



Role of CMAs in Monitoring CSR Projects

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The practice of CSR is not new to companies in India. With the passage of the Companies Act, 2013 the mandate for corporate social responsibility (CSR) has been formally introduced to the dashboard of the Boards of Indian companies. CSR is no more just a buzzword, it is slowly becoming a full-fledged strategy that governs, or should govern, a company's interactions with all of its stakeholder- regulators, potential customers and staff, community, suppliers, and the civil society.

During 2014-15, about Rs.6,337crores was spent on CSR activities. This number would only increase in the coming times with more companies beginning to report their CSR expenditure. With such large expenditures being made towards CSR, it becomes imperative that it needs to be done strategically, systematically and thoughtfully, and the projects are monitored and the outcomes are evaluated to ascertain whether the objective with which it was made mandatory, is achieved. **"How do we make sure that the money we are spending on CSR is being well spent and that people for whom it is intended are benefitting from it"** is a sentiment echoed by many stakeholders.

Mechanism for effective Planning and Implementation of CSR programs

Even though the Companies Act lays down provisions relating to planning and implementation of CSR activities within the company, but it is imperative for the CMAs to broaden their knowledge horizon to drive the CSR efforts in a structured manner so that the desired CSR outcomes may be realized. Following is the recommended cycle of activities for operationalizing CSR actions.

(A) Conducting a needs assessment to assess development priorities. The methodology for this can be participatory processes, surveys or a combination of the two. This will ensure that the planned CSR activities outcomes are linked to the development priorities in a specific area / segment of the society.

(B) Developing detailed CSR project Reports: The CSR project report should include

- key needs of the target beneficiaries
- project goals, KPIs, baselines and expected end lines
- project milestones for progress monitoring purposes
- activities and timelines to achieve the stated project goals
- budgets along with the basis for estimation
- risks and mitigation strategies
- progress reporting- Formats ,content and frequency

- Identifying the indicators of success with the means of verification and establish the baseline for each
- (C) Disbursement scheduling: For a project to deliver the desired results, it should have sufficient funds to carry out the planned activities. The scheduling of disbursements should be linked with the activities planned for the each period; this can be a quarter, six months or a year depending upon the administrative convenience and budget sizes.
- (D) Actual disbursements: Actual disbursements have to then be linked to the progress of CSR project on the ground
- (E) Progress monitoring and reporting: progress monitoring serves the following three important purposes:
 - It highlights any slippages and helps to determine a corrective action that must be taken if need be.
 - It provides an excellent opportunity for learning: what worked and what did not. This can then be immediately applied to other projects.
 - This is an essential part of the directors' report as per the CSR clause of the Companies Act, 2013
 - A pre-requisite for an effective monitoring mechanism is a well thought out CSR strategy and implementation plan defining the inputs and expected outputs and outcomes of the intended activities.

Many NGOs give greater emphasis to planning and executing activities on the ground, conducting participatory research to understand the problems and empowering people rather than monitoring the program. While they have very good experience of working with people, monitoring of these programs is often not very robust and is considered an additional responsibility. The focus of monitoring is largely on the outputs. Unless it moves to assessment of outcomes and impact it creates, the usefulness of the programs in changing the lives of people would remain uncertain.

To ensure objectivity, it is critical that the monitoring is done by someone other than the people directly engaged in the project implementation. In cases where the implementation is done by a partner or corporate foundation, this role can either be outsourced or played by the company's CSR department. In case the CSR department itself is implementing a project, then monitoring should either be outsourced to a third party or the department structure should include an independent monitoring cell. This decision should be taken by the CSR committee.

(F) Impact measurement: Impacts of the development projects typically take a while to manifest. Impact measurement studies have different objectives from project monitoring and typically have to be undertaken after providing sufficient time for them to manifest. Impact measurement is often quite specialized and needs to be undertaken by an independent team with specific skills depending upon project design. There are several tools and frameworks for measuring impact. Each has its pros and cons depending upon the nature of interventions, time and budgets available for the study and the availability of people. Thus, selecting the impact measurement methodology is important. The following tools, Technical Guidance and Standards may be used for impact assessment of CSR activities

- London Benchmarking Group (LBG) model
- Social return on investments (SROI),
- Global impact investing network (GIIN)
- ISO 26000: social responsibility

Role of CMAs in Monitoring and evaluation of CSR projects

Cost and Management Accountants possess expertise in performance evaluation, cost-benefit analysis, variance analysis, Management reporting, Social audit and benchmarking. The CMAs can play a very proactive role in monitoring and evaluation of various social schemes launched and implemented by the Central and State Governments through strategic and analytical interventions encompassing critical evaluation of inter-alia :

- funds allocation, disbursement and its linkage with

the desired and targeted outcome

- whether funds were released as per planned schedule or not
- format and periodicity of records maintained at the grass root level for capturing the operation and implementation of CSR projects
- Physical and Financial Budget Vs. Performance analysis
- The benefits accruing to the intended beneficiaries and the cost thereof
- The process by which the expenditure and performance variances are highlighted
- The process by which the leakages are identified and their recurrence is prevented

Conclusion

Rising awareness about the CSR legislation has led to stakeholders raising queries about the way the companies are spending this money and the compliance levels. There have been concerns about the monitoring and evaluation mechanism of such huge expenditures. The professional monitoring and evaluation of CSR projects by CMA would enable identification of vulnerabilities and deficiencies in the process of roll out and implementation of various CSR projects. The suggestions and recommendations of the CMA post evaluation would enable the companies to strengthen the monitoring and control process and improve effectiveness of delivery and utilization of funds allocated for CSR activities. This will help in preventing sub optimal utilization of CSR funds and also lend credibility to the efforts of the company to deliver the desired level of social support to the needy people of the country through CSR projects.

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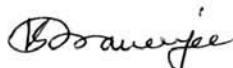
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NOTIFICATION

In pursuance of Regulation 146 of the Cost and Works Accountants Regulations, 1959, the Council of the Institute at its 300th Meeting held on 21st July, 2016 by virtue of power conferred therein has constituted the following Chapter of The Institute of Cost Accountants of India covering the area of Solapur of Maharashtra :

The Institute of Cost Accountants of India - Solapur Chapter
C/o. Mangalvedhekar Institute of Management,
H.D. Campus,
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