



## Social Audits of MGNREGA in Meghalaya, India

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### Abstract

*Social audit is a tool to bring community participation in the implementation and monitoring of government schemes ensuring that beneficiaries are aware of their rights and entitlements and can hold officials accountable for the performance of these schemes. In this paper, we examine and discuss implementation of social audit of MGNREGA in Meghalaya and analyse the findings of the social audits undertaken in 55 villages of Meghalaya, one of the north-eastern states in India.. Our study of the process of auditing shows that although in most of cases social audits may have been conducted only for compliance, there are instances where the audits have been able to detect anomalies in implementation of the scheme.*

**Keywords:** Social auditing, MGNREGA, Meghalaya.

### Introduction

India's battle against the scourge of poverty has been a long drawn effort with huge amount of financial resources committed in poverty eradication programmes since independence. While eradication of poverty has been a central goal of public policy since the First Five-year Plan, the emphasis till the sixties was on growth oriented strategies. The failure of this approach to make a significant dent on poverty led to a change in the strategy with the government adopting a direct intervention approach in eradicating poverty. Many of poverty alleviation programmes launched since the 1970s like the National Rural Employment Programme (NREP) and Rural Landless Employment Guarantee Programmes (RLEGP) were to address the twin issue of rural unemployment and underemployment. In 1989 the above two schemes were merged into Jawaharlal Rozgar Yojana (JRY). The Employment Assurance Schemes (EAS) was started in 1993 as a special employment assurance programme for tribals and for drought prone areas but was subsequently universalised to cover all rural blocks of the country. Both JRY and EAS were merged into the Sampoorna Grameen Rozgar Yojana (SGRY) in 2001. In 2005 the parliament of India passed the National Rural Employment Guarantee Act, later renamed as Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), which guarantee of 100 days of work in a year to every adult member of rural households who volunteer to do unskilled manual work. The scheme formulated through the Act is fundamentally different from earlier wage employment programmes which were allocation based. MGNREGA is right based demand driven wage employment scheme with provisions for allowances and compensation both in cases of failure to provide work on demand and delays in payment of wages for work undertaken.

Among the other features of the scheme is the provision for social audit which allows for participation of the primary stakeholders in monitoring the implementation of the scheme to ensure transparency and accountability. The mandatory feature of social audit by the primary stakeholders is being introduced for the first time in any public expenditure programmes in the country. Under Section 17 of the MGNREGA, the gram sabha has to conduct regular social audits of projects undertaken within the gram panchayats. Subsequently, the government has adopted the Mahatma Gandhi National Rural Employment Guarantee Audit of Schemes Rules, 2011 according to which states have to set up a social audit unit with the responsibility to facilitate the conduct of social audits by gram sabha once in six month. Further, the rules stipulate that states will be responsible for follow action on findings of social audit.

**Concept of Social Audit and Mnrega:** Social audit has its origin in corporate world. The origin of social audit can be traced to the writings of Theodore Krepes who in 1940 introduced the term as a concept to measure and appraise the social performance of business<sup>1</sup>. It is also defined as a commitment to systematic assessment of and reporting on some meaningful, definable domain of a company's activities that have social impact<sup>2</sup>. Since 1970s, social audit has been widely used by corporations as a tool to monitor and evaluate the social performance of their businesses.

In the context of public expenditure programme, social audit is the process by which details of financial and non-financial resources used in public expenditure programme are shared with the primary stakeholders in order to enforce accountability and transparency in the execution of such programmes<sup>3</sup>. According to Vij, social audits provide the poor with a voice and a platform to actively engage in the participatory governance and ensure accountability in implementation of public programmes<sup>4</sup>. The

Comptroller General of India (CAG) in their report on social audits has acknowledged the importance of this form of audit as it performs an important function in verification of outputs and outcomes which are secondary focus of conventional audit. The government auditor further noted that with greater devolutions of funds to local governments and the decentralisation of implementation, primary stakeholders through social audit can play a critical role in verification of deliverables and ensuring accountability of the implementing agencies<sup>5</sup>.

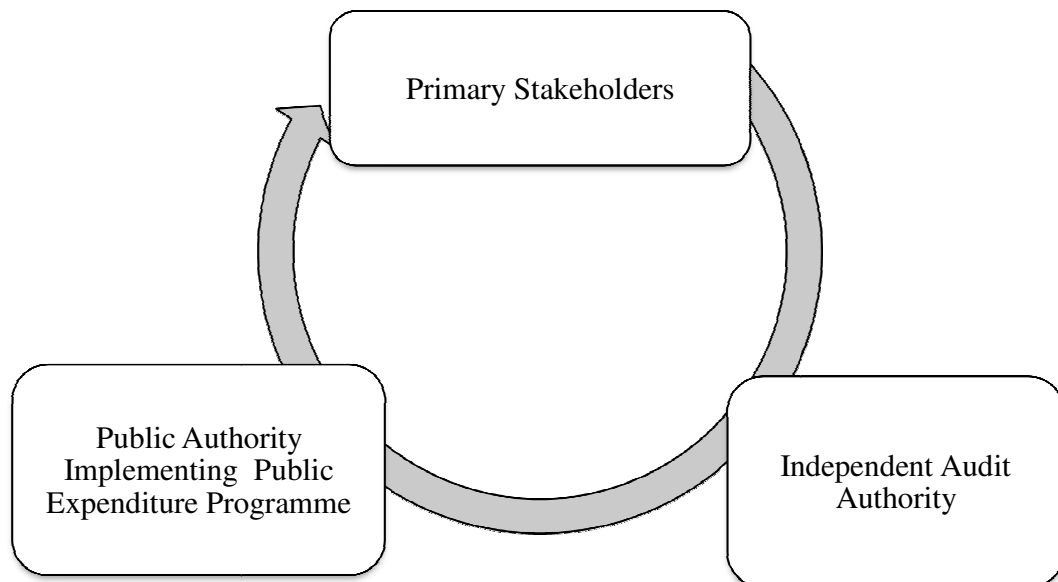
Through social audit has evolved in the corporate world, in has now been enthusiastically adopted by voluntary organizations and even by governments. In India, civil society organizations like Mazdoor Kisan Shakti Sangathand Parivartan (MKSS), using innovative public hearing forums called Jan Sunwai or public hearing along with Right to Information (RTI), are largely responsible for creating awareness about social audits as an instrument to bring about transparency and accountability and citizen participation in implementation of government schemes.

In the chart below we have tried to represent how social audits creates transparency and accountability loop which connect the poor, who are primary stakeholders of public expenditure programmes, with the independent audit agency and the public authority implementing the programme. In convention audit, the public authority shares the financial and other information only to the independent audit authority (CAG in case of India) with absolutely no involvement of the primary stakeholders. Social audits brings the primary stakeholders within this loop as it makes public authority accountability to the them while at the

same time providing valuable inputs to the independent audit agency.

Since the implementation of the MGNREGA there have been many studies to assess the implementation of the scheme which include the implementation of social accounting mechanism through social audit. Aakella and Kidambi describe the social audits of works under the MGNREGA in Andhra Pradesh in the early phase of its implementation in 2006. The process which is largely state government initiative started with the training and capacity building programme for resource persons and the mobilization of community based organisations (CSOs). The social audits highlighted many financial irregularities and exposed the strong nexus between the village level government officials and local government representatives. The absence of active CSOs is seen as a challenge to the effectiveness of the social audit movement in the state<sup>6</sup>.

Afridi examines the effectiveness of the Andhra Pradesh model of implementing social audits which is largely a state government initiative and compares it with the Rajasthan experience which is more of grass roots initiative driven by active support of local and non-local NGOs and village level volunteers. She observes that while government support is critical in ensuring that necessary information is shared by concerned officials, the involvement of NGOs, CSOs and the primary stakeholders is vital for ensuring accountability in the implementation of the schemes. He also points to the importance of taking action against corrupts officials exposed during the social audits as this will strengthen the credibility of the social audit activities<sup>7</sup>.



**Figure-1**  
**Transparency and accountability loop involving the primary stakeholders through social audit**

Cautioning the euphoria associated with social audit of the schemes, Gopal raises serious doubts on the effectiveness of social audits in the absence of proactive information sharing and remedial action on the issues that emerged from these audits. Giving an example of one such issue, He points to under recovery of amount detected as the fraud during the social audit in Andhra Pradesh and the delay and inaction in such cases as loss of faith in the audits<sup>8</sup>.

Other studies on the implementation of social audit in states like Orissa and Sikkim in the initial period of implementation of the scheme reports of very low awareness level of the community of the provisions of the Act for ensuring accountability like the social audit and vigilance and monitoring committee<sup>9,10</sup>. Similarly, Vij while endorsing these audits as tool for empowering the poor points to the lack of awareness on the part of village functionaries and local officials on the provisions of social audits which affect the quality of these audits<sup>4</sup>.

In the case of Meghalaya, the appraisal of MGNREGA in Meghalaya in 2009 undertaken by the Indian Institute of Management- Shillong reports that social audit has been done for almost 85 percent of the work under the scheme and that 97 percent of the villagers were involved during social audits<sup>11</sup>. The findings which are based on information collected from village authorities show a favorable picture as far as the conduct of the social audits are concerned. However, what the study does not say is with regard to the outcome of social audits and the extent to which they reveals the anomalies and irregularities of implementation of the scheme in Meghalaya as reported in social audits conducted in other part of the country.

## Methodology

Meghalaya is predominantly inhabited by three major indigenous tribal groups namely the Khasis, Jaintias and the Garos which makes up for 86 percent of the population. The state comes under the purview of the Sixth Schedule of the Constitution under which three separate autonomous district councils (ADCs) have been constituted for the three major tribes. The three ADCs namely Khasi Hills Autonomous District Council (KHADC), Jaintia Hills Autonomous District Council (JHADC) and Garo Hills Autonomous District Council (GHADC) extend their jurisdiction over the 11 districts of the state. These ADCs form the sub state level government in Meghalaya and they are single tier elected bodies. Below the councils is the traditional structure of governance with the village councils at the grassroots. In this paper we examine the process of the social audits of MGNREGA in Meghalaya and also report on the findings of these audits. The assessment of social audits undertaken in the state is based on social audits reports of 55 villages. These audits were conducted during 2010 and the proceedings entered in the social audit format prepared by the Ministry of Rural Development, government of India.

Our evaluation of the social audits under MGNREGA in the state is based on social audit reports carried out in 55 VECs falling under six of the eight blocks in East Khasi Hills district. The social audit report carries information relating to (i) Registration of families (ii) Jop cards (iii) Receipt of work application (iv) Allotment of work (v) Payment of wages and unemployment allowances (vi) Selection of work and issuance of work order (vii) Implementation and supervision of work (viii) Social Audit (ix) Others (x) Detailed Proceeding. Within each of the above issue, there are multiple questions regarding adherence to financial and other implementation norms of the schemes. For example, on the issue of Registration of families, one of the questions is regarding *denial of registration to eligible applicant*. Similarly one of the questions on the section on Jop card is on *Non-issuance of job cards after registration*. Against each of such questions there are six types of information that has to be compiled concerning (i) number of cases (ii) person responsible (iii) number and details of cases resolved (iv) number and details of cases pending (v) time line for pending cases to be resolved (vi) remarks. The following discussion is based on the review of all the social audit reports of the 55 VECs.

## Results and Discussion

**Social Audit of MGNREGA in Meghalaya:** Since the whole of Meghalaya comes under the Sixth Schedule, part IX of the Constitution does not apply to the state. As per provision of the MGNREGA, the state government has framed the Meghalaya Rural Employment Guarantee Scheme (MREGS) in July of 2006 which has put in place an alternative structure of implementation of the scheme in the state in the absence of the three tier Panchayati Raj Institutions in rural areas. Accordingly, under the MREGS a four tier institutional arrangement has been formed to implement the scheme in the state. At the bottom of the implementation structure at the village level we have the Village Employment Council (VEC) consisting of every male and female heads of each household in a village. The VECs are the endowed with responsibility of the Gram Sabha which includes the conduct of social audits. Above the VECs are the Area Employment Council (AEC) constituted at the cluster level comprising of villages within a 2.5 km radius. The AEC consists of three elected representatives from each VEC i.e. one male, one female and the village traditional headman of the village under the jurisdiction of the AEC. The third implementation structure at the block level is the Block Employment Council (BEC), while at the district level the governing body of DRDA is notified and works as the District Employment Council (DEC) and performs the same functions and responsibility as the Zila panchayats.

The operational structure of the scheme in the state up to the district level is as follows:

<b>District Employment Committee (DEC)</b>	⇨	Equivalent to Zila panchayats and responsible for planning and implementation of the scheme at the district level
<b>Block Employment Committee (BEC)</b>	⇨	Block selection commit perform functions of block panchayats and finalizes and approves block level plan
<b>Area Employment Committee (AEC)</b>	⇨	Performs functions of Gram Panchayat (GP) and is responsible for planning and implementation of works and other corresponding responsibilities of GP
<b>Village Employment Council (VEC)</b>	⇨	Performs all assigned functions of Gram Sabha and is the main forum for conduct of Social audits.

**Figure-2**  
**Implementen structure of MGNREGA in Meghalaya**

**Table-1**  
**Summary of information of social audits conducted under MGNREGA in Meghalaya**

I. Issues/questions contain in the Social audit reporting format*	II. Entry in the report	III. No. of VEC reporting such cases
Job card entries not updated and have different details of attendance and payments then the actual	Jop card not updated	5
Are people being given work on time?	No	5
Late payment of wages (Specify the amount)	yes	4
Was the shelf of projects prepared in the VEC?	No, selected by chairman of VEC only	1
Was there a citizen information board at the worksite giving details of the sanctioned amount, work dimensions and other requisite details?	No	4
Was the final measurement of the work (for weekly wage payments) done by the Junior Engineer in the presence of a group of workers?	No	5
Was a worksite material register maintained, along with verification by at least five workers whenever material came to the site?	No	4
Issuing of false Completion Certificates. Is Completion Certificates issued in time?	No	2
Did members of the vigilance committee make regular visits to the worksite and monitor the implementation of various aspects of the work?	Vigilance and monitoring committee does not function/not constituted	7
Were any complaints made? Were they addressed within seven days by the grievance-redressal authority?	Yes, against the chairman of VEC for refusing to give work but no action taken	1
Data recorded in a confusing or incomprehensible manner	No records found, cash book not maintained	1
Proceeding	Mentions that during the course of social audit it was found that work under the scheme in the particular VEC has been stopped as there is no money with the block and also that only 20 days of work was provided against the demand for 40 days.	2

\*For sample of format see [http://nrega.nic.in/circular/Social\\_Audit\\_format.pdf](http://nrega.nic.in/circular/Social_Audit_format.pdf).

A thorough review of the entries made in the social audit reports reveals the following: i. There are 28 social audit reports of VECs where entries against the various questions are either left blank or simple entered as 'No', 'Nil', 'Does not know', 'O' or 'X'. These are no useful information that can be gleaned from these entries other than the name of the VEC and the date on which the social audits were conducted. ii. The same pattern is

seen in the entries made in another 14 social audit reports of VECs with the only exemption being that the entries also contain a simple statement on the proceedings of the social audit which reads as follows: *The social audit of the village was held on a particular date in the presence of members of the village and VEC functionaries and everyone is satisfied with the outcome.* iii. The social audit reports of the remaining VECs

contain only scanty information which nonetheless reveals the irregularities and malpractices in the implementation of the schemes.

The table below summarises the information collected from the social audits reports. Column I list out the questions against which entries were made in the social audit report. Column II contains the details of entries against the questions, while in column III we have given the number of VECs reporting such cases.

## Conclusion

The assessment of the social audit reports of the 55 VECs clearly show that in the majority of cases social audits seem to have been conducted just to satisfy with the norms. Entries made in the format were perfunctory and there is no evidence to suggest of a proper scrutiny of records pertaining to the scheme. However, social audit reports of some of the VECs do give us some information on the irregularities and malpractices in the implementation of the scheme. Prominent among these are the non-functioning of the local vigilance and monitoring committee (VMC), irregularities in job card entries and allotment of work, late payment of wages, no proper measurement of work and non availability of display of work related information in the worksite.

It is important to note that the above assessment of social audit of MGNREGA in Meghalaya is based on the social audit reports of only 55 VECs conducted in 2010. It is in no way a mirror of what is happening in the entire state either in 2010 or at present. While social audits reviewed under this study have not revealed any major anomalies and misappropriation of funds which newspapers in the state have been reporting from time to time<sup>12,13,14</sup>. The fact that some anomalies have been detected in these social audits shows the potential that exist for social audits to serve the purpose of bringing transparency and accountability in the implementation of the schemes if they are implemented properly. For this to happen, there is need for the state government to play a proactive role with training and capacity building programme for resource persons, civil society and non-governmental organisation. Community needs to be aware of the key provisions of the scheme and their role and right to monitor and ensuring accountability of the implementing agencies. In this regard, the setting up of social audit unit in the state is long overdue and there is an urgent need for the state government to constitute this unit so that social audits of MGNREGA can be effectively conducted in the state.

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