

Chapter VI

Monitoring, Social Audit and Grievance Redressal

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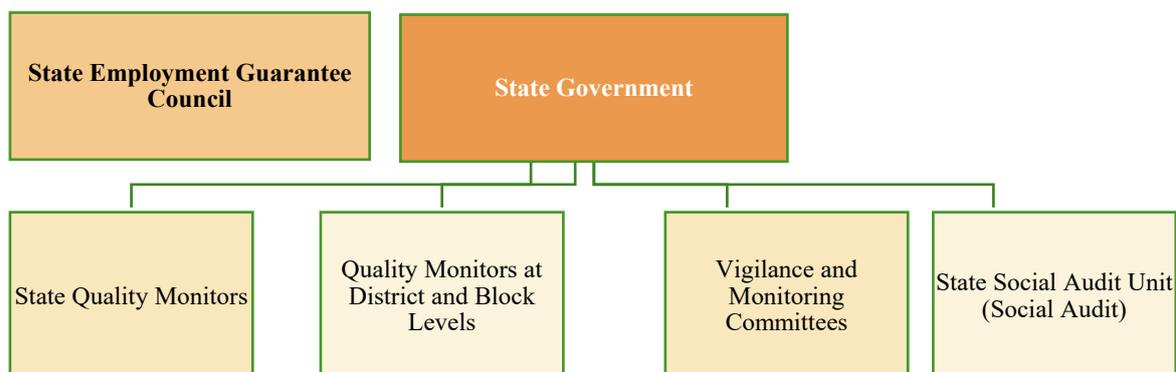
The prescribed monitoring and evaluation of the Scheme through State Employment Guarantee Council (SEGC) was deficient as it met only once during the audit period and the prescribed sub-committees of SEGC were dysfunctional. The Vigilance units at the State /district/ Gram Panchayat which were responsible for detecting irregularities in the Scheme were not constituted. The Scheme provisions related to the constitution of State Quality Management Unit and District Quality Monitors were not adhered to and prescribed inspection of works were not carried out.

Social Audit Unit suffered from institutional weaknesses such as deviation from the norms in appointment of the Director, shortage of staff, shortage/delay in release of funds and non-accessibility/availability of records for the audit. Consequently, the shortfall in conducting Social Audit increased from one *per cent* in 2019-20 to 57 *per cent* in 2023-24. Audit observed large pendency in settlement of Social Audit observations and irregularities in settlement of misappropriation cases reported in Social Audit.

The mechanism for grievance redressal was ineffective as the prescribed reporting, redressal and follow-up mechanisms were not in place. Though Ombudspersons were appointed in all districts, there was large pendency in disposal of complaints. Audit observed that less than 20 *per cent* of the penalties imposed by the Ombudspersons were recovered in test-checked districts.

The MGNREGA, 2005 and Operational Guidelines, 2013, prescribe monitoring at National level, State level and District level through Vigilance and Monitoring Committees, District Quality Monitors, State Quality Monitors, National level Monitors, State Employment Guarantee Council, and Social Audit by Social Audit Unit (SAU) as detailed in **Chart 6.1** below:

Chart 6.1: Monitoring Framework for MGNREGS works at State level



Source: MGNREGA, 2005 and Operational Guidelines, 2013

Audit findings pertaining to the monitoring, evaluation and review under the Scheme are discussed in succeeding paragraphs.

6.1 Functioning of State Employment Guarantee Council

MGNREGA stipulated that State Government should set up a State Employment Guarantee Council (SEGC), which was to be responsible for advising the State Government on the implementation, evaluation and monitoring of the Scheme, preparing an Annual Report on the Scheme to be presented to the State Legislature, *etc.* Section 12 (2) of the Act stipulated that norms regarding time, place and procedure of the meetings (including the quorum at such meetings) of SEGC were to be prescribed by the State Government. Karnataka SEGC Rules, 2006, mandated that SEGC should have four Sub-committees⁴³ to assist SEGC in discharge of its duties and functions.

Scrutiny of records showed that though the State Government had constituted SEGC, it did not prescribe the interval at which SEGC was to meet. The SEGC, thus, continued to function in an unstructured manner. During the period from 2019-20 to 2023-24, SEGC met only once (June 2020). Similarly, none of the four sub-committees conducted any meeting during the period from 2019-20 to 2023-24. Also, Annual Reports on the Scheme for the years 2019-20 to 2023-24 had not been laid before the State Legislature.

This contravened the provisions of the Act as well as directions of MoRD. Moreover, the envisaged monitoring and steering of the Scheme at the highest level was reduced to being a perfunctory exercise, reducing accountability of Executive to the Legislature.

The State Government stated (May 2025) that action had been initiated to reconstitute the SEGC.

Recommendation 16: The SEGC should be reconstituted as prescribed in the Act/ Guidelines and the prescribed functions carried out.

6.2 Constitution of State Vigilance Cell and its functioning

Paragraph 13.6.1 of Operational Guidelines, 2013, specified that all States should make arrangement for a three-tier vigilance mechanism to proactively detect irregularities in the implementation of the Act and to follow up detected irregularities and malfeasance, including those identified during social audit, and ensure that the guilty were punished and recoveries of misspent funds duly made.

Scrutiny of records showed that no Vigilance Cell was constituted at the State level. Further, the requisite Vigilance Cells/Vigilance and Monitoring Committee were not constituted in the selected districts and GPs during the audit period (2019-20 to 2023-24).

The Department stated (November 2024) that though there was no Vigilance Cell, there was a separate section in Commissionerate to look after the complaints received about implementation of MGNREGS. As per the information furnished, there were 1,034 complaints pending for disposal out of 14,945 complaints received during the period from 2019-20 to 2023-24. The reply is not tenable as the objective of the Vigilance Cell was larger than just

⁴³ Committee on preferred works, Committee on finalisation of proposals under Clause 1 (x) of the Act, Finance and Audit Committee and Committee on wage and labour standards.

fending to complaints. It was intended to detect irregularities in the Scheme implementation.

The State Government stated (May 2025) that the proposal to create Vigilance Cell would be placed before the SEGC and necessary steps would be taken.

6.3 Discrepancies in Quality Management Mechanism

6.3.1 State Quality Management

Paragraph 14.7 of Operational Guidelines, 2013 specified that State Quality Monitoring Unit comprising State Quality Monitors (SQM) for each district in the State and a Nodal Officer of the rank of at least Superintending Engineers (SE), designated as Director (QM), should be constituted.

Audit observed that provisions related to constitution of SQM Unit were not adhered to and targets of inspecting at least 10 *per cent* of works were also not achieved in any of the test-checked districts as discussed in succeeding paragraphs.

1. As per the Government Order dated 18 June 2020, the post of Director (QM) was re-designated as Chief Operations Officer (COO) along with the work tasks allotted to the post. The details regarding incumbency of the post of COO showed that the requisite condition of appointing Director (QM) of the rank of at least SE was not ensured for the period from June 2020 onwards.
2. The Operational Guidelines stipulated that no SQM should be allotted her/his home district (Paragraph 14.8). In contravention to this, nine SQMs were allotted their home districts as detailed in **Appendix 6.1**.
3. As per AMC, the empanelled technical officials should monitor and evaluate at least 10 *per cent* of the works executed under MGNREGS in each district. The expenditure of these 10 *per cent* works should be at least ₹5 lakh and above for *kutchha* (Earth) works and ₹10 lakh and above for *Pucca* (masonry) works. Monitoring of each work should be done in two stages *i.e.* during the construction and after completion.

Audit, however, observed that these targets were not achieved in any of the test-checked districts during the period from 2019-20 to 2023-24. Against the targets of works ranging from 274 to 599, only 39 (7 *per cent*) to 236 works (45 *per cent*) were inspected by SQMs during the period from 2020-21 to 2023-24. No works were inspected during the year 2019-20. Moreover, monitoring/inspection of works was done only once, though these were envisaged to be inspected twice. Year-wise details are given in **Appendix 6.2**.

Apart from the shortfall in inspection, the percentage of recovery in these test-checked districts against SQM objections was very low. Against the proposed recovery of an amount of ₹26.33 lakh, the amount recovered was ₹1.87 lakh and remaining ₹24.46 lakh (93 *per cent*) was yet to be recovered (November 2024).

4. As per Paragraphs 14.8 and 14.9 of Operational Guidelines, 2013, list of SQM applications received, their credentials, persons selected, and district allocation should be put up on NREGASoft and details of works visited (SQM-wise) along with observations emerged and action taken should also be uploaded.

However, no such details were uploaded on the NREGASoft. This would have an adverse impact on the envisaged objectives of ensuring transparency and accountability in appointment of SQMs and their activities.

The State Government stated (May 2025) that allocation of home districts to SQMs had been stopped and also assured to comply with other observations.

6.3.2 Non-appointment of District Quality Monitors

As per Paragraph 7.12.1 of AMC, 2019-20, there should be a District Quality Monitoring (DQM) Cell which would have a panel of 10 to 15 technical officials in the cadre of retired Assistant Engineers and above under Executive Engineer/Superintendent Engineer. These officials were to monitor and evaluate at least 10 *per cent* of the works executed under the Scheme.

Review of records furnished by the Department showed that DQMs were not appointed in the test-checked districts during the period from 2019-20 to 2023-24 (except Kalaburagi, Shivamogga and Tumakuru for the year 2020-21). Further, details pertaining to inspection of works were not available with the respective DQMs.

Hence, due to non-appointment of DQMs, the required inspection of works to ensure quality or authenticity was not done. Thus, there was an absence of quality management mechanism.

The State Government stated (May 2025) that action would be taken to appoint DQM in all the districts.

6.4 Social Audit

An innovative feature of the MGNREGS was that it institutionalized 'Social Audit' as a means of continuous public vigilance (Section 17). Social Audit can be described as verification of the implementation of a programme/ scheme and its results by the community with active involvement of the primary stakeholder. This is done by comparing official records with actual ground realities, with the participation of the community in the verification exercise and reading out the findings of the verification exercise aloud in a public platform. Oral testimonies and facts are obtained from the public and compared with the official records.

In exercise of the powers conferred under Section 32 of the Act, the State Government notified (January 2012) MGNREGA Scheme Implementation of Social Audit Rules 2011 in Karnataka (Karnataka Social Audit Rules). The Directorate of Social Audit [hereafter referred to as Social Audit Unit (SAU)], as mandated under the MGNREG Act, was registered (May 2012) under the

Karnataka Societies Registration Act, 1960, for conduct of Social Audit of MGNREGS in the State. The Organisational set up in SAU, Karnataka is given in **Appendix 6.3**.

Audit observations related to the functioning of SAU in Karnataka are as follows:

6.4.1 Deviations from norms in appointment of Director, SAU

As per Karnataka Social Audit Rules, a retired All-India Service Person/a retired Selection Grade Civil Servant of State Service should be the head of the SAU. Further, MoRD, GoI letter dated 29 June 2020 regarding criteria for selection of Director, SAU stipulated, *inter alia*, that in case a State was unable to recruit a Director for Social Audit after three consecutive advertisements, it could post an officer of the State Government on deputation basis (full-time) as Director of Social Audit. However, his tenure should be for a minimum period of one year but not exceeding three years.

During the audit period (2019-20 to 2023-24), the State Government had posted (February 2023 and September 2023) serving officers⁴⁴ as the Director without following the due process *i.e.* without inviting three advertisements. Moreover, tenure of these Directors was less than the mandatory period of one year. This was irregular and would adversely affect the independence of SAU.

The Department replied (November 2024) that the Government had taken the decision to post IAS Officers to set right the Social Audit administration. Once streamlined, action would be taken to post a retired officer as Director, SAU. The fact, however, remained that such action disregarded the norms stipulated by MoRD. Further, the reply did not address the audit observation on tenures less than mandatory period of one year.

The State Government accepted (May 2025) the observation and stated that steps would be taken to avoid its recurrence.

6.4.2 Shortage of staff

The SAU should have an independent staff structure consisting of State Resource Persons (SRPs)/State Programme Managers, Assistant Programme Managers, Regional Programme Managers, District Programme Managers, Taluk Programme Managers, *etc.*

Information furnished (August 2024) by SAU showed that against the sanctioned staff strength of 412 at State/District/Taluk levels, 318 persons were working, resulting in shortage of 94 persons (23 *per cent*). Major shortage was seen in the posts of Assistant Programme Managers and Office Assistants, Young Professionals at the State level, Regional Programme Manager at District level and Taluk Programme Managers at the Taluk level. The SAU also did not have requisite Quality Monitors to facilitate evaluation of asset quality during the social audit (Paragraph 13.2.3 of Operational Guidelines, 2013). Thus,

⁴⁴ Shri Nalini Atul, IAS (13.02.2023 to 17.08.2023), Shri Pradeep P., IAS (15.09.2023 to 28.06.2024)

shortage/inadequacy in deployment of requisite staff hampered the effective conduct of social audit.

The State Government assured (May 2025) to fill the vacancy based on requirements and availability of funds.

6.4.3 Finances for Social Audit Unit

The Director, SAU should be responsible for drawing up a proposed budget for conduct of Social Audit in all Gram Panchayats of the State at least twice a year. From the State's entitlement of 6 *per cent* towards administrative expenditure, up to 0.5 *per cent* should be earmarked for the State's Social Audit. The SAU should pay salaries/honoraria to its Resource Persons at the State, District, Block and Village level directly (subject to norms laid down by MoRD).

Scrutiny of information furnished showed that against the total admissible amount of ₹134.04 crore⁴⁵ for the period from 2019-20 to 2023-24, the GoI had released ₹51.10 crore. Thus, there was short release of funds by 62 *per cent* for SAU.

The expenditure was managed by availing advances from office of the Commissioner, MGNREGS (₹22.97 crore)/XV Finance Commission Grants (₹7.74 crore) and restricting to one round⁴⁶ of social audit from the year 2021-22 onwards. Details are given in **Appendix 6.4**. Thus, one of the pre-requisites to be followed to ensure independence of Social Audit was not adhered to.

The State Government accepted (May 2025) the observation and stated that SAU should submit fund proposals to GoI.

6.4.4 Delay in release of funds and non-payment of interest

MoRD, GoI, issued sanction orders from time-to-time for releasing central assistance towards conducting Social Audit in the State. On its receipt, the State Government was to transfer these funds to the Social Audit Bank Account within 15 days. As per the instructions of GoI, the State Government was liable to pay interest at the rate of 12 *per cent* (for the year 2019-20, 2020-21 and 2023-24) per annum for delay in release of funds.

Scrutiny of records showed that out of ₹ 44.61 crore released (after adjustment of ₹6.50 crore for 2020-21) during the period from 2019-20 to 2023-24, an amount of ₹37.06 crore (83 *per cent*) was released by the State Government, with delays ranging from 21 to 112 days. The State Government, however, did not pay interest of ₹43.76 lakh (detailed in **Appendix 6.5**).

The State Government attributed (May 2025) the delays in release of funds to Covid-19 pandemic, technical problems, *etc.* The fact remains that conditions stipulated in the sanction orders were not adhered to.

6.4.5 Inadmissible expenditure

Department of Rural Development, GoI, *vide* letter dated 30 October 2017 issued a list containing inadmissible items which were not allowed under the

⁴⁵ 0.5 *per cent* of MGNREGS expenditure

⁴⁶ The Social Audit rules prescribed one round of social audit every six months in a GP.

fund released to SAU. The list included expenditure incurred under purchase and maintenance of vehicles, purchase of air conditioners, among other items.

Audit observed that an amount of ₹10.51 lakh⁴⁷ was irregularly incurred on inadmissible items.

The State Government accepted (May 2025) the observation and stated that necessary steps would be taken to avoid any inadmissible expenditure.

6.4.6 Shortfall in conducting social audit

Paragraph 13.1.1 (ii) of Operational Guidelines, 2013, mandated that the Social Audit process was to be conducted in every GP at least once in six months, involving a mandatory review of all aspects.

As per the information furnished to Audit, it was observed that shortfall in conducting social audit ranged from 1 *per cent* to 57 *per cent* during the period from 2019-20 to 2023-24 (detailed in **Table 6.1**).

Table 6.1: Shortfall in conducting social audit

Year	Total number of GPs	Number of Social Audit due (Target)	Social Audit conducted	Shortfall	Percentage of shortfall
2019-20	6021	12042	11932	110	1
2020-21	6014	12028	8958	3070	26
2021-22	5989	11978	5964	6014	50
2022-23	5956	11912	5930	5982	50
2023-24	5951	11902	5154	6748	57

Source: Information furnished by SAU, Karnataka

Review of consolidated Social Audit Reports showed that the findings included cases such as payments made for works not executed; excess payments; payments made to ineligible persons; payments made for inadmissible works, *etc.* Thus, Social Audit had been pointing out many irregularities in implementation of Scheme and majority of these were persistent irregularities. Hence, shortfall in conducting social audit denied the opportunity of strengthening the Scheme implementation through this innovative mechanism.

The State Government and the Director, SAU, Karnataka accepted the facts and cited (October 2024 and May 2025) non-release of funds as major reason for the shortfall. As social audit gave voice to the marginalised and poor groups, its healthy functioning was necessary for promoting transparency and accountability in local governance.

6.4.7 Access and availability of records

For an independent review and examination of records and activities under MGNREGS, access and availability of records was the primary step to assess the quality of works being executed at different levels along with the details of disbursements made, the number of labourers employed and material used. Rule VIII of Karnataka Social Audit Rules and provisions of Paragraph 13 of

⁴⁷ ₹0.52 lakh (air conditioner) + ₹6.01 lakh (vehicle maintenance) + ₹3.98 lakh (refurbishment)

Operational Guidelines, 2013, stipulated that the Programme Officer should ensure that all the required information and records of all implementing agencies including Action Taken Report on previous social audits were properly collated in the requisite formats and provided, along with photocopies, to the SAU for facilitating conduct of social audit at least fifteen days in advance of the scheduled date of meeting of the Gram Sabha.

Scrutiny of the information showed non-production of records to Social Audit in large number of cases. It was seen that out of ₹17,064.53 crore to be verified during the period from 2019-20 to 2023-24, SAU did not verify expenditure aggregating ₹8,264.39 crore (48 *per cent*) for want of records (details are given in **Appendix 6.6**).

Non-production of records to such a large extent (48 *per cent*) to Social Audit indicated non-compliance with the laid down provisions and hampered the verification procedure. As a result, a reasonable assurance regarding the extent of compliance in proper implementation of the Scheme could not be arrived at.

The State Government stated (May 2025) that necessary directions would be issued to all the Programme Officers for furnishing records without fail to Social Audit and its compliance would be monitored regularly.

6.4.8 Follow-up of Social Audit

Social Audit would not be complete unless there is a time-bound follow-up action on the observations pointed out. Paragraph 13.4.4 of Operational Guidelines, 2013 mandated that the State Government should be responsible to take follow-up action on the findings of the social audit. Paragraph 25 (c) (ix) of Schedule-I to MGNREGA mandated that systematic follow-up action, recovery of amounts found misappropriated and disciplinary/criminal action on the irregularities should be completed within six months from the conduct of social audit. In this connection, the State Government prescribed (January 2020) the guidelines for recovery of amount in respect of social audit observations. It is mandated that money could be recovered from the officers/staff responsible for payment and outsourced employees and elected representatives to the extent they were responsible.

Audit observed the following deficiencies in settlement of observations and recovery of objected amount in social audit:

i) Pendency in settlement of social audit observations

As per MIS data, a total of 3,55,393 observations (detailed in **Appendix 6.7**) worth ₹5,275.88 crore were raised in social audit reports during the audit period (2019-20 to 2023-24). This included 79,284 (22 *per cent*) issues pertaining to financial misappropriation (₹187.38 crore) and 2,16,108 (61 *per cent*) pertaining to financial deviation (₹4,449.44 crore).

Status of pendency in settlement of social audit observations at the State level is given in **Table 6.2** below:

Table 6.2: Social audit observations pendency status in State

(in numbers)

Year	Total issues reported	ATR uploaded	ATR (issues) pending with				Issues closed	Issues pending with SRP
			Programme Officer	DPC	Commissioner	Total (%)		
2019-20	53099	23808	29268	22	1	29291 (55)	7315	16493
2020-21	36599	13731	22861	6	1	22868 (62)	4499	9232
2021-22	90087	24035	66048	3	1	66052 (73)	6271	17764
2022-23	64573	14868	49698	4	3	49705 (77)	5047	9821
2023-24	111035	15007	96018	7	3	96028 (86)	7790	7217
Total	355393	91449	263893	42	9	263944 (74)	30922	60527

Source: MIS Reports 9.3.1 and 9.3.2 dated 04.11.2024 DPC- District Programme Coordinator

It could be seen that:

- Out of 3,55,393 observations, action taken reports (ATRs) were uploaded for 91,449 observations only and 2,63,944 (74 per cent) cases were pending for corrective action. Year-wise pendency ranged from 55 per cent (2019-20) to 86 per cent (2023-24).
- Out of 91,449 observations for which ATRs were uploaded, Social Audit Resource persons (SRPs) had closed 30,922 cases and remaining 60,527 cases (66 per cent) were pending with SRPs for final settlement. This pendency ranged from one to five years.
- As a result of non-settlement of cases by SRPs, number of total pending issues was 3,24,471 i.e. 91 per cent of 3,55,393 observations raised during the period from 2019-20 to 2023-24 were still outstanding (October 2024).
- After the decision about cases in the Taluk level Ad-hoc Committee, the Gram Sabha was the final authority to settle/close the cases. However, there was neither any report in public domain (MIS) nor any reliable data with Department regarding the number of cases settled/closed in Gram Sabha and corresponding money value.

Thus, huge pendency in settlement of audit observations and lack of monitoring of action taken audit was detrimental to the objectives of Social Audit.

ii) Recovery of misappropriated amount

Rule VIII (3) (c) of Karnataka Social Audit Rules stipulated that every District Programme Coordinator or any official on his behalf should take steps to recover the amount embezzled or improperly utilised.

Audit, however, noted that out of misappropriated amount of ₹187.38 crore (79,284 cases) pointed out in Social Audit during 2019-20 to 2023-24, ATRs were pending (November 2024) in respect of 27,115 cases worth ₹75.30 crore (40 per cent). (Table 6.3). In respect of misappropriation cases having money value of ₹112.08 crore where ATRs were furnished, Audit noticed that an amount of ₹90.14 crore (80 per cent) was settled without any recovery i.e. the amount was not recoverable as per ATR uploaded. It was a matter of serious concern as it undermined the social audit process.

Table 6.3: Details of financial misappropriation recovery report at State level

(₹ in crore)

Year	Misappropriation cases reported by SAU		ATR uploaded (decided cases)		Amount of cases with ATR pending (%)	Out of decided cases, amount to be recovered	Amount not to be recovered i.e. cases settled without recovery (%)	Amount recovered
	Number	Amount	Number	Amount				
2019-20	14,710	60.58	12,954	49.17	11.41 (19)	7.90	41.26 (84)	7.43
2020-21	7,915	32.87	6,916	27.40	5.47 (17)	3.85	23.54 (86)	3.72
2021-22	16,747	23.28	14,388	16.19	7.09 (30)	4.34	11.85 (73)	4.12
2022-23	12,306	17.53	9,707	11.42	6.11 (35)	2.60	8.82 (77)	2.55
2023-24	27,606	53.13	8,204	7.90	45.22 (85)	3.24	4.66 (59)	2.91
Total	79,284	187.38	52,169	112.08	75.30 (40)	21.94	90.14 (80)	20.73

Source: MIS data (R9.2.6- Financial Misappropriation Recovery Report) dated 04.11.2024

Out of recoverable amount of ₹21.94 crore as per MIS data, amount of ₹20.73 crore was shown as recovered (November 2024). Thus, the percentage of recovery was claimed to be 94 *per cent*, which was incorrect and misleading as a significant number of cases were closed without recovery and the details regarding the same were not forthcoming.

In test-checked districts, Audit observed that there was no system of watching remittance of the amount recovered and there were instances of closing the observations without ensuring recovery, as detailed below:

- Yelburga – An amount of ₹3.82 lakh was shown as recovered in MIS whereas the actual recovery was only ₹0.06 lakh. EO, TP, Yelburga accepted the audit observation and stated (August 2024) that it was done by oversight.
- Mandya – 10 observations pertaining to financial misappropriation were closed by Ad-hoc Committee as well as SRP though the respective amount of ₹98,788 was not remitted to the concerned bank account/Treasury (detailed in **Appendix 6.8**).

There were also instances in Mandya district where challan was manipulated to close social audit observation and same challan was used to close two different observations as illustrated below:

Illustrations

1. Bevinahalli GP, Mandya Taluk – Issue No. KN-ISSUE-63391 - The Challan no. CR0620085300025777 attached with the compliance report indicated an amount of ₹11,214 and the *Ad hoc* Committee recommended (07 December 2021) to close the issue. Verification of Challan on *Khajane-2* Portal showed that the actual Challan amount was ₹214 only. Thus, incorrect amount was shown as recovered by tampering with the Challan.
2. Mandya Rural GP, Mandya Taluk - Challan no. MG1022085300001115 of ₹43,517 was shown as amount recovered against two different observations (KN-ISSUE-97001 and KN-ISSUE- 236360). *Ad hoc* Committee in its meetings (22 June 2023 and 06 October 2023 respectively) accepted it and both the observations were closed though the amount of ₹43,517 was remitted only once.

- Maddur –DDs amounting to ₹49,891 were submitted towards recovery in 11 cases. These DDs were returned (September 2023 to February 2024) by the bank for revalidation but were not revalidated till date (September 2024). Details are given in **Appendix 6.9**.
- Tiptur – An amount of ₹85,564 though shown as remitted was not traced to the bank account.
- Turuvekere – An amount of ₹32,561 was not traced to the bank account.

Thus, no assurance could be drawn in respect of the data regarding settled cases of misappropriation as observed above. Also, the Department has not furnished the details of action taken against the responsible officials in cases of financial misappropriation.

iii) Mismatch in reporting of misappropriation cases

As per Rule IX of Karnataka Social Audit Rules, social audit reports should be updated in MIS by Taluk Social Audit Resource person.

Audit observed that the amount uploaded on MIS (04.11.2024) under the category of financial misappropriation (FM) aggregated ₹134.26 crore for the period from 2019-20 to 2022-23 whereas the amount misappropriated was ₹194.10 crore as per Social Audit Annual Reports for the same period. Thus, correctness of observations being uploaded on MIS was not ensured by Social Audit Resource persons (SARPs) as there was short reporting by ₹59.84 crore.

The State Government accepted (May 2025) the observations and stated that (i) necessary action would be taken to upload action taken reports and reduce the pendency (ii) explanation for discrepancies in recoveries would be called for from the officials concerned and (iii) mismatches in reporting would be reconciled.

6.4.9 Non-conducting of concurrent social audit

Paragraphs 25 (b) of Schedule-I to the Act and 10.1.12 of AMC, 2019-20, stipulated that concurrent social audit should be done for all works every month. For this purpose, self-help groups, village social auditors, Village Monitoring Committees and other village level organizations (VO) would have the right to inspect all records of works done and expenditure made in the GP on a fixed day of the week. Copies of records, where needed, would be provided by the Programme Officer at a nominal cost. Every Gram Sabha would select a Village Monitoring Committee (VMC) consisting of five MGNREGS workers.

Scrutiny of records showed that neither the VMC was formed in any of the test-checked GPs nor the concurrent social audit was conducted during the period from 2019-20 to 2023-24.

The State Government stated (May 2025) that steps would be taken to conduct the concurrent audit of the Scheme in future.

Results of beneficiaries' survey: As per the survey, 193 beneficiaries (48 *per cent*) were not aware of the Social Audit conducted in their villages. Only 126 beneficiaries (32 *per cent*) stated that Social Audit Reports were discussed at Gram Sabha meetings and only 25 beneficiaries (six *per cent*) were satisfied with Social Audit and its reports

Recommendation 17: The social audit under MGNREGS should be strengthened by ensuring its independence and providing adequate financial and human resources.

6.5 Constitution of District Development Coordination and Monitoring Committees (DISHAs) and State Level DISHA Committees

MoRD directed (June 2016) all states to replace Vigilance and Monitoring Committees at State and District levels with DISHAs. These Committees were constituted to fulfil the objectives of ensuring quality of expenditure, particularly in context of optimization of public funds spent under different programmes of GoI; improve development coordination and monitor the implementation of programmes in accordance with prescribed procedures; and promote synergy and convergence of different programmes. MGNREGS is one of the schemes which would be monitored by these committees. These Committees were to be formed at State level as well as district levels. As per the Guidelines (June 2018), the State level Committee was to meet once in every six months and District level Committees were to meet once in every quarter.

As per the information furnished, the State level Committee was constituted in January 2020 and against the target of 10 meetings during the audit period (2019-20 to 2023-24), it conducted only one meeting (05 August 2022). In the test-checked districts, shortfall in conducting DISHA Committee meetings ranged from 20 *per cent* to 70 *per cent*. Year-wise details are given in **Appendix 6.10**.

The State Government accepted (May 2025) the observation and stated that necessary steps would be taken to conduct the DISHA meetings as prescribed.

6.6 Grievance Redressal Mechanism

Paragraph 13.13.1 of Operational Guidelines, 2013, in compliance with Section 19 of MGNREGA stipulated that State Government should determine appropriate grievance redressal mechanisms at each level for dealing with any complaint by any person in respect of implementation of the Scheme. The Grievance Redressal Officer at the village level was the Secretary of the GP, the Programme Officer at the taluk level, the District Programme Coordinator at the district level and the Commissioner of MGNREGS at the State level. All grievances were to be enquired into and action completed within seven days.

Audit observed that:

1. At the State level, the complaint register containing the name and address of the complainant was not maintained till the year 2021-22. Introduction

of e-file management in the year 2022 led to inclusion of all the relevant details.

2. As per the information furnished, 1,373 complaints were received in the test-checked districts during the period from 2019-20 to 2023-24. Out of these, 1,285 complaints were disposed and 88 complaints were pending (October 2024). It was also stated that complaint registers had not been maintained and in the absence of complaint registers, possibility of non-recording of complaints could not be ruled out.
3. The requisite committee, headed by the Deputy Commissioner at the district level, to review the progress of disposal was not formed in the test-checked districts except Mandya (Rule 9 of Karnataka Grievance Redressal Rules).
4. Monthly reports on grievance redressal were neither furnished by the test-checked districts to the State Government nor by the State Government to the Ministry though mandated under Rule 10 of Karnataka Grievance Redressal Rules.
5. None of the test-checked districts made disclosure about the status of complaints in one of the local newspapers though required under Rule 11.
6. There was no system of escalating grievances, if not resolved within 15 days, to the next higher level in the test-checked districts.
7. During the beneficiaries' survey, 138 beneficiaries (35 per cent) stated that they were not aware about the authority with whom their grievances were to be addressed.

The State Government accepted (May 2025) the audit observation regarding non-maintenance of the complaint register at the State level. The reply, however, did not address the other audit observations such as non-constitution of higher-level Committee, non-maintenance of complaint registers at district level, non-disclosure of status of complaints, *etc.*

6.7 Ombudsperson

Paragraph 13.14 of the Operational Guidelines, 2013 mandated that the State Government would establish the office of Ombudsperson in all districts for expeditious redressal of grievances regarding implementation of the Scheme.

Audit observed that Ombudspersons were appointed in all the districts during the period from 2019-20 to 2023-24. There were, however, following shortcomings which defeated the objective of expediting redressal of grievances:

- As per MoRD order dated 10 March 2017, the Ombudsperson shall have power to receive complaint from MGNREGS workers and others and consider such complaints and pass awards within 30 days from the date of receipt of complaints.

As per the annual progress report for the year 2023-24, 2,715 complaints were to be disposed by ombudspersons in the State. Against this, 1,118

complaints were disposed and 1,597 complaints (59%) were pending (July 2024). In the test-checked districts (except Shivamogga), 362⁴⁸ (17 *per cent*) out of 2,255 complaints were pending.

Out of 362 complaints pending in the test-checked districts, 340 complaints (94 *per cent*) were pending for more than the requisite 30 days. This included 165 complaints (46 *per cent*) which were pending for disposal for more than a year. System to monitor the action taken on the awards of ombudsperson was not efficient as award amount of ₹386.60 lakh (81 *per cent*) out of ₹476.19 lakh was yet to be recovered in the test-checked districts (March 2024). Thus, the objective of expediting redressal of grievances was not achieved.

- As per Paragraph 13.4, the State Government should set up a three-member appellate authority to consider representation by any party aggrieved by the awards of the ombudsperson. Such a representation should be disposed of within a period of two months by the appellate authority.

Information furnished by the Department showed that out of 626 representations (appeals) received during the period from 2019-20 to 2023-24, the Appellate Authority had disposed of 208 cases whereas 418 cases (67 *per cent*) were pending for disposal (September 2024). The pendency of representations (appeals) ranged from 16 *per cent* to 83 *per cent* over the period of five years, thereby defeating the purpose of establishing the appellate authority (**Appendix 6.11**).

- As per the guidelines, the Ombudsperson were responsible to upload MGNREGS related documents on MIS modules (Report No. R20_Ombudsperson Report) and ensure that they were easily accessible to public. Text of orders were also to be put on MGNREGS website.

It was, however, observed that no ombudsperson in the State had uploaded requisite details on MIS. Failure to pro-actively disclose the information, despite the availability of enabling modules, defeated the envisaged objectives of ensuring transparency and accountability in implementation of the Scheme.

- Paragraph 14.3 & 14.4 of instruction to Ombudsperson specified that summary report of the cases disposed by Ombudsperson and action taken on the award should be reported to the SEGC by the Secretary, State Nodal Department in its meeting and would also form part of the annual report of the nodal department.

The Secretary, RDPR, did not submit to SEGC the summary report of the cases disposed by Ombudsperson and action taken on the award during any of the years from 2019-20 to 2023-24.

⁴⁸ Kalaburagi – 63, Koppal – 103 , Mandya – 63 and Tumakuru - 133

- Out of 400 beneficiaries surveyed, 260 beneficiaries (65 per cent) were not aware about the establishment of ombudsperson at the district level for grievance redressal.

The State Government accepted (May 20225) the observations and stated that necessary instructions would be issued for disposal of the complaints and submission of necessary returns/reports.

6.8 Outcome orientation of works

Paragraphs 7.1.4 and 7.12.2 of AMC, 2019-20, mandated that the productivity/ outcome of each work should be strictly monitored by measuring the 'expected' outcomes, before any work is placed before the Gram Sabha/Ward Sabha for approval and should not be closed without measuring the actual outcomes.

In contravention to provisions of AMC, expected/actual outcomes were not mentioned in any of the test-checked works. As a result, it was not feasible to measure the efficiency of the panchayats and long-term positive impacts of MGNREGS on the rural economy/environment.

The State Government stated (May 2025) that necessary steps would be taken to provide expected/actual outcomes of the works.

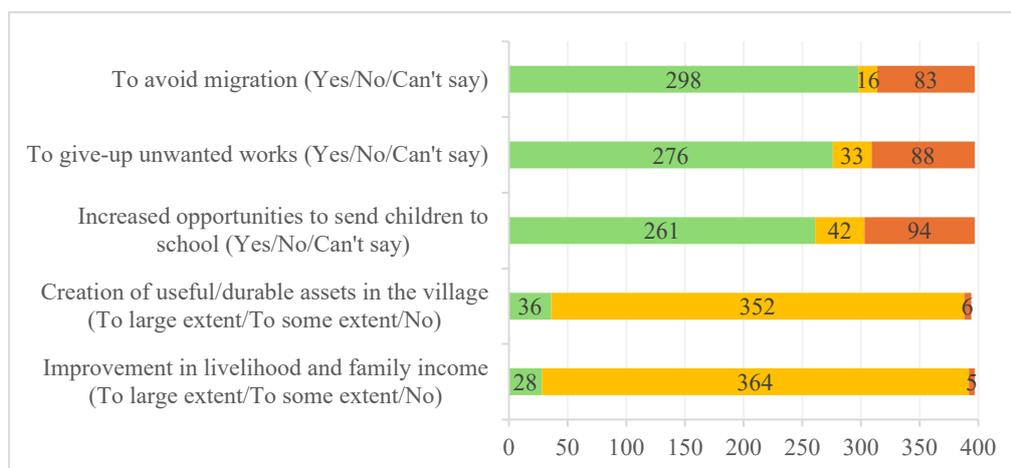
6.9 Impact assessment

The workers engaged on MGNREGS were largely poor and MGNREGS assumed a lot of significance as it provided the rural population with income during lean agricultural seasons and natural calamities like drought, *etc.* MGNREGS was designed to bring about significant improvement in the quality of life of the rural population by ensuring that the needy households got guaranteed employment for at least 100 days in the village. An attempt to assess the impact on individual households was made on the following broad parameters:

- to avoid migration;
- to give-up unwarranted works which households used to earlier;
- increased opportunities to send children to school;
- creation of useful/durable assets in the village; and
- improvement in livelihood and family income.

The impact of MGNREGS on individual households as ascertained during the survey is shown in the **Chart 6.2**.

Chart 6.2: Impact assessment of MGNREGS



Source: Beneficiaries' survey

The largest positive outcome of the Scheme was on reducing migration as 75 per cent of the beneficiaries felt that the Scheme had helped to avoid migration to other places for work. The status of workers had also improved as 70 per cent of the beneficiaries stated that the Scheme had helped to give-up unwanted works carried out earlier and 66 per cent of the beneficiaries informed that the Scheme provided enough employment to adults in the household, which spared children from engaging in work and enabled them to go to school.

The survey, however, showed that the Scheme lagged in achieving its main goals of improving livelihood of rural households and creating useful/durable assets. As per the survey, only seven per cent of the beneficiaries felt significant improvement in livelihood/family income whereas only nine per cent of the beneficiaries informed that MGNREGS had resulted in creation of useful/durable assets to a large extent.

The State Government stated (May 2025) that necessary steps would be taken to improve on the assessed issues in the impact assessment.

6.10 Good Initiatives by the Department

Planning - The State Government has developed in-house an action plan software (End2End Action plan module) which has enabled the State to monitor number of demand applications, timely approval of action plans from Taluk and Zilla Panchayats, capturing pre-measurement of works, etc. Action Plan for the year 2025-26 was prepared through this module.

Transparency and Accountability - The State has developed an in-house online application for recording inspection reports of all works that are executed and pending for material payment. New System is operational since 01.01.2024 and it has shown positive impacts on (i) resolving non-production of records to Social Audit (ii) ensuring equitable distribution of material funds and (iii) more effective implementation and better utilisation of funds.

Muster rolls - State has implemented National Mobile Monitoring System (NMMS) Photo audit on trial basis from 01.08.2024 wherein photographs are backed up on State Local Server and there are dedicated staff to audit photographs at district and taluk levels. Concerned GPs and other implementing agencies are provided facility to give response for the flagged NMRs. This has helped in enhancing accountability and streamlining processes.

Bengaluru

02 FEB 2026

(Ashok Sinha)

**Principal Accountant General (Audit-II)
Karnataka**

Countersigned

New Delhi

19 FEB 2026

(K. Sanjay Murthy)

Comptroller and Auditor General of India