CHAPTER-VII

MONITORING AND SOCIAL AUDIT

7.1 Monitoring framework for MGNREGS

The MGNREGA, 2005 and MGNREGA Operational Guidelines, 2013 prescribe monitoring at State level and District level through Vigilance and Monitoring Committees, District Quality Monitors, State Quality Monitors, Chhattisgarh Rural Employment Guarantee Council, and Social Audit by Chhattisgarh Social Audit Unit.

7.1.1 Monitoring by **the** *Chhattisgarh Rural Employment Guarantee Council*

The MGNREG Act, 2005 and Operational Guidelines 2013, mandate multi-tier monitoring of the scheme through various committees, including CGREGC, which must submit annual reports by 31st December. In Chhattisgarh, the Chhattisgarh Rural Employment Guarantee Council and State Level Empowered Committee were constituted (February 2006) to fulfill these roles, the CGREGC is required to hold at least one meeting and SLEC at least two meetings annually to review implementation.

Audit observed that during 2019-24, CGREGC conducted only one meeting (2020-21) while SLEC did not conduct any meetings. Non conducting of prescribed meetings affected the effective monitoring of the scheme implementation.

The Government stated (July 2025) that the last meeting was held on 27.02.2025.

7.1.2 Quality Control by State and District Quality Monitors

As per Para 14.7 of the Operational Guidelines 2013, a State Quality Monitoring (SQM) Cell with Director (Quality Monitoring) of at least Superintending Engineer rank, is to be constituted and appointed for independent technical inspection and quality monitoring of works. MGNREGS guidelines also provide that at district level, a District Quality Monitoring (DQM) cell consisting panels of 10–15 retired engineers (Assistant Engineer rank and above) were to monitor at least 10 *per cent* of completed and ongoing works costing ₹ five lakh and above and the reports were to be uploaded into *NREGASoft* and the corrective actions had to be ensured by the GPs.

Audit observed that, no SQM cell was constituted at the State level till March 2025. In June 2025, a SQM Cell under the Chairmanship of CE, Rural Engineering Services (Technical) with 29 members was constituted. Further, during scrutiny of records at the selected districts, audit observed that no DQM cells comprising the technical experts were constituted for monitoring and supervision over the quality of executed works. The details of works executed, and expenditure incurred during 2019-24 are detailed in ***Table 7.1***.

Table 7.1: Numbers of works and expenditure more than ₹ five lakhs

(₹ in crore)

District	No. of Works executed	Sanctioned amount	Expenditure
Balrampur	1653	293.63	186.93
Dantewada	1659	178.56	145.56
Jashpur	2271	308.26	258.79
Raigarh	3343	344.74	282.31
Raipur	5480	603.72	486.04
Surguja	1382	133.56	91.64
Total	**15788**	**1862.47**	**1451.27**

(Source: MIS data)

From the above table it is evident that during 2019-24, an amount of ₹ 1451.27 crore was spent on 15,788 works costing above ₹ five lakh. However, due to absence of district level monitoring cell, monitoring of completed and ongoing works under the scheme could not be done and required quality of works executed could not be ensured.

The Government stated (July 2025) that a State Quality Monitoring Cell was formed under the Chairmanship of the Chief Engineer and technical guidance and training was provided in March 2025 to ensure quality of constructed works.

7.1.3 Maintenance of mandatory Registers

MGNREGA Operational Guidelines, 2013 prescribe the mandatory records required to be maintained. GoI issued (2016) instructions and prescribed formats for proper maintenance of the seven Registers at the GP level by *Gram Rozgar Sahayak* for the effective functioning and implementation of the scheme. The details of Registers maintained at GP level and its purpose are given in ***Table 7.2***.

Table 7.2: Details of Registers maintained at GP level and its purpose

Register No.	Name of Register	Purpose	General Findings in selected GPs
I	Job Card Application and Issue Register	To record applications received for job cards, date of registration and details of job card holders.	Entries of date of receipt of application for issuance of job cards and issue date of job card was not entered.
II	Gram Sabha Meeting Register	To record resolutions and approvals of Gram Sabha meetings	The register was maintained at the GPs; however, some resolutions were not recorded in it and were instead kept on separate sheets of paper.
III	Demand, Allocation of Work and Wages Payment Register	To record date of demand for employment, employment provided and information of wages payment	Entries regarding the date of employment demand, employment provided, and payment of wages or unemployment allowance were not found in the registers.

IV	Work Register	To record details of work, Amount of AA and TS, date of start/ completion of work, stipulated period etc.	Entries related to the amount of Administrative Approval and Technical Sanction, date of commencement and completion of work, and the stipulated period were found to be incomplete.
V	Fixed Assets Register	To record details of asset created and date of completion of work etc.	The register was maintained at the GPs; however, details such as the sanction date and date of completion were not entered for all assets.
VI	Complaint Register	To record complaints received from the public or beneficiaries related with works	Details of action taken and the corresponding dates were not entered in the register of complaints.
VII	Material Register	To record expenditure incurred on materials and wages of the works.	The register was maintained at the GPs; however, details of materials actually purchased were not recorded. Instead, entries were made based on the estimated /executed quantities.

(Source: Compiled from audit observations)

Audit observed that while key registers such as the Gram Sabha Meeting Register, Wage Payment Register, Complaint Register, and Fixed Assets Register were maintained, but were incomplete, not in prescribed format or details not recorded, etc. These lapses point to weaknesses in record-keeping and monitoring, potentially impacting transparency, under MGNREGS.

The Government stated (July 2025) that to address deficiencies in maintenance of register and ensure their timely updation state-level officers have been assigned specific districts for inspection and monitoring.

7.2 Social Audit of MGNREGS

An innovative feature of MGNREGA is the institutionalisation of Social Audit to ensure continuous public vigilance and accountability in project implementation. As per Section 17 of the MGNREGA, the GS is responsible for monitoring works and conducting regular audits within the GP using all relevant records.

The Chhattisgarh Social Audit Unit (CGSAU) was established (March 2014) as a registered Society under Chhattisgarh Registration of Society Act 1973 to conduct social audit of MGNREGS. Its main objective was to promote transparency, accountability, and effective fund utilisation in GPs.

7.2.1 Funds for CGSAU

The funds for social audit should be provided out of the States entitlement of six *per cent* towards administrative expenditure head, 0.5 *per cent* of total expenditures shall be earmarked for the State Social Audit. The fund and their utilisation during 2019-24 are given in ***Table 7.3***.

Table 7.3: Allotment and expenditure for the period 2019-24 of CGSAU

(₹ in Crore)

Year	Expenditure incurred on MGNREGS	Fund required as per Act	Opening Balance	Interest & Other income	Grant received	Total available funds	Expenditure incurred	Closing balance
2019-20	2932.78	14.66	3.61	0.12	7.61	11.34	9.35	1.99
2020-21	4419.35	22.1	1.99	0.59	13.91	16.49	9.28	7.21
2021-22	3911.00	19.56	7.21	0.07	0.00	7.28	6.60	0.68
2022-23	3720.00	18.6	0.67	0.01	13.39	14.14	9.04	5.10
2023-24	3474.20	17.37	5.10	0.04	4.26	9.43	8.28	1.15
Total	**18457.33**	**92.29**	**18.58**	**0.83**	**39.17**	**58.68**	**42.55**	**16.13**

(*Source: Data provided by CGSAU*)

During the period from 2019-24, an expenditure of ₹ 18,457.33 crore was incurred under the MGNREGS. As per the Act, against a cumulative fund requirement of ₹ 92.29 crore for Social Audit only ₹ 39.17 crore was released as grant by GoI, constituting merely 42 *per cent* of the required amount. No grant was received during 2021-22 despite a fund requirement of ₹ 19.56 crore. The shortage of manpower and fund availability resulted in a substantial shortfall ranging between 4.55 and 99.97 *per cent* in conducting social audits as discussed in **Paragraph 7.2.2 and 7.2.3**.

The Government stated (July 2025) that as funds were mostly received at the end of the financial year, expenditure could not be incurred within the same year, and only availability was reflected. No allocation was released by the Government of India for 2021-22, leading to expenditure being paid in 2022-23. The Government has requested the GoI for timely release of the prescribed allocation (funds) to enable conducting social audit activities twice a year.

7.2.2 Manpower planning in Social Audit Unit

As per Para 13.2.2 of MGNREGA Operational Guidelines, 2013 Social Audit Unit shall identify appropriate number of State Resource Persons (SRP), District Resource Persons (DRP), Block Resource Persons (BRP) and Village Resource Persons (VRP), to facilitate the GS in conducting social audit. The details of various post (functionaries) sanctioned, and person in position (PIP) as on September 2025 is given in ***Table 7.4***.

Table 7.4: Details of sanctioned strength and person in position (PIP) in CGSAU

Level	Functionaries	Sanctioned post	Person in Position	Shortfall	Shortfall (*per cent*)
State	Director and other administrative posts[1]	23	07	16	69.57
District	District Social Audit Facilitators	88	17	71	80.68
	Data Entry Facilitators	50	16	34	68.00
Block	Block Social Audit Facilitators	425	273	142	33.41
	Total	**586**	**313**	**263**	**44.88**

(Source: Information provided by Director, Social Audit and compiled by Audit)

From the above table it is evident that against 586 sanctioned posts, 263 posts (45 *per cent*) were lying vacant. The vacancies at State level were 70 *per cent* of the sanctioned posts while at district level, the vacancies ranged between 68 and 81 *per cent*. Similarly, at Block level 33 *per cent* of the sanction posts were vacant, affecting social audit operations at the grassroots level. Significant vacancies across all levels may limit the capacity to conduct timely and comprehensive social audits of every GP.

The Government stated that (July 2025) preparation of recruitment rules are under process at the government level, recruitment would be done after finalisation of the recruitment rules.

7.2.3 Shortfall in conducting Social Audit (SA) at GPs

MGNREGA envisages that social audits are mandated to be conducted at least once every six months in each GP.

Scrutiny of records (July 2024) revealed that during 2019-24, CGSAU had not prepared the plan for conducting social audit of every GP twice a year, which is not in compliance with the provisions of MGNREGA. Thus, substantial shortfall in conducting social audit of all the GPs of the State was noticed. The details of social audit planned and conducted by CGSAU during the period 2019-24 is given in ***Table 7.5***.

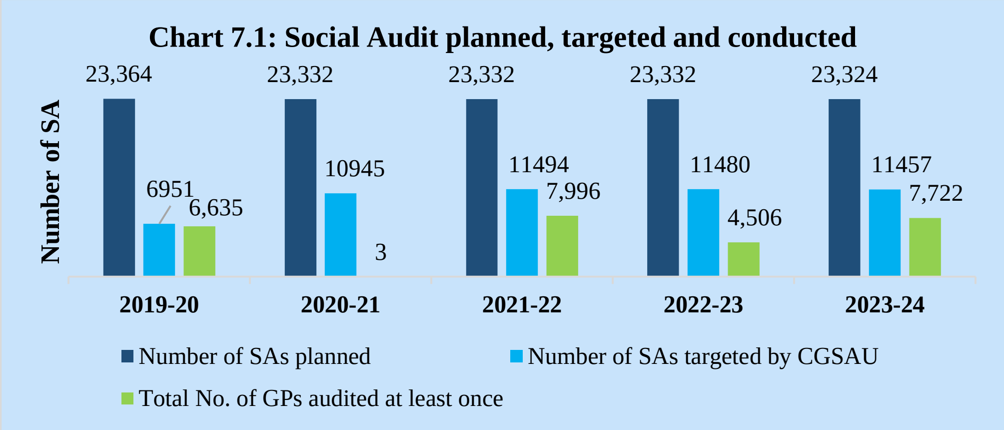
Table 7.5: Status of planning and conduction of social audit

Year	Total No. of GPs	Number of SAs to be planned	Number of SAs targeted by CGSAU	Shortfall in planning	Total No. of GPs audited at least once	Shortfall against the target	Percentage of GPs not audited at least once
2019-20	11,682	23,364	6951	16,729	6,635	316	4.55
2020-21	11,666	23,332	10945	23,329	3	10,942	99.97
2021-22	11,666	23,332	11494	15,336	7,996	3,498	30.43
2022-23	11,666	23,332	11480	11,838	4,506	6,974	60.75
2023-24	11,662	23,324	11457	11,867	7,722	3,735	32.60

(Source: Information provided by Director, Social Audit and compiled by audit)

[1] Director, Addl. Director, Asst. Accounts Officer, Social Development Specialist, Manager (Admin, Finance, IT) Training Coordinator, Dy. Manager (Admin), Admin Asst./Accounts Asst., Asst. Programmer, Steno, DEO, Divisional Social Audit Manager etc.

The details of social audit to be planned, targeted and conducted by CGSAU is depicted in ***Chart 7.1.***



It is evident from above table that the annual plan for social audit was prepared covering every GP only once a year, in contravention of the provisions of the Act. Scrutiny of records (July 2024) also revealed substantial shortfall ranging between 5 and 99.97 *per cent* in conducting social audits during 2019-24. Further, apart from the 48 test-checked GPs, it was noticed that four[2] GPs of the selected districts were such GPs where no social audit was conducted during 2019-24, while in none of the GPs the social audit was conducted twice in a year, as stipulated.

Audit also observed that social audit of 242 works out of 336 selected works were not conducted during 2019–24. Thus, failure to conduct social audit defeated the objectives of ensuring public accountability and transparency in the implementation of scheme.

The Government stated (July 2025) that the social audit activities were impacted by the model code of conduct, COVID pandemic, and delays in fund allocation from the GoI, resulting in less coverage against the set targets. Despite financial constraints and pending payments, social audits were conducted to the extent possible using available resources.

7.2.4 Pendency in settlement of social audit observations.

Para 13.4.2 of the Operational Guidelines, 2013 provide that the DPC shall ensure that time bound corrective action is taken on the social audit report. The status of social audit observations at State level is given in ***Table 7.6.***

Table 7.6: Social audit observations pendency status in the State

Year	Observations raised	Observations settled	Outstanding observations	Outstanding observations (*per cent*)
2019-20	13860	9695	4165	30.05
2020-21	3	3	0	0.00
2021-22	16987	10049	6938	40.84
2022-23	11298	4386	6912	61.18
2023-24	20729	5053	15676	75.62
Total	**62877**	**29186**	**33691**	**53.58**

(Source: Information provided by SAU, Chhattisgarh and MIS data)

[2] Abadi, Badebacheli, Bhawanipur and Indrapur

Scrutiny of records at Director, CGSAU revealed that during 2019-24, 62,877 audit observations were raised while 33,691 (54 *per cent*) were not resolved, the percentage of outstanding observations increased from 30 *per cent* in 2019-20 to 76 *per cent* in 2023-24 at State level. Further, in test-checked 48 GPs, 314 audit observations were raised out of which 124 were still pending for corrective action. This indicates ineffective follow up of social audit observations and non-settlement of outstanding audit observations.

The Government stated (July 2025) that the remaining pending cases are being continuously processed and resolved. However, this response does not address the consistent increase in number of unresolved social audit observations reflecting the inadequate follow-up.

7.2.5 Recovery of financial misappropriation issues raised in social audit

In case of financial loss, the quantum of loss shall be treated as additional State liability. Upon recovery of embezzled/ misappropriated amounts, the same will be deposited in State Employment Guarantee Fund- SEGF (or in the MGNREGS fund at district level if the State has no SEGF) and States' liability accordingly adjusted.

The year-wise recovery of amounts for the financial misappropriation during social audits and for the decided cases during 2019-24 is given in ***Table 7.7***:

Table 7.7: Details of financial misappropriation issues reported.

(₹ in crore)

Year	No. of cases of financial misappropriation	Amount of decided cases as reported by SAU	No. of decided cases	Final recover-able amount	Number of recovered cases	Amount recovered	Pending amount for recovery
2019-20	3751	11.66	2078	4.34	2027	4.18	0.16
2020-21	0	0.00	0	0.00	0	0.00	0.00
2021-22	4539	15.87	2188	3.93	2144	3.79	0.15
2022-23	3034	8.43	1531	2.91	1471	2.81	0.12
2023-24	3954	10.61	1594	2.38	1521	2.26	0.13
Total	**15278**	**46.57**	**7391**	**13.56**	**7163**	**13.04**	**0.56**

(*Source: Information furnished by CGSAU and MIS data*)

It is evident from the above table that 15,278 cases of misappropriation involving ₹ 46.57 crore were identified during social audits. Of these, 7,391 cases amounting to ₹ 13.56 crore were deemed recoverable, and ₹ 13.04 crore was recovered during the period 2019–24 as per MIS report.

However, Audit observed that although ₹ 13.04 crore was shown as recovered as of October 2024 in the MIS reports, this amount was neither deposited into the SEGF nor reflected in the financial statements or utilisation certificates submitted to the Government of India. The Commissioner, CGREGC issued directions (2021) to CEO, ZPs that the recovered amount was to be deposited in a single bank account maintained at state level. Audit noticed that the cash book for the above account was not maintained, and the bank statement showed a closing balance of only ₹ 3.79 crore as of 13 February 2025 despite total recovery of ₹ 13.04 crore.

The Government stated (July 2025) that continuous recovery meetings are being held under MGNREGS to address irregularities pointed by Audit, with 96 *per cent* of ₹ 13.88 crore recovered so far, and action is going on for the recovering of remaining ₹ 0.50 crore. The discrepancy between the reported amount in the MIS and bank statements will be verified by the concerned district.