MKSS Undertakes Social Audits in India

Organizational Profile

The grassroots organization MKSS was formed in India in 1991 after a land struggle between a feudal landlord and peasants and workers in the rural state of Rajasthan. More recently, it has focused on the government's failure to pay the legally required minimum wages to workers employed on public works programs. Since the denial of wages was directly linked to government secrecy (which allowed government officials to misappropriate funds meant for wage payments), MKSS launched a successful mass campaign to demand the enactment of a right to information law, as well as a law to protect the rights of poor workers.

MKSS is governed by a central committee and supported by ten full-time and two part-time staff. It draws its membership from thousands of peasants and workers in rural Rajasthan who donate their time, money, and food to MKSS campaigns.

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a. Introduction

In April 2006, MKSS joined with other Indian non-governmental organizations to organize a social audit in the Dungarpur district of Rajasthan. (Social audits are participatory processes through which community members monitor the implementation of government programs in their community.) Approximately 800 people from a variety of backgrounds participated. The audit focused on program funds spent in Dungarpur under India's recently enacted National Rural Employment Guarantee Act (NREGA), which entitles every rural household to 100 days of government employment at the minimum wage.

At the start of the project, all participants received a two-day orientation, which included information on the NREGA's management, the government documents that record payments made under NREGA programs, and techniques of social auditing. The orientation also helped participants develop communication skills that could be used during the social audit, including the use of songs, puppet shows, and street plays.

Participants were then divided into 31 groups of approximately 20-25 people apiece and provided with a "social audit kit." Wearing multi-colored turbans, brandishing puppets and banners, armed with megaphones, and carrying bags full of labor rolls listing workers' names and the payments made to them, the participants spread out across the district.

Over the next seven days, participants visited every village and work site where NREGA programs were operational. They met with many of the approximately 140,000 workers helping build roads, dams, wells, etc. under the NREGA, discussed the operation of the program with them, and checked whether the program was being run according to NREGA standards. Among other things, NREGA requires regular payment of minimum wages, provision of first aid kits and drinking water at the work site, and the

organization of day care services for working mothers. By law, program records must also be available at the work site to enable citizens to conduct spot checks of a program while it is being implemented.

The social audit in Dungarpur identified many infringements, such as non-payment of minimum wages, late wage payments, and poor work site facilities. The pattern of wage payments also raised serious concern: in most of the work sites, laborers were paid much less than the statutory state minimum wage of 73 Indian rupees (approximately 1.8 US dollars) per day because wages were instead calculated on the basis of tasks performed. This practice violated the NREGA guidelines issued by the central government, which explicitly state that under no circumstances may laborers be paid less than the minimum wage rate fixed by the state government for agricultural labourers. All of these issues were raised in a public forum with the district administration, which promised corrective action.

b. Methodology

While a social audit may benefit from the involvement of a non-governmental organization, such third-party participation is not always necessary; an empowered community can undertake social audits by itself. However, non-governmental organizations can provide important assistance to a community undertaking a social audit by (1) training community members on the social audit process, (2) accessing information required to conduct the social audit, (3) helping collate and disseminate information to the community, and (4) documenting the social audit findings and following up with public officials to demand action. Regardless of who undertakes the social audit, the following seven steps are integral to the process.

Step 1: Identify the Scope of the Audit

In a given community, several government agencies may be executing different programs concurrently. The first step in a social audit is to identify the specific programs and agencies that will be selected for audit, along with the period (number of years) that will be under consideration.

The following questions can help establish the scope of the social audit:

1. How difficult is it to obtain information about programs from government agencies, and is the information available for the entire time period to be covered by the audit?
2. What level of involvement can the community provide? The more involved a community, the more potential there is for an expansive audit to be conducted.
3. What resources are available from the organization coordinating the audit? Ideally, the organization should seek resources from within the community where the audit will be conducted. Such resources could include office space as well as volunteers who can assist with logistics.
4. What is the relationship between government officials and the organization coordinating the audit? Sympathetic officials can play an important role when the organization seeks corrective action based on the audit's results.
5. What is the strategic focus of the group undertaking the audit? Depending on its focus, a group may seek to audit specific agencies/programs.

Step 2: Develop a Clear Understanding of the Management of Programs

The programs to be audited may be administered by the central government through local offices, by state/provincial government agencies, directly by a local government, or by some combination of these agencies.

Any organization coordinating a social audit should examine the administrative structure under which the programs to be audited are managed. The organization may benefit from preparing a simple guidebook

that maps the different agencies involved in administering the programs, their accountability and managerial structures, and the flow of program funds. This information makes it possible to pinpoint the agency (and perhaps the official) ultimately responsible for the project – and, if necessary, to go over the head of an official who is reluctant to provide information.

The organization coordinating the audit should also identify individuals in the community who may have worked on the government projects. They will likely be good sources of information on the documents typically maintained by project managers, such as documents that relate to labor payments and material purchases.

Step 3: Obtain Information on Programs Under Audit

The organization coordinating the audit will require access to a large number of documents, including accounting records (such as cash books, wage rolls, and bills for materials purchased), technical project records (such as the project engineer's measurement books and contract specifications), and managerial records (such as fund utilization certificates, which the program manager issues when the project is completed). It is important to document the types of records the government maintains when executing a project.

While access to every detailed record is not essential, access to records on expenses that are shown to have been incurred is critical. These records may include the following:

accounting records, including cash books for the previous three years that provide information on all monies received from the national government, state/provincial governments, and international donors – as well as all monies spent;

bills showing materials purchased by the local government and bills from contractors documenting payments made at all stages of the project period (it is especially important to obtain the final settlement bill that lists all costs incurred by the contractor);

- stock registers on materials procured by other agencies and sent to the local government for use in construction projects;
- receipts with signatures/thumb imprints of program beneficiaries acknowledging receipt of direct cash transfers made to them;
- engineering records, including measurement books that show the construction specifications for public works projects (such as the amount of cement required for the project, labor estimates, and project designs); and
- labor rolls listing each laborer employed at the project site, the number of days worked, the wage rate, the total amount paid to the laborer, and signatures/thumb imprints of laborers acknowledging the receipt of wages.

A demand for information is likely to meet with strong resistance from local officials if they feel threatened by the consequences of disclosing the information. The officials can be expected to threaten, cajole, plead with, or ignore people seeking information. To build ownership of the social audit process – and to help make the process sustainable – it is critical that volunteers from the community be centrally involved in what may be a long struggle to obtain information. Often, a long and successful information-gathering campaign that involves local communities can be as empowering to the community as the audit itself.

Step 4: Collate Information

Once information is obtained, the coordinating organization must work with local volunteers to sort through it and prepare individual project files presenting pertinent information in an accessible format.

MKSS collated project information into matrices that clearly summarized the different kinds of information obtained from project records. One matrix, for example, was based on information from labor rolls that identified cases of fraud in which workers were recorded as working on two different project sites on the same day.

The coordinating organization could also prepare simple charts that illustrate the amount of construction materials that might be required to construct typical infrastructure projects in a community. These charts would enable "back of the envelope" calculations to be made to compare the amount of construction material booked for a construction project against industry benchmarks for such projects.

Step 5: Distribute Information

Next, the coordinating organization should make copies of the project documents and matrices and take them into the villages in which public hearings are to be held. Several teams of volunteers should go from house to house, sharing information from the project files.

Meetings with residents who have worked on, or live next to, a particular project can be especially illuminating. During MKSS audits, copies of labor rolls have proved a source of excitement as residents identified names of dead or fictitious people. Similarly, bills from local companies for expenses incurred in a project can be identified as false by residents who state that no such firm exists in their community.

The social audit team should visit each project site and physically verify the completion of all steps anticipated in the construction plans. Similarly, it should visit beneficiaries of social programs to verify that they received funds as shown in the expenditure records. Local volunteers can help identify project sites and program beneficiaries and facilitate visits with these beneficiaries.

All information collected from the community should be recorded in the relevant project files. Anyone providing information should be told about the forthcoming public hearing and encouraged to speak out at it.

The information distribution process can take from a week to a couple of months. It offers an opportunity to build momentum within communities as the public hearing approaches.

Step 6: Hold Public Hearings

Public hearings should be carried out with much fanfare to make them interesting for local communities. If the information collection and distribution stages have been effective, the hearing may already be well-publicized among the community, which will have high expectations for it.

Special efforts should be made to ensure that the hearing location is accessible to all residents. The hearing will take most of a day, so seating, water, and other supplies for attendees will be needed. An extravagant meeting space should be avoided, however, as a forum that appears elitist or "bureaucratic" can discourage participation.

Five sets of people play an important role in the hearing:

- The organization coordinating the social audit – with local volunteers – must decide the agenda.
- A panel of eminent citizens (and, if possible, senior government officials) should chair the meeting. They can announce the rules that will govern the proceedings, such as a ban on abusive language.

- Members from the local media should be invited to attend the public hearing and to report on the often explosive findings that may be uncovered regarding corruption in public projects.
- The local officials responsible for managing the projects should be invited to attend. It should be made clear to them that the hearing is not a finger-pointing exercise but an opportunity for the community to offer feedback. Officials who are not used to public accountability may not be pleased by the prospect of a hearing, but curiosity and moral indignation may motivate them to attend. (In some cases, it may be useful to ask senior officials to direct local officials to attend the hearing.)
- Finally, the community has the most important role at the hearing. A large and active audience can make the difference between a successful and an unsuccessful social audit.

After community members have provided testimonies, the relevant officials should be given a full opportunity to explain their actions or counter any allegations against them. This stage of the hearing can very easily turn combative; it must be managed in a manner that ensures that the voices of all participants are heard and recorded.

During the MKSS social audits, speaker after speaker described instances of corruption, inefficiency in the use of public funds, and poor planning within public agencies. Discussions became especially animated when public officials tried to defend their projects and village residents quickly pointed out any inconsistencies in their statements. In some of the audits, public officials even admitted wrongdoing and handed over the funds they had stolen to the panel adjudicating the hearing.

Step 7: Follow-up to the Hearing

The findings of the public hearing must be transformed into an effective advocacy campaign that can address both specific instances of mismanagement and broader policy considerations regarding transparency and accountability.

A formal report on the social audit should be prepared after the hearing, and copies should be sent to relevant senior government officials, the media, and other groups engaged in the campaign. The report should also recommend specific steps against errant officials and policy changes to improve the delivery of government services.

The coordinating organization should then try to ensure that action is taken on the audit findings. Government agencies can be slow to respond to an audit's results and may require external pressure.

c. Results Achieved

Successes

Between 1995 and 2005, MKSS organized numerous hearings to build momentum around a right to information campaign in India at both the state (Rajasthan) and national levels. These hearings received a tremendous response, as thousands of demonstrators joined MKSS in demanding that Rajasthan enact a law giving citizens the right to information. The legislature passed such a law in 2000. The right to information campaign then turned its attention to the national government, and five years later India's parliament passed a national right to information law.

The right to information is a potent weapon for a wide variety of civic groups. For example, a 2004 convention organized by the National Campaign for People's Right to Information presented 39 workshops on the impact of the right to information on issues such as maintaining essential food supplies, corruption, the adverse impacts of economic globalization, and the disappearance of citizens as a result of state security actions. The conference attracted 400 participants from all over India.

In addition, MKSS and several other civil society groups used the momentum from the right to information campaign to demand an employment entitlement program for the rural poor. The campaign succeeded when the government enacted the NREGA (described above), which entitles every rural household to 100 days of minimum wage employment from the government. A unique feature of the NREGA is that state governments are encouraged to organize social audits, using the techniques adopted by MKSS, to monitor the program's implementation.

As of 2007, civil society organizations in approximately half a dozen Indian states were using the right to information law to obtain government documents on NREGA implementation and organize social audits of NREGA-funded activities in their communities. These audits have been successful in uncovering results similar to those revealed by the Dungarpur audit described above.

In a significant development, the government of the state of Andhra Pradesh has recognized the importance of social audits in curbing corruption in the implementation of NREGA programs. It is collaborating with a number of civil society groups to expand the use of the social audit methodology.

Challenges

MKSS faces a number of challenges in implementing social audits. For example, despite the right to information law, access to information remains a challenge in India. Government officials who are guilty of financial mismanagement are loath to give information that may incriminate them, and may refuse to respond to requests made under the right to information law or may obfuscate, delay, or hide information.

Even when MKSS can obtain records, in some cases they are badly maintained and difficult to decipher. Poor record keeping practices in government offices can significantly delay the audit and reduce its impact.

In addition, government officials sometimes intimidate and even threaten villagers to prevent them from testifying in public forums. In such situations, residents may hesitate to air their grievances about government programs.

Finally, the social audit process must be incorporated within the government budget process if is to realize its full potential. Only then will local residents have a regular opportunity to hold the government accountable for its implementation of public programs.

This case was excerpted from Our Money, Our Responsibility: A Citizens' Guide to Monitoring Government Expenditure *by Vivek Ramkumar (International Budget Partnership, 2008), available at* www.internationalbudget.org.