

# Checklist for Financial and Compliance Audit for use by MoRD

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## Mahatma Gandhi National Rural Employment Guaranteed Act

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### Existing Mechanisms for Monitoring and Oversight

#### Social Audit

Social audit is a key feature of MGNREGA, which, if implemented transparently and fairly, would greatly facilitate the successful implementation of MGNREGA at the grassroots level. While this checklist would be largely based on scrutiny of records (although interaction with beneficiaries has also been indicated), social audit's strength is based on mobilisation of the masses in terms of how MGNREGA's benefits have actually reached them.

#### National Level Monitors (NLMs)

The Ministry of Rural Development (GoI) also appoints National Level Monitors (NLMs) for reviewing the implementation of MGNREGA (and other MoRD) programmes in selected districts. The findings of the NLMs would obviously vary, depending on the skills, experience and passion shown by the individual NLM. The NLM Reports also throw light on the actual implementation of MGNREGA at the district level and below.

This checklist for financial and compliance audit by MoRD (or its representatives) should be treated as complementary to the existing arrangements for social audit and National Level Monitors.

#### Central Checklist (Ministry level)

1. Has the Ministry engaged National Level Monitors for reviewing the implementation of the scheme.
2. Do the NLMs submit their reports on time.
3. What corrective measures the Ministry takes to address the shortcomings in the report.
4. Does the Ministry take steps to address the grievances received by it regarding the scheme?
5. Does the Ministry capture and keep a log of all MGNREGS processes ?
6. What are the processes being followed for release of 1<sup>st</sup> instalments and 2<sup>nd</sup> instalments of funds under MGNREGS?
7. Whether the Ministry releases 2<sup>ND</sup> tranche of central share ensuring compliance of requisite norms viz.(a)actual performance(physical and financial) (b) release of proportionate state share (c)60% utilisation of TAF(d)utilisation certificate of current and previous year(e)non diversion and non embezzlement certificate(f)audit report of previous year.

8. Whether the Ministry has established a monitoring mechanism through external and internal monitoring agencies.
9. Whether the Ministry conducts periodical evaluation studies to monitor the implementation of the scheme.
10. Does the Ministry receive reports and returns regarding timely and correct payment of wages, unemployment allowance and grievance redressal?

## States Checklist

### 1 Planning

#### 1.1 Annual Development Plan/ Work Plan

##### 1.1.1 Preparation

1.1.1.1 Is the Annual Development Plan for the GP available?

1.1.1.2 Has it been prepared in a bottom-up fashion i.e. by the Gram Panchayat?

1.1.1.3 Has the Annual Plan for each village been approved by a Gram Sabha resolution? Was there required attendance at the Gram Sabha?

##### 1.1.2 Contents

1.1.2.1 Does it contain a shelf of projects with administrative and technical approvals for each project?

Note: The administrative and technical approvals are generally given by the District Programme Co-ordinator (DPC)/ Programme Officer (PO), after the preparation of the Annual Work Plan by the GP.

1.1.2.2 Does the Plan contain (a) assessment of labour demand (b) works identified to meet the estimated labour demand (c) estimated cost of works and wages (d) benefits expected e.g. employment generated + physical improvements

Note: The estimated cost of the works, as prepared by the GP, will naturally be a very rough estimate; preparation of detailed estimates is to be co-ordinated by the DPC.

##### 1.1.3 Transparency

1.1.3.1 Is the list of approved works displayed on the GP in the local language?

1.1.3.2 Are the plot numbers of the sites where works are to be executed, identified?

1.1.3.3 Are there photographs of the project site (pre-work, during work, and post work) available?

1.1.3.4 What mechanisms are in position (e.g. painting of asset – tank/ rain water harvesting structure etc.) to ensure that there is no duplication of assets created under MGNREGA and other programmes of GoI/ State Governments?

##### 1.1.4 Consolidation of Annual Work Plans

1.1.4.1 Have the Annual Work Plans of GPs been consolidated at the Intermediate/ Block Panchayat level, and Annual Work Plans of Intermediate Panchayats consolidated at the District Panchayat level, and approved by the Block Panchayat and District Panchayat respectively?

1.1.4.2 During the process of consolidation, is the prioritisation of works indicated by the Gram Panchayat and Intermediate/ Block Panchayat maintained?

1.1.4.3 Have detailed estimates and sanctions been prepared for all projects indicated in the District Plan?

1.1.4.4 Is the Labour Budget (forwarded by the DPC to the State Government and onward to the MoRD) based on the District Plan?

##### 1.2 District Perspective Plan

1.2.1.1 Has a five year District Perspective Plan been prepared?

## 2 Registration and Employment Eligibility

### 2.1 Registration and Job Cards

- 2.1.1 Is there a record of applications for registration (written applications + oral requests for registration)?
- 2.1.2 Is the verification of applications for registration completed, and job cards issued within 15 days?
- 2.1.3 Do the job cards (or copies available with the GP) contain photographs of all applicants of the household? What is the approximate proportion of job cards without photographs?
  - 2.1.3.1 Verify the authenticity/ existence of a few job card holders (to eliminate the possibility of ghost cards, persons not resident in the village, Government servants, students studying in cities/ towns etc.). Also, verify whether any employment has been shown as allocated/ done in respect of such job cards.
- 2.1.4 Check from a sample of households in the village whether there were any cases of refusal to accept applications for registration.
- 2.1.5 Conduct a test check of registered households (at the village/ work sites) to find out whether job cards are in the custody of the household or with some other party (e.g. GP Secretary/ Pradhan, mate etc.)

### 2.2 Application for Work

- 2.2.1 Are applications for work available in writing, and are these dated?
- 2.2.2 Are receipts given for applications for work?
- 2.2.3 Check from a sample of registered households whether there was any problem in submitting (a) applications for work at any point of time during the year and (b) dated applications
- 2.2.4 Is the application for work recorded in the Employment Register?

### 2.3 Allocation of Employment

- 2.3.1 Is allocation of employment notified to the applicant, and also publicised on the GP notice board?
- 2.3.2 Is the allocation of work recorded in the Employment Register?
- 2.3.3 Was the work allocated within 15 days of application?
- 2.3.4 Check from a sample of beneficiaries to whom employment was allocated, whether this allocation was conveyed to them in time? How much amount has been spent on providing employment for more than 100 days? Whether this amount has been credited to the State Fund? (in case the State has not constituted State Fund, whether this amount has been paid by the State Govt in addition to their normal share of State Contribution)?

## 3 Execution of Works

### 3.1 Permissible Works

- 3.1.1 Are the works falling within the list of permissible works indicated in Schedule-I of the Act, or additional categories of work approved by MoRD?
- 3.1.2 Where works (irrigation facility, plantation, horticulture, land development) are executed on private land, check whether the land belongs to SC/ST households, beneficiaries of land reforms, or BPL families, or Indira Awas Yojana beneficiaries, small or marginal farmers as defined in the Agricultural Debt Waiver and Debt Relief Scheme, 2008, beneficiaries of Forest Rights Act?
- 3.1.3 Are GPs the implementing agencies for at least 50 per cent of the works (in terms of costs)?

- 3.1.4 Are other implementing agencies limited to Intermediate Panchayats/ District Panchayats, Government Departments, PSUs, Government-controlled Co-operative Societies, “reputed” NGOs, and Self Help Groups?
- 3.1.5 Check whether contractors are not involved for execution of works in various guises (e.g. “Village Labour Leaders”).
- 3.1.6 Check from the work sites, as well as from MGNREGA beneficiaries, whether heavy machinery (e.g. JCBs) have been used for work execution.

### 3.2 Execution of Works

Note: Most of the questions are meant for ongoing works; however, a few questions could also be answered in respect of already complete works.

- 3.2.1 Is there any practice of grouping of works (for work measurement and other purposes)? Are workers allowed to form their own groups, or is the grouping decided by the GP/ mate?

Note: If the workers do not form their own group, there is a possibility that some less sincere/ efficient workers may be “tagged” on to efficient workers leading to “averaging” of work effort and wages, thus benefiting the less efficient workers at the cost of the others.

- 3.2.2 Have separate productivity norms been laid down for MGNREGA/ Rural Works? Or are the PWD Schedule of Rates (SORs) adopted for MGNREGA Works?

Note: Productivity norms for works taken up under MGNREGA should be the same as for all other schemes/ programmes, including works taken up by PWD, Irrigation Deptt, Forest Deptt etc, taken up from different sources of fund. Many State Governments have adopted different standards for MGNREGA, with lower outturn of work compared to PWD SORs, which is not consistent with the guidelines

- 3.2.3 Are the SORs widely publicised in the local language, and displayed at the work site?

- 3.2.3.1 Check with a few workers at the work site, if they understand the requirement of work expected of them for getting one day’s wages.

#### 3.2.4 Measurement of Work

- 3.2.4.1 What is the specified periodicity for measurement of work – daily/ weekly?

- 3.2.4.2 Who is responsible for work measurement? Is work actually measured as per the specified periodicity? If not, why not?

- 3.2.4.3 Are Measurement Books (MBs) maintained properly (i.e. without overcutting, erasure etc.) and are they complete?

What are productivity norms? What are variation in the productivity norms across states?

Note: The format of the MB and details etc. for MGNREGA works need not be the same as for PWD MBs, especially where the estimated cost of the work is relatively low (viz. mainly manual labour, no contractor, no machinery etc.)

- 3.2.4.4 Check with a few workers to assess whether they felt that the measurement of work was fair and transparent

- 3.2.5 What kind of worksite facilities (medical aid, drinking water, shade, and crèche) are available?

- 3.2.6 Has medical insurance been provided for all MGNREGA workers?

- 3.2.7 In case of sickness, whether medical treatment charges + 50 per cent of admissible wages are paid to beneficiaries?

- 3.2.8 Is a Project Completion Report available for completed works?

### 3.3 Procurement Activities

- 3.3.1 Ascertain the procurement policies, procedures and delegation of financial powers for procurement of materials and services at the District and Block levels (and the GP level, where appropriate)
- 3.3.2 Verify whether the procedures have been complied with. In particular, verify whether
  - 3.3.2.1 Tenders are called for procurement above the specified cost limits (so as to generate competitive tension) and are widely circulated
  - 3.3.2.2 Adequate number of bids are received, these are properly analysed, and contracts awarded with due regard to economy (generally to the L-1 bidder). Where contracts are awarded to bidders other than L-1, verify whether these have been properly justified, the justification is prima facie reasonable, and this has been approved by the competent authority.
  - 3.3.2.3 For a sample of vendors, verify the credentials of the supplier in the local market (e.g. by visiting the location, checking the Sales Tax Registration details, verifying truck registration details, checking history of purchases made by other Government Departments from the same vendor etc.)
  - 3.3.2.4 Receipt of goods and services are properly recorded, and payment is made only against authenticated receipt of goods and services and as per rates and quotes indicated in the contract/purchase order.
  - 3.3.2.5 Stock records are properly maintained, and physical verification of stock is conducted periodically. For major items, visit the warehouse and assess the quantity of stock (e.g. number of bags of cement) vis-a-vis the stock records.
- 3.4 Wage – Material Ratio
  - 3.4.1 Is the prescribed Wages Material Ratio of at least 60:40 (or higher) adhered to at the District level? What is the situation in respect of individual Blocks/ GPs? In case the ratio has not been observed at the district level, has the State Govt contributed an equivalent amount by way of additional State share?
  - 3.4.2 Verify whether payment of semi-skilled and skilled wages is included correctly under the Material Component. Also, check whether any irregular items have been included under the wages component, so as to somehow achieve the 60:40 ratio

#### 4 Payment of Wages and Unemployment Allowance

- 4.1 Muster Rolls (MRs)
  - 4.1.1 Do all Muster Rolls have a unique ID?
  - 4.1.2 Are proper records of receipt of MRs from the PO, and issue to the work site maintained?
  - 4.1.3 Are there instances of cuttings, alterations, and other irregularities in MRs?
  - 4.1.4 For ongoing works, ask a few workers about the number of days worked, and compare with the MR data; also compare MR data with the data indicated in the job cards.
  - 4.1.5 For completed MRs, compare the data indicated in the MR and the data uploaded onto the MGNREGA MIS on the Internet.
  - 4.1.6 What percentage of MRs (for the last quarter) have been uploaded onto the Internet MIS? What are the reasons for non-uploading, if significant?
  - 4.1.7 . For ongoing works, examine whether there is any practice of “katcha” Muster Roll and risk inherent in the same .
- 4.2 Payment of Wages

- 4.2.1 What is the process for payment of wages – through Bank/ Post Office/ Banking Correspondent? At what level does wage payment take place – GP or Mandal?
- 4.2.2 Are there delays in payment of wages? Where do these delays take place – in sending pay orders to the Bank/ Post Office, or in credit to the beneficiary accounts by the Bank/ Post Office?
- 4.2.3 Compare wage payments indicated in the records with that indicated in the job card.
- 4.2.4 Check with a few beneficiaries whether (a) they received the full amount for the correct number of days worked (b) the payment was received timely (c) no problems were faced in cash withdrawal and (d) any other complaints regarding wage payment.
- 4.2.5 Is a pay slip generated for each worker? Are details of wage payments put on the GP notice board?
- 4.3 Unemployment Allowance
  - 4.3.1 Obtain the total amount of unemployment allowance paid in the District/ Block/ GP.
  - 4.3.2 Check from a few beneficiaries whether (a) there was delay of more than 15 days in providing employment and (b) if so, whether any unemployment allowance.
  - 4.3.3 Cross-reference to questions regarding maintenance of records of dated applications for work.

## 5 Finance and Accounting

### 5.1 Structure

- 5.1.1 What is the pattern of receipt of GoI funds? Is it through a State Government entity, or is it direct from the GoI to the district level?

### 5.2 Receipt of Funds

- 5.2.1 Are there any delays in receipt of funds (a) from the GoI to the States (b) at the District level (c) at the Block level and (d) at the GP level? If so, why? Did such delays affect provision of employment in any case?
- 5.2.2 Were there any delays in receipt of State share of funds?

### 5.3 Utilisation Certificates and Accounts

Obtain the UCs for the previous year for the sampled districts

- 5.3.1 Verify arithmetical accuracy – i.e. Opening Balance + Receipts – Disbursements = Closing Balance, and also Closing Balance of previous financial year = OB of current year.
- 5.3.2 Is there a bank reconciliation statement (between the Closing Balance as per UC/ accounts and CB as per bank statement)? Verify correctness of bank reconciliation statement
- 5.3.3 Verify receipts from GoI as indicated in the UC with receipts as per MoRD's Internet web site.
- 5.3.4 From the disbursements indicated in the UC (for the district), obtain the block-wise details of disbursement. Take a sample of blocks, and verify the disbursements made from the District level with the receipts at the block level.
- 5.3.5 Likewise, at the block level, obtain GP-wise details of disbursement. Take a sample of GPs, and verify the disbursements made from the block level with the receipts at the GP level.

Note: The above process will change, where payments are made only at the Block/ Mandal level (e.g. Andhra Pradesh).

- 5.3.6 Verify final payments (as distinct from transfers) with individual payment vouchers (e.g. purchase invoices/ payments/ MRs etc.)
- 5.3.7 Is monthly squaring of accounts under three heads (money held in bank accounts, advances to implementing/ payment agencies, and vouchers of actual expenses) conducted at Block and GP levels?

5.3.8 Are there instances of release of further instalments at District/ Block/ GP levels without the submission of the required UCs

5.3.9 Conduct a sample check of final payment vouchers to identify cases of expenditure for irregular purposes (e.g. fuel, stationery, payment of salaries of staff, office equipment – outside Administrative Expenses)

#### 5.4 Administrative Expenses

GoI provides an allocation of 4 per cent (raised to 6 per cent) for administrative expenses.

5.4.1 Verify details of administrative expenses with actual payment vouchers for a sample to assess (a) arithmetical correctness and also (b) whether the amount was spent for the appropriate and admissible purposes and not diverted.

5.4.2 This verification should be conducted at different levels where administrative expenses are incurred (generally State, District and Block levels, and where necessary at the GP level)

#### 5.5 Financial Audit

5.5.1 Obtain a copy of last year's Audit Reports (by Local Fund Auditors/ Chartered Accountants) for the selected Districts

5.5.1.1 Verify that the figures of Opening and Closing Balance indicated in the Audit Report tally with those indicated in the Utilisation Certificates.

5.5.2 Obtain copies of Inspection Reports of the State Accountant General on MGNREGA

5.5.3 Verify corrective action taken on the findings of the Audit Reports/ Inspection Reports

Audit of Local Bodies by Local Fund Auditors: Are Local Bodies/ Panchayats implementing MGNREGA being audited regularly? What is the time lag between finalisation of accounts and audit by LFAs?

Are accounts of Line departments implementing MGNREGA, being audited regularly?

## 6 Monitoring, Grievance Redressal and Social Audit

### 6.1 Monitoring/ Inspection of Works

As per the MGNREGA guidelines, 100%, 10%, and 2% of work are to be verified at the Block, District and State Levels.

6.1.1 Has the prescribed periodicity/ frequency of inspection been adhered to?

6.1.2 Are detailed monitoring/ inspection reports (with photographs) available?

6.1.3 Verify the extent of corrective action taken on the monitoring/ inspection reports.

### 6.2 Measures for Transparency

6.2.1 Verify whether the walls in the Gram Panchayat Office or nearby are used for painting full details of works executed (with total amount), names of wage beneficiaries (with details of wage payments etc.) or check whether any alternate and equally effective methods for publicity and transparency have been adopted? What are the other modes of proactive disclosures being used by the state?

### 6.3 Grievance Redressal Mechanisms at different levels

6.3.1 Verify the records maintained in respect of grievance redressal (receipt of grievances, decision on grievances, and follow-up action on grievances) at the District and Block levels.

6.3.2 Select a sample of petitioners, and verify from them whether the grievances were settled satisfactorily.

### 6.4 Social Audit Forums

6.4.1 Have the social audit forums been conducted at six monthly intervals by the Gram Sabha?

Note: This question would be amended in the case of States like AP, where there are two levels of public hearing – at the GP and Mandal levels

6.4.2 From a sample of social audits, verify whether

6.4.2.1 The Social Audits were comprehensive (covering registration, receipt of work applications, allotment of work, payment of wages/ unemployment allowance, work execution and measurement etc.)

6.4.2.2 Adequate preparatory work – including scrutiny of records, interaction with beneficiaries – was undertaken by the social audit teams before the public hearing at the Gram Sabha

6.4.2.3 MGNREGA officials (including implementing agency officials) were present, and where necessary, security arrangements were made.

6.4.2.4 Full records were made available well before the public hearing, so as to enable villagers to be ready to pose relevant questions to the officials

6.4.2.5 Attendance at the social audit represented a significant proportion of MGNREGA beneficiary households

6.4.2.6 Arrangements for recording of social audit public hearings (taking down of minutes, video recording.) were made.

6.4.2.7 Record of discussions of the social audit were finalised promptly and publicly notified (GP notice board,

6.4.2.8 Corrective action (including penal/ legal/ disciplinary action) was taken on the findings of the social audit.

## Indira Awas Yojana

### **Central Checklist**

<b>Central Checklist</b>
1. Whether monthly progress reports are being sent to the Ministry.
2. Does the Ministry scrutinize the progress report and takes remedial actions promptly?
3. Does the Ministry receive copies of audit reports from the DRDAs?
4. Whether the Ministry has established a monitoring mechanism for the implementation of the scheme?

### **State/DRDA Checklist**

1. Number of houses to be constructed/upgraded, Panchayat wise, during a particular financial year has been decided based on allocation of fund and targets.
2. Number of houses to be constructed/up graded are informed to concerned Gram Panchayat (GP)
3. Beneficiaries are selected from the permanent IAY Wait list prepared on the basis of BPL list in order of seniority in the list/ BPL list.
4. Separate lists are prepared for SC/ST BPL category, Non-SC/ST BPL families out of total permanent IAY wait lists beneficiaries based on ranking by Gram Sabha.
5. The list of selected beneficiaries for the financial years has been approved by the Gram Sabha.
6. Any change is made in the list at later part if so, who made it and whether authorized

by Gram Sabha.
7. Any government servant, as a nominee of the collector, has attended the Gram Sabha.
8. The list prepared by Gram Sabha has been authenticated by signature/thumb impression of members/Pradhan for Gram Sabha and counter signed by the nominee.
9. List has been prepared in local language also and displayed at a prominent place either in G.P or any other suitable place in the village.
10. List of selected beneficiaries has been sent to ZP/DRDA/BDO
11. Priorities in selection of beneficiaries for disbursement of fund have been followed
12. Whether adequate coverage of families/widows of personnel from defence service/paramilitary forces killed in action, physically & mentally challenged persons, Ex-serviceman & retired member of the paramilitary forces is ensured subject to availability.
13. Selection of beneficiaries is made from Permanent wait list/ BPL lists wherever permanent IAY waitlist have not been prepared excepting families/widows of personnel form defence services/paramilitary forces, killed in action
14. Houses are constructed by the beneficiaries themselves
15. It is ensured that no external agency is involved in construction/up-gradation of houses to avoid recoveries by GOI from release made to the State Government for those IAY houses.
16. Dwelling units are allotted, alternatively, in the name of both husband & wife or male member if no female in the family
17. Genuineness of allotments are certified by Gram Sabha/Pradhan
18. Names of beneficiaries are appearing in permanent wait list

19. Ceiling on grant of assistant per unit cost for construction of new houses and up-gradation of unserviceable Kutcha houses is observed while releasing the fund
20. The scheme of obtaining loan (20,000 per unit) under DRI scheme at an interest rate of 4% has been brought to the notice of beneficiaries
21. Credit cum subsidy is provided by observing laid down conditions .
22. Each house is provided with Sanitary Latrines, smokeless Chulhas and availability of drinking water supply has been ensured
23. List of IAY beneficiaries has been provided by DRDA to the implementing authorities of RGGVY for providing free electricity connections
24. Proper monitoring, feedbacks and data base has been done/created in this regard
25. Care has been taken to see that the houses under IAY are located close to the village and not far away
26. Whether beneficiaries have been educated about disaster resistant technology beforehand
27. Whether the officers dealing with the IAY at State, district and block levels are aware of various disaster resistance features
28. Targets for the Blocks within a District and Village Panchayats within the Block has been decided giving 75% weightage to rural housing shortages and 25% weightage to rural SC/ST population of the concerned Districts
29. Number of incomplete houses sanctioned during last three years
30. For release of 2 <sup>nd</sup> installments, the following conditions are fulfilled:-
31. 60% of total available resources had been utilized by the district

32. Utilization certificates of cash components for DRDAs, certificates of non diversion and non embezzlement of fund are submitted .
33. Fund is released only to those beneficiaries as selected and intimated by Gram Sabha
34. Completion of dwelling unit is to be made within two years
35. Concerted efforts are made by DRDAs to identify other GOI programmes/scheme which could be dovetailed with IAY so as to ensure that benefits of those schemes are also available to the beneficiaries & IAY
36. Reports & returns are sent to various authorities on time
37. The schemes are monitored properly to attain the objectives
38. Monthly progress reports are being sent to GOI regularly
39. Transparency in implementation of IAY is maintained
40. Vital information on IAY as illustrated in the guidelines should invariably be made available to people to bring about greater transparency at village block and district level

## *Pradhan Mantri Gram Sadak Yojana (PMGSY)*

### **Central Checklist**

- 1) Whether the plan is prepared at the Block level, in accordance with the directions contained in the Manual and the priorities spelt out by the District Panchayat?
- 2) Whether the On-line Management and Monitoring System (OMMS) is being updated to monitor the programme?
- 3) Whether a state Technical Agencies (STA) have been designated by NRRDA in consultation with State Government?
- 4) Whether the SRRDAs send the proposals to NRRDA duly scrutinized by STAs?
- 5) Whether the funds released to the States were in accordance with the procedure prescribed in the PMGSY guidelines?
- 6) Whether the Ministry releases first instalment amounting to 50% of the cleared value of projects?
- 7) Whether the Ministry releases the second instalment of funds after ensuring utilisation of 60% of the available funds which is available with the SRRDA on 1st April of the Financial Year plus the amount of the instalment released, if any, during the Financial Year.
- 8) Whether the prior approval of NRRDA was obtained in the cases of excess/deficit in the tendered value exceeded over 10 per cent?
- 9) Whether the Ministry has established a monitoring mechanism to watch the proper implementation of the scheme?
- 10) Whether there was an efficient mechanism and procedure for scrutiny/approval of project proposals?
- 11) Whether there was proper co-ordination and synchronization for timely transfer of funds from Centre down up to the SRRDAs ?
- 12) Whether funds were released beyond prescribed conditions?
- 13) Whether the NRRDA engaged National Quality Monitors (NQMs) for inspection ?

- 14) Whether the quality of the road works was inspected by the NQM on random and requirement basis?
- 15) Whether the reports of the NQM were sent to the State Quality Coordinator within a specified period for appropriate action ?
- 16) Whether after the rectification of un-satisfactory report were the road works re-inspected by the SQM or NQM ?
- 17) Whether the On-line Management and Monitoring System (OMMS) existed for monitoring the Programme.
- 18) Whether all modules of OMMS were continuously updated ?

### **State checklist**

- 1) Whether District Panchayat prepared priorities based on socio-economical /infrastructure variables best suited for the District?
- 2) Whether Block Level Panchayat prepared the Block level Master Plan according to the priorities spelt out by the District Panchayat ?
- 3) Whether the team of officers consisting of BDO, Revenue Officer, Engineer and the senior most officer was identified for preparing the Rural Road Plan at Block Level ?
- 4) Whether the team arranged an authentic map of the Block / District, 2001 Census Data, road inventory and Statistical hand book for preparation of the Rural Road Plan at Block Level ?
- 5) Whether the habitations having a population of 100 or more persons and which are more than 500 meters away from each other, was listed and separately identified on the map ?
- 6) Whether a comprehensive inventory of all Rural Roads, including Other District Roads and Village Roads, and any other existing earthen road, were prepared at Block Level?
- 7) Whether a record of all roads (National Highways, State Highways and Major District roads) passing through the Block has been prepared ?
- 8) Whether the Map was prepared along with latitudes, longitudes and details of boundaries as specified in the manual of District Rural Roads Plan ?

- 9) Whether the team has prepared two separate lists of unconnected habitations and those habitations which are connected by fair-weather roads to be upgraded to the prescribed specifications ?
- 10) Whether Core Network was prepared as per guidelines?
- 11) Whether data of road works were collected from reliable sources?
- 12) Whether District level road plans were prepared as per guidelines of PMGSY ?
- 13) Whether the project proposals were prepared on the basis of Core-Network Plan ?
- 14) Whether all districts prepared Block and District level Comprehensive New-Connectivity Priority List (CNCPL) ?
- 15) Whether CNCPL / CUPL was prepared in order of priority for new connectivity / upgradation ?
- 16) Whether the road links were determined for Unconnected Habitations on the basis of Road Index?
- 17) Whether the road link having highest road index was preferred ?
- 18) Whether detailed specifications and designs were framed / prescribed for rural roads to secure the objective of the programme i.e good quality roads, most economically?
- 19) Whether a State Technical Agency (STA) was designated by NRRDA in consultation with State Government ?
- 20) Whether the STA vetted the District Plan and Core Network ?
- 21) Whether the proposals received from Members of Parliament are given full consideration in the District Panchayat?
- 22) Whether the State conducted Pavement Condition Survey of all Through Routes and prepared a Pavement Condition Index (PCI) ?
- 23) Whether District prepared a Comprehensive Upgradation Priority based on CUPL ?
- 24) Whether new connectivity has been given priority over upgradation?
- 25) Whether the copy of Core Network was sent to State Level Agencies and NRRDA ?
- 26) Whether project proposals were sent to the SRRDA and State Level Standing Committee ?
- 27) Whether Quantum of road length assessed for New Connectivity and Upgradation were as per actual requirement and approved by District Panchayats?
- 28) Whether the process of identification / prioritization of roads to be constructed / upgraded during a year is effective?

- 29) Whether the rural roads under construction against various on-going programmes were considered / taken into account while formulating the policy and fixing the targets?
- 30) Whether the project proposals were prepared by technical agencies as per the requirement specified in DRRP and Core Network?
- 31) Whether the Project Implementation Unit (PIU) organized an informal 'Transect Walk' ?
- 32) Whether the proposal met the technical specifications laid down in Rural Road Manual ?
- 33) Whether the roads were designed to carry upto 45 Commercial Vehicles Per Day (CVPD) ?
- 34) Whether provisions for proper embankment / drainage were made?
- 35) Whether separate maintenance component (for five years) was provided in DPR ?
- 36) Whether the detailed estimates were based on State Schedule of Rates (SSR) and published annually?
- 37) Whether the STA applied the necessary checks as envisaged in the guidelines ?
- 38) Whether the SRRDA scrutinised the proposals and sent to NRRDA for approval ?
- 39) Whether the quantum of road construction assessed was realistic?
- 40) Whether the assessment of fund requirement was realistic?
- 41) Whether the available source of funds (50% of the cess on HSD) was adequate to meet the projected physical targets?
- 42) Whether the State's allocation for upgradation exceeded 20 per cent of total fund? If so, whether existence of all eligible connected habitations in the state was ensured?
- 43) Whether a special allocation upto 5 per cent of the annual allocation was made for the roads as envisaged in the guidelines from the Diesel Cess?
- 44) Whether gap in resource was suitably addressed (efficiency) during planning stage?
- 45) Whether criteria for allocation of fund amongst State was laid down precisely?
- 46) Whether the funds released to States were in accordance with the procedure prescribed in the PMGSY guidelines?
- 47) Whether the available funds were utilised optimally and efficiently?
- 48) Whether the Competitive bidding process was followed and the entire process was efficient and transparent?
- 49) Whether any changes more than 10% were made without the prior approval of the NRRDA ?
- 50) Whether the State followed the Standard Bidding Document (SBD), prescribed by the NRRDA ?

- 51) Whether the provision for maintenance of road (for 5 years) to the same contractor who constructed the road, was made in the tender document?
- 52) Whether e-Tender process was adopted ?
- 53) Whether the Centralised evaluation of Bid capacity was done to give effect to the provisions of the SBD?
- 54) Whether the signboards along with the Logo of the PMGSY have been erected at the site of road works within 15 days of date of work order ?
- 55) Whether excess / deficit in the tendered value was less than 10 per cent limit ?
- 56) Whether the prior approval of NRRDA was obtained in the cases of excess / deficit in the tendered value exceeded over 10 per cent ?
- 57) Whether the prior approval of NRRDA has been obtained in case of any changes in the scope of work or quantities leading to 10% variation in cost?
- 58) Whether all cost due to time overrun, arbitration or judicial award has been borne by the State Government ?
- 59) Whether a dedicated Programme Implementation Unit (PIU) was designated for co-ordination and implementation of programme ?
- 60) Whether all staff cost has been borne by the State Government ?
- 61) Whether the administrative and travel expenses of PIUs and SRRDA costs has been borne by the State Government in excess of the percentage prescribed in the guidelines?
- 62) Whether the Agency charges have been borne by the State Government?
- 63) Whether the relevant projects have been executed within a period of 9 working months from the date of issue of the work order, and not exceed 12 calendar months, where a package comprises more than one road works ?
- 64) Whether all cleared works have been reported as completed at the end of 15th month from clearance by the Ministry.
- 65) Whether a work programme has been obtained from the contractor and approved by the PIU ?
- 66) Whether timely payments to the contractor has been ensured by the Executing Agency ?
- 67) Whether the responsibility was fixed for any delay occurred in awarding the contract ?
- 68) Whether the work was suspended midway ? Reasons to be examined/ investigated

- 69) Whether the road works were completed within the stipulated time and in conformity of the approved specifications?
- 70) Whether penalty clauses as per GF&AR were incorporated in the contract/agreement?
- 71) Whether the penalty imposed on contractors where the works were not completed within the stipulated time?
- 72) Whether excess amount over the sanctioned cost was incurred on works ? If so, reasons thereof.
- 73) Whether any case was under litigation / subjudice and the present status of the works?
- 74) Whether NRRDA issued General guidelines on Quality Control and prescribed a Quality Control hand book to regulate the Quality Control process?
- 75) Whether the Quality Control registers containing the results of tests prescribed in the Quality Control hand book, maintained?
- 76) Whether a quality control laboratory was setup at site by the contractor ?
- 77) Whether the Quality Control tests were regularly conducted, recorded and found successful in the laboratory ?
- 78) Whether the suitable clauses for ensuring the Quality Control and performance guarantee by the contractor incorporated in the SBD.
- 79) Whether a three-tier Quality Control mechanism existed in the State as envisaged in the guidelines of the PMGSY.
- 80) Whether the PIU (1st Tier) ensured that the materials utilised and the workmanship conform to the prescribed specifications ?
- 81) Whether the structure, periodic inspections of works were carried out by the Quality Control Units.
- 82) Whether a State Quality Coordinator (SQC) was appointed by the State Government ?
- 83) Whether the SQC inquired into the complaints / representations in respect of Quality of works and sent the replies to complainants within 30 days?
- 84) Whether the Quality Control expenses of the 2nd Tier, borne by the Central Government ?
- 85) Whether the quality control tests by District Project Implementation Unit (DPIU) were regularly conducted for an effective control over quality?
- 86) Whether the mechanism of appointing State Quality Monitors (SQM) efficient and transparent?
- 87) Whether discharge of functions by SQM was effectively monitored?

- 88) Whether the inspection reports by SQMs was enforced satisfactorily?
- 89) Whether there was an effective accountability mechanism to ensure construction of quality roads?
- 90) Whether action taken against the contractors in case of defaults / deviations from specified quality?
- 91) Whether the skilled manpower was available with DPIUs and their capacity to undertake large scale survey and preparation of Detailed Project Reports (DPRs) for works spread over the State including the remote areas?
- 92) Whether the programme staff had access to needed resources, information, skills, tools and training to ensure successful delivery?
- 93) Whether the State was allowed sufficient preparatory time to gear up its existing technical manpower resource for taking up the activities of the programme?
- 94) Whether the SRRDA organized suitable training programmes for the PIU personnel as well Contractor's engineers.
- 95) Whether computer hardware was installed at District /State level?
- 96) Whether the State Government ensured uninterrupted maintenance of computer hardware and software as well as the Internet connectivity ?
- 97) Whether the State Government provided necessary manpower, space and facilities to setup the Computer Hardware at the District and State level?
- 98) Whether the PIU ensured placement of all Master Data including the Rural Roads in the database.
- 99) Whether State Government has identified a State IT Nodal Officer ?
- 100) Whether the IT Nodal Officer ensured the upkeep the hardware and software as well as the Computer training requirements ?
- 101) Whether the District Vigilance and Monitoring Committee was setup by the State?
- 102) Whether proper co-ordination amongst the different agencies existed for effective monitoring at State level?
- 103) Whether responsibilities allocated at Senior level for monitoring and implementation were adhered to at State level?
- 104) Whether the reasons for shortfall were timely analysed and remedial action taken by the State?

- 105) Whether the committees set-up at District / State level were monitoring the works progress efficiently?
- 106) Whether accurate and updated data were available in the System to facilitate review and secure improvement thereof?
- 107) Whether there existed re-conciliation mechanism to ensure accuracy of data?
- 108) Whether State's capacity and commitment to provide funds for maintenance was ensured?
- 109) Whether the PMGSY roads were covered by 5-year maintenance contracts?
- 110) Whether after expiry of 5-year maintenance contract, post-construction maintenance placed under Zonal maintenance contracts ?
- 111) Whether after the completion of Zonal maintenance contract, District Panchayats have taken over maintenance functions ?
- 112) Whether the post- construction and Zonal maintenance contracts were continuously administered by the PIUs?
- 113) Whether the State Government made necessary budget provision and placed the funds at the disposal of the SRRDA in the Maintenance account.
- 114) Whether the State Government ensured Rural Road Safety Audit of PMGSY?
  
- 115) Whether SRRDA has ensured that the accounts have been audited by the Chartered Accountant selected from a panel approved by the CAG, within six months of the close of the financial year ?
- 116) Miscellaneous
- 117) Whether the planting of fruit and other trees, on both sides of the roads was taken up by the State Government/ Panchayats from their own funds?
- 118) Whether the NRRDA provided assistance for independent Studies to establish the impact of the new rural connectivity in a District from time to time?

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## **Swarnajayanti Gram Swarozgar Yojana (SGSY)**

The SGSY has been restructured as National Rural Livelihoods Mission (NRLM) after the approval of the proposal from CCEA in June 2010. For some time both the schemes i.e. SGSY & NRLM will remain in existence. For transition from SGSY to NRLM the states will take some time. Keeping in view the transition phase the checklist has been revised

### **Central Checklist**

1. Whether the reports from districts to states and states to Centre are being submitted on time?
2. Whether the Centre releases funds in two installments as per the guidelines?
3. Are these releases immediately followed by the release of states' share by states?
4. Whether the 2<sup>nd</sup> installment is released by the Ministry after ensuring the requisite norms viz. release of matching contribution by the state government; availability of opening balance in the district limited to 15 percent, audit reports, submission of UCs etc.
5. Whether the Ministry has established a monitoring mechanism for monitoring of the programme?
6. Whether monthly progress reports are being sent to the Ministry on time?
7. Whether the Ministry is analyzing the progress report of the States and providing feedback to the States?
  
8. Special Projects – Skill Development and Placement Projects –
  - i. Whether the proposals have been properly screened as per laid down procedure.
  - ii. Whether funds have been released in three instalments as per procedure
  - iii. Whether the State Govt/PIA has contributed 25% of its share to the cost of the project.
  - iv. Whether the projects are being adequately monitored.
  - v. Whether the placement of beneficiaries, are being carried out and follow up done as per laid down procedure.
  - vi. Whether every assisted family has been brought above the property line in three years as per the main objective of the 5 Special Projects.

## **State Checklist**

### **Selection of key Activities**

- To check whether the key activities are being selected by the District SGSY properly as per the scheme guidelines for approval by DRDA.

### **Clusters**

- To check whether the key activities are being taken up for implementation preferably in clusters and whether the clusters are taking up each activity separately.

### **Programme infrastructure**

- To check whether the infrastructure needs of the identified activities are being met in full to enable the Swarozgaris to derive maximum advantage from their investments.
- To check whether the expenditure incurred on the infrastructure is within the permissible limit of 20% of the allocation for each district.
- To check whether the infrastructure activities are enabling Swarozgaris to fully utilize their assets.

### **Swarozgaris**

- To check whether the Swarozgaris and SHGs are being selected from the list of BPL households.

### **SHGs**

- To check whether the SHGs are maintaining basic records such as Minutes Book, Attendance Register, Loan Register, General Ledger, Cash Book, Bank Pass Book and Individual Pass Books.
- To check whether 50 per cent of the SHGs in each block are comprised of women.

- To check whether training and capacity building programmes for the SHGs are being organised periodically at different levels and whether the DRDA is involving bank functionaries also in the training programmes.
- To check whether the dependency of the SHGs on outside facilitating agencies are gradually coming down and the groups are emerging as self-managed in terms of managing various aspects of group and financial management.

### **Individual Swarozgaris**

- To check whether the Individual Swarozgaris are being selected by the Gram Sabha in an open and transparent manner, as per the norms laid down in the guidelines.
- To check whether the SC/STs account for a minimum of 50% women and 40% and disabled for 3% of the total Swarozgaris.

### **Financing the Investments- Bank Credit and Subsidy**

- To check whether the Banks are sanctioning the loans within 15 days of receipt of the application of the Swarozgaris.
- To check whether the loan subsidies are being disbursed as soon as the Swarozgaris complete the basic orientation or skill – training programme.

### **Asset Creation by Swarozgaris**

- To check whether the Swarozgaris are procuring assets of standard quality at economic prices.

### **Disbursement of assets**

- To check whether the accounts of the Blocks/DRDA with participating banks are being reconciled every three months.

### **Subsidy**

- To check whether subsidy is being given to Swarozgaris only after proper utilization and prompt repayment of loans as well as proper maintenance of assests.

### **Measures for effecting recovery of loans**

- To check whether the loan to Swarozgaris are being recovered regularly and promptly .

### **Group life Insurance Scheme**

- To check whether the Swarozgar under the Group Life Insurance Scheme are not less than 18 years and not more than 60 years.

### **Technology**

- To check whether the technology identified for each activity can be managed comfortably by the Swarozgaris and leads to quality products.

### **Marketing Support**

- To check whether proper efforts are being made to ensure marketing of the goods and services produced by the Swarozgaris and whether DRDAs are organising periodical meeting of Swarozgaris to ensure that they are given necessary guidance in quality control.

### **Co-ordination Mechanism**

- Close Co-ordination between the different agencies responsible for implementation of SGSY such as DRDAs, PRIs, Banks, Line Departments and NGOs is critical for the success of the programme. In order to ensure this Co-ordination, the following committees should be constituted:-
  - i) Block Level SGSY Committee
  - ii) District Level SGSY Committee
  - iii) State Level SGSY Committee

To check whether these committees are meeting regularly as prescribed in the guidelines to implement, monitor and evaluate the execution of the Scheme.

### **Item of Expenditure**

- To check whether DRDAs are ensuring that there is a balance between the Expenditure proposed for the various components of SGSY such as training, infrastructure, Revolving Funds for SHGs and subsidies for economic activities.

### **Monitoring**

- To check whether follow-up on the projects given to Swarozgaris is being done by the DRDA/Block Officials and Bankers to see that they are properly managing their assets and are able to generate the projected income.
- To check whether annual physical verification of assets is being done.\

- To check whether physical Monitoring through field inspections is being done regularly by the concerned officers of all levels for effective implementation of the programme and whether a proper schedule of inspection is being followed.

### **Evaluation Studies**

- To check whether periodical evaluation studies are being conducted by the State on the implementation of the programme and if so, whether remedial action is being taken by the State on the basis of the observations made in these studies.

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## **Checklist of financial and compliance audit in respect of Swaranjayanti Gram Swarozgar Yojana (SGSY)**

- **Activity Clusters – Planning and Selection**
- To check whether the key activities are being identified by the districts which may be taken up as micro-enterprises by the swarozgaris
- **Programme Infrastructure**
- To check whether the infrastructure has been created and expenditure incurred within the permissible limit of 20% of the SGSY allocation/grant for each district.
- To check whether the infrastructure created was as a last resort and for common use of swarozgaris.
- No recurring expenditure other than premium of insurance, expenditure on fairs and exhibition is admissible it is to be checked.
  
- To check whether the swarozgaris were not less than 18 years and not more than 60 years of age who were brought under group insurance scheme
- Technology
- To check as to whether attempt has been made by the DRDAs to capacitate the Swarozgaris with latest technologies in respect of the livelihoods activities taken up by them.
- **Implementation**
  - To check whether different agencies were involved for the success of SGSY scheme – DRDA through Panchayat Samities and with the active involvement of other Panchayati Raj Institutions, the Banks, The SGSY is a joint programme of all the agencies being conscious of their respective roles. In order to ensure the coordination, whether the following committees have been constituted under SGSY:
    - Block level SGSY Committee.
    - District level SGSY Committee.
    - Central level SGSY Committee.