Chapter 10

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

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

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

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

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

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

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

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

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

10.1 Conduct of Social Audits

10.1.1 Setting up of an Independent Social Audit Unit:

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

10.1.2 Governing Body of the Social Audit Unit

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

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

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

10.1.4 Staffing- Selection and Appointment

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

10.1.4.1 Director, SAU

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

10.1.4.2 Selection of Resource Persons at State and District level:

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

a. Chief Secretary or her/ his nominee.

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

10.1.4.3 Selection of Resource Persons at Block level:

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

10.1.4.4 Village Resource Persons:

Social Audit in a Gram Panchayat should be led by a full-time certified Block / District / State Resource Person of the SAU along with Village Resource Persons (VRPs) to facilitate the Gram Sabha in the task. Village Social Audit Resource Persons deployed for facilitating social audit in a Panchayat shall not be residents of the same Panchayat. State / UTs shall engage community cadre of village social auditors drawn from women members of SHG for an effective community accountability framework. In case there is no SHG in the area, State / UT shall engage capable persons for conducting the Social Audit as VRP. These village social auditors will be imparted training for 4 days by SIRD / SAU on basis of manual developed by MoRD.

10.1.5 Trainings– SRP, DRP and BRP:

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

10.1.5.1 SHG-Village Resource Persons (SHG-VRPs) – Training

The SHG-VRPs aims to create a community cadre of Village Resource Persons (VRPs) from amongst members of SHGs who will be engaged in social audits at Gram Panchayat level.

To facilitate uploading of SHG-VRP training details and day to day monitoring by Social Audit Units (SAUs) of their respective GPs / blocks / districts enabling provision have been affected into NREGASoft.

Accordingly, SAUs conducting the SHG-VRP training program are advised to upload the training batch details as well as details of the participants into