

PRACTICE GUIDE FOR AUDIT OF POVERTY ALLEVIATION PROGRAMMES

Sr. No.	Audit Objectives	Issues
1	Whether formulation of the programme is proper and consistent with stated policy objectives for effectively alleviating poverty in the country?	<ul style="list-style-type: none"> <li>(i) Whether the objectives of the Programme are consistent with the Government policy framework and UN Millennium Declaration for poverty eradication and measurable against established national and international benchmarks in the sector?</li> <li>(ii) Whether underlying sources of data on which programme has been framed are realistic and reliable?</li> <li>(iii) Whether assessment of availability of financial and physical resources required for implementing the Programme are based on realistic projections?</li> <li>(iv) Whether assessed availability of resources and infrastructure is adequate for meeting Programme goals and objectives?</li> <li>(v) Whether the time frames fixed for achieving stated objectives is realistic based upon reliable assessment of preparedness of implementing agencies at both the Central and State levels?</li> <li>(vi) Whether the procedures for implementation and monitoring of the Programme are consistent with policy goals?</li> <li>(vii) Whether roles, functions and activities of various implementing agencies are well thought out and defined to prevent any overlap/duplication?</li> <li>(viii) Whether the levels of Authority in the Programme implementing Units/organisation have been clearly demarcated?</li> </ul>

- (ix) Whether the Programme establishes in clear terms , the MIS required for operational control, quick feedback and timely alarm signals in case of significant deviations from Policy/Program's goals and objectives?
- (x) Whether the framework, timeliness of the Programme is amenable to updating in light of feedback received, demonstrated results such as successes or failures?
- (xi) Whether the Programme allows for flexibility in planning and prioritizing of implementation at the grass-roots level?
- (xii) If the programme replaces a similar existing and running program, whether it intends to achieve much improved service delivery and more optimal resource utilisation?

2. Whether Poverty Alleviation Programme (s) (PAP) are appropriately targeted and beneficiaries correctly identified in an objective, transparent and fair manner?

- (i) Whether benchmarks used for identifying beneficiaries for the PAP are reliable, current and relevant to the objectives of the programme (BPL Census data, poverty line, housing shortage etc )?
- (ii) Whether the methodology adopted for identification of the beneficiaries is transparent (accessible and unambiguous) and based upon prudent and acceptable norms?
- (iii) Whether PAP has exhaustive guidelines for timely and effective enrolment of beneficiaries which are strictly followed by implementing agencies?
- (iv) Whether PAP has prescribed procedures for weeding out bogus beneficiaries by way of periodical verifications and updating of the database?

- (v) Whether PAP has put in place strong and effective institutional framework and procedural mechanism including penal provisions, surprise checks and verifications by district and higher authorities, independent surveys, etc. to ensure that all eligible beneficiaries are enrolled and bogus/ineligible beneficiaries are excluded?
- (vi) Whether PAP has effective reach to target the bottom rung of the poverty ladder, where the incidence of poverty is more severe?
- (vii) As a key deterrent to collusion and adoption of unfair means, whether PAP has held its implementing agencies responsible for enforcing and obeying rules for correct identification of beneficiaries?

3. Whether financial planning and resource allocation was done efficiently to ensure equitable distribution of funds for poverty alleviation in different geographical areas having concentration of BPL population?

- (i) Whether criteria for allocation of financial resources to different geographical locations (States, Districts Panchayat (DP), Intermediate Panchayat (IP) and Village Panchayat (VP) is equitable and fair to effectively alleviate poverty and minimise regional, gender and ethnic disparities in the incidence and depth of poverty?
- (ii) Whether below Poverty Line (BPL) data used for allocation for funds is realistic and collected by reliable agency in a transparent manner?
- (iii) Whether funds are released by the Central Ministry to the State Level Implementing Body as per prescribed time frame?
- (iv) Whether funds at initial and subsequent stages are released as per programme guidelines and agreed project proposals on fulfilment of laid down conditions such as

identification and enrolment of beneficiaries in target areas, utilisation certificates, implementation of recommendation of Central or other observers, etc?

- (v) Whether resources are provided as per prescribed norms of allocation?
- (vi) Whether adequate resources are released timely to implementing agencies (DP/IP/VP) to ensure availability of wage employment to the identified BPL households on regular basis throughout the year?
- (vii) Whether funds allocated to District Panchayat, Intermediate Panchayat and Village Panchayat are as per prescribed norm (in the ratio of 20:30:50 in case of SGRY)?
- (viii) Whether diversion of financial resources from one area to another, if any, are as permissible under policy guidelines?

Whether the funds management at the State/District Rural Development Agencies (DRDAs) level is efficient?

- (i) Whether funds have been released as per laid down procedure (programme guidelines) after development and submission of field level plans; and based upon actual number of beneficiaries proposed to be covered and projects undertaken?
- (ii) Whether release of funds have been properly scheduled to allow for proper project planning and implementation?
- (iii) Whether the State share, where applicable, has been released as per guidelines?
- (iv) Whether expenditure at field level is regularly monitored and measured against physical targets achieved?
- (v) Whether funds utilization match availability? There should be no significant savings or excesses.

- (vi) Whether surplus funds have been properly invested as per guidelines to generate additional income?
- (vii) Whether there is any diversion of PAP funds to other areas, other programmes or to meet non plan expenditure of the State Government?
- (viii) Whether there is any diversion of resources from one district to another, from an intermediate Panchayat to another and from one village Panchayat to another?
- (ix) Whether SGRY funds are kept in prescribed bank accounts only (Nationalised bank or a Post Office in an exclusive and separate savings bank account)?
- (x) Whether interest accrued on SGRY deposits is treated as additional resource and utilised as per prescribed guidelines?
- (xi) Whether general financial rules and other conditions (such as conditionalities imposed by Multi lateral Aid Agencies such as World Bank, ADB in case of externally aided projects), and propriety were adhered to while:
  - (a) disbursing loans and assistance to beneficiaries;
  - (b) making bulk and petty purchases;
  - (c) placing contracts for supplies?
- (xii) Whether there is a periodical assessment of exercise of Internal Controls over the expenditure by Field Level Implementing Bodies to:
  - (a) prevent fraudulent practices in disbursement of assistance;
  - (b) ensure service delivery?

## WAGE EMPLOYMENT PROGRAMMES FOR RURAL POOR

4. Whether planning for selection and execution of works under PAP is efficient and effective to generate additional employment and create durable community, social and economic assets and infrastructure development in rural areas?
- (i) Whether Annual Action Plan (AAP) is prepared timely by Village Panchayat/IP/DP and thoroughly discussed by all the stakeholders before approval?
  - (ii) Whether AAP is comprehensive and covers the entire targeted population of beneficiaries to ensure that all eligible beneficiaries are able to get wage employment for at least minimum number of days within reasonable distance from their habitations?
  - (iii) Whether works included in the AAP were labour intensive, need based and properly prioritised?
  - (iv) Whether AAP gives completion of incomplete works priority over taking up of new works?
  - (v) Whether only approved works that would result in creation of durable productive community assets and infrastructure development are included in AAP and whether prohibited works are taken up?
  - (vi) Whether any long term projects requiring more than prescribed number of years (one or two years for SGRY) for completion are included in AAP?
  - (vii) In selecting works for inclusion in District and Intermediate Panchayat level AAP, whether preference is given to areas which are backward, calamity prone, or faced with migration of labour?
  - (viii) Whether resources under Wage employment scheme have been utilised for land acquisition ?

Whether execution of works under SGRY/ NFFWP is carried out in economic, efficient , effective and transparent manner?

- (i) Whether any work has been taken up for execution without its forming part of AAP?
- (ii) Whether the works have been commenced and completed as per time schedule provided in AAP (not exceeding two years)?
- (iii) Whether works have been executed as per prescribed procedures, rules and guidelines?
- (iv) Whether works meet technical standards and specifications, if any, for the concerned area?
- (v) Whether the works are completed within the approved funds without significant cost overruns?
- (vi) Whether each work taken up for execution is approved by competent authority at DP/ IP/VP level as the case may be?
- (vii) Whether the execution of work has been undertaken departmentally without involvement of contractors, middlemen or any other private intermediate agency?
- (viii) Whether any labour displacing machines are used in works execution?
- (ix) The State Government has brought out a “Rural Standard Schedule of Rates” to eliminate role of contractors. Whether it has been published in local language and available at block and village levels?
- (x) Whether separate Muster Rolls are maintained for each work showing details of wages paid and food grains distributed, number and details of SC/ST /women workers who have been provided employment?

- (xi) Whether muster Rolls are kept in stitched form with serially numbered pages to prevent manipulation?
- (xii) Whether muster Rolls are available for public scrutiny and copies made available on demand at nominal price?
- (xiii) Whether each Executing Agency engaged in Wage employment program has maintained an Employment Register based on muster rolls and containing details of persons employed, their gender and the number of man days generated for each work. Whether the Register is available for public scrutiny and a copy provided on payment of nominal fee fixed by the State Government?
- (xiv) Whether complete inventory of assets created is available at all Panchayat levels depicting details of each asset created?
- (xv) Whether all durable assets created under PAP have a signboard giving details such as date of start/date of completion/employment generated, etc. and whether districts are also maintaining photographic record of the work?
- (xvi) Whether land belonging to small/marginal farmers or SC/ST farmers have been donated or acquired for works undertaken in Wage Employment Programmes?
- (xvii) Whether roads have been constructed under wage employment programmes to link unconnected villages and habitations only?
- (xviii) Whether employment of poorest of the BPL in Wage Employment Programs has been ensured resulting in increase in average



number of days without break for which the beneficiaries have been engaged and decrease in starvation deaths and migration?

5. Whether working conditions for rural people under Wage Employment Programmes are humane, non exploitative, and dignified?

- (i) Whether the arrangements of drinking water, rest sheds, crèches for children of working women have been arranged for the workers at the worksite and the expenditure involved for provision of these facilities is borne by the Government and is met from non wage component under the programme?
- (ii) Whether the beneficiaries are being provided employment at a site within a reasonable distance from their habitation (Evidence: Average minimum distance of work site from the habitation of beneficiaries)?
- (iii) Whether the working hours/timings are reasonable given local climatic and geographical conditions and nature of work undertaken?
- (iv) Whether the prescribed working hours exceeded for given amount of wages paid?
- (v) Whether the workers are paid full wages daily/weekly as per programme guidelines without delay?
- (vi) Whether there is any discrimination on the basis of caste, gender, ethnicity, etc. at worksite in allocation of work, provision of facilities and payment of wages?

Whether funds earmarked for weaker sections, vulnerable groups and backward areas under SGRY are spent to provide

- (i) Whether DPs/IPs have earmarked and used prescribed percentage (22.5 per cent) of their total annual allocation (inclusive of food grains) for beneficiary oriented individual/group programmes for SC/ST households below poverty line?

wage employment to BPL households of these groups/ areas and there are no diversions?

- (ii) Whether minimum prescribed percentage (50 per cent) of the village Panchayat allocation is earmarked and used for creation of need based village infrastructure in SC/ST habitations?
- (iii) Whether prescribed percentage (30 per cent) of the employment opportunities generated under SGRY are provided to women?
- (iv) Whether a prescribed percentage (20 per cent) of the funds at district level is being used in areas suffering from endemic labour exodus/areas of distress?
- (v) Whether Intermediate Panchayats also give preference to backward, calamity prone or areas that face migration of labour in selecting works for inclusion in AAP?

Whether implementation of the wage employment programme(s) is effective and ensures payment of adequate wages to the workers in a timely manner to maintain reasonable standard of living?

- (i) Whether wages paid for skilled and unskilled labour are not less than the minimum wages fixed by the State Government?
- (ii) Whether there is any gender discrimination in payment of wages (Equal wages are paid to both men and women workers)?
- (iii) Whether wages are paid on regular basis (weekly basis) without delay?
- (iv) Whether food grain component of the wages paid is less than minimum prescribed limit (5 kg per manday) and the cash component is also less than the minimum prescribed limit (25 per cent of the total admissible wages) as per programme guidelines?
- (v) Whether the beneficiaries are overcharged for the food grain component (Uniform BPL rate for NFFWP scheme , and prescribed issue

rate of food grains under SGRY which should be either BPL rate or APL rate or between APL and BPL rates as decided by the government)?

(vi) Whether the full benefit of wages to be paid reach the workers without payment of any commission or charges to any private contractor middlemen or intermediate agency?

(vii) Whether action has been taken against erring officials/executing agencies as per programme guidelines for paying wages below the rates notified under Minimum wages act?

Whether maintenance and administrative expenditure under SGRY is kept to the minimum so that more funds are available for creation of durable community assets?

(i) Whether DPs/IPs/VPs have used more than prescribed limit (15 per cent) of their fund allocation on maintenance of public assets created under wage employment programme?

(ii) Whether VPs have spent more than prescribed amount (7.5 per cent of their annual allocation or Rs.7,500 whichever is less) on administrative contingencies including consultancy?

(iii) Whether DPs and IPs limit their contingent expenditure for strengthening of monitoring and coordination to prescribed amounts (2 per cent of their annual allocation)?

(iv) Whether Panchayats at different level have incurred only such expenditure on maintenance of assets which is absolutely necessary?

Whether food grains given as part of wages

(i) Whether DRDA/District panchayat officials have conducted prescribed quality inspections of the stocks before taking delivery at regional/designated FCI depots?

under SGRY and National Food for Work Programme to rural poor are of Fair Average Quality (FAQ)?

- (ii) Whether procedure of joint sampling is adhered to for inspection of stocks?
- (iii) Whether any stock which is graded below FAQ is accepted?
- (iv) Whether an effective system of surprise checks is in place to ensure that food grains being distributed to rural poor at work sites or through PDS fair price shops/agents are of same quality as was lifted from FCI depot?
- (v) Whether complaints relating to poor quality of food grains are investigated and action taken against officers/fair price shop owners responsible for lapses?

Whether adequate stock of food grains was maintained in concerned regional/ designated depots of FCI for issue to DP/ DRDA at the time these were needed?

- (i) Whether there are any gaps between monthly stock levels of FCI depots and monthly indents submitted by DRDAs/DPs and PDS agencies for issue of food grains?
- (ii) Whether there were any significant delays by FCI depots in releasing food grains to DRDAs/DPs against their allocated quantities especially in draught and other periods of employment shortage when rural poor is largely dependent on wage employment through PAP?
- (iii) Whether DRDAs/DPs follow the system of advance intimation to FCI district offices to inform them about the quantities of food grains likely to be lifted on a monthly or quarterly basis for the implementation of the programme?
- (iv) Whether there are no cases of wages being distributed only in cash due to short supply of food grains resulting in rural poor being forced to purchase food grains at higher market prices?

Whether there are no significant leakages in distribution of food grains to rural poor under wage employment programme (SGRY/NFFWP)?

- (i) Whether quantity of food grains lifted by DRDA/DP from FCI regional designated depot exceeds the total annual allocation/release of food grains by the Ministry or Rural Development (MoRD) for each district?
- (ii) Whether every bill for payment submitted by FCI to MoRD is verified by DRDA/DP for receipt of food grains in full quantity?
- (iii) Whether statement of quantities of food grains allocated and actually lifted district-wise have been signed jointly by the CEO DP/DRDA and Divisional Magistrate, FCI?
- (iv) Whether complaints regarding leakages in distribution system are thoroughly investigated and corrective action taken?
- (v) Whether there are any losses or thefts of food grains in transit from FCI depots to district headquarters, from district headquarters to blocks and from blocks to village panchayats/work sites?
- (vi) Whether there is a regular reconciliation of quantity and value of food grains lifted and distributed by districts/DRDAs to IPs/Blocks and by Blocks to village panchayats/fair price shops etc. and by VP/fair price shops to the beneficiaries?
- (vii) Whether independent beneficiary surveys also confirm distribution of food grains to targeted beneficiaries at prescribed rates and in prescribed quantities as per guidelines of the programme?
- (viii) Whether the quantity of food grains lifted for each area can be justified on the basis of wage employment generated in that area?

Whether the system of transportation of food grains under SGRY/NFFWP is economic and efficient?

- (i) Whether DP/DRDA lifts food grains from the nearest depot of FCI to economise in the cost of transportation?
- (ii) Whether there is no loss or theft of food grains in transit from FCI depots to districts, blocks, VPs and worksites?
- (iii) Whether in insurgency affected areas, the transportation system is adequately secured to minimise diversion/losses?
- (iv) Whether the transportation costs, taxes and other handling charges are borne by the State Government and the cost is passed on to the rural poor by way of fixing higher issue price?
- (v) Whether sale proceeds of empty gunny bags is being adjusted against payment of transportation/handling charges?
- (vi) Whether vehicles for transportation of food grains are being hired as per prescribed rules and procedures of tenders to obtain the best value for money?
- (vii) Whether minimum average load per truck/vehicle has been prescribed for payment of transportation charges per kilometre distance?
- (viii) Whether there are any delays in transportation of food grains by the transporters?
- (ix) Whether the defaulting transporters are being penalised for late/no delivery as per prescribed delivery schedule and contractual provisions?

To ascertain that distribution of food grains as a compulsory component of wages under employment programme (SGRY/NFFWP) has resulted in improving nutritional standards of rural poor.

(Please see audit criteria for impact assessment relating to better nutrition/food security)

<p>6. Whether key activities selected for swarozgar (self employment) for the Area/Block are most appropriate and best suited for the assisted rural poor (Swarozgaris)?</p>	<ul style="list-style-type: none"> <li>(i) Whether key activities are selected after following the prescribed consultative process by Block and District level SGSY committees (consultations with Sarpanches, groups of rural poor, experts, line departments, banks etc.)?</li> <li>(ii) Whether key activities have been identified after proper study of local conditions, availability of resources in the area and the aptitude and skill of targeted poor households of the Block?</li> <li>(iii) Whether there is a ready market for goods/ services produced by swarozgaris under selected key activities?</li> <li>(iv) Whether key activities have potential to generate sustainable income for swarozgaris?</li> <li>(v) Whether concentration of similar units (micro enterprises) in the Block is avoided to prevent creation of excess capacity?</li> </ul>
<p>7. Whether funds provided for infrastructure creation under SGSY have been used in an economical and efficient manner to enable the swarozgaris to derive maximum advantage from their investments?</p>	<ul style="list-style-type: none"> <li>(i) Whether there is a constant review of infrastructure gap for timely identification of areas of intervention for financing infrastructure projects in activity cluster?</li> <li>(ii) Whether infrastructure funds provided under SGSY have been used only to bridge small gaps in infrastructure which can make programme implementation more effective?</li> <li>(iii) Whether SGSY infrastructure funds should not be diverted for developing general infrastructure or creation of an altogether non-existent infrastructure?</li> <li>(iv) Whether planning and execution of SGSY infrastructure projects is carried out in a timely manner for making key activities and</li> </ul>

investments of swarozgaris successful?

8. Whether SGSY has been successful in organising poor at grass root level through social mobilisation for eradication of poverty in rural areas?

- (v) Whether general financial rules and principles of good procurement should be followed in execution of infrastructure projects to obtain best value for money, ensure transparency and accountability?
- (i) Whether self Help Groups (SHGs) of interested rural poor have been constituted for micro enterprise development in each block in adequate numbers for identified key activities?
- (ii) Whether majority of members of SHGs have been drawn from the list of BPL households identified through BPL census for providing assistance for self employment (number of APL households in SHGs should not exceed 30 per cent)?
- (iii) Whether individual and group swarozgaris (SHGs) have been selected as per prescribed identification and selection process in an open and transparent manner?
- (iv) Whether micro credit facility is available and availed by eligible SHGs from the banks?
- (v) Whether SHGs have taken up economic activity of their choice for income generation?
- (vi) Whether 50 per cent of SHGs formed in each block are exclusively for women?
- (vii) Whether members of SHGs take decisions through a participatory decision making process regarding their loans and investments?
- (viii) Whether members of SHGs generate sustainable income through their micro credit enterprises?



Whether poverty alleviation programme (SGSY) focus on the vulnerable groups among rural poor in each block?

- (ix) Whether there is significant improvement in credit worthiness of SHGs (The members of SHGs are prompt in repayment of loans taken by them)?
- (i) Whether 50 per cent of the individual swarozgaris selected by the banks for credit facility are from SC/ST BPL households?
- (ii) Whether women swarozgaris selected should not be less than minimum prescribed limit (40 per cent of the swarozgaris selected for assistance under the programme)?
- (iii) Whether prescribed number of disabled persons have also been selected for providing self employment (3 per cent of the total swarozgari selected should come from disabled category of BPL household in each area/block)?

Whether flow of credit and subsidy to the swarozgaris for financing their investments is smooth, adequate and on time?

- (i) Whether the amount of loan provided by the bank is appropriate and adequate for the nature and size of the enterprise/project undertaken by the swarozgaris (loan amount plus subsidy should be equal to the total project cost)?
- (ii) Whether banks are prompt in sanctioning loan to swarozgaris (banks should not take more than 15 days in sanctioning loans after receipt of application)?
- (iii) Whether processing of loan applications by the bank is transparent and reasons for rejection of loan to a swarozgari have been clearly recorded on his application and informed to him?
- (iv) Whether there is any delay in disbursement of loans (bank loan including subsidy amount should be disbursed to swarozgari immediately as soon as he completes the

basic orientation or the skilled training programme)?

- (v) Whether interest rate charged on the loan is higher than the SGSY loan rate notified by RBI/NABARD from time to time?
- (vi) Whether security norms prescribed by RBI are followed?
- (vii) Whether full payment of loan and subsidy is made to the swarozgari without any deduction or commission?
- (viii) Whether part financing or under financing of swarozgari projects(which is not permissible) has been allowed?
- (ix) Whether DRDA has familiarised BPL households with loan sanctioning process?

Whether loans granted to swarozgaris have resulted in creation of income generating assets?

- (i) Whether there is any undue delay in procurement of assets by swarozgaris after disbursement of loans by the banks (assets should be procured within one month of release of loan by the bank)?
- (ii) Whether procurement of assets has been notified by swarozgaris to the BDO and the bank immediately?
- (iii) Whether assets procured are same as covered by the key activity, proposed in the project report and approved in the terms of bank loans?
- (iv) Whether swarozgaris have submitted prescribed assets purchase receipts and other purchase documents to the bank as required under rules and terms of loans?
- (v) Whether line departments and banks have verified the assets and satisfied themselves of quality?

(vi) Whether assets are marked by the bank/line departments to check transfer of assets?

(vii) Whether all cases of non-procurement of assets have been investigated and loan and subsidy money recovered from defaulting swarozgaris.

Whether swarozgaris are able to generate self sustainable income through their micro enterprise development?

- (i) Whether there is a proper utilisation of assets by the swarozgaris (swarozgaris have achieved optimum production levels of their micro enterprises)?
- (ii) Whether swarozgaris are prompt in repayment of their loans to the bank as per agreed terms?
- (iii) Whether there is demand for additional credit from swarozgaris for expansion of their micro enterprises in the selected key activities?
- (iv) Where there is an increase in the number of applicants for grant of loan for similar enterprises in the block/area?
- (v) Whether there is any starvation death in swarozgari households after start of micro enterprise?

Whether any excess subsidy is paid to swarozgaris under SGSY scheme?

- (i) Whether subsidy is limited to prescribed rates as applicable to different categories of swarozgaris under the programme guidelines?
- (ii) Whether subsidy is back ended and paid through bank along with loan amount?
- (iii) Whether any subsidy is allowed to swarozgaris who have repaid their loans before the minimum lock-in period?
- (iv) Whether loan and subsidy amounts are recovered from defaulters in full?

	(v) Whether above poverty line (APL) members of SHGs are not provided subsidy under the scheme?
9. Whether site selection for IAY dwellings is appropriate for habitation?	<ul style="list-style-type: none"> <li>(i) Whether the site selected for construction of IAY dwellings for rural poor is in a disaster prone (low lying flood prone or land slide prone) area ?</li> <li>(ii) Whether the site selected for IAY dwelling have access to basic village infrastructure such as school, PHC, village road, market, etc?</li> <li>(iii) Whether the site is too far from main habitation of the village to ensure safety, security, nearness to workplace and facilitating social communication?</li> </ul>
10. Whether funds provided under the scheme are properly targeted by the District Panchayat/DRDA to ensure fair provision of dwellings to various categories of rural poor?	<ul style="list-style-type: none"> <li>(i) Whether funds have been earmarked as per prescribed limits for construction of dwellings for vulnerable groups amongst rural poor (60 per cent of the funds have been earmarked for construction/upgradation of SC/ST BPL households, maximum 40% for non SC/ST BPL households; and 3% of these categories for physically and mentally challenged persons)?</li> <li>(ii) Whether there is no diversion of earmarked funds from one category to another except when a particular category is exhausted or not available in a district?</li> <li>(iii) Whether the allocation of dwellings is as per prioritisation of categories laid down in the scheme?</li> </ul>
11. Whether implementation of IAY scheme promotes women empowerment?	(i) Whether the allotment has been made preferably in name of female member of beneficiary household or in name of both husband and wife (IAY) as required or not?

Whether IAY dwellings have been constructed timely and provide safe and better living conditions to the rural poor?

- (ii) Whether households headed by widows/unmarried women have been given priority in allotment of IAY dwellings by Village Panchayat within each entitled category or not?
- (iii) Whether families/widows of the personnel from defence services killed in action are given priority?
- (i) Whether the IAY dwellings have been constructed on individual plots at safe and accessible locations?
- (ii) Whether the beneficiaries are involved in the construction of house, procurement of construction material, engagement of skilled workmen and also contribute family labour to ensure greater satisfaction and acceptance of the house by the beneficiary?
- (iii) Whether every IAY house is provided with smokeless chulha and sanitary latrine?
- (iv) Whether the IAY dwellings have been constructed with cost effective, disaster resistant and environment friendly technologies using local material?
- (v) Whether plinth area of the IAY house is not less than prescribed limit (20 sq metres)?
- (vi) Whether availability of safe drinking water supply is ensured to IAY houses?
- (vii) To improve environment, and ensure availability of fuel, fodder and small timber, whether trees are planted in IAY housing clusters/neighbourhoods under Social Forestry Programme?
- (viii) Whether there is any delay in construction of IAY houses after disbursement of assistance

(The IAY units should not take more than two years to complete)?

(ix) Whether each IAY dwelling on completion have IAY logo or signboard displaying name of beneficiary, year of construction, etc?

Whether financial allocation and management of resources under IAY scheme is equitable, prudent and efficient?

(i) Whether the allocation of central assistance under IAY is based on equitable criteria which take into account poverty ratio and housing shortage in the various states?

(ii) Whether allocation of resources to districts within a state and to blocks within a district is also done based on the poverty ratio and housing shortage?

(iii) Whether funds (first and second instalments) have been released timely as per prescribed conditions provided in the guidelines?

(iv) Whether state matching share (25%) has been released in time?

(v) Whether funds utilised for upgradation of existing kutcha houses and towards subsidy for construction of houses with credit exceed prescribed limit (20% of total allocation)?

(vi) Whether a portion of allocated funds (5%) has been kept apart to meet exigencies arising out of natural calamities and other emergent situations like riot, arson, fire, rehabilitation under exceptional circumstances, etc?

(vii) Whether the assistance granted under IAY for construction of new house and upgradation of kutcha house per household does not exceed the ceiling prescribed in the guidelines?

(viii) Whether the cost of non construction of sanitary latrines (Rs 600/-) and smokeless

chulha (Rs 100/-) has been deducted from the financial assistance provided to the beneficiaries?

- (ix) Whether the subsidy provided under credit cum subsidy scheme for construction/upgrading of rural houses does not exceed the prescribed ceiling (Rs 12,500/- per household)?
- (x) Whether credit cum subsidy facility is extended only to poor households (annual income less than Rs 32,000/-)?
- (xi) Whether payment to the beneficiaries is not made in lumpsum but on a staggered basis based on progress of the work?

Whether implementation of IAY has been transparent and provides updated information on progress of the scheme to rural poor to enforce adherence to norms and accountability of implementing agency?

- (i) Whether following information has been made available to people at Village level?
  - a. List of people below BPL
  - b. List of disaster resistant construction features suitable for the locality
  - c. List of beneficiaries identified in the previous year and in the current year including details of SC/ST, women beneficiaries, mentally/physically challenged persons under IAY
  - d. Allocation made to the village in IAY
  - e. Guidelines/criteria for selecting beneficiaries
  - f. Display of IAY signboard/logo on IAY dwellings (applicable to assets created under Wage Employment )
- (ii) Whether following information is available at block level?

- a. Details of houses taken up at block level with cost, sources of funds, implementing agencies
  - b. Distribution of funds : village-wise
  - c. Allocation/availability of funds and progress achieved
- (iii) Whether following information is available at district level?
- a. Distribution of funds block wise and village wise
  - b. Criteria of distribution of funds to blocks/ villages including norms

12. Whether the Drinking Water and Sanitary Schemes have been effectively implemented in Rural Areas to ensure safe drinking water supply and improved sanitary conditions for Rural Poor?

- (i) Whether the State Government has prepared a State Vision Statement, comprehensive Water and Sanitation Policy and Action Framework for implementation of the scheme, developing capacity, and devolving functions and powers to PRIs?
- (ii) Whether physical water conservation measures have been taken up as per policy and action frame work for sustained supply of water such as rainwater harvesting, ground water recharge, integrated water management?
- (iii) Whether frequent awareness campaigns through mass media and by organising awareness camps at Panchayat/Village level are ensured to underscore whole village community approach to safe drinking water and sanitation?
- (iv) Whether PRIs have been devolved powers and function related to management of drinking water assets in line with the ARWSP?



- (v) Whether operation and maintenance fund at PRI level have been created?
- (vi) Whether all drinking water sources in the blocks have been identified and registered?
- (vii) Whether percentage of rural poor having access to safe drinking water as per prescribed norms of ARWSP?  
  
(40 litres per capita per day (lpcd) for human beings/additional 30 lpcd for Cattle in DDP areas/one hand pump for every 250 persons/within 1.6 kms in plains and within 100 m elevation in the hilly areas)
- (viii) Whether field test kits for chemical and bacteriological checks have been issued to designated persons/resource centres for testing quality of drinking water supplied to rural households?
- (ix) Whether the laboratory and on-spot testing of water quality in water sources, water treatment plants, distribution systems and household reservoirs have been taken up at the prescribed periodicity and corrective action taken. (Drinking water and Sanitation programs)?
- (x) Whether sampling frequency for bacteriological, chemical and other factors is being adhered to?
- (xi) Whether there has been reduction in incidence of water borne diseases and health related issues resulting from unacceptable levels of arsenic, fluoride, nitrates, iron and salinity ?
- (xii) Whether appropriate levy charges are being levied as per MoU entered with Ministry?

13. Whether implementation of the programme is being monitored closely at various levels?

- (xiii) Whether prescribed funds sharing pattern between Centre, State and Households for construction of household toilets has been followed (60:20:20 for Model 1 Toilet and 30:30:40 for Model 2 Toilets)?
  - (xiv) Whether Anganwadi centers have been provided with modern toilets under TSC?
  - (xv) Whether Central and State Governments have released their shares of 70% and 30% respectively towards school and Anganwadi toilets under Total Sanitary Campaign (TSC) without delay ?
  - (xvi) Whether there is involvement of and increased devolution of funds to Self Help Groups and Cooperative Societies with 100% credit worthiness for distributing loans to members for construction of toilet units?
  - (xvii) Whether women participation is being ensured in all decision making in TSC?
- (i) Whether Monitoring and Vigilance Committee at State and District level oversee implementation of the programme as per programme guidelines?
  - (ii) Progress reports –Whether Central and State monitoring bodies should receive monthly and annual progress reports in prescribed formats prescribed by due dates as per programme guidelines from lower levels (District Panchayats, Intermediate Panchayats and Village Panchayats)?
  - (iii) Release procedures –Whether Monitoring Body has power to withhold release of next instalments due to non-receipt of matching grants from States, Utilisation Certificates and Audit Reports?

- (iv) Intensive inspections –Whether regular inspections by senior level Central, State and District level officers are being made to verify progress of implementation at grassroots level and ensure that the execution of works is in accordance with the prescribed procedures and specifications?
- (v) Review meetings – Whether Regular review meetings are being held to review and monitor the progress of implementation of the programmes by the Monitoring Agencies and whether level of intervention is senior/high enough to effectively monitor and control the implementation of the programme at Central, State, District, Block and Village Panchayat levels?

Whether monitoring agency have at its disposal sufficient financial and administrative powers to enforce effective implementation of the programme?

Whether Monitoring Agencies at different levels (Centre, State, District, Block, Village Panchayats) have Financial and administrative powers as provided in the programme guidelines?

Whether Monitoring Agency have prescribed/evolved system of interaction (MIS reports/meetings/workshops) with the field level implementing units?

- (i) Whether policy/programme should put in place a well designed and practicable system of interactions with the field level implementing units taking into account the ground conditions and the past history/track record of implementation of various developmental schemes in the State?
- (ii) Whether the State Monitoring Body fully involve and utilise the existing State Administrative apparatus of District, Block and Panchayat level for monitoring the implementation drawing upon its strength and network?

Whether the monitoring agency evaluate the results of interaction with the field level implementing units?

(iii) Whether the Monitoring Agency enforce interaction with Field Units frequently as per prescribed calendar?

(i) Whether the Monitoring agency have independently evaluated all the feedback received from the Field Level Implementing Units and direct corrective actions wherever required?

(ii) Whether the Monitoring Agency have taken cognizance of all media reports and complaints received from public interest groups, beneficiaries, local self Government representatives etc. and taken necessary action to verify their authenticity?

(iii) Whether the Monitoring Agency have taken immediate action on the feedback/recommendations given by the Central Observers?

(iv) Whether the Monitoring Agency have periodically ranked the performance of various Field Units, publicize them and invite public reactions for discussions?

Whether the Monitoring Body respond to feedback received from various quarters in a timely and effective manner?

(i) Whether response to the feedback is timely and focussed?

(ii) Whether the Field Units are accountable for their actions?

(iii) Whether the Monitoring Body undertakes independent assessments of field level implementation?

(iv) Whether there is a system of field visits by Central and State Level Observers for obtaining first hand information on actual implementation of the Policy/Programme?

Whether monitoring and evaluation system have an impact on the implementation of the Policy/Programme?

- (i) Whether the frequency of instances where recurrence of errors has been reduced?
- (ii) Whether the frequency of instances where good practices have been enforced?
- (iii) Whether there are any instances of mid term corrections of changes in line of implementation of the Policy/Programme as a result of feedback?

Sr. No.	Audit Objectives	Issues
<p>1. Whether Poverty alleviation programme(s) have significantly alleviated poverty in the targeted population?</p>	<p>1.1 Whether there is a significant decline in incidence of poverty?</p>	<p>(Measured by Head Count Index -Proportion of targeted poor households who crossed the minimum level of living (poverty line).</p>
	<p>1.2 Whether there is a significant reduction in depth of poverty?</p>	<p>(Measured by Poverty Gap index- the average shortfall of income or expenditure of the poor to cross the poverty line)</p>
	<p>1.3 Whether there is a significant reduction in severity of poverty?</p>	<p>(Measured by Squared Poverty Gap index- SPG index is square of the index individual poverty gaps.)</p>
	<p>1.4 Whether there is a significant distribution of income amongst the poor?</p>	<p>(Measured by Sen's index- It captures the distribution of income among the poor apart from capturing incidence of poverty (H index) and depth of poverty (PG index).</p>
	<p>Sen's Index = <math>H\{PG+(1-PG)\times G\}</math> where G is Gini Coefficient).</p>	<p>1.5 Whether there is a significant increase in income or consumption levels?</p>
<p>2. Whether Poverty alleviation programmes have substantially reduced</p>	<p>2.1 <i>Whether there is a significant increase in employment?</i></p>	<p><i>Wage Employment programmes</i></p>
	<p>(i) Whether additional employment generated?</p>	

inequalities, improved nutritional levels, improved employment and increased access to basic minimum services to the poor?

(ii) Improved rural wage rates — whether assured of the minimum wages?

(iii) Whether creation of durable community assets is as per annual action plan?

#### *Self employment programmes*

(i) Whether additional employment generated?

(ii) Whether ownership of fixed assets/income generating assets has increased?

(iii) Whether there is improvement in recovery rate of loans advanced?

(iv) Whether there is decline in subsidy-credit ratio (whether beneficiaries are largely dependent on credit rather than the subsidy)?

(v) Whether there is reduction in the percentage of loanees defaulting in debt repayment?

#### *2.2 Improved self reliance*

(i) Whether there is increase in acquisition of income generating assets like land, milch animals, poultry birds, agricultural machinery, and implements like tube wells, tractors and other implements by agricultural households and productive assets by village artisans (number and value)?

(ii) Whether there is increase in number of cases of release of mortgaged land or other assets?

(iii) Whether there is increase in proportion of household expenditure as also of productive investment met from own resources?

(iv) Whether there is increase in access to institutional credit?

(v) Whether there is timely repayment of advances or loans?

### *2.3 Improved housing*

- (i) Whether there is significant increase in ownership of dwellings by the targeted BPL population?
- (ii) Whether there is significant improvement in the structure of the dwelling house, e.g. from mud-walls to bricked or semi-bricked or wooden structures?
- (iii) Whether there is increase in per capita covered area of dwellings?
- (iv) Whether there is significant use of electricity?
- (v) Whether there is significant increase in use of hygienic sanitary facilities in dwellings built under IAY?
- (vi) Whether there is significant increase in use of smokeless chulha in IAY dwellings?

### *2.4 Access to safe drinking water and improved sanitation*

- (i) Whether there is significant increase in access of the poor to sources of safe drinking water?
- (ii) Whether there is significant improvement of rural sanitary conditions for the poor (measured through improved water drainage, increased number of sanitary latrines etc.)?
- (iii) Whether there is significant increase in availability of public curative measures such as anti-malaria drive and immunization?

### *2.5 Improved health and family planning*

- (i) Whether there is significant increase in accessibility to health and family welfare



services (Closer reach, low response time and reduced delivery cost)?

- (ii) Whether there is significant decline in infant mortality rates?
- (iii) Whether there is significant decline in morbidity rate among the poor (measured as number of days saved due to reduced sickness as well as savings on account of lesser expenditure on curative medical treatment)?
- (iv) Whether there is increase in life expectancy?
- (v) Whether there is significant decline in birth rates due to adoption of family planning practices?

#### *2.6 Better nutrition/food security*

- (i) Whether there is significant decline in the proportion of underweight children? (measures alternatively as weight-for- height, weight-for-age).
- (ii) Whether there is significant decline in the proportion of population suffering from anaemia (especially pregnant mothers)?
- (iii) Whether there is significant decline in the proportion of low weight by birth babies (an indicator of material malnutrition)?
- (iv) Whether there is significant decline in infant mortality?
- (v) Whether there is significant decline in the number of deaths/suicides due to hunger?

#### *2.7 Improvement in literacy levels amongst the poor*

- (i) Whether there is increase in net enrolment rates for elementary education among children of BPL households?
- (ii) Whether there is significant decline in the school drop-out rates?
- (iii) Whether there is significant decline in out of school children of BPL households?
- (iv) Whether there is significant increase in the literacy rate especially of the secondary and above level of education?
- (v) Whether there is significant increase in the proportion of technically trained personnel?
- (vi) Whether there is significant increase in net involvement of girl child in BPL households?
- (vii) Whether there is significant increase in number of poor attending adult education?

### *2.8 Empowerment of women and rural poor*

- (i) Whether there is significant increase in representation and participation of the poor (especially women) in the decision-making process in rural institutions like district panchayats, intermediate panchayats and village panchayats?
- (ii) Whether there is significant increase in involvement of the poor in project planning, implementation and management, in general, and in poverty alleviation programmes in particular?

### *2.9 Better tools and production practices*

- (i) Whether there is significant increase proportion of cultivated area under high-yielding varieties?'

3. Whether implementation of poverty alleviation programmes is effective enough to reduce disparities?

- (ii) Whether there is significant increase in use of machinery?
- (iii) Whether there is significant increase in area under high value commercial crops?
- (iv) Whether there is significant increase in use of machines and other tools of new technology by village artisans and rural industries?

3. *Whether there is significant reduction in regional, ethnic, rural-urban and gender disparities in the incidence of poverty?*

3.1 *Whether there is significant decline in incidence of poverty amongst people residing in remote and mountainous terrain areas, less developed States/regions and insurgency affected areas?*

3.2 *Whether there is significant decline in poverty gap between minority groups and majority population?*

3.3 *Whether there is significant reduction in gender disparity in terms of wages paid to men and women workers in agricultural and non-agricultural sectors?*

3.4 *Whether there is significant reduction in rural-urban disparity in incidence and depth of poverty?*

## Introduction

The Performance Auditing Guidelines issued by this office constitute the authoritative basis for the conduct of Performance Auditing in this department. This includes the entire gamut of activities commencing with the formulation of strategic plans, selection of topics based on these plans, planning of individual audits, audit execution, finalization of reports and subsequent follow up. During the conference of Accountants General held in the year 2005, it was recommended that supplementary guidance was required to be issued to facilitate due implementation of Performance Auditing Guidelines when undertaking Performance Audits. It has now been decided that supplementary guidance will be issued at two levels, one will be a series of 'Supplementary Guidelines', and the other will be a series of 'Practice Guides'. This Practice Guide entitled 'Practice Guide on Audit of Poverty Alleviation Programs', is the second in the series. The Practice Guides are to be taken as facilitative rather than as mandatory in their application.

In the process of planning an audit, the framing of issues is a vital step, because it forms the very basis of the entire audit effort in the field, and equally important is the fact that only if issues are properly identified and formulated, will the field audit result in findings that are relevant to the audit objectives. Poverty Alleviation Programs form a major component of the wide variety of programs cutting across the diverse sectors of the economy that seek to bring about national development, particularly in the rural sector. This Practice Guide is intended to facilitate the identification of issues involved in such programs. It is not necessary that all the possible issues that have been identified in this Practice Guide be included in the issue analysis, because the significance of each issue will vary from one audit to another, and so will the scope and intensity of the audit examination of each issue. It is expected that this Guide will enable those concerned to frame the 'Issue Analysis' and 'Study Design Matrix' more cogently insofar as audits of poverty alleviation programs are concerned.