

Social Audit

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Introduction

Governments are facing an ever-growing demand to be more accountable and socially responsible and the people are becoming more assertive about their rights to be informed and to influence governments' decision-making processes. Faced with these vociferous demands, the executive and the legislature are looking for new ways to evaluate their performance. Civil society organisations are also undertaking "Social Audits" to monitor and verify the social performance claims of the organisations and institutions.

Social Audit is a tool with which government departments can plan, manage and measure non-financial activities and monitor both internal and external consequences of the department/organisation's social and commercial operations. It is an instrument of social accountability for an organisation. In other words, Social Audit may be defined as an in-depth scrutiny and analysis of the working of any public utility vis-à-vis its social relevance. Social Audit gained significance especially after the 73rd Amendment of the Constitution relating to Panchayat Raj Institutions.

Purpose of the Social Audit

This tool is designed to be a handy, easy to use reference that not only answers basic questions about Social Audit, reasons for conducting Social Audit, and most importantly gives easy-to-follow steps for all those interested in using Social Audit.

The purpose of conducting Social Audit is not to find fault with the individual functionaries but to assess the performance in terms of social, environmental and community goals of the organisation. It is a way of measuring the extent to which an organisation lives up to the shared values and objectives it has committed itself to. It provides an assessment of the impact of an organisation's non-financial objectives through systematic and regular monitoring, based on the views of its stakeholders.

Salient Features

The foremost principle of Social Audit is to achieve continuously improved performances in relation to the chosen social objectives. Eight specific key principles have been identified from Social Auditing practices around the world. They are:

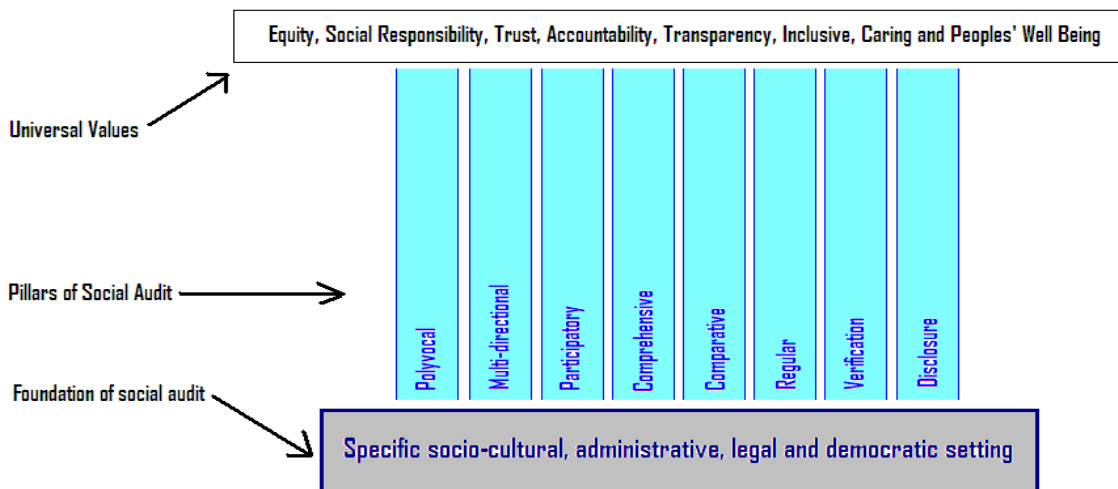
1. **Multi-Perspective/Polyvocal.** Aims to reflect the views (voices) of all those people (stakeholders) involved with or affected by the organisation/department/programme.
2. **Comprehensive.** Aims to (eventually) report on all aspects of the organisation's work and performance.
3. **Participatory.** Encourages participation of stakeholders and sharing of their values.

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4. **Multidirectional.** Stakeholders share and give feedback on multiple aspects.
5. **Regular.** Aims to produce social accounts on a regular basis so that the concept and the practice become embedded in the culture of the organisation covering all the activities.
6. **Comparative.** Provides a means, whereby, the organisation can compare its own performance each year and against appropriate external norms or benchmarks; and provide for comparisons with organisations doing similar work and reporting in similar fashion.
7. **Verification.** Ensures that the social accounts are audited by a suitably experienced person or agency with no vested interest in the organisation.
8. **Disclosure.** Ensures that the audited accounts are disclosed to stakeholders and the wider community in the interests of accountability and transparency.

The following figure depicts the principles of Social Audit and universal values:

PRINCIPLES OF SOCIAL AUDIT AND UNIVERSAL VALUES



These are the pillars of Social Audit, where socio-cultural, administrative, legal and democratic settings form the foundation for operationalising Social Audit. The Social Audit process is intended as a means for social engagement, transparency and communication of information, leading to greater accountability of decision-makers, representatives, managers and officials. The underlying ideas are directly linked to concepts of democracy and participation. The application of Social Audit at the village level holds tremendous potential for contributing to good local governance and increased transparency and accountability of the local bodies.

Who can use the Tool?

Social Audit Toolkit can be used by government departments, private enterprises as well as the civil society. However, the scope in terms of audit boundaries would be specific to that of a

government department, private organisation, an NGO or a community. In case of private organisations, the emphasis may be on balancing financial viability with its impact on the community and environment. In case of NGOs, in addition to using them to maximise the impact of their intervention programme, they could also be used as effective advocacy tools. Depending on the resources available Social Audit could be comprehensive, state-wide, and can also be localised to the community level.

Applying the Tool

The six steps of Social Auditing are:

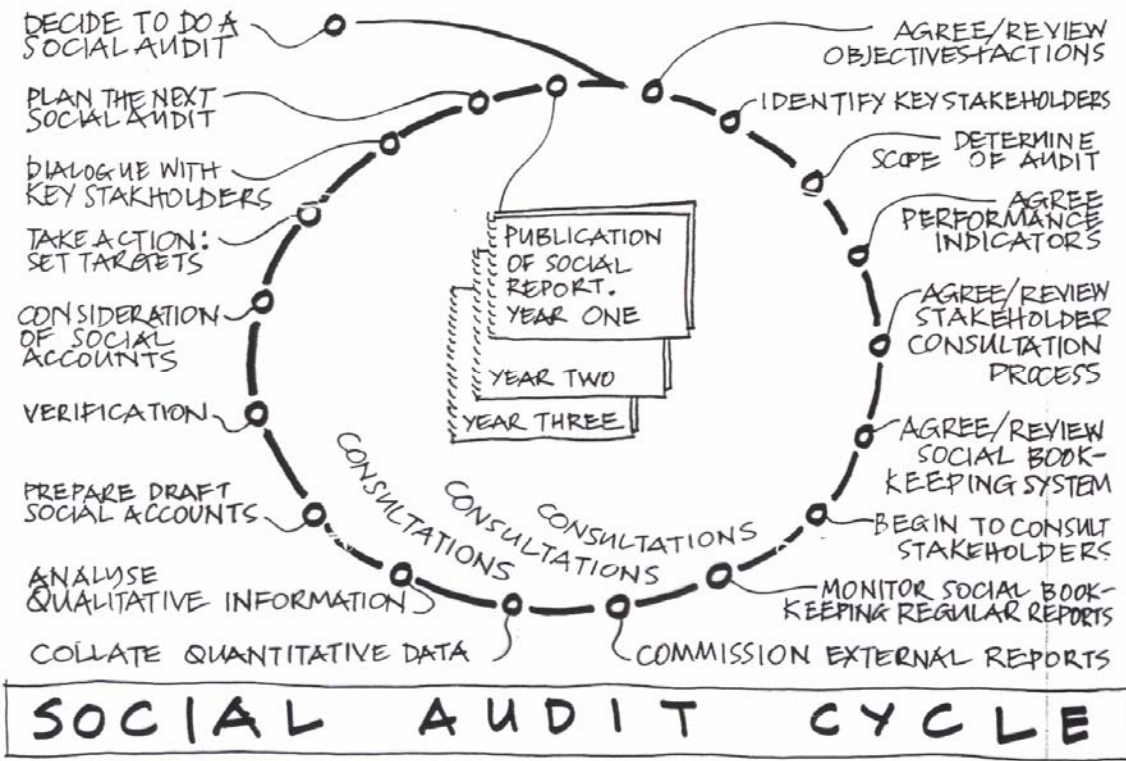
1. Preparatory activities
2. Defining audit boundaries and identifying stakeholders
3. Social accounting and book-keeping
4. Preparing and using social accounts
5. Social audit and dissemination
6. Feedback and institutionalisation of social audit

The first two steps are critical when a department decides to incorporate social accounting, social book-keeping and social auditing. The department needs to look at its vision, goals, current practices and activities to identify those that are amenable to social auditing purposes. Small work groups (say, seven persons) are to be formed which would spend about two days each to list down the social vision, core values, social objectives and map stakeholders and their involvement. Ensure involvement of various functionaries with due representation to gender, while forming small groups. The small groups should have access to project documents, process documentation, department guidelines and policy notes.

The next activity would be to assign the task of matching the activities with the social objectives and identifying gaps. This again could be carried out by a small group drawn from the managerial cadre and execution/implementation groups at the field level. All this information would be then looked into; to develop a plan for Social Auditing, including who would be responsible in the department, monitoring and identifying the resources required. This responsibility again could be given to a small group of three individuals.

Stakeholder consultation, involving department functionaries and civil society, would be the forum for sharing the Social Audit plan. This consultation would clarify the issues important for Social Auditing, role of stakeholders, as well as commitments from them. The outcome of the consultation would be fed into the process of detailing out: the indicators to be monitored; which existing records are to be used; and how additional information would be collected. The next key step is to fix responsibilities for various activities. The activities include preparing formats for social account-keeping, compilation of data and reporting the same on a monthly basis (internal use). Managers of the department/programmes can use this information for monitoring as well as providing feedback for improving performance and overcoming bottlenecks.

Ideally, Social Audit should be conducted regularly, and the method should be developed through a participatory relationship between the auditor and the organisations/departments. The following figure depicts the detailed steps followed in the social audit cycle.



In addition to using the Tool kit exercises in the right sequence, it is vital that the process is participative and inclusive. The cycle starts with 'deciding to do a Social Audit' and at the end of each year planned targets and actual achievements are to be compared.

Experiments in Social Audit from Vithura Panchayat, Kerala

The decentralisation process in Kerala is unique not only in terms of the functions and finances transferred to the local self-governments. It has also provided scope and space for transparency and accountability to the people in a major way. During this process, a few Grama Panchayats have gone far ahead of others in experimenting with various mechanisms for social audit.

Vithura was one such panchayat which tried to create a transparent local self-governance system with people's participation. Right from plan formulation to implementation and to the extent of plan monitoring and evaluation was entrusted to the people. The key for success behind the Vithura experiment was a well designed organisational setup, where people's committees were formed and made functional. The different types of committees that were formed are: neighbourhood groups consisting of 50 neighbouring houses, ward development committees, panchayat level academic committees, subject groups, panchayat level women's committee, panchayat level monitoring committee, children's forum, people's committees for social audit etc. All these had specific roles to play in the planning and implementation stages of developmental programmes.

The social accounts were presented to the Grama Sabhas in printed form, by the panchayats. It was presented in the Grama Sabha in such a way that any person could understand and question any irregularity in the activities of the panchayats. The difference with Vithura model of social audit is that it is not an audit after the implementation. The people's committees mentioned above were given information about the activities regularly and they were empowered and supported by the panchayat committee to monitor the activities. Thus, these committees were active throughout the process of planning and implementation.

The basic structure of the Vithura social audit mechanism was as follows:

1. From each Grama Sabha, three persons were elected to be a part of the panchayat level social audit committee.
2. Each one will be a part of one of the sector group like productive, service and infrastructure sectors.
3. These committees conduct the audit and their report is presented in the Grama Sabha.
4. All the officers of the panchayat including that of the line departments will be present in the Grama Sabha to clear doubts with relevant documents.

Thus, a strong social audit mechanism was experimented at Vithura, a Grama Panchayat in Trivandrum district of Kerala.

Risks Involved and Key Success Factors

The key to successful Social Auditing is in knowing which techniques to use and in what sequence. The Social Auditor can choose different methods so as to capture both quantitative and qualitative information from the respondent.

It is equally important to ensure the follow-up action taken on the Social Audit report and the receptiveness of the departments/organisations to adopt the recommendations in the Social Audit report. The social auditors should suggest modalities for improving its performance based on the feedback received from different stakeholders. The detailed work plan needs to be identified by the social auditors and the same should be implemented at the earliest.

References

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