



Construction of rainwater
harvesting pits in Pilicode Gp
Work code: 1601005004/WC/591589

Chapter

2

Audit Framework

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2.1 Audit objectives

The objectives of the Performance Audit on implementation of MGNREG Act in the State of Kerala were to assess whether:

planning process and financial management practices were adequately geared towards achieving the goals of the Act, while adhering to relevant rules and regulations ?

fair access to employment opportunities was achieved, as well as employment adequately generated, leading to social protection and livelihood security as envisaged ?

durable and useful assets were created and maintained in compliance with rules and regulations, while ensuring convergence with other programmes/schemes ?

appropriate and adequate monitoring, social audit and grievance redressal systems were in place and functioning as envisaged to achieve greater transparency and accountability ?

2.2 Audit criteria

Audit criteria for evaluating the performance audit were derived mainly from:

- ▶ Mahatma Gandhi National Rural Employment Guarantee Act, 2005, MGNREGA Operational Guidelines, 2013 and amendments thereto, and Rules issued under the Act
- ▶ Kerala Rural Employment Guarantee Scheme, 2006
- ▶ Annual Master Circulars issued by the Ministry of Rural Development (MoRD), Government of India
- ▶ Orders, circulars and instructions issued by the Government of Kerala and MoRD, Government of India
- ▶ Kerala Financial Code and General Financial Rules.

2.3 Audit scope and methodology

The Performance Audit was conducted from June 2024 to November 2024 covering the period from 2019-20 to 2023-24 including spillover works executed during 2024-25. Audit methodology included scrutiny of basic records, registers and files maintained in the Grama Panchayats (GP)/Block Panchayats (BP), issuing Audit enquiries, field visits, joint beneficiary survey etc. Information was also collected from Department of Local Self Government (LSGD), Principal Directorate (LSGD), State Mission and District missions

(MGNREGS), MGNREGA Social Audit Society, Kudumbashree and other offices involved in the implementation of the scheme.

An entry conference with the Secretary, LSGD was held on 30 July 2024 in which audit objectives, criteria, scope and methodology were discussed. On conclusion of Audit, an exit conference was conducted with Additional Chief Secretary, LSGD on 09 June 2025, wherein the audit findings were discussed. Remarks offered by Government on the audit findings have been suitably incorporated in this Report.

2.4 Audit Sampling

Out of 14 districts implementing the scheme, three districts (21.43 per cent) were selected for audit. While selecting the districts, the coverage of geographical representation of the different parts in the sample was done to a larger extent. In each district, two BPs and four GPs in each selected BP were selected for detailed scrutiny of records. Units selected for audit are given in Table 2.1.

Table 2.1: Sampled Units in the State of Kerala

District	Block Panchayat	Grama Panchayat	
Kasaragod	Kasaragod	Badiadka	Kumbala
		Madhur	Chengala
	Neeleshwaram	Padne	Thrikkaripur
		Pilicode	Kayyur - Chimmeni
Palakkad	Attappadi*	Agali	Pudur
		Sholayur	
	Malampuzha	Puthuppariyaram	Malampuzha
		Pudussery	Marutharode
Thiruvananthapuram	Vellanad	Kattakkada	Tholicode
		Kuttichal	Vellanad
	Chirayinkeezhu	Mudakkal	Vakkom
		Kadakkavoor	Anchuthengu

*Since there are only 3 GPs in Attappadi Block one extra GP from Malampuzha Block was selected

Ten works from each GP were selected for detailed scrutiny. Ten to 15 beneficiaries from each GP (total 334 beneficiaries) were selected for beneficiary survey.

2.5 Previous audit findings on MGNREGS

Performance audit of MGNREGS for the period from 2007-08 to 2011-12 was conducted during March to June 2012 and the findings were included in the Report of the Comptroller and Auditor General of India for the year ended March 2012 (Report No.2 of the year 2013, Government of Kerala). The Committee on Local Fund Accounts discussed the Performance Audit Report in July 2022. Recommendations of the Committee are awaited.

2.6 Acknowledgement

Audit acknowledges the cooperation and assistance extended by the officials of State Government and Panchayat Raj Institutions (PRIs) at various stages for conduct of the Performance Audit.

2.7 Audit Findings

Audit findings are organised into five chapters:

- ▶ **Planning and Capacity Building**
- ▶ **Financial Management**
- ▶ **Registration and Employment**
- ▶ **Execution of Works**
- ▶ **Monitoring, Grievance redressal and Social Audit**