

## CHAPTER 11

# India: Implementing Social Audits

In August 2005, the Indian Parliament passed what is now known as the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), which mandates the provision of 100 days of guaranteed employment (unskilled manual work) to any rural household in India. The passage of the act saw the culmination of a lively debate, with many (including the act's most ardent supporters) predicting that corruption and poor service delivery mechanisms could together undo any potential benefits the act could bring to the poor. One of India's most well-known economists suggested that the likelihood of money reaching the poor would be higher if we "simply drop the money by helicopter or gas balloon into rural areas" than route it through employment programs (Aiyar 2004).

These concerns over corruption and poor delivery stem from India's past experience with delivering welfare programs to the poor. Experience indicated that the greatest beneficiaries of rural employment programs were private contractors who received work orders and, together with the

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local political bosses, fixed muster rolls to produce inflated figures and misappropriate funds. As a result, most targeted participants in these programs rarely accessed the minimum wage. According to estimates from an India-wide study of rural employment programs, 65 percent of those who participated in these programs were paid between Rs 30 and 60 per day. This is far less than the minimum wage set by the government. An important reason for this appalling scenario has been the lack of transparency and accountability in delivery systems that has allowed corruption to proliferate unchecked.

In response to the corruption problem and to ensure that benefits reach those who need them, a number of transparency and accountability measures have been built into the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS). For instance, contractors are explicitly banned, all rural households are entitled to a job card on which employment and wage details must be entered, muster rolls are to be kept on the worksite and read out in public at the time of payment, payments are to be made in the presence of community members, and copies of the muster roll are to be made available for inspection by any interested person. Most crucial of all, section 17 of the MGNREGA mandates the regular conduct of social audits in the *gram sabha* (local self-government entities).

Pioneered by the Mazdoor Kisan Shakti Sangathan (MKSS—Organization for the Power of Laborers and Farmers) in Rajasthan in the mid-1990s, social audits are a process by which citizens come together to review and monitor government actions on the ground and use the mechanism of a public hearing to place accountability demands on the government. The legal mandate to conduct social audits under the MGNREGA acted as a catalyst for some state governments and nongovernmental organizations (NGOs) to take innovative steps toward institutionalizing social audits in the delivery system. The most successful of these efforts has been in Andhra Pradesh, which today is the only state government in the country to have developed a detailed institutional system for the regular conduct of social audits on MGNREGS works. Between 2006 and March 2011, at least one round of social audits had been conducted in all of the state's 656 *mandals* (the lowest administrative unit, comprising of a collection of 21 local self-government units at village or local level, named *gram panchayats*). Ninety-five percent had conducted two rounds of social audits, and 60 percent had completed three.<sup>1</sup> This case study documents the Andhra Pradesh experience.

## **Context: History and Evolution of Social Audits in India**

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

With the support of sympathetic officials, or by pressuring local officials, the MKSS was successful in accessing copies of official government records. These records were then analyzed and verified with residents of relevant villages and finally shared with the general public. In this regard, the MKSS experimented with the idea of a public hearing, at which the details of official records were read out loud to the assembled villagers. Local residents at the receiving end of fraudulent practices were invited to give testimony, as were government officials and local politicians who were then given an opportunity to publicly defend their actions.

The MKSS’s vision of the social audit is framed in a larger discourse of participative, rights-based democratic action that governs its activism. For the MKSS, the social audit is not just an anticorruption tool, it is a platform on which citizens can be empowered to directly exercise their democratic rights.

Academic research on the social audit emphasizes the link between social audits and democratic action. Neera Chandahoke, for instance, argues that the public hearing performs three functions intrinsic to democracy: it produces informed citizens, it encourages citizens to participate in local affairs through the provision of information and social auditing, and it helps create a sense of civic responsibility by bringing people together to address issues of collective concern. In sum, the social audit empowers citizens with information and enables them to exercise their rights by creating a vehicle with which they can engage with government and demand accountability for their rights and entitlements (Chandahoke 2007).

The first public hearing organized by MKSS was held in December 1994. Its focus was on a small set of development works carried out between 1993 and 1994 in the in Pali District. Names of people who were supposed to have worked on these development projects were read

out at the hearing, and people identified “ghost” workers and fake entries. Attendees testified against the claims made in the government records, and based on these testimonies, a first information record was filed against errant officials.

The MKSS organized another four hearings over the next year, honing and refining its social audit methodology through each. Typically, each hearing was preceded with a demand for accessing government records from local officials (usually the block development officer). Once the records were accessed, the MKSS along with residents of the area where the audit was being conducted would verify the information they contained. This process of verification would create general public interest in the audit and serve as a catalyst for mobilizing people to attend the hearing. The hearings were usually presided over by a well-known personality to ensure that neutrality was established and maintained throughout the process.

Concurrent with the audits, the MKSS spearheaded a wider struggle for the right to information. In 1995, 1996, and 1997, large-scale public sit-ins were organized in Beawar and Jaipur, Rajasthan, to demand a right-to-information law. The sit-ins generated significant public support for the enactment of such a law in the state. Consequently, in 1997, the Rajasthan government issued a gazetted notification giving citizens the right to obtain and inspect copies of government records for development works implemented by local governments. This is widely acknowledged as the first step toward establishing a right-to-information law. Such a law was finally enacted in Rajasthan in 2000. Five years later, spurred by a national-level coalition of activists, journalists, and other prominent citizens, the Indian Parliament passed the national Right to Information Act; this in turn helped enable the social audit process to take root across India.

Close on the heels of the information act was the enactment of MGNREGA. This act is a watershed in the evolution of the social audit process, as it gave social audits a legal sanction at the national level. Together, the two acts enabled access to government records, giving impetus to the conduct of social audits in MGNREGA.

Since the launch of MGNREGS in February 2006, social audits have been conducted in many parts of the country. These audits have taken different forms and had different outcomes. In states including Rajasthan, audits have been conducted by civil society organizations independent of government. In fact, in Rajasthan, efforts by civil society to work with the state government to institutionalize social audits have largely been

resisted. Following a series of corruption scandals in 2007–08, the government of Odisha initiated a civil society–led social audit process for MGNREGS, but the process has not been repeated since. In the program’s early days, civil society activists organized mass social audits (demonstration audits) in different parts of the country to try and kick-start the social audit process in different states. Andhra Pradesh is the only state that has taken steps to institutionalize the process and to undertake regular social audits through the government machinery.

### **MGNREGS and Social Audits in Andhra Pradesh**

Like most of India, Andhra Pradesh had a dismal record of implementing rural employment programs. Research on food-for-work programs in the state reveals an all-too-familiar story of large-scale misappropriations by contractors, local political bosses, and officials. These abuses are well documented in a study on Rs 3 billion worth of food-for-work programs conducted by Deshingkar and Johnson between 2001 and 2002. The study reported on the widespread presence of contractors in all study villages. The contractors made illegal profits by inflating employment figures, submitting inflated proposals for works, and claiming rice quotas for incomplete works. In some instances, they went so far as to claim funds for old works that had been constructed under a different program. The research exposed the nexus between the contractors and the local political bosses—in five out of six cases, village and ward officials or their family members doubled as contractors. Consequently, large amounts of funds were pilfered, and workers were denied their wages (Deshingkar and Johnson 2003).

The political climate was ripe for a serious rethinking of the corruption problem when MGNREGS was first launched in the state in February 2006. An extremely efficient and committed top-level bureaucracy—in particular, the principal secretary for rural development, whose department was responsible for implementing MGNREGS in the state—was ready to experiment with innovative ideas to plug all potential sources of leakage.

The first step in this direction was to computerize the entire MGNREGS implementation process. With the help of an information technology company—Tata Consultancy Services—the government of Andhra Pradesh developed an end-to-end management information system (MIS) through which job cards, work estimates, and payment orders are issued. The data are collected and input at the *mandal* level and

consolidated at the state level. Information on each job card holder, including number of days worked and total wages received, is accessible through the MIS. All data are public and available for scrutiny. To streamline payment processes, wages are paid directly through workers' post office or bank accounts. Chapter 10 provides a detailed case study of this experience.

But e-governance is no panacea. The Andhra Pradesh government recognized that in order to tackle corruption it was critical to attack it at its roots, for which local monitoring and verification are critical.

About the same time as the Andhra Pradesh government was struggling with how to address corruption, civil society activists in India, many of whom had played a defining role in the legislation for MGNREGS, had begun to focus on developing systems to undertake social audits. The first such audit was organized in Dungarpur, Rajasthan, in February 2006, implemented by a network of civil society activists in partnership with the Dungarpur district administration. The objective was to demonstrate the feasibility of conducting large-scale audits for MGNREGS and to simultaneously train civil society activists and other interested parties on how to conduct a social audit.<sup>3</sup> It culminated in a large public hearing attended by numerous officials and politicians, including the principal secretary for rural development of Andhra Pradesh who, inspired, took steps to initiate a formal social audit process in the state.

### ***The Early Years (2006–08): Laying the Foundation for Social Audits***

The social audit process in Andhra Pradesh was initiated in March 2006 with a pilot on 12 sites of the National Food for Work Program, the precursor to MGNREGS.<sup>4</sup> The government of Andhra Pradesh collaborated with the MKSS in this initiative; the MKSS trained officials and interested activists and worked with the government to design the pilot audits. The objective of the pilots was to learn from experience and to develop a cadre of trained resource persons who could manage the implementation of social audits in the state. The pilot audits provided the momentum necessary for the bureaucracy to consider the idea of institutionalizing the social audit process so that audits could be conducted regularly on all MGNREGS works in the state.

The institutional space for developing a team and managing social audits in the state was found in the Strategy and Performance Innovation Unit (SPIU), sponsored by the state's Centre for Good Development and the U.K. Department for International Development, and set up under the state's Rural Development Department and mandated with

implementing governance reform innovations. The SPIU director, a state civil servant, was given charge of implementing the social audit. An MKSS activist joined the director to provide social audit expertise and develop the methodology.

The first step in institutionalizing the audit was to create a pool of trained social auditors. Efforts were initially focused on training NGO frontline staff and other civil society activists to this end. However, concerns regarding NGO coverage and neutrality led the team to experiment with the idea of village social auditors (VSAs). The VSAs were youth from MGNREGS beneficiary families who, the audit team felt, would have a stake in the process and thus be actively involved both in conducting the audit and using lessons learned from it to continue monitoring after the audit was finished.

By December 2006, the SPIU had put in place a 25-member state resource team. With the exception of the SPIU director, all other staff was recruited from outside the government system as contract employees. In addition, 260 district-level resource persons were trained, 20 per district. They, in turn, were tasked with developing the cadre of VSAs to conduct the audit at the village level. Over time, this pool of VSAs has become a human resource base for the state social audit teams, and many have been given jobs as district-level resource persons.

Steps were also taken by the Rural Development Department to legitimize the process. Between 2006 and 2008, the department issued a series of government orders related to the institutional structure of the social audit and mandating the presence of key government officials at the public hearings. Orders were also issued to ensure that all relevant government records were given to the social auditors at the time of the audit. Training and information sessions were held with officials and elected representatives at the *mandal* and district levels in an effort to bring frontline officials onboard.

### ***The Consolidation Phase (2008–10): Institutionalizing Social Audits***

By 2008, social audits had gained momentum not just in Andhra Pradesh but across the country. During this phase, the state government continued to build on its training model, focusing on training officials and elected representatives. At about this time, the government of India launched the second phase of MNREGS and rolled it out in the entire country.

The first challenge for the social audit was thus to scale up from 13 districts to the entire state. But the social audit champions faced an

even bigger challenge. The country was set to have elections in 2009, and this opened the possibility of a rollback of the process with a change in the political climate. The champions began to explore ways of further institutionalizing the social audit process and of insulating it from the bureaucratic and political changes typical in any government. Eventually, a decision was taken to house the social audit in an entity that would fall within the ambit of the Rural Development Department but at the same time remain insulated from it. Consequently, in May 2009, the Society for Social Audits Accountability and Transparency (SSAAT) was established by government order. Housed under the Rural Development Department, the SSAAT has an independent board and is now entirely responsible for the conduct of social audits in the state.<sup>5</sup> Although the society faced some transition problems and personnel shifts in its early days, government commitment to social audits did not waiver. These changes did slow the process of undertaking social audits and consolidating the SASST.

In May 2010, the current SASST director—the MKSS activist who had worked closely with the SPIU—took over the society's leadership, and shifted the social audit process focus toward building a structure to redress grievances.

### ***The Present (2010 Onward): Focus on Redressing Grievances***

In the initial years of the social audit process, Andhra Pradesh experimented with VSAs conducting follow-up inquiries after the audits to ascertain if action was indeed being taken in light of audit findings. However, even though the relevant officials were obliged to attend the public hearings at which the audit findings were read and were mandated to follow up on these findings within a specified period of time, grievance resolution remained weak. For one thing, final responsibility for taking action rested with the officials. On the other hand, the expanding scale of the scheme and the need to conduct audits every six months meant an increasing workload for the auditors, making it virtually impossible for them to conduct audits as well as track follow-up. Under these circumstances, it was critical that grievances be acted upon with some urgency, so people could retain their faith in the process.

In December 2010/January 2011, the new principal secretary of rural development ordered the creation of a separate vigilance cell, which was mandated to follow up on all actionable decisions taken at the end of the public hearing. (Some grievances could be resolved at the public hearing itself and thus were not classified as actionable.) Also within the purview

of the Rural Development Department, the cell was given a space that was *independent* of both SSAAT and the team implementing MGNREGS. With the creation of this cell, social audits in Andhra Pradesh entered a new phase. The social audit essentially became a fact-finding process and, more important, a platform for people to voice their grievances, while the vigilance cell was given the work of following up and ensuring that these grievances were redressed.

### **Implementation Structure of Social Audits in Andhra Pradesh**

This section describes the management structure and systems through which social audits are accomplished and grievances redressed in Andhra Pradesh. For further information refer to Aiyar, Soumya, and Salimah (2011).

#### ***Management Structure of Social Audits***

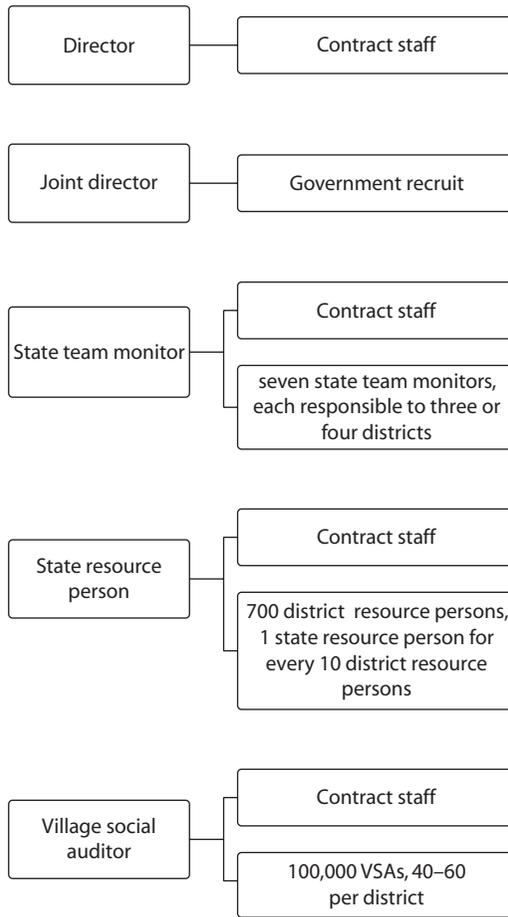
Interestingly, many staff members including the SSAAT directors have been drawn from activist groups and NGOs around the country. This has been important both in ensuring that the right kind of expertise is brought in and that the public perception of objectivity is maintained (figure 11.1.)

The state team monitors are responsible for the overall management of the social audit in a cluster of districts. The work includes scheduling the audits, generating reports on the audits (rapid social audit reports), staffing, training, and other human resource issues.

The state resource person leads the social audit process in the district, supported by a team of 10 district resource persons. These latter are responsible for managing the actual conduct of the audit, which includes identifying the auditors, training them, and interacting with the *mandal*-level officials to organize logistics and the public hearings.

The social audit itself is undertaken by the VSAs recruited by the district resource persons. The qualifying criteria for a VSA is that he or she belongs to a wage-seeker family that has worked under MGNREGS for at least 10 days, is at least a high school graduate, and is over 18 years of age. In addition, a written test is administered at the time of selection. At present, the SSAAT has a resource base of 100,000 VSAs across the state. To avoid conflicts, the VSAs are not allowed to conduct audits in their native village, and there is a maximum limit of five social audits any VSA can undertake. (This rule can be relaxed in exceptional circumstances.) The VSA is paid Rs 100 per day plus a travel allowance.

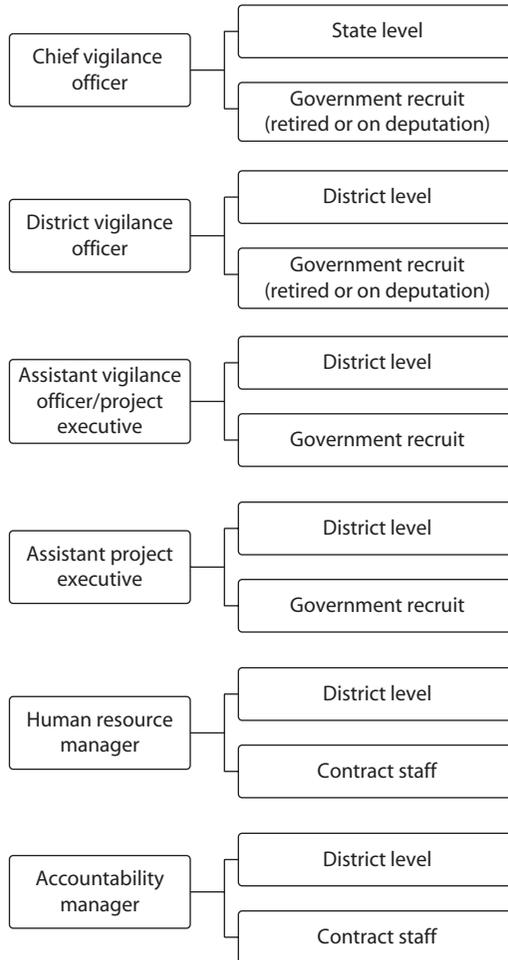
**Figure 11.1 Society for Social Audits Accountability and Transparency (SSAAT) Management Structure**



***Management Structure for Redressing Grievances***

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

A chief vigilance officer heads the redress of grievance system. This officer is directly accountable to both the commissioner and the principal secretary of rural development (figure 11.2). In 2011, a new post for a district vigilance officer was created to facilitate direct redressing of

**Figure 11.2 Management Structure of the Vigilance Cell**

grievances and follow-up of the social audit at the district level. People filling this post are usually state cadre officers who have retired from the government. To qualify, they must pass a written test, be in good physical condition, and have a good reputation. No district vigilance officer can be posted in his or her native district. The district officers report to the chief vigilance officer at the state level and to the program director at the district level.

The major responsibilities of the vigilance cell include issuing “show cause” notices and initiating criminal investigations or other inquiries arising from social audit findings. The term “vigilance” is somewhat misleading, as the cell does purely follow-up action work.

### Implementation Process of Social Audits in Andhra Pradesh

Much preparatory work goes into the conduct of the social audit. The dates and timing of the audits are determined by a quarterly calendar prepared by the state team monitors. Prior to the audit, a letter requesting records—specifically muster rolls (worksite attendance registers) and measurement books—is sent to the *mandal parishad* (or local) development officer (MPDO). On receipt of these letters, the MPDO is mandated to provide information to the district resource persons and inform *panchayat* members of the upcoming audit.

Prior to November 2010, the social audit team had to request all data from the MPDO. Now most MGNREGS data is obtained directly from Tata Consultancy Services, the information technology company that manages the state’s MGNREGS database.<sup>6</sup> The company aggregates all village-level data into books that can consist of 10,000 records in three volumes, with about 1,000 pages for each village.

The social audit takes approximately 10–12 days.

- *Day 1.* The district and state resource persons collect the requested data from the MPDO. This is followed by a *mandal*-level meeting with the elected representatives from all *panchayats* to apprise them of the forthcoming audit in their villages. The district resource persons then begin to recruit VSAs.
- *Days 2–4.* Once the VSAs have been recruited, they go through a two-day training conducted by the district resource persons at the *mandal* level. This training includes information about the MGNREGS, the Right to Information Act, and the nonnegotiables of a social audit. They are trained on how to apply for information under the Right to Information Act. Parallel to the trainings, meticulous research is conducted, and all official records pertaining to the MGNREGS works, including muster rolls, technical sanctions, utilization certificates (financial records), bills, and vouchers, are scrutinized and consolidated into manageable and easy-to-understand formats. Cases can be booked against relevant officials of the implementing agency should they refuse to share records.

- *Days 5–8.* Armed with these documents, the VSAs go to the villages to conduct the actual audit over a 3- to 4-day period. During this time, auditors stay in the villages assigned to them. They go from house to house cross-verifying official records, examining the worksites, and gathering information from wage seekers. They also record statements of wage seekers and collect evidence if they find discrepancies. The auditors then convene an assembly where findings from the audit are shared. Local politicians, *panchayat* members, local officials, and, most important, the field assistants participate in these meetings. The meetings begin with an information-sharing session in which details on legal entitlements under MGNREGA are shared with the public. This often serves as a catalyst for discussion and debate on the state of a scheme's implementation. During these meetings, names of wage seekers and amounts due them are publicly read out. This information triggers a detailed discussion among participants on different aspects of implementation and grievances therein.
- *Days 9–10.* After the *gram sabha*, the VSAs and district resource persons consolidate all *gram sabha* reports for the *mandal*-level public hearing. The reports are put in a draft decision-taken format; this includes a village-wide summary of all findings and actionable issues and complaints identified in the social audit as well as issues that have been resolved at the *gram sabha* level. The draft report can be between 400 and 1,000 pages long.
- *Day 10, 11, or 12.* On the last day of the social audit, a public hearing is held at the *mandal* level. The public hearing is a nonnegotiable in the social audit and is to be held regardless of circumstances. The responsibility of organizing and financing the hearing rests with the MPDO. The hearing is presided over by the program director or the assistant program director. Attendance of all implementing officials is mandatory. Typically, the attendees include wage seekers from the villages in the *mandal*, the social audit team, the branch postmaster or the superintendent postmaster, key implementing officials, members of the vigilance cell, elected representatives, and an independent district-level ombudsman. Attendance ranges from 200 to 800 people.

At the hearing, village issues and complaints are read out (this again is nonnegotiable), wage-seeker testimonies are verified, and the implicated officials are given an opportunity to respond. The presiding officer makes decisions on what actions have to be taken by the implementing agency

to address the issues and/or complaints. These are summarized in a final decision taken report, which contains the following information:

- Name of district and *mandal*
- Date of the social audit public hearing
- Number of social audit team members present at the public hearing
- Officers present at the public hearing
- A summary table of all issues and/or complaints identified, by village; with the person responsible, the amount involved, and the decision taken recorded for each.

The presiding officer signs the decision-taken report to attest to its accuracy. If for any reason a public hearing is not held or is held and officials do not attend, the draft report (or the decision taken format) is deemed final. These reports can be found on the social audit website.

### ***After the Audit***

Within 24 hours of the social audit, signed copies of the decision taken report are sent to key officials (the project executive/district vigilance officer, the MPDO, and the program director) for follow-up. A copy of the report is also sent to the data entry company to ensure quick computerization of the social audit findings. The original is retained by the SSAAT.

At the district level, responsibility for follow-up lies with the program director and the district vigilance officer. Within 3 days of report receipt, these officials send a report of their own for approval of actions to be taken. Once this is approved, follow-up is initiated. This includes issuance of show cause notices (implicated staff are given 15 days to respond as well as an opportunity for a personal hearing) and of charge memos, and initiation of criminal investigations. District vigilance officers are expected to issue these notifications within 7 days for approval. If they fail to do so, disciplinary action is taken against them. In addition, a letter is sent by the program director to the MPDO to initiate action in all other cases, such as cases in which monies are to be recovered and implementation processes are to be streamlined.

While there are no strict deadlines for action taken, the government has put together several key processes for monitoring follow-up. These include a watch register at the *mandal* level, which documents specific follow-up actions taken, and monthly follow-up meetings conducted by the vigilance cell in coordination with the social audit team and relevant officials from the implementing agency. On the first Friday and Saturday

of every month, the chief vigilance officer convenes a review meeting. While the Friday meeting is limited to the vigilance cell, the Saturday meeting includes the audit team and relevant officials from the implementing agency to discuss follow-up action. The principal secretary of rural development chairs this meeting.

Action taken reports are uploaded on an intranet within the SSAAT website. While the MPDO updates these reports as and when actions are taken at the *mandal* level, the vigilance cell approves final changes to these reports. Finally, the SSAAT team prepares a monthly rapid social audit report and shares it with the principal secretary of rural development. Another dimension of the grievance redressing process is an independent ombudsman at the district level who reports to the principal secretary of rural development and is himself/herself a retired government official. The position was created under the MGNREGA. The ombudsman attends the *mandal*-level public hearings and can conduct an inquiry at his or her own discretion. He or she can also receive complaints independent of those that arise in a social audit. However, the ombudsman does not give the implicated person an opportunity for response, nor does he or she take the remarks of the presiding officer into consideration when deciding awards. The principal secretary for rural development conducts a review with all ombudsmen once every two months.

## Lessons Learned and Conclusions

Andhra Pradesh has a carefully designed institutional system for conducting regular social audits. The very fact that this system exists and that social audits are conducted regularly with a high degree of compliance to social audit rules is itself a testament to its success. Andhra Pradesh is the only state in India to have institutionalized social audits.<sup>7</sup> A variety of political and strategic factors contribute to this circumstance, notably the existence in the state of champions who have leveraged political will to institutionalize social audits.

In the early days, unsurprisingly, social auditors encountered resistance both from politicians and bureaucrats at the local level. To create political support and quell the opposition, the then-principal secretary for rural development and the director of the SPIU interacted regularly with the chief minister, sharing details of social audit findings. These interactions went a long way toward ensuring that the political hierarchy supported the process. Interviews revealed that the chief minister

considered social audits a vehicle through which frontline bureaucrats could be held accountable, which in turn could act as a check against the existing contractor, political elite, and bureaucrat nexus at the grassroots level.

At the same time, the director of the SPIU was careful to engage regularly with the frontline bureaucracy to address concerns and ensure that they did not feel threatened by the social audit process. Through these interactions, the director sought to build confidence and credibility among frontline officials and win their support.

The greatest strength of the social audit lies in the nature of its implementation in the state. Government officials at the highest level support the process, and this ensures that all key officials from the program director to the *mandal* officer attend the public hearings. In sharp contrast to the implementation of many government programs, most officials on the frontline seem aware of the details of how a social audit is conducted and attest to the fact that the audits are conducted in compliance with the rules and norms set by the state government. Even the audits' critics agree that the process has taken root in Andhra Pradesh and is an important mechanism for improving government delivery at the grassroots level.

The audits have been successful in bringing to the fore critical issues related to MGNREGS implementation in the state. Analysis of issues recorded in the decision reports showcase the range of issues brought up through the social audit. These include issues related to corruption, such as misappropriation of funds, misrepresenting muster rolls, poor administration (e.g., delays in wage payments), difficulties in getting job cards and applying for work, lack of facilities at worksites, and caste discrimination at worksites. The social audits help in pinpointing specific officials responsible for cases of corruption and poor administration. They also highlight best practices and serve as a vehicle for bringing out positive stories of implementation.

The audit process has had important effects on MGNREGS efficacy. In the program's early days, the World Bank undertook a survey of 840 MGNREGS beneficiaries to examine the effects of the social audit. The survey was administered three times over a six-month period: once before the audit, once one month after, and once six months after. Survey results showed that the audit had a significant effect on beneficiaries' awareness levels. When asked, "Have you heard of MGNREGS?" in round one, only 39 percent of respondents answered positively. This rose to a dramatic 98 percent in rounds two and three. The audit also had

some effect, albeit not as dramatic, on implementation processes. For instance, the study found that job card entries increased from 39 percent in round one to 99 percent in round two. Similarly, knowledge about wage payment slips and what they are meant for rose from 62 percent in round one to 92 percent and 96 percent in subsequent rounds. A direct consequence of this was that beneficiaries better understood that payment slips are linked to the quantity of wages received—figures rose from 49 percent in round one to 60 percent in round three. Finally, the survey found that the audit had some impact on people's perceptions of government officials. Over 90 percent of respondents said they felt more comfortable approaching various officials after the social audit. When asked why, 60 percent said that the increased awareness about different aspects of the program gave them the confidence to approach the relevant authorities.<sup>8</sup>

The public hearings also result in some amount of immediate redressing of grievances. Once a complaint is made, the presiding officer decides on actions to be taken based on the complaint. These complaints are then followed up with action by the vigilance cell. To illustrate the scale of action, as of March 31, 2011, in a random sample of 13 districts, 6,199 officials have been dismissed, 616 have been suspended, 411 have had cases filed against them, and another 2,583 have been subject to inquiries.<sup>9</sup>

Perhaps the most powerful aspect of the social audit public hearing is that it has resulted in misappropriated funds being identified; in some cases, errant officials have returned money to beneficiaries in full public view. According to data collected by the social audit team since the start of the process, Rs 235 million out of Rs 1 billion in misappropriated funds have been recovered either at the public hearings or through the vigilance process.

The scale of redress remains a challenge for Andhra Pradesh. Data on 13 sample districts show that action has been taken against just about half of the officials implicated during the social audits (9,809 officials as against 19,488 officials). Moreover, according to anecdotal evidence from the social audit team, there are cases where, despite dismissals, errant officials have found ways of reinstating themselves in the system. In terms of financial recoveries, thus far the enforcement mechanism has recovered about 23 percent of the total misappropriated funds revealed through the audits. This suggests that the scale of reprisal is relatively low—arguably too low to be considered effective. Weak redressing of grievances poses severe risks for the social audit process, as in the absence of effective redress, people are starting to lose faith in the process.

Preliminary fieldwork highlights some process limitations that require mention. Critics of the social audit argue that VSAs lack technical qualifications and often misunderstand what beneficiaries say during the audit. Regardless of whether these criticisms are valid, they do highlight a fundamental problem the audit process faces: the social audit is, by its very nature, confrontational and creates friction between auditors and bureaucrats. State bureaucracies have to confront the imperatives of social audits and reconcile them with departmental loyalty on the one hand and what are often contradictory pulls and pressures from the state and central political and administrative leadership on the other. Additionally, social audits by design focus on the frontline, which has the potential of creating a sense of being discriminated against, which also can create friction between auditors and bureaucrats.<sup>10</sup> This friction opens the process to risks of opposition over time.

The biggest challenge to social audits going forward remains who should conduct the audit? The current design requires a significant human resource base. While this is necessary to run audits of this scale, it also brings up important questions about the efficacy of creating what is virtually a parallel bureaucracy to run audits. For the moment, the system is protected by the particular constellation of actors at the helm, but in the long term, the system runs the risk of being routinized and reduced to a procedural check-box process that seems to plague social audits in most states. The ultimate goal of the audit process should be to evolve into a people-led system. The SASST is currently experimenting with different ways of accomplishing this, but the process is beset with challenges. At what point should the audit process begin to change its structure and move away from creating a bureaucracy to evolve into a people's audit? And what would be the role of government in ensuring enforceability? These are the challenges for the future of social audits.

## Notes

1. Data obtained, from rapid social audit reports as of March 31, 2011, are available at <http://125.17.121.162/SocialAudit/>.
2. For a detailed analysis of the evolution of the right-to-information movement and social audits, see Goetz and Jenkins (2001) and Mukhopadhyay (2005). Also see the MKSS website, [www.mkssindia.org](http://www.mkssindia.org).
3. See Sivakumar (2006) and Akella and Kidambi (2007) for a detailed account of this social audit.

4. Note that, originally, MGNREGA was implemented in only 13 of the state's 23 districts, in accordance with the program's mandate of being rolled out in the most needy districts in its first phase. In 2008, MGNREGA was extended to all districts in the country.
5. The society model has been common in Andhra Pradesh and provides the "housing" for most of its innovations in social sector reform.
6. The database can be found at [www.nrega.ap.gov.in](http://www.nrega.ap.gov.in), accessed June 2012.
7. In late 2009, the government of Rajasthan attempted to put in place an institutional structure similar to the Andhra Pradesh model for conducting regular social audits. To kick-start the process, a large social audit was organized by the Rozgar and Sookhna Abhiyan (a network of civil society activists in the state) to train over 1,000 district and state resource people on conducting social audits. However, in the aftermath of the audit, local political leaders and frontline bureaucrats rallied together to oppose social audits. The case eventually went to the Rajasthan High Court, which issued a stay order against social audits of this nature being conducted.
8. For a detailed analysis of this study, see Aiyar and Samji (2009).
9. Data obtained from Rapid Social Audits report at: <http://125.17.121.162/SocialAudit/> (Accessed March 2011). Districts in the sample are all first-phase MGNREGS districts.
10. The authors are grateful to Shekhar Singh for these insights.

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