REPORT ON STRENGTHENING SOCIAL AUDITS IN KARNATAKA

Part 2

Centre for Research in Schemes and Policies (CRISP)

FOREWORD

Audit is a system of verifying expenditures and their results by an independent agency to help the legislature to ascertain whether the funds authorised by it have been spent as intended. It is an expression of democratic control over the use of public resources.

Social Audit is even more democratic. It is people's audit. It covers not only verification of spending. It gets into areas like propriety, need, effectiveness and so on. In a sense, it is an extension of the right to know; it includes right to question and seek answers, right to seek remedies and right to expect action against the wrongdoers.

Through different laws starting from Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), Supreme Court orders and government policies its scope has been widened considerably. Yet, many states are not performing well in the conduct of Social Audit. It is in this context that Karnataka decided on its own to improve its Social Audit and sought the help of CRISP to design a pucca system.

CRISP assigned the best possible team and conducted a detailed analysis of the Social Audit system in the state including conduct of test audit to understand the real situation in the field. CRISP has produced two reports for the use of Government of Karnataka. It is expected that the Reports would be acted on for which CRISP is willing to provide continued support if the state so wants.

It is necessary to state that Social Audit, to be really beneficial, has to be non-adversarial and non-threatening. It has to be a rigorous, evidence based, fact finding exercise. It is expected to be a Balance Sheet which presents a fair picture of performance validated by the stakeholders indicating areas of good performance, shortfalls, constraints faced and malfeasance.

Unfortunately, the elected Gram Panchayats do not seem to have realised the holistic meaning of Social Audit. In fact, a properly conducted Social Audit increases its understanding of its performance, enables two-way communication with its citizens and generates trust and enhances its credibility and strengthens its legitimacy. It also helps officials to understand outputs and outcomes of different programs. Most importantly, it empowers people, especially the ordinary citizens to realize their development rights. Thus, it is a win-win situation for all the actors.

It is hoped that the Reports of CRISP would help Karnataka in becoming a School of Practice for others to learn from.

S.M Vijayanand

President, CRISP

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Executive summary

This is the second part of the study done by the Centre for Research in Schemes and Policies (CRISP) regarding the social audits being done by Karnataka Social Audit Unit. This report takes into account the actual operation of the social audit at the field level through test audits conducted in two villages selected at random from two different regions of the State.

Social audit is the stakeholder audit of the implementation of the Government schemes designed and implemented for them. The process involves voluntary sharing of records by Government, training of stakeholders in reading the records, organising the field level audits by the stakeholders, reading out the report by the people and administration taking action on the findings. The report has crystallised the 7 salient features of a good social audit and examined the SAU's process with reference to these features. These are: Jaakari (knowledge), Bhagedari (participation), Karyavahi (timebound action), Suraksha (protect the people who give evidence, Sunwai (right to be heard), Janta ka Manch (congregation for reading out Report) and Prasaar (dissemination). The study has found that there are no significant deviations between the audit (done by SAU) and the test audits (done by CRISP team), which is creditable. However, the test audits have thrown up areas where the future social audits can improve further. They have been dealt with in detail. The major recommendations are:

1. Systems should be developed, using technology, for making available records for conducting social audit, without delay and struggle.
2. Convergence works which are currently not being examined, shall be covered in all future social audits.
3. Greater effort shall be put in creating awareness about the rights under the Act and their entitlements. This should improve the participation rate in social audits.
4. Evidence gathering process shall be strengthened, since all deviations need to be investigated for eventual penalty.
5. All social audit reports shall be available on the public domain without any restrictions.

The study has brought out that significant work is to be done in HR processes for preserving the purity of the social audits. This would involve randomisation

of the social auditors while allocating to villages, and not entrusting more than 3 to 4 audits for each social auditors.

The test audits have been done by experienced social auditors brought from outside the State under the leadership of former State Lead of Telangana Ms Ashalatha. The process was overseen by Ms Sowmya Kidambi former Director of Social Audit Society of AP and Telangana, and Ms Rakshita Swamy Director of SAFAR.

The report concludes with the optimism that the Karnataka State will implement these recommendations, especially since social audits are being upscaled to cover more schemes that have major welfare gains.

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1. Introduction

The Centre for Research in Schemes and Policies (CRISP) is working with Government of Karnataka for improving delivery of the social sector initiatives, especially those implemented through the Panchayat Raj system. One of the important aspects of this mandate is empowering the people at large for monitoring implementation of schemes designed for their welfare.

The system of social audits mandated by the Mahatma Gandhi National Rural Employment Guarantee Act 2005 is one such transformatory tool that has allowed access to the beneficiaries to programme records and audit them at the field level themselves. In accordance with this provision, and based on the model finalised by Mazdoor Kisan Vikas Sanghatan (MKSS) in Rajasthan, the Social Audits have been conducted first time on a scale in Andhra Pradesh. The Society for Social Audit, Accountability and Transparency (SSAAT) set up in Andhra Pradesh has put in place the structure of conducting of social audits under the leadership of Sowmya Kidambi who worked as Director of SSAAT for over 10 years. This structure was adopted at the National Level by the Ministry of Rural Development which issued the guidelines for the conduct of social audits. From this started setting up of the social audit societies in all States and UTs.

The Social Audit Uni (SAU) of Karnataka was set up in 2013 and has been functioning for over 10 years. The scope and scale of operations has increased many times in this period. The Social Audit Directorate Karnataka has requested the Centre for Research in Schemes and Programmes (CRISP) to conduct a study of the structures and processes being adopted by the Directorate, and make suggestions on matters of structure, processes, and policy etc, to improve the effectiveness of the Social Audit in the State and to achieve compliance to the Social Audit Standards.

Accordingly, CRISP has studied the existing structure, policies, and processes as well as the current standard of compliance with the Social Audit Standards, while looking at the best practices being implemented in Telangana, Bihar, and Jharkhand, to put together a set of suggestions and recommendations that could be implemented by the Social Audit Directorate of Karnataka. The first part of the recommendations was submitted in May, 2023.

Subsequently, to examine the processes at the field level, it was decided to conduct test audits in two different locations. These test audits were to look at

the selection of the social auditors, their training, access to records, field verifications, findings and sharing of the findings with all the stakeholders.

This Report is therefore based on the comprehensive test audits done by the team of CRISP led by Ms Ashalatha under the guidance of experts Ms Sowmya Kidambi and Ms Rakshita Swamy.

2. Concept and principles of social audit –

Social Audit is the audit conducted by people, of Governmental action of implementation of a scheme. This audit is conducted by the beneficiaries of a Scheme, facilitated by experts who train the people to access and read records, and verify the entries in the official records with reference to the facts on the ground. It therefore presents the actual status of the scheme on ground, which many a time is in variance with the information in the official records. By openly bringing out the difference between the two, the exercise brings highest degree of accountability in the official machinery, while spreading awareness in the beneficiaries.

Social audits are different from financial audits **which involve inspecting and assessing documents** related to financial transaction, whereas a social audit is a verification of both the documents and the execution of the scheme at the grassroots.

The seven principles of social audit are –

1. Jankari (Information):
   Access to the official information for common people is always the most difficult due to the **power asymmetry** and **knowledge asymmetry** between the officials and the people. The power relations between the officials and beneficiaries always worked to the disadvantage of the beneficiaries who are kept at the mercy of the implementing machinery which can halt the scheme or harm the persons who question. Connected with this, is the complexity with which the records are maintained, which keeps out an ordinary citizen out of its purview and creating a knowledge asymmetry.
   One of the fundamental principles of social audit is therefore to overcome this asymmetry through a systematic State-sponsored action. This involves:
   a) Ensuring easy and unhindered access of all records to the beneficiaries pertaining to the schemes implemented for their welfare.
   b) Training and equipping the beneficiaries to read and understand the official records so that they can verify the same with field level conditions.

2. Bhagidari (Involvement and participation of citizens):

Social audit is a people's exercise of verification of actions by the Government machinery at the field level. The technique ensures that such an exercise is a participatory affair, with participation of all the stakeholders. It is therefore a radically different exercise but is far from being an anarchic act (which is how such exercises end up being).

Participation of the people is the key to the social audit exercise. Ideally it should have at least 60% of the beneficiaries who received benefit from the scheme. It should also have the people who are entitled, but were not benefited from the scheme.

3. Karyawahi (Time bound action):

The social audit processes require clear timelines and must be sustainable over a period. Social audit shall be conducted at least twice a year for every scheme, as per a timeline finalised by the organisers and agreed to by Government.

This would also require that the technique must manage the tensions that are bound to arise when the people check the official records, and bring out deficiencies.

The follow up on the finding of the social audit is essential for the next round to continue. This requires systematic recording of the observations, allocation of responsibility, willingness to punish the culprits, reward praiseworthy action and perseverance till the action is completed.

4. Suraksha (Protection of Citizens):

The soul of the social audit is the fearless expression of the views of the beneficiaries. In a semi-feudal set up that is found in the Country in most parts, such a freedom is more theoretical than actual. This fearlessness should arise out of understanding of their rights and entitlements on one hand, and a faith that expression is not stifled by the more powerful implementing machinery.

This is where the scheme gives responsibility to the higher authorities to protect the people from reprisals from those whose action have been found to be faulty.

5. Sunwai (Citizen's right to be heard):

A public expression of views after conduct of the social audit process is the penultimate act in the technique. This combines freedom of expression, control of the conflict and respect to the democratic principles.

6. Janta Ka Manch (Collective Platform):
   This the final process of social audit where the audit report is read out in the presence of the high officials (endowed with disciplinary power), the implementing agencies, beneficiaries, and people at large. This gives an opportunity for the higher authorities to understand the field realities and goad them to act on that.

7. Prasaar (Dissemination of the report):

   The findings of Social Audit should be accessible to all and in the public knowledge through platforms using traditional methods of information dissemination as well as new and emerging technologies.

3. Test Audits for verification of processes

Test audits are a process whereby the robustness and efficacy of the social audits that are assessed. The exercise involves identifying Gram Panchayats based on a set of parameters and facilitating another audit in these gram panchayats with a team of facilitators who were not part of the regular social audit that was facilitated in the Gram Panchayat.

The report by the test audit team is then compared with the report of the regular social audit to see if there are inconsistencies and if the process was conducted according the auditing standards and principles.

The main objective of the test audit exercise is to examine how to improve the field level processes in the social audits and is meant to be a peer review as well as an exercise undertaken by a separate wing of the SAU.

4. Process of the Test Audit

a. **Selection of the Gram Panchayats –**
   CRISP identified the Gram Panchayats to be taken up for test audit through the following criteria- Gram Panchayats with the highest expenditure and lowest expenditure in MGNREGA, taken up for regular social audit in the previous round. The logic for this was to see what kind of issues were identified in the highest spending and lowest spending

Gram Panchayats from the financial, social inclusion and entitlements perspective. The test audits were facilitated in two Gram Panchayats, one each in the North and South districts of Karnataka.

i. District : Bellary
Taluk : Sandur
Test Audit Gram Panchayat: Thoranagall
Test Audit Date: 06-07-2023
Records Period (2022-2023): 01-10-2022 To 31-03-2023
Regular Audit Date: 08-09-2022 To 13-09-2022
Total wage (covered by Social Audit): Rs 10,45,524/-
Total material: Rs 1,91,017/-
Total Expenditure: Rs 12,36,541/-

ii. District : Tumkur
Taluk : Gubbi
Test Audit Gram Panchayat: Doddagune
Test Audit Dates: 06-07-2023 To 11-07-2023
Records Period (2021-2022): 01-10-2021 To 31-03-2022
Total Works: 70
Total Wages (covered by Social Audit): Rs 4,49,572/-
Total Material: Rs 1,36,455/-
Total Expenditure: Rs 5,86,026/-

b. **Test Audit Team –**
For any test audit to be successful, it is important that the team facilitating the process to be independent of the implementing and auditing agency. In instances where the test audit is being facilitated by the Social Audit Unit, it is important to ensure that the team who facilitated the regular audit has no connection professionally or personally with the team that is facilitating the test audit.
In this instance, CRISP put together a team that was independent of the SAU by engaging the services former resource persons from the neighbouring state of Andhra Pradesh.
The test audit team was led by Ms.Ashalatha, former Programme Manager, Capacity Building, Society for Social Audit, Accountability and Transparency (SSAAT), Andhra Pradesh with over 10 years of experience in social audit of MGNREGA and other social welfare schemes and a Lead Course Coordinator for the 30 days training for all social audit resource persons across the country, facilitated by the NIRD and funded by the MoRD. The team also comprised of 10 former

Resource Persons with more than 5 years of field experience in MGNREGA audits, from the bordering villages of Ananthapur, who could communicate and understand Kannada.

c. Process of test audits

The test audit process began on the 6th of July, 2023, with 5 resource persons each being deployed in the two Gram Panchayats of Torangallu and Doddegune. The process was monitored by the coordinator Ms.Ashalatha and Ms.Rekha from CRISP. The team stayed in the local government accommodation provided by the PDO.

The time-line of the test audit was as follows-

6th July, 2023 - Conducted a coordination meeting with the MGNREGS implementing agency followed by collecting records.

7th July, 2023 - Record verification

8th July – 10th July, 2023 - Door to door verification and worksite verification.

11th July, 2023 – Test audit Report writing and comparison with the regular social audit report. This was followed by an interaction and a de-briefing session with the implementation staff at the Panchayat as well as the social audit team members of the SAU Karnataka deployed in the Block. Interaction with national level social audit experts Ms.Sowmya Kidambi, former Director, SSAAT, AP and Telangana and Ms.Rakshita Swamy of SAFAR.

d. Getting the records:

The test audit team used the same set of records that was used during the regular social audit by the SAU Karnataka team. The records were provided by the Panchayat Development Officer (PDO).

The social audit team collected the work files which ideally should contain 21 documents as per the guidelines issued by the MoRD –

Sl. No.	List of Documents
1	Checklist of Documents
2.	Copy of the Annual Action Plan/ Shelf of Projects
3.	Copy of Technical Estimate and Design
4.	Technical Sanction
5.	Administrative/ Financial Sanction
6	Convergence Funds/Inputs, if any
7.	Demand Application Form
8.	Work Allocation Form

9.	Copy of filled e-Muster Rolls
10.	Copy of Measurement Book
11.	Material Procurement Document and Usage
12.	Copy of Wage List
13.	Copies of Wage and Material Payment FTOs
14.	Material Voucher and Bills
15.	Copies of Receipts of Royalty Paid
16.	Photograph of the Project/ Work at three stages-before, during and after
17.	Work Completion Certificate
18.	Muster Roll Movement Slip
19.	Geo-tagged photograph of the Asset (at least one stage)
20.	Copy of Social Audit Report of the work
21.	Other State Specific Documents

According to the MoRD, the above list issued is indicative and not exhaustive. The States/ UTs can add more documents to Case Record/ Work File based on their State specific practices. Since, the records will be maintained at Gram Panchayat Level, the State/UTs may maintain in their preferred language.

e. **Overview of the two gram panchayats –**

Thorangall Gram Panchayat –
11 types of works were carried out under Mahatma Gandhi National Rural Employment Guarantee Scheme during the period 01-10-2021 to 31-03-2022.

S.No	Name of the work	No. of works	Wage (in Rs)	Material (in Rs)	Total (in Rs)
1.	Horticulture	08	489855	173447	663032
2.	Vermi compost pit	01	8959	17570	26529
3.	Percolation Trenches	01	358560	00	358360
4.	Contour trenches	01	188350	00	188350
		11	1045524	191017	1236541

- The total number of job cards sanctioned was 775 of which only 327 job cards were active and the remaining 448 inactive.

- During the period from 01-10-2021 to 31-03-2022, 148 Job card holders worked under the National Rural Employment Guarantee Scheme. The remaining 179 job card holders did not work.
- During the Social Audit period (from 08-07-2023 to 11-07-2023), the Test Audit Team met 129 laborers and 19 could not be met as they were unavailable. The rest of the workers stated that the labour that these labourers go to work in the Jindal factory in the morning and come home at night.

Doddagune Gram Panchayat - 70 types of works were carried out under Mahatma Gandhi National Rural Employment Guarantee Scheme during the period 01-10-2021 to 31-03-2022 in Doddagune Gram Panchayat.

S.No	Name of the work	No. of works	Wage (in Rs)	Material (in Rs)	Total (in Rs)
1.	Desilting of Tank	01	28322	0	28322
2.	Cattle water Through	01	12138	0	12138
3.	Coconut Plantation	10	162017	13500	175517
4.	Soak pits	50	133807	111598	245405
5.	Farmpond	03	65025	0	65025
6.	Vermi compost pit	02	14161	11357	25518
7.	Cattle shed	03	34102	0	34102
	Total	**70**	**449572**	**136455**	**586026**

- Doddagune Gram Panchayat has total 20 residential villages, out of which employment guarantee work has been done only in 15 habitations (during 01-10-2021 to 31-03-2022) and in other 5 villages of Paramsandra, Chikka Halli, Gollara Hatti, Dindagadahalli Hatti and Dallanahatti, no work has been done.
- The total number of job cards sanctioned was 1402 and only 114 job card holders have worked between 01-10-2021 to 31-03-2022. The remaining 1288 job card holders have not worked. Out of 114 job card holders, 98 job card holders were met during the test audit and the rest of the job card holders were unavailable. During the door-to-door verification, the labourers and the villagers were questioned and said that they are more

interested in their own work. Of the 1402 job cards that were sanctioned, 441 are active and remaining 1061 job cards are inactive.

5. Test Audit feedback-

The test audit has examined the field level processes with reference to the principles of social audit enunciated earlier.

1. Jankari (access to Information)
A. Parameters examined

The test audits examined the following at the field level:

a. There should be clear and detailed instructions regarding the role and responsibilities of government functionaries at each level to provide records to social audit team. Have such instructions been issued by the State?

b. To conduct social audit in timely manner, auditor should also be aware about these instructions. Are the Social Audit resource persons aware of the instructions?

c. 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 the records in time. Is there a system in place to monitor the same?

d. All the required information and records of all implementing agencies are required to be provided to the Social Audit team at least 15 days before the day SA Gram Sabha meeting to provide enough time for assimilation & verification. Has this been followed by the implementing agency?

e. It is the responsibility of the DPC to ensure that all records as required are furnished to the SAU through the Program Officer. Has the DPC or the officer responsible for ensuring that records are handed over in time to the team, been informed in case of delay in handing over records?

f. In case records are not provided in time or are incomplete, what is the action that is being initiated against the concerned? Any corrective steps that are being implemented.

g. The information contained in the records is required to be analysed in such a form that it can be easily understood by the stakeholders. Is this being followed? Please attach copies of the formats being used.

h. Summaries of muster rolls, bills must be prepared in a format that can be presented to the villagers. Similar summary for works is also to be prepared in advance. Are the MoRD formats being used? Are they accurate and user friendly?

i. Suggestions for improvement in the handing over of records and the formats being used by the field level social audit resource persons to be sought.

Observations:

a. It was observed that the process of handing over records to the social audit team was not time bound and no proper follow up system was in place to ensure that the social audit team received the records on time. Though there is an order that states clearly that the implementing agency, the PDO is supposed to hand over the records to the social audit team so the audit can commence on time, the same was not being followed. The local social audit team members also seemed to be unaware that such orders existed, they were however, aware of the letter intimating the social audit schedule to the District and Taluk officials. Lack of stringent follow up, beyond issuing a notice to the concerned official has resulted in no corrective action being adopted.

b. The delay in handing over records to the social audit team has also resulted in the days for audit being reduced due to the increase in wait time. The entire social audit schedule for a GP is 6 days. If two to three days goes in waiting for records the audit time gets reduced by half. Also, in many instances they team is simply told to go ahead with the records available, this results in the works for which records have not been given, not being verified. This would also give an indication to those who do not produce full records for the audit that they produce the records only for the works that they want audited and not for all the works. It is important that there are stringent follow up norms framed and implemented by those vested with the powers for follow up to ensure non-production of records is made zero.

c. While the MoRD has given an exhaustive list of 22 documents that are to be maintained in a work file, it was observed that some

important documents such as photos of the three stages of work and geo tagged photos were not available on the file. Work related estimates were also unavailable in some work files. The social audit report should have a template and a checklist of what documents were handed over and what were not handed over for corrective action to be initiated. Mostly the work files not being handed over were of community works more than individual works.

d. The social audit team uses the MoRD MIS-generated social audit verification formats. However, the feedback from the team was that, certain expenditure **details pertaining to convergence works was missing** in this auto generated MIS based formats. Since the records related to works taken up with other line department in convergence were not handed over to the team for audit, it became impossible to verify these works.

e. One recommendation regarding the work files pertaining to works taken up in convergence with other line departments could be that an attested photocopy of all the records in the work file be handed over to the PDO after the completion of the work. This would ensure that the delay and non-submission of records by the line departments is reduced.

2. Bhagidari (Involvement and participation of citizens)
A. Parameters examined

In this, the test audits have examined the following:

a. The Social Auditors should conduct door to door verification of information available in primary records to identify issues related to entitlement of the beneficiaries. This the first step in the process of ensuring that citizens participate in the social audit process. Has this been followed?

b. 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, so the team goes into the village fully prepared for the verification. Is this being followed?

c. 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. Mobilize workers to participate in large numbers in the audit process. Is this being followed? Reasons may be ascertained in case this is not being followed.

d. Thorough verification of Muster Roll entry and payments made in the time period specified for Social Audit by establishing contact with the wage

seekers whose names are entered in the muster rolls. To pinpoint discrepancies if any and record them for the labourers. Is this being followed? Quality of the evidences being collected from the labourers?

e. Recording the written statements of the laborers on any issue as well as filling up of the Social Audit formats and writing reports. Quality of the process being followed?

f. 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. 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. Is this being done? All works? Some works? Quality of technical skills of the social audit resource persons?

A. Test audit Observations –

a. It was observed that door to door verification was being taken up 100%, with the usual issues related to some labourers being unavailable / door locked cases.

b. In the case of worksite verification, there is a need to have a structured approach to involve beneficiaries in the exercise. As mentioned above in the section pertaining to information that should be available in the work file, since photos of the three stages of work and geo tagged photos were not available, it was very difficult for the test audit team to ascertain the exact location of the soak pits. In the instances where the soak pits could not be located, the photos in the work file did not help since there were no landmarks or visible signs of difference that could be identified in the photos to determine the location where it was said to have been constructed.

c. Recording less measurement in the MB related to certain works was also observed by the test audit team.

d. Similarly, the test audit team observed that there were no worksite boards for individual works such as soak pits. The reason for this was that the entire wage and material amount including the work site board is being credited to the beneficiary account.

e. Since the MoRD has not been releasing material payment to state on time, there are more than two years pending payments for

material related to individual works as well, resulting in a lot of anger at the village level. In the absence of any worksite boards at the locations, it is extremely difficult to identify the works that have been taken up in the FY being audited.

f. It was also observed that the social audit team needs more technical training. Some issues related to material works as well as earth works were not fully verified by the team and they are dependent on the local technical staff of the same Gram Panchayat for technical verification of works.

g. An IEC toolkit on social audit would be very useful in creating mass awareness regarding the social audit process as well as the rights and entitlements under the MGNREGS. There should be a mechanism whereby an IEC team can be engaged to create greater awareness regarding the social audit process to increase public participation in the audit as well as the Gram Sabha.

3. Karyawahi (Time bound action)
A. Parameters examined

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

b. 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

c. 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

d. 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.

e. 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.

f. 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 SAU.

g. Are these processes being followed and is a robust and effective system for follow – up in place? What is the quality of action that has been taken so far?

B. Test Audit Observations – The test audit has shown that:

a. there is no clear structure for follow-up post the social audit process. The current system adopted in Karnataka is that after the Gram Sabha is held in the presence of an independent observer from a department other than the implementing agency, the report is handed over to the Executive Officer, Panchayati Raj (EO-PR), who is also the PO of the implementing agency. The EO issues notices to the concerned but beyond that there is very little follow up that is done. If social audits are to be of any use, a stringent follow up mechanism is equally important. If the average number of issues in each Gram Panchayat ranges from 10-20, across the State this would be more than 50,000 issues. The MoRD classification of issues in the MIS developed to capture and track each finding are as follows –

       i. Financial Misappropriation

       ii. Financial Deviation

       iii. Process Violation

       iv. Grievances

b. In the FY 2022-23, the SAU Karnataka identified **12,256** issues, with a corresponding Financial Misappropriation amount of ₹ **17,34,04,150.** Of this, ATR for **7464** cases have been decided and uploaded in the MoRD MIS, with a corresponding Financial Misappropriation Amount of decided cases, as reported by SAU of ₹ **7,40,73,783.** The No. of decided Cases for which financial misappropriation amount needs to be recovered as reported in the MIS is **2942.** Final Recoverable Amount to be recovered (Rs.)**1,72,64,862.** No. of decided Cases for which Recovery is done is **2935** and the total amount recovered so far is Rs.**1,71,82,116.** (Figures are as per R.9.2.8, MoRD MIS reports dated 8/8/23. This data is dynamic and gets updated daily)

c. Given the number of issues that have been identified under just one category, if all the issues had to be followed up and taken to its logical conclusion the **State must devise both a structure and a process for follow up**. The State could look at other States where follow up structures have been set up and develop something similar for Karnataka.

d. CRISP could also help the State Government work out a structure for the systematic follow up and closure of social audit issues as has been mandated by the MoRD, especially since this an important parameter being monitored by the Ministry regarding fund release for the MGNREGS to the states.

4. Suraksha (Protection of Citizens)

A. Parameters examined

Has the State made adequate provisions for citizens to participate in the audit without fear?

a. Have there been instances of violence or threats during the social audit process?
b. In such instances, how has the state dealt with the situation?

A. Test Audit Observations –

a. There is no perceived threat to either the social audit team or the beneficiaries that was observed during the test audit process. There has not been any attack on anyone while the social audit was being facilitated in the Gram Panchayats.
b. In instances where the social audit team has perceived a threat of disruption during the process or the Gram Sabha, they have informed the EO-PR and they have been provided with immediate police protection to ensure that the process is completed without any law-and-order issue.
c. There are of course signs of elite capture of the scheme and self-censoring while engaging with the social audit team in instances where there has been a collusion between the labourers and the village elite, GP members.
d. IEC and creating mass awareness is the only way some of these fears can be addressed by the social audit team. Especially in areas where it is evident that one community is being favoured because of their numbers and their political representation in the Gram Panchayat vis-à-vis the other communities.
e. It is evident based on which community gets higher number of days or even higher number of individual beneficiary works. The social audit team must be observant in this regard, especially since it impacts the entitlements of those who need it the most.

5. Sunwai (Citizen's right to be heard)

A. Parameters examined

The citizen's right to be heard involves their right to present evidence to the audit team without obstruction in a ward sabha, gram sabha and public hearing.

a. **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.

b. **Physical Verification:** The 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.

c. **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.

d. **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.

e. **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.

The test audit team tried to ascertain if these processes are being followed. In case it is not being followed, the reasons for the same.

B. Test Audit Observations –

a. There is no evidence gathering that is taking place in the social audit process. The social audit team members informed the experts and the test audit team that people are scared to give evidence in writing. However, the social audit Resource Persons need to be trained in the

various ways in which evidence can be gathered and incorporated in the social audit report.

b. While the oral evidence is just one form of evidence, there are a lot of ways, including documentary and physical verification evidence that can be gathered by the social audit teams in instances where the oral testimonies are not very forthcoming. This was clearly substantiated in the test audit process. The detailed test audit report of both Gram Panchayats will be shared with the SAU.

6. Janta Ka Manch (Collective Platform)
A. Parameters examined

a. SAU shall be responsible for convening the Social Audit Gram Sabha/Public Hearing.

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

c. 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.

d. Participation of the most marginalized (SC, ST, elderly, single women etc.), elected members of the GP implementing Staff SHG members or NGOs etc.

e. 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.

f. 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

The test audit team must ascertain if these processes are being followed. In case it is not being followed, the reasons for the same.

B. Test Audit Observations –

a. In keeping with the spirit of the Act the Public Hearing is through the Gram Sabha in the presence of the independent observer called a nodal officer who does not belong to the implementing agency but is from the same taluk. In 80% instances the nodal officer attends the Gram Sabha, in the 20% where the nodal officer does not attend, a senior citizen is selected and made the chair of the Gram Sabha. After the Gram Sabha is held the social audit report is submitted to the Panchayat, the EO-PR. A consolidated report of the entire block gets sent to the State.

b. There are no further public hearings or meetings held after the Gram Sabha. There needs to be a mechanism whereby meetings are also held at the District and State level to have an effective follow up mechanism and for the findings from the social audit process to feed into the policy and implementation of the scheme. The social audit resource persons would be in a position to inform the implementing agency regarding areas that need immediate redress to be able to make the implementation of the scheme more effective.

7. Prasar (Report Dissemination)

B. Parameters examined

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

b. Social Audit reports should be in a standardized format

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

d. Social Audit Reports should be prepared in the local language.

e. **The presentation of information should necessarily include:**

(i) Observation on the status of book keeping

(ii) Work orders and accounts related to each work is to be loudly read part by part which is to include items like

(iii) 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,

(iv) accounts for material expenditure incurred including item wise material procured,

(v) 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,

(vi)observations on deviations found in measurement of works,

(vii)observations on status of completion of works and

(viii) bringing forward of specific cases of non-inclusion

The test audit team should ascertain that these aspects are being followed. In case it is not being followed, reasons for the same must be ascertained.

B. Test Audit Observations –

a. The social audit issues are being entered into the MoRD MIS created for the purpose of tracking the life cycle of each issue identified during the audit and ensuring that it reaches a logical conclusion and subsequent closure. The issues are visible along with the action taken report in the public domain.

b. The SAU has also started a dedicated YouTube channel more recently to upload the live recordings of the Gram Sabha in the public domain which is very welcome.

c. The use of technology is being used quite extensively to disseminate and publicize the process and the reports.

d. The reports are in the local language and while copies are available in the Gram Panchayat, ways in which the beneficiaries can access them should also be explored. Standard formats which can be used by the social audit teams across the state should also be explored. CRISP will support this process as well.

e. The State must have a repository of all the social audit reports in the digital form by getting them scanned. Especially in instances where FIRs are lodged and there is a possibility of the case going to trail, the original copy of the report will be required.

5. Other Observations and recommendations

1. There is a need to ensure that the SAU follows a "cooling off period" for resource persons at all levels, from the VRPS to the TRPs and DRPs at the time of allocation of GP/Taluk/District for each round of social audit. This period should not be less than two years. If a VRP audits a GP in one round, his or her turn to audit that GP should not be before a period of two years. The same should also be followed for those monitoring the process at the Taluk and District level. The social audit process is an extremely sensitive process and is subject to collusion and cooption, this is compounded by familiarity. If the same RP audits a GP every single time, the chances of this familiarity getting the better of the social audit process is a very high possibility. This process of cooling off must be adopted at the earliest to ensure the true impartiality of the social audit process. At present the SAU has no transfer policy for its own contract staff at the field level, Resource Persons have continued to be in the same Districts, Taluks since the inception of the audit process. This has the potential of being misused as any familiarity that gets established between the person auditing and the person being audited year after year, has in most instances given rise to cooption and collusion, both that are to be guarded against. A draft policy for ensuring internal transfers will be shared by CRISP with the SAU.

2. The social audit team members must be encouraged to stay in the Gram Panchayats during the social audit exercise. By commuting up and down, precious time is lost in the commute and cutting into the time allocated for the audit. By the time the social audit team reaches the village the labourers have gone to work and by the time the labourers get back the social audit team members have left the village and returned home. The social audit resource persons should not view the audit process as a 9-5 job. It requires dedication and a desire to ensure that the poorest of the poor have access to the rights and entitlements provided in the Act. It is meant to be viewed as a service to the people, albeit a service for which they are paid. A shift in the mindset must be worked towards. Considering that the Resource Persons themselves come from rural backgrounds, staying for the entire period the audit in the Gram Panchayat should not

be a challenge. The test audit team stayed in the Gram Panchayat during the entire period of the audit.

3. A Code of Conduct for the SAU must also be drafted at the earliest. The SAU- Karnataka, has been set-up with a vision to uphold the concept of eternal vigilance by the people, facilitated by the SAU, with the support of the Government. The mission of the SAU is to promote the empowerment of rural communities directly benefiting from welfare schemes, to ensure reduction in leakage and wastage of public funds. It aims to strengthen welfare programs and schemes by deterring corruption and improving the quality of the program or scheme. A Code of Conduct would include the standards that are to be adhered to for professional behaviour, ensuring no conflict of interest; transparency and privacy norms. In line with the objectives of the SAU, it is expected that the persons engaged on contract and on deputation, should be devoted to their duty, maintain absolute integrity, discipline, high ethical standards, political neutrality, fairness and impartiality and sense of ownership in discharge of duties. It is also desirable that those working with it shall have a strong faith in the capacities of the poorest of the poor and shall have a commitment to work, honesty, sincerity, truthfulness, transparency, and accountability. A code of conduct will be drafted by CRISP and shared with the SAU.

4. Selection of VRPs and Sr.VRPs must ensure affirmative action. One way to achieve this is to choose VRPs from the most marginalized sections of society in a village. In case there is a need to relax the education qualification in the case of women, those belonging to particularly vulnerable sections of society, such as PVTG, SC/ST, the same must be ensured. The best of the Sr.VRPs must be provided with an opportunity to become TRPs and in the future DRPs. A written exam followed by an interview by an independent panel would be the way to go forward. A VRP database would be extremely helpful in this regard. All reservations followed by the State Govt should apply mutatis mutandis to the SA recruitment (of TRPs and above). This should be applied with prospective effect for the vacancies going to arise from the date of implementation. It should also be seen if this would cause vacancies in a particular category and efforts should be made to deal with this issue at the time of selection of VRPs and Sr.VRPs. A draft policy will be shared by CRISP.

5. As mentioned above in the report, a very strong and robust follow up mechanism needs to be put into place by the department to ensure time bound action is taken. Currently, the follow up process is through an Ad-hoc committee, this needs to be reviewed and any conflict of interest that is identified must be addressed. A draft mechanism for follow up will be shared by CRISP.

6. Welfare Measures for the staff working with the SAU should also be considered, especially adhering to the welfare policies that are in vogue and legal mandated by the Government. A draft policy for consideration will be shared by CRISP.

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