

Social Audit: A mechanism for improving CSR outcomes



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Perspectives on Social audit

Social audit is a process for evaluating, reporting on, and improving an organization's performance and behaviour, and for measuring its effects on society.

The social auditing can be used to produce a measure of the social responsibility of an organization. It takes into account any internal code of conduct as well as the views of all stakeholders and draws on best practice factors of total quality management and human resource development. Like internal auditing, social auditing requires an organization to identify what it is seeking to achieve, who the stakeholders are, and how it wants to measure performance. Social auditing provides an assessment of the impact of an organization's nonfinancial objectives through systematically and regularly monitoring its performance and the views of its stakeholders.

Social Audit is an emerging concept that has become popular and relevant in the context of Good Governance. Social Audit through its systematic process allows the civil society to identify the gap between the desired and actual impact of a project/programme/service implemented. It also allows people to enforce accountability and transparency in government service delivery. Just as a financial audit verifies how money is being/was spent, a social audit verifies how programs and services are being/were carried out, with the goal of making them better and more reflective of social, environmental, and community objectives. A social audit aims to bring about improvements in a programme or a public service by undertaking a systematic evaluation of public records and user feedback. It is intended to help users understand and assess the strengths and weaknesses, successes and failures of a programme or a public service. Social Audit is a way of increasing community participation, strengthening links with government and/or service providers, promoting transparency and public accountability, and instilling a sense of responsibility among all those involved.

There are two types of Social Audit:

Compliance (or procedural) Social Audit looks for administrative or financial irregularities by examining documents and checking if they comply with the law. Performance evaluation (or substantive) Social Audit analyses the social impact of public institutions, programmes or services. It includes reviewing documents, but analyses whether the public institutions are meeting their social functions or goals – for example, evaluating whether a health centre is providing adequate health services for its target population.

Benefits of Social Audit

Promotes citizen empowerment and strengthens community voice by allowing community members to provide feedback, gather evidence, interpret findings and develop solutions; Promotes local democracy and collective decision-making; Enhances policy-makers' understanding of stakeholder concerns and encourages them to take steps to address the same; and Can lead to improved design and delivery of programs and services.

When institutionalised, Social Audits allow for regular monitoring of public institutions, enhancing the legitimacy of state actors and enhancing the trust between the citizens/CSOs and the government.

Social Audits can also contribute to enhanced transparency by creating demand for information and even facilitating legislation on Right to Information in service delivery planning and implementation.

Scope of Social Audit

The scale and scope of Social Audits vary depending upon available resources, ranging from comprehensive national level to localized community audits. Social Audits are sometimes undertaken as a once-off event but are usually more effective when undertaken at regular intervals as part of an ongoing process. Social Audits use participatory techniques to involve all relevant stakeholders, particularly the traditionally marginalized or disadvantaged groups, in collecting and analysing evidence, providing feedback, and recommending changes where necessary. Scope for Social Audit can be broad and cover a number of areas and sectors. For example, Social Audit can be used to:

Assess the physical and financial gaps between needs and resources available for public policies.

Create awareness among beneficiaries and providers of social and productive services.

Analyse various policy decisions, keeping in view stakeholder needs and priorities, particularly of those historically excluded (rural poor, minorities).

Estimate the opportunity cost for stakeholders of not getting timely access to public services.

Identify areas for institutional and bureaucratic reforms of institutions.

Identify, control and report irregularities and prevent abuse of funds and power.

Measure the impact of policies/programs.

Principles of Social Audit

Transparency: Complete transparency in the process of administration and decision making, with an obligation on the organization to proactively give the people full access to all relevant information.

Participation: A right based entitlement of all the affected persons and not just their representatives to participate in the process of decision making and validation.

Representative Participation: In those cases where options are pre-determined out of necessity, the right of the affected persons to give informed consent, as a group or as individuals, as appropriate.

Accountability: Immediate and public answerability of elected representatives and government functionaries, to all the concerned and affected people, on relevant actions or inactions.

Steps in conducting Social Audit

Define and prioritize the organization's objectives and establish the action it intends to perform to meet them.

Identify the organization's "stakeholders"

Agree upon indicators, information, benchmarks and targets.

Data gathering systems put in place.

Collating, analysing and interpreting results.

External verification process.

Disclosure and act on results.

Recent Developments Relating to Social Audit

The following recent developments are worth taking note of, in respect of social audit.

The Millennium Development Goals (MDGs) and the Sustainable Development Goals (SDGs) have provided a set of common aspirational targets for governments to build a more sustainable, safe and prosperous world. In tandem, the corporate sector has begun to adopt a variety of measures to ensure that their activities are not causing harm to society or the environment. Investing has also shifted towards an Environmental Social Governance (ESG) framework.

The Hon'ble Finance Minister as part of the Budget Speech for FY 2019-20 had announced as follows:

"It is time to take our capital markets closer to the masses and meet various social welfare objectives related to inclusive growth and financial inclusion. I propose to initiate steps towards creating an electronic fund raising platform-a social stock exchange-under the regulatory ambit of Securities and Exchange Board of India for listing social enterprises and voluntary organizations working for the realization of a social welfare objective so that they can raise capital as equity, debt or as units like a mutual fund."

Accordingly, SEBI constituted a working group on 'Social Stock Exchanges'(SSE) on September 19, 2019. The report of the working group was published for public comments in 2020 and SEBI approved the creation of the Social Stock Exchange in 2021. On 25 July 2022, SEBI introduced regulations pertaining to the Social Stock Exchange by amending the following regulations, namely:

- a. The SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 (ICDR Regulations).
- b. The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR Regulations).
- c. The SEBI (Alternative Investment Funds) Regulations, 2012 (AIF Regulations).

As part of the amendments made to the above regulations, the Security Exchange Board of India introduced certain important concepts and definitions such as – Social Stock Exchange (SSE), social auditor, social audit firm, For-Profit Social Enterprise (FPSE), Social Enterprises (SEs), etc. These amendments have been made to provide Social Enterprises with additional to raise funds through the Social Stock Exchange (SSE), which is a novel concept in India. It provides eligibility of organizations to raise funds through

Social Stock Exchange, of entities to be classified as "Not for Profit Organization", eligibility of entities to be classified as "For Profit" Social Enterprises, means through which Social Enterprises can raise funds, and obligations of Social Enterprises.

Furthermore, to strengthen the governance framework in these entities, & provide confidence to such investors, SEBI has introduced the concept of Annual Impact Report by a Social Auditor. The purpose of this Social Audit is to ascertain the impact made by the Social Enterprise through its activities, intervention, programs or projects implemented during the reporting period. The annual impact report shall be audited by a Social Auditor

Conclusions

Social audit is a process of reviewing official records and determining whether state reported expenditures reflect the actual monies spent on the ground. A social audit is an internal or external examination of how a particular organization/program/project is impacting society and is a way of measuring, understanding, reporting and ultimately improving an organisation's social and ethical performance. In short, social audits help companies achieve a balance between profits and social responsibility.

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Ensuring Dignity for Professionals in the New World of Work (Part I)*



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Background and Current State of Play

Historical Background – Past Pandemic Spanish Flu to COVID-19

The end of the First World War witnessed the spread of the Spanish Flu Pandemic in various countries of the world including India. The Spanish Flu, also known as the 1918 flu pandemic, was an unusually deadly influenza pandemic caused by the H1N1 influenza A virus. From the spring of 1918 through the spring or the early summer of 1920, it infected 500 million people on earth, about a third of the world's population of the time.

It is estimated, that in India, nearly 18 million people, close to 6% of the country's population of the time, lost their lives to the pandemic. The disease was locally referred to as the plague. Very few people may know that Mahatma Gandhi lost his daughter-in-law and a grandchild to this pandemic. He was himself a victim of the disease but luckily was cured of it in due course.

The impact of the pandemic was so severe that countless families, including my own, had fallen

victim to the disease. My paternal great-grandfather lost two of his sons. He was himself infected by the virus and would not permit his wife or children to nurse him. As a result, he died of the disease, leaving behind a huge family of five sons and three daughters. The eldest son, my grandfather, was merely 15 years old then and the care of the entire family fell on him and his younger brother's slender shoulders.

In the current century, the Coronavirus disease (COVID-19) which is a highly transmittable and pathogenic viral infection caused by severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2), originated in Wuhan, China in the later part of 2019. The virus has spread to 212 countries and territories around the world.

The Coronavirus disease (COVID-19) has affected every known people on earth, and, as such, the pandemic is a milestone event of the current century. The disease has impacted life, livelihood, enterprises and the economy of most countries. According to World

Health Organization (WHO), as on 31 October 2022, there have been 6.27 billion confirmed cases of COVID-19, including 6.57 million fatalities.

According to Government of India, as on 31 October 2022, there have been 43.088 million confirmed cases of COVID-19 in our country, including 0.5239 million fatalities. Incidentally, my spouse and I, were both affected by COVID-19, necessitating several days of hospitalization.

The pandemic affected different people in different ways. Most infected people developed mild to moderate illness and recovered without hospitalization. However, when a friend or a relative die of the pandemic, the fatality figures are no more mere statistical numbers or percentages, but represent people who were near and dear to us, but who have now been snatched away from us by the merciless Corona virus. My spouse and I have had first-hand experience of this, as we lost a few of our friends and three of our first cousins to the pandemic.

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