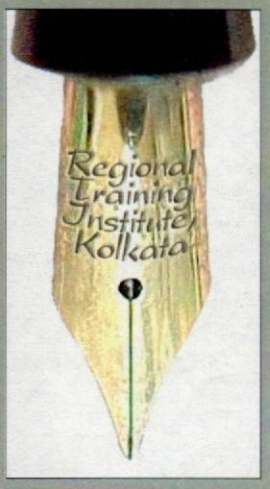
Reading Material

Proceedings of ALL INDIA SEMINAR ON NREGA

For Departmental Use Only



Regional Training Institute, Kolkata
Indian Audit and Accounts Department
29th & 30th October 2009

Index

Sl. No.	Particulars	Page No.
1.	PROGRAMME OF THE SEMINAR	3
2.	Welcome address by PD, RTI, Kolkata	4
2.	Inaugural speech by Shri J. Chatterjee, Commissioner, Internal Audit and ex-officio Principal Secretary, Finance (Internal Audit) Deptt. Govt. of West Bengal	5
3.	PowerPoint Slides presented by Shri J. Chatterjee, Commissioner, Internal Audit and ex-officio Principal Secretary, Finance (Internal Audit) Deptt. Govt. of West Bengal	7
4.	PowerPoint Slides presented by Shri S. Sengupta, Joint State Programme Coordinator & Ex-Officio Joint Secretary, Department of Panchayats and Rural Development, Govt. of West Bengal	10
5.	PowerPoint Slides presented by Shri Sushil Kumar, Principal Director, RTI, Kolkata	16
6.	PowerPoint Slides presented by Shri Brijit Mukherjee, Sr. DAG, Office of the AG/RWLBA/ West Bengal	30
7.	List of Participants and Group Photo	35

□□□□□□□□□□□□□□□□□□□□□□□□□□□□

PROGRAMME OF ALL INDIA SEMINAR ON

'NATIONAL RURAL EMPLOYMENT GURANTEE ACT

Venue: Regional Training Institute, Kolkata
Date: 29th October 2009 & 30th October 2009

DAY	MORNING SESSION For 1st day: 10.30 hrs. to 11.00 hrs.– Tea Break–11.15 hrs. to 13.15 hrs. For 2nd day: 10.30 hrs. to 11.15 hrs.- Tea Break-11.45 hrs. to 13.15 hrs.	Lunch Break 13.015 hrs. to 14.15 hrs.	AFTERNOON SESSION 14.15 hrs. to 15.30 hrs. – Tea Break – 15.45 hrs. to 17.00 hrs.
29.10.09 Thursday (1ST DAY)	**Inauguration** (10.30 hrs to 11.00 hrs.) by Shri Jayanta Chatterjee IA&AS, Commissioner, Internal Audit & ex-officio Principal Secretary, Finance (Internal Audit), Department of West Bengal. ● Objective of The Act Planning ● Registration and Employment Eligibility		● Financing NREGS and Labour Budget ● Works and their Execution ● Payment of Wages and Unemployment Allowance ● other topics
30.10.09 Friday (2ND DAY)	● Performance Audit of NREGS conducted by C&AG of India.		● Implementation of NREGS in West Bengal – A Case Study ● Summarization & Valediction

Welcome address by Shri Sushil Kumar, Principal Director, Regional Training Institute, Kolkata.

Respected Shri Jayanta Chatterjee, Commissioner (Internal Audit) Government of West Bengal, Madam Aditi Roy Choudhury Accountant General (Receipt Works and Local Bodies) West Bengal, Shri Sekhar Sen Gupta, Joint State Programme Coordinator and Ex-officio Joint Secretary Department of Panchayats and Rural Development, Government of West Bengal and dear participants.

I welcome all the distinguished guests and participants to the seminar. This seminar is being organised as per directions of the headquarters. It was felt by the Comptroller and Auditor General of India that the Regional Training Institutes of our department, which have been designated as centres of excellence for various areas relating to audit and accounts, should also contribute on all India level instead of confining themselves to their own user offices. As you know that RTI Kolkata has been designated as centre for excellence in the area of 'audit and accounts of local bodies', we had proposed to the headquarters office for organising a seminar on National Rural Employment Guarantee Scheme and the headquarters office had been kind enough to approve the proposal. Since this seminar is first such seminar to be conducted by our institute, we thought it would be proper if we invited the participants from only a few of the states. Accordingly the participants from eastern and north eastern states only were invited for this seminar. I am sure there would be some slippages here and there, for which request all of you to kindly bear with us. We look forward to your feedbacks and suggestions. These feedbacks and suggestions from you would be highly appreciated and these would go a long way in helping us in organising such events more effectively in future.

As you know NREGs is one of the most important flagship schemes of the central Government. The objective of the scheme is to provide to every rural household a guarantee of at least 100 days of employment during the year by providing unskilled manual work in rural areas to those members of rural households who volunteer to do such work. Launched on 2nd February 2006, from the Anantapur district of Andhra Pradesh, in 200 districts initially, the scheme has been expanded to cover all the 614 districts across the country with effect from 1st April 2008. The scheme is unique as it provides right-based framework for wage employment.

As auditors of government, NREGS becomes important for us basically on two accounts:

Firstly, the amount of money involved in

implementation of scheme is huge. Thousands of crores are being spent on the scheme. To give you an idea about the amount of money involved, the expenditure on the scheme in the financial year 2008-09 was Rs. 27,250 crore and in 2009-10 (upto September) it was Rs. 16,713 crore. No wonder one hears the news about the corruption in implementation of scheme with alarming regularity.

Secondly, the beneficiaries of the scheme are the most vulnerable section of the society. The chances of benefits not being passed on to the beneficiaries are real.

So it is not only our constitutional duty but also moral duty to ensure that the benefits of the scheme reach the intended group.

The structure of the seminar has been designed in such a manner that the participants are exposed to both the implementation of the scheme as well as to the issues concerning audit. Therefore on the first day of the seminar Executives from Government of West Bengal will we discussing about various issues regarding implementation of the scheme and the second day would be devoted to discuss issues related to audit.

I sincerely request all the participants to actively associate themselves in discussion, so that all of us benefit from the knowledge and experiences of one another.

Thank you.

The seminar was inaugurated by Shri J. Chatterjee, Commissioner, Internal Audit and ex-officio Principal Secretary, Finance (Internal Audit) Deptt. Govt. of West Bengal.

In his inaugural speech Shri J. Chatterjee stated that though he was not in the Indian Audit & Accounts Department, but his present charge being related to audit helped him to remain aware about various audit concerns related to NREGS.

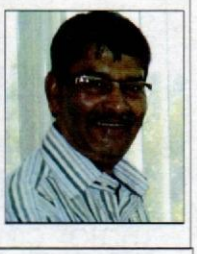
Giving background about the internal audit set up in West Bengal, he stated as per November 1998 resolution through which internal audit regulation was set-up, it was mentioned that internal audit would be done in three stages. First Phase would be regarding the Department and Directorate and Field offices and subordinate and their sub-offices etc. In the Second Phase, it would cover the commercial undertakings i.e. Public Sector Undertaking, Corporations and Departmental Undertakings, Autonomous Bodies and in the third stage, it would be extended to the Local Bodies Audit.

He stated that the internal audit was still to reach the third phase. He also stated that when he was Pr. Accountant General (Audit) in Kerala, he had opportunity to conduct the performance audit on the National Rural Employment Guarantee Scheme (NREGS) and the report prepared by his office was appreciated by the Headquarters office. He further mentioned that his present charge had given him a new perspective on internal control and its importance for any organization to run effectively.

Narrating the importance of internal controls while conducting the performance audit of NREGS, he stated that internal control issues like maintenance of records to ensure the transparency in the operation of the scheme, review and monitoring to ensure that intended benefit of the scheme was reaching the beneficiaries, planning to ensure that availability of resources and demand for employment were being assessed properly for efficient utilisation of resources and generation of adequate employment, were very important areas of investigation for the Auditors. He emphasized that as auditors, we should appreciated the importance of systems and controls.

He also thanked the PD RTI for having invited him to inaugurate the Seminar and wished for the success of the seminar.

After inauguration, Shri Jayanta Chatterjee IA&AS, Commissioner, Internal Audit & ex-officio Principal Secretary, Finance (Internal Audit), Department of West Bengal delivered a short lecture on Performance Audit of NREGA and presented the following PowerPoint Presentation Slides.

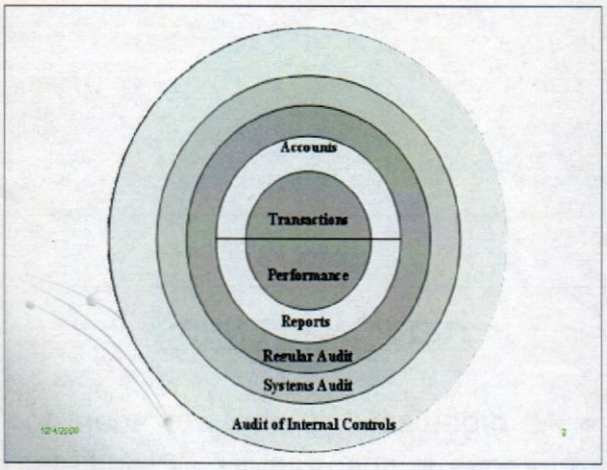


Slide 1

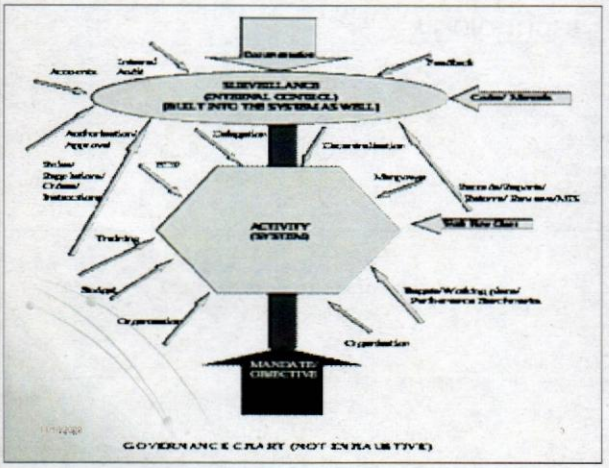
East & North-East Zonal Seminar on Performance Audit of National Rural Employment Guarantee Scheme
RTI, Kolkata – 29th October, 2009

Jayanta Chatterjee IA & AS
Commissioner, Internal Audit & ex-officio Principal Secretary, Finance (Internal Audit) Department
Govt. of West Bengal

Slide 2

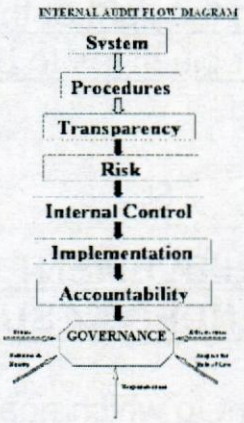


Slide 3



GOVERNANCE CHART (NOT EXHAUSTIVE)

Slide 4



Slide 5

MANAGEMENT DIRECTION

- The extent to which the objectives of an organisation, its component programs or lines of business, and its employees' roles and responsibilities are clear, well-integrated and understood, and appropriately reflected in the organisation's plans, structure, delegations of authority and decision-making processes

Slide 6

RELEVANCE

- The extent to which a program or line of business continues to make sense in regard to the problems or conditions to which it is intended to respond

Slide 7

APPROPRIATENESS

- The extent to which the design of a program or its major components, and the level of effort being made, are logical in the light of the specific objectives to be achieved

Slide 8

ACHIEVEMENT OF INTENDED RESULTS

- The extent to which goals and objectives have been realised

Slide 9

ACCEPTANCE

- The extent to which the constituencies or customers for whom a program or line of business is designed judge it to be satisfactory

Slide 10

SECONDARY IMPACTS

- The extent to which other significant consequences, either intended or unintended and either positive or negative, have occurred

Slide 11

COSTS AND PRODUCTIVITY

- The relationships among costs, inputs and outputs

Slide 12

RESPONSIVENESS

- An organisation's ability to adapt to changes in such factors as markets, competition, available funding or technology

Slide 13

PROTECTION OF ASSETS

- The extent to which important assets – such as sources of supply, valuable property, key personnel, agreements, and important records or information – are safeguarded so that the organisation is protected from the danger of losses that could threaten its success, credibility, continuity and, perhaps, its very existence

Slide 14

MONITORING & REPORTING

- The extent to which key matters pertaining to performance and organisational strength are identified, reported and carefully monitored

Slide 15

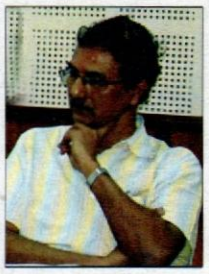
OTHER IMPORTANT POINTS

- Employment Generated
- Assets Created
- Funds Utilisation
- Equity & Fairness in selection of Beneficiaries
- Compliance – SC/ST, WOMEN, WAGES etc.
- Social Audit
- Undesirable Secondary Effects
- Transparency

Slide 16



Shri Sekhar Sengupta, Joint State Programme Coordinator & Ex-Officio Joint Secretary, Department of Panchayats and Rural Development, Govt. of West Bengal was the speaker for the 2nd, 3rd and 4th Sessions of the 1st Day of the Seminar He summarised the whole NREGS and discussed its goal and achievement in respect of West Bengal. Participants also shared and exchanged their knowledge on this Scheme. The excerpt of his lecture and print of his PowerPoint presentation is appended below:



Shri Sengupta first explained the objectives and uniqueness of NREGA. He categorically mentioned that the chief objectives were - to enhance livelihood security in rural areas by providing up to 100 days of guaranteed unskilled employment on demand in a financial year to every household whose adult members volunteer to do unskilled manual work and to strengthen the natural resource base of rural livelihood by creating durable assets in the rural areas and empowerment of the rural poor through process of right based law. He explained that before NREGA all employment schemes were supply based schemes, wherein the beneficiaries were selected by the officials implementing the scheme and beneficiaries themselves had little influence in the process. NREGS being underpinned by the act of Parliament, the beneficiaries now enjoy legal right to employment as envisaged in the scheme. Hence, the beneficiaries have been empowered by granting them legal right and this makes this scheme demand driven scheme. Then he discussed various provisions of the scheme. He then discussed on Registration and Job Cards, process of demanding for work in writing. Narrating his experience of implementation of scheme in West Bengal, he stated that due to illiteracy and lack of knowledge about the provisions of the Act, in many cased the applicants were not putting dates in their applications, which created problems in identification of target dates by which subsequent activities were to be carried out by the officials. It becomes hard to work out deviations from the datelines, to make the officials accountable. Regarding wage, he explained that minimum Wage Rate or at the rate specified by Government of India, calculation of wage on time rate and piece rate basis, process of preparation of schedule of rate, time limit for wage payment and the provision for wage payment through Bank or Post Office. He stressed that piece rates based on valid norms were better option since this lead to effective execution of works. He further stated that this option was better suited to group dynamics as each individual worker had his own expertise and specialties which were being channelised effectively in a group to carry out different works.

Later, he explained the types of permissible work to be executed under the act. He stated that rigidity on scope of permissible works created problems because at present all the works were outdoor based. This impacted the provision of employment throughout the year in states like West

Bengal, where rainy season lasted for more than five months. He also told that the state government had proposed for inclusion of some more works to be executed under the scheme. He explained that the material cost should not be more than 40% of the total cost and wage material ratio of 60:40 was required to maintained not in case of each work but for the district as a whole in a financial year.

Besides describing cost sharing and the implementing agencies, he explained about the maintenance of Muster Rolls and also about women's participation. In this regard he stated in some communities the women are not allowed to work and the matter was compounded by the fact that the works under the scheme were outdoor oriented. Therefore it was not always possible to maintain the norm of 1/3 women participation. Some of the participants felt that scheme should allow some works which could be undertaken indoors. The participants raised many doubts when he discussed on Annual Action Plan and Labour Budget. He discussed the matter in West Bengal scenario but the participants from other states also got their doubts cleared. Shri Sengupta, also outlined the flow of plans from Gram Sabhas to Zila Parishads and elaborated various issues involved in collation and various stages of approval. He also felt that there was a need for greater coordination between the implementing agencies of line department and Panchayati Raj Institutions.

While discussing on MIS, he explained how the system covers all the aspects of the implementation of the Act, how the Data relating to implementation are uploaded in the Government of India MIS Website in different modules like Registration and Job-card modules, Work module, Muster Roll entry module, Cash Book entry module. He stated that the Central allocation for the scheme was based on the utilisation of the funds, therefore this area needed high attention. The retention of unnecessary fund balances reduced the amount of Central allocation. He mentioned that in West Bengal, there were more than 3000 Gram Pnachayats, which made monitoring the fund balance with each Gram Panchayat very difficult. Therefore more stress is laid on monitoring the balances at Panchayat Samiti level. Accordingly whenever any particular Panchayat was not able to utilise the funds, no further transfer was being done.

The role of Social Audit was also discussed by Shri Sengupta. He mentioned that there should be half-yearly Social Audit in each Gram Panchayat and Social Audit team should be there in each GP to act as facilitator. He appreciated the system of Social Audit in place in Andhra Pradesh.

Slide 1

NATIONAL RURAL EMPLOYMENT GUARANTEE ACT – A Summary

1

Slide 2

OBJECTIVE

- To enhance livelihood security in rural areas
- By providing up to 100 days of guaranteed unskilled employment on demand in a financial year
- To every household whose adult members volunteer to do unskilled manual work.
- Strengthen the natural resource base of rural livelihood by creating durable assets in the rural areas
- Empowerment of the rural poor through process of right based law

2

Slide 3

DELIVERY OF ENTITLEMENT

REGISTRATION AND JOB CARDS

- Universal entitlement
- Job-card within 15 days of application for registration
- All adult members (18 years and above) entitled to be registered

3

Slide 4

WORK

- Demand for work in writing
- Demand for at least 14 days at a time
- Work within 15 days of demand by informing in writing/in notice board
- Work preferably within 5 KMs radius
- 10% extra remuneration for work beyond 5 KMs

4

Slide 5

WAGE

- At the Minimum Wage Rate or at the rate specified by Government of India
- Wage may be paid on time rate or piece rate basis- for piece rate basis more work more wage, less work less wage.
- Schedule of rate to be prepared in such a way so that a person working for 8 hours can earn the full wage
- Wage payment within 15 days.
- Institutional Wage payment through Bank or Post Office

5

Slide 6

UNEMPLOYMENT ALLOWANCE

- Payable if work not provided within 15 days
- At 1/4th of the wage rate for first 30 days
- Thereafter at half of the wage rate

6

Slide 7

COMPENSATION FOR DELAYED PAYMENT

- Compensation is payable for delayed wage payment beyond 15 days of work as per the provision of payment of Wage Act, 1936

7

Slide 8

TYPES OF PERMISSIBLE WORK- UNDER THE ACT

- Water conservation and water harvesting
- Draught proofing including afforestation
- Irrigation Canals including Micro and Minor Irrigation
- Provision of irrigation facility, horticulture plantation and land development facility to the land owned by BPL/SC/ST/Small and Marginal Farmers/IAY & LR beneficiary families
- Land Development
- Flood Control & flood protection work
- Renovation of traditional water bodies
- Rural connectivity to provide by water access
- Any other works
- Maintenance of Assets created under this scheme

8

Slide 9

WAGE MATERIAL RATIO

- Material cost should not be more than 40% of the total cost
- 60:40 ratio to be maintained not in case of each work but for the district as a whole in a financial year

9

Slide 10

WORKSITE FACILITIES

- Medical aid
- Drinking water
- Shade
- Creche in case of presence of 5 or more children up to 6 years

10

Slide 11

BAN ON CONTRACTORS

- No contractor can be engaged for implementation of the works under the scheme

11

Slide 12

COST SHARING

- Government of India will bear the full cost on unskilled wage and 75% of the material cost including skilled and semi-skilled wage
- State is to bear 25% of material cost and cost on unemployment allowances

12

Slide 13

IMPLEMENTING AGENCIES

- Panchayati Raj Institutions are the principal implementing agency.
- Not less than 50% works in terms of cost has to be taken up at the Gram Panchayat level.
- Line Department can take up works observing NREGA norms.

13

Slide 14

MUSTER ROLL

- Muster Roll must have unique serial number
- To be issued from the Programme Officer level
- Separate register to be maintained for Muster Roll
- Attendance of workers to be recorded on the Muster Roll at the worksite

14

Slide 15

WOMEN PARTICIPATION

- Participation of women worker should be at least 1/3 of the total beneficiaries.

15

Slide 16

ANNUAL ACTION PLAN & LABOUR BUDGET

- Every Gram Panchayat, Intermediate Panchayat, Zilla Panchayat will have Annual Action Plan consisting of shelves of schemes
- Every work to be taken under the scheme should be included in the Annual Action Plan
- Identification of works, prioritizing works, formulation of the Annual Action Plan consisting of the plan of GPs, Intermediate Panchayat and District Panchayat
- Identified works to be completed by January previous year

16

Slide 17

ANNUAL ACTION PLAN & LABOUR BUDGET- contd.

- Process at the GP level is to start in October and the district-wise plan is to be approved by the concerned District Panchayat by January previous year
- Labour Budget consists of month-wise plan for coverage of household and creation of mandays with sector wise details of works to be taken up.
- Annual Action Plan should be in conformity with the Labour Budget
- Labour Budget approved by the Government of India is the budget of the State under NREGA for that year

17

Slide 18

ACCIDENT AT WORKSITE

- Payment of ex-gratia Rs.25,000/- in case of death or permanent disability arising out of the accident of the workers during work at worksite.

18

Slide 19

IMPORTANT RECORDS / REGISTERS

- Household-wise record of number of days of employment provided and wage payment made
- Scheme Register
- Muster Roll Register
- Assets Register
- Employment Register
- Cash Book

19

Slide 20

PENALTIES

- Fine upto Rs.1000/- for contravention of the provision of this Act
- District Programme Coordinator and Programme Officer authorized to impose fine under Section 25 of the Act

20

Slide 21

STATE EMPLOYMENT GUARANTEE SCHEME

- Every State is to formulate the State's scheme in conformity with the provision of the Act particularly the schedule-I of the Act.

21

Slide 22

STATE EMPLOYMENT GUARANTEE COUNCIL

- Every State is to set up State Employment Guarantee Council to monitor implementation of the Act in the State.

22

Slide 23

MIS

- Computerised management information system covering all the aspects of the implementation of the Act
- Data relating to implementation are to be uploaded in the Government of India MIS Website in different modules
- Registration and Job-card modules
- Work module
- Muster Roll entry module
- Cash Book entry module
- Target is to achieve zero difference between MPR & MIS i.e MPR should be generated from MIS which is possible only in case of 100% MIS data entry

23

Slide 24

SOCIAL AUDIT

- Social Audit of all the works under the scheme to be conducted by the local people
- There should be half-yearly Social Audit in each Gram Panchayat
- A Social Audit team should be there in each GP to Act as facilitator
- Action Taken report on Social Audit to be uploaded in the MIS.

24

Shri Sushil Kumar, Principal Director, RTI, Kolkata was the speaker for the 1st and 2nd Session of the 2nd Day of the Seminar. He discussed Performance Audit of NREGA and presented the following PowerPoint Slides. He discussed the result of performance audit of a few items along with State-specific Findings. Participants also shared and exchanged their experience of the audit findings related to their respective States.



In his lecture, Shri Sushil Kumar, Principal Director, RTI, Kolkata, at first explained the objectives of performance audit of NREGA conducted by the CAG of India for the year 2006-07. Apart form discussing the audit findings he also discussed the format and methodology of performance audits now being conducted as per Performance Audit Guidelines issued in year 2004. he enumerated the advantage of selecting samples on scientific manner which has done away the element of bias as well as the reports have gained higher acceptance from the users. He also stressed that the audit objectives should be selected with great care and area of audit examination needed greater attention at planning stage. This helped in identifying clear criteria, method of audit analysis and collection of audit evidence and framing audit observations.

He appreciated that now our department was making very useful recommendations, which in turn was only possible due to our new approach of conducting performance audits.

He explained that basic purposed of discussing the performance audit of the scheme was to make the participants aware about various irregularities in implantation of scheme as well shortcomings of the scheme. The purpose was also to gain from the lessons learnt by conducting performance audit. He also requested all the participants to take active part in the discussions.

While discussing the response of the Ministry (Ministry of Rural Development), almost all the participants felt that the Ministry's response was evasive and the Ministry should not shirk from its responsibility of monitoring the implementation of the scheme.

He discussed the audit findings like framing of rules, constitution of SEGCs, shortfall in resource support, preparation of detailed perspective plan, preparation of annual plans, irregularities of registration and issue of job cards, etc. Discussing on the issue of shortage of staff at field level, the participants felt this was a perennial problem and the officials take recourse to this excuse for

not implementing the scheme properly. On the issue of non-preparation of plans or preparing defective plans the implementing authorities were ascribing it to non-availability of qualified personnel at Gram Panchayat level. While deliberating upon issue of execution of work, the participants felt that records like Muster Roll, Measurement Books were either not being maintained or not being maintained properly which hampers the audit work. The Pr. Director drew attention to incomplete or abandoned works. He stated that since framing of plan and its execution are not being done properly, this enhanced the risks of works being left incomplete or abandoned. Moreover with the change in incumbency of PRIs, such instances could increase. The chances of works remaining incomplete could be high as labour demand may suddenly dry up.

The issue of payment of wage was discussed in detail. Cases of payment of less than minimum wage and delayed payments were highlighted. The participants opined that most of applicants were not putting dates on their applications while requesting for employment. This led to non-payment of unemployment allowance.

The participants felt that the maintenance of records was in poor shape. Non maintenance or poor maintenance of records like job cards, dated receipts, employment register, asset register affected the audit process as there was no proper audit trail. The participants also agreed that there were frequent cases of incorrect reporting. Therefore during auditing the scheme, greater emphasis should be laid on reconciliations and collation of facts and figures to investigate the issue of excess reporting.

The utilization certificates were area of concern for the audit. From the presentation it was observed there rampant cases of non-submission, wrong amount being reported just to claim the allocation. In this case also need was felt to check the amount of actual expenditure with the amount reported in the certificates. Another issue of concerning the utilisation of funds was the issue of scheme funds being diverted to other purposes like payments of salaries, office expenses, POL, other expenses etc. which were happening all over the country with alarming frequency.

One topic on which all the participants showed keen interest was social audit. Though most of the Gram Sabhas were not able to meet as per schedule prescribed in the scheme guidelines, their place had been taken up by the NGOs, who have been conducting social audit by taking recourse to RTI Act. Further the participants also appreciated the role of these NGOs in spreading the awareness about the provisions of the scheme among the rural poor.

Slide 1

Performance Audit of NREGA

Slide 2

Request for audit

- In August 2006, the Ministry requested a performance audit of the implementation of NREGA, in view of the importance of the Act and the programme and to provide assurance that the processes under the Act were put in place and were being adopted effectively by the State Governments. This request was accepted, and a performance audit of implementation of NREGA, covering the initial 200 districts, was initiated during 2007-08.

2

Slide 3

Audit Objectives

To ascertain whether:

- effective preparatory steps for planning, implementation and monitoring/evaluation of outcomes were taken by the Central and State Governments;
- the procedures for preparing perspective and annual plan at different levels for estimating the likely demand for work, and preparing a shelf of projects were adequate and effective;

3

Slide 4

Audit Objectives

- there was an effective process for registration of households, allotment of job cards, and allocation of employment in compliance with the guidelines;
- NREGA works were properly planned, and executed in compliance with the Act and the guidelines, and durable assets were created and properly accounted for;

4

Slide 5

Audit Objectives

- wages and unemployment allowance were paid in accordance with the Act and the guidelines, and the intended objective of providing 100 days of annual employment at the specified wage rates was effectively achieved;
- funds released for NREGA were accounted for, and utilized in compliance with the guidelines;
- there was an adequate and effective mechanism at different levels for monitoring and evaluation of NREGA outcomes; and
- there was an adequate and effective mechanism for social audit and grievance redressal.

5

Slide 6

Audit Criteria

- The main sources of audit criteria for the performance audit were the following:
  - –The National Rural Employment Guarantee Act, 2005 (NREGA), and notifications issued thereunder;
  - –NREGA Operational Guidelines (2006); and
  - –Circulars and letters issued by the Ministry.

6

Slide 7

Audit Scope

- The scope of audit was restricted to the initial 200 districts identified for implementation of NREGA. The period of audit coverage was from February 2006 to March 2007. Field audit of the relevant records of the Ministry, State Governments and District, Block and Panchayat level offices was conducted at the Ministry and 263 States between May and September 2007.
- Subsequently, in order to assess the improvement in maintenance of records as a result of the performance audit, a limited scrutiny of record maintenance for one month (November 2007) was conducted between February and March 2008, covering 24 GPs in 6 States from within the original audit sample.

7

Slide 8

Audit Sampling

- In each State, 25 per cent of the NREGA districts (subject to a minimum of two) were selected. In each district, two blocks were chosen, in each block four Gram Panchayats (GPs) were chosen, and in each selected GP, four works (preferably three completed and one ongoing) were selected for detailed examination.
- Thus, records relating to 68 districts, 141 blocks within the sampled districts, and 558 GPs in the sampled blocks were selected for detailed examination.
- The limited scrutiny, which was conducted in February- March 2008, covered 6 states, 12 districts, 12 blocks and 24 GPs, which were selected from the original audit sample.

8

Slide 9

Audit Methodology

- An entry conference with the Ministry was held in April 2007
- An exit conference was held with the team of the Ministry in December 2007
- In addition, exit conferences were also held between August 2007 and January 2008 with the State Governments.
- The draft performance audit report was issued to the Ministry in December 2007. The Ministry sent its response on the draft report, and also forwarded the comments of 21 State Governments on the report in February 2008.
- Audit acknowledges the cooperation and assistance extended by the Ministry, the State Governments, and their officials at various stages of conduct of the Performance Audit.

9

Slide 10

Responses of the Ministry

- As regards **specific instances of irregularities/ deviations,** the Ministry stated that it could not be expected to comment on the findings of the audit team, as neither was the relevant evidence (which would presumably have been made available by the implementing agencies for examination by the audit teams) available with the Ministry, nor was it reasonably practical to have such evidence examined by the Ministry, which were admittedly numerous and spread over the country.
- Further, **in respect of violation of general principles enunciated in the Act, scheme, guidelines and instructions of the GoI**, the Ministry stated that the State Governments were not subordinate organs of the Government of India, but were coordinate authorities within the framework of both NREGA as well as the Constitution.

10

Slide 11

Audit Findings

Slide 12

Framing of Rules

- 13 States did not formulate rules for carrying out the provisions of the Act as of March 2007.
- 16 States did not prescribe the time frame for each level i.e. GP, Block and District levels for proposing, scrutinising and approving REGS works.
- Five states intimated that action had now been initiated to frame rules in respect of NREGS.
- Five states indicated that action for stipulating detailed timeframes would be taken now.
- The State Governments should formulate detailed rules for the implementation of the Act, and also specify timeframes at different levels for proposing, scrutinizing and approving REGS works.
- All states should be persuaded to put in place effective grievance redressal mechanisms so as to ensure that the purpose of NREG Act to provide 100 days employment as a matter of right is not diluted.

12

Slide 13

State SEGCs and REGCs

- While 22 State Governments had constituted SEGCs, the four **States** had not done so as of March 2007.
- While 18 State Governments had designated an officer as State REGC, seven States had not done so as of March 2007.
- The Act did not stipulate a timeframe for setting up the SEGCs; hence, it could not be said that there was a delay in setting up the councils.
- The Ministry may take steps to see that SEGCs are constituted in all States. The Ministry may also ensure that all State Governments designate State Rural Employment Guarantee Commissioners.

13

Slide 14

Resource Support

- 20 States did not appoint full-time dedicated Programme Officers in 102 test checked blocks. The existing BDOs were appointed as POs and given the additional charge of the Scheme.
- 11 States did not appoint Technical Assistants in 57 test checked blocks.
- 18 States did not appoint dedicated Gram Rozgar Sevaks in 303 test checked GPs.
- 18 States did not constitute panels of Accredited Engineers for the purpose of assisting with the estimation and measurement of work.
- 22 States did not set up a Technical Resource Support Group at State/ District level

14

Slide 15

Resource Support- contd.

- State Governments should assess the staffing requirement for implementation of NREGA, and accordingly take steps to address the gaps, if any. The State Governments should particularly consider appointing full-time POs at each Block, with adequate supporting staff and EGAs for each GP.
- GOI may also consider amending the current pattern of funding administrative expenses in the case of an identified subset of the 200 Phase-I districts which suffer from acute poverty and consequently there is increased pressure on the NREGA organizational setup. In such selected districts, the salaries for the specified posts at the Block and GP levels (especially the EGA) may be funded so that such posts could be manned on a stable, ongoing basis for effective monitoring and implementation of NREGA.

15

Slide 16

Planning

Detailed Perspective Plans (DPPs)

- Out of 68 districts test checked, Detailed Perspective Plans (DPPs) were not prepared by 40 districts in 17 States.
- In Andhra Pradesh, Integrated Natural Resource Management (INRM) plans had been prepared for each GP. As a result, 7.5 lakh works had been identified for implementation over the next 5-6 years.
- Five State Governments had initiated action/ issued instructions for preparation of DPP as per the requirements of the Guidelines and orders of the Ministry.
- For ensuring a long-term shelf of projects, and ensuring timely preparation of Annual Plans, all Districts should be directed to prepare DPPs so as to develop long-term shelves of projects.

16

Slide 17

Annual Plans

- Documented annual plans for 2006-07 were not prepared, or the plans were not complete in 175 test checked GPs 15 States.
- While Gram Sabha meetings for approving the Annual Plans were required to be convened, such Sabha meetings were not convened in 80 test checked GPs in 8 States.
- The District Annual Plans were not prepared in 4 test checked Districts 3 States.
- The District Plans in 4 Districts 4 States did not comprise a block-wise shelf of project

17

Slide 18

Annual Plans- contd.

- The District Plans in 25 Districts in 13 States did not indicate the person days to be generated for each project, while the District Plans in 12 Districts in 7 States did not indicate the full cost for each project.
- The District Plans in 11 Districts in 8 States did not ensure that 50 per cent of the works were to be executed by the GPs.

18

Slide 19

Annual Plans- contd.

- The Project Reports for approved works in the District Plans did not clarify the size of the physical assets (e.g. length of road, size of tank) in 14 Districts 11 States, and did not clarify the enduring outcomes (e.g. area irrigated, villages connected) in 22 Districts in15 States.
- All Districts must be directed to ensure preparation of Annual Plans at the GP level to be consolidated at the Block and District levels.

19

Slide 20

Annual Plans- contd.

- States should ensure more publicity at the grass root level, in particular through displays at Panchayat Ghars and Implementing Agencies so as to ensure adequate involvement of Gram Sabha.
- To simplify the workload at the GP level, the Annual Plan at the GP level could be limited to identifying works and estimating labour demand, with estimation of likely costs etc. being indicated at the PO's level.

20

Slide 21

Registration and Issue of Job Cards

- While an introductory Gram Sabha meeting at the time of commencement of the Act was to be convened, such a meeting was not conducted or no documentary evidence of such a meeting was available in 120 GPs in 12 States.
- Door-to-door survey to identify persons willing to register was not conducted in 323 GPs in 20 States.
- Job cards were to be issued within 15 days of application for registration. Delays in issue of job cards were noticed in 196 GPs in 16 States.
- Photographs of the applicants were not attached to job cards in 251 GPs in 13 States.

21

Slide 22

Registration and Issue of Job Cards- contd.

- In Orissa, 670 households of 16 GPs of Narla Block of Kalahandi District were not registered, despite submitting applications, on the grounds that their names did not feature in the 2002 BPL survey list.
- In **Haryana**, in 5 test checked GPs, against 637 registered households, 968 households were reported to have been issued job cards; in addition, 72 minors had also been registered for doing manual work.
- In **Manipur**, job cards were issued without identification.

22

Slide 23

Registration and Issue of Job Cards- contd.

- State Governments should take steps to provide adequate publicity to the programme and to persuade as many BPL households as possible to register under NREGA. The door-to-door surveys, even at this stage, would be useful.
- State Governments should take up a time bound programme to ensure affixing of photographs to the existing job cards.
- State Governments must ensure that under no condition are job cards retained by GP/ other departmental officials for any purpose.

23

Slide 24

Works - General

- Out of 558 GPs test checked, unique identity numbers were not allotted to works in 331 GPs in 19 States.
- In 19 Districts in 7 States), the wages-material ratio of 60:40 was not maintained at the district level. Further, 39 test-checked blocks in 11 States did not maintain a wage-material ratio of 60:40 at the block level.
- Out of 558 GPs test checked, administrative approval and technical sanction of works was not obtained in advance in 95 GPs in12 States.

24

Slide 25

Works – General – contd.

- Out of 558 GPs test checked, worksite facilities were not provided or only partly provided in 227 GPs in 14 States.
- The Ministry/ State Governments should ensure that a unique identity number is given to each work and also that administrative approval and technical sanction for works in the Annual Plan are obtained well in advance.
- State Governments should also ensure compliance with the 60:40 ratio of wages: material costs not only at the District level, but also at the Block level, and also in respect of all implementing agencies.

25

Slide 26

State-specific audit findings

- In Assam, there was no formal allotment of work at GP level. Works were allocated verbally.
- In Jharkhand, in Gumla, schemes for construction of 159 irrigation wells, ponds and tree plantation were sanctioned by the DC, without holding the meeting of Gram Sabha, for Rs 8.32 crore for completion by September 2006 to May 2007. None of the above works were completed by May 2007.
- In MP, CEO, Zila Parisad Sidhi, incurred Rs. 20.80 lakh on spraying of hormones for zetropha plantation on contract basis.

26

Slide 27

State-specific audit findings- contd.

- In Orissa in one District, 149 works were executed at a cost of Rs 7.55 crore between February 2006 and March 2007 through contractors in the guise of Village Labour Leaders (VLLs) (up to November 2006) and in the name of departmental execution through the Junior Engineers (from December 2006).
- In Bihar, due to absence of technical staff, work valued Rs 79.26 lakh was executed through non-qualified staff viz. peons, private persons during 2006-07.
- Works valued Rs 1.76 lakh was shown as completed before issue of work order.

27

Slide 28

State-specific audit findings- contd.

- In West Bengal, an expenditure of Rs.38.49 lakh was incurred on 20 works, in7 GPs, due to execution of non-existent quantities of work, which was detected during joint physical verification.
- DC Gumla, (Jharkhand) sanctioned (March 2007) 100 units of "Safed Musli" cultivation for commercial farming for Rs 1.24 crore at Rs 1.24 lakh per unit, which had only 12 per cent (Rs15.30 lakh) labour component.
- In Bihar, 37 works estimated to cost Rs. 2.02 crore were abandoned in Supaul District after expenditure of Rs. 27.79 lakh, as they exceeded the stipulated material-labour ratio, resulting in unfruitful expenditure.

28

Slide 29

State-specific audit findings- contd.

- In Manipur, a total of 843 works were executed on the basis of inflated estimates, resulting in avoidable expenditure of Rs.2.57 crore (inclusion of contractors' profit element- Rs. 1.19 crore and agency charges- Rs. 1.38 crore).
- In Orissa excess payment of Rs. 7.98 lakh in 13 cases in Bhawanipatna block, due to non-deduction of voids and volume of sand and moorum utilized, was noticed.

29

Slide 30

State-specific audit findings- contd.

- GoI may consider adding additional categories of works, and also consider empowering State Governments/ SEGCs to add other region-specific works, after keeping the Ministry informed.
- In order to avoid duplication of NREGS works with other schemes, durable signboards with cement concrete base may be preferred over temporary/ less durable signboards.

30

Slide 31

Employment and Wages

- District Schedule of Rates
  - The Governments of 16 States did not prepare separate District-wise Schedules of Rates (DSRs) specifically for NREGA works.
  - In **Andhra Pradesh**, 158 works were taken up for conduct of time and motion studies by the Engineering Staff College of India, based on which a Rural Standard Schedule of Rates (RSSR) had been prepared and notified
- The Ministry/ State Governments should ensure preparation of separate District-wise Schedules of Rates for NREGA, fixing of productivity norms for tasks in different geo-morphological conditions. Ultimately, seven hours of normal work must earn at least the minimum wage rate. Such rates should also be widely publicized in the local language.

31

Slide 32

Payment of wages

- In 79 GPs of 12 States, the workers, even after working for seven hours, were paid wages less than the minimum wage rate.
- In 213 GPs of 17 States, workers were not paid wages on time i.e. within a fortnight of the date on which the work was done. No compensation was paid to them.

32

Slide 33

State specific findings

- In Chhattisgarh, the minimum wage rate applicable during 2006-07 was Rs.61.37 per day (April to September 2006) and Rs.62.63 per day (October 2006 to March 2007). But during the period from April 2006 to September 2006, wages were paid at the rate of Rs.58.73 per day, resulting in non-payment of minimum wages to labourers.
- In Manipur, though the daily wage rates were enhanced from Rs. 72.40 to Rs. 81.40 from 1 January 2007, wages were paid at the old rates, resulting in denial of wages amounting to Rs. 46.89 lakh.

33

Slide 34

State specific findings- contd.

- In Chhattisgarh, the minimum wage rate applicable during 2006-07 was Rs.61.37 per day (April to September 2006) and Rs.62.63 per day (October 2006 to March 2007). But during the period from April 2006 to September 2006, wages were paid at the rate of Rs.58.73 per day, resulting in non-payment of minimum wages to labourers.
- In Manipur, though the daily wage rates were enhanced from Rs. 72.40 to Rs. 81.40 from 1 January 2007, wages were paid at the old rates, resulting in denial of wages amounting to Rs. 46.89 lakh.

34

Slide 35

State specific findings- contd.

- **Andhra Pradesh** was now making all payments to NREGA wage seekers through individual postal savings accounts.
- In **West Bengal** the payment of wages in Dakshin Dinajpur District was now being made entirely through Bank and Post Offices.
- The offenders need to be identified and punished in terms of provisions of the Act.

35

Slide 36

State specific findings- contd.

- GoI may explore a nation-wide agreement with the Department of Posts for all REGS payments through postal accounts.
- GoI may consider amending the NREGA guidelines for measurement of works on a weekly basis, keeping in view the availability of technical staff and other practical considerations.

36

Slide 37

Employment Generation

- Data in respect of households demanding work could not be calculated for 373 test checked GPs in 95 blocks of 16 States, out of 558 GPs, as detailed data, at the GP level, on number of households demanding employment and provided employment was not available.
- In Jharkhand, in 10 districts, 6.10 lakh applicants were reported to have been provided employment against 0.70 lakh households, while in three districts, 0.10 lakh applicants against 0.90 lakh households were reported to have been provided employment. These figures are clearly unreliable.

37

Slide 38

Unemployment Allowance

- In 58 blocks of 17 States unemployment allowance was not paid to those workers, who could not be provided with employment within 15 days from the date on which work was requested for.
- In **Chhattisgarh,** scrutiny of 63 works in selected GPs revealed that in nine cases, though there was delay in providing job ranging upto 384 days, unemployment allowance was neither claimed nor paid.
- In **Jammu & Kashmir,** the State Government had not prescribed any procedure for payment of un-employment allowance nor authorized any authority which would pay the un-employment allowance.

38

Slide 39

Unemployment Allowance- contd.

- EGAs should ensure that all applications are dated and dated receipts of applications are given to the job applicants.
- Ministry should suitably take up with the State Governments for suo moto payment of unemployment allowance to the eligible labourers.
- GoI may consider amending NREGA for partial reimbursement (out of GoI funds) of payment of unemployment allowance.

39

Slide 40

Muster Rolls

- MRs maintained by 269 GPs in 18 States did not bear Unique Identity Numbers.
- In 134 GPs in 12 States it was observed that the MRs did not contain requisite details viz. the name of the person on work, job card number, days worked/ absent and wages paid.
- In 246 GPs in 15 States, copies of MRs were not available for public scrutiny in the GPs.

40

Slide 41

State Specific Findings

- In Andhra Pradesh, tampering of muster rolls by using white fluid and marking absent as present and also overwriting the number of days worked was noticed.
- In HP, wages were shown as paid up to 31 November in one case.
- In Jharkhand, Irregularities like preparation of false MRs, difference in figures of labourers between MBs and MRs, purchase of materials after completion of works, payment of wages to labourers prior to commencement of NREGS etc. were noticed in 19 works involving payment of Rs 8.01 lakh

41

Slide 42

State Specific Findings- contd.

- In Bihar,
  - Rs 2.77 crore was paid during 2006-07 to unregistered labourers.
  - Rs 8.99 lakh was paid as wages to fictitious labourers in respect of 7 works, as the name of the same labourer was recorded twice or thrice for the same period in the same or other MRs.
  - Rs.12.05 lakh was paid for 24846 mandays in 17 schemes on muster rolls without having date and work order numbers.

42

Slide 43

State Specific Findings- contd.

- In Karnataka, in Channagiri block of Davanagere district, new muster rolls were purchased locally by the GPs instead of getting it issued from the offices of the programme officers.
- In MP, wages of Rs. 15.38 lakhs were paid even before the issue of muster rolls.

43

Slide 44

State Specific Findings- contd.

- In Orissa,
  - –In Bhawanipatna block of Kalahandi district and Loisinga of Bolangir district, 5316 muster rolls in support of payment of wages for Rs 5.91 crore were not treated as expenditure documents. Instead, payment was released to the executants/ Junior Engineers based on items and volume of work executed in similar manner as payable to contractors.
  - –Test check of muster rolls, public complaints and cross verification with villagers revealed that wages were shown as disbursed to deceased beneficiaries showing engagement even after their death as well to daughters of labourers living outside after marriage, students undergoing studies in towns, businessmen, employees etc who never worked.

44

Slide 45

State Specific Findings- contd.

- In Rajasthan, The Executive Engineer, Jakham Irrigation Project, Dhariyawad had paid Rs 18.34 lakh on NFFWP muster rolls by irregular employment of un-registered labourers between April 2006 and June 2006.
- In **West Bengal**, a 9 digit code was being used as Unique ID for muster rolls with the first two digits for block code, the next two digits for GP code, the next two digits for sansad code and the last 3 digits as the serial number of the muster roll.

45

Slide 46

State Specific Findings- contd.

- State Governments should ensure compliance with the necessary rules and procedure so as to ensure proper maintenance of MRs.
- A MR must be serially numbered for the entire block with the Block code enfaced on it.
- Full efforts should be made to ensure that MRs are entered online, and are thus available publicly, in addition to being available at the PO and GP offices.

46

Slide 47

Record Maintenance and Reports

- In 200 GPs in 19 States, the Application Registration Register was not maintained, or was not properly maintained (i.e. it did not contain, the names of the applicants, date of receipt of application/ request and date of issue of job card).
- In 253 GPs in 14 States, the photographs of applicants were not found attached to the job cards, as per the job card register.
- In 293 GPs in 21 States, the Job Card Register was not found properly maintained.

47

Slide 48

Record Maintenance and Reports- contd.

- In 329 GPs in 19 States, the Employment Register was not maintained, or did not indicate the details of employment demanded, employment allotted and employment actually taken up.
- In 327 GPs of 21 States, dated receipts of applications for demand for work were not given to the applicants.
- In 223 GPs in 19 States, the applications for employment did not have the job card registration number, date from which employment was required, and the number of days of employment required.

48

Slide 49

Record Maintenance and Reports- contd.

- In 319 GPs 21 States the Asset Register was not maintained or was incompletely maintained.
- In 206 GPs in16 States the Muster Roll Receipt Register was not maintained or was incompletely maintained.
- In 312 GPs in 20 States the Complaint Register was not maintained or was incompletely maintained.
- Employment Register was not maintained/ prepared in 104 block offices in 19 States. 49

Slide 50

Record Maintenance and Reports- contd.

- Muster Roll Issue Register was not maintained in **8** block offices of 4 States.
- Asset Register, in computerized form based on the date of asset registers furnished by Gram Panchayat and Implementing Agency, was not maintained/ prepared in **103** block offices in 19 States.
- Complaint Register was not maintained/ prepared in **62** block offices in 16 States. 50

Slide 51

Reports

- In 89 blocks of 21 States, procedures had not been framed to ensure sharing of information on employment allotments between the PO and GP on a weekly basis.
- It was noticed that in most cases, the information between PO and GP was not being shared on a weekly basis. Mostly, the information was being shared on a monthly basis or during meetings. 51

Slide 52

Deficiencies in MPRs

- In **Bihar**
  - Katihar, Darbhanga and Supaul districts reported less generation of mandays by 15.60 lakh compared to expenditure on unskilled labour, whereas Munger, Samastipur and Muzaffarpur showed excess generation by 37.66 lakh mandays in comparison to expenditure on unskilled labour.
  - The State report of NREGA for the year 2006-07 disclosed that in Darbhanga district not a single job card was issued to SC/ST households, but as per the district report, 71810 SC/ST households were provided jobs. 52

Slide 53

Deficiencies in MPRs- contd.

- In J&K,the figures of employment generation were reported either without maintaining the basic Panchayat wise data at Block level, or higher figures were reported at Block/District level.
- In Uttarakhand, Monthly Progress Reports (MPR) from the POs for the month of March 2007 was based on anticipated figures and not on actuals.
- The State Government of **West Bengal** had now made provision for outsourcing of maintenance of different registers at GP level.
- In Orissa, every GP had since been provided with a digital camera for pasting of photographs in JCs. 53

Slide 54

Recommendations

- For proper record-keeping at the GP level, appointment of EGAs for each GP should be considered.
- Online data entry of the following documents is essential to increase transparency and accountability and minimize fictitious/ duplicate entries, besides providing a basis for physical verification:
  - Muster Rolls (with job-card numbers and other details)
  - Job Card Register
  - Employment Register (to indicate employment demanded)
  - Asset Register
- National Quality Monitors may, during their visits, be asked to cross-verify MPRs furnished by POs with documents furnished by GPs to POs for specified months, specifically for households demanding and provided employment (with an SC/ST/ women/ Others breakup). 54

Slide 55

Fund Management

- In 51 districts in 20 States, the State Share was not released within 15 days of the release of the Central funds
- In 58 blocks in 19 States, the PO/ BDO did not submit UCs for utilization of at least 60 per cent of funds at their disposal, while applying for the next instalment.
- While demanding additional funds, 364 GPs in 21 States did not furnish the report of the VMC duly approved by the Gram Sabha

55

Slide 56

Fund Management- contd.

- 24 GPs in 7 States had spent funds on REGS without obtaining administrative approval and technical sanction.
- Monthly squaring of accounts under three heads viz. money held in bank accounts at various levels, advances to implementing or payment agencies, and vouchers of actual expenses, was not done by 151 GPs in 10 States.

56

Slide 57

State Specific Findings

- Bihar government did not send the utilization certificate of DRDAs of Katihar and Samastipur to the GOI, resulting in curtailment of central share by Rs 10.00 crore during the year 2006-07.
- In Jharkhand, the expenditure shown as incurred included advances of Rs.4.29 crore to Implementing Agencies but not spent.
- In Orissa, Against an actual expenditure of Rs. 49.80 lakh, the DRDA Kalahandi had submitted Utilisation Certificate for the entire release of Rs. 70.02 lakh during March 2006.

57

Slide 58

State Specific Findings- contd.

- In Tripura, Utilisation Certificate furnished by the DPC, Dhalai indicated an unspent balance of Rs. 389.62 lakh as of May 2007, while check of Cash Book, Bank Pass Book along with other relevant records of the Project Director, DRDA, Dhalai revealed an unspent balance of Rs. 377.48 lakh; thus there was under-reporting of expenditure by Rs. 12.14 lakh.

58

Slide 59

Diversion and Irregular Expenditure

- In Bihar, the DDC, Darbhanga irregularly transferred Rs 2.69 crore to special division, Darbhanga during 2006-07 for construction of 34 protection walls of raised platforms constructed under Sam Vikas Yojana.
- In Sirsa District of Haryana, while the material consumed in the district from April 2006 to February 2007 for pucca works was Rs. 3.87 crore, expenditure on purchase of stores during the month of March 2007 alone was Rs. 3.61 crore. Clearly, the material was purchased merely to show utilization of funds, without assessing the requirement on works. Also, the cash books of 3 blocks of the district for 2006-07 had not been closed as of June 2007, as transactions relating to the purchase of the material had not been completed.

59

Slide 60

Diversion and Irregular Expenditure- contd.

- In Jharkhand, expenditure of Rs. 8.74 crore was incurred in the State on inadmissible items – contingencies on fuel, stationery, repairing of vehicles, payment of salaries of DRDA staff not associated with NREGA, and procurement of diesel generator sets.

60

Slide 61

Diversion and Irregular Expenditure- contd.

- In Meghalaya, Rs.28.36 lakh was diverted from REGS fund to DRDA Administration towards the pay and allowance for the staff of DRDA Tura during 2006-07.
- Although Orissa, Government prescribed submission of vouchers in support of advances within 7 days of receipt of cash advances, such vouchers in respect of advances of Rs. 71.74 lakh were outstanding from 13 officials/ ex-officials for periods ranging from six to nine months.

61

Slide 62

Unspent Balances of SGRY and NFFWP

- In Bihar, the unspent balances of SGRY and NFFWP of March 2006 amounting to Rs 38.99 crore of 3 districts were not transferred to NREGS account up to June 2007.
- In Karnataka, instead of operating a single bank account for REGS works, in the test checked blocks and GPs, separate bank accounts had been maintained for unskilled wages, material component, unemployment allowance and administrative expenses.
- In Manipur, the balance of Rs. 2.24 crore left under NFFWP and SGRY was used for NFFWP and SGRY works, evidently without following NREGA Guidelines.

62

Slide 63

Unspent Balances of SGRY and NFFWP- contd.

- In West Bengal, cut off date (2 February 2006) for transfer of N.F.F.W.P. fund into N.R.E.G.S. account was not adhered to by 16 out of 24 GPs test checked. The Gram Panchayats were still maintaining the separate Cash Book and Bank Pass Book for N.F.F.W.P. and N.R.E.G.A.
- State Governments should ensure timely release of their share and issue necessary directions to ensure that NREGS funds are not diverted or misutilised..
- In order to guard against any manipulation, the State Governments should ensure that monthly squaring of accounts is regularly conducted.

63

Slide 64

Social Audit

Transparency and Grievance Redressal

- In 354 GPs in 20 States, a Gram Sabha once in every six months to conduct a Social Audit Forum was not held.
- The updated data on demand received, registration, number of job cards issued, list of people who demanded and been given/ not given employment, funds received and spent, payments made, works sanctioned and works started, cost of works and details of expenditure on it, duration of work, person-days generated, reports of local communities and copies of muster rolls were not made public in 376 GPs in 21 States.
- In Arunachal Pradesh, the grievance redressal forum was not in place.
- In Jammu & Kashmir, a grievance redressal system had not been devised.

64

Slide 65

State Specific Findings

- In **Jharkhand**, wide publicity had not been undertaken; the villagers were not fully aware about NREGA as observed during interaction with villagers. No grievance redressal cell was set up at any level.
- In **Karnataka**, no summary of data was prepared and placed before the Gram Sabha.
- In **Rajasthan**, the State Government had not specified the grievance redressal mechanism;

65

Slide 66

State Specific Findings- contd.

- In **Uttar Pradesh**, in 29 out of 48 test checked GPs, no meetings of the social audit forum were organized. Whenever these meetings were organized, no minutes were available, due to which it could not be ascertained if the forum performed its prescribed role.
- Social audit and Social Audit Forum in Gram Sabha are important means of ensuring transparency and accountability at the GP level. The State Governments should ensure conduct of Social Audits Forum in all Gram Sabhas twice a year.

66

Slide 67

Monitoring

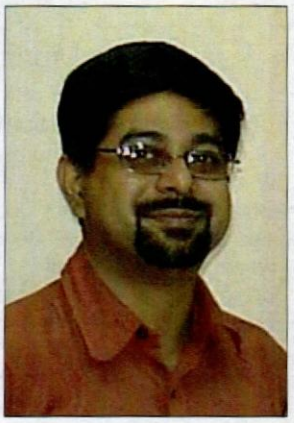
- State-level inspection of works was not conducted, or documented in respect of 19 States.
- In **57** districts in 24 States, District Internal Audit Cells were not constituted.
- Both State and District Quality Monitors had not been
- designated by the State Governments of 20 States, while District Quality Monitors had not been designated in **West Bengal**.
- Local VMCs were not constituted by 141 GPs in 14 States.
- State Governments should be directed to ensure the requisite level of inspection by different levels of officials. VMCs should be formed, wherever not formed.

67

Slide 68

THANKS

Shri Brijit Mukherjee, Sr. DAG, Office of the AG/RWLBA/West Bengal was the speaker for the 3rd Session of the 2nd Day of the seminar. He discussed a case study based on the audit findings on NREGS in West Bengal and presented the following PowerPoint Slides. Participants also took part in the discussion and stated the position NREGS of their respective states.



S;ide 1

National Rural Employment Guarantee Scheme - A Case Study

1

Slide 2

Objectives of NREGS

•The scheme envisaged provision of 100 days of guaranteed employment to every registered household whose adult members volunteer to do unskilled manual labour.

•The objectives of the scheme, inter-alia included

- generating productive assets,
- protecting the environment,
- empowering rural women,
- reducing rural-urban migration and
- fostering social equity among others.

Slide 3

Coverage of NREGS

- The West Bengal Rural Employment Guarantee Scheme (WBREGS), 2006 was introduced in 2006 under NREGS.
- Initially the WBREGS was launched in 10 districts from 10 February 2006 & subsequently extended to 8 more districts from 1 April 2007.

3

Slide 4

Audit Objectives

- Whether intended objective of providing 100 days of annual employment at the specified wage rates was achieved.
- Whether the procedures for preparing perspective and annual plan at different levels were adequate and effective.
- Whether the process for registration of households, allotment of job cards and allocation of employment were in compliance with the guidelines.
- Whether wages and unemployment allowance were paid in accordance with the NREGA.

4

Slide 5

Audit Objectives

- Whether works were properly planned and executed economically, efficiently and effectively. Whether durable assets were created and properly accounted for.
- Whether funds released for WBREGS were accounted for and utilised in compliance with the guidelines.
- Whether there was an adequate and effective mechanism for monitoring at different levels.
- Whether there was adequate mechanism for grievance redressal and social audit.

5

Slide 6

Audit Criteria

- The main sources of audit criteria for the performance audit were the following:
  - NREGA and notification issued there under.
  - Notification of the WBREGS.
  - Circulars and instructions issued by the State Government.

6

Slide 7

Audit Scope and Methodology

- The scope of audit was restricted to the initial 10 districts identified for implementation of NREGA.
- The period of audit coverage was from February 2006 to March 2008.
- Three districts and two blocks each from these districts were chosen using Simple Random Sampling Without Replacement (SRSWOR) method.
- Four GPs in each block were chosen using Probability Proportional to Size With Replacement (PPSWR) method.

7

Slide 8

Audit Scope and Methodology

- In addition to test check of records in the selected PRIs, the records of the P&RDD, Government of West Bengal and four forest divisions of the Forest Departments at Paschim Medinipur and Purulia districts were also test checked.

8

Slide 9

Audit findings - Infrastructural Deficiency

- Delay of 14 months in constitution of State Employment Guarantee Council
- In none of the test checked six blocks, full time dedicated Programme Officer was appointed.
- Further, in none of the test checked six blocks, Administrative Assistant was appointed.
- Technical Assistants were found only in two blocks
- No *Gram Rozgar Sevak* or Employment Guarantee Assistant was appointed in 24 test checked GPs
- State Government also failed to constitute panels of Accredited Engineers at the District and Block levels and to set up a Technical Resource Support group to identify Resource Institutions at the District level

9

Slide 10

Audit Findings- Deficiency in planning

- Out of 3 test checked districts , Paschim Medinipur and Purulia districts had not prepared District Perspective Plan for five years during 2005-08.
- Labour budget was also not prepared for the years 2005-07 at any level.
- In none of the test checked 24 GPs, documented Annual Action Plan for 2005-06 and 2006-07 was prepared.

10

Slide 11

Audit Findings- Deficiency in planning-contd.

- Annual Action Plan for the year 2007-08 did not contain existing demand for work, demand for work in the previous year, ongoing works, proposed works for the next year.
- During 2005-06 and 2006-07 none of the 24 test checked GPs convened meeting of *Gram Sabha* for approving the WBREGS
- Out of 24 GPs, eight GPs failed to approve the plan during 2007-08 due to lack of quorum

11

Slide 12

Audit findings-Funds Management

Rs. In crore

Year	Opening Balance	Total Receipt	Total Availability	Exp.	Balance
2005-06	39.30	141.12	180.42	14.16	166.26
2006-07	166.26	463.97	630.23	394.63	235.60
2007-08	235.60	545.00	780.60	592.82	187.78
Total		1,150.09		1,001.61	

12

Slide 13

Audit findings-Funds Management

- The State as a whole and the selected GPs in particular failed to achieve the target of employment because of poor-utilisation of funds;
- Delay of 11 to 162 days while releasing State Share were noticed.

13

Slide 14

Audit findings-Funds Management

- Ministry of Rural Development at the time of releasing the Central Share for implementation of the schemes under NREGA stipulated that the unutilised funds out of NFFWP as on 02.02.2006 should be utilised as per guidelines of NREGA.
- Unutilised amount of Rs 61.21 lakh pertaining to NFFWP was not transferred to WBREGS account even after 02.02.2006 by 14 GPs out of 24.

14

Slide 15

Vital statistics of NREGS

- Position of cumulative number of Job Cards issued, the employment demanded/provided and the mandays generated in 10 districts during 2006-07 and 2007-08

(In lakhs)

Year	Cumulative Job Cards Issued	Employment Demanded	Employment Provided	Employment Generated in mandays	Households provided with 100 days employment
2006-07	51.47	32.35	30.84	440.08	0.19
2007-08	53.62	23.18	22.97	575.35	0.23

15

Slide 16

Irregularities in Registration of Households

- Non-conduct of Door to Door survey and non-convening of Gram Sabha
- Delays ranging from five days to one year in issue of Job Cards in 19 GPs
- 724 Job Cards were not distributed in five GPs
- In 10 districts, only 1.00 to 1.62 per cent households were provided with 100 days of employment

16

Slide 17

Irregularities in Provision of Employment

- In 10 districts, only 18.09 to 18.28 *per cent* mandays were provided to women during 2006-08
- Delays ranged from five to 311 days in payment of wages during 2006-08
- Unemployment allowance was not paid to any applicants of 24 test checked GPs

17

Slide 18

Non-adherence to priority areas in executing activities

- According to guidelines, drought proofing works were to be accorded higher priority.
- Out of the total expenditure of Rs 249.33 crore in three selected ZPs, an expenditure of Rs 110.91 crore (44%) was incurred on 11,909 works under rural connectivity whereas the expenditure towards drought proofing was Rs 17.84 crore (7 %) on 2,891 works.

18

Slide 19

Works not taken up

- It was observed that out of 2,088 works involving Rs 27.39 crore listed in the Annual Plans of 24 test checked GPs, only 709 works were executed and completed after incurring an expenditure of Rs 5.02 crore during 2006-07.

19

Slide 20

Works not taken up

- It was observed that out of 4,615 works involving Rs 56.96 crore listed in the Annual Plans of 24 test checked GPs, only 385 works were executed after incurring an expenditure of Rs 2.82 crore.

20

Slide 21

Irregularities in execution of works

- Excess payment of Rs 20.37 lakh towards clearance of shrubs and hyacinth by inflating size of pond
- Excess payment of Rs 19.45 lakh due to inflated measurement
- Digitised Muster Rolls were not found in 24 test checked GPs

21

Slide 22

Fruitless expenditure

- An amount of Rs 30.20 lakh was spent for plantation of 1.60 lakh seedlings.
- Out of this, 1.45 lakh seedlings costing Rs 28.15 lakh were subsequently damaged because of inadequate protective measures.

22

Slide 23

Inadmissible expenditure

- As per NREGS, road projects which are able to provide all weather connectivity should only be taken up subject to the prescribed specifications.
- However, in 29 test checked cases in 12 GPs, only earthwork was executed costing Rs 46.02 lakh during 2006-08. The standard was below the minimum specification of Grade-I metalling required to provide all weather connectivity in rural areas.

23

Slide 24

Works abandoned

- It was observed that 32 works costing Rs 49.89 lakh were abandoned in nine test checked GPs and in Kharagpur-II PS after incurring an expenditure of Rs 23.67 lakh due to non-availability of earth for earth work, water logging, shortage of funds and agitation of the labourers.

24

Slide 25

Miscellaneous Irregularities

- Social Audit Forum was not constituted and Grievance Redressal Mechanism was not developed
- Procedure of allotting unique identity number & priority number was not followed
- In 16 GPs, photographs were not affixed on Job Cards
- Only seven GPs out of 24 test checked GPs, wages were paid through bank/ post office.

25

Slide 26

Miscellaneous Irregularities

- Only 0.47 *per cent* and 3.73 *per cent* of works were inspected by State level officials and block level officials respectively
- Excess reporting of issue of 3,745 Job Cards by Paschim Medinipur and Purulia districts
- Loss of interest of Rs 10.31 lakh due to non-opening of separate bank accounts during 2006-08

26

Slide 27

Audit Conclusion

- Review on implementation of WBREGS conducted in three ZPs, six PSs, 24 GPs, and four forest divisions revealed that the basic tenet of providing 100 days of guaranteed wage employment to every household had not been achieved.
- It was observed that only 0.19 lakh households and 0.23 lakh households respectively were provided with 100 days of work during 2006-08.

27

Slide 28

Audit Recommendations

- DPP should be prepared in time. The community should be involved in identifying works.
- Awareness amongst the community regarding demanding works should be created.
- Job Cards should be issued promptly. Responsibility should be fixed for irregularities in issue of Job Cards.
- Strong campaign among the women should be made.

28

Thanks

List of Delegates who attended All-India Seminar on NREGA

Sl. No.	Name	Office	Sl. NO.	Name	Office
1.	Shri Om Prakash, DAG	PAG (Audit), Bihar	11.	Shri Anil Kumar Prasad, SAO	PAG (Audit), Bihar
2.	Shri M.A.Ansari, DAG	PAG (Audit), Jharkhand	12.	Shri B.D.Sing, SAO	PAG (Audit), Jharkhand
3.	Shri K.C.Behera, Sr.DAG	PAG (Civil Audit), Orissa	13.	Shri P.K.Das II, AO	PAG (Civil Audit), Orissa
4.	Shri A.F.Dungdung, DAG	AG (Audi), Sikkim	14.	Shri Mridul Kanti Hore, AAO	PAG (Audit), Assam
5.	Smt.Suhasini Gotmare, DAG	PAG (Audit), Assam	15.	Shri B.K.Bhowmick, SAO	AG (Audit), Meghalaya
6.	Shri S.N.Mahatma, DAG	AG (Audit), Meghalaya	16.	Shri H.Tolen,SAO	AG, Manipur
7.	Shri S.Velliangiri, DAG	AG, Manipur	17.	Shri Sudhanshu Sinha, SAO	AG, Mizoram
8.	Shri Vanlalchuanga, Sr.DAG	AG, Mizoram	18.	Shri Animesh Majumdar, AO	AG (Audit), Tripura
9.	Shri Atul Prakash, DAG	AG (Audit), Nagaland	19.	Shri K.M.Kabui, SAO	AG (Audit), Nagaland
10.	Shri A.K.Bhattacharya, DAG	AG/RWLBA, West Bengal	20.	Shri Subhash Ch. Das, SAO	AG/RWLBA, West Bengal



Delegates with Principal Director, RTI, Kolkata



Regional Training Institute, Kolkata

Indian Audit and Accounts Department

November 2009