

THE MAHATMA GANDHI NATIONAL RURAL EMPLOYMENT GUARANTEE AUDIT OF SCHEMES RULES, 2011¹

In exercise of the powers conferred by sub-section (1) of section 24 of the Mahatma Gandhi National Rural Employment Guarantee Act, 2005 (42 of 2005), the Central Government, in consultation with the Comptroller and Auditor General of India, hereby makes the following rules, namely:--

1. Short title and commencement.---(1) These rules may be called the Mahatma Gandhi National Rural Employment Guarantee Audit of Schemes Rules, 2011

(2) For the purpose of these rules, audit of schemes shall include social audit.

(3) They shall come into force on the date² of their publication in the Official Gazette.

2. Audit of accounts. -(1) The audit of the accounts of a scheme under the Act for each district as well as of the State Employment Guarantee Fund shall, for each year, be carried out by the Director, Local Fund Audit or equivalent authority or by Chartered Accounts.

(2) The Director, Local Fund Audit, or equivalent authority, or the Chartered Accountant, as the case may be, shall submit accounts of the scheme together with the audit report thereon to the State Government.

(3) The accounts of the schemes of every State Government as certified together with audit report thereon shall be forwarded to the Comptroller and Auditor General of India and the Central Government by the State Government. The Central Government shall cause the audit report to be laid, as soon as may be after they are received, before each House of Parliament.

¹ Vide G.S.R. 495(E), dated 30th June, 2011, published in the Gazette of India, Extraordinary, Part.II, Section 3(i) dated 30th June, 2011

² Came into force on 30th June, 2011

(4) The comptroller and Auditor General of India, or any person appointed by him in this behalf, shall have the right to conduct audit of the accounts of schemes at such intervals as he may deem fit.

3. Social audit to be part of audit of schemes.-(1) The State Government shall facilitate conduct of social audit of the works taken up under the Act in every Gram Panchayat at least once in six months in the manner prescribed under these rules.

(2) A summary of findings of such social audits conducted during a financial year shall be submitted by the State Government to the Comptroller and Auditor General of India.

4. Social audit facilitation.-(1) The State Government shall identify or establish, under the Act, an independent organization (hereinafter referred to as Social Audit Unit) to facilitate conduct of social audit by Gram Sabhas.

(2) The Social Unit shall be responsible for the following namely:--

- (a) build capacities of Gram Sabhas for conducting social audit; and towards this purpose, identify ,train and deploy suitable resource persons at village, block, district and state level, drawing from primary stakeholders and other civil society organizations having knowledge and experience of working for the rights of the people;
- (b) prepare social audit reporting formats, resource material, guidelines and manuals for the social audit process;
- (c) create awareness amongst the labourers about their rights and entitlements under the Act;
- (d) facilitate verification of records with primary stakeholders and work sites;
- (e) facilitate smooth conduct of social audit Gram Sabhas for reading out and finalizing decisions after due discussions;

- (f) host the social audit report including action taken reports in the public domain.

5. Social audit pre-requisites.— (1) The social Audit shall be a process independent of any process undertaken by the implementing agency of the scheme.

- (2) The implementing agency shall at no time interfere with the conduct of social audit.
- (3) Notwithstanding anything contained in sub-rule (2), the implementing agency of the Scheme shall provide requisite information to the Programme Officer for making it available to Social Audit Unit at least fifteen days prior to the date of commencement of the social audit.
- (4) The resource persons deployed for facilitating social audit in Panchayat shall not be residents of the same Panchayat.

6. Process for conducting social audit.--- (1) The Social Audit Unit shall, at the beginning of the year, frame an annual calendar to conduct at least one social audit in each Gram Panchayat every six months and a copy of the calendar shall be sent to all the District Programme Coordinators for making necessary arrangements.

- (2) For facilitating conduct of social audit by Gram Sabha, the resource persons deployed by Social Audit Unit, along with primary stakeholders shall verify -
 - (i) the muster rolls, entry and payments made in the specified time period, by contacting the wage seekers whose names are entered in such muster rolls;
 - (ii) the work site and assess the quantity with reference to records and also quality of work done;

- (iii) the cash book, bank statements and other financial records to verify the correctness and reliability of financial reporting ;
 - (iv) the invoices, bills, vouchers or other related records used for procurement of materials to testify such procurement was as per the estimate, as per procedure laid down and was economical;
 - (v) any other payment made by the implementing agency from the funds of the scheme.
- (3) The labourers and the village community shall be informed about the Gram Sabha conducting social audit by the resource persons as well as the Programme Officer to ensure full participation.
 - (4) To conduct social audit process, a Gram Sabha shall be convened to discuss the findings of the verification exercise and also to review the compliance on transparency and accountability, fulfillment of the rights and entitlements of labourers and proper utilization of funds.
 - (5) All elected members of Panchayats and staff involved implementing the schemes under the Act (including the staff of the Non-Governmental Organisations, the Self Help Groups, and disbursing agencies) shall be present at the Gram Sabha and respond to queries.
 - (6) The Gram Sabha shall provide a platform to all villagers to seek and obtain further information and responses from all involved in the implementations. It will also provide a platform to any person who has any contribution to make and relevant information to present.
 - (7) The District Programme Coordinator shall attend the Gram Sabha meeting or nominate an official of appropriate level for smooth conduct of the Gram Sabha.

- (8) The social audit reports shall be prepared in local language by the Social Audit Unit and displayed on the notice board of the Gram Panchayat.
- (9) The action taken report relating to the previous social audit shall be read out at the beginning of the meeting of each social audit.

7. Obligation of certain persons in relation to social audit. – (1)

The Programme Officer shall ensure that all the required information and records of all implementing agencies such as, Job card register, Employment register, work Register, Gram Sabha Resolution, Copies of the sanctions (Administrative or Technical or Financial), Work Estimate, Work Commencement Order, Muster-roll issue and receipt register, muster Rolls, wage Payment Acquittance & order, Materials – Bills and vouchers (for each work), Measurement Books (for each work), Asset Register, Action Taken Report on previous social audits, grievance or complaints register, any other documents that the Social Audit Unit requires to conduct the social audit process are properly collated in the requisite formats; and provided, along with photocopies, to the Social Audit Unit for facilitating conduct of social audit at least fifteen days in advance of the scheduled date of meeting of the Gram Sabha conducting social audit.

(2) The information referred to in sub-rule (1) shall be publically available at the same time and the photocopies shall be available at nominal cost.

(3) Every District Programme Coordinator or any other official on his behalf, shall, -

- (a) ensure that all records for conduct of social audit are furnished to the Social Audit Unit by implementing agencies through the Programme Officer;

- (b) ensure that corrective action is taken on the social audit report;
 - (c) take steps to recover the amount embezzled or improperly utilized; and issue receipts or acknowledgement for amount so recovered;
 - (d) pay wages found to be misappropriated, within seven days of the recovery of such amount, to the wage seekers;
 - (e) maintain a separate account for amounts recovered during the social audit process;
 - (f) ensure that the appropriate action (including initiating criminal and civil proceeding or termination or services) is initiated against individual or class of individuals or persons who misutilised or embezzled the amount meant for the scheme under the Act.
- (4) The State Govt. shall be responsible to take follow up action on the findings of the social audit.
- (5) The State Employment Guarantee Council shall monitor the action taken by the State Government and incorporate the Action Taken Report in the annual report to be laid before the State Legislature by the State Government.
- (6) The Cost of establishing the Social Audit Unit and conducting social Audit shall be met by the Central Government as a central assistance in accordance with the instructions issued in this regard.