

CHAPTER-II

PERFORMANCE AUDIT

2.1 National Rural Employment Guarantee Act (NREGA)

The National Rural Employment Guarantee Act, 2005 (NREGA), guaranteeing 100 days of employment in a year to the rural households, was initially (February 2006) implemented in North district and later extended to other three districts. Performance review of NREGA disclosed that the State Government provided employment to 52,006 (99%) rural households, appropriately maintained Application Registration Register in all the GP duly attaching the photographs of applicants, etc.

It however lacked in timely formulation of rules and constitution of SEGC, appointed full-time dedicated Programme Officers and Gram Rozgar Sevaks belatedly, panel of Accredited Engineers for assisting in estimation and measurement of works not constituted, etc. While the District Perspective Plan was prepared by North district alone that too was not revised as per the requirement of SREGS, annual planning process was not put in place leading to haphazard selection of work at Block level without considering labour budget. Execution of works was lax as administrative approval and technical sanction of works was not obtained in advance, worksite facilities (adequate drinking water, stores, crèche, etc) were only partially provided, wages-material ratio of 60:40 was not maintained; workers were neither paid the wages on time nor were paid compensation; etc. Separate district-wise Schedules of Rates (DSRs) specifically for NREGS works, exhaustive and detailed list of tasks required for undertaking works under REGS in different geomorphological conditions, etc were not prepared by the State Government leading to uneven distribution of manpower requirement. Monitoring of scheme required further strengthening as State-level inspection of works was not conducted, district level officials did not conduct mandatory 10 per cent inspection of the works and that of block level officials did not conduct 100 per cent inspection of the works.

HIGHLIGHTS

A total of 1.13 lakh rural households registered, 0.79 lakh demanded employment and 0.75 lakh households received employment with the total fund involvement of ₹ 56.53 crore during 2006-09 on execution of 1,869 works.

Paragraph- 2.1.7.1

The State Government formulated rules for carrying out the provisions of the NREG Act as late as June 2006 and did not prescribe the time frame for proposing, scrutinising and approving REGS works by GP, Block and District levels as of March 2009.

Paragraph- 2.1.9.1

The State Government constituted (June 2006) State Rural Employment Guarantee Commission recording a delay of nine months and designated (October 2007) Secretary, RM&DD as State Rural Employment Guarantee Commissioner after a delay of 16 months. This led to non-preparation of list of preferred works; Annual Reports for submission to the State Legislature; absence of review, monitoring and redressal mechanism; etc.

Paragraph- 2.1.9.2

While Technical Assistants were appointed, full-time dedicated Programme Officers and dedicated Gram Rozgar Sevaks were appointed belatedly in December 2008 and panel of Accredited Engineers for assisting with the estimation and measurement of work were also not constituted nor was the Technical Resource Support Group at State / District level set up as of March 2009.

Paragraph- 2.1.9.4

While the District Perspective Plan was not prepared except by North district, annual plans were not prepared by any of the GPs indicating lack of participation or inadequate participation by Gram Sabhas and Gram Panchayats in the planning process.

Paragraph- 2.1.10

The Government did not prepare (i) separate District-wise Schedules of Rates specifically for NREGS works, (ii) exhaustive and detailed list of tasks required for undertaking works under REGS in different geomorphological conditions, and (iii) the productivity norms for the District Schedule of Rates for each locale in such a way that seven hours of normal work earns minimum wages on a piece rate basis. This led to uneven distribution of manpower requirement.

Paragraph- 2.1.12.3

Payment of wages to workers was delayed from one day to four months in 76 cases amounting to ₹45.90 lakhs. Compensation for delayed payment of wages were not paid to workers.

Paragraph-2.1.12.4

It was noticed that social audit of the scheme was not conducted during 2006-07 and 2007-08. It started only from 2008-09. Non-conduct of social audit strikes at the root of the demand-driven bottom-up approach of NREGS.

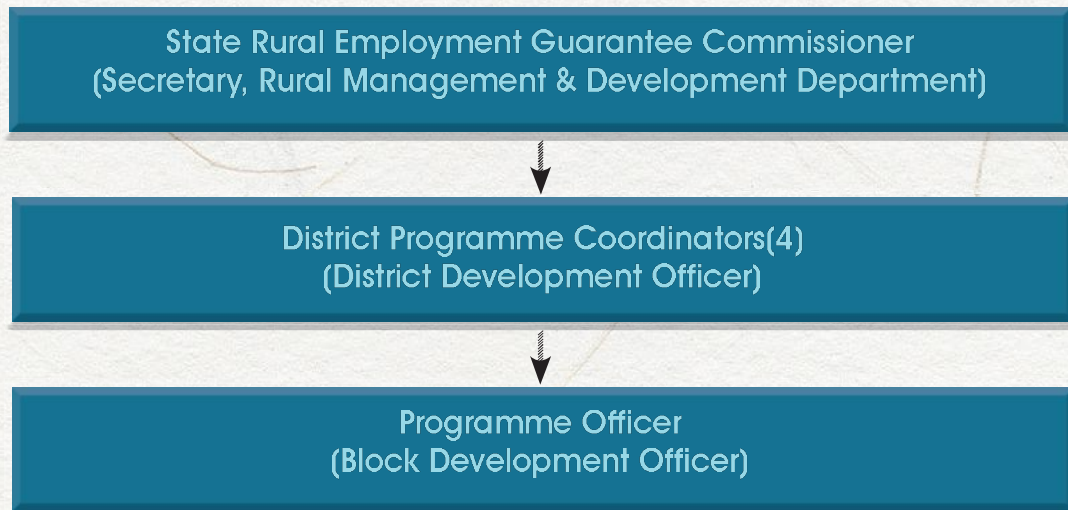
Paragraph 2.1.14

2.1.1 Introduction

The National Rural Employment Guarantee Act, 2005 (NREGA) is a centrally sponsored scheme which guarantees 100 days of employment in a year to rural household whose adult members are willing to do unskilled manual work. The basic objective of the Act is to enhance livelihood security in rural areas by providing at least 100 days of guaranteed wage employment on demand. The Act requires every State to formulate a State Rural Employment Guarantee Scheme (REGS), which should conform to the minimum features specified under the Act. According to the Act, rural households have a right to register themselves with the local Gram Panchayats (GPs), and seek employment. Work is to be provided within 15 days from the date of demand, failing which the State Government will have to pay unemployment allowance at the stipulated rates. The scheme was initially implemented (February 2006) in North district of the State and later extended to other three districts (South- April 2007; East -April 2007; and West- September 2008).

2.1.2 Organisational Structure

The organizational structure for implementation of NREGA in the State is as follows:



Level	Authority	Functions & Responsibilities
Village	Gram Sabha	Recommendation, monitoring & Supervision and Social audit of works
	Gram Panchayat	Planning of works, registering households, issuing Jobcards ,allocating employments, and implementation of scheme.
Block	Programme officer	Scrutinising the proposals submitted by GPs for technical feasibility, ensuring execution of works as schedule, payment of wages to labour engaged and social audits.
District	Zilla Panchayat	Finalisation of district plan and monitoring &Supervision of SREGS in district.
	Distict Programme Coordinator	Consolidation of plans prepared for inclusion in shelf of projects, according approval and coordinating and supervising the performance of programme Officers and conducting periodical inspection of works in progress.
State	State Employment Guarantee Council	Advising the State Government regarding the implementation of the scheme, determining the preferred works, reviewing the monitoring and redressal mechanism and preparation of annual report to be laid before legislature.
	State Rural Employment Guarantee Commissioner	Overall supervision & monitoring of the implementation of the scheme in the state and to empanel reputed agencies to carry out impact assessment of the scheme.

2.1.3 Funding Pattern

The Government of India (GOI) has established a fund called the National Employment Guarantee Fund, from which grants are released directly to Districts. Revolving funds are to be set up under REGS at the District, Block and Gram Panchayat levels, with separate bank accounts being opened for such funds at each level.

At the State level, funds released by GOI are parked at State Rural Development Agency and subsequently transferred to NREGS account and thereafter allocated to District Development Officers for onward transmission to the PRIs through Block Development Officers.

2.1.4 Audit Objectives

The main audit objectives for the Performance Audit were to assess whether:

- ❑ Effective preparatory steps for planning, implementation and monitoring/evaluation of outcomes were taken by the State Government;
- ❑ The procedures for preparing perspective and annual plan at different levels for estimating the likely demand for work, and preparing a shelf of projects were adequate and effective;
- ❑ There was an effective process for registration of households, allotment of job cards, and allocation of employment in compliance with the guidelines;
- ❑ NREGA works were properly planned and executed in compliance with the Act and the guidelines, durable assets were created and properly accounted for;
- ❑ Wages and unemployment allowance were paid in accordance with the Act and the guidelines, and the intended objective of providing 100 days of annual employment at the specified wage rates was effectively achieved;
- ❑ Funds released for NREGA were accounted for, and utilized in compliance with the guidelines;
- ❑ There was an adequate and effective mechanism at different levels for monitoring and evaluation of NREGA outcomes; and
- ❑ There was an adequate and effective mechanism for social audit and grievance redressal.

2.1.5 Audit Criteria

The main sources of audit criteria for the performance audit were the following:

- ❑ The National Rural Employment Guarantee Act, 2005 (NREGA), and notifications issued thereunder;
- ❑ NREGA Operational Guidelines (2006); and
- ❑ Circulars and letters issued by the Ministry and the State Government.

2.1.6 Audit Scope, Sampling and Methodology

Audit Scope

The scope of audit extended to all the four districts of the State covering a period of 1 to 3 years from February 2006 to March 2009. Field audit of the relevant records of the nodal department (Rural Management & Development Department) and District, Block and Panchayat level offices was conducted initially between February and April 2009. Subsequently, in order to assess the improvement in maintenance of records as a result of the performance audit, a limited scrutiny of record maintenance for one month during November – December 2009 was conducted covering 28 GPs in 4 districts from within the original audit sample.

Audit Sampling

In each districts, 25 *per cent* of the blocks were chosen, in each block four Gram Panchayats (GPs) were chosen, and in each selected GP, four works (preferably three completed and one ongoing) were selected for detailed examination. Thus, records relating to four districts, six blocks within the sampled districts, and 24 GPs in the sampled blocks were selected on stratified random sampling method for detailed examination. Assets created under the scheme was also verified at random in test checked GPs and interviews with two beneficiaries on an average were conducted in each of the 24 selected GPs.

Details of the selected blocks and GPs are given in *Appendix –III*.

Audit Methodology

The performance audit commenced with an entry conference with the Department in February 2009, wherein the audit methodology, scope, objectives and criteria were explained. After the conclusion of field audit, an exit conference was held with the Department headed by Additional Secretary (NREGS) in January 2010, where the draft audit findings and recommendations were discussed at length. In addition, exit conferences were also held in January 2010 with the DDOs where the district specific findings were discussed. The draft performance audit report was issued to the Department in January 2010, their response is awaited (October 2010).

Acknowledgement

Audit acknowledges the cooperation and assistance extended by the State Governments and their officials at various stages during conduct of the Performance Audit.

2.1.7 Physical and Financial Performance

2.1.7.1 Physical Performance

During the year 2006-09, 1.13 lakh rural households had registered under the scheme and 0.79 lakh households had demanded employment under the scheme, of which 0.75 lakh households received employment. District -wise details of physical performance reported by Department are given below:

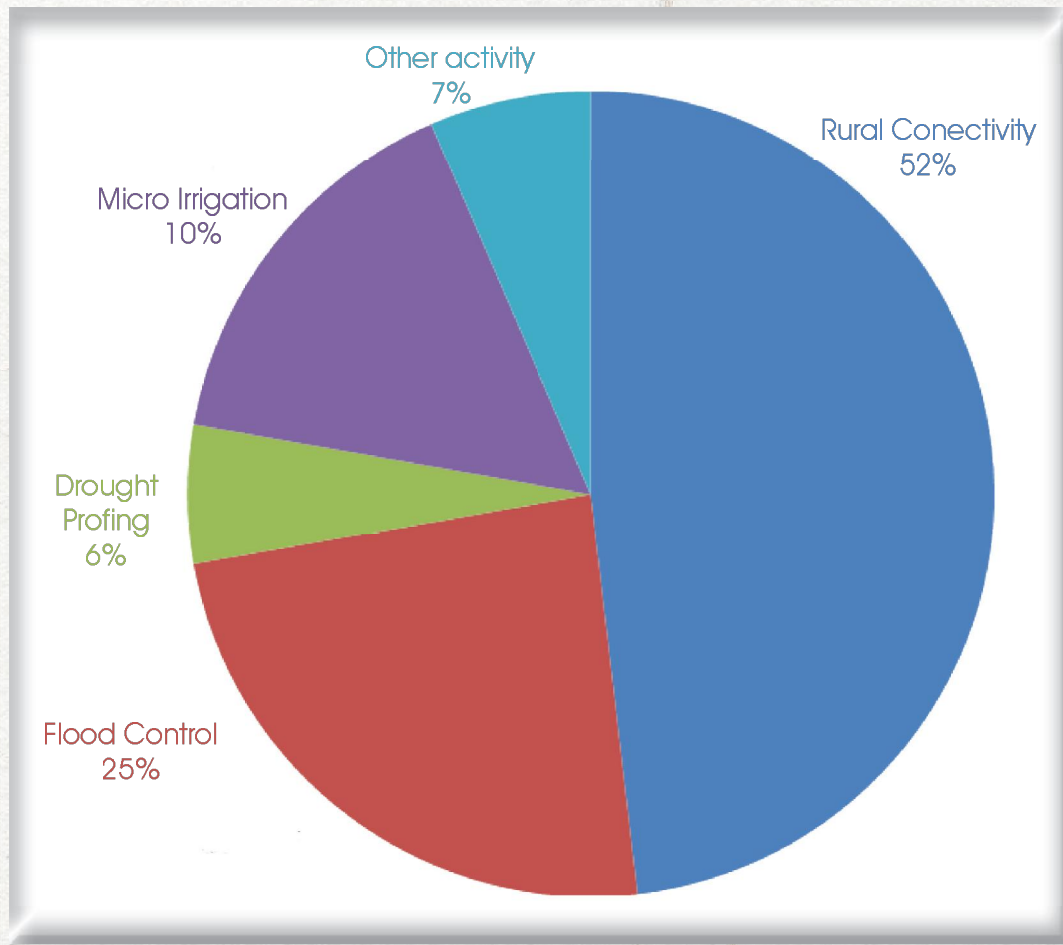
Status of implementation of NREGS in Sikkim

Status	2006-07	2007-08	2008-09
Districts under NREGA	North	North, East and South	North, East, South and West
No. of Blocks	4	18	24
No. of Gram Panchayats	23	110	163
No. of Job cards Issued	4,498	30,907	77,112
Household Demanded	4,179	21,773	52,554
Households Employed	4,107 (98%)	19,664 (90%)	52,006 (99%)
Persondays Generated	2,42,000	8,59,738	26,33,591
No. of Works Taken up	159	514	1,196
No. of Works Completed	103 (65%)	201 (39%)	564 (47 %)
No. of Works Ongoing	56	313	632
Total Funds Available	4.56 Crore	14.32 Crore	47.63 Crore
Total Expenditure	2.75 Crore	12.34 Crore	41.44 Crore

2.1.7.2 Status of various categories of work taken up under NREGS for the period 2006-07 to 2008-09 is shown below:

Nature of Works taken up	North	East	South	Total	% of Total
Rural Connectivity	88	77	101	266	52
Flood Control and Protection/ Water Conservation and Water Harvesting	102	26	3	131	25
Drought Proofing/ Land Development	14	14	2	30	6
Micro Irrigation Works / Provision of Irrigation Facility in Private Land	36	13	3	52	10
Renovation of Traditional Water Bodies/ Any other activity approved by MoRD	2	7	26	35	7
Total	242	137	135	514	100

Graphical representation of various types of works undertaken by NREGS is given below:



Audit also noticed that detailed list stating sector-wise number of completed projects, percentage of completion of ongoing projects etc were neither maintained at the PRIs level nor the Block, District and the administrative Department level.

2.1.7.3 Financial Performance

The total financial assistance provided by the GoI to the State up to 31 March 2009 and State share including Misc receipt was ₹ 59.99 crore (Central Share of ₹ 55.73 crore, State Share of ₹ 2.90 crore and Miscellaneous Receipts of ₹ 1.36 crore). Of this, the State Governments utilized ₹ 55.91 crore (93 per cent), as detailed in **Appendix-IV**.

2.1.8 Fund Management

2.1.8.1 General

The GoI releases funds through the National Employment Guarantee Fund directly to districts. State Governments are required to set up revolving funds at the District, Block and GP levels. State share of funds should be released within 15 days of the release of the Central funds. The State Government should design a complete Financial Management System for the transfer and use of funds, for ensuring transparency and accountability. Separate bank accounts for funds under the Scheme should be opened at the District, Block and GP levels. After utilizing 60 *per cent* of the earlier funds released, the DPC may apply for the next installment, along with Utilisation Certificate (UC), certificate regarding receipt of State Share etc. Similarly, the PO will be eligible for the next installment after utilizing 60 *per cent* of available funds. Likewise, after 60 *per cent* of the allocation given to a GP has been spent, the GP may apply to the PO for release of additional funds, with a statement of work-wise expenditure and the report of the Vigilance and Monitoring Committee (VMC) approved by the Gram Sabha. Monthly squaring of accounts – verifying that all money released under NREGA is accounted for under (a) bank balance (b) advances (c) expenditure vouchers – should be introduced.

Audit noticed the following:

- ❑ The State share was not released within 15 days of the release of the central share – the delay ranged between 20 and 25 days.
- ❑ While demanding additional funds all 28 GPs (4 district) did not furnish the report of the VMC duly approved by the Gram Sabha.
- ❑ All 28 test checked GPs (4 districts) had spent funds on REGS without obtaining administrative approval and technical sanction.
- ❑ Monthly squaring of accounts under three heads viz. Money held in bank accounts at various levels, advances to implementing or payment agencies, and vouchers of actual expenses was not done by all test checked GPs (4 districts).
- ❑ Cash Books were not maintained in prescribed form as the entries made in CB were not attested by PO; Receipt in form of interest and miscellaneous were not shown on receipt side of CB; payment such as bank commission etc were not shown on expenditure side of CB; monthly reconciliation with Bank was not done to check the actual cash balance; separate account in cash book were not kept for Work expenses and Administrative expenses; and Receipt entry in cash book were not done on the date of credit made in the account by bank.

- ❑ Flow of fund to GP and block were not smooth and was rather a complicated and time consuming one.
- ❑ MR bill was to be certified by PO (BDO) who was not able to inspect the work frequently and hence his certificate on MR bill was meaningless and happening to pass the sole responsibility of Panchayat to PO in case of any default. The process was also causing delay in payment of MR. Further, at DDO level material purchase were made or decided whereas DDO was not aware of quantity and period of material requirement. It was PO who in the right position to decide and supply material as per the need. This resulted in delay in completion of work.
- ❑ The balance fund of ₹ 79.80 lakh in SGRY account was not transferred by 5 GPs (out of 15 GPs checked) to NREGS as of September 2009 against the norms stipulated in the NREGS guidelines. Instead, the GPs incurred the amount between April 2008 and April 2009 which was irregular and indicative of absence of proper financial management.

Recommendation

Fund as per need may be transferred to BDO who may pass wage payment to GPU for ensuring timely wages payment. Material payment may be decided at Block level for timely supply of materials at site.

2.1.9 Resource support and framing of rules

2.1.9.1 Framing of Rules and Rural Employment Guarantee Scheme (REGS)

The Act envisaged upon the State Government to make rules for carrying out the provisions of the Act. The Rules, *inter - alia*, were to determine the grievance redressal mechanism at the block level and the district level and procedure to be followed in such matter, lay down the terms and conditions to determine the eligibility for unemployment allowance, and provide for the manner of maintaining books of account of employment of labourer and the expenditure. Further, NREGA Operational Guidelines stipulated prescription of time frame by the State Government for proposing, scrutinizing, and approving REGS works by GP, block and district levels.

Audit noticed that the State Government formulated rules for carrying out the provisions of the Act as late as June 2006 and did not prescribe the time frame for proposing, scrutinising and approving REGS works by GP, Block and District levels as of March 2009.

In the absence of defined time frames at GP, Block and District levels for proposing,

scrutinizing and approving REGS works, there might be difficulty in ensuring a shelf of projects in advance, which could adversely impact provision of employment on demand.

Recommendations

The State Government should formulate detailed rules for the implementation of the Act, and also specify time frames at different levels for proposing, scrutinizing and approving REGS works.

2.1.9.2 State Employment Guarantee Council (SEGC) and Employment Guarantee Commissioner (EGC)

The Act stipulates (i) setting up of a State Employment Guarantee Council (SEGC) for deciding on the “preferred works” under REGS and preparation of Annual Report on REGS for presentation to the State Legislature; and (ii) designate an officer, not below the rank of a Commissioner, as the State Rural Employment Guarantee Commissioner for fulfilment of the objectives of the Act.

The State Government constituted SEGC as late as June 2006 recording a delay of nine months after enactment of the NREG Act. Similarly, Secretary, RMDD was designated as State Rural Employment Guarantee Commissioner during October 2007 by the State Government recording a delay of 16 months from formation (June 2006) of SREGS and the first meeting was held in May 2008.

Delayed setting up of SREGC led to non- preparation of (i) list of “preferred works” to be implemented under the Scheme; (ii) Annual Reports for submission to the State Legislature; (iii) absence of review, monitoring and redressal mechanism and non monitoring of implementation of SREGS; and (iv) non- conducting of district wise studies.

2.1.9.3 Preparation of Annual Plan & Labour Budget

Guidelines envisaged that the annual planning process for the next financial year should be completed by the December end every year, including approval of the plan by the Zilla Panchayat. The District Programme Coordinator shall prepare a labour budget for the next financial year containing the details of the anticipative demand for unskilled manual work in the district, which shall be the basis for the planning.

No steps were taken by the Zilla Panchayat towards preparation of annual planning process in time. In test check of South District annual planning process for 2008-09 was done as late as February 2009 i.e. after a gap of 14 months when work were taken up by Block level on random selection basis without considering labour budget resulted in pending liability for next financial year.

2.1.9.4 Resource support

NREGA, its Operational Guidelines and other circulars issued by the Ministry *inter-alia* envisaged appointment of (i) full-time dedicated Programme Officer (PO), not below the rank of Block Development Officer (BDO), in each Block, with necessary supporting staff for facilitating implementation of the Scheme at Block level; (ii) “Employment Guarantee Assistant” (EGAs) or “Gram Rozgar Sevak” (GRSs) in each GP; (iii) technical assistant for every 10 Gram Panchayats; (iv) panels of accredited engineers at the District and Block levels for the purpose of assisting with the estimation and measurement of works; and (v) Technical Resource Support Groups at the State and District levels to assist in the planning, designing, monitoring, evaluation and quality audit of various initiatives.

Audit noticed that while Technical Assistants were appointed, full-time dedicated Programme Officers (POs) in 24 test checked blocks and dedicated Gram Rozgar Sevaks in 28 test checked GPs were appointed after December 2008. The existing Block Development Officers (BDOs) were appointed as POs and given the additional charge of the Scheme. A panel of Accredited Engineers for the purpose of assisting with the estimation and measurement of work were also neither constituted nor was the Technical Resource Support Group at State / District level set up as of March 2009. Thus, absence of suitable manpower affected the monitoring of the implementation of the scheme as envisaged in the NREGS guidelines.

Recommendation

State Government should assess the staffing requirement for implementation of NREGA, and accordingly take steps to address the gaps, if any. The State Government should particularly consider appointing full-time POs at each Block, with adequate supporting staff and EGAs for each GP.

2.1.10 Perspective and Annual Plan

2.1.10.1 District Perspective Plan (DPP)

The NREGA Operational Guidelines stipulate the preparation of a five year District Perspective Plan (DPP) to facilitate advance planning and provide a development perspective for the District. The aim is to identify the types of REGS works to be encouraged in the district, and the potential linkages between these works and long term employment generation and sustained development. Accordingly, the State Government also reiterated (June 2006) for preparation of five year Perspective Plan by each district duly incorporating the estimate for the need of the employment and the kind of works that can be taken up to meet the need through a participatory process of planning that has the Gram Sabha as its basic unit. Then planning should

have the bench marking and key indicators for success. The notification further stipulated that for the plan prepared under National Food for Work Programme (NFFWP) should be revised to suit the requirement of NREGA.

Audit scrutiny revealed that although the Department claimed that the DPP had been prepared, no such plans could be seen during the audit. Only North district had prepared DPP under NFFWP at a cost of ₹ 7.30 lakh which however was not revised as per the requirement of State Rural Employment Guarantee Scheme.

2.1.10.2 Annual Plans

The Annual Plan is a working plan that identifies the activities to be taken up on priority basis in a year. This Annual Plan should indicate the existing demand for work, demand in the previous year, works taken up in the previous year, ongoing works, proposed costs, likely costs and proposed implementing agencies. The District Planning Committee would scrutinize the plan proposals of all GPs, and consolidate them into a District Plan proposal with a blockwise shelf of projects (arranged GP-wise).

Scrutiny of records in 28 GPs³ revealed that annual plans were not prepared by any of the GPs. In absence of documented Annual Plans, there would be no shelf of projects for timely approval, thus adversely affecting the ability to meet demand for employment. Lack of participation or inadequate participation by Gram Sabhas, and Gram Panchayats in the planning process vitiated the process of people's participation, transparency and accountability, and also adversely affects the creation of productive assets benefiting the local community.

Recommendation

All Districts must be directed to ensure preparation of Annual Plans at the GP level to be consolidated at the Block and District levels. To simplify the workload at the GP level, the Annual Plan at the GP level could be limited to identifying works and estimating labour demand, with estimation of likely costs etc. being indicated at the PO's level.

2.1.11 Registration and Issue of Job Cards

NREGA Operational Guidelines enjoins upon rural households to register themselves and obtain a job card before demanding employment under REGS. The process of verification should be completed and the Job cards issued within a fortnight of receipt of the application. Door-to-door survey may also be undertaken to identify persons willing to register under the Act.

³ GPs (8- East; 4 - North; and 8 each in South and West District).

Scrutiny of records revealed that an introductory Gram Sabha meeting as required under the NREG Act was belatedly convened in 28 GPs test checked in Audit recording a delay of 75 to 150 days and consequent delay in execution of work. Door-to-door survey to identify persons willing to register was also not conducted in any of the 28 GPs nor the job cards were issued within 15 days of application for registration in case of 24 GPs. Job cards neither indicated telephone number of DPC, PO and other grievance redressal authority nor information on right to work was printed on the back side of job card as required under NREGS guidelines.

Recommendation

State Government should take steps to provide adequate publicity to the programme and persuade as many BPL households as possible to register under NREGA.

2.1.12 Execution of Works

2.1.12.1 General

NREG Act and Operational Guidelines stipulates obtaining of administrative and technical sanction for all works in advance by December of the previous year; provision of worksite facilities (medical aid, drinking water, shade, crèche, etc); wage material costs in the ratio 60:40; etc.

Audit scrutiny in 28 GPs revealed that the NREGS fund was spent mainly towards rural connectivity through construction of Cement Concrete Footpath, Jhora training works, bench terracing, minor irrigation etc. as shown below:



Footpaths aid in rural connectivity - CCFP in Ralang GPU, South Sikkim



Village road to aid in rural connectivity at Jarong, South Sikkim



Creation of school playground



Terracing of barren land to improve cultivable areas



Minor Irrigation Channel to increase productivity of land at Aritar GPU in East Sikkim



Developing rocky wasteland to improve productivity of land in Makha GPU, East Sikkim

Scrutiny of works expenditure revealed that the wages-material ratio of 60:40 was neither maintained at the district level nor the block level (28 GPs). Administrative approval and technical sanction of works was not obtained in advance in any of the 28 GPs in the State; and worksite facilities such as adequate drinking water, stores, crèche, etc. were only partially provided in all the districts in the State.

2.1.12.2 Non deployment of labour to convert material cost to labour cost

Works taken up under NREGS such as CC footpath, Jhora training were capital intensive. Audit analysis of cost involvement for the execution of works revealed that the Block Development Office purchased stone chips for use in the works amounting to ₹25.16 lakhs involving 16 *per cent* of total expenditure on materials. Instead of procuring stone chips, the Block Development Officers could have procured stone and used the manpower for converting it into stone chips which could have generated employment for the villagers.

Recommendation

State Government should ensure compliance with the 60:40 ratio of wages: material costs.

2.1.12.3 District Schedule of Rates

The NREGA operational guidelines stipulate preparation of District Schedules of Rates (DSRs) for each district; exhaustive and detailed list of tasks required for undertaking works under REGS in different geomorphological conditions; description of daily work requirements to facilitate the fulfillment of productivity norms.

Audit noticed that the Government did not prepare (i) separate District-wise Schedules of Rates (DSRs) specifically for NREGS works, (ii) exhaustive and detailed list of tasks required for undertaking works under REGS in different geomorphological conditions, and (iii) the productivity norms for the District Schedule of Rates (DSRs) for each locale in such a way that seven hours of normal work earns minimum wages on a piece rate basis. This led to uneven distribution of manpower requirement. The works were hampered due to delay in supply of materials as the fund were utilized to meet the cost of wage payment as the mandays required in the work were increased due to engagement of lesser efficient and inexperienced workers. In order to meet the cost, non-stock material such as stone were extracted from work site ignoring the direction of Forest where it is clearly mentioned that stone should be quarried from quarry side and not from any other place.

Recommendation

The State Government should ensure preparation of separate District-wise Schedules of Rates for NREGA, fixing of productivity norms for tasks in different geomorphologic conditions.

2.1.12.4 Payment of wages

Every person working under REGS is entitled to wages at the minimum wage rate fixed by the State Government which should be paid on time. In case of delay beyond 15 days, compensation as per the provisions of the Payment of Wages Act, 1936 should be given to the workers.

Audit noticed that in all GPs test checked in Audit, workers were neither paid wages on time i.e. within a fortnight of execution of work nor compensation was paid to them. The delay in payment of wages ranged between one day and four months in 76 cases amounting to ₹ 45.90 lakhs. Delay in payment of wages was not only against the guidelines but also defeated the scheme objective of providing livelihood security.

2.1.12.5 Unemployment Allowance

Under NREGA, the State Government is required to provide employment to a registered applicant within 15 days of demand, failing which unemployment allowance at stipulated rates is payable from State Government funds.

Dated receipt of applications for demand for work were not shown in any of the 28 test checked GPs as a result delay if any in providing employment to them within 15 days could not be worked out. Employment registers were not maintained as enshrined in the guidelines (paragraph 8.8.1) in any of the 28 GPs or in the Block offices to indicate the number of days for which employment were provided to households.

Recommendation

Undated applications and non-maintenance of employment registers leads to a situation where the right to unemployment allowance cannot be verified defeating the very purpose of the Act to provide employment guarantee. Record maintenance at GP level needs to be given serious priority.

2.1.13 Record Maintenance and Reports

2.1.13.1 Maintenance of Registers at GP and Block Levels

Maintenance of records under NREGA is critical to ensure verifiable compliance with the legal guarantee of 100 days of employment on demand and payment of unemployment allowance. The NREGA Operational Guidelines have specified details of records and registers to be maintained at different levels such as (i) Application Registration Register to record applications/ requests for registration of households; (ii) Job Card Register to record details of job cards issued to households; (iii) Employment Register to record details of employment demanded, employment allotted and employment actually taken up by each households; (iv) Asset Register to record all works sanctioned, executed and completed; (v) Muster Rolls for recording attendance and payment of wages for individual works; (vi) MR Issue/ Receipt Registers for issue and receipt of Muster Rolls (from the PO to the GP/ implementing agency); and (vii) complaint Register for recording details of complaints made, and action taken.

Audit noticed that the Application Registration Register was maintained in all the 28 GPs in the State, the photographs of applicants were found attached to the job cards, as per the job card register. However, the Job Card Register and Employment Register were not maintained properly. While the job card register did not contain details of the members of household who have been issued job cards; Employment

Register did not indicate the details of employment demanded, employment allotted and employment actually taken up, dated receipts of applications for demand for work were not given to the applicants. The applications for employment did not have the job card registration number, date from which employment was required, and the number of days of employment required. The Asset Registers were either not maintained or were maintained partially.

Similarly at Block level also employment Register was not maintained/ prepared in 7 test checked block offices in the State (4 districts).

2.1.13.2 Reports

The NREGA Operational Guidelines require that procedures be framed to ensure that data on work requested and allotted by the PO and GP are properly maintained and information on employment allotments shared between the PO and GP on a weekly basis.

In all 7 test checked blocks of State (4 districts) information on employment allotments was shared between the PO and GP on monthly basis instead of weekly basis.

2.1.14 Social Audits, Transparency and Grievance Redressal

NREGA gives a central role to “social audits” as a means of continuous public vigilance. The Guidelines indicate two types of social audit of (i) Periodic assemblies in the Gram Sabha for scrutinizing details of projects (which is referred to as “Social Audit Forum”); and (ii) Social audit as a continuous process of public vigilance involving potential beneficiaries and other stakeholders, which covers verification of 11 stages of implementation right from registration of families to evaluation and the Social Audit Forum. Updated data on demand received, registration, number of job cards issued, list of people who demanded and had been given/ not given employment, funds received and spent, payments made, works sanctioned and works started, cost of works and details of expenditure on it, duration of work, person-days generated, reports of local communities and copies of muster roll should be made available in a predesigned format outside offices of all agencies involved in implementing REGS. Social Audit Forums must be held twice a year at the Gram Sabha level for all works done in the preceding year.

Audit noticed following:

- In all 28 test checked GPs in the State (4 districts), a Gram Sabha once in every six months to conduct a Social Audit Forum was not held.

- ❑ The updated data on demand received, registration, number of job cards issued, list of people who demanded and been given/ not given employment, funds received and spent, payments made, works sanctioned and works started, cost of works and details of expenditure on it, duration of work, person-days generated, reports of local communities and copies of muster rolls were not made public in all 28 test checked GPs in the State (4 districts).
- ❑ The POs were required to convene the social audit at Gram Sabhas. It was however noticed that social audit of the scheme was not conducted during 2006-07 & 2007-08. It started only from 2008-09. Non-conduct of social audit strikes at the root of the demand-driven bottom-up approach of NREGS.

Recommendation

Social audit and Social Audit Forum in Gram Sabha are important means of ensuring transparency and accountability at the GP level. The State Government should ensure conduct of Social Audits Forum in all Gram Sabhas twice a year duly involving suitable persons in the Social audit team.

2.1.15 Monitoring

NREGA Operational Guidelines stipulate the following procedures for monitoring and reporting:

- ❑ Block-level officials shall inspect 100 *per cent* of works every year, District-level officials 10 *per cent* of works, and State level officials 2 *per cent* of works.
- ❑ Financial audit of all districts is mandatory.
- ❑ District Internal Audit Cells shall be constituted to scrutinize the reports of the Gram Sabhas.

Audit noticed following:

- ❑ State-level inspection of works was not conducted, or documented in respect of the State (4 Districts.).
- ❑ In 4 districts in the State, the district level officials did not conduct 10 *per cent* inspection of the works.
- ❑ In 7 test checked blocks in the State (4 districts), the block level officials did not conduct 100 *per cent* inspection of the works.
- ❑ Financial audit was not carried out in 4 districts in the State.
- ❑ In all district, District Internal Audit Cells were not constituted.
- ❑ Both State and District Quality Monitors had not been designated by the State Government.
- ❑ The Government of Sikkim had not issued instructions to constitute District Internal Audit Cells and conduct financial audit periodically.
- ❑ The Government of Sikkim had now initiated the process of designating District and State level Quality Monitors.

Recommendation

State Government should assign responsibility to different levels of officials for ensuring requisite level of inspection at various level.