

THE SOCIAL IMPACT ASSESSOR

YOUR INSIGHT JOURNAL



February 2026

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.

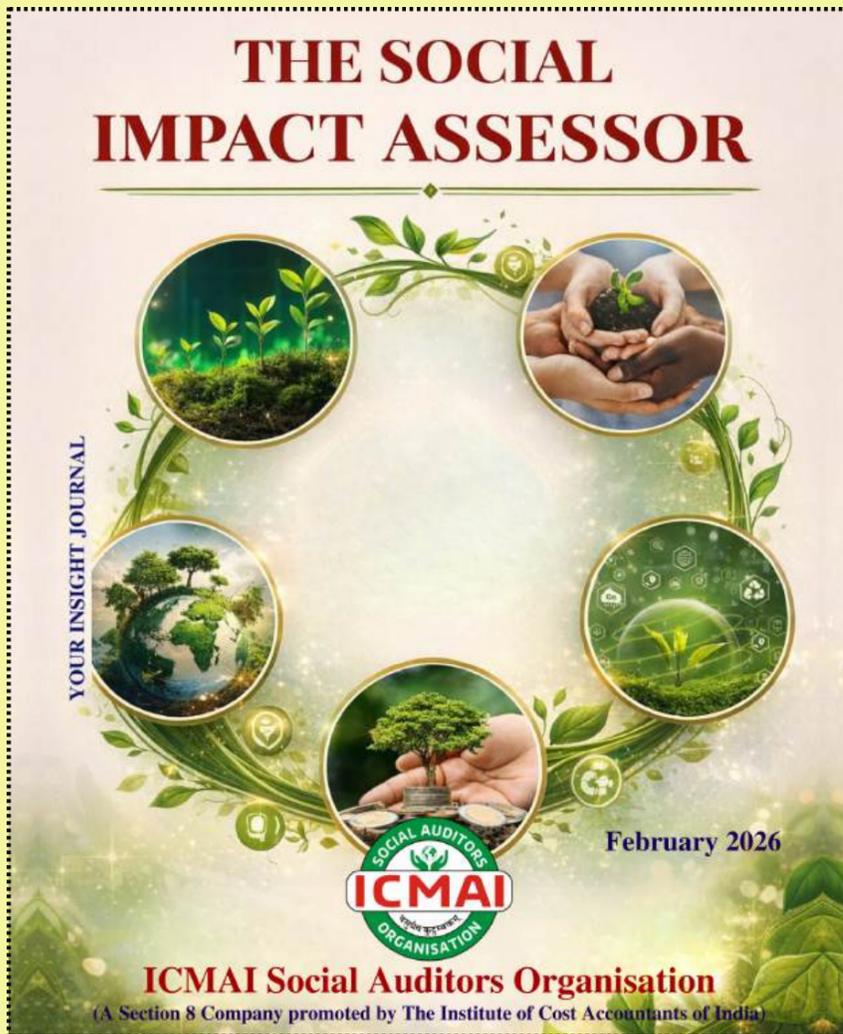
ICMAI Social Auditors Organisation (ICMAI SAO)

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.



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February 2026 IN THIS ISSUE...

MESSAGE	
FROM THE CEO'S DESK	1
PROFESSIONAL DEVELOPMENT PROGRAMS	2-3
ARTICLES	4
• Enhancing the sustainability and effectiveness of Non-Governmental Organizations	5-8
• Social Audit in India : The Silent Revolution of Accountability and Transparency	9-12
• Listening Before the Outcome Speaks Identifying Early Impact Signals in Short Funding Cycles	13-15
• Principles of Social Impact Assessment	16-21
• Social Audit in the Digital Age	22-28
PROCEDURE FOR REGISTRATION OF A MEMBER WITH ICMAI SAO	29-32
DETAILS REGARDING SOCIAL AUDITORS EXAMINATION CONDUCTED BY NISM	33
Social Auditors Certification Examination	34
Frequently Asked Questions (Social Auditors)	35-37

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MESSAGE FROM THE CEO'S DESK

Social impact refers to the significant, positive changes or effects an action, project, or organization has on people, communities, and society, tackling issues like poverty, health, or environment, and is measured by tangible improvements in well-being, equity, and sustainability beyond just profit, often involving deliberate efforts by businesses, governments, or non-profits to create better futures. Social impact is the lasting difference an organization, initiative, or movement creates in people's lives and the systems that shape opportunity, equity, and well-being—measured not by what you do, but by who benefits and for how long.

Understanding social impact means asking a deeper question: not just what do we achieve, but who truly benefits—and for how long. As global challenges intensify, the ability to define, create, and sustain meaningful social impact has become the defining measure of purpose and progress. True social impact operates across three dimensions—individual, organizational, and systemic. At the individual level,

impact improves lives through education, employment, or access to resources. At the organizational level, it influences how institutions embed purpose into their culture, decision-making, and accountability. And at the systemic level, impact redefines the structures that sustain inequity, such as policies, market incentives, or information gaps.

Organizations that embed social impact into their strategy create shared value. When equity, sustainability, and inclusion are not afterthoughts but core design principles, organizations unlock innovation and trust. The return is tangible: stronger partnerships, greater adaptability, and a brand grounded in credibility. The more interconnected the world becomes, the clearer it is that social impact is not a side effort—it's how long-term success is built.

PROFESSIONAL DEVELOPMENT PROGRAMS

DECEMBER 2025 & JANUARY 2026

Date & Time	Topic of the Program
02nd December 2025 From 03.30 pm to 05.00 pm	Professional opportunities for CMAs - Social Stock Exchange and Social Impact Assessors
26th December 2025 From 10.30 am to 12.30 pm	Registration of Social Enterprises on Social Stock Exchange
29th December 2025 From 09.30 am to 01.00 pm	Social Stock Exchange Awareness Program - Bangalore
03rd-04th January 2026 From 10.00 am to 05.00 pm	20th Online Batch Preparatory Course for Social Auditors Examination
06th January 2026 From 03.30 pm to 05.00 pm	Professional opportunities for CMAs - Social Stock Exchange and Social Impact Assessors
09th January 2026 From 03.00 pm to 04.00 pm	Listing of Social Enterprises on Social Stock Exchange
17th-18th January 2026 from 11.00 am to 05.00 pm	Proficiency Development Program for Social Impact Assessors
21st January 2026 From 09.30 am to 01.00 pm	Social Stock Exchange Awareness Program - Chhatrapati Sambhajnagar

UPCOMING PROGRAM

Date & Time	Topic of the Program
04th February 2026 from 09.30 am to 01.00 pm	Social Stock Exchange Awareness Program - Ranchi
06th February 2026 from 04.00 pm to 05.00 pm	Creating Draft Fund Raising Document for Listing on Social Stock Exchange
14th-15th February 2026 From 10.00 am to 05.00 pm	21st Online Batch Preparatory Course for Social Auditors Examination

Articles



Enhancing the sustainability and effectiveness of Non-Governmental Organizations

CMA (Dr.) S K Gupta

Chief Executive Officer - ICMAI Social Auditors Organisation

The Perspective

Voluntary, civil, and non-profit organizations have existed in different institutional forms in every society throughout history to ensure social solidarity and protection of rights among people. On the other hand, the modern forms of these civil organizations, namely non-governmental organizations (NGOs), have emerged as the organizational form of a new sector (third sector) outside the public and private sectors with the increase of democratization waves during the end of the 1980s, such as unions, associations, think tanks, foundations, and cooperatives.

The NGO sector in India has grown exponentially in the last decade – there is one NGO for every 400 persons in India – but it has received relatively less attention in terms of governance. India ranks low on the Human Development Index as well as the Global Hunger Index; this underlines the need to review and reform India's NGO sector in terms of efficiency and governance. India is currently home to 3.3 million registered NGOs, of which 25% cater to religious interests and activities, while about 40% are engaged in social service and educational activities. While many of the NGOs are highly motivated and actively pursue genuine causes, the same cannot be said for the rest of them.



The NGO sector has the potential to reach out in depth to many areas where governments face difficulties. There are several examples of dedicated NGOs which have been carrying out commendable work in the fields of education, health, conservation of natural resources, environmental and wild life protection, heritage, and culture. However, what is worrisome is those NGOs which exploit their position to extract financial benefits while serving questionable interests. As a result of such elements, the positive contributions of the NGO sector as a whole have not received their due recognition.

The emerging opportunities for growth in our country need to be addressed keeping in view the rapidly changing aspirations of our young population increasingly exposed to the developed world through better education and communication. Simultaneously, the increasing gap between the standard of living of the under-privileged and affluent sections of society needs to be narrowed expeditiously. NGOs have a major role to play in this area.

Why NGOs Must Streamline Processes and Improve Efficiency

Here are some reasons why your NGO, no matter what social services area you serve, should streamline its processes:

- **Save Time** : By streamlining your day-to-day operations, your workforce will be able to spend less time on each task and move on to the next. This efficient practice saves time and allows NGOs to serve more people in a single working day.
- **Reduce Costs** : Many social service organizations face financial difficulties at times. By analyzing and streamlining your processes, you can save money that

you may not realize you're wasting due to outdated processes. You can budget more effectively by optimizing your processes.

- **Increase Productivity** : Streamline your NGO processes to increase the productivity of your workforce. This aspect will assist you in enabling more members of your team to perform better in terms of case management.
- **Improve Collaboration** : Streamlining operations will also help you improve collaboration among teams and with your donors. This will ensure that your NGO is perceived as a transparent body that uses tools and technology to optimize its operational workflow.
- **Ensure Compliance** : Compliance is another major concern of non-profits. By streamlining your processes and having protocols, you can be sure to adequately comply with the regulations.
- **Opt for Sustainable Models** : Instead of going with ad-hoc systems, streamlining processes can help you opt for sustainable and long-term working models.
- **Warrant Accuracy** : As mentioned above earlier, streamlined operations allow you to communicate better with your clients and donors. This will also help your NGO improve its accuracy and always have up-to-date data on each case.
- **Raise More Funds** : Streamlining processes to naturally incorporate technology. This is a great way to raise more funds to make your non-profit financially stable.
- **Expand Outreach** : Lastly, when you have a more productive workforce, more time, and better accessibility, you can cater to more people who need you.

Challenges faced by NGOs

NGOs often face multidimensional challenges related to sustainability, including issues of governance and financial resilience. Given that the social, economic, and political environments in which NGOs operate are dynamic and often characterized by uncertainty, achieving long-term goals necessitates the establishment

of robust and resilient institutional structures and sustainable governance models.

Non-governmental organizations (NGOs) face several operational challenges in their day-to-day activities. These challenges can hinder an NGO's ability to make the right social impact. While the specific challenges can vary depending on the nature and scope of the NGO's work, here are some common operational challenges faced by NGOs:

- **Resource Constraints** : NGOs frequently operate with limited resources, including human resources, infrastructure, and technology. There is always more to achieve with limited resources at disposal. Insufficient staffing, lack of necessary equipment or technology, and inadequate automation can hinder their efficiency and capacity to deliver programs effectively.
- **Compliance and Legal Issues** : NGOs must navigate complex legal and regulatory frameworks, including registration requirements, tax obligations and reporting . Complying with these regulations can be time-consuming and burdensome, diverting resources from their primary objectives. If not done properly this can prove to be a costly mistake.
- **Coordination and Collaboration** : Collaboration with other stakeholders, such as government agencies, other NGOs, sponsors and local communities, is crucial for effective program implementation. However, coordinating and aligning efforts across different organizations, each with their own priorities and mandates, can be challenging.
- **Monitoring and Evaluation** : Measuring and evaluating the impact of their programs is essential for NGOs to assess effectiveness, learn from experiences, and make data-driven decisions. However, limited resources and expertise can impede their ability to conduct comprehensive monitoring and evaluation processes.
- **Public Perception and Trust** : Maintaining public trust and credibility is critical for NGOs. Negative perceptions or scandals within the sector can impact fundraising efforts and partnerships . NGOs must

adhere to high ethical standards, practice transparency, and communicate their impact effectively to build trust.

- **Adaptation to Change** : NGOs operate in a rapidly changing world, including evolving social, political, and technological landscapes. Keeping pace with emerging trends, integrating new technologies, and adapting to shifts in funding priorities require agility and continuous learning.

Strategies for Enhancing efficiency and sustainability of NGOs

The operational efficacy of NGOs lies at the intersection of technology, organizational structure, sector, financial feasibility and approval of impact group. Broadly speaking, NGOs comprise welfare organisations, service-deliverers and advocacy groups. However, a more detailed classification of NGOs will further clarify their roles. It will also help in identifying economic goals while at the same time addressing socio-cultural goals like education, health, environmental protection and human rights. NGOs can enhance their operational efficiency by implementing various strategies and best practices. Here are some ways NGOs can improve their operational efficiency:

- **Streamline Processes** : Review and streamline administrative and operational processes to eliminate redundancies and inefficiencies. Automate routine tasks, standardize procedures, and leverage technology solutions to improve productivity.
- **Capacity Building** : Invest in training and professional development for staff and volunteers. Enhance their skills and knowledge in areas relevant to the organization's work, such as project management, fundraising, monitoring and evaluation, and leadership.
- **Effective Financial Management** : Implement sound financial management practices. Develop budgets, track expenses, and regularly review financial reports to ensure transparency, accountability, and optimal resource allocation.

- **Technology Adoption** : Leverage appropriate technology solutions to streamline operations. Utilize project management tools, communication platforms, data management systems, and online collaboration tools to enhance efficiency and effectiveness.
- **Partnerships and Collaboration** : Foster strategic partnerships and collaborations with other NGOs, government agencies, local communities, and relevant stakeholders. Pool resources, share knowledge, and coordinate efforts to achieve common goals and maximize impact.
- **Monitoring and Evaluation** : Establish robust monitoring and evaluation systems to measure program impact, track progress, and learn from experiences. Use data and evidence to inform decision-making and improve program effectiveness.
- **Volunteer Management** : Develop effective volunteer management processes, including recruitment, training, and recognition. Ensure volunteers are well-aligned with the organization's mission and provide them with meaningful roles and responsibilities.
- **Communication and Stakeholder Engagement** : Enhance communication strategies both internally and externally. Foster transparent and open communication channels within the organization and engage stakeholders through regular updates, newsletters, social media, and events.
- **Impact Measurement and Reporting** : Develop robust impact measurement frameworks to assess the outcomes and effectiveness of programs. Share impact stories and success stories through various communication channels to demonstrate the organization's achievements and build trust.

By implementing these strategies, NGOs can enhance their operational efficiency, optimize resource utilization, and effectively deliver on their mission to create positive change in their communities.

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Social Audit in India : The Silent Revolution of Accountability and Transparency

CMA M KAMESWARA RAO

FICWA, Social Impact Assessor, Registered Valuer, Independent Director

Executive Summary

Social audit, a participatory tool that evaluates the implementation and impact of public programs and corporate social responsibility (CSR) initiatives, has emerged as a powerful mechanism to ensure these principles.. Unlike financial audits that focus on monetary transactions, social audits assess the social impact, inclusiveness, and effectiveness of policies and programs. In India, where welfare schemes like the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), corporate CSR initiatives, and environmental, social, and governance (ESG) frameworks play a pivotal role, social audits have become indispensable.

Introduction

In a democratic society, transparency and accountability are the cornerstones of good governance. Social audit, a participatory tool that evaluates the implementation and impact of public programs and corporate social responsibility (CSR) initiatives, has emerged as a powerful mechanism to ensure these principles. Unlike financial audits that focus on monetary transactions, social audits assess the social impact, inclusiveness, and effectiveness of policies and programs. In India, where welfare schemes like the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), corporate CSR initiatives, and environmental, social, and governance (ESG) frameworks play a pivotal role, social audits have become indispensable.

Historical Evolution

The concept of social audit in India can be traced back to Gandhian ideals of participatory democracy and community self-governance. Mahatma Gandhi emphasized the importance of community involvement in decision-making and resource allocation, laying the philosophical foundation for social audits.

Civil Society Initiatives

In the 1990s, civil society organizations began experimenting with community-led audits to expose corruption and inefficiencies in public service delivery. These grassroots movements demonstrated the potential of social audits to empower citizens and hold authorities accountable.

Institutionalization through MGNREGA

The watershed moment came with the enactment of MGNREGA in 2005, which mandated social audits as a statutory requirement. Andhra Pradesh became a pioneer in implementing structured social audits, setting up dedicated Social Audit Units (SAUs) and conducting regular public hearings.

Expansion to Corporate and ESG Domains

Post-2013, with the introduction of mandatory CSR under the Companies Act, social audits began to be applied to corporate initiatives. The emergence of ESG frameworks and the establishment of the Social Stock Exchange (SSE) by the Securities and Exchange Board of India (SEBI) further expanded the scope of social audits

to include sustainability and impact assessment.

Legal and Regulatory Framework

MGNREGA (2005)

Section 17 of the MGNREGA Act mandates regular social audits by the Gram Sabha to ensure transparency in the implementation of rural employment schemes. The Ministry of Rural Development provides guidelines and financial support for conducting these audits.

Companies Act (2013)

Section 135 of the Companies Act requires companies with a net worth of ₹500 crore or more to spend at least 2% of their average net profits on CSR activities. Social audits are increasingly used to evaluate the effectiveness and impact of these initiatives.

SEBI's BRSR (2021)

SEBI introduced the Business Responsibility and Sustainability Reporting (BRSR) framework to enhance ESG disclosures by listed companies. BRSR mandates reporting on social performance indicators, encouraging companies to adopt social audits for validation.

Social Stock Exchange (2022)

SEBI's SSE framework allows non-profit organizations and social enterprises to raise funds through a regulated platform. To ensure credibility, entities must undergo social impact assessments and audits, aligning with global best practices.

Objectives and Methodology

Objectives

1. "Transparency" Ensure that public funds and CSR resources are used effectively.
2. "Accountability" Hold implementing agencies and corporations responsible for outcomes.
3. "Participation" Empower citizens and stakeholders to evaluate programs.
4. "Equity" Promote inclusive development by addressing the needs of marginalized groups.
5. "Sustainability" Align initiatives with long-term environmental and social goals.

Methodology

1. "Planning" Define the scope, objectives, and stakeholders involved.
2. "Data Collection" Review official records, conduct field visits, and gather community feedback.
3. "Community Engagement" Organize public hearings where beneficiaries share experiences.
4. "Reporting" Document findings, highlight discrepancies, and recommend corrective actions.
5. "Follow-up" Monitor implementation of recommendations and ensure continuous improvement.

Case Studies

MGNREGA in Andhra Pradesh

Andhra Pradesh has institutionalized social audits through independent SAUs. Regular audits have led to the identification of ghost beneficiaries, misappropriation of funds, and improved service delivery. The model has been replicated in other states and recognized internationally.

CSR Initiatives by Tata Group

The Tata Group conducts third-party social audits of its CSR programs in education, healthcare, and rural development. These audits assess the relevance, efficiency, and impact of interventions, ensuring alignment with community needs.

Social Stock Exchange (India)

Under SEBI's SSE framework, organizations like Goonj and Pratham have undergone social impact audits to qualify for listing. These audits evaluate the scalability, sustainability, and effectiveness of social interventions.

Latest Trends (2025 Context)

Digital Transformation

The integration of digital tools such as mobile apps, dashboards, and cloud-based platforms has revolutionized social audits. Real-time data collection and analysis enhance accuracy and responsiveness.

AI and Predictive Analytics

Artificial Intelligence (AI) is being used to detect anomalies, predict risks, and optimize resource allocation. Machine learning algorithms analyze large datasets to identify patterns and flag potential issues.

Blockchain for Transparency

Blockchain technology ensures tamper-proof audit trails, enhancing trust and accountability. It is particularly useful in tracking CSR funds and verifying beneficiary data.

Climate and ESG Audits

With growing emphasis on sustainability, social audits now include climate impact assessments. Companies are evaluated on their carbon footprint, resource efficiency, and alignment with ESG goals.

Citizen-Led Audits

Training programs and capacity-building initiatives have empowered citizens to conduct audits independently. This grassroots approach enhances ownership and credibility.

Challenges

Awareness and Capacity

Limited awareness among beneficiaries and lack of trained auditors hinder effective implementation. Capacity-building remains a critical need.

Resistance from Stakeholders

Implementing agencies and vested interests often resist audits due to fear of exposure. Ensuring cooperation and institutional support is essential.

Resource Constraints

Conducting comprehensive audits requires financial and human resources. Budgetary limitations can compromise quality and coverage.

Data Privacy and Security

The use of digital tools raises concerns about data privacy and security. Robust safeguards and ethical guidelines are necessary.

Future Outlook

Integration with ESG and BRSR

Social audits will play a central role in ESG reporting and BRSR compliance. Companies will increasingly rely on third-party audits to validate their social performance.

Standardization and Accreditation

Developing standardized frameworks and accrediting social auditors will enhance credibility and comparability. The Institute of Cost Accountants of India (ICAI) and other bodies are working on certification programs.

Global Alignment

India is aligning its social audit practices with global standards such as the UN Sustainable Development Goals (SDGs), Global Reporting Initiative (GRI), and International Integrated Reporting Council (IIRC) guidelines.

Technology-Driven Audits

The future will see greater use of AI, IoT, and blockchain in social audits. These technologies will enable predictive insights, real-time monitoring, and enhanced transparency.

Policy Support

Government initiatives like Digital India, Skill India, and Vikasit Bharat 2047 provide a conducive environment for scaling social audits. Policy reforms are expected to institutionalize audits across sectors.

Conclusion

Social audit is more than a tool—it is a movement that embodies the spirit of participatory democracy. In India, it has evolved from grassroots activism to a mainstream governance mechanism, influencing public policy, corporate responsibility, and sustainable development. As the country aspires to become a \$5 trillion economy, social audits will be instrumental in ensuring that growth is inclusive, equitable, and accountable. By embracing innovation, strengthening institutions, and empowering

citizens, India can lead the world in redefining governance through social audits.

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Listening Before the Outcome Speaks

Identifying Early Impact Signals in Short Funding Cycles

Ms. Prajakta Mony

Social Impact Assessor | Co-founder of BlueSkyCSR

Executive Summary

Social impact programs are frequently evaluated within short funding cycles, even though meaningful outcomes and impact take time to emerge. This misalignment places pressure on implementation teams and often leads to strained reporting and overstretched indicators. This article advocates the identification of early impact signals; observable changes along the causal pathways of a Theory of Change that indicate progress before outcomes or impact are achieved. By explicitly measuring pre-outcome and pre-impact signals, assessors can support learning, enable timely course correction, and report responsibly without over-claiming. Measurement systems designed for learning first, and reporting second, strengthen methodological integrity and reduce artificial reporting burdens.

When Impact Is Expected Before It Can Exist

I have sat in far too many rooms...midline reviews, donor check-ins, and endline presentations, where everyone present quietly knew the same uncomfortable truth: it is too early for impact to have shown up. In reviewing programs 12-18 months into implementation across sectors like education, livelihoods, and behaviour change, I have often seen a mismatch between the maturity of the intervention and the expectations placed on it. While outcomes understandably take time, implementation teams are frequently required to account for change early on. The result is a recurring pattern. Heightened reporting anxiety, operational stress, and indicators being asked to speak louder than they reasonably can.

Over time, this dissonance has forced a deeper question for me: if impact cannot yet be achieved, what should we be paying attention to and why are our measurement systems not designed to capture it?

If you work as a social impact assessor, evaluator, auditor, or M&E practitioner and have ever found yourself explaining to a donor why a program is “on track” even though the headline outcomes are not yet

visible, then this will likely feel familiar. If you have struggled to reconcile short funding cycles with long pathways of change, or felt the tension between methodological integrity and reporting expectations, you are not alone. This article is written from within that experience, for practitioners who are trying to measure change honestly while still remaining useful to the systems that fund and govern it.

Most social impact programs today are evaluated far too early and... far too late.

Too early, because funding cycles (especially in CSR and pilot grants) demand demonstrable results within short timeframes. Too late, because by the time endline evaluations arrive, opportunities for learning, correction, and strengthening implementation have already passed.

This has created a quiet but persistent dysfunction in the impact ecosystem: **measurement systems that are compliant on paper, but disconnected from how change actually unfolds in practice.**

What if the real issue is not that impact hasn't happened yet but that we are not listening carefully enough to the signals that precede it?

The Myth of Immediate Impact

In most social sectors, impact is cumulative. It emerges through a sequence of intermediate shifts: capabilities built, behaviours altered, systems nudged, roles clarified, norms questioned...long before final outcomes or impacts become visible.

However, measurement frameworks are often constructed backwards from end outcomes alone. While Theories of Change may acknowledge intermediate steps conceptually, these steps are rarely operationalised with the same rigour in measurement plans. As a result, when donors ask, “What has changed?”, programs scramble during reporting season to retro-fit proxy indicators, creating stress, inefficiency, and sometimes fragile narratives.

The issue here is not intent or integrity. It is **measurement design**.

Early Impact Signals: What Are We Really Looking For?

Early impact signals are **observable, credible, and interpretable shifts along the causal pathways of a Theory of Change** that indicate whether a program is moving in the right direction, even when final outcomes are not yet visible.

They are not diluted outcomes. They are not vanity metrics. And they are not placeholders to satisfy reporting templates.

Instead, they answer a more fundamental question:

If this intervention is truly on track to create impact, what should already be starting to change?

Examples include:

- Teachers adapting classroom practices before student learning outcomes improve
- Borrowers changing financial decision-making behaviours before income stabilises

- Community actors coordinating differently before service up take increases
- Frontline staff demonstrating fidelity to program design before scale effects emerge

These signals sit at the **pathway linkages** of a Theory of Change, the connective tissue between activities, outputs, outcomes, and impact. When these linkages are not explicitly measured, the Theory of Change becomes descriptive rather than diagnostic.

The Impact Signals Ladder (A Practical Assessor’s Lens)

Assessors can think of change as unfolding along an “impact signals ladder”, especially in short funding cycles.

Change typically unfolds in stages, beginning with implementation signals that indicate whether activities, roles, and systems are stabilising as intended. This is followed by behavioural or capability signals, where stakeholders begin to act differently or demonstrate new skills as a result of the intervention. Outcome signals may emerge next, often unevenly and before they are sustained or widespread. Impact signals, which reflect longer-term or structural change, usually sit at the top of this progression.

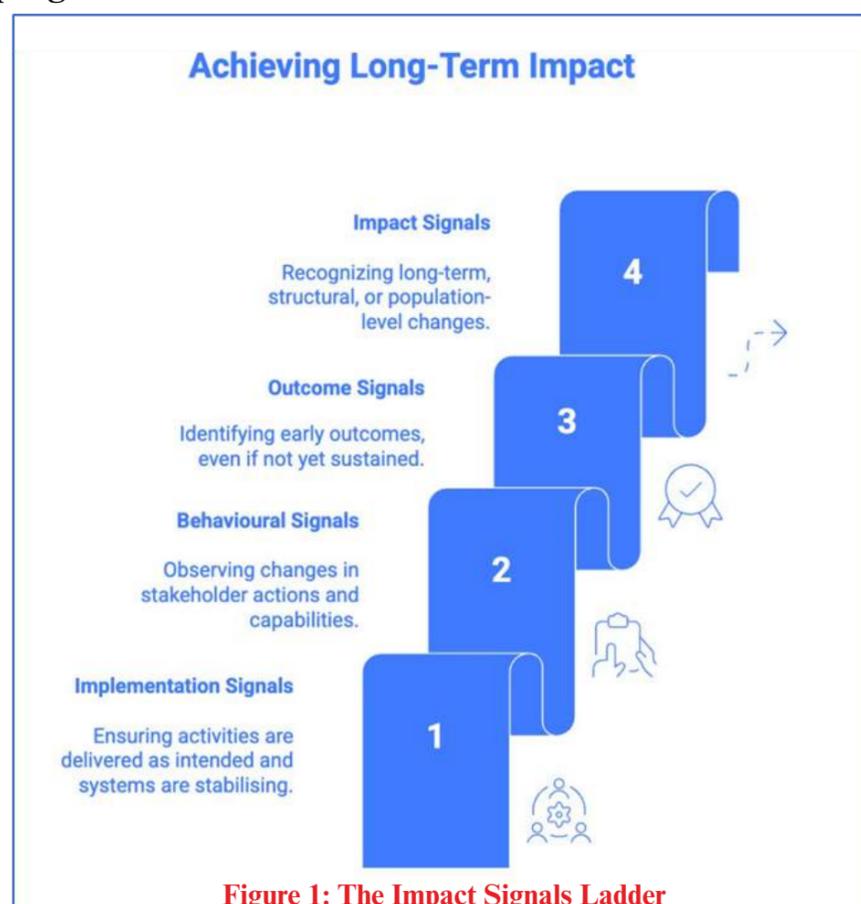


Figure 1: The Impact Signals Ladder

Short funding cycles may not reach the top of the ladder and that is acceptable. What matters is whether movement up the ladder is visible, intentional, and explainable.

Why Short Funding Cycles Make Early Signals Non-Negotiable

Short funding cycles are not an exception; they are the dominant reality in CSR-funded and donor-supported programs. Expecting full impact within these windows is unrealistic.

But expecting learning is not.

Early impact signals play three critical roles:

1. Credible accountability without over-claiming

Programs can report responsibly on what is changing so far, without forcing premature impact claims.

2. Early learning and course correction

Weak or inconsistent signals surface broken assumptions early when change is still possible.

3. Trust-building with funders and boards

Transparent reporting on pre-outcome and pre-impact signals conveys seriousness, not failure.

This approach aligns well with the intent behind social audit standards and SSE-linked disclosures, which increasingly emphasise process integrity, causal logic, and learning, not just end numbers.

Measurement Systems : Learning First, Reporting Second

Most measurement systems today are designed for reporting, with learning added as an afterthought. This reverses the natural order of inquiry.

Measurement should first help implementers and decision-makers answer :

- What is working?
- What is not?
- Which assumptions are holding?
- Where should we adapt?

When learning is prioritised, reporting becomes a by-product rather than a burden. Reporting seasons feel less like audits and more like structured reflections. Data collection becomes organic and embedded, rather than extractive and last-minute.

This shift has the potential to significantly reduce the artificial burden that often peaks during donor reporting cycles, while also improving data quality in the process.

Making Early Signals Explicit in the Theory of Change

For social impact assessors, this leads to a clear methodological implication:

The Theory of Change must explicitly articulate pre-outcome and pre-impact signals.

This requires asking:

- What assumptions sit between this activity and the next outcome?
- What observable change would indicate that the assumption is holding?
- Who should experience this change and by when?

When these questions are addressed upfront, measurement frameworks become sharper, lighter, and more defensible, especially during audits, social assessments, and SSE-aligned reviews.

Toward a More Honest Measurement Culture

Early impact signal identification is not about lowering the bar for impact. It is about respecting the time it takes for change to mature, while still holding ourselves accountable along the way.

When measurement systems are built for learning first and reporting second, something important shifts. Reporting stops feeling like a compliance ritual and starts feeling like a shared inquiry.

And perhaps most importantly, measurement becomes what it was always meant to be: a tool not just to prove impact...but to improve it.

Principles of Social Impact Assessment

Mr. Manish Puranik

MBA-HR | PGD-CSR | Social Impact Assessor | NGO Capacity Building Facilitator

Preamble

It's high time we look beyond the obligatory Corporate Social Responsibility or Environmental Social Governance frameworks of reporting and move towards Creating Social Value and Impact by adapting to the principles of accountability, co-existence and inclusion.

Social Value is not a number but the value that people experience through changes in their lives. Therefore, generally being abstract, intangible and nonfinancial, it has to be planned, created, measured and managed with a humane approach that needs more articulation than calculation.

Governance is a responsible exercise of power for a common, larger good and accountability is the method of showing that you are acting responsibly for what needs to be achieved in common interest without violating any ethical, economical or ecological norms and conventions.

Social Audit or Social Impact Assessment is the tool to facilitate the accountability that helps measure the planned and unplanned outputs, intended and unintended outcomes and desirable as well as undesirable impacts; generally the 'implications' of any intervention, project or program.

SIA Abstract

With this context, it becomes imperative to understand the fundamental principles of Social Audit or Social Impact Assessment that measures the Social Value. But, before moving on to the principles of SIA, let us understand some basic conventions about SIA:

1. Social Impact Assessment is not just a reporting formality carried out in the end, only for the sake of compliance or as a disclosure requirement; it has to be integrated into the project design right from start [baseline] to finish [end line].

2. Irrespective of standards/frameworks used, SIA must probe into what is planned on paper, what is executed on ground and any deviation with reasons without discounting anything as an assumption, inclination or exception. Anything implicit must be explicitly excluded.

3. SIA must offer recommendations, not only for what didn't go well or as planned but also for refining the Theory of Change and, if required, restructuring the Logical Framework in view of improving the impact of the intervention, project or program.

Now, with this understanding, let's us try to understand basic principles of SIA.

7 Principles of SIA

In the following pages seven core principles of Social Impact Assessment are explained and elaborated with some practical examples. These principles make SIA a practice of making any activity, intervention or project, not only just effective and objective, but can add immense value to the proposal resulting in enhancing its ability to Create Social Value if followed religiously.

This makes the bundle of these principles a lighthouse of SIA if practiced diligently.

Principle 1 : Participation [Involve stakeholders]

Stakeholders are not just data sources, they are co-creators of value. Their voices shape what is measured, how it is measured, and how outcomes are valued, ensuring the account of social value is authentic and meaningful. Stakeholders are central to the process because they are the ones who actually experience the change. Their involvement ensures that:

- The analysis is grounded in reality, not just theoretical assumptions.
- The value assigned to outcomes reflects lived experience, making the account credible and meaningful.

- The process is inclusive and transparent, giving voice to those who might otherwise be overlooked.

Principle in Practice

This principle requires that stakeholders be:

1. Identified clearly – mapping all groups who experience or influence change.
2. Consulted throughout – not just at the start, but continuously during analysis.
3. Listened to actively – their perspectives shape both what is measured and how it is valued.

By involving stakeholders in the measurement process, the account of social value becomes richer, more accurate, and more ethically grounded. It ensures that the outcomes reported are not only numbers on a page but authentic reflections of human and organizational change.

Principle 2 : Insight [Understand what changes]

Stakeholders are the people or organizations who experience and influence the change. Value is created by them (partners, funders, service providers) for them (beneficiaries, communities).

Their perspectives are essential to:

- Identifying what changes matter most
- Recognizing both positive and negative impacts
- Distinguishing between intended and unintended outcomes

Outcomes are the core evidence of change. They should be measured systematically and gradually to demonstrate:

- That change has taken place
- How it was created (through stakeholder contributions and activities)
- The extent to which it aligns with intended goals or diverges into unintended consequences

Principle in Practice

This principle requires organizations to:

1. Develop a theory of change that explains how activities lead to outcomes.

2. Engage stakeholders to co-create, if required, validate and refine this theory.
3. Collect evidence to evaluate outcomes by recognizing all types of changes happened.
4. Measure, analyze and value outcomes to provide credible, verifiable proof of social value.

By doing so, the account of social value becomes transparent, inclusive, and evidence-based, ensuring that both the intended and unintended consequences of an activity are properly understood and valued.

Principle 3 : SROI [Value the things that matter]

Effective decision-making in resource allocation requires a careful recognition of the values held by stakeholders. Value, in this context, refers to the relative importance assigned to different outcomes, and it is shaped by the preferences, priorities, and expectations of those who are affected by or involved in the decision.

Understanding these values ensures that resource allocation is not only efficient but also aligned with the broader goals and interests of the community or organization.

There are several approaches to capturing and expressing stakeholder values. One widely used method is the application of financial proxies. Financial proxies translate qualitative preferences or intangible benefits into monetary terms. By doing so, they serve two important purposes:

- **Revealing preferences :** Financial proxies provide a tangible way to represent what stakeholders care about most. For example, the value of improved health outcomes, environmental sustainability, or social inclusion can be expressed in financial terms, even if these outcomes are not directly traded in markets.
- **Enabling comparison with costs :** Once values are expressed financially, they can be directly compared with the costs of activities or interventions. This allows decision-makers to assess whether the benefits justify the expenditure, and to prioritize options that deliver the greatest value relative to their cost.

Using financial proxies to capture stakeholder values enhances transparency, accountability, and persuasiveness in resource allocation decisions. It ensures that choices are not made solely on the basis of cost minimization, but rather on a balanced consideration of both costs and the values that matter most to stakeholders. In turn, this strengthens the case for investing in activities that might otherwise be overlooked because their benefits are harder to quantify.

Principle in Practice

1. Healthcare

- **Stakeholder values** : Patients value improved health outcomes, reduced waiting times, and access to affordable care. Policymakers value efficiency and sustainability of healthcare systems.
- **Financial proxy application** : The value of reducing hospital readmissions can be expressed as the avoided cost of additional treatments. For example, if a new community health program reduces readmissions by 20%, the financial proxy is the savings in hospital costs.
- **Impact** : Decision-makers can compare the program's cost with the financial proxy (savings) to determine whether it delivers net value.

2. Education

- **Stakeholder values** : Parents and students value quality teaching, safe learning environments, and better career prospects. Governments value literacy rates, workforce readiness, and social equity.
- **Financial proxy application** : The value of improved literacy can be expressed as increased lifetime earnings of students who achieve higher reading proficiency.
- **Impact** : By comparing the cost of literacy programs with the projected increase in earnings (financial proxy), policymakers can justify investments in early education initiatives.

3. Environment

- **Stakeholder values** : Communities value clean air, biodiversity, and resilience against climate change. Businesses may value sustainable practices for reputation and compliance.

- **Financial proxy application** : The value of planting trees can be expressed as the avoided healthcare costs from reduced air pollution, or the market value of carbon credits.
- **Impact** : Comparing the cost of tree-planting initiatives with these proxies helps demonstrate the tangible economic benefits of environmental sustainability.

Why This Matters

By converting stakeholder preferences into financial proxies:

- Transparency is improved – everyone can see how values are quantified.
- Comparability is enabled – different projects can be assessed on a common scale.
- Persuasiveness is enhanced – decision-makers are more likely to support initiatives when benefits are expressed in financial terms alongside costs.

Principle 4: Materiality [Only include what is material]

When preparing SIA reports that aim to present a true and fair picture of impact, it is essential to carefully determine what information and evidence should be included. The goal is to ensure that stakeholders – whether investors, regulators, customers, or community members – should be able to draw reasonable and informed conclusions about the organization's activities and their consequences.

A critical decision in this process is identifying which outcomes to include and which to exclude. Organizations inevitably generate a wide range of outcomes, both – intended and unintended, positive and negative. However, it is neither practical nor meaningful to account for every single outcome. Instead, reporting should focus on those outcomes that are material – that is, outcomes that influence stakeholder decisions or perceptions of the organization's performance and impact.

The guiding principle here is straightforward: If excluding a particular piece of information would cause a stakeholder to make a different decision about the

activity, then that information is material and must be included.

Conversely, outcomes that do not affect stakeholder decision-making may reasonably be excluded, provided the rationale for exclusion is transparent.

To strengthen confidence in the account, an assurance process plays a vital role. Assurance provides independent verification that the reporting organization has appropriately identified, measured, and disclosed material issues. This process reassures stakeholders that the account is not selective or biased, but rather reflects a balanced and credible representation of impact. Assurance also enhances accountability, encouraging organizations to uphold high standards of transparency and integrity.

Ultimately, the challenge lies in balancing completeness with relevance. By focusing on material outcomes, supported by credible evidence and validated through assurance, organizations can produce accounts that are manageable and meaningful – enabling stakeholders to trust the information and make sound judgments about the organization’s activities.

Principle in Practice

1. Environmental Reporting

Include : A manufacturing company reports its carbon emissions and water usage, because these directly affect regulatory compliance and investor decisions.

Exclude : Minor office supply usage (like paperclips or pens) is excluded, since it has negligible impact and wouldn’t change stakeholder decisions.

2. Social Impact in Community Programs

Include : An NGO running a health program reports improved vaccination rates and reduction in child mortality, as these outcomes are critical for funders and policymakers.

Exclude : Small, anecdotal benefits (like individual stories of improved well-being) may be excluded unless they illustrate a broader, material trend.

Assurance: An independent assessor reviews a retailer’s sustainability report to ensure that supply chain labor practices (a material issue) are included. If the retailer excluded this information, stakeholders (customers, investors, regulators) might make very different decisions – hence assurance confirms its inclusion.

Principle 5 : Relevance [Do not over-claim]

Organizations must ensure that they only claim the value they are directly responsible for creating. This principle safeguards credibility and prevents overstating impact. It requires careful analysis to distinguish between changes caused by the organization’s activities and those resulting from external factors.

Define the starting point before the activity begins. Without a baseline, it is impossible to measure the true extent of change. Consider historical patterns to understand whether observed changes are part of a longer-term trajectory rather than solely attributable to the activity.

Compare outcomes against industry standards, peer organizations, or recognized targets to contextualize performance. Together, these references help determine the additionality of the activity – that is, the degree to which outcomes are genuinely created by the organization rather than by external influences.

Outcomes that can be clearly linked to the organization’s actions (e.g., a training program leading to measurable skill improvements) are Direct Attributes while outcomes influenced by multiple actors like community health improvements resulting from combined efforts of NGOs, government, and local businesses are Shared Attributes. Organizations must not claim credit for outcomes that would have occurred otherwise also regardless of their intervention.

Outcomes should be identified and validated with affected stakeholders to ensure relevance and accuracy. Engaging stakeholders in defining outcomes builds trust and ensures that reported value reflects lived experiences.

Claiming value responsibly is about accuracy, fairness, and accountability. By grounding claims in baselines, trends, and benchmarks, and by engaging stakeholders in outcome determination, organizations can produce accounts that are both credible and useful. This approach not only strengthens trust but also encourages a collaborative ecosystem where multiple actors contribute to sustainable outcomes.

Principle in Practice

1. Education Program

Baseline : A school starts a literacy program. Before the program, 60% of students could read at grade level.

Outcome : After one year, 75% reach grade level.

Responsible Claim : The school compares this to the regional trend, which shows literacy rates improving by 10% due to broader government initiatives. The school responsibly claims credit for the additional 5% improvement beyond the regional trend rather than the full 15%.

2. Renewable Energy Project

Baseline : A city's average household energy consumption is 1000 kWh/month.

Outcome : After installing solar panels, average consumption drops to 800 kWh/month.

Responsible Claim : National energy efficiency campaigns already reduced consumption by 150 kWh/month in similar cities. The solar project claims responsibility for the remaining 50 kWh reduction, acknowledging that broader campaigns contributed to the rest.

3. Health Intervention

Baseline : A community has a 20% incidence of malaria.

Outcome : After distributing mosquito nets, incidence drops to 10%.

Responsible Claim : Neighbouring communities without nets also saw a 5% reduction due to seasonal changes. The NGO claims responsibility for the additional 5% reduction attributable to nets, not the entire 10%.

Responsible claiming means measuring additionality – the difference your activity makes compared to what would have happened anyway. It prevents overstatement and builds trust with stakeholders

Principle 6: Transparency [Be Transparent]

Transparency is a cornerstone of credible impact reporting. It requires organizations to demonstrate the basis on which their analysis can be considered accurate and honest, and to ensure that findings are openly reported and discussed with stakeholders. Transparent reporting builds trust, enhances accountability, and strengthens stakeholder confidence in the organization's decisions and actions.

The credibility of an analysis increases when the reasons for decisions are transparent. Stakeholders are more likely to trust the account when they can see:

- How evidence was collected and validated.
- Why certain outcomes were prioritized.
- How uncertainties were addressed.
- What trade-offs were considered.

Transparency transforms reporting from a static disclosure into a dynamic, trustworthy narrative. Because any account of value involves judgment and subjectivity, transparency must be complemented by independent assurance. Assurance provides external validation that decisions were reasonable and material issues were included. Independent assurance strengthens transparency by ensuring that reported information withstands external scrutiny.

Principle in Practice

Government Infrastructure Project

Stakeholders : Citizens, contractors, and regulators are identified as key stakeholders.

Indicators : Progress is measured against benchmarks like project timelines and cost efficiency.

Transparency in Trade-offs : The government explains why certain community amenities were delayed to prioritize safety upgrades.

Communication : Updates are shared via public dashboards and community meetings.

Independent Assurance : A national audit office reviews the project to confirm that reporting is accurate and decisions are reasonable.

Transparency is about showing the reasoning behind every decision—what was included, what was excluded, how data was collected, and how results are communicated. Independent assurance then strengthens credibility by validating that these decisions were fair and reasonable.

Principle 7: Optimization [Be Responsive]

Pursuing optimum Social Value requires a structured management approach that integrates strategic alignment, tactical prioritization, and operational improvement. By scheduling decisions effectively, applying rigorous Social Value accounting, and reporting transparently, organizations can accelerate progress toward shared societal goals.

This principle ensures that impact is not only created but also optimized – delivering maximum value for communities, stakeholders, and the wider world.

Principle in Practice

1. Corporate Sustainability Strategy

Strategic Decision : A global retailer aligns its long-term goals with the UN SDG 12 (Responsible Consumption and Production), committing to halve food waste by 2030.

Tactical Decision : It invests in smarter inventory systems and supplier partnerships to reduce waste in the supply chain.

Operational Decision : Store managers implement daily monitoring of perishable goods and donate unsold food to local charities.

Outcome : The Company demonstrates optimum Social Value by reducing waste, supporting communities, and contributing to global sustainability goals.

2. Government Renewable Energy Initiative

Strategic Decision : A national government commits to SDG 7 (Affordable and Clean Energy) by targeting 50% renewable energy by 2030.

Tactical Decision : It prioritizes solar and wind projects in regions with the highest potential output.

Operational Decision : Local authorities streamline permitting processes and improve grid infrastructure to accelerate adoption.

Outcome : The country achieves rapid growth in renewable capacity, reducing emissions and creating green jobs.

3. Collective System Approach

Strategic Decision : A coalition of businesses, NGOs, and local government aligns with SDG 13 (Climate Action) to achieve net-zero emissions in the city by 2040.

Tactical Decision : Each actor commits to specific initiatives—businesses reduce supply chain emissions, NGOs run awareness campaigns, and government invests in public transport.

Operational Decision : Continuous improvements are made, such as upgrading bus fleets to electric and expanding recycling programs.

Outcome : The collective approach accelerates progress toward optimum Social Value, demonstrating how collaboration maximizes impact.

Pursuing optimum Social Value means aligning decisions at every level (strategic, tactical, and operational) with societal goals, ensuring timeliness, and rigor in accounting and transparent reporting.

Reference : <https://www.socialvalueint.org/>



Social Audit in the Digital Age

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Abstract

- Social audit has emerged as a powerful participatory tool to ensure transparency, accountability, and ethical governance in public and private institutions.
- Traditionally rooted in community engagement and manual verification processes, social audits are now undergoing a profound transformation due to the rapid expansion of digital technologies.
- This article examines the evolution of social audit practices in the digital era, highlighting how tools such as big data analytics, artificial intelligence, blockchain, geographic information systems (GIS), and digital platforms are reshaping accountability mechanisms.
- It critically analyses opportunities, challenges, ethical concerns, and policy implications of digital social audits, particularly in developing democracies.
- The article stresses that while digitization enhances efficiency and transparency, it must be accompanied by inclusive design, data ethics, and capacity building to preserve the democratic essence of social audits.
- The study recommends for strengthening digital social audits as instruments of good governance and sustainable development.

1.0 Introduction

Social audit has long been recognised as a critical democratic tool for ensuring accountability, transparency, and citizen participation in governance. Traditionally rooted in community-based verification of public programmes, social audits enable citizens to examine how public resources are planned, allocated, and utilised, particularly in welfare and development schemes. In many developing democracies, including India, social audits have played an instrumental role in exposing leakages, corruption, exclusion errors, and administrative inefficiencies. They have also served as a platform for amplifying the voices of marginalised communities, thereby strengthening participatory governance.

However, the context in which social audits operate has changed profoundly.

- The digital revolution—characterised by widespread adoption of information and communication technologies (ICTs), big data, artificial intelligence (AI), and digital platforms—has transformed how governments design, implement, and monitor public programmes.

- Digital governance initiatives such as e-procurement, direct benefit transfers, biometric identification, and online service delivery have generated vast amounts of real-time data.
- While these developments offer unprecedented opportunities for transparency and efficiency, they also introduce new risks, including data exclusion, surveillance, and digital divides.

In this evolving landscape, traditional social audit methodologies face significant limitations. Paper-based records, episodic public hearings, and manual verification processes are often inadequate to scrutinise complex digital systems. There is a compelling need to reimagine social audit for the digital age—one that leverages technology while remaining firmly grounded in democratic values, social justice, and citizen empowerment.

- This article examines how social audit can be transformed through digital tools and approaches.
- It explores the conceptual evolution of social audit, assesses the opportunities and challenges presented by digitalisation, and proposes a framework for technology-enabled, citizen-centric social audits.

- It argues that when thoughtfully designed and ethically governed, digital social audits can become a cornerstone of transformative governance.

2.0 Understanding Social Audit: Concept and Evolution

At its core, a social audit is a participatory process through which citizens collectively review, verify, and evaluate the performance of public institutions and programmes. Unlike financial audits, which focus primarily on compliance and accounting accuracy, social audits emphasise outcomes, equity, transparency, and responsiveness. They seek to answer fundamental questions: Who benefits from public spending? Are entitlements reaching intended beneficiaries? Are processes fair, inclusive, and accountable?

The modern practice of social audit gained prominence in the late twentieth century, particularly within rights-based development frameworks. In India, social audits became institutionalised through landmark legislation such as the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), which mandated regular social audits as a statutory requirement. Similar participatory accountability mechanisms have emerged globally, including citizen report cards, community scorecards, and participatory budgeting.

Historically, social audits relied on physical access to records, door-to-door verification, focus group discussions, and public hearings. These methods fostered direct engagement between citizens and officials, creating spaces for dialogue and redress. However, they were often resource-intensive, time-consuming, and vulnerable to elite capture or administrative resistance.

As governance systems digitised, the nature of accountability shifted. Administrative data moved from paper registers to digital databases; service delivery increasingly occurred through online platforms; and decision-making processes became embedded in software and algorithms. This transformation necessitates a corresponding evolution in social audit methodologies—from analogue to digital, from episodic to continuous, and from reactive to proactive.

3.0 Digital Governance and Its Implications for Accountability

Digital governance refers to the use of digital technologies to enhance public administration, service delivery, and citizen engagement. Governments across the world have adopted digital tools to improve efficiency, reduce corruption, and expand access to services. Examples include electronic procurement systems, integrated financial management platforms, biometric authentication, geospatial monitoring, and open data portals.

From an accountability perspective, digital governance offers several advantages. First, it generates granular, time-stamped data that can enable real-time monitoring of programmes. Second, it reduces discretionary power at the point of service delivery, thereby limiting opportunities for rent-seeking. Third, it facilitates information dissemination at scale, potentially empowering citizens with access to government data.

However, digital governance also poses new accountability challenges. Algorithmic decision-making can be opaque, making it difficult for citizens to understand how entitlements are determined or denied. Data quality issues—such as outdated records, duplication, or exclusion errors—can undermine service delivery. Moreover, digital systems can inadvertently marginalise populations with limited digital literacy, connectivity, or access to identification documents.

In this context, social audit must expand its scope beyond verifying physical works or beneficiary lists. It must interrogate digital processes, data flows, algorithms, and institutional arrangements that shape outcomes. This requires new skills, tools, and institutional frameworks.

4.0 The Case for Digital Social Audit

A digital social audit can be defined as the use of digital technologies and data-driven approaches to enhance citizen-led accountability of public programmes. Importantly, digital social audit is not merely about automating existing processes; it represents a qualitative shift in how accountability is conceived and practised.

The rationale for digital social audit rests on several pillars:

1. **Scale and Complexity** : Large-scale programmes generate volumes of data that cannot be effectively audited through manual methods alone.
2. **Timeliness** : Digital tools enable continuous or near-real-time audits, reducing delays between detection and correction of issues.
3. **Accessibility** : Online platforms can broaden participation beyond physical meetings, allowing diverse stakeholders to engage.
4. **Evidence-Based Advocacy** : Data analytics can strengthen the evidentiary basis of audit findings, enhancing their credibility.

Nevertheless, the adoption of digital social audits must be guided by principles of inclusivity, transparency, and accountability to avoid reinforcing existing power asymmetries.

5.0 Key Technologies Enabling Digital Social Audit

The effectiveness of digital social audit depends significantly on the choice, design, and governance of technologies employed. Rather than viewing technology as a neutral tool, it is essential to recognise it as a socio-technical system shaped by institutional incentives, political priorities, and power relations.

The following technologies illustrate how digitalisation can deepen, but also complicate, social audit processes.

5.1 Open Data and Transparency Portals

Open data initiatives are foundational to digital social audits. By proactively disclosing programme data—such as budgets, expenditures, beneficiary lists, and performance indicators—governments create the conditions for independent scrutiny. Transparency portals can serve as central repositories where citizens, civil society organisations, and researchers access and analyse information.

For social audits, the availability of machine-readable, disaggregated, and regularly updated data is crucial. Equally important is contextualisation: data must be accompanied by metadata, explanations, and user-friendly visualisations to be meaningful for non-expert users.

5.2 Data Analytics and Artificial Intelligence

Advanced data analytics and AI can significantly enhance audit capabilities. Pattern recognition algorithms can identify anomalies, such as unusually high expenditures, repeated transactions, or geographic disparities. Predictive analytics can flag areas at risk of leakage or exclusion, enabling targeted audits.

However, the use of AI in social audits raises ethical considerations. Algorithms must be transparent, explainable, and subject to independent oversight to prevent bias and misuse. Citizens should have the right to understand and challenge algorithmic findings.

5.3 Mobile Technologies and Citizen Reporting

Mobile phones have become powerful tools for citizen engagement. Mobile-based applications can facilitate beneficiary verification, grievance reporting, and feedback collection. Features such as geo-tagging, time-stamping, and multimedia uploads enhance the credibility of citizen-generated evidence.

Crowdsourced reporting can complement official data, providing ground-level insights into service delivery realities. When integrated with formal audit processes, citizen reports can strengthen accountability loops.

5.4 Blockchain and Distributed Ledgers

Blockchain technology has been proposed as a means to enhance transparency and integrity in public finance and service delivery. Immutable ledgers can record transactions in a tamper-resistant manner, potentially reducing fraud and manipulation. In the context of social audit, blockchain-based systems could enable transparent tracking of fund flows from central budgets to local implementation agencies, contractors, and beneficiaries.

For example, recording wage payments or material procurements on distributed ledgers could allow auditors and citizens to verify transactions without relying solely on administrative disclosures. Smart contracts may also be used to automate compliance checks, releasing funds only when predefined conditions are met.

However, blockchain is not a panacea. Its deployment raises questions about governance, scalability, energy consumption, and accessibility. Moreover, immutable

records can entrench errors if mechanisms for correction and redress are weak. Social audits must therefore assess not only the technical robustness of blockchain systems but also their alignment with principles of accountability, flexibility, and citizen control.

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Nevertheless, blockchain is not a panacea. Its deployment must be carefully assessed in terms of scalability, governance, energy consumption, and alignment with public interest objectives.

6.0 Institutionalising Digital Social Audit: Governance and Capacity

The transition from traditional to digital social audits requires deliberate institutional design. Without clear mandates and accountability structures, technology-enabled audits risk becoming fragmented, symbolic, or captured by technocratic elites. Institutionalisation is therefore a critical determinant of impact.

At the legal level, statutory recognition of digital social audit processes can strengthen their authority. Laws and rules should mandate proactive data disclosure, recognise digital records and citizen-generated evidence, and define timelines for administrative response. Independent social audit units, insulated from line departments, play a crucial role in maintaining credibility.

From an organisational perspective, audit institutions must adapt to new skill requirements. Data analysts, information system specialists, and field facilitators need to work in integrated teams. Equally important is ethical capacity: auditors must be trained to handle personal data responsibly and to recognise algorithmic bias or exclusion.

Interoperability across government systems is another institutional challenge. Social audits are most effective when they can draw data from finance, procurement,

service delivery, and grievance redress platforms. Establishing common data standards and secure data-sharing protocols is therefore essential.

Finally, institutionalisation must not undermine the participatory ethos of social audit. Formalisation should enhance, not replace, citizen engagement. Public hearings, collective deliberation, and community verification remain indispensable, even in digitally mediated environments.

Technology alone cannot transform social audit; institutional arrangements and human capacities are equally critical. Effective digital social audits require:

- **Legal and Policy Frameworks** that mandate data disclosure, protect whistleblowers, and recognise digital evidence.
- **Independent Audit Institutions** with the authority and resources to act on findings.
- **Capacity Building** for citizens, auditors, and officials in digital literacy, data analysis, and ethical use of technology.
- **Interoperability Standards** to enable integration across government systems.

Embedding digital social audits within formal governance structures—while preserving their independence—is essential for sustainability and impact.

7.0 Inclusivity and the Digital Divide

Inclusivity lies at the normative heart of social audit. In the digital age, however, inclusion cannot be assumed. Digital divides—shaped by income, gender, caste, disability, geography, and age—directly affect who can access information, participate in audits, and influence outcomes.

Empirical evidence shows that women, elderly persons, migrants, and persons with disabilities are disproportionately excluded from digital governance systems. Limited access to smartphones, unreliable connectivity, language barriers, and low digital literacy constrain meaningful participation. If digital social audits rely exclusively on online platforms, they risk reproducing these inequalities.

To address this, a hybrid audit model is essential. Digital tools should be complemented by offline facilitation, assisted access centres, and community intermediaries. Interfaces must be designed in local languages and accommodate varying literacy levels. Audio-visual tools, rather than text-heavy dashboards, can enhance accessibility.

Inclusivity also requires intentional outreach. Audit processes should prioritise the participation of marginalised groups and incorporate intersectional analysis of data. Disaggregated datasets—by gender, region, and socio-economic status—enable auditors to identify patterns of exclusion that aggregate statistics may conceal.

Ultimately, the legitimacy of digital social audit depends on its ability to amplify the voices of those most affected by governance failures. Technology should lower barriers to participation, not raise them.

One of the most significant risks of digital social audit is the exclusion of marginalised groups. Digital divides—based on income, gender, geography, disability, and education—can limit participation and skew outcomes. If not addressed, digital audits may privilege technically skilled actors and urban populations.

To ensure inclusivity, digital social audits must adopt a hybrid approach that combines online tools with offline engagement. Community facilitators, local language interfaces, assisted access points, and accessible design are critical. Moreover, audit processes should actively seek out and prioritise the perspectives of vulnerable groups.

7.1 Ethics, Privacy, and Data Protection

As digital social audits rely increasingly on personal and administrative data, ethical governance becomes paramount. Transparency and accountability must be balanced with respect for privacy, dignity, and consent. Failure to do so can erode trust and expose citizens to harm.

Data collection should adhere to principles of necessity and proportionality. Only data relevant to audit objectives should be collected, and retention periods

should be clearly defined. Informed consent, particularly in citizen reporting and crowdsourcing initiatives, is essential.

Data protection frameworks provide an important safeguard, but implementation gaps remain common. Social audit institutions must establish clear protocols for data access, storage, anonymisation, and sharing. Independent oversight bodies can play a role in monitoring compliance and addressing grievances related to data misuse.

Ethical considerations also extend to algorithmic tools used in audits. Bias in datasets or models can lead to discriminatory outcomes. Auditors should therefore prioritise explainable and auditable algorithms, and ensure that automated findings are subject to human review and contestation.

Ethics is not a constraint on digital social audit; it is a condition for its legitimacy and sustainability.

The expansion of digital audits raises important ethical questions. The collection and analysis of personal data must respect privacy, consent, and data minimisation principles. Robust data protection frameworks are essential to prevent misuse and surveillance.

Transparency must extend to audit methodologies themselves. Citizens should know how data is collected, analysed, and interpreted. Ethical guidelines and independent oversight mechanisms can help maintain trust and legitimacy.

7.2 Towards Transformative Governance

When effectively implemented, digital social audits can contribute to transformative governance in several ways. They can shift accountability from a retrospective exercise to a continuous process embedded in governance systems. They can democratise data, enabling citizens to engage with evidence rather than rhetoric. They can also foster a culture of responsiveness within public institutions.

Transformative governance, however, requires more than technical fixes. It demands political will, institutional openness, and sustained civic engagement. Digital social

audits should therefore be seen as part of a broader ecosystem of democratic accountability, complementing legislative oversight, judicial review, and media scrutiny.

8.0 Case Studies: Digital Social Audit in Practice

8.1 India : Social Audit under MGNREGA

The Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) represents one of the most institutionalised examples of social audit globally. The Act mandates periodic social audits conducted by independent social audit units, with findings discussed in public hearings. Over time, MGNREGA has progressively integrated digital systems, including Management Information Systems (MIS), Aadhaar-based authentication, geo-tagged assets, and online payment platforms.

Digitalisation has significantly expanded the scope of social audit under MGNREGA. Wage payments, muster rolls, worksite photographs, and expenditure details are now publicly available through online portals. This has enabled auditors and citizens to cross-verify physical works with digital records more efficiently. For instance, discrepancies between reported workdays and actual employment can be identified through MIS data, prompting targeted field verification.

At the same time, the experience of MGNREGA highlights critical challenges. Aadhaar-based attendance and payment systems have introduced risks of exclusion for workers lacking biometric authentication or updated records. Social audits have increasingly had to examine not only corruption or ghost beneficiaries, but also systemic digital failures. This has expanded the conceptual scope of audit from malfeasance to rights denial due to technology.

The MGNREGA case demonstrates that digital social audit is most effective when supported by strong legal mandates, independent audit institutions, and sustained community mobilisation. Technology enhances transparency, but citizen engagement remains the decisive factor in accountability outcomes.

8.2 India: Direct Benefit Transfer and Algorithmic Accountability

The Direct Benefit Transfer (DBT) framework in India aims to deliver subsidies and welfare benefits directly into beneficiaries' bank accounts, reducing intermediaries and leakages. DBT relies heavily on integrated databases, eligibility algorithms, and automated payment systems. While it has improved fiscal efficiency, it has also raised questions of transparency and accountability.

Digital social audits of DBT schemes focus on examining eligibility criteria, data accuracy, grievance redress mechanisms, and exclusion errors. Civil society organisations have used data analytics to identify patterns of benefit denial linked to documentation gaps, demographic characteristics, or regional disparities. In some cases, social audit findings have prompted policy corrections, such as alternative authentication mechanisms or relaxed documentation norms.

DBT illustrates the importance of algorithmic transparency in the digital age. Social audits must be empowered to scrutinise not only outcomes but also the logic embedded in digital systems. Without such oversight, efficiency gains risk coming at the cost of equity and rights.

8.3 Global Experience: Participatory Digital Audits

Globally, several countries have experimented with technology-enabled participatory audits. In Brazil, participatory budgeting platforms allow citizens to track public expenditures and influence allocation decisions through digital interfaces. In Kenya, mobile-based citizen reporting tools have been used to monitor local infrastructure projects and service delivery.

These experiences underscore the adaptability of social audit principles across contexts. Digital tools can lower participation barriers, enable rapid feedback, and enhance evidence quality. However, they also reaffirm the need for contextual design, institutional support, and safeguards against elite capture.

8.4 Strengthening the Framework for Digital Social Audit

Building on these experiences, an effective digital social audit framework should integrate legal mandates, technological infrastructure, institutional capacity, and civic engagement. Clear standards for data disclosure, audit procedures, and follow-up action are essential. Equally important is the feedback loop: audit findings must translate into corrective measures, sanctions where appropriate, and systemic reform.

Capacity building is a long-term investment. Citizens require support to interpret data and engage meaningfully with digital systems. Audit institutions must develop expertise in data science, information systems, and ethics. Collaboration between government, civil society, academia, and technology providers can accelerate learning and innovation.

9.0 Conclusion

Reimagining social audit in the digital age is central to the future of accountable governance. As public administration becomes increasingly mediated by technology, accountability mechanisms must evolve to address new forms of power, opacity, and exclusion. Digital social audits offer a pathway to bridge this gap by combining technological capabilities with participatory democratic practices (Heeks, 2018; Fox, 2015).

The experiences of MGNREGA, Direct Benefit Transfer, and international initiatives demonstrate both the promise and the complexity of this transformation. Technology can amplify transparency and efficiency, but without strong institutions and active citizen engagement, it can also entrench new inequities (Bovens, Goodin & Schillemans, 2014). The challenge for policymakers and practitioners is therefore not merely to digitise social audit, but to democratise digital governance itself.

When grounded in rights, inclusivity, and ethical design, digital social audits can move beyond compliance to become instruments of transformative governance. They can enable citizens to not only see the state, but to shape it—ensuring that development in the digital age remains accountable, equitable, and just.

To conclude, Transparency, Technology, and Transformative Governance are key aspects of Social Audit in the Digital Age.

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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.

One Time Enrolment fee : Rs. 3,000/- Plus GST @18%

Membership fees : Rs. 5,000 plus GST @18% for three years

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 ICAI 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 ICAI, ICAI, ICSI, any SRO or any other regulator.
- Whether ICAI, 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 (ICAI / 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

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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/served 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.

GUIDELINES FOR ARTICLES



The articles sent for publication in the journal “The Social Impact Assessor” 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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