

Technical Guide on Social Audit



The Institute of Chartered Accountants of India
(Set up by an Act of Parliament)
New Delhi

Technical Guide on Social Audit



Internal Audit Standards Board
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Foreword

Social audit is a way of measuring, understanding, reporting and ultimately improving an organization's social and ethical performance. Social audit helps to narrow gaps between vision/ goal and reality, between efficiency and effectiveness and so creates an impact upon governance. The success of process of social audit lies in its potential to make certain aspects of organizational activity more transparent to external stakeholders, who may then be empowered to hold management accountable for their actions insofar as they are affected by them.

Current social reporting initiatives are, therefore, to be judged on the basis of whether they offer more emancipatory alternatives that may improve the situation in terms of delivering greater levels of organisational accountability. Chartered accountants can play a vital role in the social reporting framework by ensuring the effectiveness of the social audit program in non-corporate as well as corporate sector, which in turn would contribute positively to the society at large.

The Internal Audit Standards Board of the Institute has taken first step in this direction by issuing this "Technical Guide on Social Audit" that deals comprehensively with Social Audit as an efficient tool for promoting accountability and the related concepts and practices in detail.

I would like to congratulate CA. Rajkumar S. Adukia, Chairman, Internal Audit Standards Board, CA. Naveen N.D. Gupta, Vice-Chairman, Internal Audit Standards Board and other members of the Board for bringing out this remarkable publication on this emerging concept of social significance.

I am sure that the members and other interested readers would utilise this publication and would surely take a lead in this emerging area.

November 19, 2010
New Delhi

CA. Amarjit Chopra
President, ICAI

Preface

Increased transparency and pressure to extend the boundaries of responsibility are highlighting the importance of clear organizational policies to protect reputation and gain competitive advantage. Social audit is based on the need of organizations to create a balance in the way they plan and measure their commercial and non commercial operations, and to prove that there is consistency between what an organizations says it will do and what it actually does. Social Audit redefines the meaning of viability from the narrow financial profit and loss account to a broader set of values and examines the procedure and performance of an organization's social and commercial actions in relation to its stated objectives and its external and internal position. Organizations that apply Social Audit adopt responsibility for issues broader than profitability and accept that today's organizations have to operate with considerable care.

To support any mechanism, organizations, governments, tax authorities, market regulators and stakeholders need to rely on credible information flows if they are to operate effectively. The mechanism of social audit is, thus, dependent on the support provided by reporting and assurance. Chartered accountants have a role to play by providing assurance to this mechanism through assurance process. Definitely this leads to the need for our members to maintain and expand their knowledge base on this emerging area.

Considering the above, the Board has decided to bring out this "Technical Guide on Social Audit". This publication covers in detail concept of social auditing, need for social auditing, various contexts of social auditing, regulatory and voluntary codes for social audit, framework for social auditing, role of chartered accountants in

social audit, data for social auditing and operationalizing social auditing in India. It also includes sample social audit questionnaires with respect to MGNREGA and a government educational programme. Appendix I illustrates indicators of social development which have been defined under the Millennium Development Goals. Appendix II lists social indicators issued by the OECD and Appendix III includes various standards that have been introduced to serve the purpose of social accounting/ reporting.

At this juncture, I am grateful to CA. Rajib Basu for sharing his experience and knowledge with us and preparing the draft of the Guide.

I also wish to thank CA. Amarjit Chopra, President and CA. G. Ramaswamy, Vice President for their continuous support and encouragement to the initiatives of the Board. I must also thank my colleagues from the Council at the Internal Audit Standards Board, viz., CA. Naveen N. D. Gupta, CA. Nilesh S. Vikamsey, CA. Atul C. Bheda, CA. K. Raghu, CA. J. Venkateswarlu, CA. Abhijit Bandyopadhyay, CA. Ravindra Holani, CA. Charanjot Singh Nanda, Ms Usha Sankar, Shri Prithvi Haldea and Shri Sidharth Birla for their vision and support. I also wish to place on record my gratitude for the co-opted members on the Board, viz., CA. Sushil Gupta, CA. Smita Satish Gune, CA. Nagesh Dinkar Pinge, CA. Sumant Chadha and CA. Deepak Wadhawan as also special invitees on the Board for their devotion in terms of time as well as views and opinions to the cause of the professional development. I also appreciate efforts put in by CA. Jyoti Singh, Secretary, Internal Audit Standards Board and her team of officers, viz., CA. Arti Aggarwal and CA. Gurpreet Singh, Senior Executive Officers, for their inputs in giving final shape to the publication.

I am confident that this publication would help the members to be well-equipped in this emerging area and take a lead.

December 20, 2010
Mumbai

CA. Rajkumar S. Adukia
Chairman
Internal Audit Standards Board

Contents

| | |
|--|--------------|
| Foreword | iii |
| Preface | v |
| Chapter 1: Concept of Social Auditing | 1–7 |
| Definition of Social Auditing | 1 |
| Characteristics and Principles of Social Auditing | 2 |
| Differences between Social Auditing, Operational Auditing and Financial Auditing | 3 |
| Agencies for Conducting Social Audits | 4 |
| Chapter 2: Need for Social Auditing | 8–10 |
| Factors Leading to the Demand for Social Auditing | 8 |
| Objectives of Social Auditing | 9 |
| Benefits of Social Auditing | 9 |
| Chapter 3: Various Contexts of Social Auditing | 11–18 |
| Government Programmes | 11 |
| CAG's Audit and Social Audit | 11 |
| Social Auditing in Corporate Sector | 13 |
| Roadmap for Indian Corporates to Move towards Social Accounting and Social Auditing | 14 |
| Corporate Social Responsibility | 15 |
| Global Reporting Initiative (GRI) G3 Guidelines | 15 |

| | |
|---|--------------|
| Social Accountability International - SA 8000 | 16 |
| AA 1000 - Standard for Ethical Performance | 16 |
| Triple Bottom Line Reporting (TBL) | 17 |
| Millennium Development Goals | 17 |
| Chapter 4: Regulatory and Voluntary Codes for Social Audit | 19–24 |
| International Scenario | 19 |
| Indian Scenario | 21 |
| Legislative Support Available to Social Audit | 22 |
| Chapter 5: Framework for Social Auditing | 25–40 |
| Need for a Framework | 25 |
| Social Organisation and it's Objectives | 26 |
| Stakeholders | 26 |
| Social Accounting | 28 |
| Social Audit Process | 29 |
| Audit Planning | 30 |
| Fieldwork | 34 |
| Reporting | 37 |
| Chapter 6: Role of Chartered Accountants in Social Audit | 41–43 |
| Chapter 7: Data for Social Auditing | 44–48 |
| Social Accounting | 44 |
| Determining Data Required to Measure Impact | 45 |
| Techniques for Gathering Primary Data | 46 |
| Methods of Analysis of Data | 48 |

| | |
|--|--------------|
| Chapter 8: Operationalising Social Auditing in India | 49–51 |
| Challenges in Implementation in India | 49 |
| Essential Criteria for Success | 50 |
| Chapter 9: Sample Social Audit Questionnaire | 52–75 |
| MGNREGA Scheme | 52 |
| Appendix | |
| Appendix I Indicators of Social Development Defined under the Millennium Development Goals | 76 |
| Appendix II Social Indicators issued by the OECD | 84 |
| Appendix III Various Standards that have been Introduced to Serve the Purpose of Social Accounting/ Reporting | 86 |

CHAPTER 1

Concept of Social Auditing

Definition of Social Auditing

1.1 The term “Social Auditing” has been defined as a process that allows any organization to assess its social impact and ethical performance vis-à-vis its stated vision, mission and goals. It helps the organization to set up measurement criteria for its social impact, account for its social performance, report on that performance and draw up action plans to improve that performance.

The “organization” being discussed here could be a corporate body, government agency or any other agency whose actions or decisions have a “social” consequence. The scope of social auditing is not merely restricted to corporate decisions or actions that have a “social focus”.

1.2 Some other definitions of “Social Auditing” provided by some well known social organizations are as under:

“Social Auditing is a process that enables an organization to assess and demonstrate its social, economic, and environmental benefits and limitations. It is a way of measuring the extent to which an organization lives up to the shared values and objectives it has committed itself to. Social auditing provides an assessment of the impact of an organization’s non-financial objectives through systematically and regularly monitoring its performance and the views of its stakeholders.”¹

¹ Caledonia Centre for Social Development, United Kingdom.

Technical Guide on Social Audit

“Social Audit is an independent evaluation of the performance of an organization as it relates to the attainment of its social goals. It is an instrument of social accountability of an organization. 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.”²

Characteristics and Principles of Social Auditing

1.3 From the above definitions, it could be deduced that social audits have the following characteristics:

- Audit of non-financial impact of the activities/ policies of an organization;
- Audit in respect of the achievement of social objectives;
- Audit carried out from the point of view of various social stakeholders (not merely owners) who can influence or are affected by the activities of the organization; and Allows comparability of organizations over time and between stakeholder groups.

1.4 In the past, there have been substantial efforts to define common themes in social audit. From the experience of all those involved, a good social audit carries all the following characteristics³:

(i) Improved social performance - This is the overarching principle, and this refers to the continuous improvement in performance by the organization relative to the chosen social objectives as a result of social audit.

(ii) Multiple stakeholder perspective - It is important for all groups affected or who affect the organization to be included in the process of social audit.

² Centre for Good Governance – Andhra Pradesh.

³ Euro Coop General Assembly, Op. cit., May 1999, pp. 4-5. (Note: Principles 1 to 7 are common to all social audit models.)

Concept of Social Auditing

- (iii) **Comparability** - The process should allow for comparison with other organizations, over time and between stakeholder groups.
- (iv) **Comprehensiveness** - The process should be designed to collect all relevant materials and areas of concern should not be left out simply because the organization would not like the result.
- (v) **Regularity of coverage** - To facilitate comparability and to demonstrate a commitment to the process, it should be regular, with a frequency of once every two years.
- (vi) **Independent verification** - Verification by independent auditors gives the process credibility.
- (vii) **Transparent reporting** - The result (or a synopsis) of the social audit should be published so that the stakeholders can see the results, and this will accordingly encourage openness.

Differences between Social Auditing, Operational Auditing and Financial Auditing

1.5 The following are the major differences between Financial Auditing, Operational Auditing and Social Auditing:

| Financial Auditing | Operational Auditing | Social Auditing |
|---|---|---|
| <ul style="list-style-type: none">• It involves audit of financial statements and transactions.• Coverage of non-financial matters limited only to those | <ul style="list-style-type: none">• It involves measuring the operations and processes of any entity against established operational standards and suggesting ways and means to improve adherence to standards.• It might also involve suggestions for resetting the | <ul style="list-style-type: none">• It looks at the impact caused on the society by the organization.• It takes an “outside-in” approach of looking at |

Technical Guide on Social Audit

| | | |
|--|--|---|
| <p>aspects that provide additional information to stakeholders of the business who are mainly interested in the financial status of the entity.</p> <ul style="list-style-type: none"> • Financial Audit is done keeping in mind the objective of issuing an opinion on the state of financial of affairs. • It deals mainly with study of financial data. | <p>operational standards based on the experiences of the entity with respect to its environment.</p> <ul style="list-style-type: none"> • Operational Auditing is done basically to report on operational inefficiencies. • It deals with the study of operational parameters of the organization. | <p>organization, dealing more with how the non-financial stakeholders view the business rather than how the managers/owners of the organization plan it to be.</p> <ul style="list-style-type: none"> • It deals with the study of social impact parameters, most of which can be gathered from outside the organization which is being audited. |
|--|--|---|

Agencies for Conducting Social Audits

1.6 In India, due to lack of mandatory Auditing Standards in the sphere of Social Audit, there are no pre-qualifications that can be imposed on agencies that can act as Social Auditors, unlike the spheres of financial audits and other forms of auditing. Consequently, there are no accreditation standards, qualification norms, eligibility criteria that can be applied to select agencies that can act as Social Auditors in specific circumstances.

1.7 Nevertheless, there needs to be adherence to the basic auditing principles by whosoever acts as a Social Audit agency. Adherence to basic auditing principles can be achieved by demonstrating a set of characteristics that the Social Auditor should

Concept of Social Auditing

possess. Some of these are given below:

(i) *Independence and fairness* - The Social Auditor should have no stake in the outcome of the audit and should be totally independent of the management of the organization being audited.

(ii) *Objectivity* - The Social Auditor should be able to understand the relevance of the various types of data available to him and should be able to assess and interpret the data on some objective basis and avoid subjective judgment.

(iii) *Inquisitiveness coupled with a healthy skepticism* - Social Auditing is more an art than a science. It requires someone unwilling to accept things at face value and capable of digging deeper to uncover what lies beneath the surface.

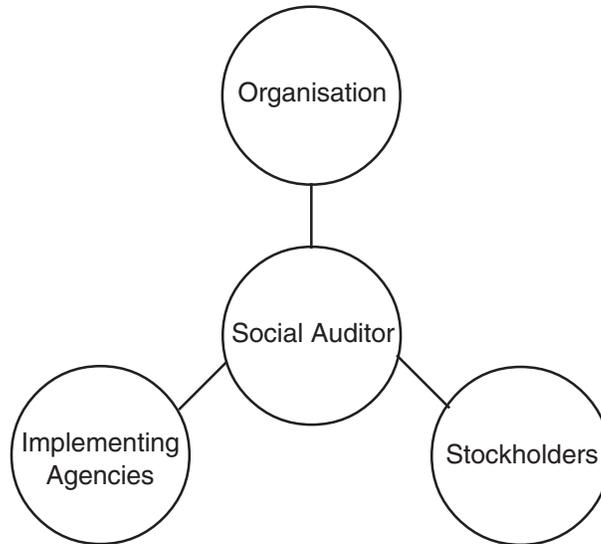
(iv) *Ability to understand programs in their wider social context* - Social performance must be understood within the context of diverse stakeholders and a diverse set of perceptions, values, objectives, etc. An effective Social Auditor must be both willing and able to consider a variety of sources and perspectives to paint a more comprehensive portrait of social performance.

(v) *Expertise in social auditing* - The Social Auditor should be someone who possesses the right set of competence required in conducting the various stages of social audits. He should be one who possesses appropriate training and experience.

1.8 There are various agencies engaged in the conduct of Social Audits in various scenarios. These could be independent agencies, accounting firms, or other types of organizations (including accredited agencies that fulfill certain qualification criteria) that demonstrate the above characteristics.

On a broad scale, Social Auditing system can be thought of being composed of some key players that have their own roles. Social Auditor should be independent of each of the other players and should have equal access to each of them, for effective discharge of his role.

Technical Guide on Social Audit



The Social Audit System: Key Players

The other important consideration for selecting any agency as a Social Auditor is the ability of the agency to scale up to the requirements of the Social Audit engagement either singly or through a consortium⁴.

1.9 The Centre for Good Governance established by the Andhra Pradesh Government has envisaged Social Audit to be done at two levels. The first level is the Organizational Level and the second is at the Civil Society level.

(i) At the Organizational Level, Social Auditing system has two components namely, Internal and External:

- The Internal component deals with the creation and maintenance of an independent information system that is able to generate, capture and record data for measuring the social impact of the organization (of the nature of Social Accounting).

⁴ The National Consortium on NREGA is a loosely federated collective of Civil Society Organizations (CSOs) that have come together to try and make NREGA a success. The Consortium seeks to move beyond the more traditional civil society role of acting as a watchdog for NREGA.

Concept of Social Auditing

- The External component relates to the independent assessment by an independent Social Auditor of the information system and the information generated therefrom.

(ii) At the Community or the Civil Society Level, a Social Audit can be carried out by gathered independent data from stakeholders on community values, social benefits, social capital and quality of department/ programme interface with people. This is matched with outcomes of Social Audit carried out at the organization/ department level. Based on the analysis, the programme or its activities are oriented towards community/ society's expectations.

The Audit at the Civil Society level tends to be intensive and as such there is need to have trained hands at that level.

CHAPTER 2

Need for Social Auditing

2.1 Social Auditing has emanated from the need for making the organizations more responsible to people and communities and a method to communicate the non-economic impact of organizations, both good and bad, to the stakeholders and the society at large. The fact that some organizations' business decisions and activities have deep impact on the community and the lives of the people needs to be recognized and accounted for on the grounds of social responsibility of the organization. In recent years, the scope of the social audit has been expanding to include greater integration of the **social accounting processes**, which involve a detailed preparation and accounting of social accounts, targets, and milestones.

Factors Leading to the Demand for Social Auditing

2.2 Several factors have lead to the demand for Social Auditing in recent times. Some of these are enumerated below:

- Reports by media on the negative impact of corporate bodies and other institutions on the community, people and environment.
- Increased awareness of consumers and consumer organizations on the impact of their consumption pattern on the corresponding actions of businesses and governments.

Need for Social Auditing

- Broadening of the concept of “stakeholders of organizations” with the understanding that an organization affects far more people than that was earlier envisaged.

Objectives of Social Auditing

2.3 The broad objectives of any Social Audit engagement are as follows:

- Assessing the physical and financial gaps between needs and resources available to meet targeted social objectives.
- Creating awareness among beneficiaries and providers of social and productive services.
- Increasing efficacy and effectiveness of development programmes.
- Scrutiny of various policy decisions, keeping in view stakeholder’s interests and priorities, particularly of marginal sections of the society.
- Estimation of the opportunity cost for stakeholders of not getting timely access to public services.

The specific objectives of Social Audit engagements will, however, depend upon the context of audit.

Benefits of Social Auditing

2.4 There are several benefits that Social Audit can bring to an organization. Some of them are as follows:

- **Enhanced credibility:** Social Audit enhances the credibility of an organization with its stakeholders. For a corporate enterprise it could mean enhancement of the brand image which could result in higher equity with stakeholders. In case of a positive report from the Social Audit, the value added to the owners’ financial capital could far outweigh the auditing cost incurred.

Technical Guide on Social Audit

- **Helps in policy decision:** Based on the Social Audit findings, the policymakers of the organization could re-strategize for course corrections to ensure that its social impact is as intended.
- **Positive support from stakeholders:** Organizations that emerge with a positive Social Impact through their objectives and actions tend to have a higher sustainability as they enjoy the support of the social environment in which they operate.
- **Increased social focus – tool for risk management:** Organizations can better manage its risks, as it can enhance its social focus by covering any adverse social impacts highlighted by it in a social audit report.

CHAPTER 3

Various Contexts of Social Auditing

Government Programmes

3.1 The Central and the State Government agencies institute several programmes from time to time under their development initiatives. These programmes need Monitoring and Evaluation systems to ensure that the resources that have been allocated are used in the right manner to yield the desired results⁵.

CAG's Audit and Social Audit⁶

3.2 Comptroller and Auditor General of India (CAG) has conducted performance audits of most of the key socio-economic programmes of the Government of India e.g., National Rural Employment Guarantee Scheme (NREGS), National Rural Health Mission (NRHM), Sarva Shiksha Abhiyan (SSA), Mid-day Meals Scheme, Accelerated Rural Water Supply Programme (ARWSP), and Pradhan Mantri Gram Sadak Yojana (PMGSY). CAG's audits have also covered several niche areas of public interest like, Consumer Protection Act, Waste Management, Police Modernization Scheme, etc. CAG's audit of Government departments, offices, and agencies in the States, dealing with implementation of Government schemes,

⁵ One of the key objectives of the first phase of the project undertaken to **Support to Operationalization of the National Rural Employment Guarantee Act** is building capacity for M&E systems including Social Audit.

⁶ Report of the Task Group on Social Audit: The Office of the Comptroller and Auditor General of India, 2010.

Technical Guide on Social Audit

also touches upon the performance of schemes or their components at various levels of the audit process.

CAG's performance audit procedures have some connotations of Social Auditing. However, the CAG audit procedures are designed more from the point of view of the Government and the taxpayers and not from the point of view of the beneficiaries of the Government schemes. Social Audit system seeks to fill this void.

3.3 The Task Group on Social Audit formed by the CAG of India envisages Social Audit initiatives at two levels. Firstly, Social Audits carried out by Gram Sabhas/ Panchayats or local level Vigilance and Monitoring Committees as stipulated by the Government in the guidelines of various social sector programmes, and secondly those carried out by civil society groups. In both these types, the Social Auditors are in a position to obtain direct feedback from beneficiaries on a large scale through Gram Sabha meetings, Jan Sunwais, Sammelans and other oral evidence gathering methods to ascertain the outputs of social sector programmes and pinpoint grass root level failures. The Government of India has embedded social audit in one form or the other (like, village level monitoring committees/vigilance committees) in almost all the flagship social sector programmes like NREGS, ARWSP, NRHM, MDM, etc.

3.4 There have been suggestions with respect to Social Audit from the CAG's office for:

- Social Audit findings to be used as inputs in the risk assessment to be conducted for CAG audit.
- Including a summary of Social Audit reports in CAG's Performance Audit reports.
- Capacity building of Social Auditors.
- Uniformity of Social Audit procedures (i.e., standards) across the various development programmes undertaken by the Central Government.

Social Auditing in Corporate Sector

3.5 The concept of social auditing for corporates emerged from the view that there was a moral case for businesses, in addition to, reporting on their use of shareholders' funds, to account for their impact on social and natural environments. While accounting instruments already existed for reporting financial performance, there was not any accounting for non-costable impacts, and it was this that gave rise to modern social and environmental accounting. However, there have been several instances of stocks of companies taking a beating at bourses due to adverse social issues reported despite having put up very satisfactory financial performance.

3.6 On a global scale, the relationship between social performance and shareholders' values is gaining wider acceptance as the voice and influence of shareholders increases. The shareholders of publicly traded companies, particularly the institutional investors of pension and insurance companies, are becoming more concerned about the social impact of the companies in which they invest. These shareholders that act as financial intermediaries in the economic system, are actively investing in 'best-in-the-industry' companies for their handling of social issues. The success and growth of 'green' funds supports this view. In the United Kingdom's pensions market, draft government legislation requires all pension funds to disclose the extent to which ethical and social considerations have been taken into account in investment strategies. There are significant efforts underway among companies, as well as investors, to establish methodologies to improve reporting of social and environmental performance. Shareholders, who currently form opinions based largely on historical financial evidence, may soon demand data verified by major auditing firms using accepted standards as evidence of continued social performance of the companies in which they invest.

3.7 Due to the larger interaction of the Indian and Global economies and the growing propensity of global investments to look towards India, it will not be long before the Indian corporates feels the urge to adopt similar standards as their global counterparts to reflect their "social" performance in their Annual reports. As

Technical Guide on Social Audit

such companies, particularly, those that are being publicly traded or have the intention of being so in the near future, need to have a clear roadmap to move towards proactive accounting and reporting on their social performance.

3.8 In summary, the key drivers for Social Accounting and Reporting, particularly on the environmental aspects, are as follows:

- There is a growing belief that social and environmental issues represent a source of risk in terms of unforeseen (or foreseen) liabilities, reputational damage, or similar risks.
- The ethical performance of a business, such as its social and environmental impact, is increasingly becoming a factor in decision to engage with these businesses in its resource and product markets. This means, for example, that some consumers will not buy from companies with unfavourable ethical reputations (i.e., in product markets) and, in resource markets, potential employees may use ethical performance as a criterion in their choice of potential employer.
- An increasing number of investors are using social and environmental performance as a key criterion for their investment decisions.

Roadmap for Indian Corporates to Move towards Social Accounting and Social Auditing

3.9 The adoption of standards is the first step towards institutionalization of Social Accounting. Irrespective of regulatory requirements, Indian corporates have a clear case to adopt voluntary Accounting and Reporting Standards on Social Performance to enhance their equity in the investor community. Indian corporates belonging to similar industries (that tend to have similar Social and Environmental impacts) can adopt common standards in these areas so that it is efficient and effective for Social Auditors to assess their performance using those standards.

Various Contexts of Social Auditing

3.10 The corporate sector also has a specific role to play in the demand side of Social Auditing. When standards of Social Accounting and Reporting are adopted, the next step becomes the independent assessment of performance with respect to the desired social impact – this will require the deployment of independent audit following accepted auditing methodologies and standards.

The results of independent audit will communicate to the investors/potential investors on the social equity of their investment and that will ultimately be reflected in the stock price of the equity which could vary significantly from the price that would be fetched by the stock if measured only on the basis of financial performance.

Corporate Social Responsibility

3.11 It is well established that the scope of Social Audit is not limited to the audit of impact of corporate decisions and actions that are designed to have a “social” impact (e.g., Corporate Social Responsibility Programmes). The concept encompasses audit of all activities of a business that has a direct or an indirect social impact whether or not specifically designed to be so.

3.12 There are several reporting standards followed across the globe for measuring the social impact of corporate actions in the normal course of business so far as those are linked with its social responsibility. Some of the well accepted Corporate Social Reporting Standards are given below:

(i) Global Reporting Initiative (GRI) G3 Guidelines⁷

There are various sector supplements that have been issued by the above body for reporting on various industry sectors like, Financial Services, Metal and Mining, NGO sector, etc.

⁷ <http://www.globalreporting.org/ReportingFramework/G3Guidelines>.

(ii) Social Accountability International - SA 8000

Social Accountability 8000 (SA 8000) has been developed by Social Accountability International (SAI). SA 8000 is promoted as a voluntary, universal standard for companies interested in auditing and certifying labour practices in their facilities and those of their suppliers and vendors. It is designed for independent third party certification.

SA 8000 is based on the principles of international human rights norms as described in International Labour Organisation Conventions, the United Nations Convention on the Rights of the Child and the Universal Declaration of Human Rights. It measures the performance of companies in eight key areas: child labour, forced labour, health and safety, free association and collective bargaining, discrimination, disciplinary practices, working hours and compensation. SA 8000 also provides for a social accountability management system to demonstrate ongoing conformance with the standard.

(iii) AA 1000 - Standard for Ethical Performance

Accountability 1000⁸ (AA 1000) is the work of The Institute for Social and Ethical Accountability (ISEA). ISEA (also known as AccountAbility) is an international membership organisation, based in the UK. It was formed to encourage ethical behaviour in business and non-profit organisations. AA 1000 is promoted as a standard for measuring and reporting of ethical behaviour in business. It provides a framework that organisations can use to understand and improve their ethical performance. It aims to assist an organisation in the definition of goals and targets, the measurement of progress made against these targets, the auditing and reporting of performance and in the establishment of feedback mechanisms.

⁸ <http://www.accountability.org.uk>.

(iv) Triple Bottom Line Reporting⁹ (TBL)

Triple bottom line accounting means expanding the traditional reporting framework to take into account ecological and social performance, in addition to financial performance. The triple bottom line is made up of “social, economic and environmental”. The term “people, planet, profit” phrase was coined for Shell by Sustainability.

There are various options available for corporates considering TBL reporting, namely:

- Include environmental and social information in Annual report
- Separate environment report or community report
- Separate environment and social report
- Combined environment and social report
- Full TBL report.

Millennium Development Goals

3.13 The **Millennium Development Goals (MDGs)** are international development goals that all 192 United Nations member states and at least 23 international organizations have agreed to achieve by the year 2015. There are 8 MDGs with 21 targets (defined to make these goals measurable). These targets in turn have one or more indicators that can be used to measure progress against the MDGs. These indicators (**Refer Appendix I**) can also serve the purpose of Social Accounting and Auditing as detailed in the later chapters.

⁹ For some examples of TBL reports, refer:

- http://www.camelotgroup.co.uk/crreport2008/docs/Corporate_Responsibility_Review_2008.pdf
- <http://telstra.com.au/abouttelstra/corporate-citizenship/reporting-and-performance/gri-index/>
- http://www.bp.com/liveassets/bp_internet/globalbp/STAGING/global_assets/e_s_assets/e_s_assets_2009/downloads_pdfs/bp_sustainability_review_2009.pdf.

Technical Guide on Social Audit

Apart from the financial audits carried out by the CAG of India in respect of projects instituted by government agencies to support Millennium Development Goals, there is a need for carrying out Social Audits to complement the financial audits¹⁰.

¹⁰ An example of how Social Audit process can support MDGs, refer <http://ridanepal.org>, for a report on - Improving Local Service Delivery for the MDGs in Asia: Education Sector in Nepal.

CHAPTER 4

Regulatory and Voluntary Codes for Social Audit

4.1 There are no specific regulatory requirements for Social Audits to be done as a mandatory measure for every organization to assess its direct or indirect impact on society. This is true internationally.

However, in various countries, including India, there are several regulations or government policies that apply to various corporate bodies, government and civil society organizations, to monitor the implementation of which, audit in the nature of Social Audit may be felt necessary from time to time. The policies and regulations referred to here are those that govern/ define the social impact of the objectives and activities of an organization. For example, a Social Audit can be taken up by a consumer protection group to assess the impact caused by a drug manufacturer on consumers due to violation of certain manufacturing norms that are regulated. Another such engagement could be done to check whether an organization, in its process of production, has adhered to the internationally/ nationally applicable Human Rights Code and assess the impact of any violation of the same.

International Scenario

4.2 In leading countries across the world, Social Audit is generally not backed by regulatory mandate. This may be because the appraisers of performance of corporate or government departments have not realized the need for focusing on the social aspect of their performance.

Technical Guide on Social Audit

A secondary study conducted for the purpose of this guide reveals that largely Social Audit is taken up by Civil Society organizations that follow their own standards and train their own auditors to conduct social audits under mandates from auditee organisations. Certain examples of endeavors to institutionalise Social Audit system have been noted below.

4.3 In Brazil, the idea of publishing a Social Audit report by corporates gained substance in June 1997 when Betinho, the founder of Ibase, launched the campaign to make the concept of Social Audit known. IBASE launched the Ibase/ Betinho Social Audit Stamp which is offered to the companies that publish their Social Audit results according to the model recommended by the institution. Ibase have made the quantitative indicators simple to follow which has induced a large number of corporations to adopt their model as a standard for Social Audit.

4.4 In the United Kingdom, Social Audit Network is set up as a not-for-profit company limited by guarantee based in the UK with an international membership including associate members based in Australia, India and mainland Europe. They provide training programmes for members of public who wish to function as accredited Social Auditors.

Sedex is another such non - profit organization in the UK started by a group of UK retailers and their first tier suppliers. These businesses recognised a need to collaborate and drive convergence in social audit standards and ethical self-assessment questionnaires. Companies from all over the world have joined Sedex (www.sedex.org.uk) to become members under various categories for having their supply chain monitored for compliance with some identified social indicators. Sedex in turn registers professional Audit Agencies as part of its Associate Auditor group for conducting Social Audit for its members and issuing reports.

4.5 There are several voluntary non - profit organizations that have been set up that have defined some Social Accountability and Auditing standards for assessing the social impact of organizations in specific areas.

Regulatory and Voluntary Codes for Social Audit

Some such organizations are¹¹:

- Social Accountability International
- The Business Social Compliance Initiative (BSCI)
- The International Social and Environmental Accreditation and Labelling Alliance (ISEAL)
- The International Textile, Garment and Leather Workers' Federation
- Joint Initiative on Corporate Accountability and Workers' Rights (Jo-In)
- Inter Action Alliance
- The International Organization for Standardization (ISO)
- Transparency International
- The MFA Forum
- Cotton Made In Africa (CmiA).

Indian Scenario

4.6 A study was commissioned by the Planning Commission¹² in 2005 on the assessment of the then status of Social Audit in respect of the Panchayati Raj Institution (PRI) and for making recommendations to make Social Audit a viable instrument for sustainable programme delivery. This study brought to light several deficiencies in India in the area of Social Audit.

Observations have been made by the Central Employment Guarantee Council in its 11th meeting stating that the social audit

¹¹ Details of these organizations, their purpose and their Social Accountability and Audit Standards may be found in the web.

¹² This study was conducted by Vision Foundation and the report was submitted in 2005.

Technical Guide on Social Audit

process in respect of the Mahatma Gandhi NREGA scheme was not effective, to this it has been recommended that Social Audit should be “viewed as a tool for corrective measures and not as a punitive measure”.

Legislative Support Available to Social Audit

4.7 The 73rd amendment to the Indian Constitution that empowered the Gram Sabhas to conduct Social Audits in addition to its other functions, is by far the only legislative reference to the concept of Social Audit.

Right to Information Act, 2005, is also a key pillar of support for Social Audit system in India. This was enacted by the Parliament of India “to provide for setting out the practical regime of right to information for citizens”. The Act applies to all the States and the Union Territories of India, except the State of Jammu and Kashmir. Under the provisions of the Act, any citizen (excluding the citizens within J&K) may request information from a “public authority” (a body of Government or “instrumentality of State”) which is required to reply expeditiously or within thirty days. The Act also requires every public authority to computerise its records for wide dissemination and to proactively publish certain categories of information so that the citizens need minimum recourse to request for information formally.

4.8 Section 17 of National Rural Employment Guarantee Act, 2005 provides for regular ‘Social Audits’ so as to ensure transparency and accountability in the Scheme. It is the responsibility of the State Government to conduct the Social Audit. The State Governments will conduct the Social Audit according to the pre-designed “Schedule of Social Audit”. The State Governments should ensure that the agencies for conducting Social Audits are trained. The Draft NREGA Transparency and Public Accountability Rules¹³ lay down detailed guidance for conduct of Social Audits.

¹³ http://nrega.nic.in/circular/draft_transparency_rules.pdf.

Regulatory and Voluntary Codes for Social Audit

4.9 Apart from these, other social sector programmes also have laid down provisions for such audits. For example the Ministry of Housing and Urban Poverty Alleviation, GOI, has laid down Social Audit Methodology and Operational Guidelines for BSUP & IHSDP Schemes under JnNURM. From time to time State Governments appoint agencies to conduct Social Audits of other development programmes.¹⁴

4.10 In terms of creating an institutional basis for Social Audit, the initiatives of the Department of Panchayat and Rural Development, Government of Andhra Pradesh, can be seen as a good example in India. The Government has been instrumental in establishing an independent Social Audit Society for carrying out the Social Auditing of NREGS in the State. This Society is called “Society for Social Audit, Accountability and Transparency” (SSAAT) and is responsible for the training as well as facilitating Social Audits, ensuring methods of transparency and accountability within the Scheme. Rule 10 of the Social Audit Rules specifies that “the costs of establishing and running a Social Audit Cell and conduct of Social Audits shall be met from the administrative costs allowed for NREGS”. The Government has decided to earmark 0.5% of the total NREGA funds for conduct of social auditing of NREGS. Commissioner Rural Development has been authorized to release to the Society requisite funds from Social Audit Fund on quarterly basis, to ensure smooth conduct of social auditing of NREGS in all the villages at least once in 6 months.

4.11 So far as the corporate scenario in India is concerned, it is largely voluntary action that has driven large Indian corporations to publish details of their Social Accountability as part of their Annual reports. Companies like, ITC Ltd, Unilever are some of the examples. Aditya Birla group discloses in its portal its plans and monitors its social projects. It stresses on the fact that its projects are planned after a participatory need assessment of the communities around the plants. Each project has milestones and

¹⁴ Andhra Pradesh Government engaged M V Foundation, a voluntary organization working on issues of child labour and children’s right to education, to conduct Social Audit of Mid-Day Meal Scheme in Andhra Pradesh.

Technical Guide on Social Audit

measurable targets. The group, along with internal performance assessment mechanisms, has its projects audited by reputed external agencies, who measure it on qualitative and quantitative parameters, helping us gauge the effectiveness of the project. This is another example of a self initiated Social Audit framework demonstrated by a large Indian corporate group.

However, the fact remains that unless the investors appreciate and react to the Social performance of the corporates, not much headway can be made in the area of Social Accounting and Audits apart from those that originate from voluntary action. At the same time Social Accounting and Reporting standards need to be developed/adopted so that the social performance of corporates can be measured on a standard and consistent basis.

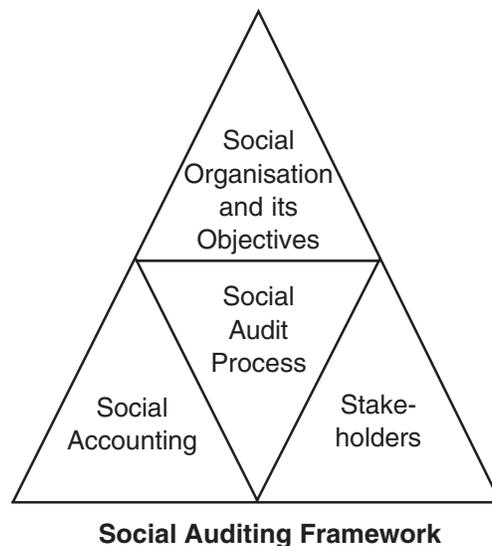
CHAPTER 5

Framework for Social Auditing

Need for a Framework

5.1 There is a need for an overall framework that could be followed to ensure that the social auditor follows a uniform structured approach for any such engagement. A framework for social audit will not vary too much from that of external or internal audits but there are certain differences to address the unique nature of such engagements. As mentioned earlier, the objectives of social audit engagements may vary from case to case. However, it is important to be clear about and being driven by objectives of the engagement, and then follow a structured approach to achieve those objectives.

5.2 The Social Auditing Framework has certain key elements that are depicted below:



Technical Guide on Social Audit

All the above elements are to be considered for the Social Audit Framework to deliver value to the society.

Social Organisation and it's Objectives

5.3 The first element of the framework is the organization to be audited and it's objectives. The word "organization" is used here in a broad sense and could include a wide variety of entities like, large government departments, corporate body, NGO, funded development projects, etc. In summary, "organization" in this context could mean any entity that has a measurable non-financial impact on its stakeholders.

5.4 It is very important to understand the organisation that is to be subjected to a social audit. At times there may be various objectives that the organization is trying to achieve. Not all of those objectives may have a "social angle" to it but may end up having a social impact. For example, a large corporate may have a two fold revenue growth as its primary objective which, typically, does not have a direct social angle. In achieving this objective the corporate may have to institute projects that may have an environmental ramification. This is where the social angle comes in and the corporate attracts various indirect stakeholders that are linked to this social angle. As another example, the same corporate may have another explicit objective of contributing a certain percentage of its profits towards the development of education infrastructure in the local area in which it has its business units. This has a direct social angle and, thus, creates direct stakeholders.

Stakeholders

5.5 Stakeholders are the next important element in the framework. The various types of stakeholders that an organisation can have are:

- Primary stakeholders are those who are ultimately affected, either positively or negatively, by an organization's actions.

Framework for Social Auditing

- Secondary stakeholders are the ‘intermediaries’, i.e., persons or organizations who are indirectly affected by an organization’s actions.
- Key stakeholders have significant influence upon or importance within an organization and can also belong to the first two groups.

It is essential to identify the stakeholders who influence and are influenced by the social angle of the organisation’s objectives. We can use various popular models for identifying stakeholders and this exercise is called Stakeholder’s Analysis/ Stakeholder Mapping¹⁵. The degree and nature of communication that the social auditors should have with the stakeholders at various stages of the audit process varies with respect to the type of stakeholders being dealt with.

5.6 For a simple stakeholder mapping exercise, the following “Importance Influence Model” can be used:

| | | Potential Importance of Stakeholder | |
|------------------------------------|------|--|--|
| | | High | Low |
| Potential Influence of Stakeholder | High | <p>High Influence + High Importance</p> <p>Manage Closely – Most critical stakeholder group: collaborate with closely.</p> | <p>High Influence + Low Importance</p> <p>Keep Satisfied – Stakeholder group critical for decision and opinion formulation, brokering: mitigating impacts.</p> |
| | Low | <p>Low Influence + High Importance</p> <p>Keep Informed – Important stakeholder group, in need of empowerment.</p> | <p>Low Influence + Low Importance</p> <p>Monitor (minimal effort) – Least priority stakeholder group may need to be monitored or ignored.</p> |

¹⁵ There are several models that can be used for stakeholder mapping. For details, reference can be made to the web:

- Influence-interest grid (Imperial College London)
- Power-impact grid (Office of Government Commerce UK 2003)
- Mendelow’s power-interest grid.

Technical Guide on Social Audit

Once the stakeholder mapping model is chosen, the various stakeholders should be classified into the classification grid to understand the type of communication strategy that should be followed with each of those during a social audit engagement.

5.7 An illustration of stakeholder mapping for a Microfinance programme could be as given below:

| Stakeholder Group | Areas of Impact | Influence | Importance |
|----------------------------|--|------------------|-------------------|
| Beneficiaries | Policies and procedures, Wealth creation, Access to better living standards | High | High |
| Lenders, depositors | Business survival, growth potential, ability to repay, financial management, public image | Low | High |
| Government | Tax revenues, legal compliance, employment, employment practices, environment | Low | High |
| Local community | Environmental impact, products or services, contribution to community projects and activities | High | Low |
| General public | Business standards and practices, environmental impact, social contribution (assistance to disadvantaged groups, cultural support, social services related to organizational activities) | Low | Low |

Social Accounting

5.8 Social accounting (also known as social and environmental accounting, corporate social reporting, corporate social responsibility reporting, non-financial reporting, or sustainability accounting) is the process of communicating the social and environmental effects

Framework for Social Auditing

of organizations' economic actions to particular interest groups within society and to society at large.¹⁶

5.9 Several models of social accounting and reporting have been tried out in a number of countries but a single standardised model is yet to shape up. Where social accounting (at least in the nature of metrics to measure the incremental benefits against the costs incurred) does not exist, the social auditor should look for indicators that provide a measure of social cost and social benefits of an organization's activities. In this context, one may refer to the OECD Social Indicators¹⁷ that may serve as a good guidance as it provides some metrics that could be used for measuring impact created by organizations on various aspects of social life.

5.10 Typically, corporate bodies in co-operation with their stakeholders, set out certain relevant topics for the purpose of preparing their Corporate Social Responsibility report cards. For each of these topics certain relevant metrics are developed by the corporate on which reporting and comparison of performance can be done year on year.

Social Audit Process

5.11 The final element of the Social Audit Framework is the Audit Process. Given the basic nature of social audit, that is always drawn from the context in which it is set up, the process for such audit engagements can be defined only at a high level.

Like any other auditing engagement, we can broadly divide the audit into the following stages namely:

- Audit planning
- Execution/ fieldwork
- Reporting to stakeholders

¹⁶ R.H. Gray, D.L. Owen & K.T. Maunders, Corporate Social Reporting: *Accounting and Accountability*.

¹⁷ http://www.oecd.org/document/24/0,3343,en_2649_34637_2671576_1_1_1_1,00.html#data.

Technical Guide on Social Audit

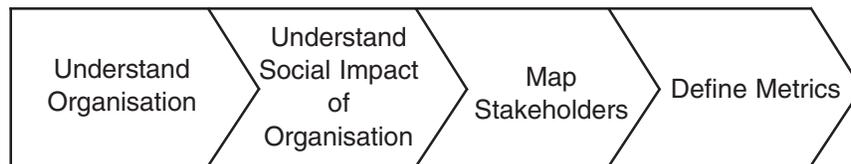
Under each of these stages there will be broad level of activities that the auditor needs to perform to achieve the objectives of the audit engagement. As such, the auditor should first list the objectives of the engagement so that the later steps are aligned with it.

5.12 Unlike other forms of audits (e.g., Financial Statement Audits, Internal Control Audits, Audit of Operational Performance, etc.) where there can be well established objectives, the objectives of social audit engagements may vary. This is primarily because the type of entity being audited and the nature of its direct and indirect social impact may vary widely. For example, the objectives of social audit of the CSR programme of a corporate and that of a civil society organisation¹⁸ will be quite different and the metrics used will also vary.

5.13 The various stages of a typical social audit process are explained in detail in the following paragraph:

Audit Planning

5.14 The Audit Planning phase would, generally, involve the following broad activities:



Understand Organisation

5.15 This essentially involves gaining an understanding of the entity and its primary objectives. This can be done by reading the charter/ memorandum of inception of the entity. The auditor would need to list down the primary and the secondary objectives of the organization/ entity being audited.

¹⁸ OECD definition of Civil Society Organisation: The multitude of associations around which society voluntarily organizes itself and which represent a wide range of interests and ties. These can include community-based organisations, indigenous peoples' organisations and non-government organisations.

Framework for Social Auditing

The organization/ entity here could be:

- Government departments
- Civil Society organizations
- Local bodies
- Corporate bodies
- Any specific development project undertaken by any of the above.

Understand Social Impact of the Organisation

5.16 After the objectives are understood, the various direct and indirect social impacts of the entity need to be envisaged and documented. This is a very critical step in the entire auditing process as this has a direct bearing on the later stages in the planning phase. There are various established methodologies for assessing the various components of social impact.

5.17 A more straight-forward way of determining the various areas where the organization has social impact is to consider the following:

- Areas that are directly identified from the organizational objectives;
- Sources of key inputs to the entity's processes (e.g., raw materials, labour etc.);
- Source of land;
- Facilities that support the main processes of the entity; and
- End use and end users of key outputs and other outputs of the organization.

Map Stakeholders

5.18 As referred in the earlier section, stakeholders are a key element of the social audit framework. Therefore, it is important

Technical Guide on Social Audit

for the social auditor to understand who the stakeholders of the organization are, in respect of the various social impacts that it creates.

Once the social auditor identifies the areas of social impact, the identification of primary and secondary stakeholders becomes structured. Certain key questions to be asked by the auditor in this context include:

- Who are the suppliers of the factors of production/ key inputs to the organisation?
- Who are the key people involved in the process of production or service delivery?
- Who are the buyers/ users of the key outputs of the organisation?
- Where are the inputs and the outputs in terms of the geographical location?
- Who are those other groups who can have interest/ influence on the objectives of the organization?

5.19 The auditor will come up with a list of cross section of public, civil society organization, government agencies, shareholders of corporate bodies, environmental agencies/ advocates, land owners, providers of capital, etc., on whom the organization has a direct or indirect social impact. These become the potential stakeholders in relation to the audit engagement.

A social audit engagement is, generally, aimed at providing information to a finite number and a definitive group of stakeholders. These groups need to be identified at the planning stage.

5.20 Once the stakeholder groups are identified for the purpose of the engagement, the auditor then needs to define the information requirement of the stakeholders. By definition, the information requested from the social auditor is of non- financial type. However, those should be such that can be measured qualitatively and or

Framework for Social Auditing

quantitatively. The information requirement of the various stakeholders groups can be defined by following steps:

- Discussions with the stakeholder groups.
- Review of the stated social objectives of the organization and the measures adopted by it to monitor those objectives.
- The areas where impact is caused on the stakeholder groups/ the influence that the stakeholders intend to have on the organisation.

Define Metrics

5.21 A well accepted management principle states, “that which can be measured, can be managed effectively”. This principle also holds good for social auditing engagements. Stakeholders’ information requirement needs to be translated into metrics. These form the basis of reporting for the auditor and help the auditor to plan the later stages of the audit effectively.

5.22 For defining metrics, the following need to be considered:

- Key ratios that provide measures of Social Indicators¹⁹ (**Refer *Appendix II*** for some indicative Social Indicators).
- Definition of measurement scale/ rating scales that can be used for comparing indicators. This approach should be applied in cases where the indicators are purely qualitative (e.g., measuring the degree of difficulty faced by a particular stakeholder group to access the intended benefits of a programme).
- Benchmark measures defined by the organisation itself for various aspects of social impact intended to be created through its activities (e.g., a corporate in tele-media business may have one of the desired social impact of its business as “creating socially responsible programming”. This is very

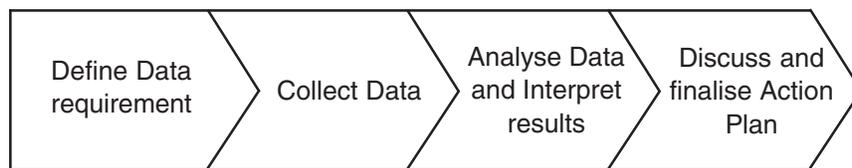
¹⁹ Reference may be made to OECD Social Indicators that are published from time to time defining standard measures for various aspects of social life.

Technical Guide on Social Audit

difficult to measure in absolute terms and therefore the corporate has to define a benchmark measure for itself to report on its performance in this respect).

Fieldwork

5.23 A simple fieldwork process can be followed for any Social Audit Engagement. These are elaborated below:



Define Data Requirement

5.24 Data required for social auditing is determined by the social accounting framework followed by the organisation or any metrics developed by it. Data required for measuring metrics may often be available in qualitative form. In such cases data tends to be categorical type of data and can be measured using either the nominal or the ordinal scale. These aspects have been described in detail in the following sections.

Collect Data

5.25 The social auditor may himself need to collect data with or without a Social Accounting system in place. There are typically two standard types of data, namely, Primary and Secondary.

Primary Data

Primary data is obtained by the auditor from first hand sources. These sources are typically the stakeholders of the organizations which is involved in the particular social impact creating activities. There are various methods of primary data collection namely, individual interviews, questionnaires, focus group interviews,

Framework for Social Auditing

surveys, etc. Some of these methods are described in detail in Chapter 6.

Sampling techniques may be required to determine the elements of population from where primary data needs to be collected. Various considerations for using sampling technique for social audits have been discussed in detail in the next Chapter.

Secondary Data

Secondary data is obtained from sources that already have repository of information. Typically, secondary data can be accessed from Social Accounting system of the organization being audited, government sources²⁰ and International Development organisation²¹. A source of basic secondary data is also the various records that the organization maintains as a part of the requirement of various programmes it undertakes. For example, in the social audit of an important Government Initiative like, Sarva Siksha Abhiyan certain very basic but important secondary data is required to be maintained. The implementers of this programme are required to maintain information about all the children up to the age of 14 years – enrolled or never enrolled, out-of-school or within the system, studying in private sector schools or schools of autonomous bodies/ government. Accordingly, a detailed assessment of educational needs has to be carried out. Although a major portion of information could be available with schools/ government departments, it is essential to conduct household surveys and micro planning in every habitation – rural or urban, to track the status of each child. The programme provides for various formats for maintaining data.

The data collected from primary and secondary sources, has to be presented suitably, if required, to meet the requirements of the

²⁰ In India Central Statistical Organisation under the Ministry of Statistics and Programme Implementation provides official statistical data on various aspects of the economy. Information regarding social indicators is available from UN agencies, research journals, periodicals, Census of India, NSSO database, Economic Survey of India, State Human Development Reports, State Statistical Abstracts, publications of the concerned Government departments.

²¹ Example: United Nations Research Institute for Social Development.

Technical Guide on Social Audit

metrics that have been identified by the auditor at the planning stage.

Analyse Data and Interpret Results

5.26 Data gathered above needs to be analysed to reach audit conclusions. The aim of the data analysis is, generally, to benchmark with expectation set by the organization and ensure comparability of its performance with peer organization, where relevant, in respect of the desired social objectives and the actual social impact.

The application of appropriate methods of analysis is essential to interpret the data meaningfully. Simple statistical measures like, Analysis of Variance, Regression techniques, Measures of central tendency can be used.

5.27 The results of data analysis need to be interpreted after comparison with expected outcome or benchmark data. In the study of outcomes, the auditor needs to build a theory, also called a hypothesis, of the effects of organizational outputs on the community, given the various factors that co-exist within it. The theory gives focus and accounts for all the forces that caused a certain phenomenon to occur, as it guides the direction of the study, limits what shall be studied and provides a framework for organizing the conclusions that will come out.

One possible way is to put comparatives for each area of concern being measured, and comparatives of the organization's targets. Another is the use of multiple indicators of the same area of concern or variables and multiple measures of each indicator. One more method is studying the convergence of all findings or finding the causes of the findings.

Discuss and Finalise Action Plan

5.28 The analysis of data and its interpretation needs to be discussed in an exit conference. The exit conference is, typically, held at the field level with people who are able to validate the data and the analysis made of it. At this stage, the social auditor should

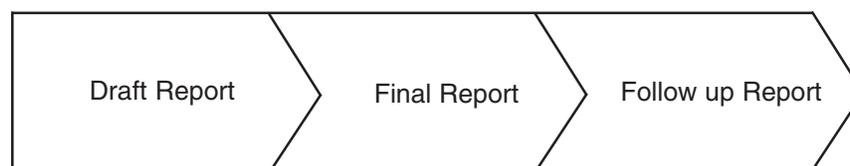
Framework for Social Auditing

be able to benchmark the value of the organization's social impact to that which was desired by the organization. For example, let us take the case of a NGO's programme for providing free education for the adults of a community to make them capable of imparting basic education to their children. The desired social impact for the NGO would be an increase in the number of school going children in the families from which the beneficiaries of their programme come. Going with the hypothesis that this programme will increase the registration and attendance in local schools, the primary metrics that could be adopted to measure this objective is the number of new registration in the local schools and the frequency of attendance of existing students. Accordingly, when data is collected through primary and secondary sources and these indicators are measured, the hypothesis needs to be validated.

5.29 In case it is seen that the data is showing reverse trends as compared to what was hypothesized, then the results need to be discussed and a cause for the reverse trend needs to be found out by the auditor after discussions with representatives of various stakeholder groups. Additional information or data may be available from these discussions which the auditor may need to validate to draw final conclusions. A tentative action plan needs to be ideated and discussed with the stakeholders' representatives.

Reporting

5.30 The Social Audit report should address the aspects of the organisations' social impact that the stakeholders will be interested in. A three stage reporting process should be followed to ensure that the issue that are identified are discussed with the right stakeholders, issued at the right level and followed up for monitoring the action taken.



Technical Guide on Social Audit

Draft Report

5.31 A Draft Report is, typically, a fact sheet that is issued to the various people who have been interviewed to ascertain the factual accuracy of the issues pointed out in the fact sheet. Typically, this exercise is done with the leads of the various stakeholder groups who are able to provide views on behalf of their groups.

Based on the interactions and agreed facts, the auditor should finalise the report after doing any further procedures that may be required, at the Draft Report stage.

Final Report

5.32 Final Report formats may vary according to the type of social audit. For example, if the social auditor is vetting the assertions made by a corporate body in its Sustainability Reporting, one could follow the reporting guideline that has been specified by the Reporting Standards that the corporate adopts for its reporting purposes. For example, the **G3 Guidelines for GRI Sustainability Reporting Framework** are given below:

Part 1 – Reporting Principles and Guidance

- Principles to define report content: materiality, stakeholder inclusiveness, sustainability context, and completeness.
- Principles to define report quality: balance, comparability, accuracy, timeliness, reliability, and clarity.
- Guidance on how to set the report boundary.

Part 2 – Standard Disclosures

- Strategy and Profile
- Management Approach
- Performance Indicators

Framework for Social Auditing

As a result, the final Social Audit Report will have to be suited to the above corporate reporting standards. Similarly, for corporates following other reporting standards like, AA1000, SA8000, etc, the Social Audit report format should be suited to provide independent view on reporting.

5.33 In case of Government programmes like, NREGS, the format of the Social Audit and Action Taken Report has been specified by the NREGA.²² Where no such reporting format needs to be followed by the auditor, the format of the report needs to be decided. In such cases, the final Audit Report needs to have certain essential parts namely:

- (i) Background of the engagement
- (ii) Scope, Objectives, Approach
 - Objectives of the audit
 - Steps followed
 - Stakeholders identified
 - Stakeholders' objectives
 - Limitations
- (iii) Executive Summary
- (iv) Data Collection Sources
 - Primary data
 - Secondary data
- (v) Social accounting approach followed and key indicators used
- (vi) Organisations' view of social impact (based on organizations reporting, if any)

²² Refer nrega.nic.in/circular/so_audit_Nagaur.pdf for a sample report in the stated format.

Technical Guide on Social Audit

(vii) Views of stakeholders on social impact

- Data Analysis
- Interpretation

(viii) Overall conclusions and recommendations.

Follow up Report

Often referred to as the Action Taken Report (ATR), the Follow up Report is used to track the implementation status of the issues identified by Social Audit. The NREGA mandates an Action Taken report to be filed with the NREGS Authorities. The Follow up Report should clearly state the following:

- (i) Objective and Methodology adopted for follow up;
- (ii) Stakeholders interviewed;
- (iii) Data analysis and interpretation; and
- (iv) Overall conclusion on the status of implementation of earlier recommendations.

CHAPTER 6

Role of Chartered Accountants in Social Audit

6.1 A social auditor should possess certain specific characteristics. Some of them are as follows:

(i) **Unbiasedness and Independence:** The social auditor should have no stake in the outcome of the audit and should be totally independent of the management.

(ii) **Expertise and knowledge:** The social auditor should be someone who specializes in conducting social audits with appropriate training and experience.

(iii) **Inquisitiveness and professional skepticism:** Social Auditing requires someone unwilling to accept things at face value and capable of drilling down deeper to uncover issues that are deeper than what appears prima facie.

(iv) **Ability to understand impact of programs/ corporate actions in their wider social context:** Social performance must be understood within the context of a diverse stakeholders and a diverse set of perceptions, values, objectives, etc. An effective social auditor must be both willing and able to consider a variety of sources and perspectives for developing an understanding of social performance.

(v) **Adherence to Standards:** Social auditor should be able to follow certain standards in their audit process and standards on reporting so that the users of social audit reports are able to rely on the information contained in those reports.

Technical Guide on Social Audit

6.2 Given the above characteristics, chartered accountants are one of the groups of professionals that are able to fulfill the requirements of Social Auditors. By professional training in auditing and being sworn to ethical standards, a chartered accountant possesses the required acumen and independent mindset to deliver Social Audits in India. As of date, there is no regulatory mandate for chartered accountants to act as social auditors or for any other professional body for that matter. However, creation of appropriate institutional mechanism for training and capacity building will be one of the key deciding factors for pre-eminence in this very critical and emerging area of professional service.

6.3 The essential requisites for CAs to be able to be the first choice as independent social auditors are to be able to train themselves in two specific aspects namely:

- Social Auditing and Reporting standards
- Mapping stakeholders and Social Indicators

While training on Social Auditing and Reporting Standards is a generic requirement, mapping of stakeholders and identification of Social Indicators that can be used for the purpose of social audit will vary from engagement to engagement. Chartered accountants could rely on established Social Indicators that have been formulated by agencies like, United Nations, World Bank, Investment Commission of India, OECD and several others. These indicators that are relevant for a particular engagement may need to be identified specifically by the auditor after discussion with the various stakeholders group who need to be interviewed at the planning phase.

6.4 There is definitely a case for chartered accountants to collaborate with practitioners of social science for complex social audit projects to add greater value to the users of social audit reports. On the supply side, chartered accountants firms have the option of consortiums to build capacity and methodologies, specifically, targeted for social audits. Specific training modules and certification/ accreditation system could be introduced to induce

Role of Chartered Accountants in Social Audit

confidence in the minds of the users of social audit services about the quality standards being followed for audit engagements.

On the demand side there is a need to push for regulatory mandate for social audit for public utility projects undertaken by Government Social Sector expenditure projects in the lines of MGNREGA. Certain such projects where Social Audit could be looked at are as follows:

- Rajiv Gandhi Grameen Vidyutikaran Yojana
- Sarva Siksha Abhiyan
- Pradhan Mantri Gram Sadak Yojana
- Pradhan Mantri Gramodaya Yojana
- Swarnjayanti Gram Swarozgar Yojana
- Swarna Jayanti Shahari Rozgar Yojana
- Bharat Nirman (specific programmes under the same).

CHAPTER 7

Data for Social Auditing

Social Accounting

7.1 A Social Accounting framework should cater to a large extent to the need of secondary data that may be needed for the purpose of social audit. Social Accounting systems that are used by the organizations comprise of procedures that help the organization generate, record and process data that is systematically classified and helps in measuring the social impact of its activities.

7.2 Social Accounting format may vary with the organisation whereas the basic objective remains the same. Often the Social Balance Sheet may be in the form of a statement showing social capital, along with the social costs and benefits.

Research and literature can be found on the topic of social accounting, including attempts to define methodologies for organisations to carry out their own social accounting. However, there are many unanswered questions and discussion points which need to be addressed. The area of social accounting is not as 'clear cut' as other strands of accounting and one key difference is that it needs to account for both organisational and social value²³.

7.3 One of the emerging approaches to address the need for independence in social accounting is the concept of Shadow Accounting²⁴. Shadow accounting is a system whereby non-organisational entities create accounts of the organisation's actions

²³ The Association of Chartered Certified Accountants.

²⁴ For some examples refer <http://www.st-andrews.ac.uk/~csearweb/aptopractice/silentacc.html>.

Data for Social Auditing

and impact using information provided by the organisation in its existing reports and information that is publicly available and may or may not be provided by the organisation.

Several Corporate Social Reporting initiatives and standards have been issued internationally. An illustrative list of these initiative and standards are provided in ***Appendix III***.

Determining Data Required to Measure Impact

7.4 For determining data that is required for measuring Social Impact, as discussed earlier, the following aspects need to be determined upfront:

- Organization's desired social objectives
- Organization's potential social impact
- Stakeholders that affect and are affected by the organization's various activities.

Once the above are determined the sources of Secondary data and Primary data can be mapped.

7.5 Secondary data may be of two types:

- Classified data
- Data in public domain – available from the internet, other public information agencies (either free or on payment of specified fees). The RTI Act could be of use to the social auditor to obtain data from any public authority.

The source of Classified data could be the following:

- the Organisation that is being audited
- Research organisations that have gathered and analysed data for specific research purposes

Technical Guide on Social Audit

The sources of Primary data should be determined by the auditor at the audit planning stage (refer Chapter 5 for details).

Techniques for Gathering Primary Data

7.6 There are several techniques of gathering primary data as aforesaid. The most effective techniques are interviews and surveys through questionnaires. Collecting data is time consuming and expensive, even for relatively small amount of data. Hence, it is highly unlikely that a complete population will be investigated. Considering time and cost elements, the amount of data collected will be limited and also the number of people or organizations contacted will be small in number. Therefore, the quality of data and the interpretation made from it will be largely depending on the appropriateness of the sampling techniques used. The two key points that need to be considered here by the social auditor are:

- Sample size
- Sampling units.

7.7 To ensure reliability, accuracy and validity of the information gathered from the surveys/ interviews, the sampling methodology has to be tailored to the specificity of the stakeholder being surveyed. In general, there are two general classifications of sampling methodologies: the probability sampling, where the researchers use a random selection of elements to reduce or eliminate sampling bias; and the non-probability sampling, where the researchers have choices which groups or persons to include in the samples.

7.8 Determination of sample sizes is a complete subject matter in statistics. For the purpose of this guide we have looked at the some simple methods.

To determine the number of respondents to the social audit survey, even before the survey is done and be within acceptable margins of error, we may use the following formula:

Data for Social Auditing

$$\text{Sample size} = \frac{\text{Population size (total count)}}{[1 + \frac{\text{Population size}}{(\text{Desired margin of Error})^2}]}$$

The lower the desired margin of error, higher the sample size. After determining the sample size, the sampling units need to be determined. For this purpose, the social auditor could choose from the various well known sampling methods both probabilistic or non-probabilistic that are available, namely:

(i) Probabilistic Sampling Methods

- **Simple Random** Samples are drawn using a random number table, where everyone in the population have equal chance of being included.
- **Systematic** Every 'n'th element is sampled beginning at a random start of 1.
- **Cluster** Sub-division of the population into clusters or areas, and randomly choosing a number of areas which are then studied.
- **Stratified** Sub-division of the population into homogeneous substrata, and randomly choose elements from within the chosen strata, beginning at a random start of 1.

(ii) Non-Probabilistic Sampling Methods

- **Judgemental** The researchers handpick the samples to conform to some criteria, i.e., all land-losers that are affected due to a project.
- **Quota** The researchers study certain characteristics and dimensions of the population, and draw samples based

Technical Guide on Social Audit

on that to represent the whole population.

- Snowball This method uses referrals, e.g., from one interviewee to another through the referral of the former.

7.9 Once we know the number of respondents to be interviewed or sampled for the purpose of gathering primary data, we need to structure questionnaires/ checklists to solicit the data we need to gather. Questionnaires may vary with the group of respondents that are to be interviewed or surveyed. The questions should be easy to comprehend and answers to the questions should be measureable. The questions are often termed as the variables in a questionnaire and the responses to the variables are termed as indicators. The indicators can either be quantitative or qualitative in nature.

Methods of Analysis of Data

7.10 Once the interview/ survey results are tabulated the same need to be analysed with reference to metrics defined at the planning stage. The data gathered already may either be in the form of metrics or may need to be further analysed.

7.11 Simple statistical techniques that can be used for analyzing data are as follows:

- Measures of central tendency
- Dispersion
- Correlation

The above and several others analysis, as required by the social auditor to meet the requirements of the social indicators/ metrics can be performed using spreadsheets. Complex statistical packages may not be required unless the data structure is complex and very voluminous.

CHAPTER 8

Operationalising Social Auditing in India

Challenges in Implementation in India

8.1 The lack of Indian Social Audit Standards is one of the biggest roadblocks in India for successful implementation of social audit. Social Accounting framework does not exist in India. This makes it difficult for the social auditor to access data and often the definition of data required to measure the social impact has to be done by the auditor himself. The OECD Social Indicators can serve as a good guidance that can be used for Social Accounting.

8.2 The next challenge in the way of institutionalizing social auditing in India is the lack of data. This problem, generally, takes a bigger proportion when it comes to Welfare Programmes instituted by the Government/ Government agencies. The information system created to support these programmes mainly generates data that shows the receipts and expenditures associated with those programmes but rarely can measure the impact it creates on the sections of society to which those are aimed.

“Perhaps the most serious difficulty faced by the social auditor is the absence of a well conceived information system as a part and parcel of a social welfare programme. Government agencies which design programmes often commit the error of relying on traditional government systems of information such as government accounts and government methods of reporting for conveying a picture of how a programme is progressing.”²⁵

²⁵ Social Audit and Its Relevance to Audit of Public Utilities: M. Parthasarathy.

Technical Guide on Social Audit

8.3 The problem though is not as acute when it comes to availability of data in respect of CSR programmes of corporate bodies. In those cases the challenge remains, so far as that data relates to the measurement of some aspect of public life, being of similar nature as in above case. So far as the data relates to the kind the corporate is able to generate through its own information system, availability is not of concern.

The other important lacunae in the system as is anywhere else in the world, is the lack of regulatory demand for social audits. Social audits are largely voluntary. Coupled with the other constraints, social audit costs can also be quite prohibitive at time if social accounting and data capturing process becomes complex.

Essential Criteria for Success

8.4 The most essential criteria for success of social auditing system in India can be enumerated after considering the demand and the supply side of it.

(i) *Demand Side*

The demand side of social auditing deals with the following:

- Need for social audits from various affected sections of the Indian society;
- Regulations in India that have direct social impact and necessitate independent monitoring;
- Social responsibility programmes of corporate bodies;
- Government programmes that have direct social impact; and
- Civil society organizations that exist for creating defined social benefit.

The criteria essential for the success of social auditing in the above areas are:

Operationalising Social Auditing in India

- Establishment of the need for social auditing in the organisation charter; and
- Creation and empowerment of Social Audit Committees for organizations.

(ii) Supply Side

The supply side deals with the following:

- Social Accounting and Auditing Standards;
- Social auditing agencies that are trained in Auditing standards and methodologies; and
- Key social indicators.

The essential criteria for success of social auditing in India on the supply side are:

- Creating/ adopting a set of Social Accounting and Auditing Standards;
- Developing Social Auditing framework and training social auditors to implement those;

Creating a database of benchmark Social indicators that could serve as a tool in helping social auditors to analyze facts gathered during the social audit engagement.

CHAPTER 9

Sample Social Audit Questionnaire

Social Audit checklists vary depending on the nature of the engagement and the type of organization being audited.

As discussed earlier, focus and approach of the Social Audit for a corporate could be quite different from that for a development programme being undertaken by a Government department.

Sample Social Audit guidelines for following are given:

- Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) Scheme (**Refer *Proforma A, B and C***)
- A Government Educational Programme

MGNREGA Scheme

The sample Social Audit Reports has been provided by the NREGA. Some of the instruments/ formats as described by the NREGA that would be useful in Social Audit can be seen in Proforma A, B and C.

Proforma (A)
Specimen Social Audit Report
(Village Schedule)

Padyatra Group No..... Date:

Village:.....Panchayat:..... Panchayat Samiti:.....

1. Approximate number of people in the meeting:.....

Registration

2. Have people in this village registered under the NREGA.....Y/N

3. How many people have applied but not been registered

4. How many have complained about irregularities in the registration process.....
who are the people (indicate names)

5. What action has been taken on each complaint.....

Job Card

6. Have job cards been issued in the village.Y/N

Which month were they issued

7. How many have registered, but have not received job cards

8. How many have filed complaints regarding job cards

9. What action has been taken on these complaints

Application for work

10. How many people have applied but not got work yet

Technical Guide on Social Audit

11. How many have applied for work and got receipts?
12. If people have not given written applications, and not received receipts, what are the reasons
 - (a) Application forms not available
 - (b) Cannot write
 - (c) Panchayat did not accept the application
 - (d) Panchayat did not give a receipt
13. How many people applied for work who
 - (a) Got work in 15 days
 - (b) Got work after 15 days
 - (c) Have not yet got work
14. Has anyone applied for unemployment allowance.....
name & details

Payment

15. In how many days was payment made
16. How many people got payment after 15 days
how many people got payment after 30 days.....
17. Was some part of the wages paid as advanceY/N
If yes, at what rate.....
18. Was payment made at a public placeY/N
If not, then where was the payment made?.....
19. Was payment made in the dayY/N

Sample Social Audit Questionnaire

20. At the time of payment –
- (a) Was the payment made on the muster roll?
 - (b) Was the muster roll read out?
 - (c) Was the Muster roll displayed at the time of payment?
 - (d) Paid without the muster roll
21. How far is the work-site from the village.....
22. Was the work identified in the Gram SabhaY/N
23. Is there a monitoring committee set up for the works at the village level.....
24. Do people in the village think that the work is useful.....Y/N
25. Is there any complaint in respect of the NREGA -:

Corruption

Irregularities

other..... Give details

Name of person filling the schedule

Signature

Proforma (B)
Specimen Social Audit Report
(Work-Site)

Padyatra Group No..... Date:

Name of work.....Panchayat.....Panchayat Samiti.....

Agency executing the work

Sanctioned Amount.....

Muster roll numbers of the muster rolls at the work-site

1. No of workers on the work-site.....

2. Is there a board displaying the details of the work.....Y/N

If yes, which of the following is displayed

(a) sanctioned amount

(b) amount of the work/task assigned to each worker

(c) number of workers on the M.R.

(d) number of workers present

(e) estimated worker days

(f) materials needed

(g) material received on the day, specify date

(h) description of the sanctioned work and specifications

3. Do workers know of the sanctioned amount and the usefulness
(?) of the work

Sample Social Audit Questionnaire

4. Is the muster roll available at the work-site ?
5. Has the Monitoring Committee checked the muster roll Y/N
6. Has the Village Monitoring Committee evaluated the quality and usefulness of the workY/N

If yes, describe the details

7. If it is a “pucca” work, is there a Material Register maintained on the work site..... Y/N
8. Is attendance taken on the muster roll or in a note book/register? specify
9. Is there an anganwadi or creche at the work-site?
10. Is there provision for shade/water/medicines at the work-site?
11. Are Job Cards of workers available at the work-site?
12. Have details of work been entered in the Job Card?
13. Who keeps the Job Cards?

Questions that should be asked during discussions with workers on the work-site

14. Was the task measured and given before work started.....Y/N
15. If there are groups of workers per task, what is the size of the group?
16. Is task given on an individual or group basis?
17. Is the task measured daily and the worker informed about the quantum of measurement?
18. Does the junior engineer measure the work at the end of each work period (*Pakhwada*) in front of the workers?

Technical Guide on Social Audit

- 19. Is there a fixed time for workers to be present at the work-site?
- 20. How many times is the attendance taken in a day
when is it taken?
- 21. Is the lift and lead taken into consideration at the time of fixing the task?

Suggestions of activities for the Padyatra Group at the work-site

- 22. Check the muster roll, read out muster roll, how many workers are entered on the muster roll . How many workers are present at the work-site?
- 23. Is the muster roll available for checking by all workers at the work-site?
- 24. No.of women / men workers at the work-site men
women
- 25. Are there any complaints of workers regarding conditions at the work-site?
- 26. Is the work being done through a Contractor?
- 27. Are machine/s being used at the work-site or have they been used?

If yes, please describe for what purpose

Name of person filling the schedule

Signature

Proforma (C)
Specimen Social Audit Report
(Panchayat Office)

Padyatra Group No..... Date:

Panchayat..... Panchayat Samiti.....

Name of Sarpanch..... Name of Panchayat
Secretary.....

1. Does the Panchayat office have a board displaying the details of work under the NREGA?

If yes, then is the following information entered

- (a) Name of the work
- (b) Sanctioned amount – labour/materials
- (c) Expenditure – labour/materials
- (d) State of work – completed/incomplete

2. Is there a shelf of projects for NREGA works prepared by the Gram Sabha, including a list of works in order of priority, available in the Panchayat office?

- (a) Has this list of works been displayed?
- (b) How many of the on-going works sanctioned have been taken from the shelf of projects approved by the Gram Sabha?
- (c) In how many of these works have work orders been issued?
- (d) Has the order of priorities in the shelf of projects been followed in the issuing of work orders?

Technical Guide on Social Audit

3. How many works have started and how many labour are working on each work-site?
4. Are copies of muster rolls displayed at the Panchayat Bhavan for public scrutiny?Y / N
5. Is there a Complaint Box or register available at the Panchayat Office?Y/NIf yes, then how many complaints have been received? What action has been taken on them?
6. Is the list of Job Cards issued available for public scrutiny? Y/N
7. What is the method for receiving applications from workers?
8. Is the Panchayat Secretary available at the Panchayat office time at a fixed time every day? Y/N
9. How many people are employed by the Panchayat office to look after the NREGA?
10. Is the process of registration and issue of Job Cards open at all time....?.....Y/N
11. Is the Perspective Plan or the sanctioned list of works approved by the Gram Sabha, open for public scrutiny at the Gram Panchayat?
12. What are the suggestions of the Sarpanch, Panchayat Secretary and the Ward Panchs regarding the NREGA?

Name of person filling the schedule

Signature

Government Educational Programme²⁶ - Sample Questionnaire

Sample Questionnaire for Students of Residential Schools and Colleges under Educational Support Programmes of a Social Welfare Department of a Government is Given Below:

My name is

| No. | General Information | | |
|-----|-----------------------------|----------------------------|------|
| 1. | Name of the village | | Code |
| 2. | Name of the mandal | | Code |
| 3. | Name of the district | | Code |
| 4. | Name of the Institution | Address and contact person | |
| 5. | Type of Institution | Government | 1 |
| | | Government Aided | 2 |
| 6. | Hostel/College | Boys | 1 |
| | | Girls | 2 |
| 7. | Type of the college | Intermediate | 1 |
| | | Degree | 2 |
| 8. | Age | Age | Code |
| | | Up to 20 | 1 |
| | | 21 – 25 years | 2 |
| | | 26 – 30 years | 3 |
| | | Above 30 years | 4 |
| 9. | Class and subject (specify) | Inter 1 st year | 1 |
| | | Inter 2 nd year | 2 |
| | | Degree I year | 3 |
| | | Degree II year | 4 |
| | | Degree III year | 5 |
| | | Engineering/Medicine | 6 |
| | | Any other (specify) | 7 |

²⁶ Social Audit: A Toolkit A Guide for Performance Improvement and Outcome Measurement.

Technical Guide on Social Audit

| No. | Questions | Responses | Code | Column numbers |
|-----|--|------------------------------------|------|----------------|
| 10. | What is the type of scholarship received? | Non-residential | 1 | |
| | | Residential | 2 | |
| | | Any other (specify) | 3 | |
| 11. | Since how long have you been receiving the scholarship? | Record actual number of years: | | |
| | | Since this academic year; | 1 | |
| | | 1 to 3 years; | 2 | |
| | | 4 to 7 years; | 3 | |
| | | 8 to 10 years; | 4 | |
| | | Above 10 years. | 5 | |
| 12. | What is the amount of scholarship received? | Actual (in ₹) Record as mentioned | | |
| | | Up to ₹ 100 per month | 1 | |
| | | ₹ 101 to 250 | 2 | |
| | | ₹ 251 to 500 | 3 | |
| | | Above ₹ 501 | 4 | |
| 13. | Can you give the break-up of scholarship amount? (State actual amount received) | Fees | ₹ | |
| | | Accommodation | ₹ | |
| | | Food | ₹ | |
| | | Purchase of books | ₹ | |
| | | Expense toward study tours | ₹ | |
| | | Expenses for typing thesis | ₹ | |
| | | Any other (specify) | ₹ | |

Sample Social Audit Questionnaire

| No. | Questions | Responses | Code | Column numbers |
|-----|--|--------------------------------------|------|----------------|
| 14. | Have you received any grant under the Integrated Book Bank Scheme? (In case of professional courses) | Yes | 1 | |
| | | No | 2 | |
| | | | | |
| | | | | |
| 15. | If Yes, how much did you receive? | As mentioned | | |
| | | Up to ₹ 1500 | 1 | |
| | | ₹ 1501 to 3000 | 2 | |
| | | ₹ 3001 to 4500 | 3 | |
| | | ₹ 4501 to 6000 | 4 | |
| | | Above ₹ 6001 | 5 | |
| 16. | How has the scholarship benefited you in your education? | Helped in continuing higher studies | 1 | |
| | | Payment of college fees | 2 | |
| | | Payment of examination fees | 3 | |
| | | Payment of books and study materials | 4 | |
| | | Hostel accommodation | 5 | |
| | | Other incidental expenditures | 6 | |
| | | Any other reasons (specify) | | |
| 17. | In your opinion to what extent has the scholarship contributed to improving your performance? | To a great extent | 1 | |
| | | To some extent | 2 | |
| | | Cannot say | 3 | |
| | | Not contributed at all | 4 | |
| 18. | What are your views on scholarships provided to Scheduled Caste students? | Necessary for poor students | 1 | |
| | | Scholarship amount is insufficient. | 2 | |
| | | It should be awarded based on merit | 3 | |

Technical Guide on Social Audit

| No. | Questions | Responses | Code | Column numbers |
|---------------------------------------|--|---|------|----------------|
| 19. | Is such a scholarship enabling you to achieve long-term career goals? | Yes | 1 | |
| | | No | 2 | |
| 20. | If yes, how is it helping in achievement? (Record verbatim) | | | |
| 21. | Do you think scholarships for Backward Classes motivate students from these communities to pursue their studies? | Yes | 1 | |
| | | No | 2 | |
| Education and other activities | | | | |
| 22. | How often do you have examinations in your college? | Once in a week | 1 | |
| | | Once in a month | 2 | |
| | | Once in a year | 3 | |
| | | Never | 4 | |
| 23. | Does the examination evaluate the student based on the performance providing a measure to improve? | Yes | 1 | |
| | | No | 2 | |
| 24. | Have you achieved any rank/grade in class? | Yes | 1 | |
| | | No | 2 | |
| 25. | If yes, what is your current rank in class? | First rank | 1 | |
| | | Within top three ranks | 2 | |
| | | Within the top ten ranks | 3 | |
| | | Between 11 th rank up to 25 th rank | 4 | |
| | | Above 26 th rank | 5 | |
| | | No rank (arrears) | 6 | |
| 26. | Have you any other (scholastic) achievements during this year (for instance, University rank/ State rank)? | Please specify: | | |

Sample Social Audit Questionnaire

| No. | Questions | Responses | Code | Column numbers |
|-----|--|--------------------------|------|----------------|
| 27. | Is the progress monitored on a continuous basis? | Yes | 1 | |
| | | No | 2 | |
| 28. | Are you given feedback on your performance in the examinations? | Yes, always | 1 | |
| | | Yes, sometimes | 2 | |
| | | No, never | 3 | |
| 29. | If yes, state how? | | | |
| 30. | Do teachers/tutors take special interest and coach students on difficult topics? | Yes, always | 1 | |
| | | Yes, sometimes | 2 | |
| | | No, never | 3 | |
| | Do teachers complete the syllabus on time and give sufficient time for revision? | Yes | 1 | |
| | | No | 2 | |
| 31. | How many hours on an average is the duration of class for each subject? | Less than half-an-hour | 1 | |
| | | Half-an-hour to one hour | 2 | |
| | | More than one hour | 3 | |
| 32. | With the current teaching approach, are you confident you can succeed in the final examinations? | Very confident | 1 | |
| | | Confident | 2 | |
| | | Not confident | 3 | |
| 33. | Do you participate in any games or sports? | Yes | 1 | |
| | | No | 2 | |
| 34. | Have you participated in any sports and games events conducted in your college? | Yes | 1 | |
| | | No | 2 | |

Technical Guide on Social Audit

| No. | Questions | Responses | Code | Column numbers |
|-----------------|---|--------------------------------|---|----------------|
| 35. | What has been your achievement in the events you participated? | Sport | Achievement (e.g., district, state level) | |
| | | Cricket | | |
| | | Volleyball | | |
| | | Basketball | | |
| | | Kabaddi | | |
| | | Kho Kho | | |
| Others(Specify) | | | | |
| 36. | What is your achievement in other extra-curricular activities? | Activity | Achievements (e.g., Inter-collegiate prize) | |
| | | Essay | | |
| | | Elocution | | |
| | | Debate | | |
| | | Quiz | | |
| | | Singing | | |
| | | Any Other | | |
| 37. | In the above said activities, at what level did you represent? | Mandal level | 1 | |
| | | District level | 2 | |
| | | State level | 3 | |
| | | National level | 4 | |
| 38. | What has been your achievement in the competitive exams? | Competitive exam appeared..... | | |
| | | Rank achieved..... | | |
| 39. | What is your perception of the overall quality of education imparted in colleges? | Excellent | 1 | |
| | | Good | 2 | |
| | | Average | 3 | |
| | | Bad | 4 | |
| | | Very bad | 5 | |
| 40. | How do you rate the quality of teaching at the college? | Excellent | 1 | |
| | | Good | 2 | |
| | | Average | 3 | |
| | | Bad | 4 | |
| | | Very bad | 5 | |

Sample Social Audit Questionnaire

| No. | Questions | Responses | Code | Column numbers |
|------------------------|--|---|-----------|----------------|
| Hostel facility | | | | |
| 41. | Since when have you been availing hostel facility? | Record as stated..... (in number of years) | | |
| | | Last 1 year | 1 | |
| | | 1 to 3 years | 2 | |
| | | 4 to 6 years | 3 | |
| | | 7 to 10 years | 4 | |
| | | Above 10 years | 5 | |
| 42. | From which standard did you start availing the hostel facility? | Record as stated..... | | |
| | | I to V standard | 1 | |
| | | VI to X standard | 2 | |
| | | Intermediate I year | 3 | |
| | | Intermediate II year | 4 | |
| | | Degree I year | 5 | |
| | | Degree II year | 6 | |
| | | Degree III year | 7 | |
| | | Other professional course | 8 | |
| | | Others (specify)..... | 9 | |
| 43. | How has the hostel facility helped you? | Helped in pursuing higher studies | 1 | |
| | | Helped in reducing burden on the family | 2 | |
| | | Others (specify)..... | 3 | |
| 44. | What are the facilities provided at the hostel | Accommodation | 1 | |
| | | Study facilities | 2 | |
| | | Mess facility | 3 | |
| | | Television | 4 | |
| | | Others (specify)..... | 5 | |
| 45. | What is your opinion on the facilities provided in the hostel? (Circle the appropriate one) | | Ade-quate | Inade-quate |
| | | Accommodation | 1 | 2 |
| | | Study facilities | 1 | 2 |
| | | Mess facility | 1 | 2 |
| | | Television | 1 | 2 |
| | | Others (specify)..... | | |

Technical Guide on Social Audit

| No. | Questions | Responses | Code | Column numbers |
|------------|---|--|-------------|-----------------------|
| 46. | What is the quality of basic amenities such as drinking water, electricity, and sanitation? | Very Good | 1 | |
| | | Good | 2 | |
| | | Average | 3 | |
| | | Bad | 4 | |
| | | Very Bad | 5 | |
| 47. | What is the extent of satisfaction with the facilities provided to you in the hostel? | Very satisfactory | 1 | |
| | | Satisfactory | 2 | |
| | | Unsatisfactory | 3 | |
| | | Very unsatisfactory | 4 | |
| 48. | What are the distractions that affect the youth studying in college/staying in hostels? | Record verbatim (Probe for causes such as 'peer pressure to roam around', 'watching movies', 'habits like smoking and alcoholism') | | |
| 49. | Any other comments | | | |

Sample Social Audit Questionnaire

Sample Questionnaire for Parents of the Beneficiaries of Social Welfare Hostels under Educational Support Programmes of Social Welfare Department of a Government:

My name is

| Profile of student (to be filled in by interviewer) | | Responses | Code |
|---|--|--------------|------|
| 1. | Name of the village | | |
| 2. | Name of the mandal | | |
| 3. | Name of the district | | |
| 4. | Name and address of the school in which the student is studying? | | |
| 5. | Type of the hostel in which the student is studying? | Boys | 1 |
| | | Girls | 2 |
| | | Co-education | 3 |
| 6. | Name of the respondent: son's/daughter's name: | | |
| | | | |

| No. | Questions | Responses | Code |
|---|---|---|------|
| Hostel facility (For parents whose children are in hostel) | | | |
| 7. | For how many years (<i>name of the child:</i>) has been availing hostel facility provided by Social Welfare department? | Record as stated..... (in number of years) | |
| 8. | From which class onwards did (name of the child) start availing the hostel facility? | Record as stated : | |

Technical Guide on Social Audit

| No. | Questions | Responses | | | | Code |
|-----|---|---|-----------|----------|---------|------|
| | (Record class) | | | | | |
| 9. | Currently (name of the child) is in which standard? | | | | | |
| 10. | What were the reasons for putting (name of the child) in hostel? (Circle the appropriate one) | | Agree | Disagree | | |
| | | We could not afford educational expenses | 1 | 2 | | |
| | | Child had to travel long distance to school | 1 | 2 | | |
| | | There are no schools in close vicinity | 1 | 2 | | |
| | | Being at home, child had to contribute towards work to earn money | 1 | 2 | | |
| | | Any other (Specify) | 1 | 2 | | |
| 11. | In your opinion have those reasons been addressed adequately after putting the child in hostel (Probe how and why?) | | | | | |
| 12. | Do you ask (name of the child:.....) about amenities received at the hostel? What is your opinion of the facilities provided to (name of the child:.....) in the hostel? (Circle the appropriate one) | Yes | | | | 1 |
| | | No | | | | 2 |
| | | | Excellent | Good | Average | Poor |
| | | Accommodation | 1 | 2 | 3 | 4 |
| | | Education | 1 | 2 | 3 | 4 |
| | | Food | 1 | 2 | 3 | 4 |
| | Sports | 1 | 2 | 3 | 4 | |

Sample Social Audit Questionnaire

| No. | Questions | Responses | Code |
|-----|---|----------------------|------|
| 13. | What is the reason for this opinion? | Accommodation | |
| | | Education | |
| | | Food | |
| | | Sports | |
| 14. | How often do you visit the hostel to see (name of the child)? | Once in a week | 1 |
| | | Once in a month | 2 |
| | | Once in three months | 3 |
| | | Once in six months | 4 |
| | | Once in a year | 5 |
| | | Never visited | 6 |
| 15. | When you visit the hostel do you interact with any staff in the hostel? | Yes | 1 |
| | | No | 2 |
| 16. | If yes, with whom and for what purpose? | | |
| 17. | Do you receive any feedback on your child's performance in the examinations? | Yes | 1 |
| | | No | 2 |
| 18. | Has he/she achieved any rank/grade in class? | Yes | 1 |
| | | No | 2 |
| | | Do not know | 3 |
| 19. | In your opinion has (name of the child's) the performance in studies improved after hostel admission? | | |
| 20. | What, according to you, are the reasons for this? | | |

Technical Guide on Social Audit

| No. | Questions | Responses | Code | |
|-----|--|--|-------|----------|
| | | | Agree | Disagree |
| 21. | How in your opinion has hostel facility helped (name of the child:)? | | Agree | Disagree |
| | | Gives him/her more time for study | 1 | 2 |
| | | Reduces travel time to reach education facility | 1 | 2 |
| | | A better environment for study | 1 | 2 |
| | | Opportunity to interact with people from other backgrounds | 1 | 2 |
| | | Any other (Specify) | | |
| 22. | Does (name of the child:.....) like staying in the hostel? Why? (state reason/s) | Yes | 1 | |
| | | No | 2 | |
| | | Cannot say | 3 | |
| 23. | Now I would like to understand from you what could be the benefits of the hostel facility received from government has helped (name of the child) and your family. | | | |
| 24 | How has staying in the hostel benefited (name of the child)? | | Agree | Disagree |
| | | To continue studies | 1 | 2 |
| | | Avail good infrastructure facilities | 1 | 2 |
| | | Improve his/her performance | 1 | 2 |
| | | Increased opportunities for overall development | 1 | 2 |
| | | In achieving his/her ambition in life | 1 | 2 |
| | | Others (specify) | 1 | 2 |
| | | Cannot say | 1 | 2 |
| 25 | What do you feel is the treatment given to hostel students by staff members at the | | Agree | Disagree |
| | | Hostel staff is very warm and cordial | 1 | 2 |
| | | Hostel staff takes good care of students | 1 | 2 |

Sample Social Audit Questionnaire

| No. | Questions | Responses | Code | |
|-----|--|--|-------|----------|
| | hostel? | Hostel staff provides for needs of all children | 1 | 2 |
| | | Hostel staff is indifferent towards children | 1 | 2 |
| | | Hostel staff discriminate students on basis of their caste | 1 | 2 |
| | | Cannot say | 1 | 2 |
| | | Any other (Specify) | | |
| 26. | For negative statements of indifference and discrimination probe further to learn their direct or indirect experiences. | Record verbatim : | | |
| 27. | Does (name of the child) share his/her experience of stay in the hostel? | Yes | 1 | |
| | | No | 2 | |
| 28. | What has (name of the child) shared about other students' interaction with him/her? Has (name of the child) mentioned any of the following regarding hostel amenities? | | Agree | Disagree |
| | | Other students are friendly with him/her | 1 | 2 |
| | | Other students help him/her in studies | 1 | 2 |
| | | Other students look down upon him/her | 1 | 2 |
| | | Other students create disturbance in studies | 1 | 2 |
| | | Cannot say | 1 | 2 |
| | | Any other (Specify) | | |
| 29. | Do you think that if (name of the child) | | Agree | Disagree |
| |) | Hostel amenities take care of all his/her basic needs | 1 | 2 |

Technical Guide on Social Audit

| No. | Questions | Responses | Code | |
|-----|--|--|-------|----------|
| | | | | |
| | did not get hostel facility, he/she would have ... | Hostel food is very good | 1 | 2 |
| | | He/she likes hostel staff | 1 | 2 |
| | | He/she prefers to stay in hostel rather than at home | 1 | 2 |
| | | Hostel stay and amenities let him/her concentrate on studies | 1 | 2 |
| | | Cannot say | 1 | 2 |
| | | Any other (Specify) | | |
| 30. | On a long-term perspective, what do you think are the benefits of scholarships to SC students and the community? | | Agree | Disagree |
| | | Discontinued studies | 1 | 2 |
| | | Taken up wage labour/ farming/etc | 1 | 2 |
| | | Would have wasted childhood | 1 | 2 |
| | | Cannot say | 1 | 2 |
| | | Any other (specify) | | |
| 31. | On a long-term perspective, what do you think are the benefits of scholarships to SC students and the community? | | Agree | Disagree |
| | | Improves overall living standard of the family | 1 | 2 |
| | | SC community gets opportunity to join the mainstream society | 1 | 2 |
| | | Increases awareness about scholarship facilities through achievements of students who have received scholarships | 1 | 2 |
| | | Increases confidence of students to face challenges in the society | 1 | 2 |
| | | Empowers SC community with equal opportunities and | | |

Sample Social Audit Questionnaire

| No. | Questions | Responses | Code | |
|-----|---|-----------------------------|------------|---------------|
| | | exposures through education | | |
| | | Any other (Specify) | | |
| 32. | In your opinion, have hostel facilities provided to students over last 20-30 years contributed to the upliftment of SC community? | | Agree 1 | Disagree 2 |
| 33. | If yes, How? If No, Why? | | | |

APPENDIX I

Indicators of Social Development Defined under the Millennium Development Goals

Several indicators of social development have been defined under the Millennium Development Goals. These indicators can also be used for Social Audit, as appropriate, to measure the social impact of organizations.

Goal 1: Eradicate Extreme Poverty and Hunger

Target 1.A:

Halve, between 1990 and 2015, the proportion of people whose income is less than one dollar a day

- 1.1 Proportion of population below \$1(PPP) per day
- 1.2 Poverty gap ratio
- 1.3 Share of poorest quintile in national consumption

Target 1.B:

Achieve full and productive employment and decent work for all, including women and young people

- 1.4 Growth rate of GDP per person employed

- 1.5 Employment-to-population ratio
- 1.6 Proportion of employed people living below \$1 (PPP) per day
- 1.7 Proportion of own-account and contributing family workers in total employment

Target 1.C:

Halve, between 1990 and 2015, the proportion of people who suffer from hunger

- 1.8 Prevalence of underweight children under-five years of age
- 1.9 Proportion of population below minimum level of dietary energy consumption

Goal 2: Achieve Universal Primary Education

Target 2.A

Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling

- 2.1 Net enrolment ratio in primary education
- 2.2 Proportion of pupils starting grade 1 who reach last grade of primary
- 2.3 Literacy rate of 15-24 year- olds, women and men

Goal 3: Promote Gender Equality and Empower Women

Target 3.A:

Eliminate gender disparity in primary and secondary education, preferably by 2005, and in all levels of education no later than 2015

Technical Guide on Social Audit

- 3.1 Ratios of girls to boys in primary, secondary and tertiary education
- 3.2 Share of women in wage employment in the non-agricultural sector
- 3.3 Proportion of seats held by women in national parliament

Goal 4: Reduce Child Mortality

Target 4.A:

Reduce by two-thirds, between 1990 and 2015, the under-five mortality rate

- 4.1 Under-five mortality rate
- 4.2 Infant mortality rate
- 4.3 Proportion of 1 year-old children immunised against measles

Goal 5: Improve Maternal Health

Target 5.A:

Reduce by three quarters, between 1990 and 2015, the maternal mortality ratio

- 5.1 Maternal mortality ratio
- 5.2 Proportion of births attended by skilled health personnel

Target 5.B:

Achieve, by 2015, universal access to reproductive health

- 5.3 Contraceptive prevalence rate
- 5.4 Adolescent birth rate

- 5.5 Antenatal care coverage (at least one visit and at least four visits)
- 5.6 Unmet need for family planning

Goal 6: Combat HIV/AIDS, Malaria and Other Diseases

Target 6.A:

Have halted by 2015 and begun to reverse the spread of HIV/AIDS

- 6.1 HIV prevalence among population aged 15–24 years
- 6.2 Condom use at last high-risk sex
- 6.3 Proportion of population aged 15–24 years with comprehensive correct knowledge of HIV/AIDS
- 6.4 Ratio of school attendance of orphans to school attendance of non-orphans aged 10-14 years.

Target 6.B:

Achieve, by 2010, universal access to treatment for HIV/AIDS for all those who need it

- 6.5 Proportion of population with advanced HIV infection with access to antiretroviral drugs

Target 6.C:

Have halted by 2015 and begun to reverse the incidence of malaria and other major diseases

- 6.6 Incidence and death rates associated with malaria
- 6.7 Proportion of children under 5 sleeping under insecticide-treated bed nets

Technical Guide on Social Audit

- 6.8 Proportion of children under 5 with fever who are treated with appropriate anti-malarial drugs
- 6.9 Incidence prevalence and death rates associated with tuberculosis
- 6.10 Proportion of tuberculosis cases detected and cured under directly observed treatment short course

Goal 7: Ensure Environmental Sustainability

Target 7.A:

Integrate the principles of sustainable development into country policies and programmes and reverse the loss of environmental resources

Target 7.B:

Reduce biodiversity loss, achieving, by 2010, a significant reduction in the rate of loss

- 7.1 Proportion of land area covered by forest
- 7.2 CO₂ emissions, total, per capita and per \$1 GDP (PPP)
- 7.3 Consumption of ozone-depleting substances
- 7.4 Proportion of fish stocks within safe biological limits
- 7.5 Proportion of total water resources used
- 7.6 Proportion of terrestrial and marine areas protected
- 7.7 Proportion of species threatened with extinction

Target 7.C:

Halve, by 2015, the proportion of people without sustainable access to safe drinking water and basic sanitation

7.8 Proportion of population using an improved water source

7.9 Proportion of population using an improved sanitation facility

Target 7.D:

By 2020, to have achieved a significant improvement in the lives of at least 100 million slum dwellers

7.10 Proportion of urban population living in slums

Goal 8: Develop a Global Partnership for Development

Target 8.A:

Develop further an open, rule-based, predictable, non-discriminatory trading and financial system

Includes a commitment to good governance, development and poverty reduction – both nationally and internationally

Target 8.B:

Address the special needs of the least developed countries

Includes tariff and quota free access for the least developed countries' exports; enhanced programme of debt relief for heavily indebted poor countries (HIPC) and cancellation of official bilateral debt; and more generous ODA for countries committed to poverty reduction

Target 8.C:

Address the special needs of landlocked developing countries and small island developing States through the Programme of Action for the Sustainable Development of Small Island Developing States and the outcome of the twenty-second special session of the General Assembly

Target 8.D:

Deal comprehensively with the debt problems of developing countries through national and international measures in order to make debt sustainable in the long term

Some of the indicators listed below are monitored separately for the least developed countries (LDCs), Africa, landlocked developing countries and small island developing States.

Official Development Assistance (ODA):

- 8.1 Net ODA, total and to the least developed countries, as percentage of OECD/DAC donors' gross national income
- 8.2 Proportion of total bilateral, sector-allocable ODA of OECD/DAC donors to basic social services (basic education, primary health care, nutrition, safe water and sanitation)
- 8.3 Proportion of bilateral official development assistance of OECD/DAC donors that is untied
- 8.4 ODA received in landlocked developing countries as a proportion of their gross national incomes
- 8.5 ODA received in small island developing States as a proportion of their gross national incomes

Market Access:

- 8.6 Proportion of total developed country imports (by value and excluding arms) from developing countries and least developed countries, admitted free of duty
- 8.7 Average tariffs imposed by developed countries on agricultural products and textiles and clothing from developing countries
- 8.8 Agricultural support estimate for OECD countries as a percentage of their gross domestic product
- 8.9 Proportion of ODA provided to help build trade capacity

Debt Sustainability:

- 8.10 Total number of countries that have reached their HIPC decision points and number that have reached their HIPC completion points (cumulative)
- 8.11 Debt relief committed under HIPC and MDRI initiatives
- 8.12 Debt service as a percentage of exports of goods and services

Target 8.E:

In co-operation with pharmaceutical companies, provide access to affordable, essential drugs in developing countries

- 8.13 Proportion of population with access to affordable essential drugs on a sustainable basis

Target 8.F:

In co-operation with the private sector, make available the benefits of new technologies, especially information and communications

- 8.14 Telephone lines per 100 population
- 8.15 Cellular subscribers per 100 population
- 8.16 Internet users per 100 population

APPENDIX II

Social Indicators Issued by the Organisation for Economic Co-operation and Development (OECD)²⁷

Social Indicators:

1. Headline Social Indicators
2. Measuring Leisure in OECD Countries
3. Interpreting OECD Social Indicators
4. General Context Indicators
 - Net national income per capita
 - Fertility rates
 - Migration
 - Marriage and divorce
5. Self-sufficiency Indicators
 - Employment
 - Unemployment
 - Childcare
 - Student performance

²⁷ Refer http://www.oecd.org/document/24/0,3343,en_2649_34637_2671576_1_1_1_1,00.html for details.

Appendix

Not in employment, education or training

Age of labour force exit

Spending on education

6. Equity Indicators:

Income inequality

Poverty

Poverty among children

Adequacy of benefits of last resort

Public social spending

Total social spending

7. Health Indicators

Life expectancy

Perceived health status

Infant health

Obesity

Height

Mental health

Long-term care recipients

Health care expenditure

8. Social Cohesion Indicators

Life satisfaction

Work satisfaction

Crime victimisation

Suicides

Bullying

Risky behavior

APPENDIX III

Standards for Social Accounting/ Reporting

Various Standards that have been introduced to serve the purpose of Social Accounting/ Reporting are as follows:

| Initiatives/ Standards | Organisation |
|---|---|
| Universal Declaration of Human Rights | United Nations (UN) |
| United Nations Environment Programme | International Labour Organisation (ILO) |
| Core Conventions on Labour Standards(Conventions No. 29,87,98,100,105,111,138,182) | |
| Conventions No. 107 and 169 on Indigenous Peoples | |
| Declaration on Fundamental Principles and Rights at Work | |
| Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy | |
| Guidelines on Occupational Safety and Health Management Systems | |
| Corporate Social Responsibility. An IOE Approach | International Organisation of Employers |

Appendix

| Initiatives/ Standards | Organisation |
|--|--|
| The Role of Business within Society. Position Paper | |
| Green Paper on Promoting a European Framework for Corporate Social Responsibility | European Union (EU) |
| Eco- Management and Audit Scheme (EMAS) | |
| Ethical Conduct Resolutions | |
| European Convention on Human Rights | |
| Eco – Label Scheme | |
| Guidelines for Multinational Enterprises | Organisation for Economic Cooperation and Development (OECD) |
| Convention on Combating Bribery of Foreign Public Officials in International Business Transactions | |
| Business Charter for Sustainable Development | International Chamber of Commerce |
| Business in Society: Making a Positive and Responsible Contribution | |
| Rules of Conduct to Combat Extortion and Bribery | |
| Principles of Business | CAUX Roundtable |
| Exploring Pathways to a Sustainable Enterprise: Sustainable Development Planner | Global Environment Management Initiatives (GEMI) |
| Sustainability Tool | |
| Designing a CSR Structure | Business for Social Responsibility |

Technical Guide on Social Audit

| Initiatives/ Standards | Organisation |
|---|--|
| Consumer Charter for Global Business | Consumer International |
| Global Reporting Initiative (GRI) Sustainability Reporting Guidelines | Global Reporting Initiatives |
| Accountability 1000 (standard series) | Institute of Social and Ethical Accountability |
| ISO 14000 Management System Standards | Internal Standards Organisation |
| Social Accountability 8000 | Social Accountability International |
| The Business Principles for Countering Bribery | Social Accountability International and Transparency International |
| Sunshine Standards for Corporate Reporting to Stakeholders | The Stakeholder Alliance |