

DT (SA)
1/10/09

GOVERNMENT OF RAJASTHAN
RURAL DEVELOPMENT & PANCHAYATI RAJ DEPARTMENT
Directorate of Social Audit

No. F.1(1)NREGA/Advances/09-10

Jaipur, Dated : 8th October, 2009

Collectors & District Programme Coordinators, (All)
Rajasthan.

I. D. No. 7008/CEGS/09
Date 14/10/09

Sir,

(SA) The undersigned has been appointed the Director of Social Audit by the government today and the Principal Secretary, Finance has reported to the Principal Secretary RD&PR about the status of the financial and accounts management in the NREGA in the following manner on 6th Oct 2009 :

" NREGA is perhaps the biggest programme for employment in the country and Rajasthan gets a lion's share of the allocations. I am happy that a Social Audit Directorate has been created to take care of various issues pertaining to implementaion of NREGA at field level.

While this is most crucial, it is also necessary that permanent system for financial management of the programme is also put in place. My understanding that crores of money are being sent to districts and Panchayat Samitis and are then being passed on to the executing agencies including Panchayats for implementation of the programme. However, I understand that accounts pertaining to this programme are still pending reconciliation. UCs/CCs are also pending in large numbers. Maximum advances are being made to individual Gram Panchayats who are, obviously, executing the work but are not submitting reconciled account statements to the districts or to the State.

I have been informed that in one Panchayat samiti (PS Dhariawad, District Pratapgarh taken as a test case) about Rs. 19 crores are pending for recorciliation. This being the position of one Panchayat Samiti, one could imagine the unreconciled amounts all across the State.

NREGA does have its own prescribed financial rules and regulations which are, off course, to be followed. However, I would request you to ask your accounts staff to examine the financial management of the programme in a holistic manner and suggest measures to ensure that utilization of the amounts takes place in a timely fashion whith reconciliation, UCs, CCs etc. being submitted with in prescribed time frames."

I would like to request you to Kindly peruse ch.8 of the NREGA operational guidelines 2008 (3rd Edition) available on the home page of NREGA website www.nrega.nic.in under guidelines tab. The relevant provisions are as under:

14-10-09

8.5 MAINTENANCE OF FUNDS BY THE GRAM PANCHAYATS

- 8.5.2 All payments made from the NREGS account will be reported to the Gram Panchayat at its next meeting and approval will be obtained. Any objection will be recorded and a copy of the minutes will be sent immediately to the Programme Officer for necessary action.
- 8.5.4 The NREGS related accounts of the Gram Panchayat shall be presented for scrutiny at the biannual social audits of the Gram Sabha, in pre-specified formats.
- 8.5.5 NREGS funds at the Gram Panchayat level can not be used for other purposes under any circumstances. The Gram Panchayat President and Secretary shall be responsible for ensuring that disbursements from the NREGS account are made for legitimate purposes. Any diversion of NREGS funds will be treated as a defalcation and recovery proceedings will be immediately initiated.
- 8.5.6 The Gram Panchayats will be authorized to spend the money released to them on the works that have been sanctioned for them to execute. After 60 percent of the allocation given to any Gram Panchayat has been spent, the Gram Panchayat may apply to the Programme Officer/DPC for release of additional funds. The proposal of the Gram Panchayat shall be accompanied by a statement of work-wise expenditure together with the report of the Vigilance and Monitoring Committee duly approved by the Gram Sabha.

8.6 Monthly squaring of accounts

8.6.1 To reduce the risk of financial 'leakages', and to promote transparency and accuracy in fund management, the practice of monthly squaring of accounts should be introduced. This consists of verifying that all the money release under NREGA is accounted for under the following three heads:

- i) Money held in bank accounts at various levels
- ii) Advances to implementing or payments agencies
- iii) Vouchers of actual expenses

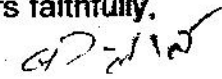
8.6.2 Details of monthly squaring of accounts should be made publicly available in the MIS on the internet at all levels of aggregation.

May I request you to kindly launch a campaign and issue orders for sending your Project Officer (Accounts), Accounts officer of Zila Parishad and AO/AAO working in your office to the Panchyat Samitis on every Saturday and hold workshop of all ' Lekha Sahayaks' till all the advances given to the executing agencies and specially the Gram Panchayats are adjusted and made public on the NREGA website. The further allocation of the funds should be made only after the earlier allocation has been utilized as per para 8.5.6 of the guidelines. The A Ens, Ex En(EGS)/ PO(Engg)/PO (LR) should also accompany these accounts personnel to help them getting UCs/CCs.

The cash payment (even on material procurement) in NREGA is an irregular activity and any violation on this account should be brought under punitive action.

Please inform the action taken and the orders issued by you on this account by post within a week and also e-mail on pdre_rdd@yahoo.com.

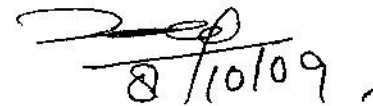
Yours faithfully,



(Banna Lal)
Director, Social Audit

Copy to the following for information and necessary action :-

1. Pr. Secretary Finance, Rajasthan, Jaipur.
2. Pr. Secretary RD&PR, Rajasthan, Jaipur.
3. Commissioner, EGS, Rajasthan, Jaipur
4. PS to the Hon'ble Minister RD&PR, Rajasthan, Jaipur.
5. All Addl. District Programme Coordinators, (EGS) Zila Parishad, Rajasthan
6. All Chief Executive Officers, Zila Parishad, Rajasthan.
7. Shri Shrinivas meena, Chief Accounts Officer, NREGS.RD.Jaipur with the directions to ensure compliance of the instructions of the Principal Secretary Finance as quoted above.



Project Director, EGS