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AMARJEET SINHA



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DO # L-11033/40/2016-RE.7

January, 02, 2017

Subject: Making Social Audit effective - Creating a Community Cadre of Village Resource Persons from among women Self Help Groups members

Dear Chief Secretary,

As you are aware, Social Audit is a mandate under the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA). Approval of Government has been taken for Social Audit under Pradhan Mantri Awaas Yojana - Gramin (PMAY-G), programmes of Ministry of Panchayati Raj, and some other Departments of Government. The only programme where an autonomous structure has been envisaged and set up in most States is MGNREGA. The same structure is being used for Social Audit of all other programmes as well. The experience of the previous years in MGNREGA has indicated that the current practice is inadequate to carry out Social Audit effectively.

2. The Ministry of Rural Development has examined the issue carefully and would like to do the following 3 things at the earliest in partnership with States: -


- (i) Develop a Community Cadre of Village Resource Persons (VRPs) from among women Self Help Group (SHG) members and NIRD&PR & TISS will prepare a 3 day training manual for these VRPs. The training will be imparted by the States in accordance with the training manual so prepared.
- (ii) Complete the orientation of Block, District and State level Resource Persons engaged in Social Audit based on the Training Handbook developed by NIRD & PR and TISS, Mumbai.
- (iii) Adopt the detailed Auditing Standards developed by Joint Task Force set up in consultation with the Controller & Auditor General of India. The Ministry has examined the Task Force Reports and after due consultation has accepted the suggestions. A O.M on the same is attached for your perusal.

3. The 3 specific points made above will institutionalise the system of Social Audit meaningfully and in a positive way leading to stoppage of leakages in a range of village level development initiatives.

4. A Community Cadre of Social Auditors drawn from women members of SHGs will be a very effective community accountability framework. The States may also consider women SHG members as Block, District and State Resource Persons not as employees of Government but purely as a Community Cadre that is paid on the basis of work done. We look forward for your response in this regard.

with best wishes,

Yours sincerely,


[Amarjeet Sinha]

2 January 2017

encl: as above

To

Chief Secretaries of all States/UTs
Prl Secy (RD) of all States/UTs

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.

4/5


(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:

- 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 Persons seldom 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 Personssould 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 Personssould 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 Personssould 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 Auditorssould 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 Auditorssould 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

- 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 MNREGS 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 Jansunai 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

- 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

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.

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.

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 Nirman 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 FFCG. 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.

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

Krishi Bhawan, New Delhi
Dated: 14th December, 2016

OFFICE MEMORANDUM

Sub:- Action Points for Social Audit based on the recommendations of the Joint Task Force.

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 sub section (1) of Section 24 of the Act to lay down the methodology and principles of conducting social audits.

2. In order to follow the provisions of the Act and to bring more transparency and accountability 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.

(Aparajita Sarangi)
Joint Secretary to the Govt. of India.

Enclosure:

- (i) Annexure 1 – Auditing standards for Social Audits
- (i) Annexure 2 - Action Points for States
- (ii) 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/g C+AG, New Delhi