



Check dam construction on Kallakara
water stream in Sholayur GP
Work code: 1606002003/WC/490961

Chapter

7

Monitoring, Grievance redressal and Social Audit

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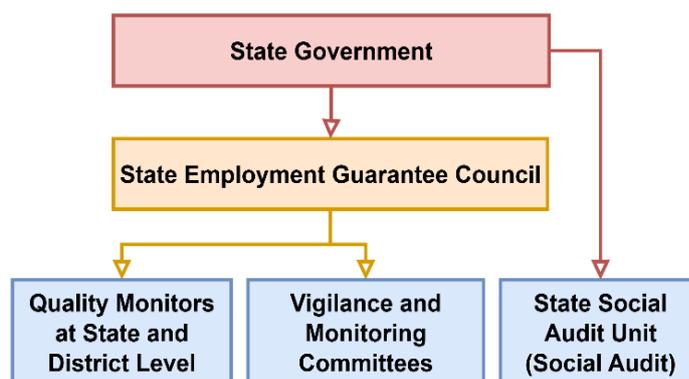
Though State Employment Guarantee Council (SEGC) was to prepare Annual Report on the outcome of the scheme and present before State Legislature, Annual Reports only for the years 2021-22 and 2023-24 were prepared. None of the Reports were placed in State Legislature till date (March 2024). State Vigilance Cell (SVC) though constituted, no further orders/guidelines were issued by the State for empowering the Cell to function as envisaged in the guidelines. The very important aspect of ascertaining quality of assets created under MGNREGS was neglected by the State due to non-appointment of Director (QM) at the State level and delay in appointing State and District Quality Monitors. Non-submission of action taken report by GP/BP, absence of effective complaint tracking system, etc., indicated ineffective functioning of Ombudspersons in ensuring transparency in implementation of MGNREGS. There was short release of GoI funds to the tune of ₹50.71 crore towards Social Audit. Social Audit conducted in GPs ranged from 21.52 per cent to 98.72 per cent during the years 2019-20 to 2023-24.

The substantial funds involved in the implementation of MGNREGS coupled with its implementation across the State in 941 GPs, makes the monitoring and evaluation of the scheme challenging. It was thus imperative to have a robust and efficient monitoring, evaluation and review mechanism of the scheme. Chapter 14 of the MGNREG Act Operational Guidelines, 2013 specifies the aspects of quality management and quality monitoring mechanisms. The MGNREGS deals with the creation of assets, hence, to ensure that the created assets achieve the objectives and to ensure that the assets created are durable, quality management is vital. Quality Management has three distinct aspects such as quality control at site, quality supervision and quality monitoring. Besides, quality management other aspects such as State Employment Guarantee Council, Social Audit, transparency and accountability through grievance redressal mechanism and system of Ombudsperson also forms part of monitoring of MGNREGS. Analysis of the monitoring mechanism in the State, districts and test checked PRIs revealed the following:

7.1 Framework for Monitoring

The MGNREG Act, 2005 and the Operational Guidelines, 2013 prescribe monitoring at State level and District level through Vigilance and Monitoring Committees, District Quality Monitors, State Quality Monitors, State Employment Guarantee Council and Social Audit by Social Audit Unit. Monitoring framework is depicted in **Chart 7.1**.

Chart 7.1: Monitoring Framework for MGNREGS works at State level



(Source: MGNREG Act, 2005 and MGNREG Act Operational Guidelines, 2013)

7.1.1 Functioning of State Employment Guarantee Council

Section 12 of MGNREG Act, 2005 envisaged setting up of State Employment Guarantee Council (SEGC) for the purpose of regular monitoring and reviewing the implementation of the Act at the State level. The SEGC was constituted in September 2009 with the Minister for LSGD as the Chairman to advise the Government on the implementation of the scheme and also to evaluate and monitor it.

According to Section 12 (3) of MGNREG Act, 2005 SEGC should prepare Annual Report on outcome of the scheme and present before State Legislature, facilitating oversight by elected representatives. This Report should contain, *inter alia*, the action taken by the State Government on the findings of the social audit and summary report of cases disposed by Ombudsperson. Audit noticed that Annual Reports only for the years 2021-22 and 2023-24 were prepared by SEGC. Further, no reports were placed in the State Legislature till date (March 2024).

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 Government stated (June 2025) that SEGC had approved Annual Reports for 2021-22 and 2023-24. However, the reply is silent on the non-submission of the reports before Legislature till date.

7.1.2 Vigilance Monitoring Mechanism

According to the MGNREG Act Operational Guidelines, 2013 the State should make an arrangement for a three-tier vigilance mechanism viz., at the State, district and GP level 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 are punished and recoveries of misspent funds duly made good. These cells were required to be set up for receiving complaints about the implementation of the scheme, for conducting regular field visits to detect irregularities, and for taking *suo-moto* action based on reports appearing in the media, visit to the work sites and interaction with workers. The GoK issued orders constituting State and District

Vigilance Cells in January 2021. Analysis of functioning of State, District and GP level vigilance monitoring mechanism revealed the following:

- ▶ **State Vigilance Cell** - Audit noticed that other than issuing sanction (January 2021) for constitution of State Vigilance Cell (SVC) no further orders/guidelines were issued by the State for empowering the cell to function as envisaged in the guidelines. Further, no action plan was prepared for the functioning of the Vigilance Cell and annual reports on its activities were not submitted to the Government. In the absence of action plan, no activities as envisaged in the guidelines were carried out by the SVC. It was also noticed that no suo-moto action was taken on the basis of media reports and visits to worksites, interaction with workers, etc.
- ▶ **District Vigilance Cells** - Audit noticed that though GoK had issued orders (January 2021) for constitution of District Vigilance Cells (DVC), the Cells were not constituted in the test checked districts as the post of Assistant Development Commissioner (General), the head of DVC, became extinct consequent to the integration of various wings of LSGD. Though orders were issued (January 2024) for re-constituting the DVCs with Assistant Director (Administration), as head, the DVCs have not commenced their function (January 2025).
- ▶ **Vigilance and monitoring committee at GP level** - According to para 13.6.4 of Operational Guidelines 2013, the Vigilance and Monitoring Committee (VMC) at GP level should act as a forum for concurrent social audit. The functions of the VMC include assessing quality of works, assessing cost, end to end reporting on work, qualitative assessment of nature of work, etc. Audit noticed that though Monitoring Committee reports were to be placed at the next meeting of the Grama Sabha, none of the monitoring committees in test checked GPs submitted monitoring reports.

Agreeing to the audit observation that SVC was not provided with manpower for empowering the Cell, the Government stated (June 2025) that functioning of Vigilance Cell would be intensified and annual reports will be submitted to SEGC.

7.1.3 Quality Monitoring

As substantial amounts are being spent through MGNREGS, if implemented effectively, the programme has the potential to transform rural areas by creating durable assets that would not only enhance the livelihood security of rural poor but also result in substantial infrastructural development in rural areas. It is therefore of utmost importance to ensure quality and durability of assets being created under MGNREGS. Scrutiny of quality monitoring mechanisms in the State and districts revealed the following:

7.1.3.1 State level Quality Monitoring

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 Engineer (SE), designated as Director (QM), should be constituted. Further, Annual

Master Circular (AMC) 2019-20 specified that a Quality Monitoring Cell should be constituted at the State and District levels. Provisions related to appointment of Director (QM) and SQM were not adhered to in any of the test-checked districts as discussed below:

- ▶ Director (QM) was not appointed. State MGNREGS Engineer in the State Mission was assigned with analysis of SQM reports. The State Engineer was in the cadre of Assistant Executive Engineer.
- ▶ State Quality Monitors were appointed only in March 2023. Though SQM was to inspect at least 10 *per cent* of work sites, since appointment of SQM only 28 works were inspected (May 2025) in test checked three Districts.
- ▶ Though corrective action on the remarks of the monitored works should be sent by GP to the DPC/PO, corrective action by GP/BP was not ensured by DPC/PO/SQMs.
- ▶ Though district wise quarterly reports containing measures to be taken to prevent recurrence of deviations in planning, designing, selection of worksites, etc., was to be prepared by the SQM and submitted to State Government, no quarterly reports were submitted in respect of six districts and only one quarterly report was submitted in respect of five districts.
- ▶ Though action taken on the reports and suggestions of SQMs was to be reviewed by the SEGC, no action taken reports on the suggestions of SQM were prepared by the State Mission (November 2024).

Due to delay in appointment of State Quality Monitors and non-ensuring the effective functioning of the State quality monitoring mechanism, quality and durability of the executed works were not ensured and corrective action envisaged for ensuring quality of works did not materialise.

7.1.3.2 District Level Quality Monitoring

According to Annual Master Circulars issued from 2019-20 to 2023-24 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 Engineer and above under Executive Engineer/Superintending Engineer. Audit noticed that provisions related to DQM were not adhered to as detailed below:

- ▶ Only in Pathanamthitta and Ernakulam districts, DQM Cells were constituted with prescribed number of members. DQM was not constituted in Malappuram district. Of the test checked districts, DQM was not functioning since 2021-22 in Kasaragod district.
- ▶ Though DQM was to monitor and evaluate at least 10 *per cent* of the works executed under the scheme, DQM cell conducted (January 2025) annual inspection of only 99 to 628 completed works in test checked districts.
- ▶ Though action taken report on the remarks of the monitored works should be obtained regularly from GP/BP, action taken reports were not obtained from GP/BP.
- ▶ Though outcome of DQM reports was to be submitted to SEGC, outcome of DQM reports was not prepared and submitted to SEGC by the State Engineer.

Thus, the very aspect of ascertaining quality of assets created under MGNREGS was neglected by the State due to non-appointment of independent Director (QM) at the State level, non/short appointment of State and District Quality Monitors and by not ensuring effective follow up actions in respect of quality monitoring activities during the audit period.

The Government stated (June 2025) that the post of State Engineer, entrusted with monitoring of activities of SQM was lying vacant for a long period. This affected monitoring activities of SQM. During 2024-25, monitoring of SQM and DQM has been improved.

However, the fact remains that the system envisaged to ensure quality and durability of assets created fell short of its objectives. This should be viewed in the light of GPs giving very low importance to asset creation works as mentioned in Paragraph 6.2.

Recommendation 15: The Government may strengthen the quality monitoring system and ensure adequate follow up of Quality Monitoring Reports.

7.2 Grievance Redressal Mechanism

According to MGNREG Act, 2005, the State Government shall, by rules, determine appropriate grievance redressal mechanisms at the block level and the district level for dealing with any complaints by any person in respect of implementation of the scheme and lay down the procedure for disposal of such complaints. Kerala Rural employment guarantee (Grievance Redressal Mechanism) Rules, 2009 designated the Programme Officer at the block level and the District Programme Co-ordinator at the district level as the Grievance Redressal Officers. Monthly Reports on complaints received and disposed must be sent from GP/PO/DPC to the State and then to GoI. This should also be placed on the website. Audit noticed following deficiencies in the grievance redressal mechanism as detailed below:

- ▶ According to Annual Master Circular, 2019-20, complaint register could be printed and pasted from MIS report i.e. R10.2 Complaint Register. However, Audit noticed that no complaints were seen registered in MIS since 2018 in respect of test checked GPs/BPs/DPs.
- ▶ Though Operational Guidelines stipulated for registering all grievances identified during social audit with the designated authority at the District level and Block level for disposal and action, these complaints (2,412 numbers¹⁹) were not registered by these authorities.
- ▶ Though Operational Guidelines prescribed for appointment of Programme Officer (Grievance Redressal) at the State level, the post remained vacant since 2017.
- ▶ Though complaints were received by the State Mission, complaint register was not maintained during the audit period. In the absence of any mechanism to track the action taken till disposal of complaints, Audit could not ensure final disposal of complaints received.
- ▶ During beneficiary survey, 55.93 *per cent* of beneficiaries stated that they were unaware about grievance redressal mechanism available at

¹⁹ Pertaining to the period 2021-22 to 2023-24

district level and about Ombudsperson for grievance redressal. Lack of awareness of beneficiaries about the grievance redressal mechanism should be read with non-conducting IEC activities by test checked GPs.

The Government stated (June 2025) that the State Mission started to maintain complaint register from 2024-25. It was also stated that instructions were issued to exhibit an information board at every BP and GP regarding grievance redressal mechanism.

However, the reply is silent on non-registering complaints received by GPs/BPs/DPs in the MIS-Complaint register.

7.2.1 Functioning of Ombudsperson

The MGNREG Act, 2005 provided for establishment of the office of Ombudspersons in all districts for expeditious redressal of grievances regarding implementation of MGNREGS keeping with the principles of transparency and accountability. Ombudsperson was to send monthly and annual report and list of awards passed to Chief Secretary and Secretary in charge of MGNREG Act. In the reports, Ombudsperson should highlight action to be taken against erring MGNREG Act functionaries.

Though GoK constituted a selection committee for preparing a panel of ombudspersons for 14 districts in 2017, ombudspersons panel was finalised and 14 ombudspersons were appointed only during 2021-22. As of June 2025, there were Ombudsperson in 13 districts. Audit noticed deficiencies in the functioning of the Ombudspersons as given in **Table 7.1**.

Table 7.1: Deficiencies in the functioning of Ombudspersons

Provisions	Audit findings
Action taken reports (ATR) on awards passed by Ombudspersons should be submitted by GP/BP within two months of award.	In the selected districts except Palakkad, ATR was submitted only for three <i>per cent</i> (15 of 484 awards) of awards passed by Ombudspersons
A complaint register has to be maintained by Ombudspersons for tracking disposal of complaints and dated receipts were to be issued to the complainant.	No dated receipt for complaints received was issued to complainants except in Palakkad.

(Source: Details furnished by State Mission)

In the absence of ATRs by GPs/BPs and effective complaint tracking system, redressal of all grievances could not be ensured in audit.

The Government stated (June 2025) that laxities on the part of officials in taking timely action on Ombudsperson awards would be viewed seriously.

Recommendation 16: The Government may ensure proper functioning of the vigilance and monitoring mechanism to ensure transparency, accountability and effective implementation of the scheme in the State.

7.3 Social Audit

Social Audit is the audit conducted by the people especially by those who are affected by or are the intended beneficiaries of the scheme. Section 17 of the MGNREG Act, 2005 authorised Grama Sabha for monitoring the execution of

works within the GP and conducting regular social audits of all the projects under the scheme taken up within the GP.

According to MGNREG Audit of Scheme Rules, 2011, the State Government should facilitate conduct of social audit of the works taken up under the Act and should establish an independent organisation to facilitate the conduct of social audit by Grama Sabha. Accordingly, Mahatma Gandhi NREGA Social Audit Society, Kerala (MGNSASK) was constituted and the unit functions as an independent society, registered (January 2017) under the Travancore – Cochin Charitable Societies Act, 1955. Audit observations relating to functioning of the Social Audit Unit (SAU) in the State are as follows:

7.3.1 Short fall in receipt of funds for Social Audit

According to Operational Guidelines, up to 0.5 *per cent* from the State's entitlement of six *per cent* towards administrative expenditure, should be earmarked for the State's Social Audit. The funds for the Social Audit Unit (SAU) were released by GoI to the SAU's independent bank account through the respective State Governments.

Audit noticed that against admissible amount of ₹94.03 crore during the period 2019-20 to 2023-24, GoI had released only ₹43.32 crore. Thus, there was a shortfall of ₹50.71 crore in release of funds for social audit.

7.3.2 Coverage of Social Audit

According to the MGNREG Audit of Scheme Rules, 2011, social audit should be conducted in every GP, at least once in six months. Details of social audits conducted in the State during 2019-20 to 2023-24 are given in **Table 7.2**.

Table 7.2: Coverage of Social audit by MGNSASK in the State

Year	Total number of audits to be conducted in 941 GPs	Number of Social Audits conducted	Percentage of achievement
2019–20	1882	405	21.52
2021–22	941*	499	53.03
2022–23	1882	1584	84.17
2023–24	1882	1858	98.72

(Source: Details furnished by Social Audit Unit)

* Social Audit was not conducted during the financial year 2020-21 and 2021-22 (first cycle) due to the outbreak of the covid-19 pandemic.



Though percentage of social audit conducted was very low in the initial years, State could register 84.17 *per cent* and 98.72 *per cent* achievement during the years 2022-23 and 2023-24 respectively.

(a) Settlement of Social Audit Observations

As per the MIS data, 22,729 observations worth ₹28.42 crore were raised in social audits during the period 2021-22 to 2023-24. This included 4718 issues pertaining to financial misappropriation involving ₹4.49 crore. Details are given in **Table 7.3**.

Table 7.3: Year wise and category wise Social Audit observations

(₹ in lakh)

Year	Financial misappropriation		Financial deviation		Process violation		Grievances		Total	
	Number of issues reported	Amount	Number of issues reported	Amount	Number of issues reported	Amount	Number of issues reported	Amount	Number of issues reported	Amount
2021-22	70	9.23	43	194.67	640	1.28	114	0	867	205.18
2022-23	709	123.16	824	1041.91	4479	26.35	882	4.50	6894	1195.92
2023-24	3939	316.83	1657	1089.96	7956	30.78	1416	3.16	14968	1440.73
Total	4718	449.22	2524	2326.54	13075	58.41	2412	7.66	22729	2841.83

(Source: NREGASoft MIS data and details furnished by SAU)

According to para 13.4.2 of Operational Guidelines, 2013 the JPC should ensure time bound corrective action on the social audit report. It was seen that against 22,729 social audit observations, 20,943 (92.14 per cent) cases were settled (March 2025).

Though 4,718 cases of misappropriation involving ₹4.49 crore were identified, only 2,102 cases were decided as final recoverable involving ₹68.76 lakh. Against ₹68.76 lakh, recovery of ₹68.55 lakh was done (2,094 cases).

The Government stated (June 2025) that in many cases financial deviation cases were also booked as financial misappropriation and were corrected by BPO and DPC during final verification.



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