



Guidelines for Social Audit of Fifteenth Finance Commission Grants Utilization by Rural Local Bodies



Ministry of Panchayati Raj
Government of India



Guidelines for Social Audit
of
XV Finance Commission Grants Utilization
by
Rural Local Bodies



Panchayati Raj
Ministry of Panchayati Raj
Government of India

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Message

The Panchayati Raj Institutions (PRIs) play a major role in strengthening grassroots level democracy in the country. Government of India has been ably supporting the PRIs through advocacy for increased devolution of funds, functions and functionaries in order to enable them to effectively discharge their responsibilities towards the citizens. In addition to the various Central schemes focusing on the National priority areas of Drinking Water, Sanitation, Roads, Housing, Health, Education etc, the Central Finance Commission Grants also play a major role towards enablement of PRIs to deliver basic services.

Fifteenth Finance Commission (XV FC) has recently submitted its final report and its award for the Rural Local Bodies (RLBs) comprising of Panchayats in all the three tiers as well as traditional bodies of Fifth and Sixth Schedule has been accepted by the Government of India. While recommending substantial amounts of grants to the RLBs, XV FC has also emphasized on the need for fiscal responsibility and transparency. Eligibility conditions have been prescribed for the States/RLBs to receive the grants in terms of display of provisional and audited accounts online in public domain.

Ministry of Panchayati Raj (MoPR) has taken many stellar efforts to assist the RLBs towards effective implementation of Government schemes as well as to ensure transparency and accountability. Universal adoption of Gram Panchayat Development Plans (GPDPs) through the Peoples' Plan Campaigns in this regard has enabled the RLBs towards effective resource utilisation. e-GramSwaraj and AuditOnline applications have also provided centralised digital platforms for keeping track of their financial transactions and enable regular auditing.

Social Audit, being first mandated by the MGNREGA, has been observed to be an effective tool to ensure transparency and accountability and is being adopted for monitoring many Government programmes. Now the XV FC grants, in substantial quantum are reaching the RLBs directly and activities/works done with these grants would improve governance efficiency of the RLBs.

I am, therefore, happy to note that this document on Social Audit guidelines for XV FC Grants has been brought out by MoPR in association with NIRDPR. The document illustrates in detail, the Social Audit process and explains the various steps involved for their successful implementation. I am hopeful that all stakeholders will be able to derive benefits out of these guidelines and it would boost the nations' rural economy.


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FOREWORD

Social Audit is a well-established mechanism that enables people's participation in concurrent monitoring as well as enabling corrective mechanisms in Governance processes.

Ministry of Panchayati Raj (MoPR) has the mandate for strengthening of local self-governance resulting in economic development and social justice for the rural citizens. MoPR has implemented several measures to assist the Panchayati Raj Institutions (PRIs) to utilise their various resources in the most effective and efficient manner. Apart from scheme of the Rashtriya Gram Swaraj Abhiyan (RGSA) which provides central support for capacity augmentation of the elected representatives and panchayat functionaries, MoPR has also set up the eGramSwaraj and AuditOnline portals which provides for a single window access for all management processes of the PRIs, starting from the planning process of works and services through coverage of accounting of financial transactions and finally culminating into audit reports.

MoPR also coordinates the release and utilisation of the Fifteenth Finance Commission (XV FC) Grants to the Rural Local Bodies (RLBs) in the States. Based on the experience of MGNREGS and other schemes which have been subjected to Social Audits, it has been widely felt that a similar mechanism would also be required towards ensuring effective utilisation of XV FC Grants by the RLBs.

The present document of Social Audit guidelines for the XV FC Grants has been prepared after consultation with the States and other stakeholders. The document explains in a systematic way the entire Social Audit process, covering the various steps of Introductory Meetings, Field Works, Draft Report Preparation, Organisation of Gram Sabhas/ Gram Panchayat level/ Higher level Public Hearings, Submission of Final Report and Action Taken Report through Review Committees. The logistic requirements of Social Audit Units as well financial resource requirement for taking up the Social Audits have also been deliberated upon.

While complementing the efforts of NIRDPR in preparation of these guidelines, I urge upon all RLB stakeholders and practitioners to make full use of these document towards enhancement of transparency and accountability in the Governance process of Panchayats.


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Preface

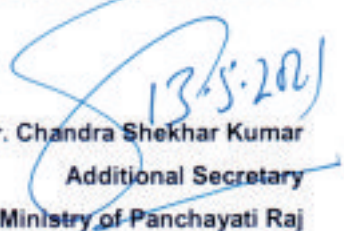
Ministry of Panchayati Raj (MoPR) actively collaborates with the States/UTs for compliance to the provisions of Part IX of the Constitution in respect of local self-governments. The Ministry strives to inculcate efficiency and excellence of decentralized and participatory local self-governance in the country through the Panchayats. In this regard, it promotes empowerment, enablement and accountability of Panchayati Raj Institutions (PRIs) that would ensure inclusive economic development with social justice and efficient delivery of services to the rural citizens.

Involvement of the citizens in the various stages of the Government's developmental projects has been a win-win strategy, as it not only makes the project outcomes beneficiary oriented, but also promotes user oriented monitoring and control strategy. Social Audit of the various welfare schemes like MGNREGS has proved to be the turning point in arresting leakages and ensuring that the benefits reach the intended beneficiaries.

MoPR's mandate also includes overseeing effective utilization of the Central Finance Commission grants, which of late, have been allocated in large quantum to the PRIs with a view to strengthen and empower them. The Fifteenth Finance Commission (XV FC) has provided funds to cater to the requirements of PRIs for enabling various basic services that includes national focus areas of Water Supply and Sanitation, which have the ambitious aim to provide piped drinking water supply to every rural household as well as ensure the villages towards maintenance of Open Defecation Free (ODF) Plus Status.

The Social Audit exercise which is proposed to be conducted on regular basis will provide an evidence based system, through which the States / UTs will be able to monitor proper utilization of the XV FC Grants being devolved to the PRIs in the coming years. It is hoped that this Social Audit guidelines document would serve as a ready reckoner and reference to the various stakeholders, including the PRI functionaries, Social Audit Unit (SAU) resource persons and training institutions to effectively carry out Social Audits of the works/activities taken up by the PRIs with the XV FC grants.

The Ministry also looks forward to the development of a comprehensive database that would not only capture the salient observations of the Social Audits that would be conducted in the States/UTs emanating from these guidelines, but would also serve as a compendium of best practices to be shared as benchmarks in the future.


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Acknowledgement

The Panchayats have been constitutionally mandated for the rural local governance in Part IX areas of the country, while the Traditional Local Bodies (TLBs) perform a similar function in the non Part IX areas. The XV Finance Commission was mandated to recommend measures needed to augment the Consolidated Funds of States to supplement the resources of the Panchayats, and has accordingly recommended for grants to all tiers of Panchayats, as also to the TLBs in the non part IX areas of the country. The XV FC has recommended allocation for RLBs amounting to Rs.2,36,805 crores for the period 2021-26. Of this, 40% of the recommended grant will be Basic Grant (Untied), and the remaining 60% as Tied Grant to be utilised in the areas of water and sanitation.

We gratefully acknowledge our indebtedness to Shri Narendra Singh Tomar, Hon'ble Minister of Agriculture and Farmers Welfare, Rural Development and Panchayati Raj, Government of India for his inspiration, guidance and encouragement for the formulation of the guidelines for Social Audit.

We feel immense pleasure in expressing our heartfelt gratitude to Shri Sunil Kumar, Secretary, Ministry of Panchayati Raj for his constant support and inspiration during the entire process of formulation and finalization of these guidelines. These Social Audit Guidelines for Central Finance Commission Grants have been formulated under the guidance of Shri Sanjeev Kumar, the then AS & FA, MoPR whose vision and foresight it was, to ensure not only fiscal transparency, but also qualitative improvement in public spending, and we are highly grateful to him for his dedicated and unstinted support.

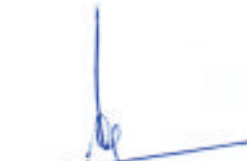
The guidelines were prepared through a wide and intensive consultative process. The preliminary draft of the guidelines was prepared by faculty of Center for Social audit, National Institute of Rural Development and Panchayati Raj (NIRD&PR) which includes Dr. C. Dheeraja, Associate Professor and Head, Dr. Rajesh Kumar Sinha, Assistant Professor, Dr. Srinivas Sajja, Assistant Professor and consultants of the center Shri Karuna M, Mr. Mohd. Arif, Ms. Nandini Dey, Mr. Papi Reddy, Mr. Shahameed Ali and Mr. Shashdhar. The initial draft was shared with Directors of Social Audit Units of select States and a few independent experts and they were invited by Centre for Social Audit, NIRD&PR to an online consultation held on 25th November 2020. Valuable inputs were received from Shri S.M.Vijayanand, Former Chief Secretary of Kerala, Shri Gurjeet Singh, Director, Social

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The Ministry of Panchayati Raj also held a national consultation with the States on 22nd December, 2020 under the Chairmanship of Secretary PR. During the wide consultation process, valuable inputs were received from Shri Sanjeev Kumar, AS & FA, MoPR, Dr. Chandra Shekhar Kumar, Additional Secretary, MoPR, Smt Radhika Rastogi, Deputy DG, NIRD&PR, Shri Alok Prem Nagar, Joint Secretary, MoPR, Ms. Rekha Yadav, Joint Secretary, MoPR, Shri Vijay Kumar, Deputy Secretary, MoPR, Smt. Uma Mahadevan, Principal Secretary, PR Deptt, Karnataka, Shri Aditya Ranjan, Director, PR Deptt, Jharkhand, Shri D. Satyanarayana, Deputy Commissioner, Panchayati Raj, Andhra Pradesh, Shri Sachin Sinha, Principal Secretary, PR Deptt, Madhya Pradesh, Shri Tara Chandar, Under Secretary, MoPR and Shri G.S. Krishnan, Consultant, MoPR. In response to inputs received during the above consultation and changes introduced in the final report of the XV Finance Commission, the draft was further revised.

The Ministry acknowledges the valuable contributions of the Faculty Members and Consultants of the Centre for Social Audit, NIRD&PR in preparing the draft and facilitating consultations with States and experts. Acknowledgement is also due to officials of State governments and independent experts who extended their comments and suggestions on the draft guidelines. Contributions and support from officials and consultants of Ministry of Panchayati Raj is also acknowledged.



K. S. Sethi

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List of Abbreviations

S.No.	Abbreviation	Full Form
1	AS	Administrative Sanction
2	ATR	Action Taken Report
3	BRP	Block Resource Person
4	CA	Chartered Accountant
5	C&AG	Comptroller and Auditor General
6	CBOs	Community Based Organisations
7	CSOs	Civil Society Organisations
8	CC	Completion Certificate
9	DA	Daily Allowance
10	DP	District Panchayat (Zila Parishad/ Zila Panchayat)
11	DRP	District Resource Persons
12	DTF	Decision Taken Format
13	XV FC	Fifteenth Finance Commission
14	FS	Financial Sanction
15	FTO	Fund Transfer Order
16	GP	Gram Panchayat (Village Panchayat)
17	GPDP	Gram Panchayat Development Plan
18	GS	Gram Sabha
19	IEC	Information, Education and Communication
20	IP	Intermediate Panchayat (Block/Mandal/Taluka Panchayat)
21	JJM	Jal Jeevan Mission
22	MB	Measurement Book
23	MGNREGA	Mahatma Gandhi National Rural Employment Guarantee Act
24	MIS	Management Information System
25	MoF	Ministry of Finance
26	MoPR	Ministry of Panchayati Raj
27	MoRD	Ministry of Rural Development
28	ODF	Open Defecation Free
29	O&M	Operations and Maintenance

S.No.	Abbreviation	Full Form
30	PESA	The Provisions of Panchayats (Extension to Scheduled Areas) Act
31	PRIs	Panchayati Raj Institutions
32	QC	Quality Control
33	RLBs	Rural Local Bodies (Panchayati Raj Institutions)
34	RTI	Right to Information
35	SAU	Social Audit Unit
36	SBM-G	Swachh Bharat Mission-Grameen
37	SC	Scheduled Caste
38	SFC	State Finance Commission
39	ST	Scheduled Tribe
40	SHGs	Self Help Groups
41	TA	Travel Allowance
42	TLBs	Traditional Local Bodies
43	TS	Technical Sanction
44	UC	Utilisation Certificate
45	VRPs	Village Resource Persons
46	VLC	Village Labour Committee
47	VMC	Vigilance and Monitoring Committee
48	VOs	Village Organisations
49	WO	Work Order

Guidelines for Social Audit of XV Finance Commission Grants Utilization by Panchayati Raj Institutions

1 Background

1.1 Finance Commission

The Finance Commission is a constitutionally mandated body that is at the centre of fiscal federalism. Set up under Article 280 of the Constitution, its core responsibility is to evaluate the state of finances of the Union and State Governments, recommend the sharing of taxes between them, and lay down the principles determining the distribution of these taxes among States. Its working is characterised by extensive and intensive consultations with all levels of governments, thus strengthening the principle of cooperative federalism. Its recommendations are also geared towards improving the quality of public spending and promoting fiscal stability. The first Finance Commission was set up in 1951 and there have been fifteen Commissions, so far. Each of them has faced its own unique set of challenges.

In addition, States too have State Finance Commissions (SFCs). The 73rd Constitutional Amendment Act (73rd CAA) of 1992 mandated the constitution of a Finance Commission every five years by state governments to decide the division of resources (tax proceeds) between a State Government and Panchayati Raj Institutions (PRIs) at all levels.

1.2 Fifteenth Finance Commission

The Fifteenth Finance Commission (XV FC) was constituted on 27 November 2017, against the backdrop of the abolition of Planning Commission (as also of the distinction between Plan and non-Plan expenditure) and the introduction of the goods and services tax (GST), which has fundamentally redefined federal fiscal relations. XV FC was, inter-alia, mandated to recommend measures needed to augment the Consolidated Funds of the State to supplement the resources of the Panchayats and Municipalities during 2020-25. Subsequently, the Commission was mandated to submit two reports, one for the year 2020-21 and the final Report for the period of 2021-22 to 2025-26. The Commission submitted its first Report covering the financial year 2020-21 to the President of India on 5th December 2019. In the first report, XV FC has worked out a grant for local bodies amounting to Rs. 90,000 crores for twenty-eight States. Out of this corpus, the Commission has recommended allocation for

Rural Local Bodies (Panchayati Raj Institutions and Traditional Local Bodies (TLBs) amounting to Rs. 60,750 crores in 2020-21. 50% of the recommended grant is basic grant (untied) and the remaining 50% as tied grant.

In its second report for 2021-26 submitted in October 2020, the XV FC has recommended total grants of Rs. 2, 36,805 crores for PRIs. Inter se distribution amongst the States is with a weight of 90 per cent on population and 10 per cent on the area of the States. Out of the total grants to PRIs, 60 per cent is earmarked for national priorities like drinking water supply and rainwater harvesting and sanitation, while 40 per cent is untied and is to be utilised at the discretion of the Panchayati Raj Institutions for improving basic services.

1.3 Panchayati Raj Institutions

73rd Amendment Act (73rd CAA), 1992 inserted part IX to the Indian Constitution and established three-tier Panchayati Raj Institutions (PRIs) in the country including Village Panchayats, Intermediate Panchayats and District Panchayats. However, for States/UTs having population not exceeding 20 lakhs, there are only two tiers of Panchayats at Village and District level. The Provisions of Panchayats (Extension to the Scheduled Areas) Act, 1996 extended part IX to Fifth Schedule areas too with certain modifications, important among them is the provision of Gram Sabha for every village. Part IX of the Constitution of India is still not applicable to Sixth Schedule areas where Autonomous District Councils and Village Councils work as local bodies. Nomenclature of these PRIs at different tiers varies in different States and names of their office bearers also vary across States. All States have formulated their own State Panchayati Raj Acts and also various rules. To understand the structure and functions of PRIs, State PR Acts and Rules along with 73rd Amendment Act and PESA Act need to be studied.

1.4 Distribution of Grants among PRIs

The Department of Expenditure, Ministry of Finance, Government of India has issued operational guidelines vide letter no. 15(2)XV FC/FCD/2020-25 dated 01-06-2020 for the implementation of recommendations on local body grants contained in Chapter-5 of the XV FC Report. As per these guidelines, States should workout inter-se share of all tiers of Panchayati Raj Institutions (PRIs) as per the directions given in the para 5.3 (ii) & (v) and intra-tier distribution (within each tier) among the relevant entities across State as per the directions given in para 5.3 (vi) of the Chapter 5 of the XV FC Report for 2020-21 and para 7.67

of Chapter 7 of the XV FC Report for 2021-26. Inter-se distribution of grants for local bodies among the States may be based on population and area in the ratio of 90:10. Because of the slower socioeconomic progress of the scheduled castes and scheduled tribes relative to the rest of the population, it was recommended by the XV FC that State Governments, while allocating XV FC funds among local bodies, should place special emphasis on areas with higher concentration of scheduled castes and scheduled tribes' populations.

All the tiers in the Panchayats – village, block and district as also Traditional Local Bodies in Part IX areas – shall receive the grants. The inter-se distribution among the Panchayati Raj tiers by the States should be done on the basis of the accepted recommendations of the latest State Finance Commissions (SFC) and in conformity with the following bands of 70 percent- 85 percent for village Panchayats, 10 per cent-25 per cent for block Panchayats and 5 per cent- 15 percent for district Panchayats. In smaller states which have a two-tier system with only village and district Panchayats, the allocation will be in the bands of 70 percent- 85 percent and 15 percent- 30 percent respectively. Furthermore, in the event of SFC recommendations not being available, the inter-se distribution within the Panchayati Raj tiers should be decided by the State Government within the bands indicated above. Once the State-level grants are earmarked for each tier, the intra-tier distribution among the relevant entities across the State should be on the basis of population (as per 2011 Census) and area in the ratio of 90:10 or as per the accepted recommendations of the latest SFC.

The States should also make allotment of grants for both Fifth and Sixth Schedule areas falling within the State, based on population and area in the ratio of 90:10. The concerned State Governments were instructed to allot these grants for the year 2020-21 in the month of April 2020 and intimate the same to the ministries of Home Affairs and Finance. XV FC has also recommended online availability of both provisional accounts of the previous year and audited accounts of the year before previous as entry level condition to avail of the grants. In the first and second year of the award period (2021-22 and 2022-23), these recommendations are subject to the final guidelines issued by Ministry of Finance, States need to ensure that at least 25 per cent of the rural local bodies have both their provisional accounts for the previous year and audited accounts for the year before the previous available online in the public domain in order for them to avail of the full grants in that year. From the third year (2023-24)

onwards, States will receive total grants due to the rural local bodies having both provisional accounts of the previous year and audited accounts for the year before previous and making these available online. For example, if for a particular State only 35 per cent of rural local bodies have both provisional accounts for the year 2022-23 and audited accounts for the year 2021-22 and these are available online in 2023-24, then in 2023-24, the State will receive total amount due to these 35 per cent of rural local bodies for the year 2023-24.

1.5 Release of Basic and Tied Grants by Union Government

The grants recommended by XV FC for PRIs shall be released in two equal instalments each year in June and October, after ascertaining the entry level benchmarks and other recommended requirements. The States shall transfer grants-in-aid to the local governments within ten working days of having received them from the Union Government. Any delay beyond ten working days will require the State Governments to release the same with interest as per the effective rate of interest on market borrowings/State Development Loans (SDLs) for the previous year.

1.5.1 Release of Basic Grants

For the year 2020-21, 50% of the grants to PRIs/TLBs have been recommended as untied basic grant. However, the XV FC report for 2021-26 has recommended only 40% as untied basic grant. Basic (untied) Grants i.e. 50% for 2020-21 and 40% for 2021-26 of the allocation will be released in two instalments by the Department of Expenditure, Ministry of Finance (Finance Commission of India Division) after receipt of Grant Transfer Certificate in the prescribed format and recommendations from the Ministry of Panchayati Raj (MoPR), Government of India.

1.5.2 Release of Tied Grants

In the year 2020-21, as mentioned earlier 50% of the grants to PRIs/TLBs have been recommended as tied grants to be spent on (a) sanitation and maintenance of ODF status; and (b) drinking water, rainwater harvesting and water recycling. However, the XV FC report for 2021-26 has recommended that 30 per cent of the total grants to be disbursed to rural local bodies shall be earmarked for drinking water, rainwater harvesting and water recycling and another 30 per cent of the total grants to be disbursed to rural local bodies shall be earmarked for sanitation and maintenance of Open defecation free (ODF) status, and this

should include management and treatment of household waste, and human excreta and faecal sludge management in particular. Tied Grants i.e. 50% of the allocation for the year 2020-2021 and 60% of the allocation for the year 2021-26, will be released in two instalments by the Department of Expenditure, Ministry of Finance (Finance Commission of India Division) after receipt of recommendations from MoPR. Department of Drinking Water & Sanitation, Ministry of Jal Shakti, Government of India and MoPR will assess the following before recommending for release of grant: (a) status & maintenance of Open Defection Free Panchayat, (b) supply of drinking water, rain water harvesting and water recycling, (c) uploading of GPDP and details about utilisation of XV FC funds on the website of MoPR, (d) any other condition which Ministry of Jal Shakti may deem fit in connection with the stated objectives of the tied grant. Assessment for eligibility for the year 2021-22 will be based on the outcomes of the year 2020-21. Same procedure will be adopted for the remaining of the award period. The State Governments (State Finance Department) should transfer each instalment of the Rural Local Bodies (PRIs) grants received from the Department of Expenditure, Ministry of Finance, Government of India to all the concerned entities (Gram/Village Panchayats, Block/Intermediate Panchayats/ Zila/ District Panchayats & to relevant entities in Excluded Areas if any) without any deduction through their nodal Department as per the share worked out earlier within ten working days of receipt of the grant from the Union Government. Any delay beyond ten working days will require the State Governments to release the same with interest as per the effective rate of interest on market borrowings/State Development Loans (SDLs) for the previous year.

1.6 Utilization of XV FC Grants by PRIs

1.6.1 Utilization of Basic Grants

As recommended in first report of XV FC, the basic grants are untied and can be used by the PRIs for location specific felt needs, except for salary or other establishment expenditure. XV FC in its report for 2021-26 recommended that the expenditure required for auditing of accounts by external agencies approved by the State Government, however, may be borne from this grant. MoPR, Government of India has issued clarifications on utilisation of basic (untied) grants for items of works/activities vide letter no. G39011/2/2017-FD dated 5th August 2020 to facilitate RLBs (PRIs) to prioritize their activities to be taken up with XV FC

basic (untied) grants and prevent possible misutilisation on undesirable and extraneous items. The MoPR has provided the following indicative items of works/activities that may be taken up by the RLBs (PRIs) by utilizing basic (untied) grants. “Storm Water Drainage and water logging management; immunization of children; prevention of malnutrition of children; construction and repair and maintenance of roads within Gram Panchayat (GP) and inter GP; construction and repair of footpaths within GP and inter GP; construction and repair and maintenance of crematorium and acquisition of land for crematorium and cremation grounds; acquisition of land and maintenance and upkeep of dead body burial ground; providing sufficient and high bandwidth Wi-Fi digital network services within GP; public library- recreation facilities including children’s park- playground- rural haat-sports & physical fitness equipment etc. and any other basic improved/ enhanced service mandated by State Government under relevant State legislations; recurring expenditure for electricity, water, collection and disposal & recycling waste, liquid/solid waste management equipment, immediate relief works in the event of natural disasters/ pandemic; discharge of responsibilities specifically mandated to Panchayats under various Acts/Laws e.g. preparation and updation of People’s Biodiversity Register (PBR) under the Biological Diversity Act, 2002. MoPR’s letter further clarifies that XV FC has not distinguished between O&M and capital expenditure within the component of locally felt needs. Panchayats can enter into Annual Maintenance Contracts/ Service Contracts for providing the services to rural inhabitants. However, expenditure from the Grants on the negative list namely expenditure on items already being funded from other schemes, felicitations/cultural functions/ decorations/ inaugurations, honorarium, TA/DA of elected representatives, salaries/ honorariums of existing permanent employees, doles/ awards, entertainment, purchase of vehicles and air conditioners are not allowed under this component.

1.6.2 Utilization of Tied Grants

The tied grants can be used for the basic services of (a) sanitation and maintenance of open-defecation free (ODF) status and (b) supply of drinking water, rainwater harvesting and water recycling. The RLBs (PRIs) shall, as far as possible, earmark one half (50%) of these tied grants to each of these two critical services. However, if any RLB (PRI) has fully saturated the needs of one category, it can utilise the tied funds for the other category. XV FC report for 2021-26 has recommended allocating 30% of the total grants to PRIs each for (a) sanitation and

maintenance of open-defecation free (ODF) status and (b) supply of drinking water, rain water harvesting and water recycling. As per Swachh Bharat Mission (SBM) phase II guidelines, when the XV FC grants are utilized by PRIs towards “Sanitation Works”, in convergence with other scheme funds, such as MGNREGA or SBM etc., the portion of XV FC grants will be 30%. Jal Jeevan Mission has mandated 5-10% Public Contribution towards capital expenditure of new water supply scheme and collection of Waste Tariff / User charges towards Operation & Maintenance of water supply schemes.

1.7 Monitoring and Evaluation

The Ministry of Panchayati Raj, Government of India, shall monitor the implementation of the remaining recommendations of the XV FC with regard to RLBs (PRIs). Nodal Department of the State Government shall monitor implementation utilisation of XV FC grants to RLBs (PRIs) and report to the MoPR periodically. Social Audit Reports shall be an important mechanism for MoPR to monitor and evaluate utilisation of XV FC grants by PRIs. XV FC has recommended that representatives of all three levels of Panchayati Raj Institutions should be involved by entrusting them, in a phased manner, with the responsibility of supervising and managing the delivery of health services.

2 Social Audit of Utilisation of XV FC Grants

2.1 Definition of Social Audit

Social Audit of a scheme is an audit that is conducted by the people who are beneficiaries of that scheme. It involves verifying the field realities with data in official documents and discussing the findings in a public platform such as Gram Sabha. The social audit process goes beyond accounting for the money that has been spent to examine whether the money was spent properly and has made a difference to people’s lives.

2.2 Need for Social Audit of FC- XV Grants

In the past, the Comptroller and Auditor General (C&AG) of India has mentioned that transparency and accountability in local bodies has not been commensurate with the increasing flow of funds to them and emphasized the need for mandatory social audit in social sector schemes. He has also asked the state AG offices to adopt a positive outlook towards social audit and explore synergies with their audit and social audit. Second Administrative

Reforms Commission also has highlighted the need to expand the scope of social audit. Realising the importance of social audit, the Ministry of Panchayati Raj had allowed expenditure on conduct of social audit from the 10 percent administrative fund of the Fourteenth Finance Commission Grants. Joint Task Force on Social Audit, MoRD had listed action points for itself and action point number 7 said that the MoRD and MoPR in consultation with State Governments, will jointly work out a methodology for carrying out social audit of works undertaken by the GP using Fourteenth FC Grants. Guidelines for the conduct of social audit of Fourteenth FC Grants were issued in November 2019. Further, Social audits ensure transparency and accountability, inform and educate people, promote people's participation in planning, implementation and monitoring of projects, provide a platform for people to express their needs and grievances, improve the capacity of all stakeholders, strengthen local governance and promote democratic decentralization and complement formal audits. Social Audit of XV FC grants will provide feedback to PRIs and they can improve their functioning in terms of delivery of basic services to the people. Such improvement in delivery of basic services can motivate people to make contribution for the local development in terms of paying taxes and user charges in time and also community contributions particularly in new drinking water schemes of JJM.

2.3 Objectives of Social Audit of XV FC Grants

The basic objective of social audit of XV FC grants is to ensure achievement of public accountability in utilisation of these grants by PRIs/TLBs/ The process combines people's participation and monitoring with the requirements of the audit discipline. It is a fact finding process and not a fault finding process. It should be based on a balance sheet approach which means identifying positive aspects, areas where improvement needs to be done, areas to be avoided in future and at the same time also listing out serious irregularities (Annexure 4). Other objectives of social audit of utilisation of XV Finance Commission grants by PRIs/TLBs include:

- a) to disseminate information and spread awareness among rural citizen regarding the XV FC grants and their utilisation;
- b) capacity building of primary stakeholders involved in utilisation of XV FC grants;
- c) to promote community based participatory monitoring system;
- d) to enhance effectiveness of the utilisation of XV FC grants by (PRIs/TLBs)

- e) to facilitate collaborative platforms such as Gram Sabha and Public Hearings (Jan Sunwai) where the beneficiaries, elected representatives & functionaries of PRIs and other stakeholders can express their needs, grievances and issues faced;
- f) to strengthen utilization of XV FC grants by reducing deviations in prescribed procedures and leakages;
- g) to make the grievance redressal system more responsive and efficient.

2.4 Scope of Social Audit of XV FC Grants

Based on the Operational Guidelines for the utilisation of XV FC grants for RLBs (PRIs/TLBs) issued by the Ministry of Finance, Government of India on June 1st, 2020, subsequent clarifications/advisories issued by the MoPR, Government of India and also Auditing Standards for Social Audit 2016 notified by the Ministry of Rural Development, Government of India, the scope of social audit of XV FC grants shall include examining/verifying the following:

- 1) Whether sufficient awareness about the XV FC grants has been generated among the rural population, elected representatives and functionaries?
- 2) Whether adequate capacity building of Elected Representatives and key functionaries of GP/IP/DP or TLBs has been done on XV FC grants?
- 3) Whether key information with regard to receipt and expenditure of XV FC grants are proactively disclosed through wall painting, public information display boards at worksites/ service installations/equipment and through sharing information in the Gram Sabha/Village Council?
- 4) Whether inter-se distribution of XV FC grants between different tiers and among the Panchayats of the same tier are done as per the recommendations of XV FC Report and operational guidelines?
- 5) Whether tied grants have been distributed among the two categories of services as per the recommendations of XV FC Report and operational guidelines?
- 6) Assess the status & maintenance of Open Defecation Free (ODF) Panchayat, supply of drinking water, rain water harvesting and water recycling, uploading of GPDP and details about utilisation of XV FC funds on the website of MoPR.
- 7) Whether GP/ IP/DP or TLB has prepared participatory annual action plans for Jal Jeevan Mission and Swachh Bharat Mission-Grameen incorporating the drinking water and

- sanitation service activities as per the guidelines issued by the Department of Drinking Water and Sanitation, Ministry of Jal Shakti from time to time?
- 8) Whether Mission Antyodaya data (eg. development gaps) has been utilised to identify felt needs and accordingly prepare GP/IP/DP development plans and sectoral plans for drinking water and sanitation?
 - 9) Whether works taken up with XV FC grants have been identified through participatory processes as prescribed under MoPR's 2018 Guidelines for preparation of Gram Panchayat Development Plan (GPDP) and are part of respective approved GPDP/ Intermediate Panchayat Development Plan and District Panchayat Development Plans?
 - 10) Whether community contribution for new schemes under Jal Jeevan Mission has been ensured by PRIs/TLBs?
 - 11) Whether provisions of SBM phase II guidelines limiting the XV FC funds to 30% in case of Sanitation Works in convergence with other scheme such as MGNREGA or SBM etc. are complied with?
 - 12) Whether GP/IP/DP or TLB identify people and facilitate their capacity building under project SANKALP so that skilled manpower such as Masons, Plumbers, Electricians, Pump operators, Fitters and Bore-well mechanic etc. are available to take-up Water Supply & Sanitation related infrastructure in the villages utilising tied grants under XV FC?
 - 13) Whether selection of worksites of works has been done as per the prescribed norms/ after discussion in and approval of respective Gram Sabha?
 - 14) Whether schemes/works/ services using XV FC grants have been taken up in all hamlets/villages and for all groups as per needs/ geographical area/ population.
 - 15) Whether procurement of materials/ services has been done as per the prescribed norms/ on the recommendations of a procurement committee?
 - 16) Whether quantity and quality of works/ services match the approved financial and technical estimates and found useful by beneficiaries?
 - 17) Whether monitoring and supervision of works are as per the prescribed norms?
 - 18) Whether GP/IP/DP or TLB has prepared an Operations and Maintenance (O&M) plan for assets created and services being rendered using XV FC grants and they are collecting adequate user charges for the same?

- 19) Whether progress of utilisation of XV FC grants are reported back to respective Gram Sabha and elected members of GP/IP/DP?
- 20) Whether there is any grievance redressal mechanism at GP/IP/DP or TLB level to register grievances with regard to utilization of XV FC grants and progress of registered grievances?
- 21) Whether any measures have been taken to check possible instances of procedural violations/ corrupt practices in utilization of XV FC grants by GP/IP/DP or TLB?
- 22) Whether GP/IP/DP or TLB has been empowered (in terms of functionaries, administrative approval powers, and office facilities) to be able to plan for, implement and monitor works and services taken up using XV FC grants?
- 23) Difficulties being faced by GP/IP/DP or TLB in effective utilization of XV FC grants and what needs to be done to minimise those difficulties?
- 24) Whether the GP/IP/DP or TLB has received the required support from the administration? Whether their queries were answered on time and correctly? Whether they have been providing adequate capacity building? Whether there was any delay in receipt of funds? Whether they had the freedom to operate as per the guidelines? Whether they were pressured into spending on certain items?
- 25) Whether elected representatives of GP/IP/DP or TLB are included in the supervision and monitoring of health services in rural areas? If yes, are they performing their assigned role?
- 26) Good practices, things to be appreciated which can be emulated by other GPs/IPs/DPs or TLBs.
- 27) Verification of data uploaded on Website of State Nodal Department and MoPR.
- 28) Verification of information displayed at the worksite, service equipment, walls of offices, public places with ground realities.
- 29) Detection of procedural deviations, financial irregularities, if any.
- 30) Registration of grievances, complaints, if any communicated to social audit facilitation team.

2.5 Periodicity

Social Audit of utilisation of XV FC grants shall be undertaken at least once in three years in all of the total GPs/IPs/DPs, and Traditional local bodies. States/UTs should draw up a calendar such that in every year, 1/3rd of the total GPs/IPs/DPs and Traditional local bodies shall be social audited so that in three years all PRIs/Traditional local bodies of excluded areas gets covered. The calendar should be such that in GPs/VCs scheduled for social audit of XV Finance Commission grants, the social audit of MGNREGS is also done at the same time.

2.6 Coverage

2.6.1 Full Coverage of Works and Services

All works (completed and ongoing) taken up and all services rendered by PRIs (DP/IP/GP) and Traditional local bodies, utilising XV FC grants three years prior to the month of social audit, shall be subjected to social audit. For example if social audit is being conducted in the month of December 2021 then all works and services taken up from April 1st 2020 to November 30th 2021 shall be subjected to social audit. In case social audit is being conducted in the month of December 2023 then all works and services taken up from April 1st 2020 to November 30th 2023 shall be subjected to social audit.

2.6.2 Intermediate Panchayat/Block as a Unit for Conduct of Social Audit

One IP/Block/Mandal shall be taken as a unit for facilitation and conduct of social audit. However, as far as possible, social audit of all works taken up and services rendered utilising XV FC grants by DP/IP/GP shall be social audited simultaneously so that one Gram Sabha shall conduct social audit of all works in its Gram Sabha area irrespective of which tier of Panchayat is implementing/executing that work or rendering that service. Findings of social audit will be recorded and presented separately for different tiers of Panchayats. In case of works/services covering more than one GP, all Gram Sabhas will separately discuss findings related to their jurisdiction and conduct social audit.

2.6.3 Coverage of Beneficiary on Sample Basis

Individual and household beneficiaries of XV FC works, and services will be covered on random sample basis ensuring adequate representation of each hamlet, SC, ST, Minorities, physically challenged, elderly, single women and other vulnerable persons.

3 Social Audit Process

3.1 Introductory Meeting/ Entry Conference

To ensure that the social audit process happens in a smooth manner, the Social Audit facilitating team should have an introductory/entry meeting with officials of nodal departments responsible for utilisation of XV FC grants at District Panchayat (DP), Intermediate Panchayat (IP), Gram Panchayat (GP) level; Traditional Local Body Level; elected representatives of DP/IP/GP/or Village Councils (VCs) representatives of SHG federations/ Village Organisations (VOs)/ Community Based Organisations (CBOs), any other community service/ non-governmental organisations active in that area. Such meetings shall be organised separately at DP/IP/GP/TLB level. During this meeting, a common understanding about the objectives and process of social audit as well as roles and responsibilities of different stakeholders in the social audit process will be arrived at. During this meeting cooperation of stakeholders with social audit team will be sought to ensure that the social audit process is undertaken smoothly.

3.2 Field Work

The social audit team comprising of District Resource Persons (DRPs), Block Resource Persons (BRPs) and Village Resource Persons (VRPs), as constituted by the Social Audit Unit of respective State shall undertake the following activities as part of field work during the social audit of XV FC grants. While doing so social audit team should check possible deviations and irregularities (apart from good practices) as indicated in Annexure 3.

3.2.1 Awareness Generation

Social Audit team will create awareness among stakeholders about the XV FC grants and key provisions of operational guidelines and various Central/ State advisories on utilisation of these grants.

3.2.2 Pro-active Disclosure of Information

Social Audit team will pro-actively share all important information related to XV FC grants which are made available to it by GP/IP/DP or TLB to the residents of respective Gram Panchayats/Village Councils where works have been taken up and services rendered utilising XV FC grants. This can be done during visits to worksites, households visit, focused group discussions, in Gram Sabha and Public Hearing at IP/DP or TLB level.

3.2.3 Document/ Record Verification

Social Audit team shall check all records/documents/ information provided to them and identify incongruity/ inconsistencies among these documents. Team shall also check whether all works taken up/ services rendered utilising XV FC grants have been approved by respective Gram Sabha/s, GPs/ IPs/ DPs; technical, financial and administrative sanctions obtained prior to commencement of works/services. Social Audit team shall also ascertain whether all bills/vouchers, receipts, cash books, accounts are properly maintained by the GP/IP/DP where social audit is being carried out.

3.2.4 Verification of Wall Writings

Social Audit team shall check the availability and correctness of wall writings, information display boards at the GP/IP/DP or TLB offices and at the worksites done by the officials/agencies responsible for utilisation of XV FC grants.

3.2.5 Physical Verification of Works/ Services

Social Audit team shall visit worksites and location where services are rendered and verify the quantitative and qualitative aspects of works and services to examine the correctness of information provided in the records/documents provided to the social audit team.

3.2.6 Verification with Existing and Past Beneficiaries of Works/ Services

Social Audit team shall visit beneficiary households and verify with them the correctness of information given in the official records and MIS/ They will also ascertain the beneficiary's level of satisfaction with the quality and usefulness of works taken up and services rendered utilising XV FC. Grievances if any shall also be registered.

3.2.7 Focused Group Discussion

Social Audit team shall conduct focussed group discussion with the community, where participants can be non-beneficiaries as well as beneficiaries, to understand how XV FC grants are being utilised, process of preparation of GPDP and community participation therein, annual action plans for drinking water and sanitation, regularity and efficacy of Gram Sabha, community participation in implementation and monitoring of approved and sanctioned works/ services, existence and efficacy of grievance redressal system, common problems and good practices etc.

3.2.8 Verification of Action Taken on Findings

Social Audit team shall also verify the authenticity of Action Taken Report (ATR) submitted/provided by the nodal department/authority at GP/IP/DP or TLB level on the findings and decisions taken during the last social audit.

3.3 Preparation of Draft Report

Based on findings/observations from the field work, social audit shall prepare a draft report in the prescribed format. Such report should be easy to understand, free from vagueness or ambiguity and in local language. The findings of the draft report should be backed by evidence from field verification, official documents, testimonies, photos, videos etc.

3.4 Social Audit Gram Sabha / GP level Public Hearing

3.4.1 Chairperson of the Gram Sabha

A Gram Sabha shall be convened in every GP (In Fifth Schedule Areas, gram Sabha should be held in every village followed by a public hearing at the GP level) to discuss and validate the findings of the field verification contained in the draft report, to review the compliance on transparency and accountability and fulfilment of the rights and entitlements of Gram Sabha members and beneficiaries of works/services. As GP or VC is an implementing agency, as per the Auditing Standards for Social Audit 2016, the Social Audit Gram Sabha shall not be chaired by GP President/Chairperson (Pradhan, Sarpanch, Mukhia). The Chairperson of Social Audit Gram Sabha shall be decided by the assembled people before the start of the meeting of Gram Sabha. However, in Scheduled areas, the traditional Gram Pradhan/ Village Head can be the Chairperson.

3.4.2 Venue, Time and Publicity

Social Audit Gram Sabha shall be held at a neutral public place like school premises, open ground etc. In case of a public hall, it should be large enough to accommodate majority of Gram Sabha members and all doors must remain open during the meeting. Gram Sabha should be held at a place where it has been held traditionally and consent of people needs to be obtained at the entry conference for any change in venue. Timings of Gram Sabha should be convenient for all including women members. Date, time, venue and agenda of the Gram Sabha must be communicated to the members in advance as per the applicable provisions of State Panchayati Raj Act and Rules or at least three days before prior to the day of meeting.

3.4.3 Presence of Functionaries

All functionaries and elected representatives of GP responsible for/involved in utilisation of XV FC grants will remain present from the start till conclusion of the meeting. These functionaries will respond to the queries, grievances of Gram Sabha members and also findings of social audit exercise presented in the Gram Sabha. President/Chairperson or CEO of Intermediate Panchayat (IP) and District Panchayat (DP) will also attend or send their nominees to attend all Social Audit Gram Sabha held in their areas. The district administration should also depute a senior official to attend as independent observer.

3.4.4 Review of Action Taken

First agenda item of the Gram Sabha would be to review the action taken on the findings of last social audit that were reported in the previous Social Audit Gram Sabha. Social Audit team will present its findings of the verification of the action taken report.

3.4.5 Presentation of Draft Social Audit Report

Social Audit team shall present before the Gram Sabha Work/Services wise findings of social audit field verification exercise contained in the draft social audit report separately for GP/IP/DP or TLB one by one. Functionaries, beneficiaries, social audit team members shall present their views/cases to enable Gram Sabha members take a decision on the findings.

3.4.6 Recording of Minutes and Decision Taken

Minutes of the meeting shall be recorded in the Gram Sabha register which shall be signed by Gram Sabha Chairperson, Independent Observer, GP President, GP Secretary, IP and DP nominees, Social Audit team representative and participants of the meeting. In addition, decisions of Gram Sabha shall be recorded in a Decision Taken Format (DTF) where decisions, responsible person and timeline will be entered and will be signed by Gram Sabha Chairperson, Independent Observer, GP President, GP Secretary, IP and DP nominees and Social Audit team representative.

3.4.7 Participation of Marginalised and Vulnerable People

Participation of the most marginalised and vulnerable people (SC, ST, Minorities, Elderly, Single Women, Physically Challenged etc.) must be proactively ensured by Social Audit team

members, elected representatives and administration through wide local publicity (posters, rallies, yatras etc.) and social mobilisation.

3.4.8 Documentation of Social Audit Gram Sabha

Adequate photo and video documentation of the Social Audit Gram Sabha meeting shall be done and photographs will be annexed in the final Social Audit Report.

3.5 Public Hearings

3.5.1 Support for Public Hearings

Public hearings at block, district and state shall be open to the general public and the administration should widely publicize the date and venue for the hearings and invite people to participate. The administration should provide basic facilities including microphones, shamiana, drinking water and video-recording to ensure the smooth conduct of the public hearing. All elected representatives and functionaries of Panchayat at that level should attend the public hearing; the District Magistrate should attend or depute a senior official to attend the public hearing.

3.5.2 Independent Panel of Jury Members for Public Hearings

Public hearings at the GP/IP/DP or TLB level shall be chaired by a panel of jury members comprising representatives of federation of SHGs/CBOs, local Civil Society Organisations, local academic institutions, local media, representative of social audit unit from higher level, senior official from higher level and elected representative from higher level. State Government shall notify jury members for the GP/IP/DP/ or TLB and State level public hearings. No person who is involved in the utilisation of XV FC grants shall be the member of jury at any level. The panel of jury members shall review each social audit issue and decide on the action to be taken based on the state government advisory on the appropriate action to be taken for different irregularities/grievances.

3.5.3 Public Hearing at GP Level

In Fifth Schedule areas where Gram Sabha is organised at village level, GP level Public Hearing shall be organised within three days after all Social Audit Gram Sabhas in the GP area are concluded to discuss and decide on the action to be taken on findings of social audit. In non-scheduled areas, public hearing shall be held at the block level.

3.5.4 Public Hearing at Block level

After completion of social audits of all GPs in a block, an Intermediate Panchayat (Block Panchayat / Mandal Panchayat / Panchayat Samiti) level public hearing should be organized within 15 days. The Block level public hearing panel may include deputy commissioner representative, SAU representative, District panchayat representative, SHG federation representative, CSO representative, media representative and academic representative. The Block level public hearing shall

- a) Conduct the social audit of XV FC expenditure at the Intermediate Panchayat level
- b) Hear appeals on decisions taken at the GP level and pass orders
- c) Pass orders on issues which were referred to it from the GP
- d) Review the issues on which no action has been taken
- e) Review issues on which appropriate action has not been taken
- f) Refer certain issues to the district level for deliberation and decision
- g) Give suggestions to improve the implementation.

3.5.5 Public Hearing at District Level

Once in six months, a public hearing should be held at the District Panchayat (Zila Parishad, Zila Panchayat, Janpad Panchayat) or ADC level. The District level Public hearing panel may include the Deputy Commissioner, state representative, SAU representative from another district, SHG federation representative, CSO representative, media representative and academic representative. The District level public hearing shall

- a) Conduct the social audit of XV FC expenditure at the District Panchayat level
- b) Hear appeals on decisions taken at the block level and pass orders
- c) Pass orders on issues which were referred to it from the Block level hearing
- d) Review the issues on which no action has been taken
- e) Review issues on which appropriate action has not been taken
- f) Refer certain issues to the state level for deliberation and decision
- g) Give suggestions to improve the implementation.

3.5.6 Public Hearing at State Level

State level public hearing shall be organised once a year. The State level Public hearing panel may include the Principal Accountant General, Secretary of the RD & PR Department,

Secretary of the Finance Department, Director of Local Fund Audit, CSO representative, media representative, academic representative and SAU Director. State level public hearing shall

- a) Hear appeals on decisions taken at the district level and pass orders
- b) Pass orders on issues which were referred to it from the District level hearing
- c) Review the issues on which no action has been taken
- d) Review issues on which appropriate action has not been taken
- e) Recommend operational and policy measures to address bottlenecks and common irregularities that are seen in the utilization of XV FC grants

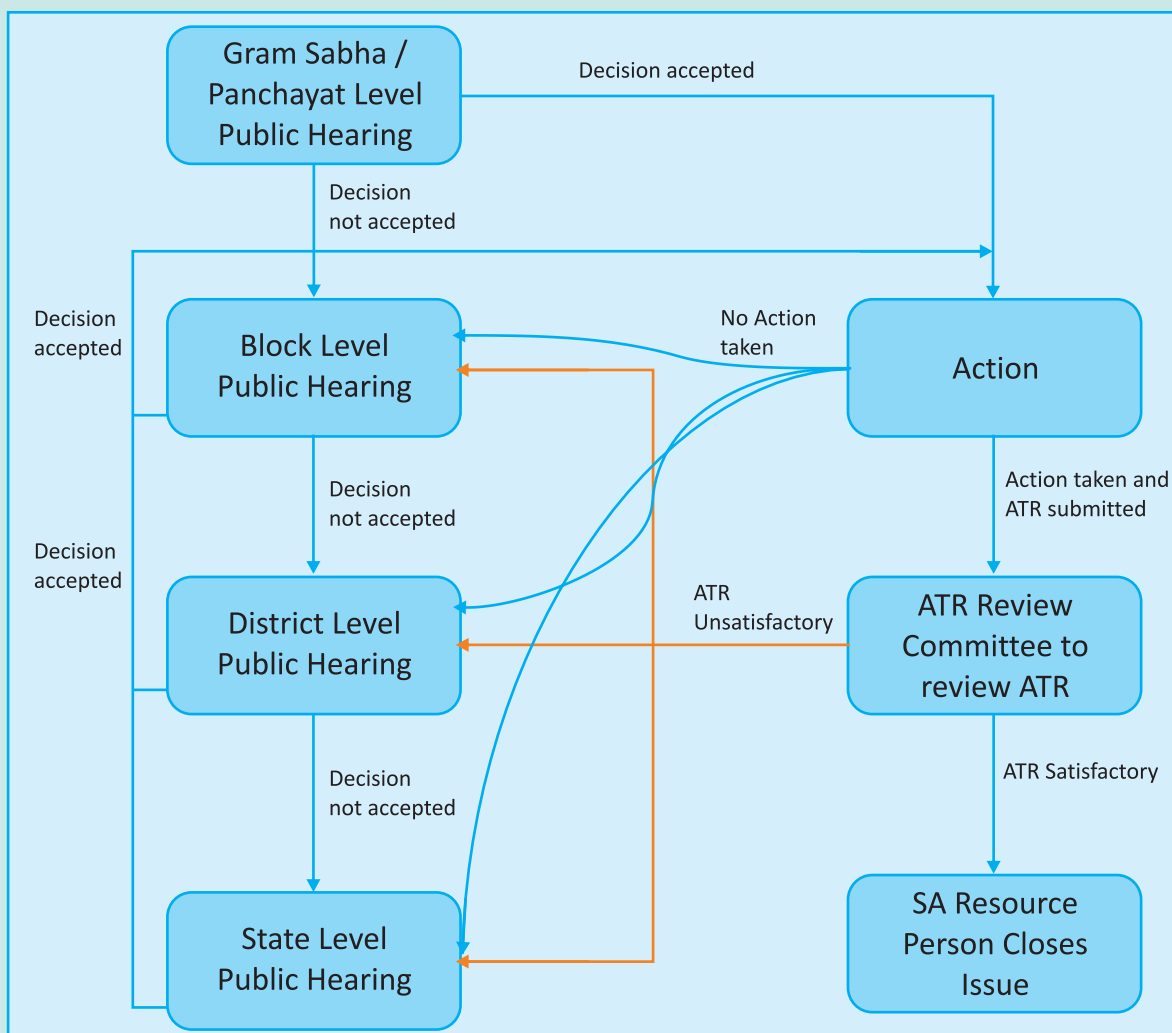
3.6 Finalisation and Submission of Report

After completion of Gram Sabha / public hearing, the report shall be finalized and signed by social audit team members, jury members, officials and elected representatives. A copy of the final report including meeting minutes should be submitted to the GP / IP / DP or TLB, District Magistrate or ADC and Director of Panchayati Raj department. The report and meeting minutes should be put up for display at the GP /IP / DP or TLB office notice board. A copy may also be given to the local public library and to VOs of SHGs for further dissemination. The report should be hosted in the public domain within 03 days of conclusion of the Gram Sabha / public hearing. Findings shall be also be entered in the MoPR social audit MIS within 03 days.

3.7 Action Taken Report Review Committee

The nodal official responsible for utilization of XV FC grants shall take action/ensure appropriate action is taken by TLB/ GP/IP/DP/State nodal department within 15 days of the Gram Sabha/public hearing. The official should forward the action taken report to an 'ATR Review Committee' for recommendation on whether the issue can be closed/ The ATR Review Committee should be formed at the state and district level and should not contain any elected representatives or officials of the Panchayati Raj Department. The ATR Review Committee may contain SAU representative, CSO representatives, members of SHG/CBO federations, reputed social activists, representatives of media and academia. If no action is taken or if the ATR committee is not satisfied with the action taken report, then the issue will be re-examined at the higher level (block / district / state) public hearing.

The picture below shows how social audit issues are processed.



4 Structure and Functions of Social Audit Facilitation Unit

4.1 Social Audit Unit

At the Gram Panchayat or Village Council level, it is the Gram Sabha that shall conduct the social audit of XV Finance Commission grants. However a group of trained resource persons are needed to facilitate the process for smooth and effective conduct of social audit. Social Audit Unit (SAU) set up under MGNREG Audit of Scheme Rules 2011 shall also facilitate the social audit of utilisation of XV FC grants.

4.2 Governing Board of SAU

Existing Governing Board shall include/invite Secretary, Department of Panchayati Raj and Department of Finance of State Government to the meetings of Governing Board of SAU whenever social audit of XV FC is part of the agenda of the meeting. Joint Secretary in-charge of XV FC in the MoPR, Government of India may also be invited in the annual meeting of

Governing Board reviewing the progress of social audit of findings and action taken on social audit of XV FC grants.

4.3 Staffing of SAU

The team facilitating social audit of XV FC grants shall be led by a Block/District/State Resource Person who has completed the 30 day certificate programme on social audit offered by NIRDPR. He/she shall be assisted by other resource persons who should have at least completed the 4 day training programme on social audit. In addition to the existing resource persons who facilitate the social audit of MGNREGS, the SAU may hire additional staff/resource persons with a minimum tenure of one year for facilitation of social audit of XV FC grants.

The SAU shall pay salaries/ honoraria to its staff/resource persons directly, if engaged for facilitating social audit of XV FC grants and shall meet expenditure for the same without having to get approval from the Panchayati Raj Department or the institutions being audited. Honorarium of staff/resource persons hired for facilitation of social audit of XV FC grants shall be on par with the MGNREGA social audit norms.

4.4 Responsibilities of Social Audit Unit

- a) SAU must conform to the Auditing Standards for Social Audit 2016 prepared by the MoRD, Government of India as applicable to utilisation of XV FC grants.
- b) SAU shall ensure that social audit of utilisation of XV FC grants by every GP/IP/DP (and traditional local bodies in areas where part IX of Indian Constitution is not applicable) is conducted with 100 percent coverage of works/services taken up with XV FC grants. For this purpose, SAU shall prepare an annual calendar for the next financial year and get it approved by Governing Board before 15th of March every year. This annual calendar should be shared with all GP/IP/DP in advance. This calendar will also be uploaded on the social audit MIS to be created by MoPR, Government of India.
- c) The SAU shall ensure that adequate personnel are engaged and trained for facilitating social audit of utilisation of XV FC grants. The number of resource persons facilitating audit at a particular location may be decided based on the number of works, geographical coverage and amount of expenditure in TLB /GP/IP/DP.

- d) The SAU shall develop formats for field verification, reporting formats, training manual, IEC material in local language for the purpose of facilitating social audit of XV FC. Indicative formats are given at Annexure 2. Such formats will mandatorily cover all items/information to be filled in the social audit MIS to be developed by MoPR to maintain minimum common information enabling MoPR to compare progress of States in facilitation conduct of social audit, findings and action taken on findings of social audit.
- e) The SAU shall ensure that social audit findings are disseminated widely. It should enter findings in MIS created for this purpose by MoPR, Government of India.
- f) The SAU shall prepare an annual report with the summary of findings of social audit, summary of action taken reports as received from nodal department, key recommendations and financial statements and submit it to State Government, MoPR and C&AG (Annexure 6).
- g) The SAU shall conduct quarterly meeting with key functionaries at State nodal department, DP, IP and GP to discuss the findings and review progress of action taken on the decisions taken on findings in public hearings at different levels. In case action is not taken or is not appropriate, then SAU should flag these issues to higher level authorities/officials.
- h) The SAU shall set up a mechanism for periodic review of the social audits that includes conduct of test audits; it shall also establish a grievance registration mechanism for members of TLB/ GP/IP/DP or the general public who have complaints/grievances against a social audit team or against individual resource persons.

4.5 Responsibilities of Social Audit Resource Persons

4.5.1 Responsibilities of State Resource Persons (SRPs)

- a) Advise and assist the Director in day-to-day functioning of the SAU.
- b) Assist the Director in preparing annual calendar, field verification data collection format, social audit report format, decision taken format for use in public hearings and action taken format to track the actions taken on the findings.
- c) Prepare learning materials, training manual and undertake capacity building and training of DRPs/BRPs/VRPs.

- d) Prepare IEC materials on XV FC grants and mobilisation songs, plays etc. for awareness creation.
- e) Monitor the social audit process and recommend corrective measures to ensure quality and integrity of the social audit.
- f) Analyse the social audit findings and prepare periodic reports to be circulated among different stakeholders in the State.
- g) Assist with the conduct of public hearings at different levels
- h) Attend public hearings at different levels

4.5.2 Responsibilities of District Resource Persons (DRPs)

- a) Attend training programmes and learn about XV FC recommendations, operational guidelines and Central & State advisories for utilisation of XV FC grants by GP/IP/DP or TLB.
- b) Identify village resource persons & organise trainings programmes for them.
- c) Supervise and guide the Block Resource Persons and Village Resource Persons.
- d) Obtain all necessary information, records related to utilisation of XV FC grants and scrutinise them.
- e) Coordinate with officials, elected representatives, jury members and State level SAU staff/resource persons for smooth conduct of social audit.
- f) Ensure that Auditing Standards for Social Audit 2016 notified by MoRD, Government of India, as applicable in case of XV FC grants, are fully complied with.
- g) Attend Gram Sabhas and public hearings.

4.5.3 Responsibilities of Block Resource Persons (BRPs)

- a) Lead the team facilitating the social audit in the GP/IP/DP or TLB following the process delineated in Section 3 of this guidelines.
- b) Allot work to Village Resource Persons and supervise them.
- c) Check the documents and registers, visit worksites, meet with the villagers individually and in small groups,
- d) Present the findings in the gram sabha and public hearings at different levels
- e) Ensure that social audit reports (including findings and decisions taken in the public hearings) are prepared in prescribed format and communicated to higher level officials and SAU for follow up action.

- f) Ensure that findings of social audit at GP/IP/DP or TLB are entered in the social audit MIS created by MoPR for this purpose.
- g) Monitor the action taken on the findings of social audit at GP/IP/DP or TLB level and report to State level staff/resource persons of SAU as well as higher level officials of nodal department responsible for utilisation of XV FC grants.

4.5.4 Village Resource Persons (VRPs)

- a) Facilitate social audit in the GP/IP/DP following the process delineated in Section 3 of this guidelines based on the guidance and instructions from the Block Resource Person.

4.6 Transparency and Accountability in Social Audit Unit

- a) **Compliance to RTI Act:** SAU should abide by the procedural guidance of Right to Information (RTI) Act 2005, and its subsequent amendments as deemed applicable. In particular, it should abide by section 4(1)(b) of RTI Act which mandates pro-active disclosure of key information relating to the functioning of SAU. Key documents such as the Governing Body meeting minutes, executive body meeting minutes, audited financial statements, tender documents, hiring/recruitment process, procurement process etc. should be hosted on SAUs website. Social audit is to be seen as the most public of all audits. Therefore, mechanisms should be defined by which pro-active disclosure of information is ensured, nurtured and sustained in all processes of the SAU and the social audit process being conducted on the ground.
- b) **Keeping Social Audit Reports in Public Domain:** The SAU should host the social audit report (including photographs/video recordings) of each GP/IP/DP, decision taken in public hearings at GP/IP/DP or TLB levels and action taken report on its website and ensure uploading of the findings on the MIS created by MoPR for this purpose. Availability of entire social audit data in public domain will help in ensuring transparency and accountability of the follow-up process itself.
- c) SAU should designate a **grievance redressal officer** for accepting complaints from citizens and PRIs about the staff and practices of social audit and should take disciplinary action against resource persons in case of violations of code of conduct and misrepresentation of facts with malafide intentions.

5 Responsibilities of Officials/Authorities Responsible for Utilisation of XV FC Grants

5.1 Responsibilities of President and Secretary of GP/ President and BDO of IP/ President and CEO of DP

- a) Ensure that all data, information, records/documents required by social audit team are provided at least 15 days prior to the start of social audit. An indicative list of documents/ records to be provided to social audit team is given at Annexure 1.
- b) Direct all officials concerned to fully cooperate with social audit teams in locating works/services and beneficiaries/ beneficiary households without interfering in the social audit process.
- c) Ensure proactive disclosure of information with regard to utilisation of XV FC grants through wall paintings, information display boards, display at notice boards etc. Indicative formats for proactive disclosure of information with regard to utilization of XV FC grants in GP/IP/DP or TLB are given at Annexure 5. If not done before, it should be done 15 days prior to the start of social audit.
- d) Attend and depute officials responsible for utilisation XV FC grants to the Social Audit Gram Sabha and Public Hearings.
- e) Ensure that corrective actions, as applicable, are taken on findings and decision taken in public hearings on the findings of social audit contained in the social audit reports of GP/IP/DP or TLB within 15 days from the date of receipt/ being uploaded on social audit MIS of MoPR.
- f) Submit Action Taken Report to higher level officials with copy to State Nodal Department and upload the same in social audit MIS of MoPR within 30 days from the date of receipt of social audit report/ social audit report being uploaded by social audit team on social audit MIS of MoPR.

5.2 Responsibilities of Elected Members of GP/IP/DP

- a) Learn and educate themselves about XV FC grants and operational guidelines.
- b) Participate in and supervise preparation of GPDP/ IP Plan/ DP Plan and sectoral plans for drinking water and sanitation at GP/IP/DP or TLB levels in their wards/constituencies.

- c) Discuss and review the utilisation of XV FC grants in the GP/IP/DP or TLB meetings and raise the issues being faced/ grievances of community in their wards/constituencies.
- d) Monitor implementation of works/ services being rendered in their wards/constituencies using XV FC grants.
- e) Motivate and mobilise rural community residing in their wards/constituencies to take active part in the planning (GPDP and Sectoral Plans), monitoring, concurrent audit and social audit of XV FC works/ services. Also mobilise rural community to actively participate in social audit Gram Sabha and Public Hearings.
- f) Submit required documents/registers to the social audit team, attend gram sabha and public hearings, take appropriate action on the social audit findings.

5.3 Responsibilities of State Government

The Department of Panchayati Raj and Department of Finance shall

- a) Ensure conduct of special audits in all local bodies at least once in 3 years.
- b) Frame appropriate rules for fixing accountability for provision of records to the social audit teams within stipulated time frame.
- c) Formulate rules on the actions to be taken (action taken protocols) on different types of procedural violations/ irregularities/ grievances that get reported during the social audit of XV FC grants. Also, the penalties to be imposed shall be decided by the States/ UTs and detailed guidelines should be formulated with regard to the same by the States/ UTs. These rules shall be referred to by the jury members of public hearings while taking decisions. State Government shall also constitute an independent Action Taken Report (ATR) Review Committee.
- d) Set up State and District level vigilance cells to enquire and act on the findings of social audit and decision taken in the public hearings.
- e) Ensure that Action Taken Reports are uploaded in the MoPR's social audit MIS.
- f) Notify an account where amount recovered from ERs/Officials/Contractors etc. during social audit exercise can be deposited and how that amount will be utilised.
- g) The Secretary of the nodal department responsible for utilisation of XV FC grants in the State shall conduct a monthly review of social audit findings and action taken by officials of DP/IP/GP and other officials concerned.

- h) Prepare annual report incorporating the summary of social audit findings and action taken reports and submit to MoPR, Government of India, CAG and place it in the State legislature. Summary format for number of audits done, social audit findings and action taken reports as given in Annexure 6.
- i) State nodal department shall nominate one State level official as nodal officer for social audit with whom SAU will coordinate.
- j) As per Para 5.3 (xxiii) of XV FC interim report for 2020-21, the accounting system of PRIs need to be integrated with PFMS to generate online Accounts. State Government shall ensure that Social Audit teams are provided access to e-Gramswaraj portal to download soft copies of Cash Book of XV FC funds and other subsidiary registers / reports and the geo-tagged photos of works etc. for audit purpose.
- k) The MoPR has issued advisory that annual statutory audits of PRIs will be conducted online by the Local Audit Department, by using "AuditOnline" software w.e.f. the financial year 2020-21 . State Government shall ensure that Social Audit teams are provided access to AuditOnline Portal to download soft copies of audited accounts and audit reports of XV FC funds.

5.4 Responsibilities of Ministry of Panchayati Raj, Government of India

- a) Issue advisories to State Government nodal department to provide necessary support for the social audit of XV FC grants. States should issue rules mandating cooperation of local bodies (pay fee, give required documents, attend public hearings and take timely and appropriate follow up action on the social audit findings). Such advisory should highlight the need to formulate detailed action protocols for different irregularities.
- b) Create a social audit MIS enabling SAUs to upload findings and GP/IP/DP or TLB and State nodal department officials to upload action taken reports. Also, create high level dashboards to monitor social audit of XV FC grants.
- c) Review the social audit findings and action taken report and include conduct of social audit as one of the parameters before making recommendations to Ministry of Finance for release of XV FC grants.

- d) Include summary of social audit reports and action taken in the annual report of the Ministry to be laid before the Parliament.
- e) Provide financial and administrative support to NIRDPR, SIRD&PRs and SAUs for capacity building and training of social audit resource persons and sensitization of nodal department officials.
- f) MoPR should create a special window in the Rashtriya Gram Swaraj Abhiyan (RGSA) for orientation, sensitization and capacity building of Elected Representatives and functionaries of PRIs on Social Audit.

6 Funds for Facilitation of Social Audit

6.1 Cost of Facilitation and Conduct of Social Audit

Expenditure towards facilitation and conduct of social audit shall be met by the concerned PRI being social audited, out of its sources including XV FC untied grants wherein XV FC has recommended that the expenditure required for auditing of accounts by external agencies approved by the State Government may be borne from this grant (Para 7.84 of Chapter 7 of XV FC Report for 2021-26).

The Social Audit Unit shall make an estimate of the cost required for the facilitation of social audit of XV FC grants and submit it to the state government. Based on the estimate, the State Governments/ UT administrations will work out a modality for payment of social audit facilitation fee in advance by the different local bodies and issue GO in this regard within one month of issuance of these guidelines. The social audit fee to be paid by each local body shall not be the same but shall be proportional to the amount they received from the XV FC grants.

6.2 Modalities of Release of Funds

Modalities for advance payments or reimbursements of cost of facilitation and conduct of social audit of XV FC to SAUs by PRIs shall be worked out by States/UTs and notified through the GO mentioned above in para 6.1.

6.3 Audit of Accounts

SAUs should submit copy of annual statement of accounts duly audited by Chartered Accountant firms selected from a panel maintained by the CAG after approval of the Governing Board of SAU to MoPR along with the annual report of social audit of XV FC grants.

6.4 Permissible Items/Activities for Expenditure

SAU may incur expenditure on following items relating to social audit of XV FC grants:

- a) Cost of hiring personnel on contract for SAU
- b) Training of resource persons who facilitate social audit of XV FC grants
- c) Payment to jury members and Action Taken Report committee members (for those who are not state government officials)
- d) Expenses on facilitation and conduct of social audit of XV FC grants
- e) IEC materials and IEC activities
- f) Monitoring of social audit
- g) Reporting of social audit of XV FC
- h) Review and monitoring of action taken
- i) Conduct of assessment and evaluation studies
- j) Cost of seminars, conferences, meetings

6.5 Social Audit of XV FC with Other Schemes:

As far as possible, social audit of XV FC fund shall be conducted along with social audit of MGNREGS and other schemes so as to reduce cost, duplication of efforts and enable large participation of people.

7 Ensuring Quality of Social Audits of XV FC Grants

7.1 Quality Assurance and Control

To ensure that social audits conducted conform to standards and are of a consistently high quality, quality control procedures should be framed by SAUs to cover the direction, supervision, collation and consolidation of reports and review of the social audit process. The SAU Director should develop and maintain quality assurance and improvement initiatives covering all aspects of the social audit activities.

7.2 Monitoring

SAUs will develop their own internal monitoring mechanism to ensure the quality of social audit. Conduct of social audits and the findings should be recorded in the MIS regularly and be monitored continuously.

7.3 Assessments

There should be periodic internal and external assessments of the social audit of XV FC grants. The external assessment can be carried out by an agency/institution identified by the Governing Body of the SAU. The SAU Director should place the assessment reports before the Governing Body and later share the final reports with State nodal department and MoPR, Government of India.

7.4 Test Audits

To ensure that social audits are done as per specified processes, check whether the social audit findings reflect the actual field inputs and to ensure that the Code of conduct for Social Audit Resource persons and non-negotiables of the social audit process are followed, SAUs should conduct test audits in a sample of the local bodies.

8 Capacity Building and Training (CBT):

8.1 Training

National Institute of Rural Development and Panchayati Raj (NIRDPR) along with State Institutes of Rural Development (SIRDs) and SAUs shall be the training partner for capacity building and training of resource persons who facilitate social audit of XV Finance Commission grants.

8.2 Sensitization

NIRDPR, SIRDs and SAUs shall also conduct orientation and sensitization programmes on social audit for elected representatives and key functionaries of PRIs at all three levels, district and State level officials of nodal department (Department of Panchayati Raj) responsible for utilisation of XV Finance Commission grants.

9 Code of Conduct for Social Audit Resource Persons

9.1 Ethics

All social audit Resource Persons associated with social audit process must demonstrate ethical conduct during the course of their duties and must adhere to high standards of behaviour, integrity and objectivity in work. They should conduct themselves in a manner which promotes co-operation and good relation.

9.2 Independence

The social audit Resource Persons must exhibit independence in all their activities during social audit process and their findings must be based on facts without any prejudice. The conclusions in the report must be precise and objective based on the responses received during the course of social audit process

9.3 Professionalism

The social audit Resource Persons must exhibit utmost professionalism while dealing with the functionaries and elected representatives of GP/IP/DP or TLB, beneficiaries of works taken up/services rendered utilising XV FC grants or any other stakeholders. They must remain open-minded, earnest and receptive to all views. Professionalism includes knowledge, competency, integrity and consistency. At any point, the social audit resource person should not expect hospitality from the functionaries and elected representatives of GP/IP/DP subjected to social audit.

10 Special Audits

10.1 Circumstances for Conducting Special Audit

Special Audits are audits by senior and experienced team members of the SAU to be conducted in following circumstances:

- a. When social audit process in a GP/IP/DP or TLB is disrupted or prevented from happening.
- b. When social audit Gram Sabha or Public Hearing at any levels are disrupted or prevented from happening.
- c. When there are reports of large-scale corruption.
- d. When use of force, intimidation and other similar action against complainants/ whistle blowers comes to light.
- e. When physical force, intimidation against social audit resource persons are reported.
- f. When information, records/documents necessary to conduct social audit are not provided making it impossible to facilitate conduct of social audit.

10.2 Support to Special Audits

It shall be the duty of the State Government to ensure that prompt initiation of criminal proceedings against acts of violence, intimidation and coercive action and ensure that a

special audit is conducted. District administration should provide adequate protection for the special audit team. Based on the findings of the special audit, the State Government should take immediate action including financial recovery and / or administrative and disciplinary proceedings against concerned persons.

11 Concurrent Monitoring

In addition to regular social audit once in three years, concurrent monitoring may also be undertaken of the ongoing works/services being rendered. For this purpose Village/GP level Vigilance & Monitoring Committee (VMC) provided/constituted under MGNREGA or other schemes may be used. SAU/SIRD/NIRDPR and State Government may take up a programme for orientation and capacity building of VMC members. Findings of concurrent monitoring will feed into regular social audit and also provide opportunity to nodal department to take corrective measures.

Annexures

Annexure 1: List of Documents and Information to be provided to Social Audit Team

State Level

Details of receipt of XV FC grants from the Centre and release to GPs/IPs/DPs (and also local bodies in excluded areas), Government Orders, Circulars, Guidelines (GPDP, Drinking Water and Sanitation Plans), Annual Reports, Annual Drinking Water and Sanitation Plans for Jal Jeevan Mission and Swachh Bharat Mission-Grameen, Minutes of Meetings of State level Committees, CAG Audit Reports, Capacity Building & Training Reports etc.

DP/IP/GP Level

- a) Annual Development Plans (District Plans, IP Plans, GPDP)
- b) Annual sectoral plans for drinking water and sanitation (Annual Action Plans for Jal Jeevan Mission and Swachh Bharat Mission-Grameen)
- c) List of works taken up/ Services rendered by GP/IP/DP or TLB utilising XV FC grants and details of each work/services (GS resolution, GP/IP/DP resolutions, AS, TS, Tender, Agreement copy, Photos, MB, Completion Certificate, Utilisation Certificate, Quality Control Report)
- d) Work/ Services wise list of households/individuals beneficiaries of works taken up/ Services rendered by GP/IP/DP or TLB utilising XV FC grants
- e) Minutes of Gram Sabha, GP general body meetings, IP general body meetings, DP general body meeting in which works/ services funded by XV FC grants were approved.
- f) Details of procurements of materials and services using XV FC grants
- g) Bills/vouchers of all payments made from XV FC grants
- h) Accounts Statements of XV FC grants
- i) CAG/CA/Local Fund Audit reports of XV FC grants
- j) Observations of monitoring/supervision visits of block, district, State, Central officials
- k) Muster Rolls/ details of wages paid
- l) List of vendors/ service providers, materials & services procured and payments made.
- m) Details of fee charged for services rendered
- n) Copy of grievance/complaints register and action taken
- o) List of functionaries responsible for execution of works/ services rendered using XV FC grants

- p) Details of training provided to elected representatives and functionaries on XV FC grants
- q) Details of IEC activities undertaken
- r) Details of transparency measures
- s) Details of accountability measures
- t) List of ERs of PRIs included in the committee (or any other body) to supervise and monitor health services in rural area

Annexure 2: Social Audit Verification Formats

A. Record verification Format

S. No.	Register Name	Status (Present or not)	Updated (Yes/No)	Remarks/Problems (signatures missing, signatures forged, data not true, inconsistent photos, incomplete reasons)
1	GPDP/ IP Plan/DP plan			
2	Annual action Plan of JJM and SBM-G			
3	Gram Sabha register			
4	GP/IP/DP Meeting registers			
5	Cash book			
6	Asset register			
7	Check issuance register/ FTO Register			
8	Bill/voucher register			
9	Stock book			
10	Payment register			
11	XV FC Grants register			
12	XV FC work-wise/ Services-wise file (GS resolutions, AS, TS, tender, agreement copy, WO, 3 photos, measurement book, CC, UC, PO, QC report)			
13	Audit report			
14	Complaint register			

B. Physical verification of works

	As per records	As per actuals
Name of work		
Location		
Work done by		
When was the work started?		
If complete, when was it completed?		
Sanctioned Amount		
Expenditure Amount		
Status of Work	Started / Ongoing / Completed	Started / Ongoing / Completed
Measurement (length, breadth, height)		
Quantity of Materials Procured		
Quantity of Materials Used		

Is there an information board at the worksite?	
If completed, is the work being used?	
What was done well?	
What could have been done better?	
Quality of work	
Any grievance / complaint	

C. Questions for Focus group Discussion with Village community / GP members

- Awareness and participation about GPDP/ Annual Action Plans for JJM and SBM-G and GS?
- What are the works/ services that are selected under GPDP/ IP Plans/ DP Plans?
- Who are implementing the works?
- Do you know the VLC/contractor?
- Are you aware of categories of grants (Basic, Tied) under XV FC?
- Are you aware of on which items tied grants under XV FC can be spent?
- What is the amount that GP received in the last financial year?
- Was a particular VLC/contractor preferred more?
- Was a particular hamlet/sub-village/community of people benefiting more?
- Was a community or section of people missed out from getting the benefit of works/ services?
- Are there other works which would have been more useful?
- Any issues in execution of work?
- Do you know if the work/ service were visited/supervised by any engineer, was it verified?
- Was information about the work / services read out in the Gram Sabha?

D. Checklist

Question	Answer	Comments
Infrastructure, Human Resources and Capacity Building		
Were the elected representatives and functionaries of PRIs provided training / orientation on Fifteenth Finance Commission Grant?	Yes / No	
Do PRIs have adequate staff?	Yes / No	
Do PRIs have adequate office space, equipment & internet connectivity?	Yes / No	
Planning		
Does GP/IP/DP prepare annual action plans for drinking water (JJM) and Sanitation (SBM-G)?	Yes / No	
Did the GP prepare a GPDP / IP prepared IP Plan / DP prepare DP Plans?	Yes / No	
Is Mission Antyodaya data used to identify development gaps and felt needs of GP/IP/DP?	Yes / No	
Did GP/IP/DP select worksite/s with approval of Gram Sabha?	Yes / No	
Was the quorum requirement met when the GPDP was approved by Gram Sabha?	Yes / No	
Administrative Support		
Did GP/IP/DP get administrative / financial / technical sanctions in time?	Yes / No	
Did GP/IP/DP get the grant on time (within 10 working days from receipt by State nodal department)	Yes / No	
Processes		
Has the GP/IP/DP taken adequate measures to create awareness about XV FC grants among rural community?	Yes / No	
Does GP/IP/DP ensure inclusion of all geographies and communities particularly the underdeveloped and vulnerable?	Yes / No	
Does GP/IP/DP have a procurement committee?	Yes / No	
Did GP/IP/DP made procurement of materials and services as per procurement rules/norms of the State Government.?	Yes / No	
Are records properly maintained by GP/IP/DP?	Yes / No	

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Do ERs and functionaries of GP/IP/DP monitor and supervise works/services regularly?	Yes / No	
Is there a Vigilance and Monitoring Committee (VMC) or User's Association in the GP/IP/DP for community monitoring of works/ services	Yes / No	
Do ERs of GP/IP/DP review the progress of utilisation of XV FC grants?	Yes / No	
Does GP/IP/DP distribute XV FC tied grants to both categories (a) drinking water (b) sanitation, if one category is not already saturated?	Yes / No	
Transparency & Accountability		
Has GP/IP/DP proactively disclosed information related to XV FC grants in compliance to Section 4 of RTI Act, 2005	Yes / No	
Does GP/IP/DP report the progress of utilisation of XV FC grants in Gram Sabha?	Yes / No	
Does GP/IP/DP report the progress of utilisation of XV FC grants in the meetings of general body of GP/IP/DP?	Yes / No	
Are accounts of the previous year available in the public domain online?	Yes / No	
Are audited accounts for period preceding the previous year available in the public domain online?	Yes / No	
Is annual report of the utilization of XV FC prepared by GP/IP/DP?	Yes / No	
MIS Usage		
Is the Panchayat maintaining its accounts in PRIASoft?	Yes / No	
Is Plan Plus used by GP/IP/DP?	Yes / No	
Is Action Soft is used by GP/IP/DP?	Yes / No	
Maintenance		
Has GP/IP/DP ensured mandatory community contributions to meet capital cost of new drinking water scheme?	Yes / No	
Does GP/IP/DP collect user fee to cover cost of operations and maintenance of assets and services?	Yes / No	

Annexure 3: Possible violations that should be checked by SA facilitators

A. Procedural Violations

- Financial Audit not done
- Expenditure without bills/vouchers
- Bills do not have TIN number
- Engineer did not visit site
- Wrong Estimates
- Inflated Estimates
- Work was not required
- Work done/ services rendered without technical approval
- Work done but not being used
- Work done without Gram Sabha approval
- Work done without GP/IP/DP general body approval
- Work done without administrative approval
- VLC/ Contract/ Procurement Committee constituted without following norms
- One VLC/ Contractor/ Service Provider favored over another
- VLC members/ Contractors/ Service Providers chosen wrongly
- GPDP not done well
- Plan Plus not used
- Entries in GPDP MIS not done/ is wrongly done
- Work done is not part of GPDP
- Issues with the GPDP process
- Annual action plan for drinking water (JJM) and sanitation (SBM—G) not done well
- Work done is not part of annual action plan for JJM & SBM-G
- Issues with the process of preparation of annual action plan for JJM & SBM-G
- Tied grants are utilised for one category of works (for example drinking water services) only even if other category (for example sanitation services) is not saturated.
- PRIs not having sufficient staff to plan for, implement and monitor works/services to be taken up using XV FC grants.
- Proper procedure was not followed for procurement of materials/ services
- Lack of wall writings

- Lack of information boards at worksite
- Expenditure is more than the sanctioned amount
- Non-availability of documents / registers for social audit

B. Records Violations

- Asset Register not maintained
- Records not maintained
- Records not updated
- Many corrections made in the records
- Records do not have appropriate signatures
- Bills / Vouchers are not available
- Photographs of works in different stages is not available
- Non-availability of Measurement Book

C. Financial Misuse / Misappropriation

- Ghost Work/ Services
- Work has been booked twice under different schemes
- Work is marked as completed but is incomplete
- Fake bills for materials not purchased/ Services not obtained
- Excess payment against work done/ Services obtained
- Money has been shown as paid but actually not paid
- Material purchased/ services obtained at inflated costs
- Material purchased/ services obtained is used for private use
- Underpayment of wages to labourers
- Poor quality work/ services
- Ineligible/ prohibited work was done/ services rendered
- Basic grants are utilised for prohibited works/ items such as felicitations/ cultural events etc.
- Quantity of work done is less than what has been reported in the Measurement Book
- Work done/ services provided in wrong place or on a private person's place
- Payment of bribe for contract / avail services
- Excess withdrawal / Transfer of money to an individual's account without any basis

Annexure 4: Decision Taken Format and Format for Social Audit Report

A. Format to be used in the Public Hearing

Name of GP/IP/DP:					
Date of Start and End of Social Audit Process:					
Period of Works/ Services subjected to Social Audit:					
Social Audit Team:					
Date of Gram Sabha:					
Date of Public Hearing:					
Jury Members:					
Names and Designations of ERs and Officials Present:					
S No	Category & Sub-category	Description of Issue	Responsible Persons	Decision Taken	Timeline

B. Social Audit Report Format

Name of GP/IP/DP: Date of Start and End of Social Audit Process: Period of Works/ Services subjected to Social Audit: Social Audit Team: Date of Gram Sabha:
Works / Activities done by GP / IP / DP that need to be appreciated
Areas that need improvement
Areas / Activities that should be avoided in future
Performance in Low cost / No cost areas
Support required / Grievances by the GP / IP / DP
Grievances / Requirements from public
Status of Open Defecation Free (ODF) GP / IP / DP
Status of Drinking water supply, rain water harvesting and water recycling
Serious Violations (including Financial Misuse / Misappropriation)
Process Violations

Annexure 5: Proactive Disclosure - Wall Paintings

A. GPDP PLAN (Updated on: _____)

Gram Panchayat Name:		
GPDP/ IP/DP PLAN YEAR:		
GRAM SABHA/ APPROVAL DATE:		
GP/IP/DP General Body approval date:		
INTENDED/PRIORITIZED LIST OF WORKS		
Name of work	Location	Status (Not started / on-going / completed)

B. Work details (Updated on: _____)

Gram Panchayat/ IP/ DP Name:

Year	Work Name	Location	Executing Agency / VLC	Sanctioned Amount	Expenditure Amount	Work Status	Work Completion Date	Remarks

C. XV FC Receipt and Expenditure (Updated on: _____)

Gram Panchayat/ IP/ DP Name:

S. No	Year	Basic Grant Amount Received	Basic Grant Amount Spent	Tied Grant Amount Received	Tied Grant Amount Spent	Number of completed works	Remarks
1	2020-21						
2	2021-22						
3	2022-23						
4	2023-24						
5	2024-25						
6	2025-26						

Annexure 6: SA of XV FC grants – Summary format

A. Number of audits done

S No	Financial Year	Number of GPs	Number of GPs audited	% of GPs audited	Number of BPs	Number of BPs audited	% of BPs audited	Number of DPs	Number of DPs audited	% of DPs audited
1	2021-22									
2	2022-23									
3	2023-24									
4	2024-25									
5	2025-26									
6	2026-27									

B. Summary of issues reported and ATRs filed

S No	Financial Year	Total number of issues reported	Total number of issues on which Action Taken Report (ATR) has been submitted	Total Number of Issues closed satisfactorily	Total number of issues entered in the MIS	Total number of Action Taken Reports uploaded in the MIS
1	2021-22					
2	2022-23					
3	2023-24					
4	2024-25					
5	2025-26					
6	2026-27					
	Total					

C. Financial Misuse / Misappropriation Issues

Financial Year	Financial Misappropriation Issues				Financial Misappropriation Amount			
	Number of FM issues reported	Number of issues on which ATR has been submitted	Number of issues closed satisfactorily	FM Amount as reported in Social Audit	Amount accepted	Amount rejected	Amount recovered	
2021-22								
2022-23								
2023-24								
2024-25								
2025-26								
2026-27								
Total								

D. Process Violations & Grievance

S No	Financial Year	Number of Process Violation Issues reported	Number of issues on which ATR has been submitted	Number of issues closed satisfactorily	Number of grievances reported	Number of grievances on which ATR has been submitted	Number of grievances closed satisfactorily
1	2021-22						
2	2022-23						
3	2023-24						
4	2024-25						
5	2025-26						
6	2026-27						
	Total						

E. Disciplinary Action

S No	Financial Year	Number of employees censured / warned	Number of employees suspended	Number of employees terminated	Number of PRI representatives on whom action has been taken	Number of FIRs filed
1	2021-22					
2	2022-23					
3	2023-24					
4	2024-25					
5	2025-26					
6	2026-27					
	Total					

F. Qualitative summary of social audit findings, action taken reports and future plan

Summary of Social Audit Findings in the last financial year
Summary of Action Taken Reports in the last financial year
Action plan to address the gap between cumulative social audit findings and cumulative action taken reports
Changes in policy / guidelines to address issues revealed from the most frequent social audit findings

