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A Guide to Conducting Social Audits:

Learning from the Experience of Andhra Pradesh

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Abstract

Social Audits are now widely accepted as an important mechanism to address corruption and strengthen accountability in government service delivery. The process took root with the launch of the National Rural Employment Guarantee Act in 2005 (since renamed the Mahatma Gandhi National Rural Employment Guarantee Act or MGNREGA) which mandates the regular conduct of social audits of works sanctioned under MGNREGA in the gram sabha at least once every six months. However, remarkably little is known about the nature and form of social audits in MGNREGA, how they are conducted, the institutional architecture needed for undertaking audits of this scale, and the challenges faced.

This paper is an attempt to address this gap. It does so by documenting the process through which social audits are conducted in the state of Andhra Pradesh. We chose Andhra Pradesh (AP) as a case study since it is the only state government in the country to have formally institutionalized social audits. It thus holds important lessons on 'how to' conduct social audits which could be useful for states interested in institutionalizing social audits. This paper draws on AP's experience to identify key design principles that need to be considered when developing an institutional architecture for implementing social audits of this nature.

1. Introduction¹

Social Audits are now widely accepted as an important mechanism to address corruption and strengthen accountability in government service delivery. Pioneered by the Mazdoor Kisan Shakti Sangathan (MKSS) in Rajasthan in the mid 1990s, a social audit is a process by which citizens review and monitor government actions on the ground and use the findings from the review to place accountability demands on the government through the mechanism of a public hearing. Social audits took root in government nomenclature in 2005 with the passage of the National Rural Employment Guarantee Act (since renamed the Mahatma Gandhi National Rural Employment Guarantee Act or MGNREGA) mandating in section 17, the regular conduct of social audits of works sanctioned under MGNREGA in the gram sabha at least once every six months. Since then, social auditing has found place in almost all social sector government programs.

However, remarkably little is known about the nature and form of social audits in MGNREGA, how they are conducted, the institutional architecture needed for undertaking audits of this scale, and the challenges faced. This policy paper is an attempt to address this gap. It does so by documenting the process through which social audits are conducted in the state of Andhra Pradesh. We chose Andhra Pradesh (AP) as a case study since it is the only state government in the country to have formally institutionalized social audits. It is now being regarded as a best practice model for state governments on 'how to' conduct social audits. In July 2011, the Ministry of Rural Development issued a government order detailing rules for conducting social audits based on the Andhra Pradesh experience and has made it obligatory for all State governments to set up an independent organization to undertake social audits. Understanding the Andhra Pradesh experience is thus critical. This paper draws on AP's experience to identify key design principles that need to be considered when developing an institutional architecture for implementing social audits of this nature.

The paper is structured as follows. Section 2 contextualizes social audits by tracing the evolution of the social audit process. Section 3 describes the evolution of social audits in Andhra Pradesh. Section 4 describes the implementation structure of social audits in A.P. and section 5 describes the process through which social audits are implemented in A.P. Section 6 analyzes the A.P. experience by highlighting the reasons for its success, and identifying second generation challenges that the process faces. Section 7 identifies lessons learnt from the A.P. experience and concludes by laying out design

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features and principles that could be considered by other states interested in institutionalizing social audits.

2. History and Evolution of Social Audits in India

Social audits were pioneered in the mid 1990s, by the MKSS in the state of Rajasthan.² The MKSS began its work in the early 1990s on issues of land redistribution and minimum wage regulation in government sponsored drought relief works in the state. The movement encountered large-scale corruption in these programs, which in the absence of access to official government records, proliferated unchecked. As a result, the movement began demanding government records and information related to local development works and framed the notion of the Right to Information³.

With the support of sympathetic officials, or by pressurizing local officials, the MKSS began to achieve some small successes in accessing government records. Once accessed, the MKSS then began to develop tools and methodologies for using this information to question the government. The first step was to analyze records and verify them with residents of relevant villages. In order to share documented evidence with people and demand a response from government, the MKSS experimented with the idea of a public hearing or 'JanSunwai'. At the JanSunwai, details of official records were read out to villagers who assembled for the hearing. Local residents at the receiving end of fraudulent practices were invited to give testimonies, as were government officials and local politicians who were given an opportunity to publicly defend their actions.

This process of reviewing official records and validating whether state reported expenditures reflect the actual money spent on the ground is referred to as a social audit.

The MKSS's vision of the social audit is framed in a larger discourse of participative, rights based democratic action that governs its activism. For the MKSS, the social audit is not just an anti-corruption tool, but also a platform through which citizens can be empowered to directly exercise their democratic rights. Academic research on the social audit also emphasizes this link between social audits and democratic action.

² Set up in 1990 in Rajasthan, the MKSS is a non-party people's organization that works towards strengthening participatory democratic processes at the grassroots. The MKSS are best known for being the pioneers of the Right to Information movement in India.

³ For a detailed analysis of the evolution of the Right to Information Movement and Social Audits see- Goetz, A.M and Jenkins, R (2001), 'Hybrid Forms of Accountability: Citizen engagement in Institutions of public oversight in India', Public Management Review, Vol. 3, No. 3 (2001) and Mukhopadhyay, A, (2005) 'Social Audit', Seminar Magazine, accessed from <http://www.indiaseminar.com/2005/551/551%20amitabh%20mukhopadhyay.htm>. See also the MKSS website: www.mkssindia.org

Chandhoke (2007) for instance argues that the public hearing perform three functions intrinsic to democracy: it produces informed citizens; it encourages citizens to participate in local affairs through the provision of information and social auditing; and it helps create a sense of civic responsibility by bringing people together to address issues of collective concern. In sum, the social audit empowers citizens with information and enables them to exercise their rights by creating a platform through which they can engage with government and demand accountability for their rights and entitlements.⁴

The first JanSunwai organized by MKSS was held in December 1994. Its focus was on a small set of development works carried out between 1993-94 in Kot Kirana and Bagdu Kalaliya Gram Panchayats of Raipur Panchayat Samiti in Pali District, Rajasthan. Names of people who were supposed to have worked on these development works were read out at the hearing and people identified ghost works and fake entries. Participants in the JanSunwai testified against the claims made in the government records and based on these testimonies, a First Information Report (FIR) was filed against errant officials. Following this, the MKSS organized four more JanSunwais between December 1994 and 1995. During these JanSunwais, the methodology of the social audit was fine-tuned. Typically, each JanSunwai began with a demand for accessing government records from local officials (usually the Block Development Officer or BDO). Once accessed, the MKSS along with residents of the area where the audit was being conducted would verify what was in the records. This process of verification would create general public interest in the audit and act as a catalyst for mobilizing people to attend the JanSunwai. At the JanSunwai the records were read out and people's statements were recorded. To give the process legitimacy and ensure neutrality the JanSunwai was usually presided over by a well-known personality.⁵

Alongside the experiments with social audits, the MKSS spearheaded a wider struggle for the right to information. In the years spanning 1995 to 1997 large-scale public *dharnas* (sit-ins) were organized in Beawar and Jaipur, Rajasthan to demand a right to information law. The *dharnas* generated significant public support for the enactment of a Right to Information in the state. Consequently, in 1997, the Government of Rajasthan issued a gazetted notification giving citizens the right to inspect and get copies of government records for development works, implemented by local governments. This is widely acknowledged as the first step toward establishing a right to information law. The MKSS drew upon this gazette to undertake social audits and JanSunwais. These JanSunwais served to sustain public pressure for a Rajasthan specific right to information law, which was finally enacted in 2000. Inspired by these

⁴ Chandhoke, N (2007), 'Engaging with Civil Society: The democratic Perspective', Non-governmental Public Action Program, Center for Civil Society, London School of Economics and Political Science

⁵ We would like to acknowledge Prashant Sharma who provided useful insights on how the social audit methodologies were developed in the early years.

successes, the demand for a central law guaranteeing the right to information gained momentum. A national level coalition of activities and journalists called the National Campaign for the People's Right to Information (NCPRI) was formed, to champion the cause for the Right to Information (RTI). The RTI Act was eventually passed by the Indian Parliament in 2005. The passage of the Act set the stage for the institutionalization of the social audit process.

Close on the heels of the RTI, in September 2005, the Indian Parliament passed the MGNREGA. The mandatory conduct of social audits was a key provision under the MGNREGA. Thus the social audit process was given legal sanction at the national level, for the first time. This coupled with the RTI Act, which enabled access to government records, gave an impetus to the conduct of social audits in MGNREGA.

Since the launch of the MGNREGA in February 2006, social audits have been conducted in many parts of the country. These audits have taken different forms. In states like Rajasthan, audits have been conducted by civil society organizations, independent of the government (there have been occasions where government has supported the process but the initiative to undertake these audits has come entirely from civil society). In Orissa, from 2007- 08, the Government of Orissa initiated a civil society led social audit of MGNREGA. At about the same time civil society coalitions organized mass social audits (demonstration audits) organized in different parts of the country to try and kick-start the social audit process in different states. However, most of these efforts have been sporadic, one-time affairs with little or no follow up. Andhra Pradesh is the only state that has taken steps to *institutionalize* the social audit process for MGNREGA and undertake regular social audits through the government machinery. The remainder of this paper focuses specifically on the evolution of the Andhra Pradesh model.

3. Evolution of Social Audits in Andhra Pradesh

To understand the evolution of social audits in Andhra Pradesh, it is important to situate the process within the political landscape in which it unfolded. In 2004, the Congress party led by the late YS Rajashekhar Reddy (YSR) rode to power in Andhra Pradesh on the back of an election campaign that promised improvements in welfare programs. The election campaign was the Congress party's response to the prevailing agrarian crisis which had led to a large number of farmer suicides. The campaign linked the resolution of the agrarian crisis to the provision of social welfare schemes that addressed the specific concerns of distressed farmers and poor households.⁶

⁶ For a detailed analysis on the A.P. 2004 elections see: Srinivasulu, K. (2004) 'Political Articulation and Policy Discourse in Elections, Andhra Pradesh, 2004', Economic and Political Weekly, August 21, 2004

Analysts argue that this was critical to ensuring a Congress victory. Implementing social welfare schemes was thus a political priority for the newly elected YSR government and the MGNREGA provided the appropriate policy vehicle to achieve this.

The A.P. electoral narrative found resonance in the National Congress campaign for the 2004 general elections. The Congress party drew on the agrarian crisis to create a counter narrative against the incumbent National Democratic Alliance's *India Shining* campaign.⁷ Improved social policy programs lay at the heart of this campaign. On gaining power in New Delhi, the United Progressive Alliance (UPA) government led by the Congress party set itself on the task of making good on its promise. The MGNREGA was the party's flagship effort in this direction. To build on its electoral gains, the Congress strategically chose to launch the MGNREGA in the districts of Anantapur, A.P. thus putting the spotlight on the state.

At the time, Andhra Pradesh, had a particularly dismal record in the when it came to implementing implementation of rural employment programs. A study by Deshingkar and Johnson (2003) for instance, found a clear nexus between local contractors and politicians – in five out of six cases Sarpanches, ward panches and their families doubled up as contractors.⁸ Given the focus on MGNREGA in A.P. and the large sums of money that were about to be transferred, addressing the problem of corruption became a political necessity thus paving the way for anti-corruption innovation in the state.

3.1 Strengthening Transparency

Strengthening transparency in implementation of the MGNREGA was the first step. As the MGNREGA rolled out, the Government of Andhra Pradesh (GoAP) invested time and energy to create a computerized real time Management Information System (MIS).⁹ The MIS, created by Tata Consultancy Services (TCS), was designed to pro-actively disclose information to anyone who visits the MGNREGA website. Various status reports and analyses on progress made are available on the website. The objective of this is twofold: to help those involved in the implementation of the scheme track its progress and to introduce accountability by making the data publicly available for scrutiny and verification.

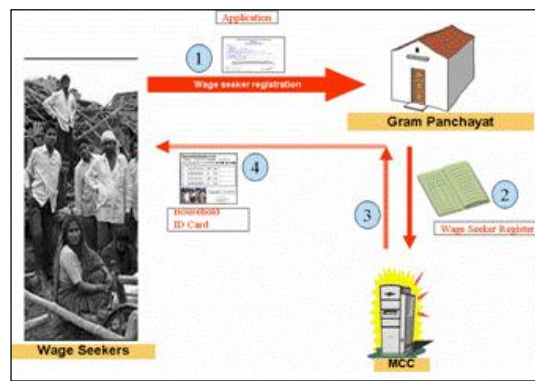
⁷ The *India Shining* campaign was the electoral plank for the incumbent National Democratic Alliance (NDA). The campaign was an effort to cash in on India's post liberalization growth by promoting the idea of a shining, growing India.

⁸ Deshingkar, P. and Johnson. (2003), 'State Transfers to the Poor and Back: the Case of the Food for Work Program in Andhra Pradesh', *Working Paper 222*, Overseas Development Institute, www.odi.org.uk.⁹ See <http://www.nrega.ap.gov.in>

⁹ See <http://www.nrega.ap.gov.in>

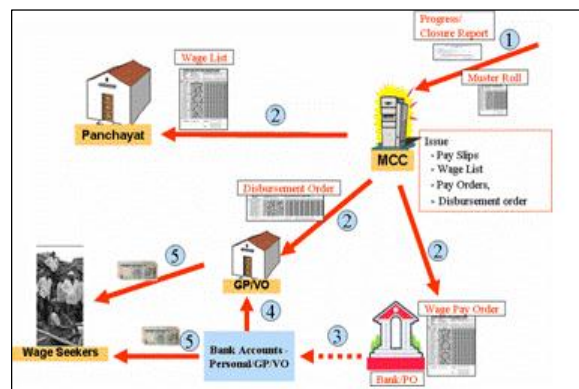
The following is a brief description of how the MIS system works. Figure 1 illustrates the process through which job cards are issued in MGNREGA. Once a wage seeker submits an application to the Gram Panchayat (GP) or Assistant Program Officer (APO), his/ her application is recorded in the manual register of applications maintained at the GP level by the APO. The register is subsequently sent to the Mandal Control Centre (MCC) wherein a unique household ID is assigned to each wage seeker. The 18-digit identification number consists of a 14-digit habitation code (District, Assembly, Mandal, Gram Panchayat, Village and Habitation) and a 4-digit household serial number. A household job card is then generated complete with a unique household id and a photograph of the wage seeker is then affixed by the GP.

Figure 1: Issuing job cards through the MIS



Once work begins on an MGNREGA worksite, the field assistant submits a weekly work progress report along with the Muster Roll (worksite attendance register) to the MCC, who enters and stores all muster roll data in an electronic database (figure 2). The muster roll data serves as the basis for computing payment to all workers. Pay orders are automatically generated by the MIS system and sent to the payment agency (i.e. post office, bank or GP/Village Organization of Self-Help Groups in case work involves members of certain SHGs). For verification by beneficiaries themselves, a wage list is also generated and sent to the GP for display.

Figure 2: Monitoring works & making payments through the MIS



Using all this data on households as well as works, the MIS allows generation of reports on different aspects of the implementation of MGNREGA – works undertaken, employment provided, technical sanction and measurements of works – in real time.

However, an MIS is not the panacea for accountability. The GoAP recognized that in order to tackle corruption it was critical to attack it at its roots for which local monitoring and verification were essential. Social audits offered the best mechanism to achieve this.

3.2 Building Accountability

3.2.1 The Early Years (2006-2008): Laying the Foundation for Social Audits

With the launch of the MGNREGA, Civil society activists, many of whom played a defining role in the legislation for MGNREGA, began to focus on developing systems to undertake social audits in the MGNREGA. The first step was to organize a mass audit in Dungarpur, Rajasthan in February 2006 under the banner of the ‘Rozgar Avum Soochana Abhiyaan’: a network of civil society activists in Rajasthan. The Dungarpur district administration provided support to the process. The objective of the audit was to demonstrate the feasibility of conducting large scale audits for MGNREGA and to simultaneously train civil society activists and other interested parties in how to conduct a social audit. The social audit brought over 1,000 activists and government officials from different parts of the country spend 10 days in Dungarpur’s villages auditing the MGNREGA.¹⁰The audit culminated in a large public hearing that was attended by many officials and politicians. Amongst the officials who attended the Dungarpur audit was the Principal Secretary (Rural Development), Andhra Pradesh who, inspired by the audit, took steps to initiate a formal social audit process for MGNREGA in Andhra Pradesh.

The social audit process in A.P. was initiated in 2006 with a pilot on twelve National Food for Work Program (NFFWP, the precursor to MGNREGA) worksites. To facilitate this process, GoAP sought the collaboration of the MKSS. The MKSS trained officials and interested civil society activists and worked with the GoAP to design the conduct of these pilot social audits. The objective of these pilots was both to learn from experience and to develop a cadre of trained resource persons who could manage the implementation of social audits in the state. The pilot social audits provided the momentum necessary for the state bureaucracy to consider the idea of

¹⁰ A detailed account of this social audit can be obtained from Sivakumar, S. (2006) ‘Walking With a Purpose’, Frontline Magazine, Vol 23, No. 9. Accessed from:

<http://www.hindu.com/fline/fl2309/stories/20060519002903500.htm>

institutionalizing the social audit process so that they could be conducted regularly on all MGNREGA works in A.P.

The institutional space for developing a team and managing social audits in the state was found in the Strategy and Performance Innovation Unit (SPIU) of the Rural Development department (a unit set up under the Rural Development department and sponsored by the Department for International Development (DFID), U.K. with a mandate for implementing governance reform innovations). The SPIU director, a state civil servant, was given charge of implementing social audits. An MKSS activist joined the director to provide social audit expertise and to work with the director in developing the social audit methodology. In this section we highlight some of the key steps taken, in the early days, that served as the building blocks for institutionalizing social audits.

Creating a resource pool of auditors: The first step to setting up the social audit process in the State was to develop a pool of trained social auditors. Between March 2006 and December 2006, a series of training sessions were organized and pilot social audits were conducted to demonstrate how to conduct social audits. These pilots were also used to test various methodologies for conducting social audits in the state. The greatest challenge in creating this resource pool was in determining who would actually conduct the social audit. Initially the social audit team partnered with NGOs' to train their staff to undertake the audits. However, this strategy was soon abandoned for various reasons. First, it was felt that NGOs' did not have the spread needed to conduct audits at scale. Second, NGOs' by nature of their work often have a confrontational relationship with government, which could leave the audit vulnerable to questions of legitimacy from government actors. Finally, for social audits to be effective in the long term it was important to standardize the audit process. It was felt that NGO partnerships would have brought multiple players with different agendas and work cultures that would make such standardization difficult.

Apart from NGOs', the SPIU experimented with engaging Self Help Group (SHG) members to conduct the audits. However, this experiment didn't prove successful as the social audit team felt that for the audit model to be sustainable, social auditors needed to have stake in the program being audited and many SHG members were not beneficiaries of the MGNREGA. It was this thought process that led the team to experiment with the idea of Village Social Auditors (VSA). The VSA's were youth from MGNREGA beneficiary families who, the audit team felt would have a stake and thus would be actively involved both in conducting the audit as well as taking lessons from the audit to continue monitoring the program after the audit.

To facilitate and manage the social audit, staff were hired at the SPIU and trained in different aspects of conducting social audits. With the exception of the SPIU director,

all the other staff were recruited from outside the government system as contract employees.

By December 2006, the SPIU had put in place a 25-member strong state resource team. In addition, 260 (20 per district) district level resource persons were trained. They in turn were given the task of developing a cadre of educated village youth or VSAs to conduct the audit at the village level. Over time, this pool of VSAs has become a human resource base for the state social audit teams and many have been given jobs as district level resource persons.

Bringing officials on board: Critical to the A.P. social audit strategy was an effort to bring key officials, particularly those at the frontline on board. This strategy evolved through the experience of conducting a mass social audit in Anantapur district of A.P in September 2006. The audit itself was a success. Civil society activists from across the country participated in the audit and it received significant media attention. However, the presence of such large numbers and the media limelight served to create a confrontational environment between local vested interests (officers and politicians) and social auditors. This led to a lot of resistance from local politicians and officials making it difficult for auditors to do their work. The resistance was so severe that the social audit team was not able to go back to undertake social audits for over a year after the mass audit. The Anantapur experience was an important learning for the social audit team. They recognized that large-scale audits could serve to alienate the local bureaucracy and politicians, and create a backlash against social audits. More importantly, they recognized the need to bring local actors on board to ensure support.

Drawing on these learning's, the social audit team began to focus on engaging with the frontline and familiarizing local officials with the social audit. The trainings were led by the SPIU director who emphasized that rather than being fault finding missions, social audits were introduced as constructive exercises aimed at strengthening the program. This message helped in building confidence in the process at the frontline. Over a period of time efforts were also made to engage with Panchayat members, particularly Panchayat Presidents and other local officials. This went a long way in building a support base for social audits.

Building legitimacy for the social audit process: Building legitimacy and credibility of the social audit across the government chain in the early days was crucial. Social audit champions recognized that visible support from the highest level was critical to this. Thus, the State Rural Development Department issued a series of government orders detailing the non-negotiables of the social audit; mandating the presence of key government officials at the public hearing and ensuring that all relevant records were

given to the social auditors at the time of the audit.¹¹ These orders served to send a clear message through the system and ensured compliance.

In the early days steps were also taken to curb violence. The social audit by its very nature is a confrontational process that threatens entrenched power relations. As a result, social auditors and people who chose to speak out during the audit were vulnerable to threats of violence and disruption. To curb violence, the Rural Development Department issued orders to officers to take threats of violence seriously and where required, initiate police action.

In sum, the first phase of social audits in A.P. involved intensive capacity building – that of auditors, as well as bureaucrats and politicians – through a combination of diktats, constant sensitization and orientation – so that all stakeholders could be on board at every stage. During this phase, social audits were conducted in 13 backward districts in the state which were identified for the initial roll out of the scheme in 2006. MGNREGA was later scaled up to all districts in the state.

3.2.2 The Consolidation Phase (2008 -2010): Institutionalizing Social Audits

By 2008, social audits had gained momentum. In this phase the GoAP continued to build on its training model, with more focus on the training of officials and elected representatives to bring them on board with the social audit process. At about the same time the Government of India launched the second phase of MGNREGA rolling it out to the entire country. For A.P this meant that all 22 rural districts were to implement MGNREGA.

The first challenge was thus to scale up from 13 districts to the entire state. But social audit champions were to face an even bigger challenge. The country was set to have elections in 2009 and this opened the possibility of a roll back of the process in case the political climate changed. This brought home a larger methodological question – can and should the government legitimately audit its own activities? There were two issues here. On the one hand, access to government officials and support was the strength of the process it ensured that officials attended meetings and responded to issues brought up by the audits. On the other hand, it threw up questions of objectivity and potential for co-option in the future, which could undermine the effectiveness and impact of the process. Thus the social audit champions began to explore ways of institutionalizing the social audit process to move it beyond the SPIU and insulate the process from the bureaucratic and political changes that are typical in any government. Eventually, a decision was taken to house the social audit in a society that would fall

¹¹ See Government Order 431 (guidelines on conduct of SA), Go 153 (financial guidelines), Go 171 (creation of posts for SA).

within the ambit of the rural development department but at the same time remain insulated from it.

In 2009, the SPIU project closed and both national and state level elections in A.P were announced. This gave the impetus to set up the society and in May 2009, the Society for Social Audits Accountability and Transparency (SSAAT) was born.¹² Housed under the RD department, the SSAAT has an independent board and is now entirely responsible for the conduct of social audits in the state.¹³

The society faced a difficult incubation period. The unexpected demise of Chief Minister Reddy saw several changes within the AP bureaucracy. The Principal Secretary Rural Development who had championed the social audit process in A.P. moved out of the department resulting in a change of guard in the RD department. The new RD secretary held his post for about 6 months and was succeeded by another officer who has held the post since. Despite these changes, GoAPs commitment to social audits did not waiver. However, these changes did slow down the process of undertaking social audits and consolidating the SSAAT. The first task for the new Secretary was to stabilize the directorship of the society. To do this, a decision was taken to request the current director, an activist with the MKSS who had worked closely with the SPIU director, to institutionalize the audits and to run the SSAAT. The director took over in May 2010. But both the director and the principal secretary were aware that having survived this difficult transition phase, the social audit process was now ready to enter its next phase. They identified for effective follow up and grievance redressal as the key challenge that needed to be addressed. The focus shifted toward building a grievance redressal structure.

3.2.3 The Present (2010 onwards): Focusing on Grievance Redressal

In the initial years, A.P. experimented with VSA's conducting follow-up enquiries after the social audit to ascertain if action was indeed being taken post the audit findings. Relevant officials were obliged to be present at the public hearing where the audit findings were read out and were mandated to follow up on them. Where there was any dispute on the findings, an enquiry was to be conducted as soon as possible and definitely within 30 days of the hearing. However, despite this process, actual grievance redressal was still weak for several reasons. First, the final responsibility for taking action still rested with officials, who at times to protect their own staff either neglected follow-up or if implicated, absconded themselves. Second, the expanding scale of the scheme and the need for conducting audits every 6 months meant an increasing workload for the auditors, making it virtually impossible for them to

¹² See Government Order 155 (Constitution of SSAAT).

¹³ It is important to note here that the society model has been common in A.P. for housing most of its innovations in social sector reforms.

conduct the audit as well as track follow-up. Under these circumstances, it was critical that grievances were acted upon with some urgency, so people could retain their faith in the audit process.

In December 2010/January 2011, the new Principal Secretary, RD ordered the creation of a separate vigilance cell, which was mandated to follow up on all 'actionable' decisions taken at the end of the public hearing (some grievances could be resolved at the public hearing itself and thus were not classified as actionable). The RD secretary emphasized the need to separate the audit from the follow up process and thus created the vigilance cell within RD that was *independent* of both SSAAT and the team implementing MGNREGA. With the creation of this cell, social audits in A.P. entered a new phase. The social audit essentially became a fact-finding process and more importantly a platform for people to voice their grievances, while the vigilance cell was given the work of following up and ensuring that grievances were redressed.

4. Implementation Structure of Social Audits in Andhra Pradesh

In this section, we describe the management structure and systems through which the social audits and grievance redressal have been implemented in A.P. Figure 3 outlines the structure of the SSAAT.

Figure 3: Management Structure

| | |
|--------------------------------|--|
| Director | <ul style="list-style-type: none"> • Contract staff |
| Joint Director | <ul style="list-style-type: none"> • Government recruit |
| State Team Monitor (STM) | <ul style="list-style-type: none"> • Contract staff • 7 STMs, 1 per 3 districts (one has four) |
| State Resource Person (SRP) | <ul style="list-style-type: none"> • Contract staff • 60-80 SRPs, 2-4 per district |
| District Resource Person (DRP) | <ul style="list-style-type: none"> • Contract staff • 700 DRPs, 1 SRP to 10 DRPs |
| Village Social Auditor (VSA) | <ul style="list-style-type: none"> • Contract staff • 100,000 VSAs, 40-60 per district |

The State Team Monitors (STMs) are responsible for the overall management of the social audit in a cluster of districts. This includes scheduling social audits, generating reports on social audits known as the Rapid Social audit Report (RSR), staffing, training and other human resource issues.

The State Resource Person (SRP) leads the social audit process in the district. They are supported by a team of 10 District Resource Persons (DRPs) each. The DRPs are responsible for managing the actual conduct of the social audit. This includes identifying the social auditors, training them, and interacting with the mandal level officials to organize logistics and the public hearings.

The social audit itself is undertaken by educated youth or Village Social Auditors (VSAs) recruited by the DRPs. The qualifying criteria for a VSA is that s/he belongs to a wage seeker family that has worked under MGNREGA for at least 10 days; is at least a high school graduate (10th class pass); and is over 18 years of age. In addition, a

written test is administered at the time of selection. At present, the SSAAT has a resource base of 100,000 VSAs across the state. To avoid capture, the VSAs are not allowed to conduct audits in their native village and there is a maximum limit of five social audits that any VSA can undertake. However, this rule can be relaxed in exceptional circumstances. The VSA is paid Rs. 100 per day and a travel allowance on actual expenditure for the period of the social audit.

4.2 Management Structure for Grievance Redressal

In 2010, A.P. introduced a vigilance cell in the Rural Development Department to ensure follow up and enforcement of social audit findings.

A Chief Vigilance Officer (CVO) heads the grievance redressal system. The CVO is directly accountable to the Commissioner Rural Development and the Principal Secretary Rural Development. In 2011 a new post for a District Vigilance Officer (DVO) was created to facilitate direct grievance redressal and follow up of the social audit at the district level. These are usually state cadre officers who have retired from the government. To qualify, they must clear a written test, should be in a good physical condition and should come with a clean reputation from their parent department. No DVO can be posted in his or her native district. All DVOs report to the CVO at the state level and the PD at the district level. Figure 4 details the management structure of vigilance for social audits.

Figure 4: Management Structure of Vigilance Cell for MGNREGA in AP

| | |
|--|---|
| Chief Vigilance Officer (CVO) | <ul style="list-style-type: none"> • State-level • Government recruit (retired or on deputation) |
| District Vigilance Officer (DVO) | <ul style="list-style-type: none"> • District-level • Government recruit (retired or on deputation) |
| Assistance Vigilance Officer/ Project Executive (AVO/PE) | <ul style="list-style-type: none"> • District-level • Government recruit |
| Assistant Project Executive (APE) | <ul style="list-style-type: none"> • District-level • Government recruit |
| Human Resource Manager | <ul style="list-style-type: none"> • District-level • Contract staff |
| Accountability Manager | <ul style="list-style-type: none"> • District-level • Contract staff |

The major responsibilities of the vigilance wing include issuance of show cause notices, initiating criminal investigations etc arising from social audit findings. However, statutorily, the term “vigilance” is a misnomer in this case as the vigilance wing does purely “social audit follow-up action work” rather than real vigilance, in the way it is set up in other government departments.

5. Implementation Process of Social Audits in Andhra Pradesh

A lot of preparatory work goes in to the actual conduct of the social audit. The dates and timing of the social audits are determined by a quarterly calendar prepared by the State Team Monitors (STMs). Prior to the social audit, a letter requesting records, specifically muster rolls and measurement books, is sent to the Mandal Parishad Development Officer (MPDO). On receipt of these letters, the MPDO is mandated to provide information to the DRPs and inform Panchayat members of the upcoming social audit. The specific roles of the administration throughout the social audit process have been laid down in GO No. 431 (for details see annexure 1).

Prior to November 2010, the social audit team had to request all data from the MPDO. Now most MGNREGA data is obtained directly from Tata Consultancy Services (TCS), a private IT company that manages the AP-MGNREGA electronic database¹⁴. TCS aggregates all village level data such as village detail, muster roll, worksite and work details into books that can have, for example, 10,000 records in 3 volumes with a total of about 1000 pages for a village.

The social audit itself takes approximately 10-12 days (See figure 5 below).

Phase 1: Preparation for the Audit

Day 1

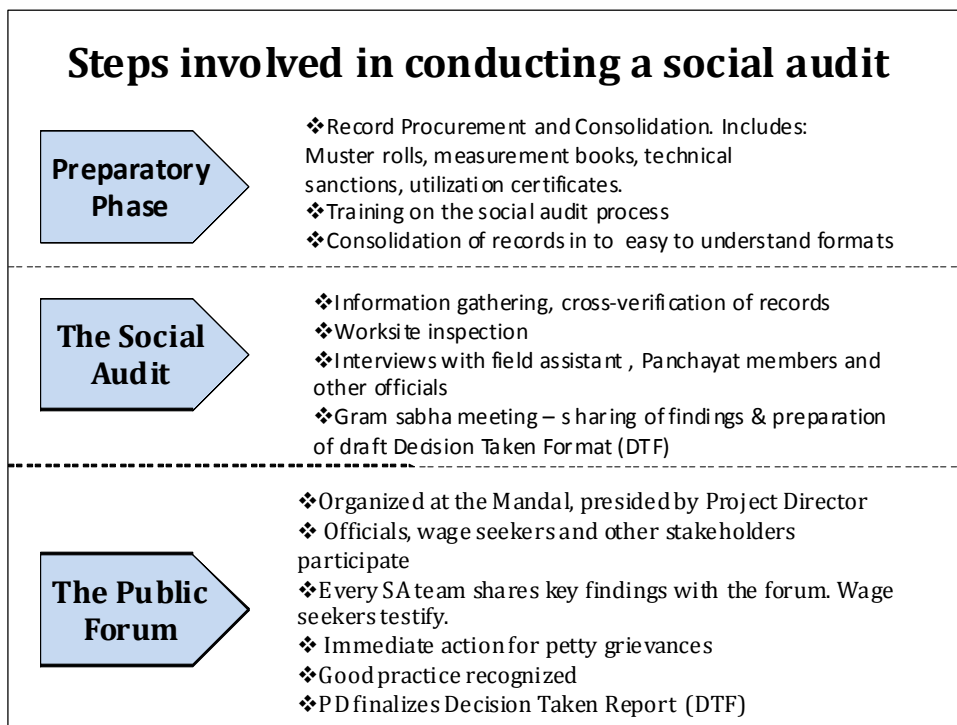
- ❖ The DRPs and SRPs collect data from the MPDO.
- ❖ Organize the mandal level meeting with the elected representatives from all Panchayats to apprise them of the forthcoming social audit in their villages.
- ❖ Begin the process of recruiting Village Social Auditors (VSAs).

¹⁴ www.nrega.ap.gov.in

Day 2 -4

- ❖ Once the VSAs have been recruited, two-day trainings are conducted by DRPs at the mandal level.
- ❖ During the training, information about the MGNREGA, the RTI, the non-negotiables of a social audit (see annexure 1) and the step by step process for doing a social audit, is disseminated.
- ❖ Parallel to the trainings, all official records pertaining to the MGNREGA works including muster rolls, technical sanctions, utilization certificates (financial records), bills and vouchers are scrutinized and consolidated into manageable and easy to understand formats. Cases can be booked against relevant officials of the implementing agency should they refuse to share records.

Figure 5: How to Conduct a Social Audit



Phase 2: The Actual Audit

Day 5-8

- ❖ Armed with these documents, the VSAs go to the villages to conduct the actual audit over a three to four day period. During this time, auditors stay in the villages assigned to them and perform the following tasks;
 - They go from house-to-house cross-verifying official records, examining the worksites and gathering information from wage-seekers.
 - They record statements of wage seekers and collect evidence if they find any discrepancies.
 - At the end of the data collection exercise, the auditors convene a Gram Sabha where findings from the audit are shared. Local politicians, Panchayat members and local officials, most importantly, the MGNREGA field assistants participate in these meetings.
 - The village meetings begin with an information sharing session where details on the legal entitlements under the MGNREGA are reinforced and information such as the names of wage seekers and amounts due to them are publicly shared. This information triggers a detailed discussion among participants on different aspects of implementation and grievances therein.

Day 9-10

- ❖ After the gram sabha, the VSAs and DRPs consolidate all Gram Sabha reports for the mandal level public hearing. The reports are put in a draft “Decision Taken Format” (DTF).
- ❖ The DTF includes a village wise summary of all findings and actionable issues/complaints identified in the social audit as well as issues that have been resolved at the level of the gram sabha.

Phase 3: Public Hearing

Day 10, 11 or 12

- ❖ On the last day of the social audit, a public hearing or JanSunwai is held at the mandal level. The public hearing is a non-negotiable in the social audit and is to be held regardless of all circumstances.
- ❖ The responsibility of organizing and financing the hearing rests with the MPDO. The hearing is presided by the Project Director (PD) or the Additional Project Director (APD), in the event that the PD is not available.

It is mandatory for all MGNREGA implementing officials to attend the public hearing¹⁵.

- ❖ At the hearing village wise issues/complaints are read out (this again is a non-negotiable) from the DTF; wage seeker testimonies are verified; and the implicated officials are given an opportunity to respond.
- ❖ The presiding officer (PD or Assistant Program Director) who is the deciding authority takes decisions on what actions have to be taken by the implementing agency to address the issue/complaint identified during the social audit. These are summarized in a final “Decision Taken Report” (DTR).
- ❖ The presiding officer signs the DTR’s to ensure the accuracy of decisions made at the public hearing. If for any reason a public hearing is not held or is held and officials do not attend, the draft DTR (or the DTF) is deemed final.
- ❖ While the draft report has all the findings, the final “Decision Taken Report” contains only decisions on matters where action needs to be taken by the implementing agency. The DTRs can be found on the social audit website.¹⁶

Information Contained in the DTR

- ❖ Name of the district and mandal
- ❖ Date of the social audit public hearing
- ❖ Social audit team present (number of VSAs, DRPs, SRPs) at the public hearing
- ❖ Officers present at public hearing
- ❖ A table with all issues/complaints identified in the social audit, by village.
- ❖ For each issue, the person responsible, the amount taken as well as the decisions taken is recorded.

5.1 What Happens After a Social Audit?

¹⁵ Typically, the attendees include wage seekers from the villages in the mandal; the social audit team (VSAs, DRPs, SRPs, STMs, Director); the Branch Poster Master (BPM) or the Superintendent Post Master (SPM); key MGNREGA implementing officials (Field Assistant, Technical Assistant, Assistant Engineer, Engineering Consultant, MPDO, Assistant Program Officer (APO)); people from the vigilance wing (DVO, PE, APE); the elected representatives; and an independent, district level Ombudsman. The attendance ranges from 200-800 people.

¹⁶ The DTR is called the “SOCIAL AUDIT REPORT: DECISIONS DURING PUBLIC MEETING” and can be found on <http://61.95.132.217/SocialAudit/> (click on social audit reports).

Within twenty-four hours of the social audit, signed copies of the DTR are sent to key officials for follow up. These are the Project Executive (PE)/District Vigilance Officer (DVO), the MPDO, and the PD. In addition, one copy is sent to the data entry company to ensure quick computerization of the social audit findings (see box 1). The original is retained by the SSAAT.

At the district level, the responsibility for follow-up action after a social audit public hearing lies with the PD and DVO. Within 3 days of receipt of the DTR, the PD and DVO send a report to the District Collector for approval of action to be taken. Once this is approved, follow up action is initiated. This includes issuance of show cause notices (to follow principles of natural justice, implicated staff are given 15 days to respond as well as an opportunity for a personal hearing), charge memos, and initiation of criminal investigations. DVOs are expected to issue these notifications within 7 days of the approval of the action taken by the DC. If they fail to do so, disciplinary action is taken against them. In addition, a letter is sent by the PD to the MPDO to initiate action in all other cases such as cases where monies are to be recovered and implementation processes are to be streamlined.

While there are no strict deadlines for action taken, the government has put together four key processes for monitoring follow-up. These include;

- ❖ A watch register at the Mandal level which documents specific follow up action taken; and monthly follow up meetings conducted by the vigilance wing with the social audit team (SRPs, DRPs, Director), and relevant officials from the implementing agency.
- ❖ On the first Friday and Saturday of every month, a review meeting is conducted by the CVO convenes the review meeting. On the first day, the meeting is internal between the vigilance wing i.e. the CVO and DVOs, but on the second day, the social audit team and relevant officials from the implementing agency are called upon to discuss follow up action. The Principal Secretary, Rural Development, chairs this second meeting.
- ❖ “Action Taken Reports” (ATRs) are also uploaded on an intranet within the SSAAT website.¹⁷ While the MPDO and Computer Operator update the ATRs as and when action is actually taken at the mandal level, the vigilance cell approves the final changes to these reports.
- ❖ Finally, the SSAAT team (including the STMs, SRPs and DRPs) prepares a monthly Rapid Social audit Report (RSR) and shares it with the Principal Secretary RD. Interestingly, while data for these reports can be pre-populated using the ATRs, the SSAAT team reenters the data for all fields. This is so they can have an independent source of comparison with “official” data. Some of these RSRs are publically available on the SSAAT website.

¹⁷ <http://61.95.132.217/SocialAudit/> (see reports)

In addition to these processes, there are two other avenues for grievance redressal which are independent of the social audit process. They include;

- ❖ An independent *Ombudsman* at the district level who reports to the Principal Secretary, RD and is himself/herself a retired government official¹⁸. The ombudsman attends the mandal level public hearings and can conduct an enquiry *suo moto*. He/she can also receive complaints independent of those that arise in a social audit. However and unlike the social audit process, the Ombudsman does not give the opportunity to the person implicated to respond. Furthermore, the Ombudsman does not take the remarks of the Presiding Officer i.e. the PD into consideration while deciding awards and therefore the possibility of the Ombudsman going against the decision of the PD exists. The Principal Secretary RD conducts a review with all ombudsmen once every two months.
- ❖ A toll free helpline which links up with an online system and a legal aid cell.

Box 1: Social Audit Data Entry Process

The SSAAT website¹⁹ has been designed and created by eGramIT²⁰, formerly a part of the Byrajju Foundation which created Business Process Outsourcing (BPOs) in rural villages in Andhra Pradesh. All social audit data entry is done by these BPOs (2 in East Godavari, 1 in Guntur and 1 in West Godavari district). eGramIT was recently acquired by another company and therefore Tata Consulting Services (TCS) which manages the MGNREGA website²¹ for A.P., took over managing the SSAAT website. EGramIT still enters all social audit data at its BPOs and then the data is sent to TCS to upload on the website (eGramIT uses SQL and TCS uses Oracle).

On average it takes a month to digitize the data. eGramIT has significantly changed the data entry formats at least three times in an effort to make the data entry process more efficient (e.g. they used English formats earlier and then changed them to Telugu (the local language in A.P.) to make it easier for VSAs and other field staff to read).

After the mandal public hearing, the Decision Taken Report (DTR) is sent to the nearest BPO. These reports are first digitized. While the software is created, updated and quality checks are conducted in Hyderabad; the digitization actually takes place at the eGramIT village BPOs that have approximately 50 people doing data entry. It takes

¹⁸ The position was created under Section 27 of the MGNREGA

¹⁹ <http://61.95.132.217/SocialAudit/>

²⁰ <http://www.egramit.com>

²¹ <http://www.nrega.ap.gov.in/>

approximately a month to digitize the data. Once in digital format, the data entry team organizes the digitized data in 6 formats which include: village level information; positive issues; negative issues; work wise details; social audit findings and mandal level information.

After all the data is digitized and organized, a pdf summary is created and is sent to the respective District Collectors with a copy to the Principal Secretary RD, CRD, Director MGNREGA and PDs. Since these reports are quite large, eGramIT usually waits for about 50 or more mandal reports to be ready before they generate the summaries and send them out.

6. Challenges to the Social Audit Process

In this section we examine some of the key challenges to the process of implementing social audits.²² These include:

- **Human resource constraints:** There are two aspects to this challenge. First, the MGNREGA itself faces serious staff capacity constraints. Given the scale of the MGNREGA, putting the requisite human resource capacity in place is a countrywide challenge. Added to this, MGNREGA is a process driven program that places a time burden on officials involved.

In A.P. the problem is exacerbated by the fact that both the PD and the MPDO have many charges apart from the implementation of the MGNREGA. Over and above this, the delivery process of MGNREGA in A.P. has undergone many changes in an effort to find innovative solutions to address implementation challenges. While continuous innovation is important, too much innovation carries the risk of taking official attention away from day to day work because a lot of time and effort has been spent in learning new processes. The general impression at the frontline is that innovations are too frequent. As one official remarked, “Every month there is a new process, new policy, and new things to focus on.”

Second, there are staff capacity constraints faced by SSAAT itself. Critics of the social audit argue that VSAs hired by SSAAT lack technical qualifications and often misunderstand what beneficiaries say during the audit. Also, there is a

²² For a detailed discussion on the effects of the social audit see Accountability Initiative Working Paper Series, ‘Strengthening Public Accountability: Lessons from implementing Social Audits in Andhra Pradesh,’ www.accountabilityindia.in

concern about whether audit findings (which are essentially based on recall by villagers) can be trusted. In some mandals, the third round of the audit was undertaken after a two-year gap, which in itself could account for fading memory. It was not surprising therefore to find officials in their interviews with us, demanding more quality control checks over and above the social audit and/or expressing a preference for a combination of social and financial audit, with the latter being undertaken by more qualified staff.

More concerning are the charges of co-option that have been leveled against some VSAs and DRPs. While cases of actual corruption identified and investigated are low, this remains a concern for the SSAAT.

- **Who should be the presiding officer for the public hearing?** Government led social audits face a fundamental design question – that of the nature and form of the government’s role in this process. The PD, who is the implementing officer for MGNREGA at the district level, is also the presiding officer and decision maker at the mandal public hearings. This is important because it creates ownership in the process and enables follow up by the PD, it also creates a conflict of interest since the PD is the appointing officer for all MGNREGA staff in a district (the only exception is the MPDO who is appointed by the Department of Panchayati Raj). There is thereby room for subversion or co-option by the PDs as they could condone mistakes made by their staff. For instance in one district, fraud of nearly Rs. 14 million was discovered, but was overruled by the PD who reduced, after enquiry, the amount of misappropriation to Rs. 210,000. Developing a balance between government involvement and neutrality in the audit process is a serious challenge for the social audit process.
- **Data collected is not actively used:** As we have seen in the description of the social audit (see section 5) a large amount of data is collected and digitally entered by eGramIT during the social audit. However, there is no system for verifying the quality of the data or for analyzing this data. The fact that a large proportion of the data has been consistently coded as ‘others’ or ‘not applicable/available’ (see figure 6 and 7) is evidence of this. In the absence of such analysis, there is no systemic, feedback loop that can feed into policy modifications both at the state and ground level. The challenge for GoAP lies in developing a system for regular analysis and linking this analysis with policy decisions.
- **Transitioning from a post-facto audit to a concurrent audit:** For the moment, the audits are being undertaken post-facto, after a work-site has been closed and payments made. There are several limitations to this approach. For

one, there is a gap between a beneficiary experiencing a problem and being able to seek redress. Second, it may lead to inaccuracies of information owing to the time gap. Moving to a concurrent audit system requires tweaking the audit methodology as the scale of worksites being run at any given time can pose a challenge. The SSAAT has begun a few pilot experiments in conducting concurrent audits. The effectiveness of these pilots will determine the future path of the audit process.

- **Transitioning to a people’s audit:** The current design of the social audit in A.P. requires a significant human resource base. While this is necessary to run audits of this scale, it also begs the question about the efficacy of creating what is virtually a parallel bureaucracy to run audits. While the ultimate goal of the audit process should be to evolve into a people led audit system, the mechanisms of achieving this are yet unclear and at present there is little evidence to suggest that A.P. is moving towards a people’s audit. Of course, it is still early days. For a people’s audit to be effective much effort needs to be made in nurturing spaces for participation and creating pre-conditions for such participation to be effective. Indeed, the social audit is doing just this. But at what point should the audit process begin to change its structure and move away from creating an audit bureaucracy to evolving into a people’s audit? What is the platform for such an audit? Should it be the gram sabha? And what would be the role of the administration in ensuring enforceability? This is the challenge for the future of social audits.

7. Drawing Lessons and Opportunities for Other States from the Success of Andhra Pradesh

Andhra Pradesh is now widely considered as a successful best practice model that has scaled up social audits across the state. As mentioned above, its success lies first and foremost in the testimonies of people who express their appreciation of the process as it gives them a regular, public platform to engage with their government. It also lies in the acceptance and immense commitment of the administration to support the process.

So what did Andhra Pradesh do that was different from other states? And what lessons can be learned from its experience? In this section, we highlight the key factors that have contributed to A.P.’s success.

- **Committed and continued leadership:** First and foremost, A.P.’s social audit process owes its success to the presence of strong and committed leaders at the helm. This support was critical in securing administrative buy-in and responsiveness to the social audit process. As mentioned in section 3.2 the idea

of institutionalizing social audits came from the Principal Secretary Rural Development. Once the audits were rolled out, the Principal Secretary issued a number of government orders mandating support from key officials at the frontline. These orders sent a clear message of support to officials across the bureaucratic chain and served to give the process legitimacy so much so that no official could openly question the process itself.

At the same time the bureaucracy took steps to build political support for the audits through constant engagement with the then Chief Minister (CM), late Y. S. Rajashekhar Reddy. Political support at the top served to quell any local opposition to the social audit process. Over time, MLAs and local political elite began to attend public hearing meetings. Even the opposition found value in the social audit process. The opposition now uses data emerging from social audits in the A.P. assembly, to question the state government on different aspects of the MGNREGA implementation.

Thus, a strong and committed bureaucratic and political leadership is a necessary condition for the effective institutionalization of social audits in a state. To achieve this, continuous, regular dialogue between the bureaucratic and political leadership is essential.

- **Building coalitions at the frontline:** Apart from building support at the top levels of government, social audit champions took steps to build support and secure buy-in from frontline bureaucrats and implementing officials. Often, in India reform efforts are stymied because the frontline implementing officials are not brought on board, consulted and informed. In the absence of this, frontline officials feel threatened by reform efforts and do not implement them in their letter and spirit. Social audits are particularly vulnerable to this as they are by nature confrontational and could create a fear of being targeted at the frontline. This in turn could result in resistance – as evidenced in Rajasthan. The A.P. experience shows that regular interactions with officers and local politicians can help bring them on board. It is important that MGNREGA officers recognize that social audits are constructive exercises that can strengthen the program rather than dis-empower the frontline.
- **Led by a bureaucrat (at least in the early days):** The coalitions A.P.'s social audit champions sought to build would not have been feasible without the presence of a government officer leading the process. The fact that a bureaucrat was implementing social audits helped in building trust, confidence and credibility. The social audit is by its very nature a confrontational process, one that naturally creates friction between auditors and bureaucrats. Building trust is thus critical and who better than a colleague, who understands the

administrative bureaucracy, to build that trust. In its early days, the social audit process must be led by a bureaucrat.

- **Start small and learning by doing:** A.P.'s strategy of rolling out social audits without much fanfare at the mandal level in contrast to the mass audits holds important lessons. For one, this kept the process away from the glare of the public eye, thus ensuring that vested interests did not feel overtly threatened. And once the process was in place, it became difficult for vested interests to put up a credible resistance. Secondly, it enabled experimentation to fine tune the methodology and process rather than being distracted by compulsions of visibility and scale. Starting small is thus a critical lesson that can be drawn from the A.P. experience.
- **Long-term investment in capacity building:** The regular conduct of social audits is impossible without a trained resource pool of auditors. This involves both identifying who the auditors will be, and developing an institutional system (with adequate finances) to undertake regular training and capacity building. As the discussion on the evolution of social audits highlighted (see section 3), A.P. identified its social auditors, the VSAs, through a process of iteration. This choice was guided by the recognition that auditors needed to have ownership or a stake in the process in order to ensure that the audit is undertaken with commitment and compliance to non-negotiables. Moreover, from a sustainability point of view, the auditors must be local so that learning's from the process could feedback to the community and audits, in the long term, could be conducted regularly even in the absence of the social audit structure as it exists today. These two factors thus serve as important guiding principles for identifying social auditors.
- **Complete and accurate record keeping:** Access to government records forms the bedrock of a social audit. As the description of the social audit process highlights (see section 5), prior to the social audit, auditors require access to several documents ranging from muster rolls to measurement books and sanction letters. Moreover this information needs to be made available in a manner that is understandable and easy to verify. To ensure this, records need to be maintained such that they can be provided to social auditors in this way. In A.P., the social audit process was preceded by the creation of an end-to-end MIS system that ensured that all MGNREGA related records were updated and collated in a manner that could be easily provided to social auditors. The Andhra Pradesh model clearly highlights that quality record keeping is the backbone of the social audit process.
- **Developing the right balance between government support and independence:** The A.P. experience shows that government support is critical

in ensuring that the process has legitimacy and that officials comply with social audit norms and requirements. Crucially, government support is required to ensure follow up. But at the same time, for the social audit to reflect realities on the ground, it needs to be objective and thus autonomous from government. This brings up a methodological question – should the government be auditing itself? A second concern with government support is that of consistency. Bureaucratic and political changes are typical of any government set up. For a social audit process to be effective, it needs to be insulated from these constant changes.

The A.P. social audit model was also innovative in the way in which it addressed the concern of balancing government support and ensuring that this support did not compromise on the independence of the social audit process. This was achieved with the establishment of an independent society under the aegis of the rural development department and the creation a parallel vigilance structure within the department which committed the department to undertake follow up activities. The independence of SSAAT is maintained by the presence of senior government officials and prominent members of civil society on its board. This could be one model for states to follow. However, it is important to recognize that there could be other solutions and states need to think about what model would work for them depending on their specific context and conditions.

But perhaps the greatest lesson from the A.P. experience is that social audits need to be accompanied by a wider set of institutional and administrative reforms that can enable effective grievance redressal. The A.P. experience clearly demonstrates that social audits are necessary, but not sufficient for accountability. While they can and do act as effective tools for demanding and ensuring answerability from the government, complex institutional design structures and overlapping lines of reporting within the government ensure that accountability remains elusive. For social audits to be effective, they need to be accompanied by institutional and administrative reforms, which ensure clear roles, responsibilities and lines of accountability so as to enforce decisions taken at social audit public hearings. Else there is a real danger of people eventually losing faith in the process.

7.1 Key Design Principles to think about before implementing Social Audits

Drawing on the lessons from the A.P. experience, in this section, we highlight key design principles that can help guide interested State Governments as they think through the institutional architecture for conducting social audits:

- **Social auditors with a stake in the MGNREGA:** There are many potential actors that could undertake social audits ranging from NGOs to Community Based Organizations. The choice of social auditors should be guided by the following key principles: social auditors must be local, they must have a stake in the MGNREGA, and they must be committed to complying with social audit non-negotiables.
- **Independent autonomous social audit institution with government support:** The social audit institution must be independent of the implementing agency, in this case the rural development department, to ensure autonomy of the process. However, at the same time, it must be supported by the government. Clarifying roles and responsibilities of every level of government in facilitating the social audit is thus critical.

In the event that a state chooses a society model similar to the GoAP model, then it needs to address the following: what should the structure of the society be? Who should head the society? How many staff should the society have? How does one recruit competent staff? How does one train them? How much does one pay them? How does one evaluate them? Who should they report to? Be held accountable by? How does one ensure that they remain above board?

- **Clearly defined social audit non-negotiables:** The non-negotiables of a social audit must be clearly laid down at the beginning of the social audit process and steps must be taken to monitor the audit to ensure that the rules are complied with (see annexure I for an example). This will ensure that the audit is implemented in its letter and spirit and that it does not deteriorate in to a check box system.

In determining the non-negotiables, State governments need to consider the following: What should the role of the local administration in facilitating the audit – should they provide training facilities and organize the public hearing? Who should attend the Gram Sabha meetings? Who should attend the public hearings?

- **Coalitions at the frontline:** Bringing politicians; local officials and other vested interests on board with the social audit process through continuous dialogue is essential. This requires regular training and interactions between social auditors and others. To build these coalitions, it is important that the social audit process, at least in its initial years be led by a government bureaucrat.
- **Strong record keeping:** Regular, accessible information is the bedrock of a social audit. Steps must be taken to computerize record management at every

level of the implementation chain so that information requests for social audits can be easily responded to.

- **Effective follow-up and grievance redressal:** Building a grievance redressal system that is empowered to take action is essential to ensuring accountability through social audits. For these systems to work, steps must be taken to bring all relevant departments involved in MGNREGA on board with the social audit process.

Some important questions for state government to consider in designing a grievance redressal structure include: should follow-up action be outsourced to an independent grievance redressal cell? If so, what should the structure of such a cell be? Where should it be housed? Who should it report to? What should its functions and powers include? How will it hold other government departments accountable?

Annexure I: Non-Negotiables of Conducting a Social Audit

Responsibility of administrative machinery and norms of expenditure in conduct of Social Audit

I. Information:

- Applications under the Right to Information Act for relevant records will be filed at the MPDO office at least one week before the date of commencement of the social audit process. On receipt of application, the MPDO shall provide one copy of relevant information and official records pertaining in APREGS in the mandal.
- Information regarding the Social Audit process and date of the public meeting shall be communicated in writing by the MPDO office to all the Public Representatives and also concerned Housing and Postal Departmental Officials well in advance (by the first day of the training) to ensure that they are kept informed about the process.
- After the Social Audit process the entire set of photocopies of the records will be handed over to the concerned Gram Panchayat as their copy.

II. Training of the Village Social Auditors:

- The MPDO shall make arrangements for training of 60-70 village social auditors at the Mandal Head Quarters for 3 days
- The Social Audit team spends two to three days at the Mandal Headquarters for training of Village Social Auditors and again the night before the public meeting for consolidating the Social Audit reports. For this purpose, arrangements for stay shall be made by the MPDO either at the MPDO's office or any other government building. Either the MPDO room or some other room with access to bathrooms shall be made available for stay of the women members of the social audit team.
- A tent house dhurrie shall be provided to the Social Audit teams for sleeping purpose.

III Stationery required to be provided to the Social Audit teams:

- Apart from copies of official records the teams shall be given only the following items:
 1. Ordinary White legal paper (not Xerox paper)-(#500)
 2. Short Note Books for VSA's (20 Pages)
 3. One pencil and one pen each for VSAs
 4. Carbon Paper whenever necessary (2 sheets per team)

5. Erasers – 2 per team
 6. Sharpeners -1 per team
 7. Stapler pins (One small box during the entire Social Audit)
 8. Brown Sheets to cover the reports (10 Big Size Sheets)
 9. 1 Packet of sketches
 10. Thick Plastic carry bags @ 1 per group
- Photocopies of Social Audit Formats as per the number of Gram Panchayats and the number of works.

IV Co-operation during the Social Audit process and Logistic Arrangements:

- The MPDO shall ensure the presence of Field Assistant and Technical Assistant during the social audit process in the villages . The MPDO shall direct Field Assistants and Technical Assistants to issue job cards commence works, take measurements of works as and when it is brought to the notice during social audit process that these are required to be done.
- Arrangements for night stay of Social Audit team members in the villages shall necessarily be made in Government buildings (Government school, Panchayat Office) only.
- The expenditure incurred on food shall not exceed Rs.50 per member per day (two meals, one tiffin and two tea).
- An amount @ Rs50/- per person per day shall be handed over to the teams for food. Only simple vegetarian meals shall be provided to the Social Audit teams.
- In general it shall be ensured that water is provided to the Social Audit teams. Except for Flouride affected areas or areas where there are serious health hazards, mineral water shall not be provided to the social audit teams. In the case of the former, arrangements shall be made to ensure supply of protected drinking water.

V Travel Reimbursement and Village Social Auditors Resource fee:

- During the Social Audit training all the teams will draw-up their respective route charts and hand it over to the MPDO/PO. The MPDO/PO shall assess the actual fares of the route chart and multiply the same with the number of team members. This amount must not exceed Rs.500/- except in exceptional cases and shall be handed over to the team.
- The two or three SRPs together will be considered as one team and shall be paid the same amount as that of other teams (the amount must not exceed Rs.500/-).

- The State Resource Persons shall render accounts of local travel incurred to the MPDO office. Any unspent amount shall be returned forth with.
- Travel allowance for the District Resource Persons from other districts who have come to participate in the Social Audit exercise will be paid on certificate from the State Resource Person concerned only and as per actuals on producing the travel ticket.
- The VSAs who have come from other mandals to participate in the Social Audit process shall be paid according to the actuals (upto Rs.30).
- At the end of the Social Audit exercise each Village Social Auditor shall be paid Rs.250 as resource fee (for Social Audits that last for 7 days) and Rs.350 (incase the Social Audit process takes more than 7 days). The honorarium will be paid only to those VSA's who have been certified by both the concerned DRP of the team and the SRPs. Proper acknowledgement must be taken from the VSA's during the payment.
- All monetary transactions shall be made by the MPDO staff only. No member of Social Audit teams either the SRP's or the DRP's will handle any cash transaction.
- No vehicles will be hired by the mobile teams and no fuel charges shall be entertained.
- Night time travel for EGS staff or the Social Audit team members is strictly forbidden, they will necessarily stay back in the village where they are after night fall.

VI Social Audit Public Meetings:

- MPDO shall make arrangements for the Social Audit Public Meeting to be held at the end of the Social Audit process with the public address system and arrangement for the public to be seated. All the EGS functionaries of the mandal shall necessarily present for the public meeting.
- The PD, DWMA and Addl. PD-EGS, shall attend the Social Audit Public Meeting and take decisions for corrective action immediately.
- A copy of the social audit report in Telugu shall be handed over by the Social Audit Team immediately after the public meeting to the Project Director and the MPDO .

VII. Others:

- Except for the expenses mentioned above, no other advances or amounts shall be made or released to any member of the Social Audit team except on express directions of the Project Director
- Incase, the District Administration decides to carry out a Social Audit process of other schemes (Housing, Bio-Deisel, CLDP etc) using the resources of the DRP's

and SRP's then they shall not be paid anything extra, as they are already drawing a monthly salary from the Social Audit Cell, and the scheme specific audit is being carried out in lieu of the EGS Social Audit. Only in the case of the DRP's traveling out of the district to do a Social Audit process, the concerned District Administration, where the Audit is taking place, will have to reimburse the travel charges. This again must be based on actuals and upon tickets being produced.

- A statement of the social audit expenditure (minus the expenditure made for the public meeting) shall be signed by the MPDO and the State Resource Person of Social Audit and submitted to the Project Director.