should the implementation agency interfere with the conduct of social audit but in **12 states**, SAU requires the approval of an implementation agency to operate its bank account. Apart from this, in nine States, the implementation officers have to certify the attendance of resource persons, make payments to the resource persons or supervise the social audit resource persons.

² Status of Social Audit in India

³ *id*

- e. ***Thus, about half of the SAUs are not independent and this seriously undermines their functioning and effectiveness.***⁴
- f. Apart from implementing Social Audit in MGNREGA, some SAUs also conduct social audits of other schemes as shown below.

Scheme Name	Audits in Scale	Pilot Audits
Pradhan Mantri Awas Yojana - G	Meghalaya, Uttar Pradesh, West Bengal	Jharkhand
National Social Assistance Programme	Andhra Pradesh, West Bengal, Odisha and Himachal Pradesh	
Public Distribution System	Bihar	Jharkhand, Andhra Pradesh, Madhya Pradesh, Karnataka
Mid Day Meal		Karnataka, Telangana & Jharkhand
ICDS	Telangana	
Swachh Bharat Mission-G	Karnataka, Jharkhand, Telangana	Madhya Pradesh
14 th Finance Commission Grant	Jharkhand	Madhya Pradesh
National Health Mission		Jharkhand & Uttarakhand
Juvenile Justice Act		Bihar, Delhi, HP & other states
BoCW Act		Delhi, Rajasthan
IWMP	Andhra Pradesh	

Source: NIRD - National Seminar on Social Audit of Rural Development Programs

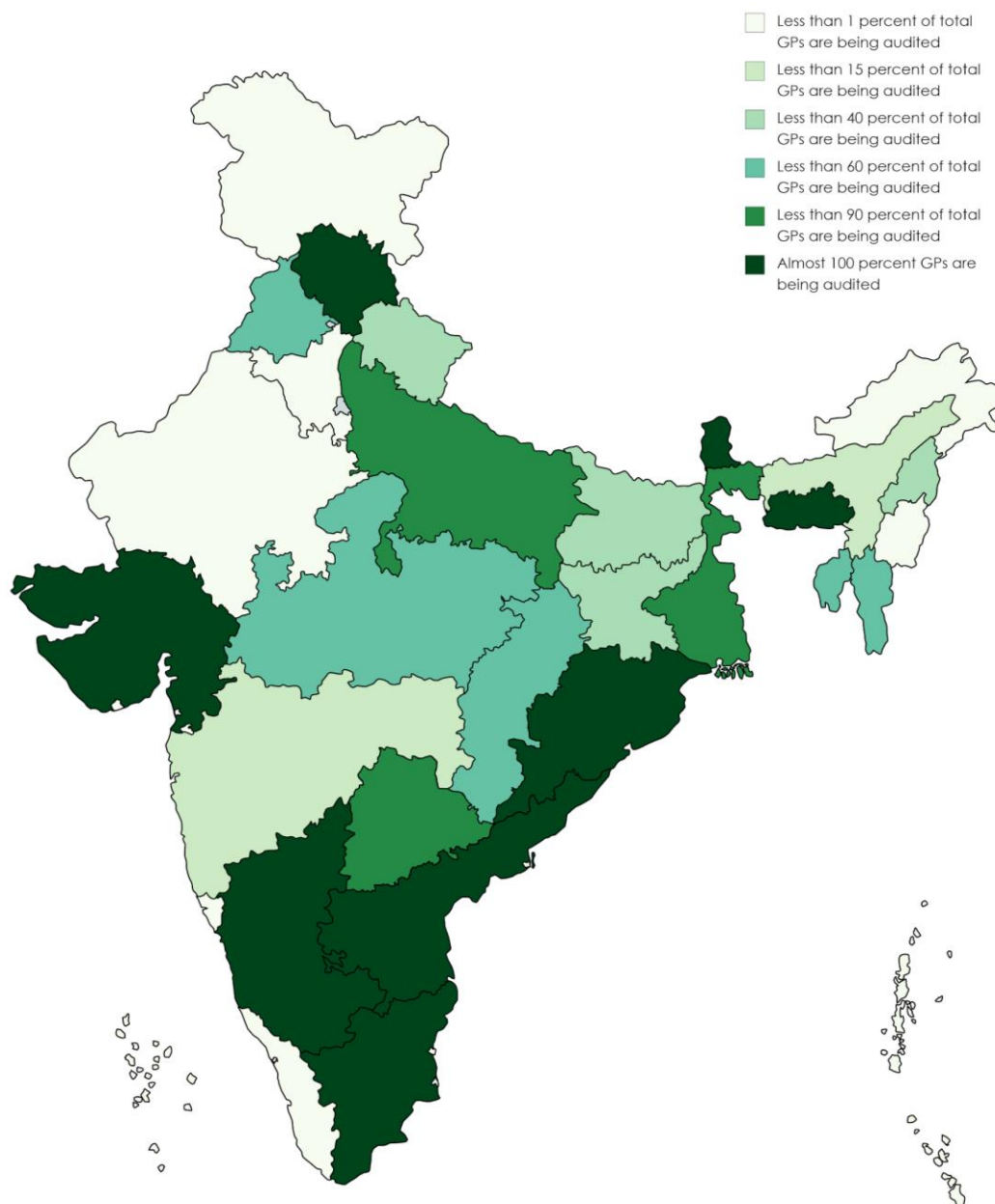
Focus of this Brief

This brief looks at the Social Audit data available on the NREGA MIS for the financial years 2018-19 and 2019-20, which is updated by the state SAUs. The purpose of this brief is to understand the implementation status of the social audit mandate as per the MGNREGA, analyze key issues identified during Social Audit, and track the status of follow-up and grievance redressal post social audit. It is important to review the practice of social audits in the very context that it was first institutionalized (i.e. the MGNREGA), so that lessons can be drawn for its application in other areas. The NREGA website is currently the only centralised, publicly available database of social audit reports whereas audit reports for all schemes should be similarly publicly disclosed.

⁴ *id*

NREGA Social Audit Implementation Status

- In the FY 2018-2019, around 45 percent of the total gram panchayats (GPs) underwent social audits at least once. In the FY 2019-2020, around 56 percent of the total GPs underwent social audit at least once.
- The implementation has a lot of variation across states. While in Tamil Nadu and Meghalaya, nearly all GPs were audited, in Rajasthan only 1% of all GPs were audited.



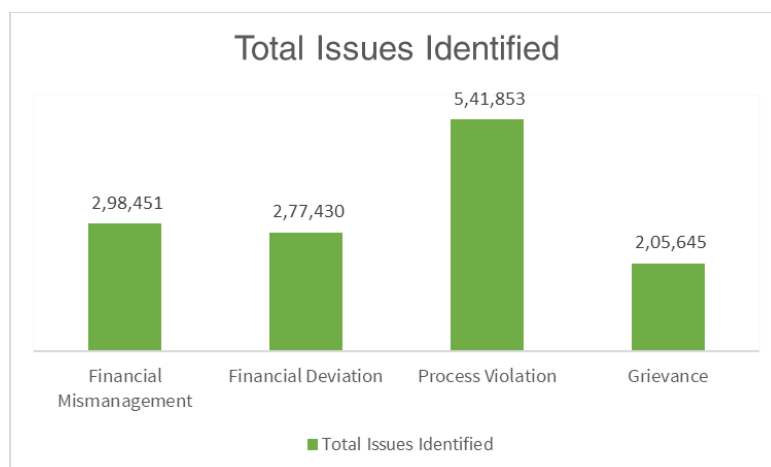
Source: MGNREGA MIS, Social Audits Completed Report (R.9.1.3) as accessed on Oct 30th, 2020

Key steps in conducting a social audit:

1. Agreeing on parameters of audit and defining the scope of audit
2. Accessing official records from the Government regarding the status of implementation
3. Identifying and training local youth, children of beneficiaries and volunteers on the audit practice
4. Proactive dissemination of records in the local community
5. Verification of official records with actual realities
6. Facilitating eligible beneficiaries and registration of grievances
7. Documenting findings and sharing it in a public collective platform i.e. Social Audit Public Hearing which is attended by the local community, implementing agencies and facilitated by the social audit teams. This is a forum where implementing agencies announce the action to be taken on findings individually
8. Social Audit reports shared with implementing agency and in the public domain for action to be taken within a stipulated time period

There are four main types of issues that emerge during the social audit of NREGA:

Issue Type	Bucket of Issues (Examples)
<i>Financial Misappropriation</i>	<ul style="list-style-type: none"> - Payment to person who did not work: <i>payment to non-existent person</i> - Material procurement concerns: <i>material procured at high rates</i>
<i>Financial Deviation</i>	<ul style="list-style-type: none"> - Work selection: <i>work taken up without gram sabha approval</i> - Work execution: <i>significant difference between measurement at worksite and recorded values in MB (measurement book)</i>
<i>Process Violation</i>	<ul style="list-style-type: none"> - Transparency and Accountability: <i>job cards aren't with workers</i> - Work Selection: <i>Shelf of work isn't available</i> - Denial of entitlements: <i>Non-payment of unemployment allowance, people eligible to work denied work, separate schedule of rates etc.</i>
<i>Grievance</i>	<ul style="list-style-type: none"> - Job Card related: <i>unable to get job card</i> - Work related: <i>Unable to get work</i> - Aadhar/bank related: <i>unable to get Aadhar card, unable to open bank account, unable to get passbook, unable to link Aadhar with bank account etc.</i>



Total number of issues identified in social audits between 2018 and 2020 are **more than 13 lacs**.

Only **16 percent** of the total issues identified have been **closed** till date.

Key Findings

1. Social Audits identified close to 3 lakh cases of financial misappropriation amounting a total of Rs 658 Crore, combining audits of both 2018-19 and 2019-20.

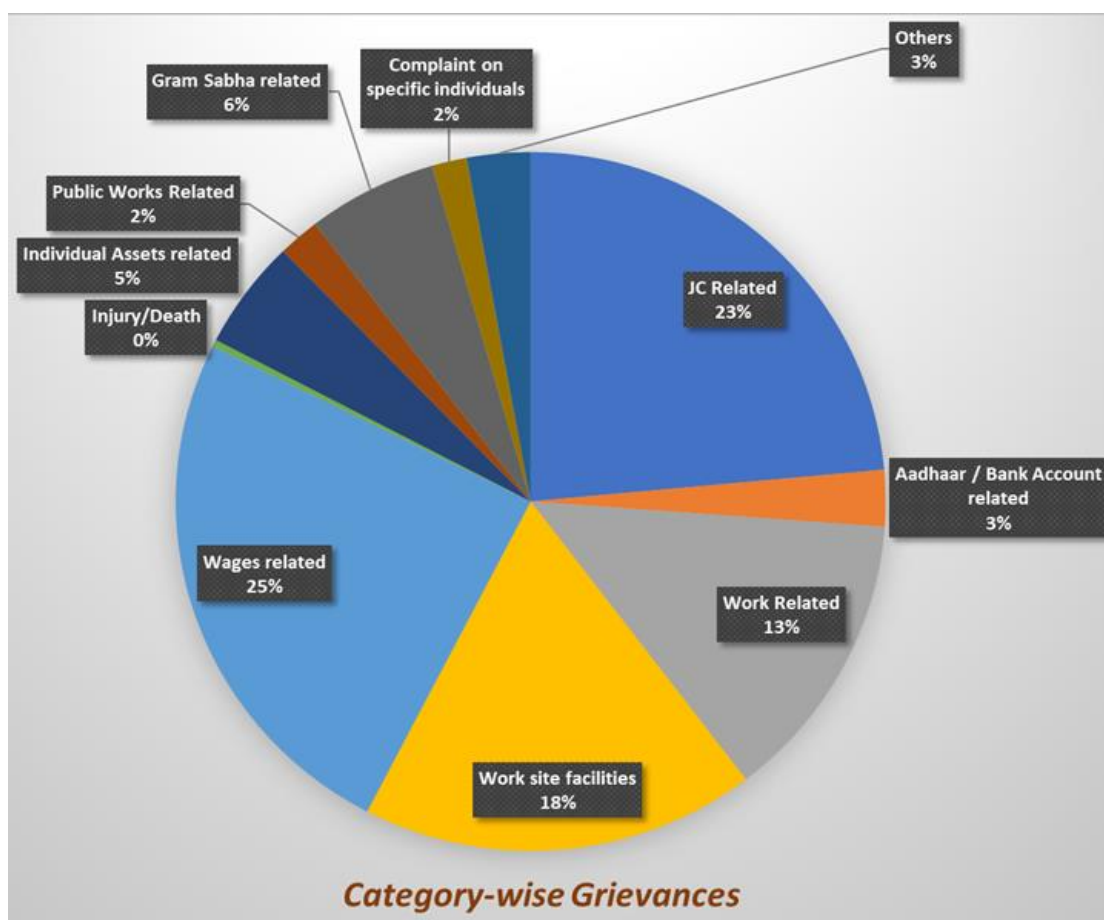
- 60 percent of these financial misappropriation cases pertain to issues of payment to persons who did not work under NREGA.
- According to the Auditing Standards for Social Audit issued by the C&AG, the District Programme Coordinator responsible for the implementation of the policy at a district level shall ensure that recoveries are made in cases of embezzlement or improper utilization.
- The recovery, however, has been abysmal and less than 1 percent of the total amount has been recovered till date.
- Example of some states who have reported the highest amounts of financial misappropriation are as below.

States	Cumulative Report (FY 2018-19 and 2019-20)		
	Misappropriation Amount	Recovered Amount	Recovery (%)
Andhra Pradesh	172.24 Crore	2.03 Crore	1.18%
Tamil Nadu	153.23 Crore	12.30 Lac	0.08%
Karnataka	116.69 Crore	-	0.00%
Telangana	84.65 Crore	1.14 Crore	1.35%
Jharkhand	30.41 Crore	5.75 Thousand	0.00%
Chhattisgarh	26.38 Crore	26.04 Lac	0.99%
Uttar Pradesh	18.49 Crore	4.85 Lac	0.26%
Bihar	12.36 Crore	1.59 Thousand	0.00%
Odisha	3.99 Crore	6.71 Lac	1.68%
West Bengal	2.14 Crore	14.80 Thousand	0.07%
Madhya Pradesh	0.86 Crore	1.67 Lac	1.94%
Total	621.48 Crore	3.69 Crore	0.59%

Source: MGNREGA MIS, Action Taken Report (R.9.3.1) as accessed on October 30th, 2020

2. More than 2 lakh total grievances were registered during social audits

- Most of the grievances recorded during social audit were about wage issues, job cards, and work and work site related.
- These grievances also reflect in the checklist report on MIS, which provides information on the status of MGNREGA implementation in form of a checklist, with yes/no questions.
- Close to 50 percent of total GPs audited between 2018 and 2020 have reported that the labors have problems getting wages from the payment agency.
- More than 50 percent of total GPs audited between 2018 and 2020 have reported that there is unmet demand for work in their panchayats.



Source: MGNREGA MIS, Issues Reported by Category (R.9.2.3) as accessed on Oct 30th, 2020

Note: The MIS has discrepancies in data uploaded for the numbers of issues under three categories - Aadhar/bank related, individual assets related, and public works related - as the numbers put on the MIS don't add up to the total number of grievances registered under the summary reports as well as state-wise frequency reports. We have considered the total number of grievances as per the summary report and have adjusted the numbers for these three categories accordingly. The final numbers mentioned in the chart are suggestive and not definitive.

3. Approximately Rs 58 Crore worth of wages were found due to NREGA workers during social audit; 54 Crore are still pending

- Despite the fact that almost 2/3rd of total states audit less than 50 percent of their GPs every year as well as independence of around half of the SAUs is compromised, the social audits have found Rs 58 Crore worth of wages pending

between 2018 to 2020 vis-a-vis 9,108 Crore according to the delayed payment reports submitted by the implementing agencies of various state governments for the FY 2018-19 and FY 2019.

- The social audit process not only substantiates such large pendency of wages reported by the government itself but also highlights a very poor rate at which the due wages are being paid to the workers.
- Social audits currently capture less than 1 percent of pending wages recorded by various state governments. Such a stark gap between social audit findings and reports submitted by the implementing agencies, also underscores the possibilities for social audits of MGNREGA at the state level.

Year	Pending wages as submitted by states	Pending wages as identified during SA	Wages paid as per the social audit ATR
18 - 19	5,969 Crore	41 Crore	3 Crore
19 - 20	3,139 Crore	17 Crore	76 Lakh
Total	9,108 Crore	58 Crore	3.76 Crore

Source: MGNREGA MIS, Delayed Payment Report (R.14.5) and Action Taken Report (R.9.3.1) as accessed on October 30th, 2020

4. Public records worth Rs 203 Crore were not provided to the social audit teams, which is a violation of Section 4 of the RTI act

- NREGA (2005) mandates the Gram Panchayats to 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.
- The auditing standards for social audits issued by the C&AG also requires all state implementing agencies to provide all the required information and records (along with their photocopies) 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 standards also specify that non provision of documents/records to social audit teams will be considered as a violation of Section 4 of the RTI Act.

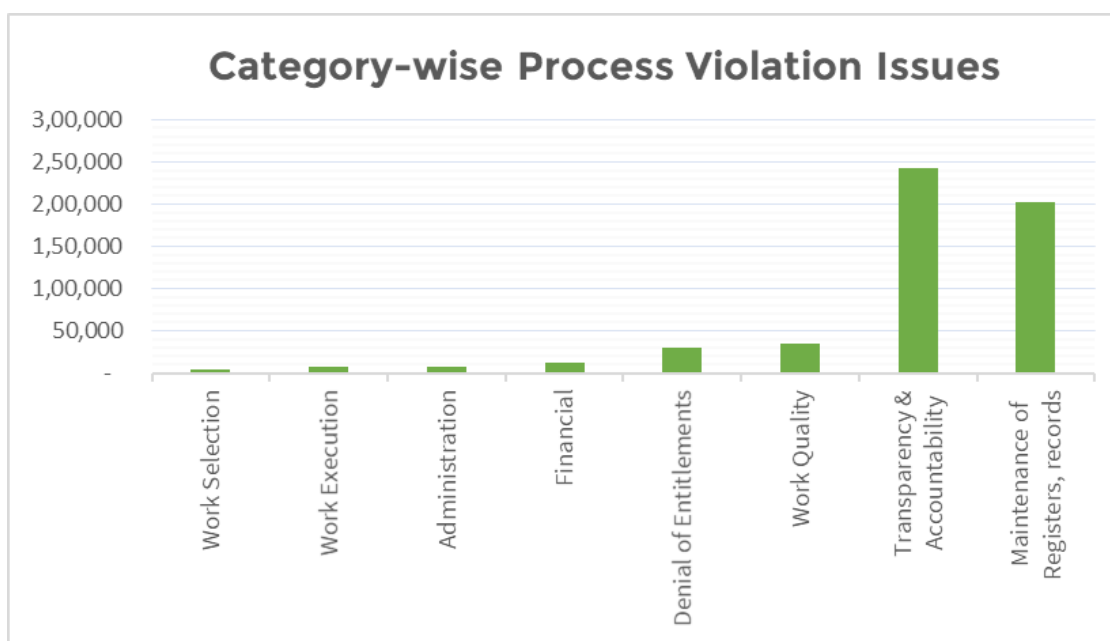
- Despite this, public records worth 203 Crore were not provided to the social audit teams prior to the social audits.

Year	Number of issues identified	Worth of records not produced
18 - 19	5,572	129 Crore
19 - 20	6,692	74 Crore
Total	12,264	203 Crore

Source: MGNREGA MIS, Issue Reported by Category (R.9.2.3) as accessed on October 30th, 2020

5. Processes around transparency, accountability, and maintenance of registers and records are violated the most in the implementation of MGNREGA

- Social audits have identified more than 5 lac issues of process violation, the largest bucket of all, during social audits between 2018 and 2020.
- More than 80 percent of the process violation issues fall under transparency and accountability concerns, and poor maintenance of registers, records etc.



Source: MGNREGA MIS, Issue Reported by Category (R.9.2.3) as accessed on Oct 30th, 2020

Recommendations

1. Fast-track follow up on the social audit findings and ensure time-bound grievance redressal

- Ensure full recovery in the issues of financial misappropriation and take necessary administrative action with persons involved.
- Clear payment backlog and pay due wages in full to the workers.

2. Conduct Concurrent Audits and make reports accessible to public

- Ensure the implementation of concurrent social audits in compliance of the guidelines issued by the Ministry of Rural Development to all the SAUs⁵.
- Put audit reports from the concurrent social audits in public domain in a time-bound manner and ensure regularity as well as consistency of information.

3. Ensure that latest/most updated social audit reports are available to the

- MoRD should conduct regular quality checks as well as data audits to eliminate data inconsistencies as well as prevent lag in data entry.
- In addition to the central NREGA MIS, all SAUs should also have their own public website in order to make all the social audit reports of different schemes accessible to public.

4. Include the summary of social audit reports in the annual report laid in the Parliament

- The Ministry of Rural Development should include the summary of social audit reports in the annual report laid in the Parliament, which also is a recommendation from the Task Force set up by the Ministry in consultation with the C&AG⁶.

⁵ Guidelines for conducting concurrent social audits

⁶ MoRD Letter to State Governments referring to C&AG Action Points

End Note:

1. [National Seminar on Social Audit of Rural Development Programs, NIRDPR, November 2019](#)
2. [Status of Social Audit in India, NIRDPR, 2019](#)
3. [Concurrent Social Audit Guidelines, Ministry of RD, 2020](#)
4. [Status of Concurrent Social Audits, NIRDPR, 2019](#)
5. [MoRD Letter to the State Governments on C&AG Action Points for Compliance, 2016](#)

In case of questions or concerns regarding the report, please reach out to:

Khush Vachhrajani

(+91) 9426465070

saforum.india@gmail.com