

Chapter - 7
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Effective monitoring is essential for success of any scheme, as it provides reasonable assurance that operations are being carried out effectively and efficiently. Along with inspections, field visits and sample checks were also required to be performed on a regular basis to ensure comprehensive and continuous assessment of the scheme as per the Act. Proper maintenance of records is also one of the critical factors in the implementation of the Scheme especially with a view to bring transparency and accountability.

However, contrary to the provisions of the Scheme, audit found that the monitoring system at the State, District, Block and Gram Panchayat (GP) level was improper and inadequate. During audit of the Scheme, several deficiencies were noticed, as discussed below:

7.1 State and District Quality Monitors

In terms of paragraphs 14.8 (vi) and 14.10.4 of Operational Guidelines, 2013 the State Quality Monitor (SQM) will inspect at least five *per cent* works while they are still in progress and five *per cent* of the work which are completed within a year, so as to assess process quality aspects. Further, as per Paragraph 7.12.1 of Annual Master Circular issued by Government of India (GoI), there will be a District Quality Monitoring (DQM) cell which would have a panel of 10 to 15 technical officials. These officials will monitor and evaluate at least 10 *per cent* of the works executed under the scheme with expenditure of at least ₹ three lakh and above for *Kutcha* works and ₹ five lakh and above for *Pucca* works.

Scrutiny of records and information provided by the State MGNREGA Cell revealed that SQM was not appointed during the period 2019-24. Further, out of total 13 Districts, DQM were appointed only in three Districts¹ for the period of three years. Due to not appointing of SQM/DQM in selected districts, no work was inspected during progress or completion of work for its quality or authenticity.

The lack of inspections by SQMs and inadequate DQM oversight led to the failure to ensure adherence to technical standards and quality parameters during project execution. This increased the risk of substandard assets being created under MGNREGS as discussed in *Paragraphs-5.3.3, 5.3.4, 5.4.2.1 & 5.4.2.2* of *Chapter-5*.

The Department accepted the audit observation in its reply submitted during the Exit Conference.

7.2 Existence of Grievance Redressal Mechanism

Keeping in view, the principles of transparency and accountability, the State Government was required to establish the office of Ombudsman in the State, for redressal of grievances regarding implementation of the scheme. Further, the State Government was required to determine appropriate grievance redressal mechanisms, at

¹ Dehradun, Haridwar and Uttarkashi Districts (02/2020 to 02/2023).

the district and block levels for dealing with any complaint in respect of the implementation of the MGNREGS and lay down the procedure for disposal of such complaints.

The audit findings related to existence of grievance redressal mechanism have been discussed in succeeding paragraphs:

7.2.1 Appointment of Ombudsman

Paragraph 13.14 of the Operational Guidelines, 2013 provides that the State Government will establish the office of Ombudsman in all districts for expeditious redressal of grievances regarding implementation of the scheme. Depending on requirement, initially one Ombudsman may be appointed for two districts to assess the workload. The main duties of the Ombudsman are as under:

- Sending monthly and annual report and list of awards to Chief Secretary and Secretary in charge of MGNREGS.
- Highlight action to be taken against erring MGNREGS functionaries.
- Summary report of cases disposed by Ombudsman will be reported to SEGC and it will also be part of annual report prepared by SEGC to be placed in the State Legislature.

The audit observed gaps in the appointment of the Ombudsmen in test checked Tehri Garhwal and Almora districts during the review period (2019-24). In Tehri Garhwal, the Ombudsman position remained vacant between 1 April 2019 and 10 February 2020, and only 13 out of 32 complaints received during the Ombudsman's tenure were resolved. However, the Deputy District Project Coordinator (Dy. DPC) did not provide the records related to these complaints.

In Almora district, there were two intervals of vacancy for the Ombudsman between 2 April 2020 and 24 February 2021 and between 25 February 2023 and 21 May 2023. Records of complaints handled during certain periods (1 April 2019 to 1 April 2020 and 25 February 2021 to 24 February 2023) were also not provided for test-check. Despite these issues, the Ombudsman resolved all 19 complaints received from June 2023 to March 2024.

The unavailability of records related to complaints limited the evaluation of the quality of complaint resolution and compliance with recommended actions.

The Department accepted the audit observation.

7.2.2 Non-Maintenance of Complaint Registers

As per Section 23(6) of the MGNREGA, the Programme Officer (PO) is required to maintain a complaint register and address complaints within seven days. Complaints requiring resolution by other authorities must be forwarded accordingly, with intimation to the complainant. The Operational Guidelines, 2013 (Paragraph 10.3.9) further mandate maintaining complaint registers at GP, Block, and District levels for monitoring purposes.

Scrutiny of records revealed that in Tehri Garhwal District, the Dy. DPC did not maintain a complaint register during 2019-24 and complaint registers were also absent

in all selected Blocks of the district. In Almora District, a complaint register was maintained at the district level for the period 2022-24, recording 65 complaints. Of these, 55 were general in nature, while 10 related to delayed wage payments, all of which were resolved promptly. However, no complaint registers were maintained in any of the selected blocks.

The absence of complaint registers at the Dy. DPC offices and in selected Blocks prevented the audit from verifying the number of complaints received and their disposal, thereby compromising accountability and the effectiveness of grievance redressal mechanisms.

The Department replied that directions will be issued to the districts for preparing and maintaining the complaint registers.

7.3 Non-Compliance with Vigilance Mechanisms

Paragraphs 13.6.2, 13.6.3 and 13.6.4 of the Operational Guidelines, 2013 mandate the establishment of vigilance mechanisms at various levels for effective oversight of MGNREGA implementation. These include:

- A **State-level Vigilance Cell** headed by a Chief Vigilance Officer (CVO).
- A **District-level Vigilance Cell** under the district authority.
- **Vigilance and Monitoring Committees (VMCs)** at the local level, constituted with *Gram Sabha* approval.

These bodies were tasked with receiving complaints, conducting regular field visits to identify irregularities, taking suo-moto action based on media reports and engaging with workers at worksites.

Audit revealed that at the State and selected district levels, no Vigilance Cell was constituted during 2019-24. At the village level, VMCs were constituted in the selected GPs of Tehri Garhwal District, however, it was not constituted in the selected GPs of Almora District.

The absence of vigilance cells at the state, selected district and at the village level, resulted in significant lapses in oversight. The failure to monitor worksites and address irregularities contributed to various shortcomings in the execution of MGNREGA works during the 2019-24 period (as discussed in the **Paragraph 5.3.1 to 5.3.4 of Chapter-5**). This reflects a critical gap in the governance and accountability mechanisms required for the scheme's effective implementation.

On being pointed out, the Project Coordinator, State MGNREGA Cell, Dehradun, Dy. DPC of test checked districts and POs of the selected blocks accepted the audit observation.

7.4 Social Audit

An innovative feature of the MGNREGA is that it has institutionalised 'Social Audit' as a means of continuous public vigilance. The basic objective of social audit is to ensure public accountability in the implementation of projects, laws and policies.

Uttarakhand Social Audit Accountability and Transparency Agency (USAATA), Dehradun was responsible for the conduct of the Social Audit under MGNREGA in the State.

7.4.1 Shortfall in required social audit

Paragraphs 13.1.1 and 13.2.2 of Operational Guidelines, 2013 provide that Social Audit Unit (SAU) shall identify appropriate number of resource persons at State, District, Block and GP levels to facilitate the *Gram Sabha* in conducting social audit. Social Audit has the following dimensions:

- As a continuous and ongoing process, involving public vigilance and verification of quantity and quality of works at different stages of implementation; and
- As a process, it is to be conducted in every GP at least once in six months, involving a mandatory review of all aspects.

Audit noticed that the SAU prepared an annual social audit plan against the required six monthly which was a deviation from the Operational Guidelines.

The status of conducting of social audit during 2019-24 in the State is given in **Table-7.1** below:

Table-7.1: Status of conducting social audit in the State

Year	Total GPs in the State	No. of GPs planned for Social Audit	Social Audit conducted	Shortfall in Social Audit	Shortfall Percentage
2019-20	7,831	7,791	2,333	5,498	70
2020-21	7,823	936	595	7,228	92
2021-22	7,823	7,791	1,239	6,584	84
2022-23	7,804	7,795	1,475	6,329	81
2023-24	7,799	7,795	1,956	5,843	75

Source: Departmental data.

It can be seen from the above table that the GPs ranging between 70 per cent and 92 per cent remained unaudited in the State.

In the selected districts, the shortfall in conducting of social audit ranged between 79 per cent and 99 per cent (**Appendix-7.1**). In selected Blocks the shortfall in conducting of social audit ranged between 76 per cent and 100 per cent (**Appendix-7.1 A**) Further, in selected GPs it was ranging between 80 per cent and 100 per cent (**Appendix-7.1 B**).

Scrutiny of records of selected 16 GPs of test checked districts revealed that social audit was not conducted in four GPs even once during 2019-24 whereas it was conducted partially in 12 GPs. The nature of observations in the selected GPs showed the following types of observations:

- Non-conducting of the *Rozgar Diwas*;
- Complaints like inability to get work, non-provision of work site facilities and grievance redressal;
- Non-production of works records i.e. administrative and technical sanctions, Asset registers, Muster rolls, MBs and vouchers;
- Non-maintenance of work records;
- Issues related to job cards; and
- Non-collection of applications for demand of works.

As observed above, the findings of the social audit aligned closely with those highlighted by the Audit. This indicates that the Department missed an opportunity to

utilize the social audit mechanism to strengthen the implementation of the scheme for the benefit of the intended beneficiaries. Persistent irregularities over an extended period may undermine the confidence of the dependent population in the scheme.

In reply, the Department acknowledged the facts and stated that it planned to conduct a Social Audit for 100 *per cent* of GPs each year. However, this coverage was contingent upon the availability of an adequate budget. Unfortunately, the necessary budget was not provided to USAATA in a timely manner. Thus, the fact remains that the objective of mandatory review involving all aspects of the work to be executed through Social Audit remained unfulfilled.

7.4.2 Huge pendency in settlement of Social Audit Observations

Paragraph 13.4.2 of Operational Guidelines, 2013 provides that the District Programme Coordinator (DPC) shall ensure that time bound corrective action is taken on the social audit report.

It was observed that the SAU raised 88,915 audit observations during 2019-24 for the entire state. However, the corrective measures were taken only in 52,173 (59 *per cent*) social audit observations. The status of social audit conducted and observations at State level is given in **Table-7.2** below:

Table-7.2: Pendency of Social audit observations in State

Year	Social audit observations raised	Social audit observations settled	Outstanding Social audit observations	Percentage of outstanding observations
2019-20	27,391	26,738	653	2
2020-21	10,283	9,079	1,204	12
2021-22	12,631	8,309	4,322	34
2022-23	16,428	5,569	10,859	66
2023-24	22,182	2,478	19,704	89
Total	88,915	52,173	36,742	41

Source: Departmental data and NREGASoft data.

The above data showed that the social audit observations ranging between two *per cent* and 89 *per cent* were outstanding for want of corrective measures.

Further, in selected GPs, corrective measures were taken in 118 social audit observations against 152 observations raised during 2019-24. The pendency of the issues outstanding ranged from one to five years (*Appendix-7.2*).

The Department replied that instructions have been issued to the districts from various levels for settlement of pending observations.

7.4.3 Shortfall of recovery amount related to Social Audit observations

Paragraph 13.4.2 of Operational Guidelines, 2013 provides that the DPC shall ensure that time bound corrective action is taken on the social audit report.

For regular monitoring of amount recovered under Social Audit, a separate report “Report R.9.2.6. Financial Misappropriation Recovery Report” is added in MIS to enable the States and Union Territories to ease the tracking of the decided cases and their recovery progress. The status of issues raised in social audit and recoveries made against them is given in **Table-7.3** below:

Table-7.3: Recovery of Amount on issues raised in Social Audit in State

Year	Total No of Issues reported	Financial Mis appropriation amount reported by SAU	No of cases where recovery is Done	Amount recovered	Pending Recovery amount (in per cent)
(₹ in lakh)					
2019-20	588	71.32	61	5.97	65.35 (92)
2020-21	549	155.25	100	10.84	144.41 (93)
2021-22	204	18.27	24	0.70	17.57 (96)
2022-23	443	89.44	40	2.70	86.74 (97)
2023-24	411	55.95	8	15.09	40.86 (73)
Total	2,195	390.23	233	35.30	354.93 (91)

Source: Departmental data.

It was observed that the SAU raised 2,195 audit issues related to Financial Misappropriation amounting ₹ 390.23 lakh during 2019-24 for the entire state. However, recovery actions have been initiated in only 233 social audit observations, amounting to ₹ 35.30 lakh. Consequently, a significant amount of ₹ 354.93 lakh remains pending for recovery within the state.

In the test-checked districts, the efficiency of recovery for reported financial misappropriations was found to be lacking. In Tehri Garhwal district, only ₹ 0.31 lakh was recovered in the Bhilangana block, against a reported misappropriation of ₹ 15.07 lakh, with no details provided on the deposit of the recovered amount. In addition, no recovery was made in the Narendra Nagar block for the reported ₹ 0.69 lakh misappropriation. Similarly, in Almora district, no recovery was made for reported misappropriations of ₹ 0.04 lakh in the Hawalbag block and ₹ 0.55 lakh in the Takula block.

On being pointed out, USAATA accepted the facts and provided the actual amount to be recovered as ₹ 245.01 lakhs against ₹ 354.93 lakh, Furthermore, USAATA stated that there is mismatch in the decided cases and pending cases of financial misappropriation reported in NREGASoft. However, the matter has been reported (April 2024) to Director, MGNREGS, MoRD, GoI for resolution.

The Department replied that instructions have been issued to the districts from various levels for settlement of pending observations.

7.4.4 Inadequate Human Resource Management for Social Audit

Paragraph 13.2.2 of Operational Guidelines, 2013 provides that SAU will identify appropriate number of State Resource Persons (SRPs), District Resource Persons (DRPs), Block Resource Persons (BRPs) and Village Resource Persons (VRPs) to facilitate the *Gram Sabha* in conducting social audit.

The availability of staff against the sanctioned posts in SAU is given in **Table-7.4** below:

Table-7.4: Shortage of staff at Different Level

Name of post	Sanctioned post	Person in position	(+) Excess / (-) Shortfall (in percentage)
Director	01	01	-
Finance Controller	01	01	-
State Coordinator	01	01	-

Name of post	Sanctioned post	Person in position	(+) Excess / (-) Shortfall (in percentage)
State Resource Person	02	02	-
Accountant	01	01	-
Data Entry Operator	05	05	-
District Resource Person	13	9	(-)4 (31)
Block Resource Person	95	63	(-)32 (34)
Village Resource Person	5 per GP	231	All are empanelment basis /workday basis & as per availability of funds
Multi Tasking Staff	02	02	-
Sweeper	01	01	-
Security Guard	01	01	-

Source: Department data.

There was shortfall in critical posts at District, Block and GP level, which are important to actual field audit execution functions. As a result of this personnel shortage, the social audit targets were not met as discussed in *Paragraph-7.4.1. of this Chapter*.

The Department accepted the facts and replied that due to budget unavailability, adequate human resources could not be deployed.

7.5 Mandatory records and their maintenance

GoI prescribed seven registers with a view to ease the functioning of the field level personnel and reduce duplication of work without compromising with the quality of information especially those relating to entitlements of workers. (Register-I: Register for Job Card (Application, Registration, Job Card Issue) and Household Employment Reports, Register-II: Gram Sabha Register, Register-III Demand for Work, Allocation of Work and Payment of Wages Register, Register-IV: Work Register, Register-V: Fixed Asset Register, Register-VI: Complaint Register and Register-VII Material Register). Register –I, IV, VI and VII were to be printed and pasted from MIS itself while Register II, III and V were to be maintained manually.

Status of maintaining the required register in test checked GPs is given in **Table-7.5** below:

Table-7.5: Status of maintaining the required register in test checked GPs

Sl. No.	Name of Register	Register Required for	Audit comments
1	Register for Job Card (Application, Registration, Job Card Issue) and Household Employment Reports.	This Register will contain the name of the applicant, date of receipt of application and the details of job cards issued. It has the provision to record reasons/justifications for non-issuance of job card (s), if there is any.	This register was maintained in NREGASoft by all the test checked GPs. However, date of application for issuing of Job Card (JC) was not available in NREGASoft. As a result, audit could not ascertain whether beneficiaries who applied for JC were able to register or if the JC were issued to eligible households within 15 days, as required by MGNREGA.
2	Gram Sabha Register	Gram Sabha Register will contain meeting of Gram Sabha and selection of projects.	Gram Sabha register was maintained by all the test checked GPs.
3	Demand for Work, Allocation of Work and	This register will contain information on details of application for work, allotment of work, performance of work and the wages or	This register was not maintained by any of the test checked GPs.

Sl. No.	Name of Register	Register Required for	Audit comments
	Payment of Wages Register.	unemployment allowance paid to the worker. This Register will be maintained at Gram Panchayat level by Panchayat Secretary and at Block level by Programme Officer and other implementing agencies.	
4	Work Register	This Register contains details of each work such as serial number and priority in approved shelf of works, name and address of PIA, date on which work was triggered, its cost, location, completion date, expenditure incurred, date on which completion certificate was issued.	This register was maintained by all the test checked GPs in NREGASoft.
5	Fixed Asset Register	This Register contains details of the asset, its cost, location, current status, benefits derivable and the details of works.	This register was not maintained by five test checked GPs: Akhodi, Banchuri, Esalna, Matena and Thanyul.
6	Complaint Register	This Register contains the date of receipt of the complaint, the details of the complainant, the action taken on the complaint, response of complainant on Action Taken Report (ATR), and the date of final disposal.	Complaint register was maintained by all the test checked GPs. However, no complain was registered by GPs test checked during 2019-24.
7	Material Register.	This register will contain information on details of material procured.	This register was maintained by all the test checked GPs in NREGASoft.

The Department replied that instructions will be issued to maintain the requisite registers.

7.6 Conclusion

The audit highlights the critical absence of essential monitoring systems, including State and District Quality Monitors, Vigilance cells and Ombudsman. Moreover, significant deficiencies in social audits, unresolved audit findings, and inadequate recovery of financial misappropriations underscore alarming systemic weaknesses in oversight. These persistent irregularities put at risk the integrity and success of the scheme, undermining its effectiveness and weakens the confidence of the dependent population in the scheme.

7.7 Recommendations

- 1. Appoint and operationalize State SQMs and DQM cells across all districts, ensuring compliance with the prescribed inspection percentages.*
- 2. Conduct social audits in all GPs at least biannually, as mandated, and address deviations from the guidelines. The settlement of pending social audit observations and recoveries should be expedited and accountability for financial misappropriations ensured.*