

# **Chapter 5**

## **Monitoring and Internal Control Mechanism**



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### Monitoring and internal control mechanism

- No inspection of construction sites was carried out either by the selected districts of Labour Department to ensure availability of various facilities required to be provided by employers as per the BOCW Act or by the Directorate of Industrial Safety & Health (DISH) entrusted with the enforcement of safety & health measures for construction workers under the BOC (RE&CS) Workers Act, 1996 during the four years of audit period.
- No *social audit* of implementation of the BOCW Act was conducted in Delhi (October 2023) even after five and half years of the Supreme Court directive.

Internal control within organisations are established to ensure that activities in its various constituent units are proceeding as planned. Thus, internal controls are a prerequisite for effective management of functions in any organisation and it provide a degree of assurance to the stakeholders that its functions are being adequately monitored. Issues noticed in the setup and management of the internal control and monitoring mechanism of the Department/Board are as under:

(i) On the directions (March 2018) of the Hon'ble Supreme Court, a framework for *social audit*<sup>1</sup> of implementation of BOCW Act was developed for being implemented by all States/UTs. No social audit of implementation of the BOCW Act was conducted in Delhi (October 2023) even after five and half years of the Supreme Court directive. Government stated (March 2025) that the Board was in the process of finalizing an agency for conducting Social Audit of beneficiaries under its schemes.

(ii) No inspection of construction sites was carried out either by the selected districts of Labour Department to ensure availability of various facilities required to be provided by employers as per the BOCW Act or by the Directorate of Industrial Safety & Health (DISH) entrusted with the enforcement of safety & health measures for construction workers under the

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<sup>1</sup> Social Audit is an audit that is conducted by the people, especially by those who are affected by or are the intended beneficiaries of the scheme and thus can be described as verification of the implementation of a programme/scheme and its results by the community.

BOC (RE&CS) Workers Act, 1996 during the audit period. Government stated (March 2025) that the Department would bring the inspection of construction sites under Central Inspection System so that the same could be done in a transparent manner. It was also stated that DISH was also conducting awareness programmes for sensitizing the employers and workers in respect of safety and health of workers for which it had prepared safety manual.

(iii) DBOCW (RE&CS) Rules, 2002 provide that the Board shall ordinarily meet once in two months to monitor the activities. However, only four<sup>2</sup> Board meetings were conducted during the four year period covered by Audit. Government stated (March 2025) that the Board conducts meetings at regular interval as required.

Reply is not acceptable as the Board is required to meet once in two months to monitor its activities.

(iv) BOCW Act provides that the Board shall submit an annual report, giving a full account of its activities during the previous financial year, to the State Government and the Central Government which was to be laid before the State Legislature also. Audit noted that the Annual Reports for 2020-21 and 2021-22 were yet to be submitted to the government and the certified accounts of the Board (FYs 2020-21 and 2021-22) were not submitted to the State legislature. Government stated (March 2025) that annual reports were approved till 2021-22. It was further stated that annual report for the years 2022-23 and 2023-24 shall be put up before the Board in next meeting.

(v) Internal audit acts as an effective tool in exercising check on expenditure as well as on various activities and thus is an important mechanism for ensuring the smooth working of an organization. Audit scrutiny revealed that the Board had not established an internal audit wing to ensure effective control on various activities. No audit of Board has been conducted by Directorate of Audit, GNCTD either. Government stated (March 2025) that the Board has hired a Chartered Accountant (CA) for preparation of Balance Sheet, Income and Expenditure Statement, Receipts and Payment Accounts. It was further stated that the CA plays the role of internal auditor and exercises usual checks on various activities like finances, collection of cess, investment of cess and welfare schemes.

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<sup>2</sup> 14.06.2019, 07.07.2020, 21.01.2021 and 01.08.2022

Reply is not acceptable as checks exercised during preparation of accounts and internal audit are different.

***Recommendation 9: Board should meet at regular intervals to provide guidance and ensure that the functions and responsibilities of the Board are discharged efficiently and effectively.***

***Recommendation 10: Government may institute social audit as well as internal audit to strengthen its internal control mechanism.***



New Delhi

Dated: 27 May 2025

(ROLI SHUKLA MALGE)

Accountant General (Audit), Delhi

Countersigned



New Delhi

Dated: 05 June 2025

(K. SANJAY MURTHY)

Comptroller and Auditor General of India

