

THE SOCIAL AUDITOR

YOUR INSIGHT JOURNAL



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ICMAI Social Auditors Organisation

(A Section 8 Company promoted by The Institute of Cost Accountants of India)

Social Stock Exchange

SEBI vide its notification dated 25th July, 2022 has made amendments in the SEBI (ICDR) Regulations, 2018, and SEBI (LODR) Regulations, 2015. Copies of these amendments are being circulated with this communique. These amendments have been made to provide Social Enterprises with additional avenues 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, eligibility 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 better 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.

ICMAI Social Auditors Organisation (ICMAI SAO)

To enroll & regulate the Social Auditors and also to prescribe the Social Audit Standards, the Institute of Cost Accountants of India, in compliance with SEBI Regulations, has incorporated a section 8 company titled ICMAI Social Auditors Organization. The ICMAI SAO will enroll eligible CMAs & others as Social Auditors and focus on their capacity building through continuous professional advancement with emphasis on adherence to the highest ethical standards and compliance with the Social Stock Exchange requirements.



ICMAI Social Auditors Organisation

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FROM THE CHAIRMAN'S DESK

CMA Vijender Sharma
Chairman
ICMAI Social Auditors Organisation

The Social Stock Exchange (SSE) is different from the existing stock exchanges. It has been developed with the sole motive of facilitating social enterprises in raising funds from the public through the stock exchange mechanism. The SSE aims to provide a new avenue for social enterprises to finance social initiatives, give them visibility, and increase transparency in fund mobilisation and utilisation by social enterprises. The SSE was launched to provide a wider pool of capital to social enterprises and voluntary organisations working in the social sector. The idea was first put forth by Finance Minister Nirmala Sitharaman in her FY 2019-20 Budget speech. This was done to empower enterprises working in the social welfare sector to raise capital using tools like equity, debt, or as units like a mutual fund.

Not-for-profit organisations that fulfil the registration criteria can register on the SSE. The Indian Social Stock Exchange is not just a formalisation of the current framework of social development funding, and not only enables new pools for funding to flow into the sector but has the potential of incentivizing innovation and promoting pay for performance structures.

FROM THE CEO'S DESK

CMA (Dr.) S K Gupta
Chief Executive Officer
ICMAI Social Auditors Organisation

The social sector is an important sector in India and includes several important components such as education, health and medical care, drinking water and sanitation, social security, environment, food and nutrition security, women and child development, livelihoods and skill development, etc. that play a vital role in human development. Development is often construed to be about growth, political, and social ambitions put together. However, It goes a step further. Development is a continuous process that looks at societal development and results in their emergence from the depths of deprivation through increased productivity, economic and social freedom. In a structurally diverse country such as India, development is driven through a management process that requires a deeper understanding of the dynamics of a mixed economy.

The way of doing business is undergoing a paradigm change with factors such as sustainability, culture, social responsibility and governance coming to the fore. As India emerges from the Covid-19 pandemic, ecosystem stakeholders must come together to strengthen community resilience. With an expanding budget deficit, higher debt burden because of the pandemic, and increased crude oil prices, government finances are likely to be restricted," it said, adding that private philanthropy will have to play a greater role to help the needy



PROFESSIONAL DEVELOPMENT PROGRAMS



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PROFESSIONAL DEVELOPMENT PROGRAMS

Date	Name of Program
03rd May 2023	Round Table (Professional Opportunities in Social Sector)
04th May 2023	Professional Opportunities in Social Sector
06th May 2023 to 12th May 2023	4th Batch Preparatory Course for Social Auditor Examination
07th May 2023	Impact Assessment of Social Projects
11th May 2023	The Science of Conducting Impact Assessment
12th May 2023	How to do Base line survey for a Social Project
13th-14th May 2023	Practical Aspects of Social Audit
17th May 2023	CSR Conclave
18th May 2023	Linkage between ESG and firm performance
18th May 2023	Unlocking Social Assessment for Societal Change
20th May 2023 to 26th May 2023	5th Batch Preparatory Course for Social Auditor Examination
23rd May 2023	NPO Sector dimensions based on the latest study
24th May 2023	Getting started with ESG
26th May 2023	Green Finance - Financing a sustainable eco system
29th May 2023 to 04th June 2023	6th Batch Preparatory Course for Social Auditor Examination
30th May 2023	Ethical and Sustainable CSR Strategies

Upcoming Program

Date	Name of Program
01st June 2023	Carbon credits in Agriculture and Sustainable Farming
03rd June 2023	Certificate Course - Management of CSR Project
05th June 2023	Fire side chat - World Environment Day
05th June 2023	Interactive Session on Frequently asked questions for Registration / Listing of NPOs and FPEs on Social Stock Exchange
06th June 2023	CSR with a focus on Sustainability

Articles



Social Impact Assessment

Dr. S K Gupta

Chief Executive Officer

ICMAI Social Auditors Organisation

The Perspective

The concept of development is a historical legacy. Development seeks the welfare of others and implies technical and economic progress. Social impacts are the results of developmental interventions on human environment. Social impact assessment presents an important opportunity to draw cross-cultural encounters arising from project-based development efforts into wider procedures of engagement and negotiation that might address the imbalance in relationships between local communities, project proponents. Development is just another form of social change; it cannot be understood in isolation. The analysis of development actions and of popular reactions to these actions should not be isolated from the study of local dynamics, of endogenous processes, of informal processes of change.

What is Social Impact Assessment?

There is no universal definition of Social Impact Assessment (SIA); perhaps the best is that provided by Vanclay (2003): "...the process of analysing, monitoring and managing the social consequences of development." Alternatively, SIA could be described as a process that seeks to assess whether a proposed development will alter quality of life and sense of wellbeing, and how well individuals, groups and communities

adapt to the changes (Vanclay, 1999; 2002, 2004; Becker and Vanclay, 2003; Burdge, 2004). Social impacts are the impacts of developmental interventions on human environment. The impacts of development interventions take different forms. While significant benefits flow in from different development actions, there is also a need to identify and evaluate the negative externalities associated with them. A balanced development planning takes into account the environmental, social and biodiversity impacts of economic development. These impact assessments help in identifying the likely positive and negative impacts of proposed policy actions, likely trade-offs and synergies, and thus facilitate informed decision-making.

In its broadest sense, SIA focuses on issues of human rights, social inequality, environmental issues, and public participation. These main topics can be spelt out in different directions depending on the problem at hand. Despite the importance of flexibility in the practical application of SIA processes, the development and codification of the SIA process and associated procedures remain important in providing guidance on appropriate approaches to be adopted by practitioners

SOCIAL IMPACT ASSESSMENT



What are the categories of Social Impacts?

The social impacts of a project are the direct and indirect impacts that affect people and their communities at all stages of the project lifecycle. The SIA must address the following key matters:

- community and stakeholder engagement
- workforce management
- housing and accommodation
- local business and industry procurement
- health and community well-being.

Social impacts are the issues that affect people and the potentially impacted communities in which they live as a result of a project. Types of social impacts include:

- changes to community values and/or the way the community functions
- impact on how people live, work, play and interact with one another on a day-to-day basis
- impacts on culture, history, and ability to access cultural resources impacts on communities' physical safety, exposure to hazards or risks, and access to and control over resources
- impacts on communities' quality of life including liveability and aesthetics, as well as the condition of their environment (for example, air quality, noise levels, and access to water)
- impacts on communities' access to, and quality of, infrastructure, services and facilities
- impacts on communities' physical and mental health and well-being, as well as their social, cultural and economic well-being
- Changes to livelihoods, for example, whether peoples' jobs, properties or businesses are affected, or whether they experience advantage/disadvantage.

Principles specific to SIA

- Equity considerations should be a fundamental element of impact assessment and of development planning.
- Many of the social impacts of planned interventions can be predicted.
- Planned interventions can be modified to reduce their negative social impacts and enhance their positive impacts.
- SIA should be an integral part of the development process, involved in all stages from inception to follow-up audit.

- There should be a focus on socially sustainable development, with SIA contributing to the determination of best development alternative(s)
- In all planned interventions and their assessments, avenues should be developed to build the social and human capital of local communities and to strengthen democratic processes.
- In all planned interventions, but especially where there are unavoidable impacts, ways to turn impacted peoples into beneficiaries should be investigated.
- The SIA must give due consideration to the alternatives of any planned intervention, but especially in cases when there are likely to be unavoidable impacts.
- Full consideration should be given to the potential mitigation measures of social and environmental impacts, even where impacted communities may approve the planned intervention and where they may be regarded as beneficiaries.
- Local knowledge and experience and acknowledgment of different local cultural values should be incorporated in any assessment.
- There should be no use of violence, harassment, intimidation or undue force in connection with the assessment or implementation of a planned intervention.
- Developmental processes that infringe the human rights of any section of society should not be accepted

Stages in Social Impact Assessment

Phase 1: Understand the issues

- Gain a good understanding of the proposed project.
- Clarify all roles and responsibilities, including relationships to other studies being undertaken; identify relevant national laws and/or international guidelines.
- Identify the preliminary 'social area of influence' of the project, likely impacted and beneficiary communities (nearby and distant), and stakeholders
- Gain a good understanding of the affected communities by preparing a Community Profile (stakeholders; socio political setting; local needs, interests, values, aspirations; gender analysis; historical experience; community assets/ weaknesses; optional opinion survey).
- Fully inform community members about the project; experience from similar projects; how to be involved in the SIA; procedural rights; access to grievance/feedback mechanisms.

- Devise inclusive participatory processes and deliberative spaces to help community members understand and evaluate impacts/benefits; make informed decisions; discuss desired futures; contribute to mitigation and monitoring plans; and prepare for change.
- Identify the social/human rights issues that have potential to be of concern.
- Collate relevant baseline data for key social issues.

Phase 2: Predict, analyse and assess the likely impact pathways

- Determine the social changes/impacts likely to result from the project and its alternatives.
- Carefully consider the indirect (or second and higher order) impacts.
- Consider how the project will contribute to the cumulative impacts on host communities.
- Determine how the various affected groups and communities will likely respond.
- Establish the significance of the predicted changes (i.e. prioritise them)
- Contribute to design and evaluation of project alternatives, including no go and other options.

Phase 3: Develop and implement strategies

- Identify ways of addressing potential negative impacts (e.g. avoid, mitigate, compensate).
- Develop and implement ways of enhancing benefits and project-related opportunities.
- Develop strategies to support communities in coping with change.
- Develop and implement appropriate feedback and grievance mechanisms.
- Develop an Impacts and Benefit Agreement (IBA) between communities and developer.
- Develop a social impact management plan to implement the IBA.
- Establish partnerships (government, industry, civil society) for implementation/monitoring.
- Develop and implement ongoing social performance plans

Phase 4: Design and implement monitoring programmes

- Develop indicators to monitor change over time.
- Develop a participatory monitoring plan.
- Implement adaptive management and a social management system.

- Undertake evaluation and periodic review (audit).

Practical challenges

Assessing social impact can be challenging for several reasons:

- **Domain and control:** usually, the main effects of social impact assessment take place outside of the organization which complicates controlling efforts;
- **Measurability:** social impacts are often difficult to quantify;
- **Externalities:** many times, externalities are not accounted for.

Strategic recommendations

Distinct recommendations may help to improve social impact assessment:

Setting / revising the goals of social initiatives

- **Check assumptions:** Rather than presuming that social challenges and initiatives will perform as anticipated, follow-up to check the assumptions that your impact efforts rely upon.
- **Do not focus on too narrow objectives:** Rather than getting focused on narrow initiatives, aim at addressing consensual objectives among your stakeholders.

Planning the assessment

- **Invest in assessment:** Rather than regarding social impact measurement as too difficult to tackle, remember that financial measurement is difficult too, and requires rigorous training, extensive protocols, and dedicated personnel to do well.
- **Compare contexts before measuring impact:** Rather than rolling out measures too widely at once, ensure that your measures are reliable across different entities and contexts.

Improving the assessment

- **Constantly improve your impact assessment:** Rather than leave leaving the many potential benefits of upgrading your impact assessment approach on the table, take impact measurement seriously. Seek to continuously improve your impact assessment.
- **Map and engage the impact value chain:** Rather than overlooking the distinctions between different parts of the impact value chain, actively map and engage the impact

value chain for troubleshooting problems as well as building up a strategic vision.

- **Do not over-rely on quantitative metrics:** Rather than becoming too data-driven too soon by relying heavily on limited quantitative data, make room for collecting qualitative feedback from your teams and beneficiaries.

Strategic use of social initiatives

- **Do not focus exclusively on either benefits or risks:** Rather than focusing only on positive or negative aspects that your initiative addresses, pay attention both to benefits and risks.
- **Search to extend the benefits:** Do not only assume that some business benefit is probably occurring, but instead, actively measure the benefits resulting from the impact efforts. In measuring your business benefits, be flexible about the payoff horizon; it takes time to materialize.
- **Leverage goodwill for increased business and social impact:** Rather than keeping your impact initiatives secret, make sure that the right audiences get to know about your contributions.

Conclusion

The impact assessment in the SIA report is to include sufficient detail and analysis to provide a clear understanding of the potential impacts of the project. The assessment must consider the level of impact at differing geographic scales within the SIA study area, and be informed by consultation with stakeholders. An impact significance assessment is an analysis of the extent to which potentially impacted communities and stakeholders, may be affected, whether positively or negatively. Factors such as the probability, scale, duration and intensity of the impact, as well as the characteristics of the community or stakeholders which may be affected, should be considered. Where a potential impact is found to be significant, a residual significance assessment (extent of impact after management measures have been applied) is also required. Consideration must also be given to potential cumulative impacts that could result from the combined effect of similar actions by multiple projects. In many instances, mitigation of these cumulative impacts may not be within the proponent's direct control, but an assessment nonetheless provides important context regarding the likely consequences that would be experienced by potentially impacted communities.

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Building Effective Monitoring and Evaluation Skills for Successful Execution of Social Projects in India

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Executing a social project in India requires more than just good intentions and a well-designed plan. It demands a systematic approach to monitoring and evaluation to ensure that the project's objectives are achieved, resources are utilized effectively, and a meaningful impact is made on the targeted communities. In this article, I would like you to explore the essential monitoring and evaluation skills necessary for executing social projects in India and how they contribute to project success.

Data Collection and Analysis:

Accurate data collection and analysis form the foundation of monitoring and evaluation. Project managers must possess the ability to design data collection tools, such as surveys or interviews, to gather relevant information. They should also have the skills to analyse and interpret data to identify trends, patterns, and areas that require attention. Proficiency in using statistical software and data visualization tools is invaluable in making data-driven decisions and presenting findings effectively.

Result-based Management:

Result-based management (RBM) is a systematic approach that focuses on achieving desired outcomes. Social project managers in India should be skilled in developing logical frameworks or results frameworks, which outline project objectives, indicators, and targets. They need to ensure that these frameworks are aligned with the project's overall goals and objectives. Regular monitoring and evaluation activities should be designed to assess progress, identify bottlenecks, and make necessary adjustments to achieve the desired results.

Stakeholder Engagement:

Strong stakeholder engagement skills are crucial for executing social projects successfully. Project managers need to build relationships and collaborate with various stakeholders, including beneficiaries, community leaders, government officials, NGOs, and other relevant organizations. Effective communication, negotiation, and conflict resolution skills are essential to ensure active participation, ownership, and sustainability of the project. Engaging stakeholders in the monitoring and evaluation process fosters transparency, and accountability, which enhances project outcomes.

Qualitative and Quantitative Evaluation Methods:

Monitoring and evaluation involve both qualitative and quantitative methods to assess the project's impact. Project managers should be familiar with various evaluation techniques, such as surveys, interviews, focus group discussions, case studies, and participatory methods. Proficiency in both qualitative and quantitative data analysis allows for a comprehensive understanding of the project's effectiveness, capturing both tangible and intangible outcomes.

Knowledge of Social Context:

Executing a social project in India requires an in-depth understanding of the local social, cultural, economic, and political context. Project managers should be aware of the existing social structures, power dynamics, and cultural nuances that can influence project implementation and evaluation. Sensitivity to cultural diversity and the ability to adapt project strategies accordingly is crucial for achieving meaningful impact and ensuring the project's sustainability in the long run.

Learning and Adaptability:

Successful project execution in India necessitates a continuous learning and adaptive management approach. Monitoring and evaluation skills include the ability to reflect on project progress, identify lessons learned, and adjust project strategies accordingly. Project managers should foster a learning culture within their teams and use evaluation findings as an opportunity for continuous improvement. Flexibility and adaptability are essential traits to navigate the ever-changing dynamics of social projects in India.

Thus, monitoring and evaluation skills are integral to the successful execution of social projects in India. A systematic and data-driven approach allows project managers to assess progress, make informed decisions, and maximize impact. By cultivating strong data collection and analysis abilities, practising result-based management, engaging stakeholders effectively, employing diverse evaluation methods, understanding the social context, and promoting a learning culture, project managers can drive meaningful change and contribute to the sustainable development of communities in India.

Landscape of ESG and Emerging Social Audit

CA Rajendra Kumar Agarwal

Chartered Accountant, Insolvency Professional, Registered Valuer & Social Auditor

Amidst a complex audit environment, today's accountants have many opportunities to take advantage of technology and specialize in up-and-coming focus areas. One of these specialties is ESG audits.

What is ESG?

Environment, Social and Governance (ESG) is a framework for evaluating risks and opportunities related to a company's operational impact on the environmental, social issues, and governance factors. These powerful 3 words which makes up ESG indicates shift of emphasis from "Shareholders" to "Stakeholder". It has changed the way investors and fund managers globally evaluate and decide upon investments focusing more on long term sustainability.

- Environmental risks include pollution of the air, water, or soil, as well as climate impact, carbon footprint, and energy use.
- Social risks include impacts to all stakeholders and global citizens, including the wellbeing, reputation, or privacy of customers, employees, or suppliers, as well as issues related to diversity, equity, and inclusion (DEI).
- Governance risks include financial reporting, fraud prevention, executive pay transparency, and overall business dealings of the company.

From measuring sustainability to quantifying the ethical impact of supply chains, accountants and auditors have an expanding role to play in determining the integrity of a company's disclosure of ESG topics. It is when the financial and non-financial metrics of ESG are connected, integrated and embedded with focus on strategy and sustainability, they become even more powerful.

What is an ESG audit?

An ESG audit is an assessment of the risks related to ESG and can verify the accuracy of the ESG related data that a company discloses to its employees, stakeholders, and regulatory bodies. Like any audit, ESG audits can be internal or external. Increasingly, businesses are engaging third party assurance auditors to report on those ESG disclosures.

An ESG audit will likely align with other dimensions of a company's compliance requirements. Verifying the effectiveness

of ESG-related controls and activities can help companies identify gaps, assess risks, and develop a recommended plan of action.

Who performs an ESG audit?

While ESG audits are not consistently practiced within and across jurisdictions, various audit standards are being used on engagements. As ESG reporting matures, the audit profession will be tapped to meet the demand.

Experienced CPAs and auditors are the best fit to perform ESG audit services as they have vast experience in determining whether a client is in compliance with multiple standards and frameworks.

With a deep understanding of business processes and evaluating procedures for collecting, analyzing, and reporting information, auditors can identify ESG gaps, assess risk, and develop recommended mitigation options.

The experience necessary to audit financial statements, audit regulatory information, and manage internal controls attestation translates well for auditors who can seamlessly apply this knowledge to ESG data sets.

ESG audit checklist

Investors and stakeholders are increasingly seeking transparency in ESG initiatives. Audit and assurance engagements are intended to meet this demand. Third-party assurance from an independent accounting firm results in an objective report designed to provide assurance about whether ESG disclosures comply with the chosen ESG framework/criteria.

Here are five key steps to identifying ESG risks and establishing ESG controls.

i) Assess the ESG landscape

The first step is to understand the ESG landscape of the industry and sector in which the business operates. Benchmark what competitors are doing and take advantage of accounting and tax research tools powered by AI and machine learning to stay abreast of ESG related changes to government policy and legislation.

Understanding the perspectives of both internal and external stakeholders is key to effectively assessing and managing ESG risks—and balancing them with other high-priority

audit requirements. How do employees, customers and investors perceive the company's business activities? Auditors can act as trusted advisors with an obligation to highlight on-going, new, and emerging risks. In this way, auditors (both internal and external) can have an effective pathway to influence positive outcomes in a company's ESG operations.

It is equally important to understand the current state of the business's ESG strategy, maturity and risk factors. How is ESG aligned with and integrated into the company strategy? Which teams own specific ESG activities? What is the current state of ESG reporting to internal and external stakeholders and regulatory bodies?

When the level of maturity around ESG is in the beginning stages, one of the key challenges is getting senior management on board, especially in understanding ESG risks and how audit can help lessen those risks. The level of maturity with respect to ESG directly as well as positively influences the ESG Ratings.

ii) Choose an ESG reporting format

Whether you're conducting an internal audit or working with a third-party auditor to assess your ESG risks, you will need to choose one or more ESG frameworks. The ESG audit standards and framework you choose should fit the specific industry and align with wider company goals.

There are quite a few ESG reporting framework used globally, popular among them are

- The Integrated Reporting Framework developed by the International Integrated Reporting Council (IIRC) which merged with the Sustainable Accounting Standards Board (SASB) in 2021 to be called "Value Reporting Foundation" The SASB has evolved 77 industry specific standards that helps in identifying material ESG parameters.
- Global Reporting Initiative (GRI) whose guidelines are used by about 100 countries to report about Impacts on Climate Change, Human Rights, Diversity and corruption.

There are other reporting formats and disclosure framework with defined boundaries such as the Task Force on Climate-Related Financial Disclosures (TCFD), Carbon Disclosure Standards Board (CDSB), Global Real Estate Industry Benchmark (GRESB) and Dow Jones sustainability Indices.

ESG reporting frameworks provide principles-based guidance that identify ESG topics and inform how to structure and pr-

epare information. These standards offer specific requirements to help companies determine metrics to disclose for each topic. Typically, the criteria must be supplemented with additional details to confirm that they are clear enough for an assurance engagement in accordance with AICPA standards.

iii) Prepare for ESG engagements

Like audits of financial statements and internal controls over financial reporting, third-party assurance enhances the reliability of ESG information and builds confidence among stakeholders. To accomplish this, auditors conduct attestation engagements to provide assurance that ESG information is presented in accordance with certain criteria.

A company's internal audit function can help to implement consistent application of standards and establish an internal independent process by leveraging ESG program governance as part of a company's overall governance program. As it stands now, most companies self-define ESG program requirements and the lack of transparency on what information is disclosed publicly increases the importance of an independent audit function.

Because companies are at different stages of their sustainability journeys, the range of ESG assurance engagements is vast. While most companies that seek out third-party support begin with limited assurance, the trend is moving toward reasonable assurance (which is similar to traditional financial audits).

Companies who engage with third-party auditors often begin with an assurance readiness assessment to better understand what is needed to prepare for an external audit.

iv) Integrate ESG into an annual audit plan

There is no doubt that ESG reporting is here to stay. As such, integrating ESG in the annual audit plan can help businesses ensure reliable, transparent ESG information that meets the needs of investors, customers, and employees.

For many businesses, ESG reporting may be somewhat familiar as the SEC already requires that publicly traded companies submit annual reports on human capital resources (HCR). These regulations will likely only get stronger and more complex, especially regarding climate-related disclosures in financial reporting.

Consider integrating an annual ESG audit alongside your traditional audit plan. By reporting ESG risks and strategies

to stakeholders and regulatory entities on a regular basis, you can ensure your ESG data is accurate, complete and transparent year after year.

v) Implement audit software and guidance

As the accounting profession evolves and expands, practitioners are increasingly looking to software to drive efficiencies in all tax areas, and audit is no exception. In a complex tax landscape driven with constantly changing accounting and auditing standards, more and more accountants are looking to automate audit processes with an end-to-end solution.

With technologies like cognitive computing, artificial intelligence (AI) and data analytics gaining popularity, many accountants are investing in high-tech solutions to enhance their audit offerings. Add cloud-based audit technology and integrated research and learning solutions to that, and accountants can collaborate seamlessly without sacrificing security—all while completing audits faster and with absolute confidence.

With cloud-based technology, audit accountants can securely access their audit online, from anywhere, and seamlessly collaborate with stakeholders in real time. By relying on a trusted software provider with leading audit methodology and backed by experienced editors and authors, audit accountants can ensure materials are accurate to pass peer review.

By coupling the latest technology with advanced research and learning solutions, audit accountants can ensure quality and efficiency for audit, accounting and tax engagements.

Role of Chartered Accountants, Cost Accountants and other finance professionals in India

It is worth Noting that Section 166(2) of the Companies Act 2013 imposes a duty on the directors to act in good faith and to ensure protection of environment besides other duties. It follows that directors have a fiduciary responsibility towards the stakeholders on all ESG aspect and failure to monitor ESG issues may well be considered as negligent in the performance of duties. That is why ESG professionals are in huge demand whether working as inhouse professionals or as practitioners coming from various disciplines such as CA, CMA, CS, ENGINEERS, DOCTORS etc. This demand is expected to keep growing since there are many functions centered around ESG/Sustainability such as:

- ESG Investing
- ESG Due Diligence
- ESG Ratings
- ESG Reporting

- ESG assurance (Internally as well as externally)

It is here that Chartered Accountants, Cost Accountants backed by their intensive training, experience and expertise have demonstrated their prowess in their field and they far better equipped to contribute using their financial as well as Management acumen to provide appropriate perspective both in financials as well as non- financial parameters. The scenario provides an opportunity to them shift their focus from conventional practice areas to areas of strategic management where there is wide demand/supply gap in professional services.

Relevance of Social Audit

SEBI vide an amendment in SEBI(IODR) Regulation 22 dated 25.07.2022 brought in the concept of Social Audit, Social Audit Firm, Social Enterprise and Social Stock Exchange. They are defined as:

- ‘SOCIAL AUDITOR’ means an individual registered with a self-regulatory organization under the Institute of Chartered Accountants of India or such other agency as may be specified by the Board who has qualified a certification program conducted by National Institute of Securities Market and holds a valid Certificate
- ‘Social Audit Firm’ means an entity which has employed Social Auditors and has track record of Minimum three years for conducting social Impact Assessment
- ‘Social Enterprise’ means either a Not-for-Profit Organization (NPO) or a For Profit Social Enterprise (FPSE) that meets the eligibility criteria as specified
- ‘Social Stock Exchange’(SSE) means a separate segment of recognized stock exchange having nationwide trading terminals permitted to register NPO’s and / or list the securities issued by NPO’s in accordance with the provisions of these regulations.

By virtue of such amendment all social enterprises which are either registered on SSE or listed on a social stock exchange or a stock exchange needs to submit an Annual Impact Report to the SSE and the said report shall be audited by a Social Audit Firm employing a social auditor. These landmark amendments by SEBI thus facilitates a very easy entry for all professional like CA, CMA, CS etc. into the Eco System of Social Audit, which is only an offshoot of ESG audit already discussed above. Thus, all Social Auditors needs to embrace the new opportunities and prepare adequately to ensure value added contribution to the whole eco system. And it is up to all professional to rise up to the challenges and show the Sustainable way.

Social Stock Exchange & Social Auditor - An Overview

CS Poshali Gupta

Rajasthan's First Female CS SSE Auditor

1. What is Social Stock Exchange (SSE)?

SSE was first introduced in the year 2003 by Brazil and then after by South Africa, Portugal, Canada, Singapore, United Kingdom and Jamaica. Out of these 7 SSE's only 3 are presently surviving and functioning which are in Canada, Singapore and Jamaica.

It is a separate segment of a recognized stock exchange for Not for Profit organizations (NPO) and For Profit Social Enterprise (FPE) to list their securities as per SEBI provisions.

A platform is provided to the Social Enterprises (Not for Profit organizations or For Profit Social Enterprise) to raise funds by bridging the gap between social and environment organizations and investors looking to support social impact by providing transparency in the process.

It will help by framing the framework and standardization of the procedures, guidelines and code of conduct of the organizations whose aim is towards the upliftment of the society.

2. What is a Social Enterprise?

As per ICDR Regulations, 2018:

Not for profit organization means (any of the following entities):

- (i) a charitable trust registered under the Indian Trusts Act, 1882 (2 of 1882);
- (ii) a charitable trust registered under the public trust statute of the relevant state;
- (iii) a charitable society registered under the Societies Registration Act, 1860 (21 of 1860);
- (iv) a company incorporated under section 8 of the Companies Act, 2013 (18 of 2013);
- (v) any other entity as may be specified by SEBI

For-Profit Enterprises (FPEs) means a company or a body corporate operating for profit, which is a social enterprise for the purpose of ICDR Regulations and does not include a company incorporated under Section 8 of the Companies Act 2013.

3. Who can be a Social Auditor?



SEBI defines a social auditor as an individual registered with a self-regulatory organization (SRO) under the purview of the Institute of Chartered Accounts of India (ICAI) or such other agency, as may be specified by SEBI. To be qualified as a social auditor, an individual must qualify for a certification program conducted by the National Institute of Securities Market (NISM) and hold a valid certificate.

Certification requirements for Social Auditors:

Financial auditors can qualify to be social auditors after they have successfully completed a course at the National Institute of Securities Markets (NISM) and received a certificate of completion.

Any other individual desirous of being Social auditors need to have at least 1 eligibility criterion listed below:

1. Post-graduates from universities recognized by the University Grants Commission (UGC) with a minimum of 3 years of experience in the development sector, or
2. Graduates from universities recognized by the UGC with a minimum of 6 years of experience in the development sector, or
3. Cost and management accountants or any other person with suitable accreditations with a minimum of 6 years of experience in the development sector.

AND

4. Complete the NISM certificate course mentioned above and empanel with an SRO.

Empanelment of Social Auditors with SROs

All SAs have to be empanelled with a Self Regulatory Organisation (SRO) through Institute of Social Auditor of India after considering the following criteria:

- Experience of the individual/firm/institution in assuring non-financial information.
- Number of partners/employees meeting the criteria for being social auditor.
- Any other such criteria, to be added in future.

4. What is the process of Social Audit?



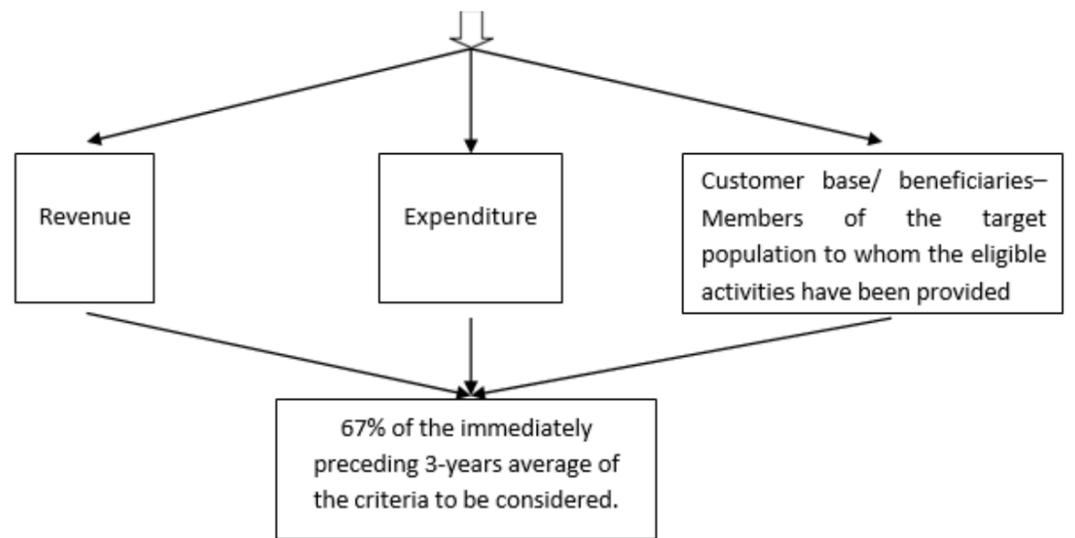
A Social Audit is the process of collecting and verifying the information by means of audit evidences by way of documents to be gathered, oral discussions, physical evidences by visiting sites and applying analytical procedures to reach a conclusion which has to be submitted in an Audit Report stating Qualified or Unqualified opinion.

5. How to register a Social Enterprise (SE) on Social Stock Exchange?

SEBI has directed Social Enterprises to follow rules and principles framed by Social Stock Exchange Governing Council (SGC).

SEs can raise funds through SSE only after fulfilling the below mentioned conditions:

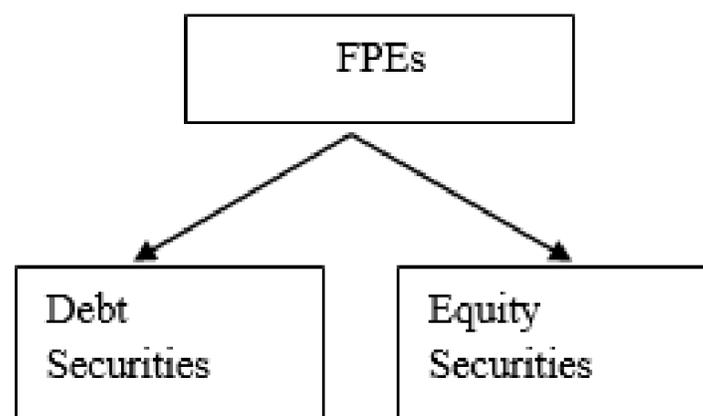
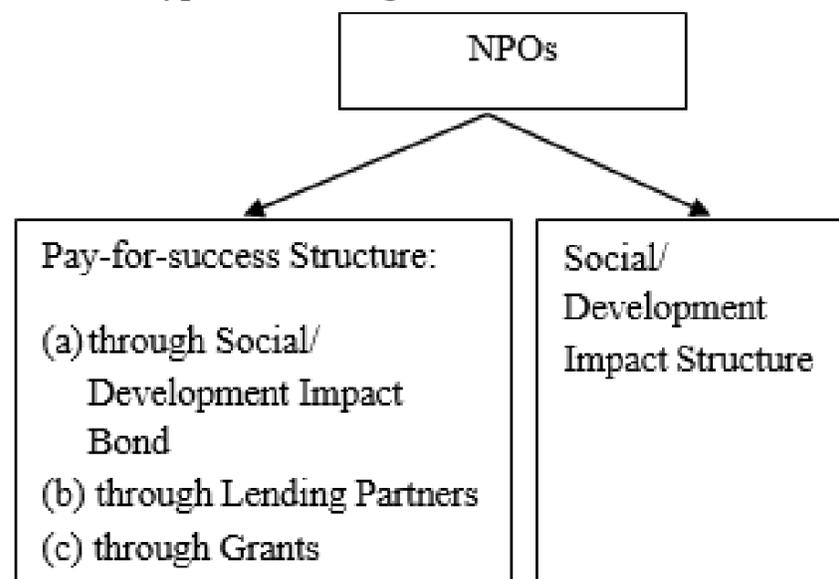
- As per 17 Sustainable Development Goals, SE shall have the intention of social impact.
- Activities must focus on underserved or underprivileged sectors.
- SEs must have at least 67% of its activities qualifying as eligible activities to the target population. This can be taken into consideration by considering any of the following conditions.



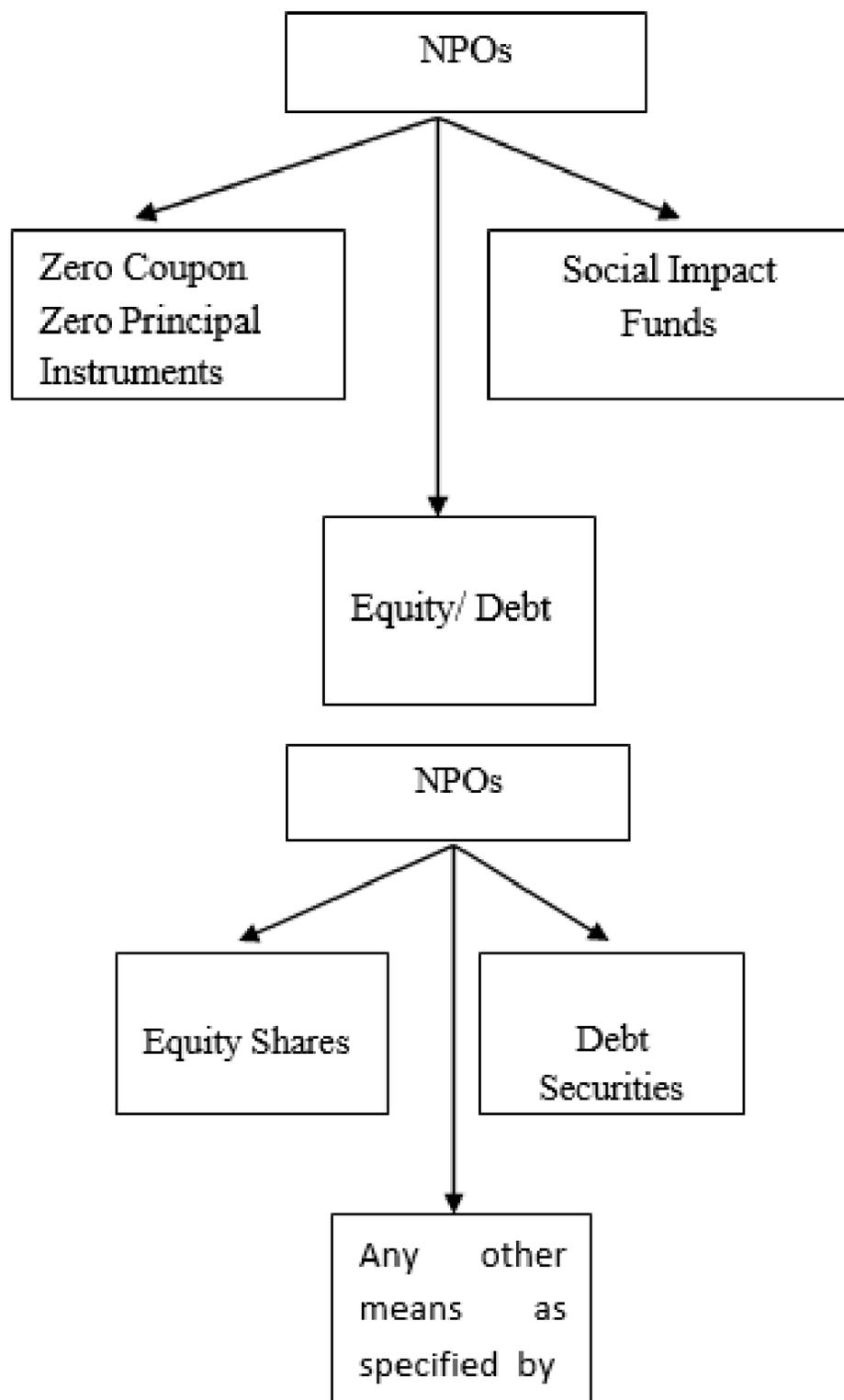
- If a FPE is not registered as a Company under the provisions of Companies Act 2013 or 1956 and complied with the requirements of SEBI Regulations for issuance and listing of equity or debt securities, it cannot be registered or listed with a SSE.
- For NPO Registration, a mandatory criteria for registration on SSE is given under SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 read with Regulation 292F(1).

6. What are the Funding Structures provided for Social Enterprise?

Various types of Funding Structures for SEs :



Various types of Financial Instruments for SEs



7. Disclosure Norms for SEs?



Social Enterprises who are listed on SSEs are required to disclose Social Impact Report covering various aspects. Disclosures have to be made by SE as per SEBI ICDR Regulations (for NPO), SEBI LODR Regulations (for FPE).

Further Disclosures on General, Governance and Financial aspects has to be disclosed annually within 60 days from the end of the Financial Year to the SSE on which the securities of such NPO is listed.

For every event or information, an intimation and disclosure has to be sent to the SSE not later than seven days or within such period as may be specified by SEBI, from the occurrence of the event and shall comprise details of the event including the potential impact of the event and the steps being taken by the Social Enterprise to address the same.

Annual Social Impact Report duly audited by a Social Auditor must be submitted by every SE which is registered or has raised funds through SSE within 90 days from the end of the Financial Year to SEBI. Such Annual Social Impact Report must contain in brief Strategic Intent, planning, approach and Impact Score Card.

Statement of Utilization of funds in terms of Regulation 91F of the LODR Regulations must also be submitted every quarterly with 45 days from the end of quarter to SSE by every Listed NPO stating category-wise amount raised, utilized and unutilized balance amount.

8. Regulations relevant for Social Auditor?

1. Securities Contracts Regulation Act (SCRA 1956)
2. SEBI Act 1992
3. Depositories Act, 1996
4. SEBI (Stock Broker) Regulation, 1992
5. SEBI (Prohibition of Insider Trading) Regulations, 2015
6. Prevention of Money-Laundering Act, 2002
7. SEBI Prevention of Fraudulent and Unfair Trade Practices Regulations, 2003

9. Tax benefits to Donors?

All NPOs must be registered under Section 12AB of the Income Tax Act and file income tax returns. Only a NPO which is approved under section 80G of the Income Tax Act can extend tax deduction to its donors.

A FPE is required to obtain registration under section 12AB to avail various exemptions under Income Tax to extend tax deduction to its donors.

Social Audit frame work

CMA M Kameswara Rao

Registered Valuers , Insolvency Professional

Social audit though is a not new concept but being popularized on introduction of Social Audit Stock Exchange mooted by the Finance Minister in her budget speech for the year 2019.

Every Social Enterprise listed on the Social Stock Exchange is required to submit a Social Impact Assessment Report along with the Social Audit Report.

A Frame work is developed by the Institute of Chartered Accountants of India (ICAI) by developing Social Auditing Standards in line with the Sustainable Development Goals adopted by United Nations for developed and developing economies.

This Framework defines and describes the elements and objectives of a social audit performed by social auditors. It provides a frame of reference for:

- Social auditors when performing social audit i.e., social impact assessment of project/ program executed by social enterprises.
- The responsible party, the engaging party, if any, and other stakeholders who are the intended users of social audit report.

APPLICABLE OF THE FRAME WORK:

This frame work is applicable from the date of hosting its on the website of ICAI and will be mandatory in nature.

OBJECTIVES

The objectives of the frame work are to provide basic principles relating to Social Audit of Projects / Programs of Social Enterprises Registered or Listed on the Stock Stock Exchanges or Social Audit of any programs or activities of any other Organisation.

This will also provide guidance on matters related to Social Audit Report in accordance with Social Auditors findings

based on Evidence obtained and procedures performed.

SCOPE

The Frame work will be applied to Social Audit or any other assignment requiring Social Impact Assessment of a Project or Activity, conducted by Social Auditors by applying the principles indicated in the Social Audit Standards (SAS).

The Frame work will also be applied to impact assessment required under Corporate Social Responsibility Rules, 2021 as amended from time to time, by Social Auditor.

The social auditors and the responsible party may agree to apply the principles of this Framework to an engagement when there are no intended users other than the responsible party. In such situations, the social auditor's report includes a statement restricting the use of the report to the responsible party.

The frame work provides guidance to Social Auditor for Impact Assessment of the Social Interventions in the field. It does not cover any financial audit or review which may be covered by relevant audit / review standards.

ELEMENTS OF SOCIAL AUDIT ENGAGEMENT

There are five elements in social audit engagement

- **Three party - relationship involving, Responsible party, intended users, Social Auditor**
- **Project / Programme / Interventions to be covered**
- **Project monitoring frame work**
- **Evidence**
- **A Written Audit Report**

Three party relationship :- Under this **Social Auditor** means an individual registered with a Self Regulatory Organisation (SRO) under the Institute of Chartered Accountants of India, or Institute of Cost Accountants of India or The Institute of Company Secretaries of India, as approved by Securities and

Exchange Board of India (SEBI) and is qualified in an Certificate examination conducted by National Institute of Securities Market (NiSM) and hold a valid certificate.

Responsible Party is the one who is responsible for the subject matter. Generally Social Enterprise is the responsible party. The responsible party may or may not be the party who is appointing the Social Auditor.

Intended Users are the person or persons to whom the Social Auditor prepares the Social Audit Report. The responsible party could be one of the intended user but not the only one.

Project / Programme / Interventions : The audit engagement is for the project / programme or the interventions being undertaken by the Social Enterprise relating to the thematic areas specified.

Project Monitoring : Social projects follow the approach of theory of change. The theory of change describes why change is needed and how it will happen. The project monitoring framework based on theory of change model will detail out the inputs, activities, outputs, outcomes and impact. Project monitoring framework would aid social auditor's understanding of the projects and its nuances, identify key evaluation parameters, thematic areas of intervention and benefits rendered to the community.

The next element of social audit engagement is EVIDENCE:

The social auditor plans and performs a social audit with an attitude of professional skepticism to obtain sufficient appropriate evidence of the implementation of the social program in the field. The meaning of Professional Skepticism is making a critical assessment of the situation and always having a questioning mind of validity of Evidence and alerts to evidence that contradicts or brings into question the reliability of document or representation of the responsible party.

Social audit Report : The social auditor provides a written social audit report containing the findings from the assessment in terms of impact created and gaps, if any.

Though the Frame work covers various other aspects, I am restricting myself to the to the extent of applicability, Objectives, Scope and Elements of social audit engagement for this Article.

Social Audit - A Concept & Effective Tool for Enhancing Social Capital

CMA Dinesh Kumar Sharma

Practicing Cost Accountant, Insolvency Professional & Social Auditor

1. Background of Concept of Social Sector and emergence of responsible business environment:

The social sector is crucial as it encompasses various sectors such as finance, energy, government, and private sectors. Without the social sector, none of these sectors would be necessary or sustainable in the long run. In recent years, there has been an increasing demand for businesses and organizations to prioritize social responsibility. Society expects companies to go beyond profit-making and actively contribute to community well-being and the environment. Consequently, social auditing has gained prominence to assess an organization's societal impact and hold it accountable. This article explores social auditing in detail, including its purpose, process, benefits, and challenges.

Individual interests are intertwined with the well-being of others, the environment, and society as a whole. It is essential to consider the sustainability of the environment and the greater good of society, in addition to individual profit motives. The United Nations has recognized the importance of working towards the Sustainable Development Goals (SDGs) adopted in 2015. These global initiatives aim to address universal social development issues and call for an end to poverty, environmental protection, and peace and prosperity for all by 2030.

The social sector plays a critical role in preserving the Earth, promoting a healthy population, and ensuring equal opportunities for everyone, all while pursuing sustainable development. In India, Social Stock Exchanges operate within existing securities exchange platforms, with specific disclosures and segments. These exchanges are under the control and supervision of SEBI (Securities and Exchange Board of India) and enable a systematic approach to achieving the SDGs within the targeted timeframe of 2030.

2. The need for Social Impact Analysis has emerged due to various reasons:

a) Our country is committed to achieving the 17 UN Global Sustainable Development Goals, including targets like Zero Hunger and No Poverty worldwide by 2030.

b) The National Guidelines on Responsible Business Conduct (NGRBC) urges businesses to operate responsibly and sustainably.

c) The concept of social impacts has gained importance in monitoring and evaluating social development activities. Performance audits of flagship social development programs, such as the National Rural Health Mission, Sarva Shiksha Abhiyana, and Pradhan Mantri Gram Sadak Yojana, are actively conducted. Impact analysis helps identify gaps and allows for corrective measures to improve outcomes.

d) The Mahatma Gandhi National Rural Employment Guarantee Act (MNREGA), launched in 2006, guarantees 100 days of unskilled manual labor for adult members in rural households. The Gram Sabha is responsible for monitoring the NREGA and conducting social audits of all projects implemented in the Gram Panchayat.

e) The Companies (Corporate Social Responsibility Policy) Amendment Rules, 2020, brought social impact assessment under the purview of compliance. Companies obligated to spend an average CSR amount of Rs 5 Crore or more in the three preceding financial years are required to undertake impact assessments for their CSR projects and disclose the details in their Annual Report on CSR.

As a result of these factors, the concept of social auditing has emerged as a means to assess the impact and analyze the outcomes of social development initiatives.

3. What is Social Audit?

Social Audit is an evaluation of an organization's performance in achieving its social goals. It serves as a tool for holding organizations accountable for their social impact. In simple terms, Social Audit involves a detailed examination and analysis of how a public utility operates in relation to its social relevance.

A Social audit is a formal assessment of a company's efforts, processes, and ethical standards regarding social responsibility

and their impact on society. It evaluates how effectively a company meets its social responsibility objectives and benchmarks.

While there may be various definitions, the essence of Social Audit remains the same: it aims to evaluate the intended and unintended effects of activities on society as a whole, including stakeholders and beneficiaries of social interventions.

Social auditing is a systematic evaluation of an organization's social and environmental performance, policies, and practices. It entails assessing the organization's ethical conduct, responsibility, and alignment with societal expectations. Social audits provide a comprehensive review of an organization's social impact and are often used to measure its contribution to sustainable development goals, corporate social responsibility initiatives, and stakeholder expectations.

4. Legal Status of Social Audit:

Social enterprises, including both non-profit organizations (NPOs) and for-profit enterprises (FPEs), that are listed or planning to be listed on Social Stock Exchanges (SSEs), are obligated to disclose social impact reports. These reports encompass various aspects such as strategic intent, planning, approach, and impact scorecard. NPOs registered or listed on SSEs must disclose information regarding general, governance, and financial aspects. In addition to social impact reporting, FPEs that have listed their equity or debt instruments are required to comply with disclosure requirements specific to their applicable segments, such as the main board, small and medium enterprises (SME) platform, or Innovators Growth Platform (IGP). The disclosure requirements outlined in SEBI ICDR & LODR Regulations have made social auditing an essential prerequisite for participation in Social Stock Exchanges.

The introduction of the social stock exchange in our country has given legal form to social auditing and has evolved with well-defined expectations. The Institute of Chartered Accountants of India has developed Social Audit Standards (SAS) that outline the necessary procedures for social audits across 16 thematic areas of social development. A Social Audit Framework and a Code of Conduct for Social Auditors have been prescribed. Currently, there are 16 SASs identified for social audits.

a) SAS 100: Eradicating hunger, poverty, malnutrition, and inequality.

b) SAS 200: Promoting health care (including mental health) and sanitation; and making available safe drinking water.

c) SAS 300: Promoting education, employability, and livelihoods.

d) SAS 400: Promoting gender equality, empowerment of Women and LGBTQIA+ communities.

e) SAS 500: Ensuring environmental sustainability, addressing climate change including mitigation and adaptation, forest, and wildlife conservation.

f) SAS 600: Protection of national heritage, art, and culture

g) SAS 700: Training to promote rural sports, nationally recognised sports, Paralympic sports, and Olympic sports.

h) SAS 800: Supporting incubators of social enterprises.

i) SAS 900: Supporting other platforms that strengthen the non-profit ecosystem in fundraising and capacity building.

j) SAS 1000: Promoting livelihoods for rural and urban poor including enhancing income of small and marginal farmers and workers in the non-farm sector.

k) SAS 1100: Slum area development, affordable housing, and other interventions to build sustainable and resilient cities.

l) SAS 1200: Disaster management, including relief, rehabilitation, and reconstruction activities.

m) SAS 1300: Promotion of financial inclusion.

n) SAS 1400: Facilitating access to land and property assets for disadvantaged communities.

o) SAS 1500: Bridging the digital divide in internet and mobile phone access, addressing issues of misinformation and data protection.

p) SAS 1600: Promoting welfare of migrants and displaced persons.

The Ministry of Corporate Affairs, Government of India has introduced the "Principles of Responsible Business Conduct," consisting of nine principles, with the aim of involving society as a regular stakeholder in the business environment. This initiative seeks to establish a sense of accountability and responsibility among businesses towards society.

Globally, there is a growing emphasis on the social impact of businesses, leading to the establishment of standards, frameworks, and guidance for social auditing. Monitoring, measuring, and reporting the social performance of enterprises have become regulatory requirements. In line with the guidance provided by the National Guidelines on Responsible Business Conduct (NGRBC), Business Responsibility & Sustainability Reporting (BRSR) is now a mandatory compliance requirement for the top 1000 companies in India.

The NGRBC aligns with the United Nations Guiding Principles on Business & Human Rights (UNGPR), making the disclosures under the BRSR framework globally relevant.

As a result, social auditing has gained legal status in India, highlighting its importance in evaluating and reporting the social impacts of businesses. This recognition further reinforces the need for businesses to actively consider their social responsibilities and engage in sustainable practices.

5. Purpose of Social Auditing:

The primary objectives of social auditing can be summarized as follows:

- a) **Accountability:** Social audits promote transparency and hold organizations accountable for their social and environmental impact. This fosters trust among stakeholders, including customers, employees, investors, and the wider community.
- b) **Improvement:** By evaluating existing practices and policies, social auditing identifies areas where organizations can enhance their social and environmental performance. It provides valuable insights that inform decision-making and facilitate the development of responsible and sustainable strategies.
- c) **Compliance:** Social audits ensure adherence to legal requirements, industry standards, and international guidelines related to social responsibility and sustainability. Organizations can use audit findings to identify gaps, rectify non-compliance issues, and align their operations with established norms.

6. The Process of Social Auditing:

The social auditing process typically involves the following steps:

- a) **Planning :** Clearly define the audit's scope, objectives, stakeholders, and timeline.
- b) **Data Collection :** Gather relevant information through surveys, interviews, document analysis, and site visits. This includes assessing policies, practices, impacts, and stakeholder perceptions.
- c) **Evaluation :** Analyze collected data against criteria, benchmarks, and performance indicators. Assess ethical standards, regulatory compliance, and the effectiveness of social and environmental initiatives.
- d) **Reporting:** Prepare an objective and transparent report that outlines audit findings, strengths, weaknesses, and areas for improvement. Make the report accessible to stakeholders.

e) **Feedback and Action:** Share the report with stakeholders, seek their input, and develop an action plan based on the findings. Implement necessary changes to address identified gaps and improve performance.

f) **Continuous Monitoring:** Establish mechanisms to monitor progress, track changes, and ensure ongoing improvement. Regularly review and update social auditing processes to align with emerging issues and stakeholder expectations.

7. Benefits of Social Auditing:

Social auditing provides numerous advantages to organizations, stakeholders, and society as a whole:

- a) **Enhanced Reputation:** By showcasing a dedication to social responsibility and transparency, organizations can boost their reputation, attract customers, and differentiate themselves from competitors.
- b) **Stakeholder Engagement:** Social auditing fosters dialogue and engagement with various stakeholders, including employees, local communities, NGOs, and regulatory bodies. It helps organizations understand stakeholder expectations and effectively address their concerns.
- c) **Risk Management:** Through the identification of potential risks and weaknesses in an organization's social and environmental practices, social audits enable proactive risk management. This reduces the likelihood of reputational damage, legal issues, and adverse impacts on communities.
- d) **Improved Decision-making:** Social audit findings offer valuable insights that inform informed decision-making. Organizations can identify areas for improvement, allocate resources strategically, and align their business strategies with social and environmental objectives.
- e) **Sustainability Performance:** Social auditing contributes to the integration of sustainable practices within organizations. It encourages the adoption of environmentally friendly technologies, responsible supply chain management, and the reduction of carbon footprints.
- f) **Regulatory Compliance:** Social audits ensure that organizations comply with relevant laws, regulations, and international standards concerning social responsibility. This helps organizations avoid legal penalties and uphold ethical business practices.

8. Challenges in Social Auditing:

Despite the advantages it offers, social auditing encounters several challenges that organizations need to address:

- a) **Data Availability and Quality :** Acquiring accurate and comprehensive data for social audits can be difficult.

Organizations must ensure reliable data collection methods and establish internal systems for effective data management.

b) **Subjectivity and Bias:** Evaluating social impact involves complexity and subjective judgments, which can introduce bias. To mitigate this, audits should involve independent third-party verification or adopt standardized assessment frameworks.

c) **Stakeholder Engagement:** Engaging diverse stakeholders and incorporating their perspectives can be demanding. Organizations need to invest time and resources in building meaningful relationships and soliciting input from a wide range of stakeholders.

d) **Integration and Implementation:** To drive real change, social auditing findings must be integrated into organizational practices. This requires commitment from top management, clear communication, and the allocation of resources to implement necessary improvements.

e) **Measuring Intangible Impacts:** Assessing the social impact of an organization's activities often involves measuring intangible aspects such as community well-being or employee satisfaction. Developing robust indicators and methodologies to accurately measure these impacts can be challenging.

Conclusion:

Social auditing plays a crucial role in promoting responsible and sustainable business practices by evaluating an organization's social and environmental impact. It enables accountability, drives improvement, and ensures compliance with regulatory and ethical standards. Despite the benefits it offers, social auditing also presents challenges such as data availability, subjectivity, stakeholder engagement, implementation, and measuring intangible impacts. By addressing these challenges, organizations can harness the power of social auditing to create positive change, build trust, and contribute to a better society.

Through social auditing, organizations are held accountable for their actions and can enhance their reputation by demonstrating a commitment to social responsibility and transparency. It drives improvement by identifying areas for enhancing social and environmental performance, informing decision-making, and strategically allocating resources. Additionally, social auditing ensures adherence to legal requirements, industry standards, and international guidelines related to social responsibility and sustainability.

In summary, social auditing adds value to both business and society by identifying gaps, suggesting steps for adopting sustainable development practices, and contributing to the achievement of global Sustainable Development Goals (SDGs). By embracing social auditing, organizations can drive positive change, foster

stakeholder engagement, manage risks effectively, make informed decisions, enhance sustainability performance, and ensure regulatory compliance, ultimately making a meaningful impact on communities and the environment.

Social Audit

CS Khushboo Agarwal

Vice Chairperson Surat Chapter ICSI

What is Social Audit ?

A social audit is an evaluation of a policy or scheme carried out jointly by the government and the public, with an emphasis on people who will be affected by or benefit from the policy.

It aids in measuring, assessing, and improving an organization's performance.

Additionally, it makes the organization socially accountable. The effectiveness of an organization can be improved with the use of social audits.

It encourages effective leadership and strengthens supervision and accountability.

This can help us bridge the gap between our ideal situation and the actual situation, as well as between effectiveness and efficiency.

It gives us the ability to evaluate, confirm, document, and improve the social effects of any government effort or organization.

A social audit and a development audit are not the same things. A social audit focuses on the frequently ignored subject of social consequences, whereas a development audit has a broader focus that includes environmental and economic issues, such as the effectiveness of a project or program.

Origin of Social Audit in India

The first organization in India to conduct social audits was Tata Iron and Steel Company Ltd. (TISCO), Jamshedpur, in 1979.

It gained significance with the 73rd amendment to the constitution, which addressed Panchayat Raj institutions.

The 9th FYP (2002-07) approach paper laid a strong focus on social audit for the efficient operation of Panchayat Raj institutions and gave Grama Sabhas the authority to perform Social Audits in addition to their other duties.

The National Rural Employment Guarantee Act of 2005 stipulates that "Social Audits" must be conducted on a regular

basis to maintain the program's accountability and openness.

Objectives of Social Audit

- Prevents the misuse of both funds and authority.
- Moreover, it strengthens an organization's social performance.
- Proper financial management in accordance with the budget.
- To make the development program more successful and efficient.
- To promote both organizational and public participation in social program.

Principles of Social Audit

From social auditing methods used all across the world, some distinct basic principles have been found, these are as follows:

- **Transparency** : Complete openness in the administration and decision-making processes, with a duty on the part of the government to proactively provide the public with unrestricted access to all pertinent information.
- **Accountability** : Immediate and open accountability of elected officials and other government employees to all parties involved and impacted by their relevant actions or inactions.
- **Participation** : the right-based participation in the process of decision-making and validation of all the affected individuals, not just their representatives.
- **Representative Participation** : The right of the affected parties to provide informed consent as a group or an individual, as appropriate, in situations when options are predetermined out of necessity.
- **Comprehensive Report** : Report in detail on every facet of the organization's performance and activities.
- **Regular-based** : Create social accounts on a regular basis to ensure that the idea and the practice are ingrained throughout the entire organization's culture.
- **Comparative** : Provide a way for the organization to compare its performance to industry benchmarks and the performance of other organizations.
- **Verified** : Social accounts are audited by a qualified individual or organization that has no financial stake in

the organization.

Significance of Social Audit

- **Discover Malpractices** : It keeps a careful eye on government activities and reveals anomalies and malpractices in the public sector, eradicating leaks and corruption.
- **Monitoring and Feedback** : It evaluates a company's social and ethical impact and offers proper feedback on its operations.
- **Accountability and Transparency** : It fills the trust gap between residents and local governments by ensuring that local government bodies are accountable and transparent in their operations.
- **Participatory** : It stimulates and increases their openness to social participation in the development of program. Social Audit gives more voice to Gram Sabha, the cornerstone of rural administration.
- **Designing Policies** : Establishing demands in a socially responsible and accountable manner by identifying real issues serves as the basis for designing policies.
- **Enhances Professionalism** : By mandating Panchayats to maintain sufficient records and reports of expenditures made with financing from the government and other sources, it enhances the professionalism of the public sector.

Challenges Associated with Social Audit

- **Rules not followed** : In several states, Gram Panchayats are not required to provide Social Audit Units with records pertaining to work completion and expenditures, and Gram Sabhas are not provided with social audit reports in their native tongues.
- **Lack of Independency** : Many governments do not adhere to the transparent selection procedure for the director of the Social Audit Units as specified in the requirements. Several Social Audit Units do not have enough personnel to cover all of the panchayats even once a year.
- **Not Institutionalized** : Auditors are subject to implementing agencies that face resistance and intimidation and struggle to even get access to original data for verification because the government has not regulated the institutionalization of Social Audit.
- **Lack of Stringent Penalty** : Because there are no fines or legal repercussions for breaking rules and guidelines, Social Audit is a pointless endeavor.

- **Inadequate Knowledge** : Due to unawareness, members of the Gram Sabha are unaware of their legal entitlement to social audits.
- **Lack of an Intelligent Information System** : Government agencies rely on an ambiguous and imprecise system of referencing government accounts and government reporting methods to track the progress of a plan, making it challenging for auditors to take stock, accelerate, decelerate, or implement corrective actions.
- **No Incentive to Participate** : The lack of participation in village activities is a result of people's worries about their livelihood.

Steps To Be Taken

- **Creating Citizens Groups** : The political administration and implementing agencies must be held to account by citizens' groups, who must fight for the improvement of social auditing.
- **Establishing an Expert Group** : A group of social audit specialists should be established to instruct the social audit committee members.
- **Conduct Training Programmes** : It is important to create training programmes on social auditing practices like conducting and writing reports, as well as presenting at Gram Sabha.
- **Participation in Civil Society** : It should be promoted that individuals, including students from various universities, take part as Village Resource Persons. As an illustration, Jharkhand established a formal system by inviting well-known members of civil society to join the Social Audit panel.
- **System Institutionalizing** : For the system of social audits to become an institutionalized structure that cannot be challenged by vested interests, it needs widespread support and encouragement from several authorities.
- **Support for Implementing Agencies** : Rules that mandate implementing agencies to participate in the social audit process and act fast on the findings must be established.
- **Legally Sanctioned Results** : State governments should set up specific rules to make sure that social audit results are legally sanctioned.
- **Utilizing Management Information System** : The planning, implementation, and feedback phases of a program's life cycle are streamlined by using MIS to track specifics of schemes at all levels.
- **Punitive Action for Non-compliance** : The state government

should take swift action to identify the responsible parties and to punish defective SAU employees as well as other ground-level auditors.

- **Monitoring :** The implementing agency's response to the social audit findings, or lack thereof, should be observed by the Ministry of Rural Development. A quarterly meeting between SAU, the implementing agencies, and Ministry of Rural Development officials should be convened to monitor the action-taken reports.
- **Increasing the Frequency :** It must be conducted by each Gram Panchayat once every six months.
- **Role of Media :** The media's role is to reach rural communities and raise awareness through specially crafted programmes that concentrate on matters of rural concern, particularly Gram Sabhas and their capacity for social audit.

Social Audit Law

Meghalaya was the first state in India to implement the Meghalaya Community Participation and Public Services Social Audit Act, 2017.

Elements of the Act :

- A social audit facilitator will be recruited to carry out the audit directly with the people who will submit findings to the Gram Sabha, which will then add inputs and ultimately send the outcome to the auditors.
- The Social Audit Council (SAC), a council, has been established to assess government projects as they are implemented.
- The Act includes a list of the projects, programmes, and schemes that need to be audited.

Best Practices for Social Audit

Some of the best practices include the following

Andhra Pradesh

In Andhra Pradesh, the Society for Social Audit, Accountability and Transparency (SSAAT) was established as an independent organisation free from intervention from the government.

In terms of implementing SA, the state of Andhra Pradesh has emerged as a model for all other states.

Its main objective is to uphold the idea of the populace's constant vigilance, which is made easier by the collaboration of social activists and the government.

It seeks to both prevent leakage and waste of public funds while empowering rural residents who are beneficiaries of social programmes like MGNREGA.

Public vigilance, verification of various implementation stages, and "Social Audit Forums-Public Hearings" are all parts of the SSAAT's social audit process.

Jharkhand

Juries made up of representatives from CSOs and Panjayathi Raj institutions hear public hearings.

A recommendation for action to be made in response to specific anomalies has been developed for the jury members' input.

Hearings are held at the panchayat, block, district, and state levels.

There are specialised audits and tests conducted.

For IEC activities, a cultural workshop was held, and songs in eight different languages were composed.

Chattisgarh

The Gram Sabha's Sachiv and Sarpanch receive complaints from the social audit team regarding matters other than MGNREGA and deliver them to them.

To guarantee active community engagement in the social audit process, muster rolls, bills, and measuring books are written on the wall.

Conclusion

The need for a social audit is essential. Due to its wider breadth and similarity to financial and operational audits, this is a useful tool for giving society and stakeholders assurance.

Global experience with Social Audits is encouraging despite its shortcomings. The Andhra Pradesh Government's endeavour is a milestone in this field.

Such inspections and comments are very helpful in identifying the gap between what people need and what they get through social programmes.

CSR - The Voice of Responsibility of Corporate India

- Emerging Issues and Challenges

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Objectives & Overview:

To enable readers to have an objective exposure to the CSR initiative of the Government of India while making it the first country in the world to make CSR mandatory for the corporate sector thru' the Companies Act 2013 with the aim to ensure an equitable development of the country through its active interventions in the social sector. The readers will be aware of the relevance of this initiative from a broader perspective of SDGL (Sustainable Development Goals) 2030 agenda adopted by UNO in 2015 and the importance and impact of the same in the success/failure of any such area of interventions internally as well as from a global perspective.

Section I

Section I of this article tries to define the concept of CSR as is understood globally and its evolutionary journey to its present status. While doing this an attempt has been made to the mapping of such initiatives in the form of a set of actions which contribute to human capital formation and human development such as education, health, medical care, water supply and sanitation, housing etc. All these aspects are again closely linked to the SDGL (Sustainable Development Goals) mandates of 17 such areas where interventions are prioritized by UN 2030 agenda that got adopted in the year 2015. This section also deals with the objective assessment of the performance on this front in the last few years with particular emphasis on last year scorecard.

Section II

In Section II we shall look into the CSR interventions and its accompanying challenges and suggest possible measures with a forward-looking perspective.

Methodology.

With the above objectives in view, reliance has been placed on drawing referential data from public domain data sources and various governmental and non-governmental publications and real-life implementations showcased in divergent forums.

Section I

CSR – A concept far-fetched ?

Niall Fitzgerald, former CEO of Unilever once said *“Corporate social responsibility is a hard-edged business decision. Not because it is a nice thing to do or because people are forcing us to do it because it is good for our business.”* The statement in a way touches many aspects on the concept of CSR and gives a long-term view of the concept that is embedded strongly with the purpose of the business.

From an academic perspective CSR can be defined as a holistic and integrated management concept whereby companies integrate their social and environmental objectives with their business objectives. The majority of policy initiatives in the country mooted by the Government are driven by the objectives of equal opportunities, minimizing poverty and human deprivation, focus on fundamental rights, quality education, gender equality etc. thereby leading to strong human capital development. However, the most comprehensive definition could be found in the UNIDO nomenclature which defines CSR as *“Corporate social responsibility is a management concept whereby companies integrate social and environmental concerns in their business operations and interactions with their stakeholders. CSR is generally understood as being the way through which a company achieves a balance of economic, environmental and social imperatives (Triple-Bottom-Line Approach), while at the same time addressing the expectations of shareholders and stakeholders. In this sense it is important to draw a distinction*

between CSR, which can be a strategic business management concept, and charity, sponsorships or philanthropy. Even though the latter can also make a valuable contribution to poverty reduction, will directly enhance the reputation of a company and strengthen its brand, the concept of CSR clearly goes beyond that.” This definition extends the concept of CSR to sustainability and long-term perspective culminating into brand building for the business.

How we fared? A dig into CSR data reveals many eye openers:

Evaluation of such a huge initiative like CSR could be a bit pre-emptive at this stage but an objective assessment of the progress would be beneficial to ensure necessary course correction that would be relevant based on experience gathered in the last 10 years of policy formulation and implementation of the various policies and schemes under this program since the first such structured CSR emphasis brought in thru’ the Companies Act 2013. The evaluation here is in the form of some observation based on the last 4-5 years data published in the India CSR Outlook Report (ICOR) 2022. The India CSR Outlook Report (ICOR) is an annual research publication of CSRBOX and NGOBOX, which presents an in-depth analysis of the CSR spend of large companies in the last financial year. The 2022 report is the 8th such annual publication in the annual series. The report provides a comprehensive analysis of the CSR spend of 301 large companies in FY 2021-22 and visualizes a few important curves of the CSR landscape in India.

Please click here to download : [https://csrbox.org/India_CSR_report_2022-India-CSR-Outlook-Report---CSR-Analysis-of-Large-301-Listed-Companies-\(FY-2021-22\)---Full-Version-113](https://csrbox.org/India_CSR_report_2022-India-CSR-Outlook-Report---CSR-Analysis-of-Large-301-Listed-Companies-(FY-2021-22)---Full-Version-113)

The 301 companies, selected in this report, were short-listed based on the following criteria:

- INR 1 Cr. or above prescribed CSR in FY 2021-22
- Listed on BSE and/or NSE or PSU
- Availability of the CSR data by 15th September 2022 and disclosures as per Section 135 of the Companies Act.

1. The demography and mix of the data - The sample population and distribution under the survey 2022 are fairly a representative one constituting roughly 50% of the CSR spend by corporate India in 2022. Out of 301 companies brought under the survey 23 companies (less 10% of the population)belonged to the public sector representing most of the Navrat-

-na companies under the roof. These companies together implemented approximately 7500 nos projects with an actual CSR spent of Rs.12260 crores against a prescribed outlay of Rs.12119 crores with an average prescribed CSR spend of 40 Cr each company. Corporate India spent a total of ₹ 25,715 crore towards various Corporate Social Responsibility (CSR) projects in 2020-21 as against CSR spend of ₹ 24,955 crore in 2019-20 and ₹ 20,197 crore in 2018-19, data available with Corporate Affairs Ministry (MCA) showed.

2. Some important data pointers - The 2022 survey reveals a few important indicators which are as follows – (i) Only 5 nos. corporate including 1 no. PSU account for more than 25% of the total spending in CSR for 2022 (ii) PSUs i.e. 23 of them included in the survey and constituting less than 10% of the survey population account for >26% of the CSR spend in FY 2022 (iii) SDGL1 (No Poverty), SDGL 3 (Good Health & Well Being) and SDGL 4(Quality Education) together received 65% of the total India CSR fund (iv) Nearly 50% of the CSR projects have been executed by implementation agencies (v) Whereas Maharashtra, Delhi and Odisha received more than 25% of the CSR grants , North Eastern states received only 2.4% of the same.

Evaluative Survey Outcomes across periods - (i) Last 4 years data reveal that these 301 companies together have spent more than the prescribed CSR amount although the 2022 survey shows that 38% of them have spent more than the prescribed CSR spend to neutralize the 29% who spent less than their budget whereas 33% had spent exactly the same amount as prescribed. As was evident from the survey data analysis, it was observed that in FY 2021-22 the net difference in Actual CSR spent to the prescribed CSR decreased with respect to the last two years. Moreover, as per the trend, there has been an overall increase in prescribed CSR when compared to the last years. (ii) The reasons for unspent CSR funds cited Long Term Project contributing to 41% of the unspent amount followed by 21% for which no reasons or furnished. Roughly 10% contributed by inability to find suitable partners for the project. These are the areas needed further interventions to remove such challenges to further CSR activities being realized as has been planned. (iii) Although 27% of the 7500 odd projects constitute pan India projects, wide disparity remains in CSR spend across regions which tends skewed towards the more developed states vis-à-vis the lesser developed ones. Roughly 22% of the CSR spent is on 3 states of Maharashtra, Gujrat and Delhi, not even 15% being spent in the Eastern (Orissa being exception) , Central and North

Eastern states with more than double its size and population. This imbalance needed to be addressed with close monitoring and interventions by Government and corporate management. (iv) Although SDGL1, SDGL3 & SDGL4 have got a lot of focus and as high as 65% of the CSR spend is channelized in these areas, an area which remains neglected are the environmental areas (SDGL 13, 14 and 15) where we are lagging behind and far away from the desired target. With less than 7% of the CSR spend channelized in this area and less than 10% of the 7500 odd projects are in this domain we need a lot of work to be done for this all-important aspect of climate change and planet.

Challenges and measures

With the above in view and the emerging trend on CSR front in India indicating a growing maturity level, the challenges remain the areas to be handled head on to rule out any possible disturbances of our focused interventions in the designated prioritized areas of development. The challenges as we encounter in implementing the CSR projects and initiatives belong to 3 major domains in the intervention process. These are 3 Cs primarily (a) Communities (b) Corporate and (c) Capacity. Almost 90% of the challenges belong to these domains and if handled with due care, sensitivity and seriousness can result into greater outcomes leading to a long-term impact and benefits to the society and targeted audience.

(a) Communities:

- The programs run by the CSR wing of the corporate entity have to deal finally with the communities since such interventions are aimed at creating the desired upliftment/change within the communities. The experience from such interventions largely demonstrates a lack of interest from local communities to participate and contribute to the CSR activities of companies at grassroots. Many a times such attitude or lack of interest stems out of the not enough efforts being put by the implementing agencies/companies and not enough connect that could drive awareness about CSR or its purpose within such local communities.
- Lack of local presence of implementing agencies also weakens the initial efforts towards building a strong community network and support. A remote management framework hardly contributes but rather creates large gap in the process.

Suggested Measures to handle challenges:

- Create awareness about Corporate Social Responsibility amongst the common masses.
- Establish local resource base pre and post implementation of the program to ensure continuity and connect.

(b) Corporate:

- Lack of strategic planning for its CSR initiatives often remains a daunting challenge for success of any of the CSR initiative launched by the entity. A narrow perception of CSR often undermines the corporate thrust associated with any intervention process and finally jeopardize its realization. Inability/failure to understand and appreciate the holistic view of CSR destroys any effort to create the much-needed shared value system by integrating business objectives with sustainability and social objectives. The business ideally should embrace CSR in their business operations and should clearly identify the areas as joint or follow-thru' interventions as an integrated module.
- Building transparencies in the CSR ecosystem of the organization is another challenge that threatens many project interventions of the corporate finally reducing it to nominal or non-impactful at the end. There is an urgent need to strengthen disclosure framework so that transparencies across the entire network remains visible although the implementation process.

Suggested Measures to handle challenges:

- Need to develop a long-term goal around a sustainable perspective on CSR activities in order to bridging the gap - perceptive or otherwise between all the important stakeholders. Corporate CSR concept developed on a robust set of principles which are broad-based help building transparency in such framework. The same should be regularly reviewed and updated in order to ensure that it remains relevant and effective although the implementation cycle.
- Another important step would be to establish standardized reporting and disclosure mechanisms for CSR activities. This can help in the review process of various projects with consistent and comparable information about CSR performances leading to benchmarking for various project types and also help the peer review process. Needless to say, such SOPs once developed help boost the transparency factor which often threatens the outcome and impact of the subject interventions.

(c) Capacity:

- Capacity building needs a focused approach and long-term planning needing considerable resources and financial commitments. There is an inherent lag in such efforts since often such efforts are not backed up by a strategic intent and related planning.
- A stop gap approach becomes a real impediment to develop competent and efficient implementation framework armed with required resources and planning.

Suggested Measures to handle challenges:

- This area needed a special focus since an efficient implementation network framework would only expedite the implementations more impactful and cost effective. The 2022 ICOR survey reveals that near about 50% of the projects executed by various corporate entities under review were done thru' implementation agencies. A resource pool of such agencies in various expert domains would
- Developing a resource pool of such agencies in various expert domains would greatly facilitate smoother utilization of CSR funds in a time efficient manner. The ICOR 2022 survey reports show that about 10% of the CSR could not be spent by the corporate due to non-availability of implementation partners.

Conclusion

India is rapidly moving forward today as a leading player in the world economy and this year we are at the center of world attention while assuming the leadership role of G20 nations. However, its full realization will crucially depend on addressing some of the more basic health and social determinants of the 17 SDGs providing a blueprint for the safety and prosperity of people and the planet, which 192 United Nations member states committed to achieving by 2030. However, the going so far has not been as per expectation as are pointed out in a report published in The Hindu on February 25th 2023 issue. It talks about the outcome in the Lancet Study conducted which offers the first mid-line assessment of India's progress for the 2030 agenda for measured progress made across 9 goals by identifying 33 key indicators. The study report reveals that India has fallen behind in 19 of the 33 key indicators.

In March 2022, India slipped three ranks from 117 to 120 on the SDG Index, according to the "State of Environment" rep-

-ort released by the Centre for Science and Environment—placing India behind all South Asian nations except for Pakistan. The present study reaffirms the challenges in meeting indicators related to health and social indicators of health. Even if the observed rate of change between 2016 and 2030 continues, the measures will still fall short of achieving the 2030 goals. The progress "though in desirable direction, is insufficient to meet SDG targets by 2030", the study added.

With the above backdrop in view, it becomes all the more important to strengthen the CSR initiatives further and work together to direct the CSR efforts more diligently towards channelizing the areas where our performances have not been up to the desired & expected levels. Since the concept of corporate social responsibility has got well established in the system and an organized approach has evolved over the last decade of its operations, it is time that we seek greater participation through this channel of development to fulfilling the SDGL goals and commitments.

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Social Audit Methodology and Operational Manual for BSUP & IHSDP Projects

**Ministry of Housing & Urban Poverty Alleviation,
Government of India**



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Section 1

Social Audit Methodology

1.0 Introduction

Across the world, ‘governance’ is a subject of much relevance and debate. From ancient times, attempts have been made to explore the various aspects of governance. Governance is the manner in which power is exercised in the management of a country. Starting from the age of the ‘Arthasasthra’ to the present good governance reform agenda, the effort to define and redefine the relations between the ruler and the ruled- to bring in good governance - has always revolved around the issue of accountability. Accountability refers to the ability to make the public officials and functionaries answerable for their actions and policies.

Contrary to the earlier scenario, in the current world of technical and information revolution, people’s participation in governance is limited to elections, wherein once the elections are over, the elected representatives and officials are left to govern and held to account only at the time of the next election. It is also apparent that between elections, there are a few institutional channels of citizen participation in issues of governance. So, over the years democracy has become “delegative”. Good governance approach which came as a remedy for many weaknesses and vices of the current administrative and democratic system introduced social accountability as a major initiative.

One of the major social accountability tool practiced across the world is social audit. The concept of social audit in the West is different from what is practiced in India. In India, social audit has evolved as a mechanism to demand accountability from public servants and is practiced under the leadership of many civil society organizations (CSOs). Social audit of Mazdoor Kisan Shakti Sanghatan (MKSS), Parivartan, Action-Aid etc., are few examples. Recently, Many State Governments including Andhra Pradesh have introduced social audit as part of Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) and for other schemes such as the Mid-day Meal Scheme (MMS) and Scholarship Schemes for the Backward Classes, recognizing the importance of social audit in establishing transparency and accountability. After analyzing several practices, a methodology has been devised for applicability of social audit to projects taken up as part of the Basic Services for Urban Poor (BSUP) and the Integrated Housing and Slum Development Programme (IHSDP) schemes under the JnNURM.

In summary, this methodology paper is divided in two major parts. Part one explores the governance and accountability issues and explains social audit as a tool for social accountability. Part two of the document explains the different models of social audit practiced in west and east countries. It analyses the need for social audit and develops a model that can be implemented in for BSUP and IHSDP projects. It also explores the key issues to be addressed while implementing social audit.

1.1 Concept of Social Audit

The basic objective of social audit is to ensure public accountability in the implementation of projects, laws and policies. One simple form of social audit is a public assembly where all the details of a project are scrutinized. However, ‘social audit’ can also be understood in a broader sense, as a continuous process of public vigilance. The major objectives of the social audit are:

1. To assess the physical and financial gaps between the needs and resources
2. To create awareness among beneficiaries and providers
3. To increase efficacy and effectiveness and ensure transparency
4. To scrutinize various policy decisions
5. To popularize good governance
6. To sensitize citizens to demand accountability

1.1.1 Principles of Social Audit

There are three important guiding principles of social audit. They are,

- **People's participation and multi-perspective approach** : Social Audit adopts an integrated approach, where the views of the various stakeholders involved are taken into consideration, unified and reflected. In addition to this, all individuals and institutions that are directly or indirectly involved in the process of social change are also involved. Social audit process provides an opportunity to individuals and institutions to debate and deliberate, and put forth their ideas and perspectives. Further, stakeholders can also represent and express their views freely in a social audit forum.
- **Regular and recurring activity** : Social audit must be a regular and recurring process. Social audits must be planned, scheduled and undertaken regularly. Occasional or sporadic social audits do not yield the required results. Planned and regular implementation of social audits and information sharing can result in both the implementers and the beneficiaries becoming accountable.
- **Sharing Information** : Information is vital in the process of social audit which aims at attaining transparency and accountability. Information pertaining to various projects undertaken under both BSUP and IHSDP programmes recorded in various registers should be made available to the social audit teams for social audit.

1.1.2 Benefits of Social Audit

Social audit can be used as a tool in providing critical inputs and to correctly assess the impact of government activities on the social well-being of citizens, assess the social costs, and measure the social benefits accrued as a result of any programme implementation. It is significant in the following aspects:

- Inculcates transparency into the organization, department or activity;
- Increases accountability and improves allocation of resources;
- Monitors the social and ethical impact, and performance of the organisation by revisiting the core values and objectives;
- Provides corrective directions and helps in redefining strategies.

In the present context, devising a methodology for undertaking a social audit of works taken up under the BSUP and IHSDP schemes involves understanding various aspects like details of the scheme, scope and boundaries of social audit, need, coverage etc. The following paragraphs introduce the key components of BSUP and IHSDP schemes and the suggested methodology for social audit.

1.1.3 Need for Social Audit for monitoring BSUP and IHSDP Projects

Considering that the focus of JnNURM is on community participation and developing inclusive cities, it is important to initiate a formal process and mechanism to review/evaluate the social impact of the mission and its relevance from the point of view of the target groups, citizens and the society at large. Therefore, institutionalizing the social audit process will ensure the capture of such social impact and also ensure collection of feedback from the beneficiaries to regularly monitor and improve projects. The usefulness of integrating social audit to monitor JnNURM projects can be achieved at two levels viz., at the community level and at an organizational (ULBs) level.

1. Usefulness of social audit at the community level

- Builds peoples' confidence and trust in the institutions
- Ensures participation and involvement of various sections of the society
- Provides a forum where people can demand what is rightfully theirs from Government, Urban Local Bodies (ULBs) and Civil Society Organisations (CSOs)
- Creates awareness and spreads accountability
- Prevents corruption and curtails misuse of government funds
- Builds sustainability as capacities of people are strengthened to take forward the social audit processes in future also.

2. Usefulness of social audit at organizational level (ULB)

- Making organizations credible
- Helping in program planning and implementation
- Helping in sensitizing government functionaries, CSOs, media and the community
- Acting as a tool to assess the performance of BSUP and IHSDP programmes in a cost effective manner

1.2 Suggested Social Audit Methodology for BSUP and IHSDP Schemes

Social audit is a process of taking account of financial as well as non-financial utilization of resources, delivery of outputs and outcomes of an activity or programme or organization in a participatory manner by consulting all stakeholders. It is conducted through systematic analysis of secondary and primary data of the unit of social audit. The analyzed data will be disseminated often in a public meeting called “social audit meeting” where all stakeholders are invited. The following method of social audit is suggested after taking into consideration various methodologies adopted by different organizations towards social audit.

The major steps involved in Social Audit Process are:

1. Definition of the boundaries of social audit
2. Identification and consultation of stakeholders
3. Identification of key issues, data collection and analysis
4. Verification and report preparation
5. Organisation of public meetings
6. Advocacy and institutionalization of social audit

1.2.1 Defining Boundaries of Social Audit

The first step of social audit is to identify the institution or programme or activity which is to be audited and understand why it is selected. This will be followed with an attempt to understand the organisation by:

- **Defining the focus of social audit**
- **Understanding the context of activity for social audit**
- **Listing down the social objectives**

- **Focus of Social Audit** : Social audit is a way of measuring the extent to which the particular programme, organization and/or activity has lived up to its shared values, objectives it has committed to and benefits that have been generated etc. Therefore, the identification of works to be audited is the first step in a social audit. Works for an audit would be selected from the sanctioned list of projects that the ULB is implementing under BSUP and IHSDP. It is seen that the works sanctioned by the ULB are large and there are sub-components or sub-works under each sanctioned project. At times these sub-components are spread across localities in the town. Hence social audit should focus on a single sub-component at a time. In case the sanctioned project is relatively small, then it can be audited as a single work.
- **Context of Social Audit** : While exploring the social audit of BSUP/IHSDP schemes, the context of how the social audit would assess the scheme and would bring in accountability in implementation should be clearly spelt out. Under BSUP and IHSDP a large quantum of funds are being spent on creating infrastructure and housing for the poor. It is important for the governments to determine whether the intended benefits of the schemes are reaching the targeted groups. It is also important to ensure transparency and accountability in the implementation of such schemes. It is in this context that social audit plays an important role in instituting accountability and transparency in implementation.
- **Framing Objectives for Social Audit** : Understanding key social issues of BSUP/IHSDP schemes is an important step towards conducting social audit. The objectives of social audit should be relevant to the strategy, realistic about what can be achieved and recognized by existing routine activity. The key objectives of the social audit of BSUP/IHSDP are:
 - a. To analyze the process of implementing the BSUP/IHSDP projects;
 - b. To assess the quality of the infrastructure created;
 - c. To assess the pro-poor basic services provided; and
 - d. To assess the satisfaction of the beneficiaries on the entitlements provided.

The objectives help in clearly defining the scope and boundaries of social audit.

1.2.2 Stake Holder Identification and Consultation

The next stage is to identify the stakeholders to be consulted for the audit and determining how often these stakeholders could be included in the ‘dialogue’ process. Selection of representatives for consultation is to be unambiguous and transparent and should cover maximum stakeholders.

- **Identification of Stakeholders** : Based on the social audit unit i.e. the BSUP/IHSDP schemes stakeholders have to be identified. Stakeholders are those whose interests are affected by an issue or those whose activities strongly affect the same, who possess information, resources and expertise needed for strategy formulation and implementation; and who control implementation. The key stakeholders who should be involved in the social audit of BSUP and IHSDP works include:
 - a. Community and Project Beneficiaries
 - b. Elected Representatives
 - c. Officials of the ULBs dealing with BSUP and/or IHSDP projects
 - d. Civil Society Organisations (CSOs)
 - e. Media
 - f. State Government officials dealing with BSUP and/or IHSDP projects.
 - g. Central Government officials dealing with BSUP and IHSDP projects

- **Consultations** : Primary information is very complex, as people have varied perceptions and interests. Consultations should be planned with the stakeholders to extract accurate and relevant primary information. Often primary sources of data may throw light on undocumented issues impacting the subject of audit. These consultations should be objective, unbiased with informal dialogue and help in building rapport trust and confidence in the community.

1.2.3 Identifying Key Issues and Data Collection

This activity involves identifying key issues that need to be crosschecked in the social audit as well as how information and data pertaining to the schemes will be collected.

- **Identifying Key Issues** : Depending on the scope of the social audit, key issues need to be identified. Each issue should lead towards an answer on a particular piece of outputs or results. These issues are derived from the values, objectives and design of the department/scheme, involvement of stakeholders and society. While identifying the issues it is important to clearly identify the usefulness of information to be collected. Information, which can be used to explain facts or certain issues, influence policy, and reflect the tangible outcomes should be gathered. It is important for the information gathered to be measurable.

- **Data Collection** : In the social audit process, two types of data are crucial. Secondary data collected from government documents and reports, followed by, primary data collected from stakeholders and community members. Gathering secondary information is very important in the process of social audit. Secondary data is inevitable for making social audit reports. Information required for preparing social audit reports may not be available in single point but may be in different records in different forms. This information should be pooled together to build up the social account of the unit of social audit. The Right to Information Act (RTI) empowers the people to demand for information from any public authority. This Act has opened the way for transparency in administration from the state to the urban local body level. For example, the possible records pertaining to any work under BSUP/IHSDP include:
 - Detailed Project Report(DPR) of the Work
 - Administrative Sanction Order from State Governments
 - Administrative Sanction of the ULB
 - Technical Sanction
 - Running Account Bills
 - Quality Control Report
 - Agreement with the Contract Agency
 - Utilization Certificate

1.2.4 Social Audit Findings and Verification

1. **Consolidation of Information** : Information is useful when it is classified into clusters based on relevance, instead of just random pieces of information. Sorting the collected information is an important task as it would be the ultimate source code book for conducting the social audit. This consolidated information is to be disseminated to the public during the social audit process. The data collected is to be tabulated according to the requirements. Muster rolls and other relevant information should to be consolidated as per the works performed. Tabulating the data into tables and charts helps in creating more clarity on the social account.
2. **Physical Verification** : Physical verification of the work involves a visit to the worksite to verify whether whatever mentioned in the social account has actually happened in the way mentioned. It is important to find out whether the work has been done according to the technical sanction. Utmost care should be taken in recording the findings as a small mistake could leave the processes of the audit in disarray; the aim of such a record of information should be the accurate and transparent verification of facts.
3. **Public Meeting** : The main purpose of public meeting is to obtain public testimony or comment. The key findings of the audit are to be discussed in the public meeting and the concerned government officials must respond to the key issues raised in such a meeting. A public meeting for social audit is a special meeting for a specific purpose with no other matters addressed other than a particular issue of focus.

The methodology discussed above provides for the approach to be followed for undertaking social audit of BSUP and IHSDP schemes. However, this approach has to be operationalized by putting in place the required procedures and institutional arrangements for successfully adopting this accountability tool in the said schemes. The section 2 of this document is the operational manual for implementing social audit of BSUP and IHSDP schemes.

Section 2

Operational Manual

Implementing social audit in Urban Local Bodies (ULBs) requires addressing some major issues to operationalise it like, identifying social audit areas, institutional arrangements, training and capacity building, community mobilization and public support, institutionalization, etc. This operational manual describes various key aspects that need to be considered in operationalizing social audit.

1.1 Institutional Arrangements for Social Audit

Social audit as an accountability tool to be accepted and to be effective requires a strong commitment from its initiators. Social audit is important to the Government to assess the performance of the BSUP and IHSDP schemes, to rectify the gaps in implementation and thereby further improving the impact of the programme in the most effective manner. It also ensures greater transparency and accountability of government functionaries. In the present context since social audit is being initiated by government, it is vital to have a strong institutional setup to implement it.

The successful implementation of social audit can be achieved by putting in place the required manpower at various levels from top management to those working in the grassroots. The institutional arrangements for the social audit of BSUP and IHSDP schemes are proposed at four levels i.e. the National level, state level advisory, the city/ULB level and at the community level.

1. Core National Advisory Committee
2. State Level Advisory Committee
3. City level Cell Committee
4. Community Social Auditors

Institutional Design structure for conducting social audits

Core National Advisory Committee

Composition: Secretary (HUPA), Mission Director (JNNURM), M/o HUPA and 3 leading experts from the fields of Social Audit, Urban Development and Governance

Functions: The Advisory Group should meet every six months to:

- review progress of social audits
- track grievance redressal
- make recommendations for strengthening outcomes of programme implementation including necessary revisions and issuing guidelines.

State-level Advisory

Appointment of an Independent Facilitating Agency (IFA) at the state level responsible for conducting social audits on the basis of bidding. The agency must have a demonstrated record of conducting social audits in any sector. The agency should be appointed for a period of one year, and future association should be determined on the basis of its performance. The necessary financial and programme agreements should be drawn up before commencement of social audits.

Composition: Concerned Secretary, In-charge PIU, In-charge, PMU and Director, Independent Facilitating Agency. Depending on the city/town being audited its Mayor, Municipal Commissioner, Chief Engineer and other concerned staff should be present at the meeting.

Functions: The State-level Advisory should meet every month to:

- identify cities and towns for auditing in the next month
- present the grievances and related issues
- track action taken report by the concerned city-level authority.

City-level

Local Partnerships with city-based NGO and CBO at the city/town level, with other departments of social work and/or urban planning/architecture.

Identify settlements for auditing. At least 40% of the sanctioned DPR in the city should be audited. In towns: at least 60% of the sanctioned DPR should be audited.

After each audit, the Independent Facilitating Agency should submit its findings report within seven days. The concerned city department must submit its action taken report within fifteen days.

Objectives of Social Audit

The objectives of the social audit must match the stage of project implementation and the housing typology as per the DPR.

Social Audit Committee at neighborhood / settlement level.

Methodology and Parameters

The detailed parameters have been summarised in section 5.1.

Roles and Responsibilities of members of Social Audit Committees at various levels

Some of the key roles and responsibilities of the SAC members include,

1. Possessing comprehensive knowledge of the BSUP/IHSDP schemes
2. Creating awareness among stakeholders and encouraging participation of beneficiaries
3. Examining and keen analysis of the implementation of the BSUP/IHSDP schemes
4. Recording information collected through consultations and discussions
5. Preparing reports based on the information through consultations and verification
6. Incorporating various issues, facts and complaints received into the social audit report
7. Organizing public meeting to inform the beneficiaries and other stakeholders on the outcomes of the audit
8. Reporting the findings of the social audit to the concerned authorities

To undertake the actual social audits at the ULB level and also to educate the community on the benefits and entitlements of the scheme a large number of Community Social Auditors (CSAs) have to be trained. Interested youth from the locality or from the families of beneficiaries can be selected to operate as CSAs. Using CSAs who are literate youth from beneficiary families was arrived at after much thought and experiences from other social audit experiences in the country as to who would actually undertake social audits in the town/city. The CSAs should be acceptable to the public and should be free of political affiliation and should be carried out preferably by a local person who is familiar with the local scenario. Some of the questions that have to be addressed while selecting the CSAs are mentioned below.

1. What should be the competency of the social auditor?
2. What should be the criteria to become social auditor?
3. What is the legitimacy/authorization accorded for the CSA to conduct the social audit of the public work?

2.1 Creating an Enabling Environment

The awareness-creating process is the key to help get the social audit started from day one and continued until the termination of the audit process. The purpose of such a meeting is to create awareness among people about social audit as a tool and the benefits of the right to information. The ULB staff, CSO facilitators, and CSAs have to be oriented to the importance of such an activity as one of the key objectives of social audit is also to make people aware of their rights and entitlements. Information pertaining to the time and place of the social audit can be disseminated in the locality where the BSUP/IHSDP project is under construction. A street play, puppet show, stage performances and door-to-door meetings can be organized by the social audit committee during this activity. Songs can also be composed for this purpose and arranged in the locality before embarking upon the actual audit.

Care needs to be taken to ensure that awareness activity is taken up seriously. It is this activity which will determine the success of the social audit. Awareness among the public regarding social audit has to be raised and they should give voluntary testimony on the audited issue. The success of the programme depends on how well people are motivated and mobilized to ensure and demand accountability from the officials. Conscious effort should be carried out to create awareness and to maintain interest and enthusiasm of the stakeholders.

3.1 Community Mobilization

Bringing together all the members of a community, discussing and securing their cooperation can be undertaken through a participatory approach. This can also be initiated by the leaders in the community, by assisting or helping people to publicise the event and generating interest and awareness in the community. It should aim at making people aware of their own potential and improving the self-help capabilities (ability to act and the knowledge of how to act).

Following a planned approach to the discussions, allows community groups to speak comfortably without fear of the consequences. Holding focus group discussions and group discussions in small groups to elicit information makes the community members come forward and speak confidently in big gatherings.

Concerned officials and other stakeholders should be informed about the social audit and a formal invitation should be given to them for observing the procedures and react to the concerns raised by the community in the social audit meeting.

<u>Ways to mobilize the community</u>
<ul style="list-style-type: none"> • Interactions with different people in the community • Meshing campaign message into outreach programmes of civil society groups • Use of mass media/ public addressing system • Puppet Shows • Distribution of posters, leaflets, stickers, booklets, pamphlets • Use of informal communication methods (street theatre, wall paintings and posters behind rickshaws and comic cards) and unique sign-up and celebrity endorsements • Rallies (on foot) • Door-to-door-campaigns • Formation of human chains • Approach the media through press conferences

4.1 Use of RTI in the Social Audit

The Right to Information Act, 2005 is an important legislation that provides opportunities to CSOs to be involved in governance and social transformation processes by using the RTI Act as an effective tool to monitor, review and evaluate government policies, programmes and schemes. CSOs can infuse greater transparency and accountability in the administration of developmental programmes and arrest the abuse of power and misuse of public resources with the help of the RTI Act. Under the RTI Act, the social audit committee can:

- Demand information from the State/ULB information pertaining to any works taken up under BSUP and IHSDP schemes;
- Demand photocopies of various documents like administration and technical sanction, estimates, running account bills etc.
- Demand samples of material used in the construction of roads, drains, buildings etc., from the ULB/Contractors
- Demand to inspect any public development work that may be still under construction or completed
- Demand the status of requests or complaints, details of time delays etc.

Hence for a social audit securing information pertaining to the project is very important. Social Audit Committee must use the RTI Act and apply for information in the event that information requested from government officials is not forthcoming within a reasonable period of time. Social Audit Committee must use the RTI Act and apply for information in the event that information requested from government officials is not forthcoming within a reasonable period of time”.

5.1 Time and Frequency of Social Audit

- Social audits should be conducted concurrently, on a periodic basis, at least once every six months.
- Depending on the stage of project implementation, different objectives/ends can be audited. The social audits should be designed such that they match the stage of project implementation. Each social audit must have a clear focus, with clear and effective methods for data collection, verification and collection of people's grievances.

The key parameters for Social Audit in each stage for each case are as follows:

Housing Model Adopted	Relocated stacked housing	In-situ stacked housing	In-situ incremental housing through contractor ship	In-situ owner driven incremental housing
Stage of Project Implementation				
Checking for exclusion and wrongful inclusion should be done at each stage of the Social Audit.				
Under-construction	Quality of construction		Adherence to construction specifications outlined in DPR	Adherence to applicable construction standards
	Adherence to construction specifications outlined in DPR	Adherence to construction specifications outlined in DPR	Quality of construction	Transit accommodation
	Costs of Relocation		Incorporation of customised designs	Access to credit at favorable terms
Upon completion of construction	Provision of essential services (specifically water, electricity, sanitation and SWM)	Provision of essential services (specifically water, electricity, sanitation and SWM)	Provision of essential services (specifically water, sanitation and SWM)	Provision of essential services (specifically water, sanitation and SWM)

	Issue of allotment/agreement letters with full details	Issue of allotment/agreement letters with full details		
	Construction Quality: including fittings and furnishings	Construction quality: including fittings and furnishings	Construction quality: including fittings and furnishings	
	Appropriateness of house/cluster design for quality living	Appropriateness of house/cluster design for quality living	Appropriateness of house/cluster design for quality living	
Upon Occupancy	Collection mechanism of rent/license fee or monthly installment	Collection mechanism of rent/license fee or monthly installment	Collection mechanism of rent/license fee or monthly installment	Collection mechanism of rent/license fee or monthly installment
	Impact on livelihood	Impact on Livelihood		
	Maintenance of common services and areas			
	Access to essential services	Enhanced access to essential services	Enhanced access to essential services	Enhanced access to essential services
	Access to social infrastructure	Additional credit burden, in case of land holding	Additional credit burden, in case of land holding	Additional credit burden, in case of land holding

Additional parameters can be added for each stage, if required. Possible indicators for each parameters are discussed in table below:

Recommended indicators for various parameters

Serial	Parameter	Indicator
	Quality of construction, adherence to construction standards in case of plotted development	Audit by third party experts. SAC members should be involved as part of the audit team. Auditing construction quality as per design and construction specifications in the DPR.
1	<i>Post-occupancy quality audit:</i>	Roofs: Visible cracks and leakages
		Walls: buckling, cracks and seepage
		Floors: any visible depressions
		Toilet fittings: number of working W/S connections, back-flow of sewerage and toilets installed correctly
		Electricity: number of working connections
		Doors and windows: all fitting as per DPR
2	Provision, access to essential services	Check for water, electricity, sewerage, solid waste management, storm water drainage, roads, street lighting.
		Last mile connectivity in case of W/S, electricity, sewerage and drainage
		Installation and maintenance of common Services.
3	Costs of Relocation	Advance notice for eviction and demolition
		Costs of transportation
		Transit accommodation
4	Access to credit	Terms of credit
		Collection mechanism
		Administrative procedures involved
5	Selection and Allotments	Cases of exclusion and reasons
		Cases of wrongful inclusion
		Terms of allotment communicated to the community
		Terms of allotment adhered to in the allotment letter, agreement, deeds etc.

6	Design Audit	Communities provide feedback on the proposed design. Every effort should be made to understand design needs separately for men, women, aged, young people and children. Universal access should be ensured in at least ten units in housing units, and in case of incremental housing model, specific needs should be provided for a case basis.
7	Impact on Livelihood	Loss of livelihood
		Access to alternate livelihood options and training for it, for men and women
		Loss of wages
8	Maintenance and upkeep	Auditing municipal services provisions and quality
		Auditing upkeep of common services and areas
9	Access to social services	Questions of access, affordability, denial, discrimination and extra costs, if any, should be mapped and data aggregated on the number of people affected.

6.1 Funding, Budgeting and Maintaining Accounts for Social Audit

The funding for the social audit has to be earmarked from the funds allocated to BSUP and IHSDP. The financing of social audits will be done by the SLNA. The funds will be released by the SLNA to the cities. The social audit committee at the city will submit the social audit estimate and the cost to be incurred to the ULB who would send the estimated cost to the State. Once approved, the SLNA or the State will release the payment to the city. The city level social audit committee will be in-charge of maintaining the accounts for the expenditure incurred for conducting social audits.

7.1 Reporting

- Social audits reports will have a number of recommendations and action to be taken issues that need administrative action that would emerge from the social audit process and public hearing. Findings of the public hearing should be summarized and submitted to the concerned Secretary at the state level, responsible for the overall implementation of the programme, within seven days, by the key facilitating agency. The report must submit findings on all the parameters applicable for the particular stage of project implementation. In addition to this, any other parameters deemed relevant should also be included. A full list of the affected families, along with their house numbers should be annexed with the report. An action taken report should be submitted within 15 days of the social audits by the concerned local authority at the city level.
- The findings report and action taken report formats should be aligned with items shared in Tables above.

It is also important that these reports are maintained. The onus of maintaining the reports will lie with the SLNA. The committee will receive reports from the various social audit committees located in ULBs. The social audit reports will be sent by the city level social audit committee to the State. The report should contain the details of the audit and also the key issues addressed in the public meeting. A structure for preparing a social audit report is attached as **Annex 1**.

8.1 Follow-up of the Social Audit Findings

After the public meeting the social audit committee (facilitating agency) at the city level will prepare the social audit report. Based on the issues raised by the community the solutions and action to be taken by the concerned ULB officials or the contractor have to be recorded. The social audit committee is also responsible for following it up. The action to be taken and resolutions made in the public meeting should clearly document the key issue, the solution or the action to be taken and the time required to rectify the problem. The social audit team will check if the ULB has rectified the problems and adhered to the resolutions taken in the public meeting. In case the ULB has not responded the social audit committee will report the same to the SLNA for State level Advisory Committee and to the National Advisory Committee.

9.1 Training and Capacity Building

The training of various stakeholders occupies an important activity in implementing and institutionalizing social audit. There should be a group of master trainers at the state level who will be training social auditors for the state. The trainers should be able to train the trainees from a theoretical and practical point of view. The pool of social audit committee members at the city and at the community level created would initially ensure that further training is provided to the members selected to the social audit committee. The audit committee members would initially undergo Training-of-Trainers exercise where they will be trained on the basic concepts of social audit, Right to Information Act, Methodology and operationalizing social audit, details of BSUP and IHSDP schemes, process of social audit etc. Such training will ensure the effective implementation of social audits. The training programmes will be organised by the cadre of trainers created with the support of government funding. Some key aspects of training and capacity building include:

- **Training and Training Material** : The trainers' group should revise training modules on a regular basis. It should be updated as per the response and need of the community. The issues to be addressed further under the training and capacity building include:
 - a. Who will revise the training module and how often?
 - b. Criteria for selection of social auditors for training;
 - c. Renewal of social audit authorization for the social auditors;
- **Training of Other Stakeholders** : In addition to the Community Social Auditors, training must be imparted to various other key stakeholders who are involved in the process. Other stakeholders include the community, CSOs, ULB officials, elected representatives etc. All key agencies will need to be trained in discharging their responsibilities under the programme. Basic training on core issues pertinent to social audit and guidelines must be arranged by the ULB with priority accorded to its key functionaries, especially the engineers, town planning staff, Urban Community Development officers etc. A training calendar should be made and training modules should be calibrated in content and process according to different stakeholders. In addition to helping various agencies in performing their duties under the Act, training programmes should give priority to the competencies required for effective planning, work measurement, public disclosure, social audits and use of the Right to Information Act, 2005.
- **Trainees and Refresher Trainings** : The social auditors should also undergo refresher training on a regular basis. Renewal of social audit authorization for the community social auditors should be based on attendance and successful completion of refresher training.

10.1 Institutionalization of Social Audit

Social audit may lead to upsetting the vested interest. Effective mechanism to address the issue should be introduced through continuous consultations with key stakeholders and by institutionalizing social audit through legal provisions. It is evident that social audit initiatives can make a difference in governance. Experience from various initiatives in India proved that impact is the greatest and most sustainable when social audit process is systematically implemented. The social audit process is more effective when it is institutionalized. This process is possible through a number of ways.

10.1.1 Conduct of Social Audit on Regular Basis

The regular of social audit processes will force the state to incorporate this as an integral part of the government. For example, MKSS has exposed remarkable amount of corruption in the Food for Work Programme implemented in the Rajasthan through Jan Sunvais. Thereafter, Government of Rajasthan has incorporated Jan Sunvais as a part of Food for Work Program in the state. Every civil work in the state has to be audited through Gram Sabha with the participation of all villagers. The social audits that would be conducted under BSUP and IHSDP have to be conducted on a periodic basis.

10.1.2 Internalizing within the Government

Social audit brings in transparency and accountability only if it is internalized in the government system. The efforts and a number of pilots implemented by the Strategy Performance Innovation Unit (SPIU) of the Rural Development Department, GoAP has helped the Department to internalize social audit process into the implementation of the MGNREGS. Central Government has incorporated social audit as an integral part of the National Rural Employment Guarantee Act, 2005 of Indian government under Section 17. It gives a central role to 'social audits' as a means of continuous public vigilance. The MGNREGS makes a provision of 0.50 - 0.75% of the budget for conducting social audit. Similar step shave to be taken up for institutionalizing social audit under BSUP and IHSDP schemes.

10.1.3 Involvement of Civil Society Organisations (CSOs)

CSOs play a crucial role in institutionalizing the process of social audit. These organisations help in creating the awareness and motivating the civil society as facilitators of the process. They can play a very important role in implementing social audits along with the community. For example, the MKSS, Rajasthan has initiated the public hearings to attack corruption and bring in transparency to public works. ActionAid India is also playing a vital role in conducting Jan Sunvaisin Orissa and other parts of the country. As seen from the previous experiences, encouraging CSOs participation in the social audit process can help institutionalizing it in BSUP and IHSDP schemes.

10.1.4 Formation of Social Audit Committees

Formation of Social Audit Committees at the ULB level may be the most viable way of initiating the social audit process. The committee members should be selected from different streams of the society depending on the nature of programmes/schemes to be audited. For example the Andhra Pradesh Rural Employment Guarantee Scheme is more focused on forming the social audit committees in every gram panchayat to conduct the social audit of the scheme at different stages of the work. Formation of social audit committees and also have a cadre of community social auditors can help in popularizing the concept of social accountability and thereby acceptance of social audit as a powerful accountability tool by the people at large.

10.1.5 Legal Support

Social audit in the urban local bodies should be given some legal status through law or ordinance to enhance the implementation. This should be followed by rules and guidelines on how, when and where to conduct the social audit. Periodicity of social audit can also be standardized.

10.1.6 Action Taken Report following Social Audit

Unless a punitive, disciplinary or corrective action is taken as a follow up to the social audit findings, (audit resolutions) the thrust and importance of the social audit will be lost. Therefore, a code on this regard should be developed with specification on what sort of disciplinary action to be taken and to whom it should be forwarded. This should be prepared specific to each department and institutionalized in all departments.

11.1 Information Dissemination and Disclosure under Social Audit

11.1.1 Information Dissemination in a Public Hearing

Each piece of information gathered should have appropriate evidence associated with it. The evidence allows the social audit team to verify whether the piece of data is true (e.g. if the indicator was a person received a service, the evidence might be a way of contacting them to verify it or a signature at the very least which the person will be able to testify for).

- A formal arena for discussion might be appropriate for presenting the information before the people, as well as before the authorities and officials. Public hearings must be conducted within the communities, at the housing sites. This will ensure easy physical verification, people can draw attention to their problems by physically pointing out to them, women can participate in greater numbers, the loss of wages to the poor is minimised and officials get first hand feedback and can undertake rapid self-assessment of their work.
- Every effort should be made to ensure that communities can participate in the public hearings. People should not be silenced at any point and women, older people and persons with disabilities must be given separate opportunity to speak.
- The spatial arrangements at the public hearings should be such that they do not re-emphasize the power differential between the local authorities and communities. All necessary arrangements should be made for the public hearings: organizing the public hearing according to the convenience of the people, ensuring access to clean drinking water and shade for people to sit under during summers; and toilets, if the public hearing is not being conducted on site.

11.1.2 Information Disclosure for Awareness

It is very important to disclose information related to the social audit to people. The information pertaining to social audit can be printed in the form of pamphlets and posters and can be shared with the community. Posters can be displayed in public offices in the locality where the social audit is planned. Specific details of the project like the project components, cost, location etc., can be mentioned in these information pamphlets. After completing the social audit, the audit findings should also be shared with the community. The information has to be disclosed to the community lucidly in local language.

11.1.3 Information Dissemination through Internet

For creating better awareness and also to disseminate good practices, knowledge and information on social audit of BSUP and IHSDP programme a website can be designed for this purpose. The website would provide a common platform for institutions and agencies from across the country to access the information it holds. The state level social audit cells should regularly update the website. It would also be an information site where reports, manuals/tools, analysis and other information by various states and ULBs will be uploaded and displayed. Further value additions can also be made in order to enhance the utility of the system.

Presently the BSUP and IHSDP projects are monitored through Integrated Poverty Monitoring System (IPOMS). This system has information pertaining to projects sanctioned under BSUP and IHSDP with specific details of budget, components, towns and locations etc. The social audit reports prepared by committees can also be placed in this monitoring site. This way the MoHUPA will be able to assess the progress achieved by towns/cities in implementing social audit.

12.1 Evaluation of the Effectiveness of the Social Audit

Periodic review of the social audit programme should be conducted through Impact Evaluation Studies. Impact studies should be able to view the social audit from the perspective of different stakeholders and should bring in necessary changes in processes. The impact assessment studies can be conducted by agencies and institutions which have worked on social accountability. Best practices in social audit can be documented and disseminated through media.

Annex – 1

Social Audit Reporting Format

Location

The social audit report should start with the details of the ULB where social audit has been conducted. The boundaries of the work in terms of the block and district could also be mentioned.

- Name of the Locality
- Name of the Municipality/Corporation
- Name of the District

Duration of the Social Audit

The duration of the social audit should be detailed in the report. This starts from the day on which initial consultations with ULB officials are started to the date on which the social audit public meeting is completed. The duration can be reported activity wise like

- Date of ULB Consultations
- Time taken for collection of information
- Duration of community interaction and physical verification
- Date of public meeting on social audit
- Date of social audit report submitted by the social audit committee

Details of Social Audit Committee

Details of the how the committee was selected, and members of the social audit committee should be provided in the report. Details of when it was formed and till what duration the committee will exist should also be mentioned.

Objectives of Social Audit

The objectives of the programme or scheme audited i.e. BSUP and IHSDP should be clearly outlined. Since, these objectives will guide the audit process, they should not be vague. It should be specific and achievable.

- To assess the quality of physical infrastructure created
- To assess the usefulness of infrastructure created
- Obtaining the feedback from the beneficiaries

Scope of social audit

The scope of the social audit should be outlined keeping in view the objectives in terms of

- The audit exercise
- Geographical area to be audited
- Time allocated for preparing social audit
- Financial allocation for conducting the social audit

The scope of the audit should be described in depth so that it will prevent drifting away from achieving the objective. For example if an infrastructure project is going to be audited, the report should clearly state what aspects of the infrastructure are being audited.

Stakeholders Involved

The report should clearly detail the stakeholders involved in the programme/scheme. Information like

- Names and designations of the officials
- Elected representatives
- Details of beneficiaries like the number who attended for the social audit process, the beneficiaries covered under the project etc.
- Details of the other stake holders like contractors, material suppliers etc.

Names of the stakeholders who attended for the social audit process may be prepared to enclose with the social audit report.

Process of Social Audit

The process of social audit should be explained stage wise so that the report will be self explanatory. The social audit process will be common for all social audits as given below.

1. Forming the Social Audit Committee (SAC)
2. Preparing a Time schedule for the audit
3. Preparing a Budget for Social Audit
4. Building a Conducive Environment for Social Audit
5. Information Collection
6. Collating and Consolidating Information collected
7. Verification of Information
8. Preparing for Public Meeting
9. Introduction and Initiation
10. Display of Charts
11. Facilitating Discussions
12. Follow-up Activity

This section should capture in detail the processes, methods employed, people's participation, difficulties and challenges faced and resolved.

Key findings of Social Audit

The key findings of the social audit and the resolutions recorded in the public meeting should be clearly stated in the report. The resolutions recorded in the public meeting should also be followed up and social audit committee should ensure that they are complied with.

What was the impact of Social Audit(if any) on?

- Citizens/Community's level
- ERs level
- Govt. Officials level
- CSOs level

Evaluation of Social audit

The social audit report should have a self evaluation of the social audit team regarding the positive and negative factors involved in the social audit. They should also mention the limitations faced in conducting social audit.

List of Documents

The list of document used for verification should be included as an annexure. It will also be appropriate to mention if any of the relevant documents was not available for verification.

Checklist of registration of Not for Profit Organization (NPOs) on BSE SSE



ICMAI Social Auditors Organisation

(A Section 8 Company promoted by The Institute of Cost Accountants of India)

Checklist for Registration



Checklist of registration of Not for Profit Organization (NPOs) on BSE SSE

NPOs seeking registration on BSE SSE shall make a formal application to the BSE SSE on its letter head requesting for registration along with documents mentioned below:

Sr. No.	Particulars	Remarks										
1.	Certificate of Constitution/Registration of Entity <i>(Note: Valid for further period of 12 months at the time of seeking registration) (Refer Annexure I for categories)</i>											
2.	Proof of Ownership and control (MOA/AOA/Trust Deed/Bye-Laws or any other, including all amendments thereof)											
3.	Copy for: <ul style="list-style-type: none"> ▪ Permanent account Number (PAN) ▪ Tax Deduction and Collection Account Number (TAN) ▪ Goods & Service Tax Number (or declaration if GST is not applicable) 											
4.	Audited Financial Statements for last 3 full financial years along with Auditors Report as filed with Income Tax under Form 10(B) for last 3 financial years											
5.	Income Tax Returns for last 3 years											
6.	Valid 80G Registration under Income Tax Act, 1961 <i>(Note: Valid for further period of 12 months at the time of seeking registration)</i>											
7.	Confirmations from the Practicing Chartered Accountant (PCA) as per Annexure II											
8.	Registration Certificate under the Income Tax Act, 1961 under section 12AB (along with previous registrations under 12A/12AA, if applicable) and/or 10 (23C) <i>(Note: Valid for further period of 12 months at the time of seeking registration)</i>											
	Confirmation of eligibility criteria for being identified as Social Enterprise as specified under Regulation 292E of Chapter X-A of SEBI (ICDR) Regulations, 2018 <i>Note: Kindly confirm which criteria is met along with supporting documents as per Annexure III</i>											
9.	Additional Disclosures as per Annexure IV											
10.	Non-Refundable Registration fees <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Processing Fees</td> <td style="width: 20%;"></td> </tr> <tr> <td>Applicable Tax (Amount)</td> <td></td> </tr> <tr> <td>TDS</td> <td></td> </tr> <tr> <td>Net Fees Payable</td> <td></td> </tr> <tr> <td>Payment Details (RTGS details)</td> <td></td> </tr> </table>	Processing Fees		Applicable Tax (Amount)		TDS		Net Fees Payable		Payment Details (RTGS details)		
Processing Fees												
Applicable Tax (Amount)												
TDS												
Net Fees Payable												
Payment Details (RTGS details)												

(To be submitted on the letterhead of the Entity seeking registration)

We hereby confirm that the Entity << **Name of the Entity**>> is registered as :

Sr. No.	Particulars	Remarks
1.	a charitable trust registered under the Indian Trusts Act, 1882 (2 of 1882)	
2.	a charitable trust registered under the public trust statute of the relevant state	
3.	a charitable society registered under the Societies Registration Act, 1860 (21 of 1860)	
4.	a company incorporated under section 8 of the Companies Act, 2013 (18 of 2013)	
5.	any other entity as may be specified by the Board	

Note: Please attach relevant certificate (**Valid for further period of 12 months at the time of seeking registration**)

Name of the Entity

(Signature of Authorised Person)

***Certificate from Chartered Accountant in Practice
(On CA Letterhead)***

NPO has to obtain the following certificate from the practising Chartered Accountant –

----- ***start*** -----

We hereby certify that <Name of NGO>, with Income Tax PAN <PAN Number> and address as per IT Return <address>, has:

- Average Annual spending of previous three financial years of Rs. _____
- Average Annual funding received during previous three financial years of Rs. _____
- Possesses valid regular Income Tax Exemptions & deductions, and has not received any notice for withdrawal of registration granted under section
 - 12A/12AA/12AB or section 10(23C)
 - 80G of Income Tax Act, 1961
- Has not violated conditions mentioned in its 12A/12AA/12AB, 10(23C) and 80G registrations.
- Has filed its annual returns for the last financial year (FY 20XX-XX) within due dates to (check the applicable options) :
 - Income Tax (Yes/ No/ Not Applicable)
 - Charity Commissioner / Registrar of Societies / Registrar of Companies
 - (Yes/ No/ Not Applicable)
- Its registration as a not-for-profit organisation is valid for the next 12 months.

For Firm Name

Firm Registration Number:

Signature and Stamp

CA Name

CA Membership Registration Number:

UDIN:

Date

Place

----- ***end*** -----

Confirmation of eligibility criteria for being identified as **Social Enterprise** as specified under Regulation 292E of Chapter X-A of SEBI (ICDR) Regulations, 2018

Note: Kindly confirm which criteria is met along with supporting documents

(To be submitted on the letterhead of the Entity seeking registration and Practicing Chartered Accountant (PCA))

We hereby confirm that the following for the Entity << *Name of the Entity* >> :

1) Areas of Focus (Kindly Tick wherever applicable)

<input type="checkbox"/>	Eradicating hunger, poverty malnutrition and inequality
<input type="checkbox"/>	Promoting health care (including mental health) and sanitation; and making available safe drinking water
<input type="checkbox"/>	Promoting education, employability and livelihoods
<input type="checkbox"/>	Promoting gender equality, empowerment of women and LGBTQIA+ communities
<input type="checkbox"/>	Ensuring environmental sustainability, addressing climate change (mitigation and adaptation), forest and wildlife conservation
<input type="checkbox"/>	Protection of national heritage, art and culture
<input type="checkbox"/>	Training to promote rural sports, nationally recognised sports, Paralympic sports and Olympic sports
<input type="checkbox"/>	Supporting incubators of social enterprises
<input type="checkbox"/>	Supporting other platforms that strengthen the non-profit ecosystem in fundraising and capacity building
<input type="checkbox"/>	Promoting livelihoods for rural and urban poor, including enhancing income of small and marginal farmers and workers in the non-farm sector
<input type="checkbox"/>	Slum area development, affordable housing ³ , and other interventions to build sustainable and resilient cities
<input type="checkbox"/>	Disaster management, including relief, rehabilitation and reconstruction activities
<input type="checkbox"/>	Promotion of financial inclusion
<input type="checkbox"/>	Facilitating access to land and property assets for disadvantaged communities
<input type="checkbox"/>	Bridging the digital divide in internet and mobile phone access, addressing issues of misinformation and data protection
<input type="checkbox"/>	Promoting welfare of migrants and displaced persons
<input type="checkbox"/>	Any other area as identified by the Board or Government of India from time to time

2. Quantum of Work (Kindly Tick wherever applicable)

<input type="checkbox"/>	Revenue – At least 67% of the immediately preceding 3-year average of the SE’s revenues comes from providing the eligible activities to members of the target population
<input type="checkbox"/>	Expenditure – At least 67% of the immediately preceding 3-year average of the SE’s expenditure has been incurred for providing the eligible activities to members of the target population
<input type="checkbox"/>	Customer base/ beneficiaries – Members of the target population to whom the eligible activities have been provided constitute at least 67% of the immediately preceding 3-year average of the SE’s customer base/ beneficiaries

3. Barred Activities / Organisations (Kindly Tick wherever applicable)

<input type="checkbox"/>	Corporate foundations, that are primarily funded by a parent corporate entity or a group of corporate entities
<input type="checkbox"/>	Political or religious organisations or activities
<input type="checkbox"/>	Professional or trade associations
<input type="checkbox"/>	Infrastructure companies and housing companies (other than affordable housing companies).

Annexure IV

(To be submitted on the letterhead of the Entity seeking registration)

Sr. No	Particulars	Submitted (Yes/No)
1.	Vision Statement	
2.	Mission Statement	
3.	Address (<i>Kindly submit Proof of address</i>)	
4.	NGO Darpan screenshot with Id or email from Darpan	
5.	Governing Board along with member details (Name, Address, DOB)	
6.	Number of staff – Permanent/Contractual/Volunteers (Average for last 3 years)	
7.	Details of Statutory Auditor(s) / Social Auditor(s)	
8.	Certificates / Awards last 3 years	
9.	Authority letter for representative	
10.	Details of key projects for last 3 years	
11.	Social Audit Reports/ Impact Assessment Reports for projects (if any)	

Note: Kindly submit necessary/relevant documentation wherever applicable as separate annexure(s)

SNAPSHOTS



ICMAI Social Auditors Organisation

(A Section 8 Company promoted by The Institute of Cost Accountants of India)

SNAPSHOTS

Round Table-Professional Opportunities in Social Sector on 03rd May 2023

 आज़ादी का अमृत महोत्सव

 SOCIAL AUDITORS ORGANISATION

 G20 भारत 2023 INDIA

ICMAI Social Auditors Organisation
(A Section 8 company promoted by the Institute of Cost Accountants of India)

Round Table
Professional Opportunities in Social Sector

Speaker
Mr. Birender Raturi
International Director
Social Responsibility Asia

04th May 2023 (Thursday) From 04.00 pm to 05.30 pm

Fees : No Participation fee Venue : CMA Bhawan, Lodhi Road, New Delhi

Registration Link - <https://docs.google.com/forms/d/e/1FAIpQLSeLJQKYH9>

For more details, you may also call us at 9411469499, 8586985549, 9457954906, 9990907530
or email : sao@saoicmai.in



Professional Opportunities in Social Sector on 04th May 2023

 आज़ादी का अमृत महोत्सव

 SOCIAL AUDITORS ORGANISATION

 G20 भारत 2023 INDIA

ICMAI Social Auditors Organisation
(A Section 8 company promoted by the Institute of Cost Accountants of India)

Professional Opportunities in Social Sector

Speaker
Mr. Birender Raturi
International Director
Social Responsibility Asia

04th May 2023 (Thursday) From 04.00 pm to 05.30 pm

Fees : No Participation fee Mode : Online (Zoom Meeting Platform)

Registration Link - <https://docs.google.com/forms/d/e/1FAIpQLSeLJQKYH9>

For more details, you may also call us at 9411469499, 8586985549, 9457954906, 9990907530
or email : sao@saoicmai.in



SNAPSHOTS

Impact Assessment of Social Projects on 07th May 2023



ICMAI Social Auditors Organisation
(A Section 8 company promoted by the Institute of Cost Accountants of India)

Impact Assessment of Social Projects

Speaker
Dr. K K Upadhyay
CSR and Sustainability Expert

07th May 2023 (Sunday) From 04.00 pm to 05.30 pm

Fees: No Participation fee Mode: Online (Zoom Meeting Platform)

Seats are Limited (First come First serve basis)

Registration Link - https://docs.google.com/forms/d/e/1FAIpQLSe4_xDAa1C1i03mUNA.JspcPrzeS05Wh4ZLpEG3Az_sjYPLw/viewform

For more details, you may also call us at 9411469499, 8586985549, 9457954906, 9990907530 or email : sa@saicmai.in



Impact Assessment of Social Projects



DR. KK UPADHYAY CBI [Netherlands] & IICA Trainer

New Dimensions In Personal Philanthropy

- Bill Gates - 40 billion \$ (50% of his wealth)
 - Warren Buffet - 31 billion \$ (78% of his wealth)
- India (as on 31 March 2013)
- Azim Premji, WIPRO- Rs 8,000 cr
 - Shiv Nadar, HCL - Rs 3,000 cr
 - GM Rao, GMR Group - Rs 740 cr
 - Ronnie Screwvala, UTV Group - Rs 530 cr
 - Nandan & Rohini Nilekani - Rs 470 cr.
 - Kiran Mazumdar Shaw, BIOCON - Rs 330 cr.
 - Ratan Tata, Sir Ratan Tata Trusts - Rs 310 cr



The Science of Conducting Impact Assessments

Ranjana Saradhi K.
Advisor/Senior Consultant, Program Management, Monitoring & Evaluation

www.Changescape.in



What is Impact Assessment

"IMPACT" refers to the positive or negative, intended or unintended, direct or indirect, primary or secondary effects produced by an intervention

Examples of Impact in the Development/Social Sector

Education

- All Children in the 6-14 age group receive Quality Education –indicators could be the improvement in learning levels; increase in transition rates from primary to elementary schools
- Improved school readiness skills among the children of Pre Primary level (age group -3-6 yrs)

Health

- Improving child health and accelerating child survival – indicators could be Incidences of Child deaths and reduction in malnutrition rates

The Science of Conducting Impact Assessment on 11th May 2023



ICMAI Social Auditors Organisation
(A Section 8 company promoted by the Institute of Cost Accountants of India)

The Science of Conducting Impact Assessment

Speaker
Ms. Ranjana Saradhi Katikaneni
Advisor/Senior Consultant,
Programme Management, Monitoring and Evaluation

11th May 2023 (Thursday) From 04.00 pm to 05.15 pm

Fees: No Participation fee Mode: Online (Zoom Meeting Platform)

Registration Link - <https://docs.google.com/forms/d/e/1FAIpQLSeLJQKYH9>

For more details, you may also call us at 9411469499, 8586985549, 9457954906, 9990907530 or email : sa@saicmai.in

SNAPSHOTS

How to do Base line survey for a Social Project on 12th May 2023

ICMAI Social Auditors Organisation
(A Section 8 company promoted by the Institute of Cost Accountants of India)

How to do Base line survey for a Social Project

Speaker
Ms. Priya Gupta
Founder Sarvpriye Foundation, National Level Monitor,
Ministry of Rural Development, IIM Kozhikode Graduate

12th May 2023 (Friday) From 04.00 pm to 05.15 pm

Fees : No Participation fee Mode : Online (Zoom Meeting Platform)

Registration Link - <https://docs.google.com/forms/d/e/1FAIpQLScGZTnj2H0zAKIN>

For more details, you may also call us at 9411469499, 8586985549, 9457954906, 9990907530
or email : sao@saoicmai.in



CSR Conclave on 17th May 2023

ICMAI Social Auditors Organisation
(A Section 8 company promoted by the Institute of Cost Accountants of India)

CSR Conclave

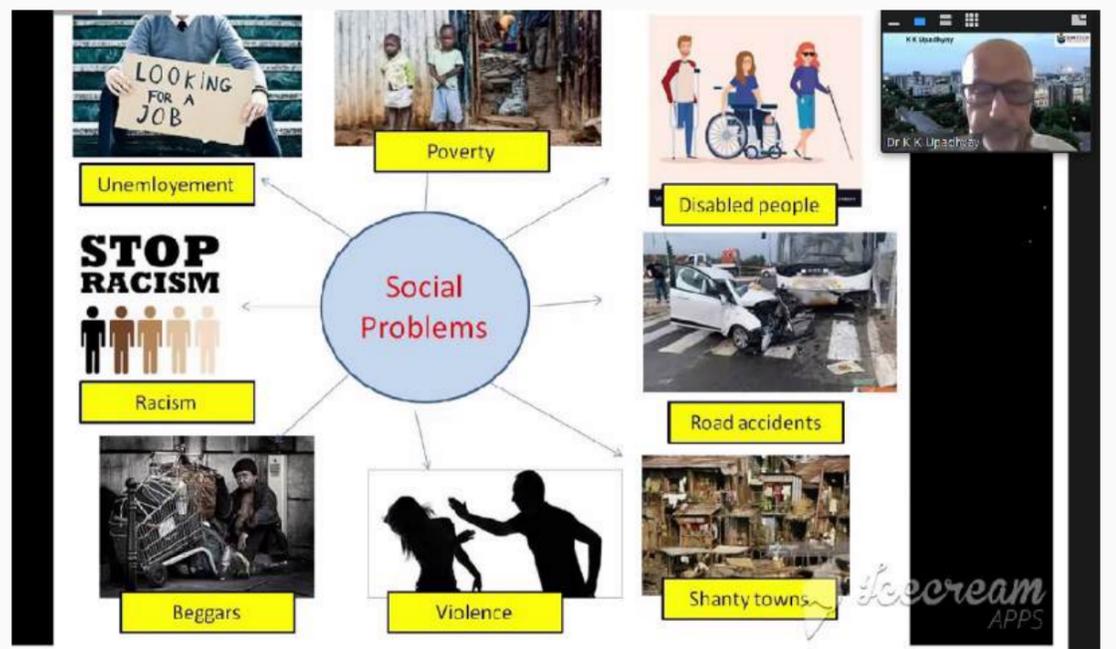
Discussions on
Planning of CSR projects
Monitoring of CSR projects
Evaluation of CSR projects
Best practices in managing CSR projects

17th May 2023 (Wednesday) From 04.00 pm to 06.00 pm

Fees : No Participation fee Mode : Online (Zoom Meeting Platform)

Registration Link - <https://docs.google.com/forms/d/1RNryVgK>

For more details, you may also call us at 9411469499, 8586985549, 9457954906, 9990907530
or email : sao@saoicmai.in



What is Corporate Social Responsibility

- A self-regulating business model that helps a company to be socially accountable to itself, its stakeholders and society
- The relationship/interdependence between a company & the wider society within which it operates

©SANS, India

Who Are We?

Changescape Consulting provides end-to-end-solutions to organisations working in the development and other sectors

- We bring together experts and specialists with extensive experience to provide a full spectrum of high-quality services to our clients working across developmental and social issues
- We combine our sector and domain expertise with strategic thinking to help our clients achieve maximum impact

Linkage between ESG and firm performance on 18th May 2023

SNAPSHOTS

Linkage between ESG and firm performance on 18th May 2023

ICMAI Social Auditors Organisation
(A Section 8 company promoted by the Institute of Cost Accountants of India)

Linkage between ESG and firm performance

Speaker
Dr. Dipasha Sharma
ESG / Sustainable Finance Researcher

18th May 2023 (Thursday) From 04.00 pm to 05.00 pm

Fees: No Participation fee Mode: Online (Zoom Meeting Platform)

Registration Link - <https://docs.google.com/forms/d/e/1FAIpQLSeLJQKYH9>

For more details, you may also call us at 9411469499, 8586985549, 9457954906, 9990907530 or email : saoi@saoicmai.in

Alignment with the Global standards

Source – PWC, Mainstreaming ESG via Business Responsibility and Sustainability Reporting

Unlocking Social Assessment for Societal Change on 18th May 2023

ICMAI Social Auditors Organisation
(A Section 8 company promoted by the Institute of Cost Accountants of India)

Unlocking Social Assessment for Societal Change

Speaker
Ms. Jyotsna Sitling
Member, Social Stock Exchange
Advisory Committee, SEBI and Former IFS(Retd.)

18th May 2023 (Thursday) From 06.30 pm to 07.30 pm

Fees: No Participation fee Mode: Online (Zoom Meeting Platform)

Registration Link - <https://docs.google.com/forms/d/e/1FAIpQLScGZTnj2HOzAKIN>

For more details, you may also call us at 9411469499, 8586985549, 9457954906, 9990907530 or email : saoi@saoicmai.in

At a glance

District	5
Blocks	17
No of villages	959
Targeted families	42690
Community based organization	4000
Project period	2004 -12(8 years)

District Project Office	Project Blocks	No of villages
Almora	Bhainsiyachhana, Dhauladevi, Lamgarha	203
Bageshwar	Kapkot, Bageshwar	207
Chamoli	Devaal, Ghat, Narayanbagar, Dasholi	151
Tehri	Jaunpur, Pratapnagar, Devprayag, Bhilangana	227
Uttarkashi	Mori, Naugaon, Dunda, Purola.	171

The total project cost over eight years is USD 22.39 million (INR 112.21 crores) which is 47% of project cost.

INDIA'S MILLION MISSIONS on 23rd May 2023

ICMAI Social Auditors Organisation
(A Section 8 company promoted by the Institute of Cost Accountants of India)

INDIA'S MILLION MISSIONS

Understanding the NPO Sector dimensions based on the latest study

Speaker
Ms. Pushpa Aman Singh
Founder - Guide Star INDIA

23rd May 2023 (Tuesday) From 04.00 PM to 05.30 PM

Fees: No Participation fee Mode: Online (Zoom Meeting Platform)

Registration Link - <https://docs.google.com/forms/d/e/1FAIpQLScGZTnj2HOzAKIN>

For more details, you may also call us at 9411469499, 8586985549, 9457954906, 9990907530 or email : saoi@saoicmai.in

Systems of Accountability

Most practice transparency

77% NPOs reported that their audited accounts are prepared, audited and publicly available (n=515)

65% of NPOs in our sample reported that they track directly reached numbers for all of their top three activities (n=515)

25% of NPOs in our sample reported that they track at least one of their top three activities (n=515)

84% NPOs who track directly reached numbers for at least one of their activities, in our sample reported that their reach numbers can be independently verified (n=432)

Data source for tracking impact numbers of topmost activity (n=432)

Data Source	Up to 1 Cr (n=249)	1 Cr - 5 Cr (n=106)	Above 5 Cr (n=77)
External evaluations	2.5%	0.5%	0.0%
Internal assessments	22.5%	10.2%	7.6%
Project Reports	24.8%	9.3%	6.0%
Others	7.9%	4.6%	4.2%

Table: ISI - Source: Nonprofit Sector Study 2022-23 - Created with Datawrapper

SNAPSHOTS

Getting started with ESG on 24th May 2023





ICMAI Social Auditors Organisation
(A Section 8 company promoted by the Institute of Cost Accountants of India)

Getting started with ESG

Speaker
Ms. Pallavi Singh
ESG and Climate Change Expert
Advisor- ESG Products and Market Strategies at Inrate.

24th May 2023 (Wednesday) From 04.00 pm to 05.15 pm

Fees : No Participation fee Mode : Online (Zoom Meeting Platform)

Registration Link - <https://docs.google.com/forms/d/e/1FAIpQLSeLJQKYH9>

For more details, you may also call us at 9411469499, 8586985549, 9457954906, 9990907530 or email : sa@saicmai.in

Getting started with ESG



Pallavi Singh

Green Finance - Financing a sustainable eco system on 26th May 2023





ICMAI Social Auditors Organisation
(A Section 8 company promoted by the Institute of Cost Accountants of India)

Green Finance
Financing a sustainable eco system

Speaker
Dr. S K Gupta
Chief Executive Officer
ICMAI Social Auditors Organization

26th May 2023 (Friday) From 04.00 pm to 05.00 pm

Fees : No Participation fee Mode : Online (Zoom Meeting Platform)

Registration Link - <https://docs.google.com/forms/d/e/1FAIpQLSddZt5Kn>

For more details, you may also call us at 9411469499, 8586985549, 9457954906, 9990907530 or email : sa@saicmai.in

Green Finance : Financing a Sustainable Ecosystem



Dr. S K Gupta
M. Com, mFCS, FCMA, Ph .D
Chief Executive Officer
ICMAI Social Auditors Organization

Dr. S.K. Gupta

Ethical and Sustainable CSR Strategies on 30th May 2023





ICMAI Social Auditors Organisation
(A Section 8 company promoted by the Institute of Cost Accountants of India)

Ethical and Sustainable CSR Strategies

Speaker
Ms. Sherin Ali
Global Lead CSR WNS

30th May 2023 (Tuesday) From 04.00 pm to 05.15 pm

Fees : No Participation fee
Mode : Online (Zoom Meeting Platform)

Registration Link - https://ocs.gsfd*3le.com/forms/d/e/1FAIpQLSeLJQKYH9dss

For more details, you may also call us at 9411469499, 8586985549, 9457954906, 9990907530 or email : sa@saicmai.in

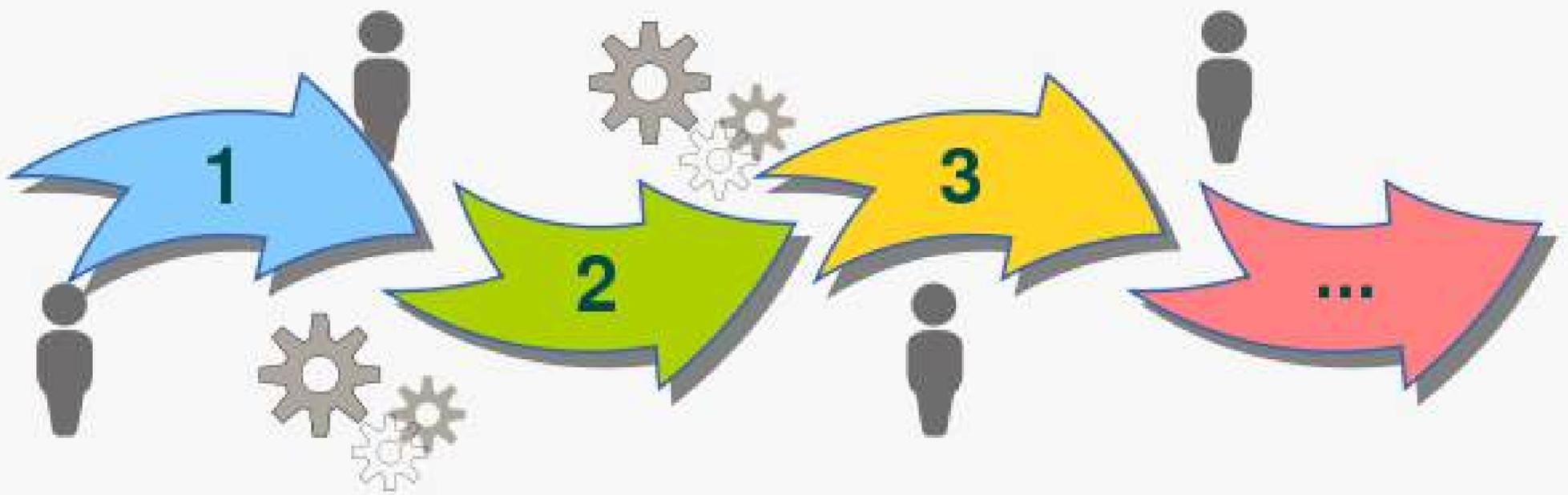
Which activities do not qualify as CSR?

The following do not qualify as CSR activities

- CSR activities that benefit the employees of the company and their families
- One-off events such as marathons/ awards/ charitable contribution/ advertisement/ sponsorships of TV programs etc.
- Expenses incurred by companies for the fulfillment of any Act/ Statute of regulations
- Contribution of any amount directly or indirectly to any political party
- Activities undertaken by the company in pursuance of its normal course of business.

Sherin Ali, WNS Cares Foundation

PROCEDURE FOR REGISTRATION OF A MEMBER WITH ICMAI SAO



ICMAI Social Auditors Organisation

(A Section 8 Company promoted by The Institute of Cost Accountants of India)

PROCEDURE FOR REGISTRATION OF A MEMBER WITH ICMAI SAO

Eligibility Criteria for Social Auditor

A. An Individual if he

- holds the required qualification and experience;
- have attended a course at the National Institute of Securities Markets (NISM) and received a certificate of completion after successfully passing the course examination; and
- is registered with a Self-Regulatory Organisation (SRO) [e.g., ICMAI Social Auditors Organization]

B. A Firm/Institution that has partners/employees who meet with the criteria for being a social auditor and has a track record of minimum three years for conducting social impact assessment.

Eligibility Qualification & Experience for Social Auditor

- Post-graduates from universities recognized by the University Grants Commission (UGC) with a minimum of 3 years of experience in the development sector, or
- Graduates from universities recognized by the UGC with a minimum of 6 years of experience in the development sector, or
- Cost and management Accountant, Chartered Accountant, or Company Secretary holding valid Certificate of Practice.

No individual shall be eligible to be registered as a Social Auditor if he:-

- is a minor;
- is not a person resident in India;
- does not have the qualification and experience specified in SEBI notification;
- has been convicted by any competent court for an offence punishable with imprisonment for a term exceeding six months or for an offence involving moral turpitude, and a period of five years has not elapsed from the date of expiry of the sentence.

Provided that if a person has been convicted of any offence and sentenced in respect thereof to imprisonment for a period of seven years or more, he shall not be eligible to be registered;

- he is an undischarged insolvent, or has applied to be adjudicated as an insolvent;
- he has been declared to be of unsound mind; or
- he is not a fit and proper person.

Explanation: For determining whether an individual is fit and proper ICMAI SAO may take account of any consideration as it deems fit, including but not limited to the following criteria-

- integrity, reputation and character,
- absence of convictions and restraint orders, and
- competence,

Procedure for Enrolment as a member

Entry of Application : Entry for application received for registration of social auditor is to be made in a register maintained by ICMAI SAO followed by stamping of application mentioning date of reception it.

Acknowledgement of Application : Every application received is to be acknowledged to the applicant within 7 working days of its receipt via mail.

Internal Verification of application along with fee and supporting documents as mentioned in enrolment Form.

- Registered form – duly completed
- Passport-size photo
- Copy of proof of residence
- Self – attested copy of Aadhar card, PAN card and Passport (if available).

- Copies of documents in support of educational qualifications, professional Qualification, Experience, and Social Auditors examination
- Copy of proof of payment of Admission/Enrolment Fee and Annual Fee
- Copy of Self Declaration, the format of the same is annexed with the Enrolment form (Annexure – 1).

Verifying Qualification and Experience

Copies of documents demonstrating qualification, employment and practice as –

- Cost and Management Accountant enrolled with the Institute of Cost Accountants of India.
- Company Secretary enrolled with the Institute of Company Secretaries of India,
- Chartered Accountant enrolled with the Institute of Chartered Accountants of India and/or empaneled with the Comptroller & Auditor General of India.
- Graduate / Post-Graduate from universities recognized by the University Grants Commission (UGC).
- Requisite experience of minimum of 3/6 years in the development sector
- Copies of certificate of employment from the employer(s), specifying the period of such employment.

Before registering a person as its Member ICMAI SAO is required to verify the following:

- Whether the applicant holds requisite qualifications & experience as indicated above.
- Whether the applicant holds valid Certificate of Practice if he is a Cost and management Accountant, Chartered Accountant, or Company Secretary.
- Whether the applicant have attended a course at the National Institute of Securities Markets (NISM) and received a certificate of completion after successfully passing the course examination.
- Whether the individual/firm/institution holds requisite social sector experience in providing assurance of non-financial information. (e.g., nutrition, education, health, water & sanitation, energy conservation, environment and climate change, etc.)
- Whether the firm/institution has required number of partners/employees meeting the criteria for being social auditor and has a track record of minimum three years for conducting social impact assessment.
- Whether any disciplinary proceedings are pending, or any disciplinary action has been taken at any time in the preceding three years against the professional member or firm/institution by the ICMAI, ICAI, ICSI, any SRO or any other regulator.
- Whether ICMAI, ICAI, ICSI, any SRO or any other regulator has initiated any criminal proceeding against the professional member or firm/institution and is pending for disposal?
- Whether the professional member/ person had an unblemished service with the last employer if he was in employment? The applicant must submit a conduct certificate from his last employer.

External Verification

The applicants' particulars are sent to verifying authority (ICMAI / ICAI/ICSI) to verify the following:

- Confirmation on verification of Membership Number provided by the Member
- Date of enrolment as member
- Number of years as member, whether he is continued to be member since his enrolment
- Information on whether the Member has ever been found Guilty of Misconduct. If his Membership was removed.
- COP Date
- COP Number
- Firm No.
- Firm Name
- Years of Experience in Practice
- Whether the member is in full-time practice or part-time practice?
- Whether the Member has been in Practice continuously? If not, please mention the block of period during which the Member was in practice and the block of period for which Practice was discontinued

- (e) After examination of the application, ICMAI SAO shall give an opportunity to the applicant to remove the deficiencies, if any, in the application.**
- (f) ICMAI SAO may require an applicant to submit additional documents, information, or clarification that it deems fit, within reasonable time.**
- (g) ICMAI SAO may reject an application if the applicant does not satisfy the criteria for registration or does not remove the deficiencies or submit additional documents or information to its satisfaction, for reasons recorded in writing.**
- (h) The rejection of the application shall be communicated to the applicant stating the reasons for such rejection, within thirty days of the receipt of the application, excluding the time given for removing the deficiencies or presenting additional documents or clarification by the ICMAI SAO, as the case may be.**
- (i) The acceptance of the application shall be communicated to the applicant, along with the registration number.**

Issuance of Certificate of Enrolment/Registration

Upon successful registration, Applicant is issued certificate of registration within 7 working days from the date of registration with ICMAI SAO (through courier and via mail)

DETAILS REGARDING SOCIAL AUDITORS EXAMINATION CONDUCTED BY NISM



ICMAI Social Auditors Organisation

(A Section 8 Company promoted by The Institute of Cost Accountants of India)

Social Auditors Certification Examination

The examination aims to create a pool of social auditors who would assess the impact of social interventions of various social enterprises who raise funds through the Social Stock Exchange platform.

Examination Objectives

On successful completion of the examination the candidate should:

- Know the basics of social auditing, Code of conduct of Social Auditors.
- Understand the general concepts related to social stock exchange, social audit and social impact assessment.
- Know the Social Impact Reporting disclosures and regulations.

Assessment Structure

The examination consists of 85 multiple-choice and 3 case-based/caselet questions (each case having 5 questions) totaling to 100 marks. The assessment structure is as follows:

Multiple Choice Questions[85 questions of 1 mark each]

85*1 = 85

Case-based Questions[3 cases (each cases with 5 questions of 1 mark each)]

3*5*1 = 15

The examination should be completed in 2 hours. The passing score for the examination is 60. There shall be negative marking of 25 percent of the marks assigned to a question.

Test Details

Name of Module: NISM Series XXIII: Social Auditors Certification Examination

~ 85 multiple-choice and 3 case-based/caselet questions (each case having 5 questions) totaling to 100 marks.

*** Negative marking – 25% of the marks assigned to the question.**

+ Payment Gateway Charges extra.

Passing Certificate will be issued only to those candidates who have furnished/ updated their Income Tax Permanent Account Number (PAN) in their registration details.

Frequently Asked Questions (Social Auditors)

1. Who can take NISM-Series-XXIII: Social Auditors Certification Examination?

The following persons can take NISM-Series-XXIII: Social Auditors Certification Examination:

- Individuals registered as social auditors
- Employees of Social audit firm
- Students pursuing social work and interested in gaining more knowledge in Social Audit

2. How can I register for NISM-Series-XXIII: Social Auditors Certification Examination?

Candidates can register at <https://certifications.nism.ac.in/nismaol/>

After successful registration, candidates may select a test centre, date and time slot of their choice on the Test Administrator website. Candidates are required to follow further instructions available on the Test Administrator websites.

3. What is the fee structure?

The fees for “NISM-Series-VIII: Social Auditors Certification Examination” is Rupees One Thousand Five Hundred only (Rs. 1500/-) plus applicable GST.

4. What is the assessment structure?

The examination will be of 100 marks, will have 100 questions, and should be completed in 2 hours. There will be negative marking of 25% of the marks assigned to a question. The passing score for the examination is 60%.

5. Is there a study material available for preparing for this examination?

You will receive a soft copy of the workbook/study material after enrolment for the examination. For non-receipt of a soft copy of the workbook/study material, you may contact NISM at: certification@nism.ac.in

6. Do I have to pay for the study material?

You will receive a soft copy of the workbook/study material free of cost after enrolment for the examination. Candidate can buy printed workbooks from Taxmann Publications Private Ltd.

Visit <https://www.taxmann.com/bookstore> to place your orders for NISM workbooks.

If you prefer to order by phone, please call your nearest store directly to place your order. [Click here](#) to get the details of your nearest store.

7. I have passed NISM Social Auditors Certification Examination, when will I receive the certificate?

Only the candidates who have produced their Income Tax Permanent Account Number (PAN) during registration would receive the NISM Certificate within two weeks of appearing for the examination.

Candidates who produced other identification proofs would not receive the NISM certificate. They would receive only the temporary mark sheet at the end of the examination.

8. I have not provided my PAN information at the time of taking the certification examination. How do I obtain the certificate?

Candidates who have not provided their PAN information during registration may upload the same from their candidate dashboard from NISM's portal. After receiving and verifying PAN details, the candidate will receive the certificate from the Test Administrator they have registered with. No additional payments are necessary for obtaining the certificate.

9. I have passed NISM Social Auditors Certification Examination and also provided PAN details, however I have not received a certificate. Whom should I contact?

For non-receipt of certificate contact: certification@nism.ac.in

10. What is the validity period of the certificate?

The certificate will be valid for 3 years from the date of the examination.

11. Can I request for re-evaluation of NISM Certification Examinations?

NISM Policy on Re-evaluation of performance of candidates appearing for Certification Examination and resolution of doubts about the questions forming part of such examination, if any.

“No re-evaluation of the performance of candidates appearing for Certification Examination conducted by NISM (Mandatory & Non-Mandatory examination) is permitted since the assessment of answers, with respect to Certification Examinations questions which are in the nature of the selection of only one correct answer from multiple choices offered, is carried out in an objective manner by in-built system architecture created for Certification Examination without any scope for human intervention and subjectivity element. Also, considering the examination structure, no disclosure of the questions and/or answers is permitted as it will violate the confidentiality of the question bank, which is the essence of the examination.

In view of the above, no communication regarding re-evaluation, etc. will be entertained/serviced by NISM.” Subject to the above request/s received from a candidate for resolution of doubts about a question forming part of such examination will be considered as per the following policy.

(1) Candidate’s request/s will be considered only when he/she specifically mentions particular question or two which he/she thinks contain errors. Claims/ to recheck more than two questions shall normally be not permitted unless substantive material is provided by the candidate as to why he/she considers errors in such questions. In no case, claim/s to recheck all the questions appeared in his/her question paper shall be entertained.

(2) No request/s to disclose/discuss question/s and/or their answers shall be entertained as disclosure of the question/s will violate the essence of the question bank viz. breach the confidentiality/secretcy of the Question bank.

(3) Only those request/s made on-the-spot (before leaving the test center) will be considered for verification.

(4) When a valid request is received from a candidate at the Test Centre, it shall be forwarded by the respective TA to NISM. NISM’s team will look into claim relating to the contested question/s to verify whether there is a mistake in the question or answer. If it is prima facie found that the question or answer contains a mistake, no score will be computed and consequently no score card will be issued then at the Test Centre.

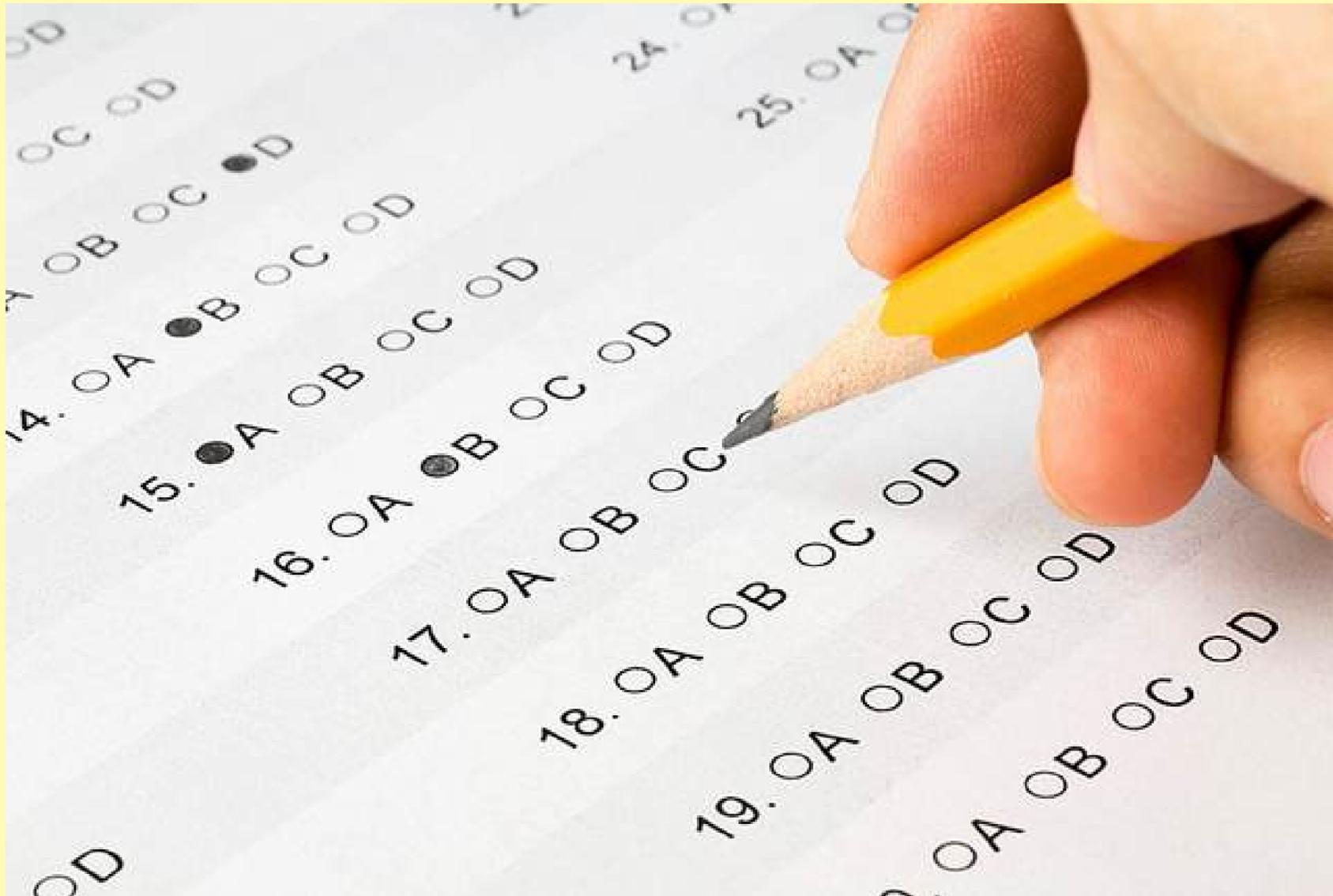
(5) Such matter will then be escalated with the question / answer to the Committee with the details of the nature of error, the correct version of the question or contested correct answer and system recognized correct answer. The Committee, after due diligence and proper scrutiny, will arrive at a conclusion whether the claim made by a candidate in relation to a question or answer is right. Such conclusion will be recorded in writing and put up for formal approval to the authority of NISM.

(6) Score computation, kept in abeyance as per point 4, shall be carried based on the approval as per point – 5. Such score card will then be issued to the candidate by TA/NISM.

(7) Even though NISM endeavours best efforts and has put in place a robust mechanism to review its question bank intermittently, attributable to continuous changes taking place emanating from dynamics of the market, encompassing products and features, and its regulatory framework, there is a possibility of inadvertently escaping some updation and/or escaping indirect impact on some question/answer. Therefore, to take care of such eventuality, the above process of entertaining request from the candidate in relation to the question/answer is put in place.

(8) The above policy and process will be subject to review from time to time and shall be binding and final in relation to any claim and/or matter when disposed off with the approval of the authority of NISM.

MULTIPLE CHOICE QUESTIONS



ICMAI Social Auditors Organisation

(A Section 8 Company promoted by The Institute of Cost Accountants of India)

MULTIPLE CHOICE QUESTIONS

Compiled & Contributed by CMA Jacky Singh
(Cost Accountant , Social Auditor , Surveyor & Loss Assessor)

Question 1 - The _____ in an era efficient capital market infrastructure, improved investor protection, reduced risks and increased transparency of transaction in the Securities market.

- A. SEBI Act 1992
- B. Depositories Act 1996
- C. SEBI (stock Broker) Regulation 1992
- D. SEBI (Prohibition of Insider Trading) Regulation 2015

Answer - B. Depositories Act 1996

Question 2 - For registration on SSEs, NPOs shall necessarily be registered under section _____ of the Income tax Act.

- A. 80G
- B. 12AB
- C. 56
- D. 10

Answer - A. 80G

Question 3 - What is upper limit for donation in cash to claim deduction U/S 80 G?

- A. 2000
- B. 5000
- C. 10000
- D. 15000

Answer - A. 2000

Question 4 - NPO shall make disclosure about material information or event within maximum _____ day.

- A. 3
- B. 5
- C. 7
- D. 10

Answer - C. 7 day

Question 5 - Money market instrument does not include :

- A. Commercial papers
- B. Treasury Bill
- C. Debenture
- D. Reverse repo

Answer - C. Debenture

Question 6 - Main function of credit bureaus is

- A. loan servicing Behavior of the Borrowers.

B. lender borrower relationship analytics.

C. loan Providing Behavior of the lender

D. keeping record of timely payments of installment

Answer - A. loan servicing Behavior of the Borrowers

Question 7 - Clearing corporation works by a process Called as

- A. Multilateral Netting
- B. Multiple Netting
- C. Multilateral processing
- D. Multiple processing

Answer - A. Multilateral Netting

Question 8 - _____ are institution intermediaries, who are authorised to hold funds and securities on behalf of large institutional investors.

- A. Insurance companies
- B. Registrar and transfer Agents
- C. Custodian
- D. Stock exchanges.

Answer - C. Custodian

Question 9 - Order matching in an exchange is done based on.

- I. Price priority
 - II. Time priority
 - III. Price and Time priority both.
- A. I only
 - B. II Only
 - C. III only

Answer - C. III only (Price and Time priority both)

Question 10 - Clearing Banks are intermediary between

- I. Clearing members
 - II. Clearing Corporation.
 - III. Stock exchange
- A. I & II
 - B. I & III
 - C. II & III
 - D. I, II & III

Answer - A. I & II

Question 11 - Cost of third party evaluator is never borne by:

- A. NPO
- B. Risk funder

MULTIPLE CHOICE QUESTIONS

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(Cost Accountant , Social Auditor , Surveyor & Loss Assessor)

C. Outcome fund

D. Beneficiaries

Answer - D. Beneficiaries

Question 12 - Identify the entity which can't be outcome funder

A. CSR Donors

B. Government

C. Foundation

D. Institutional Investor

Answer - D. Institutional Investor

Question 13 - Minimum Application size for ZCZP Instrument _____

A. 15000

B. 1 Lakh

C. 2 lakhs

D. 5 lakhs

Answer - C. 2 lakhs

Question 14 - Prior consent of the _____% of investors of SIF is required to invest in securities of NPOs.

A. more than 50

B. 67

C. 75

D. 90

Answer - C. 75

Question 15 - Which among the following constitute stakeholder of social stock Exchange?

I. Trading member

II. Non-profit organization

III. Profit Enterprise

A. Only I & II

B. Only II & III

C. Only I & III

D. I, II, III

Answer - D. I, II, III

Question 16 - How many trustees are required to register as Trust?

A. One

B. Seven

C. Three

D. Two

Answer - D. Two

Question 17 - _____ is an impact accounting system which can be used by impact investors to measure, manage and optimize the impact

A. GIIRS

B. GRI

C. UNGC

D. IRIS+

Answer - D. IRIS+

Question 18 - Section 8 companies can also raise funds by way of listed _____ instrument.

A. Equity

B. Debt

C. Equity or Debt

D. ZCZP only

Answer - C. Equity or Debt

Question 19 - Date Quality check lower

I. Validity & Reliability

II. Completeness and timelines

III. Integrity

A. I & II only

B. I & III only

C. II & III only

D. I, II & III

Answer - D. I, II & III

Question 20 - Route for pay for success through Grants model does not involve

A. CSR funder

B. Third Party Evaluator

C. Interim funding partner

D. State Government

Answer - D. State Government



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The articles sent for publication in the journal “The Social Auditor” should conform to the following parameters, which are crucial in selection of the article for publication:

- The article should be original, i.e. Not Published/ broadcasted/hosted elsewhere including any website.
- A declaration in this regard should be submitted to ICMAI-SAO in writing at the time of submission of article.
- The article should be topical and should discuss a matter of current interest to the professionals/readers.
- It should preferably expose the readers to new knowledge area and discuss a new or innovative idea that the professionals/readers should be aware of.
- The length of the article should not exceed 2500-3000 words.
- The article should also have an executive summary of around 100 words.
- The article should contain headings, which should be clear, short, catchy and interesting.
- The authors must provide the list of references, if any at the end of article.
- A brief profile of the author, e-mail ID, postal address and contact numbers and declaration regarding the originality of the article as mentioned above should be enclosed along with the article.
- In case the article is found not suitable for publication, the same shall be communicated to the members, by e-mail.

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