

PROVE! IMPROVE! ACCOUNT!

The New Guide to Social Accounting and Audit

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FOREWORD

The appearance of this new *Guide to Social Accounting and Audit* (SAA) is both timely and salutary. Timely as the Social Audit Network (SAN) has been able to update the SAA process as explained in the 2005 Manual by drawing on the practical experience of the growing numbers of organisations using the process and on research undertaken in 2007-09 and published as the Really Telling Accounts! report. As in 2005 the accompanying CD (which will also, in time, be accessible on-line) contains an amazing array of tools, tips and worksheets.

The Guide also appears at a time when there is a fervour of interest in outcomes and impact and how organisations can effectively report on them. There is a range of new tools being used all the time by organisations across the UK and beyond. The Guide seeks, successfully in my view, to show how these may be used as part the SAA framework. This enables organisations to customise their approach to the SAA process.

It is salutary to be reminded that “Not everything that can be counted counts, and not everything that counts can be counted” at a time when allocating a financial value to all and any outcomes and impacts has been advocated. The Guide acknowledges that where outcomes and impacts are countable and where a real financial value can be used then such monetization has a place within social accounts. But it rightly draws the line at using assumed values for that which cannot be counted. Instead, description, observation, views of people and other techniques can be used to demonstrate impact – and be open to verification.

We are also reminded that reporting on performance and impact is essentially straightforward and requires the sort of logical framework which SAA offers. In all the debates which rage about tools and process the central essence is always the same: Are we clear what we are trying to achieve and whom we affect? How can we find out if we are achieving that, and what impact that has? How can we demonstrate that? How can we get our account verified so that it really can be believed?

Finally, the appearance of the Guide reminds us that what lies behind social accounting is the premise that organisations should account for the effects they have on people and on the planet, both positive and negative. Are they contributing to the common good? Third sector organisations have such ideas embedded in their founding documents – hence their growing commitment to reporting systems such as social accounting. But the same should also be true of public bodies and of private enterprises and corporations. Ultimately social accounting should allow society to hold all organisations to account, not only to ensure that they produce benefit for people and the planet but also to understand when they fail to give value or indeed work against the common good. That surely is the bigger picture within which this valuable new Guide sits.

John Pearce

Harburn

February 2011

PREFACE

This new Guide is based on the *Social Accounting and Audit Manual* (plus CD) published in 2005 by the Social Audit Network. This 2005 Manual was preceded by the *Social Accounting and Audit: Manual, Workbook and CD Rom* (CBS Network; 2001) and *The Social Audit Workbook* (new economics foundation, 1996).

This new Guide takes account of the growing experience of social accounting and audit in recent years and includes reference to the range of frameworks and methods which have developed to help organisations explain and account for their performance and impact.

In 2008 the Social Audit Network carried out a research project into the practice of social accounting and audit in the North of England, Scotland and Merseyside (*Really Telling Accounts!* 2008). Many of the key findings from this research led to changes to the social accounting and audit process and have been included in this new Guide.

This Guide is a “roadmap” to the social accounting and audit process and has been written for social enterprises, community enterprises, social economy organisations and voluntary sector organisations that wish to regularly account for and report on their social, economic and environmental performance and impact. It helps to guide people and organisations through the process.

It is based on extensive consultation with people and organisations that used the 2005 Manual and we are grateful to all who so readily shared their thoughts and learning with us. Many people have assisted in the production of this Guide – reading and commenting on drafts, sending examples of processes and achievements and testing out some of the new approaches. We are extremely grateful to them all – not just for the direct help but for the support and encouragement we have received.

CBS Network, Social Audit Network, the WISE Group, Highlands and Islands Enterprise, Make it Happen, Imani Development, Community Resources Network Scotland and Shared Interest have funded the production of this Manual. We would like to take this opportunity to thank all of these organisations.

Alan Kay

On behalf of the Social Audit Network
January 2011

ABOUT THIS GUIDE...

Social accounting and audit helps you prove, improve and account for the difference you are making.

Starting with that in mind, it helps you to plan and manage your organisation as well as demonstrate what you have achieved.

Social accounting and audit is a logical and flexible framework which enables your organisation to build on existing documentation and reporting systems and develop a process so that you can:

- * **Prove!** – account fully for and report on your organisation's social, environmental and economic performance and impact;
- * **Improve!** – provide the information essential for planning future actions and improving performance; and
- * **Account!** – be accountable to all those you work with and work for...

Through social accounting and audit you will understand the impact your organisation has on people, the planet and the way we use resources. It will also help you manage your organisation and improve your effectiveness.

PROVE! IMPROVE! ACCOUNT!

The information and processes explained in this Guide reflects our experience of working with organisations since 1990. Social accounting and audit has a rich history and the processes developed have emerged from practical work with social economy organisations.

The new Guide aims to demystify and improve the process of social accounting and audit for all types and sizes of social economy organisations and to make links with the range of tools and frameworks which have been developed in recent years.

The Guide will help you to...

- * fully understand what your organisation does, who it works with and for (Step One);
- * understand how to collect relevant and useful information about what you do and the impact your organisation is having (Step Two);
- * report effectively on your organisation's performance and impact (Step Three); and finally,
- * have your report independently verified (audited) for accuracy and relevance (Step Four).

Keeping social accounts has helped organisations to...

- * Identify organisational issues that require review or a change of focus
- * Manage and govern their organisations better
- * Understand their performance and their impact on beneficiaries
- * Report comprehensively to *all* their stakeholders on their performance and impact
- * Communicate better with investors and potential funders – thus winning contracts and business
- * Improve the services they provide through listening to stakeholders' views
- * Understand the relationship they have with all their stakeholders
- * Be more accountable through better reporting back to their stakeholders
- * Learn new skills

(From Really Telling Accounts! – June 2008)

Who is it for?

This Guide is primarily for social enterprises and voluntary and community organisations – often referred to as Third Sector organisations. All have a central purpose to deliver social, community, local economic and/or environmental benefits.

The Guide provides the information and guidance required for an organisation to undertake the full social accounting and audit process. Not all organisations will be able or will choose to carry out the whole process and some may require additional mentoring support. Guidance on obtaining training and/or mentoring can be obtained through the Social Audit Network (SAN) website – [W1] www.socialauditnetwork.org.uk.

Who published this Guide?

This Guide has been published by the Social Audit Network (SAN) – [W1] www.socialauditnetwork.org.uk which was established in 2001. SAN is a global network of social accounting and audit practitioners. It has a website with information; circulates a monthly email bulletin; puts people in contact with trainers; runs training in social accounting; sets standards; sponsors new developments; and carries out research. In addition, SAN trains and registers Social Auditors – those people who undertake the audit process which verifies an organisation's social accounts.

Why is this Guide important?

SAN believes it is important that social enterprises and other Third Sector organisations carry out their own self-evaluation and monitoring. Although external consultants can be helpful, it is not sustainable to rely on them. In the same way that an organisation keeps financial accounts, we argue that a Third Sector organisation has an obligation to keep its own social accounts and thus be in a position to explain and account for its core purpose – its social, environmental and economic impacts.

SAN has collected a series of case studies of organisations who have kept social accounts and they can be accessed on the SAN website – [W1] www.socialauditnetwork.org.uk.

Why keep social accounts?

Social accounting and audit is not a 'one-off' exercise. The true value of social accounting can only be realised if an organisation embeds the process within the fabric of the organisation. Being able to account for what you do should be central in co-ordinating and planning all activities of your organisation. It should not just be an 'add-on' to what you do and done only on an occasional basis. It is likely that social accounting for Third Sector organisations – in one form or another – will eventually become the required norm.

There is a long history of social accounting and audit. In the 1990s social accounts focussed on the performance of the organisation and its outputs. More recently there has been more emphasis on explaining the outcomes of an organisation's actions and its wider impact.

Measurement has become a fashionable concept. Although there is an attractive simplicity in measuring performance and impact in numerical or financial terms, some outcomes and impacts can best be described by the voices of the stakeholders. Social accounting aims to give the full picture of performance which leads to greater understanding of the wider impact and therefore promotes the use of quantitative and qualitative indicators.

What do we mean by the true bottom line?

Social accounting has often been associated with concepts around the 'triple bottom line' which is conventionally regarded as the impact on people (social); planet (environment); and the way we use resources (economy).

The 'economic impact' as described in *Proving and Improving: a quality and impact toolkit for social enterprise* (new economics foundation (nef), 2005) refers to economic impact being of two types – those that impact on individuals through the creation of jobs and access to paid-for services and credit; and the wider impact on the local economy through spending money in the local area and/or giving savings to the public purse. Both can also be interpreted as social impacts as they have the potential to improve the social livelihoods of people affected by the organisation.

Some recent thinking on social enterprise...

[CD1] Draft discussion paper – Social enterprise and its impact suggests that social enterprise has an impact on people (social), the planet (environment) and society (culture). The culture of a society includes all the structural aspects of shared norms and values within that society. If this is accepted, then involvement in economic activity – as happens within a social enterprise in running a business for social purposes – becomes a means to an end and not the end in itself. Therefore, the thinking goes that the 'triple bottom line' should be about effects on people, the environment and the prevailing culture.

It is likely that this debate will continue as our view of the economy and the culture of business itself is shifting especially with regard to the assumption that growth is good.

In this Guide we shall keep, however, to the conventional understanding of 'social', 'environmental' and 'economic' as being the three areas of impact of a social enterprise.

How to use this Guide...

This Guide consists of a paper version with a companion CD. It is possible to read the Guide electronically and link direct to the CD denoted by [CD]. The CD provides a wealth of information and worksheets and templates. If you are reading on-line there are also a variety of web links denoted by [W].

The Guide is also available via the SAN website for SAN members. This version will be regularly up-dated and include new materials and tools as they become available.

The Guide, CD and website have been designed as a DIY kit, enabling an organisation to plan and manage its own social accounts. It is also a resource for trainers in social accounting and for those who facilitate the process within or on behalf of an organisation.

Disclaimer

The recommended software for reading the PDF on the accompanying CD is Adobe Reader which you can download at <http://get.adobe.com/reader/>. [CD] links and [W] links to external content may not work correctly when using other PDF viewing software. To view the [CD] links, you need to have Microsoft Word installed on your computer.

For PC users insertion of the disk in your CD drive will in many cases automatically open the Guide PDF. Every effort has been made to ensure that this autorun feature, as well as the weblinks [W] and the links to content [CD] in the PDF version of this Guide, will work across as broad a range of operating systems and versions of Acrobat Reader as possible.

For Mac users (and for PC users where the autorun feature does not work) insert the disk into your CD drive, and open the CD icon that appears on the desktop or navigate to your CD drive folder. Open the PDF **Prove_Improve_Account.pdf** using **Adobe Reader**.

Due to the wide variations in systems, software and security settings present on users' computers - **the autorun feature, [CD] and [W] links cannot be guaranteed to work in every case**. If you experience problems opening links from the PDF, it is still possible to access the content directly from the CD, and/or to copy and paste weblinks into your browser. All links have been numbered to make locating them as easy as possible.

How is this Guide structured?

In terms of the structure of the Guide, there is a chapter about the social accounting process in general followed by the four steps, then a short conclusion. Each of the steps has its own chapter which includes:

- * an introduction with what the step is about and key questions and reference to a case study;
- * a diagram and summary of the process;
- * key terms to help understanding;
- * guidance notes; and
- * a checklist to enable you to review what has been achieved.

The case study can be used as an illustrative example or as a hands-on training resource for groups. This case study is included on the CD.

A comprehensive index of all the CD and website links is included at the back of the Guide.

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THINKING IT THROUGH...



PROVE! IMPROVE! ACCOUNT! THINKING IT THROUGH...

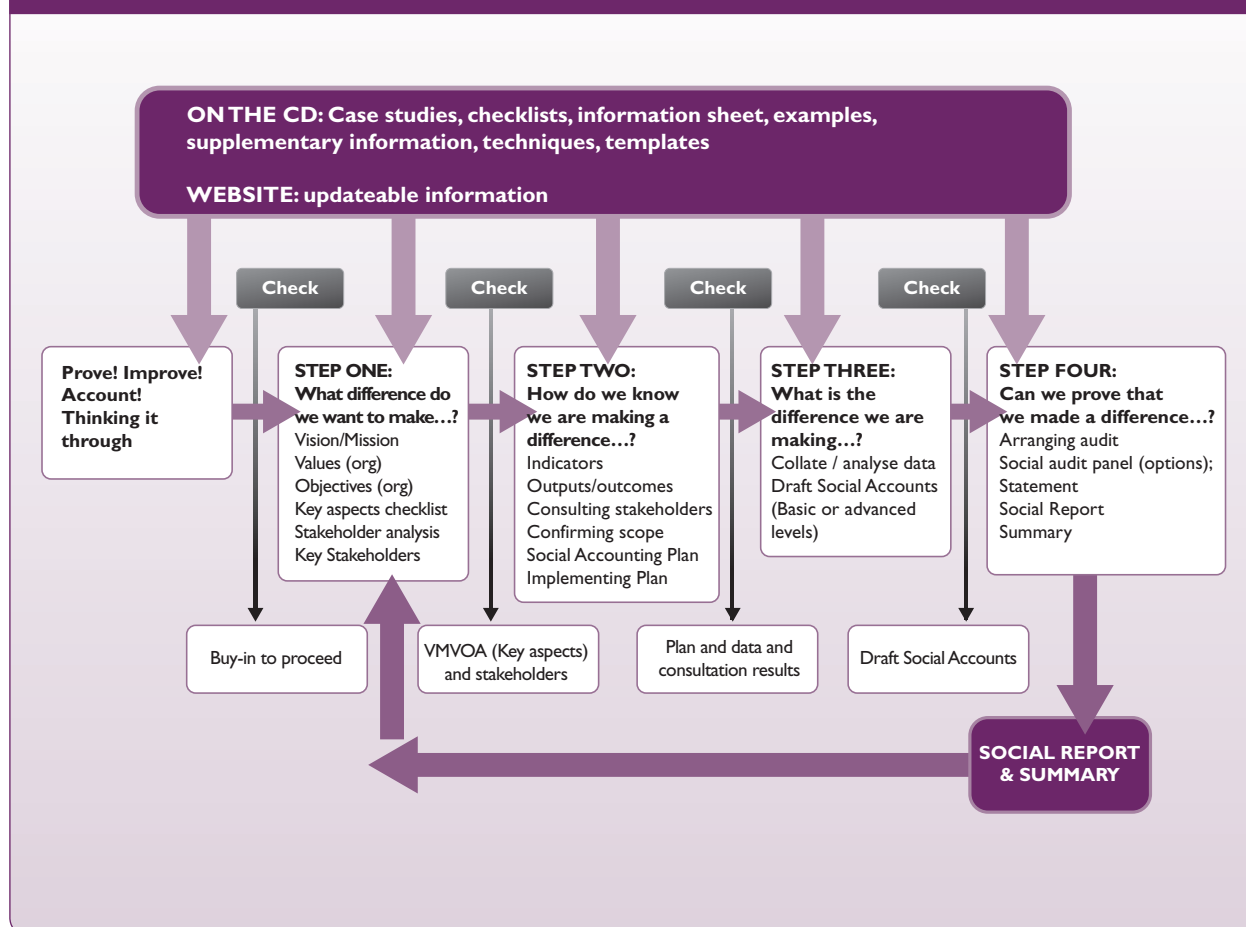


Social enterprises and Third Sector organisations want to make a difference! Many think that it is not good enough just to turn a profit or surplus – they want to make more than a profit. The profit will benefit all of us by contributing to a more equal, fairer and sustainable world. To make sure that we are doing this we should be keeping social accounts constantly – in the same way as we keep financial accounts.

Thinking it through is vital. It is about securing commitment within your organisation and making sure everyone is with you! It is about understanding what social accounting and audit is all about, identifying the benefits and being clear about how you will manage the process...

*Our case study is Southside Community Enterprise (SCE) **[CD2] Case Study – SCE Scenario**. They explored the benefits of keeping social accounts regularly and decided it was a good thing to do as they could show themselves and others what they had achieved (and not!) from year to year. This helped to raise their profile and they also found that it helped them to improve their management systems and effectiveness... **[CD3] Case study – Thinking it through**.*

Overall process of social accounting and audit



What is involved?

The social accounting and audit process comprises four Steps, each of which delivers specific benefits to an organisation.

Step One: What difference do we want to make... This step is about focus. What do you do? Why do you do it? Who do you work with and for? What difference will you make?

Step Two: How do we know we are making a difference... This step is about recording and keeping relevant information. What do you need to know to show you are making that difference? How do you make sure you are tracking it?

Step Three: What is the difference we are making... This step is about presenting the information. What can you say about your performance? What impact are you making? How do you report the information?

Step Four: Can we prove that we made a difference... This step is about verification. How credible are your claims? Who has checked out your draft social accounts and what did they find?

For details of the process see [CD4] **Social accounting and audit on one page** and [CD5] **Information sheet**.

Understanding Social Accounting and Audit...

The core business of social enterprises and community organisations is to make a difference for people, the planet and the way we use resources.

Financial sustainability or profitability is a means to an end – you have to survive and thrive if you are going to be around to make a difference.

The organisation – and those associated with it or affected by it – need to know if it is achieving its objectives, what impact it is having on society and on the environment, if it is living up to its values, and if the objectives and values are relevant and appropriate. Social accounting facilitates this assessment and enables the Draft Social Accounts to be produced which, when audited, can be published as a Social Report.

Audited social accounts have credibility. Publishing the Social Report allows all stakeholders – those who benefit from what is done, those who do the work, those who pay for it, those who work in partnership – to understand the true nature of the organisation's achievements, developments and the difference your organisation has made.

Some of the benefits of keeping social accounts and getting them audited...

- * Sharpens the definition and focus of the organisation
- * Extends accountability to main stakeholder groups
- * Provides a useful framework for all the activities of the organisation
- * Identifies the perceived impact of the organisation
- * Involves stakeholders in the organisation
- * Reports to all stakeholders – including funders and investors – thus winning business
- * Provides a flexible and adaptable process
- * Stimulates honest external and internal appraisal of the organisation
- * Encourages consistency in approach
- * Provides important management information for strategic and business plans
- * Provides a rich source of information to use in making applications, bidding for contracts, developing marketing materials, and so on...

It is a useful exercise to think of the most important reasons why you as an organisation will commit to keeping social accounts. What are the benefits? Are there any snags you need to consider? A worksheet is available [CD6] **Worksheet – Snags and benefits** which you can use to think through the implications of social accounting and audit.

Social accounting and audit has been developed over time in both the social economy and the private sector. For the history see [W1] www.socialauditnetwork.org.uk. One of the best ways to understand the social accounting process and what it can achieve for your organisation is to

look at examples of what other organisations have done. Make sure you have a look at the full social accounts as well as the summary versions. It can also be useful to contact and visit an organisation that has kept social accounts and learn from their experience. The SAN website [W1] www.socialauditnetwork.org.uk has case studies and a list of organisations that have kept social accounts. In addition, the *Really Telling Accounts!* research report has information on other organisations and their experience of social accounting [W1] www.socialauditnetwork.org.uk.

Key features of the social accounting and audit process...

- * Provides a systematic *framework* for self-evaluation, monitoring and reporting
- * Is based on the *triple bottom line* concept: covering social, environmental and economic aspects (people, planet and the way we use our resources)
- * Helps you report on *performance* (what you did and how well you did it) and *impact* (what effect you had on stakeholders and more widely)
- * Engages with the people you affect – *stakeholders* – by consulting them in appropriate ways about the difference you have made for them
- * Allows you to both use ready-made *measurement and consultation tools* or to create your own
- * Assists you to report on the *key aspects* of how your organisation is set up and managed
- * Enables your social accounts to be *verified* by a Social Audit Panel to confirm they tell an accurate story
- * Is a *cyclical process* and something that an organisation does regularly and is integral to its management system

Throughout this Guide, the term social accounting should be understood to refer to social, environmental and economic accounting. See the key terms for more specific definitions and the Glossary [CD7] [Glossary of social accounting and audit terms](#) for further definitions.

KEY TERMS

Social bookkeeping: The means by which information is routinely collected and stakeholders are consulted about the performance and impact of the organisation in relation to the social, environmental and economic objectives.

Social accounting: The process whereby the organisation collects, analyses and interprets descriptive, quantitative and qualitative information gathered in order to produce an account of its social, environmental and economic performance and impact.

Social audit: The process of reviewing and verifying the Social Accounts at the end of each social accounting period. The term 'social audit' is also sometimes used generically for the concept and for the whole process.

Stakeholders: Those people or groups who are (intentionally or unintentionally) affected by or who can affect the activities of an organisation.

Social reporting: The way an organisation reports on its social, environmental and economic performance and impact to its stakeholders and the wider public.

Environmental accounting: Explores the impact of organisations on the environment, both in terms of using natural resources and of producing and disposing of waste and pollution. No organisation can be considered socially responsible if it is not environmentally responsible, and vice-versa.

Triple bottom line: Refers to the accounting for and reporting on social, environmental and economic performance and impact, giving equal weight and importance to each aspect.

There are eight **key principles** that underpin and shape the social accounting and audit process. They are used as the criteria for assessing the Draft Social Accounts and for making recommendations for the final Social Report. The key principles were revised in 2008 and are presented below.

The key principles of social accounting and audit

Clarify purpose: Acknowledge and articulate the mission, all the values and the objectives of the organisation and demonstrate how activities work to achieve the desired performance and impact expressed in the mission.

Define scope: Agree which aspects will be covered and which stakeholders will be consulted in the social accounting period (the scope of the accounts) and acknowledge what will *not* be covered.

Engage stakeholders: Identify relevant stakeholders and engage with and consult them as a central part of the social accounting process.

Determine materiality: Determine what relevant information and evidence *must* be included in the social accounts to give a true and fair picture of an organisation's performance and impact so that reasonable conclusions can be drawn.

Make comparisons: Make appropriate comparisons of performance and impacts from year to year and with other organisations using targets, benchmarks and external standards.

Be transparent: Show how the findings of the social accounts will be reported to, and discussed with stakeholders.

Verify accounts: Ensure appropriate independent audit of the social accounts.

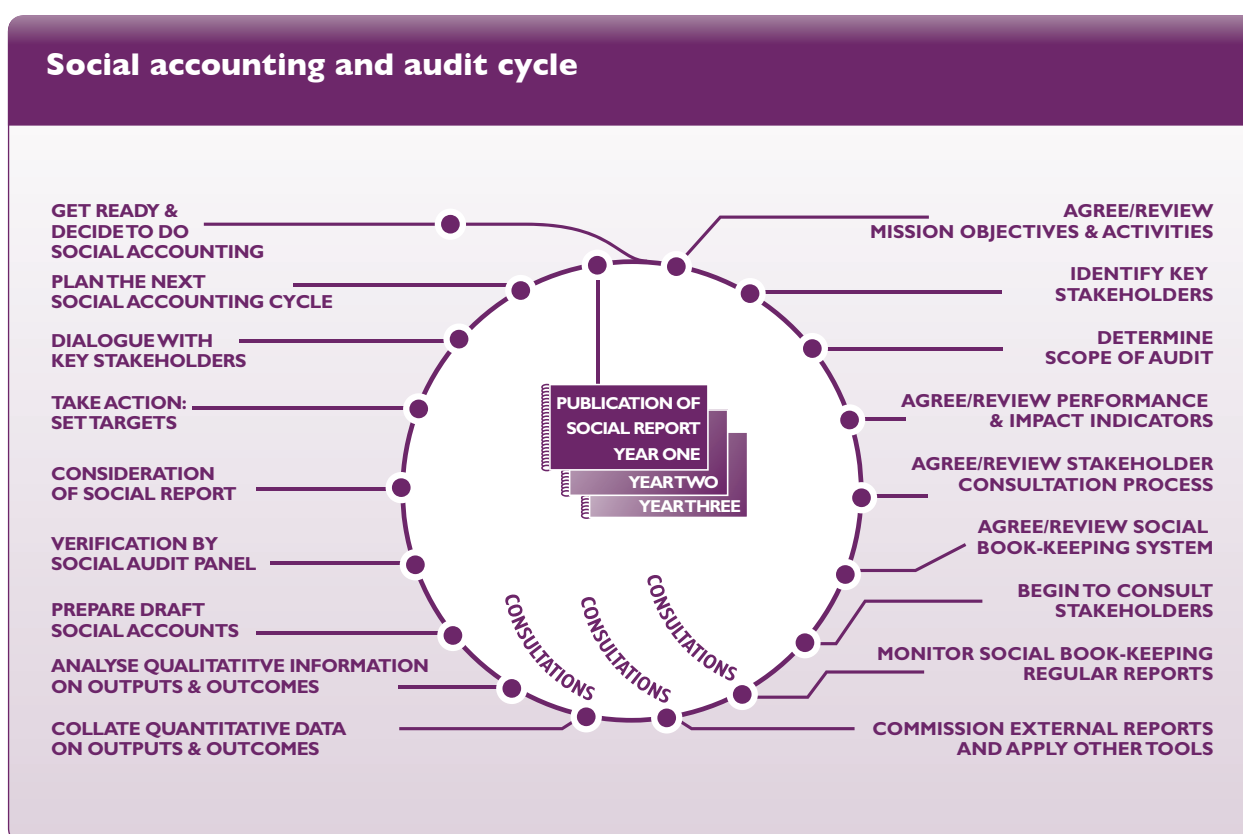
Embed the process: Ensure that the process of social accounting and audit becomes embedded as regular practice in the life cycle of the organisation.

Social accounting and audit as a regular cycle...

It is necessary to determine the social accounting period for your organisation.

Many organisations use the financial year and the advantage of adopting the financial year is that the report on social, environmental and economic performance and impact (the 'triple bottom line') can be combined with the financial accounts to give a complete picture of the organisation's state of affairs. Therefore, for most, the social accounting year will coincide with the financial year; for some, it may be more appropriate to adopt the 'client year' – for example, the school year for a children's nursery. Each organisation will determine the social accounting period which best suits it.

As social accounting becomes embedded within an organisation, it becomes integral to the annual cycle of the organisation. It fits around AGMs, annual Away Days, Annual Reviews, the financial audit and annual returns, Board meetings, events, etc. The following diagram shows that social accounting is a cycle that allows you to review what you are doing and how well you are doing and whether or not you are making a difference.



Building on what you already do...

Social accounting is not another system to be imposed on an organisation. It is a framework approach that enables you to report on your organisation in the fullest and most effective way possible. Social accounting makes use of the information that an organisation already gathers – reports that already have to be prepared, and consultations that have already been carried out. Any gaps in existing documentation and information systems will be identified and new or improved methods of capturing necessary information and gathering stakeholder views developed.

No organisation starts with a blank sheet. All organisations keep records about what they do; staff and volunteers; their members; their clients and customers; training organised; etc. All organisations gather data, have records of meetings and produce various reports. This is valuable information that can be used for the social accounts. Usually organisations find that they have considerable information already. Often this information is only used for one purpose when it could be brought together as part of the social accounting process and used to inform others.

There is a strong case to link social accounting into an established business planning cycle and your existing business systems. What you plan to do is directly linked to what you have found out about your performance and the difference you have made.

The 'what you already do form' [CD8] **What you already do form** can be used to help identify all the information you already have that might be used in your social accounts – and uncover the main gaps in existing record keeping and data collection systems. Think about what those records are telling you and what you still need to know.

Keeping focus on what is really important...

It is a good idea to start to think about the scope of your social accounts at an early stage – re-visiting it at Step Two because one of the most important decisions in social accounting concerns the scope of the social accounts – what you will explore and report on in any one social accounting cycle. It is important to manage your social accounts so that your social accounts are focussed and achievable. This can be done through 'segmenting' and by deciding whether to go for 'Basic level' or 'Advanced level' social accounts.

a) Segments

As social accounting and audit becomes embedded in the life cycle of the organisation, it is possible to *build up* social accounting from one year to the next. Therefore it is not necessary to consider the *whole* of the organisation from the start. Instead you could do one or more of the following:

- * Consider a *part of the organisation* only. This might be a particular department or project. The mission and the values will be the same for part of the organisation as for the whole, but part of the organisation may have its specific objectives and activities to report against. In the first instance this may be considered as a pilot and you may aim eventually to roll out social accounting to the rest of the organisation.
- * Consider examining *only some of the objectives*. Exploring a limited number of prioritised objectives and activities means less data collection and reporting requirements – but you will aim to cover the other objectives in the future.
- * Consider consulting in depth with a *limited number of prioritised stakeholder groups*. Then in subsequent years you would consult with stakeholders who had been omitted in the past – thus building up the social accounting process.

If you take this 'segmenting approach' you will follow Step One to reflect the whole of the organisation; and Steps Two and Three on your identified segments before progressing to audit (Step Four). Adopting this approach means that you are determining a scope for your social accounting which you know you have the resources and the capacity to carry through.

When you come to write the Draft Social Accounts you will need to explain the 'segmenting approach' to the Social Audit Panel. It is important that a full report on performance and impact is presented over time, and not only on those aspects or areas where your performance has been good.

b) Levels

The intention of social accounting is not to create unnecessary work or bureaucracy. Therefore, we are suggesting that there can be a variable 'depth' to your reporting by introducing two alternative levels – Basic Level and Advanced Level.

- * **Basic Level:** At Step Three you can choose to report at a basic level and include in your social accounts a specified minimum or lower level of information.
- * **Advanced Level:** This level means that you will be expected to report more fully and comprehensively on all aspects included in your scope for the social accounts.

We have provided guidance in Step Three on the structure of the social accounts for both levels. A Social Audit Panel may want to know why you have chosen a particular level and what your future intentions might be.

For Basic Level accounts the process of audited self-verification or the Standard audit will be appropriate, whereas for Advanced Level accounts the Standard or Standard plus audit will be appropriate (see Steps Three and Four for more information on this).

Keeping it manageable...

It is important to allocate responsibility and identify your Social Accountant (often more than one!) who will manage the social accounting process. The workload of the social accountant(s) should be managed so that they have the capacity and time to do the work and are not expected just to add social accounting to an already full schedule. The social accounting tasks should be written into the job description – and as social accounting becomes more embedded, it could be added to all staff job descriptions.

Although the Social Accountant is responsible for managing and co-ordinating the work it should not follow that they have to do it all. They will depend on colleagues to keep records, gather data and organise stakeholder consultations in those parts of the organisation for which they are responsible. Social accounting should be a team effort, a practice that is embedded within the organisation as, simply, 'the way we run our affairs'.

Experience has shown it is also good practice, especially in larger organisations, to establish a Social Accounting Group to take responsibility for steering and co-ordinating the social accounting work and to offer support to the Social Accountant(s). The group might include representatives from different sections/departments and also involve a member of the Board.

Some organisations choose to engage someone from outside the organisation to assist them with their social accounting. Where this happens it is essential that the person engaged works with members of the organisation and does not simply do it for them.

It is good practice to ensure that social accounting appears regularly on the agenda of the management committee/Board and management/team meetings. That sense of engagement is strengthened if results from the social accounting are compiled and reported (and acted upon if necessary) as they emerge during the social accounting period. It can help build interest and enthusiasm if employees are consulted early in the cycle and the results made known.

Guidance on the choice of other resources, tools and methods...

In this Guide we shall refer to other frameworks and tools that may be helpful in keeping your social accounts. We have only included those we feel are directly relevant and therefore important to know about. However, any tools which help you to capture your stories and demonstrate the difference you are making to people, the planet and the way we use resources will be useful.

You can choose some off-the-shelf tools or you can devise your own – it's up to you.

Much of the following information is based on *Proving and Improving: a quality and impact toolkit for social enterprise* (new economics foundation, 2005) and *Getting Started in Social Impact Measurement* (The Guild, 2010).

Frameworks	Description
Community Impact Mapping	<p>Community Impact Mapping can help you start to think about your story, why and how your organisation does what it does. It is a simple way to visualise your journey and the difference you are making to your community. Community Impact Mapping is not a fully comprehensive approach to measuring impact but it provides the basis to do more if you choose.</p> <p>[W2] www.dta.org.uk/resources/publications/tellyourstory</p>
SIMPLE	<p>The Social IMPact measurement for Local Economies (SIMPLE) impact model offers a five-step approach to impact measurement called SCOPE IT, MAP IT, TRACK IT, TELL IT and EMBED IT. The 5 stages of the process will identify mission, objectives, stakeholders and ways to track changes. It ensures regular monitoring, assessment and reporting of an organisation's impact. SIMPLE was developed by Social Enterprise London (SEL) in conjunction with Brighton University.</p> <p>[W3] www.sel.org.uk</p>
SROI	<p>Social Return on Investment (SROI) is a type of cost benefit analysis. It is based upon the concept of financial return on investment and expresses the effect of an activity on the environment, the people and the economy in financial terms – measuring social value. It is used to evaluate projects and organisations; and can be used to forecast the likely impact of a project or organisation.</p> <p>[W4] www.sroi-uk.org or [W5] www.thesroinetwork.org or [W6] www.sroiproject.org.uk</p>

Quality Systems	Description
EFQM	<p>The EFQM Excellence Model is the most widely used organisational framework in Europe and it is the basis for the majority of national and regional Quality Awards. Used as a tool for self assessment, it delivers a picture of how well an organisation compares to similar or very different kinds of organisations. As a management model it can be used to define aspirations for the organisation's capability and performance.</p> <p>[W7] http://sites.google.com/site/myfirststepwithefqmmodel2010</p>
ImpACT Toolkit	<p>The ImpACT Toolkit is a diagnostic process to help you assess levels of accountability and transparency within your organisation. This toolkit has been developed by the ImpACT Coalition under the auspices of ACEVO. It looks at eight areas of assessment: accountability and transparency policy; availability of information; stakeholders, clients and service users; statutory reporting; governance; suggestions and complaints; care for your donors; communications. The Toolkit can be accessed online and takes approximately one hour to complete.</p> <p>[W8] www.acevo.org.uk</p>
PQASSO	<p>PQASSO (Practical Quality Assurance System for Small Organisations) is a self assessment tool for small and medium organisations. It allows the organisation to work at its own pace, identifying strengths and weaknesses. It helps with planning, budgeting and resource allocation to improve and meet the standard. It now has a Certification scheme, the PQASSO Quality Mark. Published in 2008, its third edition has an outcomes approach to quality. However, it primarily focuses on internal process and procedures, with one section addressing 'results'. PQASSO is also supported by the Big Lottery and has been designed by the Charities Evaluation Services.</p> <p>[W9] www.ces-vol.org.uk</p>
Quality First	<p>Quality First is a simple quality assurance system designed for micro voluntary and community organisations. It is intended for small organisations and was designed by Birmingham Voluntary Service Council (BVSC)</p> <p>[W10] www.bvsc.org/development/quality-first.html</p>
Third Sector Performance Dashboard	<p>This is a CD-based performance management tool to help monitor and report on performance against set objectives. Under headings such as 'governance', 'finance/funding' and 'people and work-life balance', organisations can either use the templates that are already provided for them within the licensed software or set their own objectives and measures. Using the tool as an integrated way of running their organisation enables users to monitor their progress and report to stakeholders accordingly. It was developed by Social Firms UK based on the Balanced Scorecard.</p> <p>[W11] socialfirmsuk.co.uk/resources/library/third-sector-performance-dashboard</p>

Tools	Description
Balance	<p>Balance is an on-line diagnostic management analysis tool for socially enterprising organisations, development agencies and others. It has been developed by Manchester Metropolitan University and aims to stimulate critical reflection by identifying stages in organisational development. Through the process Balance supports positive changes in organisational development across Stakeholder Perspectives; Internal Activities; Multi-Bottom Line; Learning and Visioning.</p> <p>[W12] www.business.mmu.ac.uk</p>
Demonstrating Value	<p>This is a system first designed by Van City in Canada. It has been further developed by Community Enterprise in Scotland (CEiS) and is a way of organising and presenting findings on an organisation's performance and impact. It relies on software and is also a tool for managing an organisation.</p> <p>[W13] www.ceis.org.uk</p>
EMAS Easy	<p>A simplified version of EMAS, (Eco Management and Audit Scheme), it is a management tool to evaluate, report and improve an organisation's environmental performance. EMAS Easy is meant for small and medium-sized organisations to evaluate and reduce their environmental impact. A scheme developed by Heinz-Werner Engel, at Eco-Conseil Enterprise and supported by DG Environment.</p> <p>[W14] ec.europa.eu/environment/emas/index_en.htm</p>
Eco-mapping	<p>Ecomapping is a tool to help small organisations to implement environmental management. It is a free tool developed by Heinz-Werner Engel as part of the International Network for Environmental Management (INEM) initiative, EMAS (Eco-Management and Audit) Toolkit for SMEs.</p> <p>[W15] www.ecomapping.org</p>
Fit for purpose	<p>Fit for purpose is a diagnostic tool to help new or developing social and community enterprises to assess their strengths and areas for improvement against key criteria. This tool has been written by the Development Trusts Association.</p> <p>[W16] www.dta.org.uk/resources/publications/fitforpurpose</p>
LM3	<p>Designed to calculate what impact an organisation or project has on the local economy, LM3 is simple to implement and shows how money flows locally. It was developed by the new economics foundation.</p> <p>[W17] www.pluggingtheleaks.org or [W18] www.neweconomics.org or [W19] www.lm3online.org</p>

Tools	Description
Outcomes Star	<p>The Outcomes Star is an approach to measuring change when working with vulnerable people. It is used within the frontline work process and is integrated within assessments and reviews by providing data on many levels. It can also serve as a basis for reporting outcomes to commissioners and funders and was developed by Triangle Consulting.</p> <p>[W20] www.outcomesstar.org.uk</p>
Questant Process	<p>The Questant Process is an analysis tool which helps social enterprises and other third sector organisations check whether or not they are providing a positive return in financial terms for their funders. It analyses an organisation's service in terms of its value for money and return to the public purse and helps you understand the return on investment. It was developed by Gap Communications.</p> <p>[W21] www.questant.co.uk</p>
Social Audit Network (SAN) India	<p>The Social Audit Network in India has developed several tools to help organisations keep social accounts.</p> <p>[W22] www.san-india.org</p>
Social Enterprise Balanced Scorecard	<p>The Social Enterprise Balanced Scorecard is a mechanism used to track both quantitative and qualitative data simultaneously. It is also used with community enterprises and its application is sometimes a requirement with some funders. The SEBS has been adapted for social enterprise by Social Enterprise London from David Norton and Robert Kaplan's original work, Balanced Scorecard.</p> <p>[W23] www.sel.org.uk/Balanced-scorecard.aspx</p>
Social Impact Tracker	<p>This is a secure online application that will provide organisations with the ability to capture and report on their social impact. It has been developed by Cúnamh ICT which is a social enterprise that delivers software solutions to a wide range of organisations. The Social Impact Tracker enables you to track your outcomes and social impact.</p> <p>[W24] www.socialimpacttracker.org</p>

Allocating your resources and costs...

Undertaking social accounting and preparing Draft Social Accounts for audit inevitably incurs costs. For organisations, especially small ones, the scale and costs of social accounting must be managed so that they fit within the resources of time and money that can realistically be made available.

Cost significantly reduces in the second and subsequent years once your organisation has set up systems, tailored the process to its needs and learned important points from the first cycle.

The main internal costs may include:

- Staff time of the Social Accountant(s), the members of the Social Audit Group, and other members of staff required to keep records, attend meetings, organise stakeholder consultations, writing it up, etc.
- Administrative time and costs.
- Dissemination costs of circulating the Social Report and possible publication of a summary version.

The main external costs may include:

- Training and facilitation to plan the process and set up the social bookkeeping systems.
- Some stakeholder consultation which might be better done independently and confidentially – such as analysing employee and other questionnaires. A common cost in this area now is subscribing to online survey software.
- External assistance to prepare the Draft Social Accounts on behalf of the organisation.
- Having the Draft Social Accounts verified by a Social Audit Panel that is chaired by a SAN-approved Social Auditor.

There are a number of ways in which organisations can reduce the costs of social accounting such as:

- **Student placements:** (remember, however, that having a student is not entirely resource free from your side as you have to liaise with the college and plan the placement task, supervise and support the student).
- **Buddy systems:** Your organisation might swap time with another organisation also preparing Draft Social Accounts – you do some interviews for them and they help you in some way.
- **Members of the management or advisory committee:** Sometimes volunteers from the management committee or Board can be persuaded to help out.
- **Volunteers:** There may be local bodies that can offer a volunteer. In addition, there may be individuals wishing to improve or develop their knowledge and practice of social accounting
- **Academics:** The local university or college may be able to help on surveys or sit on the Social Audit Panel.
- **Local schools:** The local school's sixth form may be able to help by doing a consultation project.
- **Local authorities and funders:** These organisations may be willing to provide small grants towards the cost of social accounting and audit – often to pay for the publication of a summary report.
- **Budgeting:** Organisations can include social accounting as a budget line in project proposals and funding applications.

In considering the resources required and the costs, it is useful to prepare an initial budget. However, it is not possible at this stage to make an accurate calculation until you have confirmed the scope of the social accounts (see Step Two).

Making the commitment...

It is important that all people in your organisation have some understanding of social accounting – why your organisation is doing it and what it may mean for them. Time spent getting this commitment will reap benefits later when you need the co-operation of staff, management committee members, volunteers and others. You could do this by talking to people within your organisation and sharing the SAN information sheets **[CD5] Information sheet;** **[CD4] Social accounting on one page.** It also can be helpful to get someone to talk about social accounting at a Board or staff meeting. In introducing social accounting and audit, communicating what it is and what it will mean is very important.

It is crucial that there is commitment to social accounting within your Board of Directors or Management Committee. Our research has indicated that lack of commitment amongst the governing body is a barrier to sustaining social accounting.

You should have all the information you need to decide whether to embark on social accounting. It is a process that belongs to you as an organisation. You take responsibility for determining your values, your objectives and what you do to achieve them, and the indicators that will say how well you have performed. You take the initiative to involve and consult stakeholders, to engage them in the assessment of your performance and when and how objectives and practices should be modified. You are responsible for reporting the findings honestly to your stakeholders. Social accounting and audit is different from external evaluation in this important way: the process as well as the results belong to your organisation.

It is important that a clear and positive commitment is made. Although that decision will be taken by the Management Committee or Board of Directors it is important that it is also owned and understood at all levels in the organisation.

Checklist

Use the checklist below to ensure that your organisation has considered everything before it starts social accounting.

- ☐ Your organisation is in complete agreement to proceed.
- ☐ It has allocated Social Accountant(s) who will have responsibility for managing the social accounting process as part of their work plan or job description.
- ☐ Social accounting and audit is routinely on the agenda of team, management and Board meetings.
- ☐ Your organisation has established a Social Accounting Group or put in place another mechanism for keeping the organisation up to date with what is happening.
- ☐ You have determined your organisation's social accounting period.
- ☐ You have assigned resources for keeping the social accounts.

STEP ONE:

WHAT DIFFERENCE DO
WE WANT TO MAKE...?



STEP ONE:

WHAT DIFFERENCE DO WE WANT TO MAKE...?



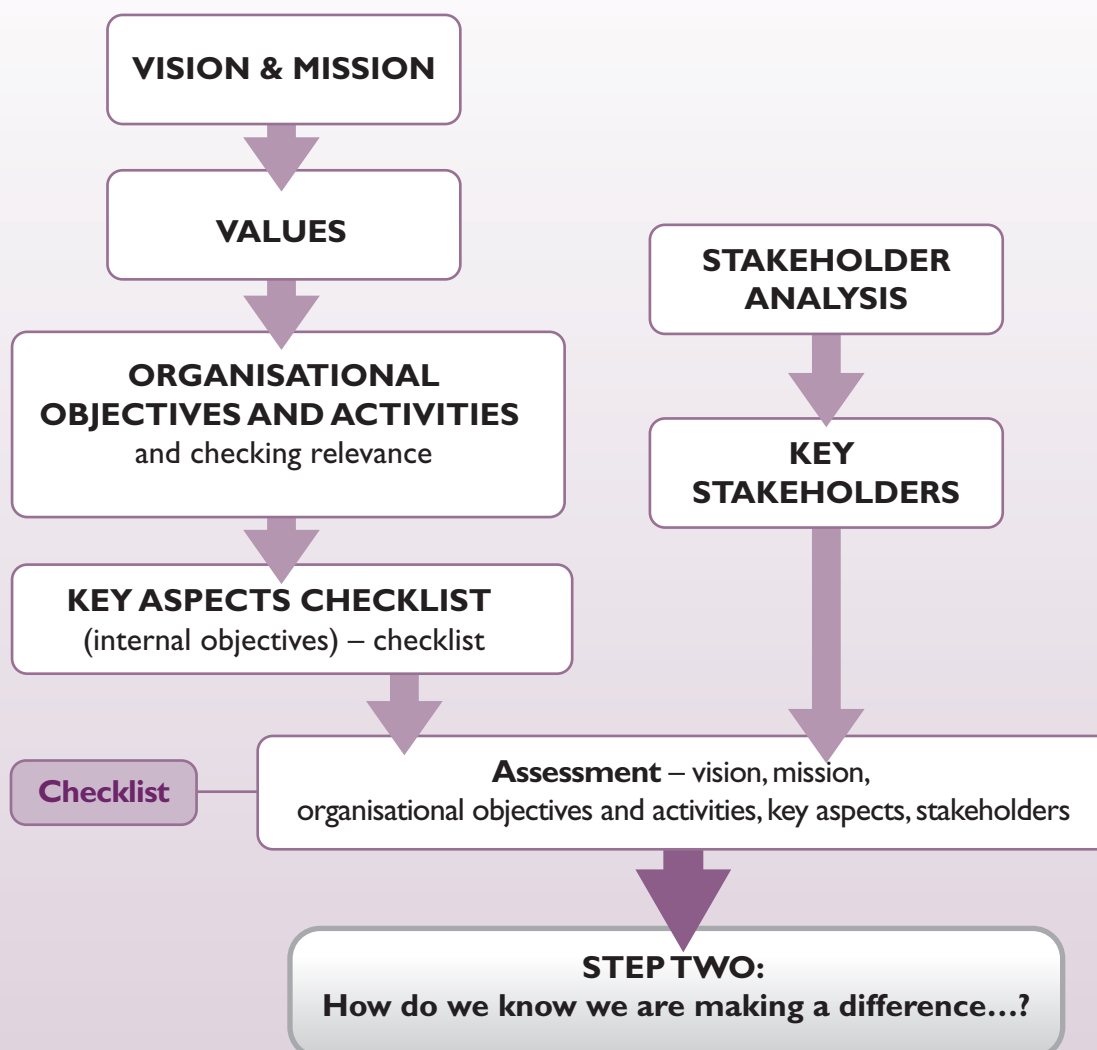
This first step will help you to focus on what you are trying to do and who you are working with to make a difference... So what is your real purpose? Do your values really inform the way you work? What do you do to sustain your business? What are you involved in doing to achieve your core purpose? Who do you work with? What difference can you make? There are lots of important questions to consider and in thinking about these questions you are really laying down the foundations of what you do and with whom you work. The answers to these types of questions form the basis of your social accounts and it is therefore very important to be clear about them...

Southside Community Enterprise (SCE) wanted to identify and be very clear about their main purpose – improving the quality of life of residents through a mix of community and business development. This is the difference they want to make for people. They also looked at their values and decided that involving all sections in the community is very important to them. It is the difference they want to make in doing business together. They then considered and articulated their main objectives and associated activities; while at the same time carried out a 'health check' to see that their business was running effectively and discovered that they could improve on the way they produce their monthly financial reports for the board. This has helped improve their effectiveness as an enterprise underpinning their social purpose and the way they do business. SCE also wanted to think about who they worked with and who worked for, and with them – their stakeholders. They used a mapping exercise to identify stakeholders and this caused much discussion within the organisation.

This Step One in social accounting and audit laid down their foundations for their social accounts and helped them to find the focus for the whole process.

*For further information see **[CD9] Case Study – SCE VMVOA; [CD10] Case Study – SCE Key aspects checklist** and **[CD11] Case Study – SCE Stakeholders**.*

Step One – What difference do we want to make?



This step enables you to produce a current 'blueprint' for your organisation: why your organisation exists and what its purpose is (vision and mission); what it aims to achieve (objectives); what your organisation does (activities); what guides the way it behaves (values); and who it affects and is affected by it (stakeholders). This step involves:

- 1 Deciding on, or clarifying, your organisation's **vision and mission**.
- 2 Affirming the **values** that guide your organisation.
- 3 Clarifying your **Organisational Objectives** and associated **activities** and ensuring that they are the right ones.
- 4 Making sure that your organisation conforms to **key aspects** of good internal practice for social enterprises or voluntary organisations.
- 5 Ensuring that you understand who your organisation's **stakeholders** are; those it affects and those who can affect it.

- 6 Identifying your organisation's **key stakeholders** whom you normally would consult as part of keeping social accounts.

Organisations will have a range of documents that will assist in this process including the governing documents; annual reports; business, development and strategy plans; funding proposals; and publicity material.

KEY TERMS

Vision: A brief statement which explains an organisation's vision of how they would like things to be in the future.

Mission: A statement, which briefly describes the nature of an organisation, clearly setting out why it exists and what it does in readily understood and remembered terms.

Values: The key principles that underpin the way an organisation operates and which influence the way it behaves.

Organisational Objective:* Defines what the organisation aims to achieve. Objectives will be achieved by undertaking a number of *activities*.

Activity:* The detailed work that an organisation undertakes in order to achieve its objectives.

Output: The specific consequence of a project or programme that can readily be measured, usually by numbers.

Outcome: The difference that a project or programme can make as a consequence of its activities.

Impact: The broader, long-term change that a project or programme may have on individuals and on society more generally – and that would not have happened anyway.

Key aspects: Six aspects which all social economy organisations should report on: human resources; good governance and accountability; asset lock and use of profits; financial sustainability; environmental sustainability; and economic impact.

Stakeholders: Those people or groups who are (intentionally or unintentionally) affected by or who can affect the activities of an organisation.

Key stakeholders: Those stakeholders who must be consulted, at some point in time, if the whole social accounting process is to be considered complete and transparent.

* Throughout this Guide we use the terms organisational objectives and activities. You may prefer to use the term 'aims and objectives'; or indeed some other pairing of words. Which terms you prefer does not matter, provided the sense is as defined for objectives and activities.

1 Vision and mission...

Organisations capture the essence of what they are about in their vision and/or mission statements, which present a clear statement of purpose. Now is the time to revisit the vision and mission – or, if your organisation does not have one, to agree it. Not all organisations have both a vision and a mission – it is your choice.

You can see some examples of mission statements as used by a range of social economy organisations in [\[CD12\] Examples – Mission statements](#).

2 Values...

Values are what your organisation believes in – the principles that underpin and guide what you do and how you do it. This is particularly important for social economy organisations, as it is their values that can distinguish them quite clearly from private businesses and also from the public sector.

Values should apply to all aspects of your organisation's approach and behaviour. They describe the ethos of the organisation e.g. caring; operate with integrity...

Social economy organisations share many common values and further guidance on the kind of values that your organisation may have is available [\[CD13\] Examples – Values of social economy organisations](#).

3 Organisational objectives and activities...

In this Guide a distinction is made between Organisational Objectives – what organisations do to affect people (social), the planet (environment) and the local economy – and Key Aspects (formally referred to as the 'internal objectives') which all social economy organisations should report on [\[CD14\] Key aspects checklist](#).

Organisational objectives and their related activities should be clear and focussed. They may change from year to year and should be clarified and restated each social accounting cycle. This Guide also shows how Organisational Objectives and their related activities are linked to outputs and outcomes.

Your organisation may already have its vision, mission, values, objectives and activities clearly expressed in, for example, the strategic plan. However, it is worth reviewing these when you start this step in order to make sure nothing is missing and that everybody within your organisation knows what they are.

Social accounting is not only about proving. It is also about improving. This step provides you with the opportunity to sharpen your focus. Are there things that could be done better? Is there anything that is being done that adds nothing so could be dropped? Have you looked at other models of doing things? Could anything be more effective, streamlined, joined up, separated out? etc.

We recommend that you write down what your organisation does – your Organisational Objectives – and for each objective list how your organisation achieves those objectives (its activities). Activities are what your organisation does on a day-to-day basis to achieve its objectives. Another way of doing this is to write all the activities you do and cluster them under a number of Organisational Objectives.

Objectives and activities are not static. They will change to reflect developments within the organisation, the context in which your organisation operates and in response your stakeholders' views.

Remember that your organisation's statement of objectives and activities should include everything your organisation does, and that it should link back to your overarching mission and guiding vision.

To help you prepare a statement of vision, mission, values, objectives and activities see the worksheet [CD15] **Worksheet – VMVOA**. [CD16] **Examples – Organisational objectives with related activities** contains examples of organisational objectives and activities commonly found in the social accounts of social economy organisations.

Understanding your mission, Organisational Objectives and activities in terms of impact, outcomes and outputs...

Increasingly, social economy organisations are being asked to describe their outputs and outcomes as a way to explaining their impact. Impacts show how the mission is being achieved; outcomes confirm that the objectives are contributing to the impact (or not); and outputs confirm how the activities or an organisation are enabling it to achieve its objectives. In effect, outputs demonstrate that activities are taking place which achieve the objectives and produce the outcomes which, in turn, cause impacts which show that the mission is being achieved.

When clarifying your Organisational Objectives you should consider the social, environmental and economic dimensions. That is, each objective will have associated outcomes and impacts that relate to the changes that affect people; the environment; and the local economy.

You may also want to relate your impacts to 'cultural' aspects as discussed in an earlier chapter.

Checking your mission, Organisational Objectives and activities using the impact map...

The new economics foundation (nef) developed an Impact Map in 2005. A simplified version of it is a very useful tool for you to explore how outputs and outcomes relate to your activities; and to check that your activities help achieve your objectives and ultimately your mission.

This linking back is an important element to understand about social accounting and audit. What you do within an activity should contribute and link back to an Organisational Objective and the objectives should contribute and relate back to your mission. In checking whether this is the case, use the [CD17] **Worksheet – Impact mapping** which is similar to the one below.

Objective:...			
Activity	Output	Outcome	Impact
		Relates back to the Organisational Objective?	Relates back to the overall Mission?

In doing this exercise you may also discover objectives you did not know you had and identify activities which are no longer relevant or necessary.



Top tips on sorting out your vision, mission, values, Organisational Objectives and activities...

- * Keep your language very simple so that everyone can understand
- * Avoid jargon
- * Keep the vision, mission, Organisational Objectives and activities to a maximum of two sides of A4
- * Ensure, as much as possible, that there are links from your activities to your Organisational Objectives back to your mission
- * When thinking about your Organisational Objectives be conscious that they often are directly related to your outcomes
- * Even though you may already have Organisational Objectives, they should be reviewed regularly to ensure that they remain relevant
- * In agreeing your Organisational Objectives you may discover objectives that were not immediately obvious
- * To help distinguish between objectives and activities, ask 'Why do we do that' and 'What is the purpose of doing that' to get to the objective which lies behind.

4 Key aspects checklist...

The Key Aspects Checklist has been developed to assist organisations to report on their internal operations. It is based on six key good practice aspects that are common to all social economy organisations:

- human resources;
- good governance and accountability;
- asset lock and use of profits;
- financial sustainability;
- environmental sustainability; and
- economic impact.

Social accounting now requires that all organisations complete a **[CD14] Key aspects checklist** and include this in their social accounts – normally in the appendices with reference to it in the main body of the report.

Social Enterprise Mark

In recent years, the Social Enterprise Coalition along with others have developed the Social Enterprise Mark to identify social enterprises. The Mark is awarded to social enterprises on application and they are asked to ensure that they:

- * Have social and/or environmental aims
- * Be constituted with a governing body
- * Use at least 50% of the company profits on socially beneficial purposes
- * Earn at least 50% of their income from trading
- * Demonstrate that social/environmental aims are being achieved
- * Ensure that if the company ceased trading the assets would be distributed for social/environmental purposes

The Key Aspects Checklist has been designed to dovetail with most of these requirements.

For further information **[W25] www.socialenterprisemark.org.uk**.

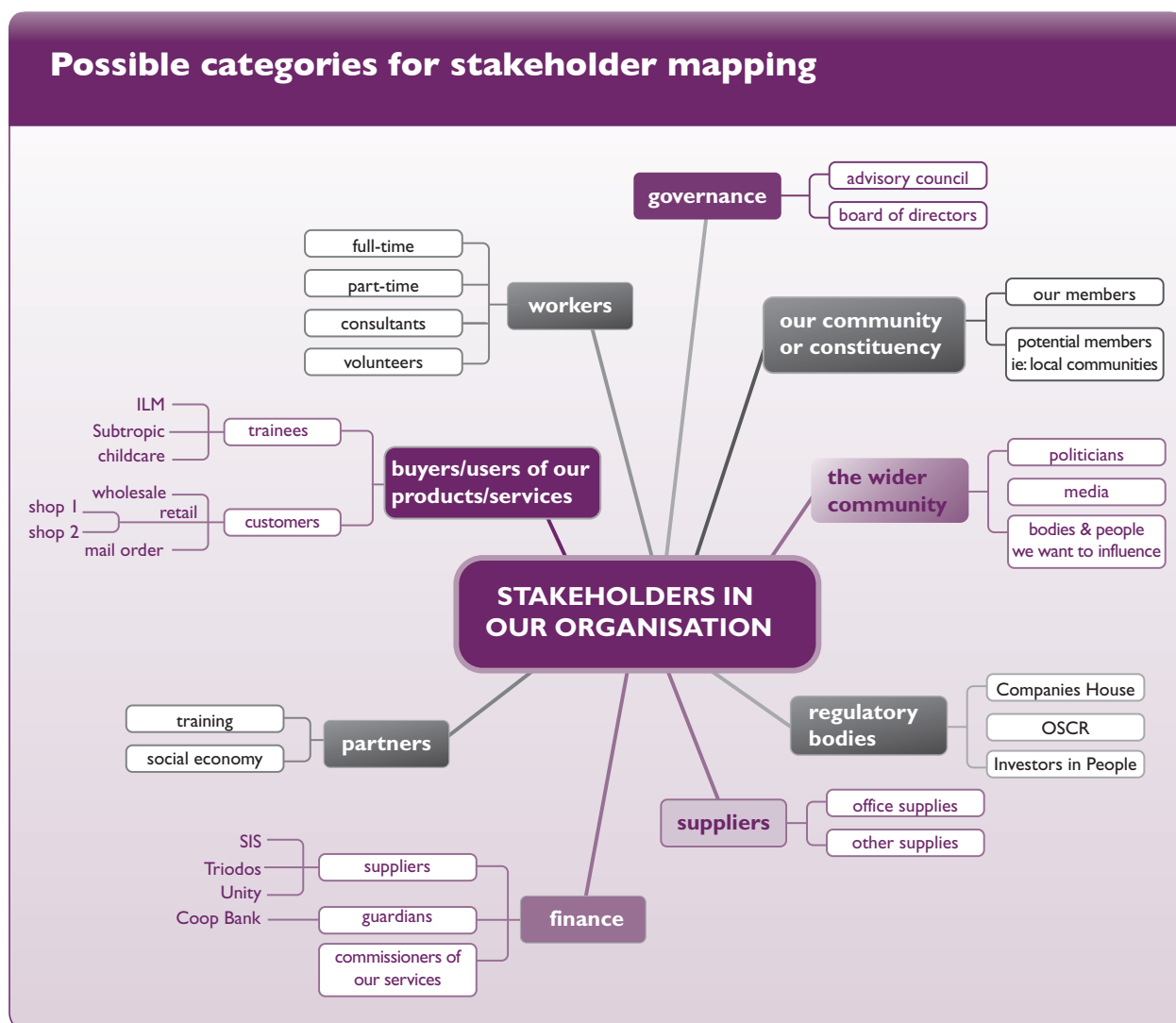
5 Stakeholder analysis...

SAN believes that any organisation, especially a social economy organisation, should account for its actions to all those people it affects. Key stakeholders should be given the opportunity to both influence the way the organisation behaves and understand competing priorities and demands.

Analysing your organisation's relationships with your stakeholders will help you to understand what you need to find out about your performance and impact. To help you identify your own stakeholders, think about some of these questions... Who is involved in making decisions? Who is responsible for the activities? Who supports and funds you? Who cares about what you do? Who buys from you? Whose life is improved by your services? And so on...

The diagram below is a framework that can be used to help the process of mapping stakeholders by grouping them into various categories. Some stakeholders will appear in more than one category reflecting different relations with them (for example, the local council could be funder, contractor, partner *and* customer).

Stakeholder mapping is most useful when you consider and analyse the *relationship* your organisation has with its stakeholders. It is less useful when stakeholder groupings are simply listed. Some organisations have analysed the relationship with their stakeholders by using colour and size and spatial distance to express the type of relationship they have with that particular stakeholder group.



There is software available on 'mind-mapping' that can be used to draw stakeholder maps on computers (and serve as a 'home-page' for a full data-base of stakeholders).

By mapping your organisation's *relationship* with stakeholders you will be able to check that your stated objectives are complete, or to recognise that you may need to expand your objectives and activities statement.

The level and nature of engagement with stakeholders depends on the type of organisation you are. The most practical way to engage stakeholders is to consult them about the relevance, appropriateness and priority of objectives and activities, about the appropriateness of its values and about the impact or difference your organisation has made to them.

In pursuit of its objectives, your organisation may also have unintended impacts on its stakeholders. Engaging with them provides an opportunity to identify and understand these impacts and respond to issues raised. Using the impact mapping process is one way of relating these impacts and issues to your Organisational Objectives and overall purpose.

A worksheet is available that may be used to prepare your organisation's stakeholder map and identify which persons/organisations in each category it considers to be key [CD18] **Worksheet – Stakeholder mapping**. Use this worksheet to carry out a full analysis of your stakeholders, placing those in the first column that you feel should be consulted in an ideal situation – see section below.

Some organisations produce stakeholder maps in a variety of imaginative pictorial forms [CD19] **Examples – Stakeholder maps**.

6 Key stakeholders...

Your organisation's stakeholder map should identify all stakeholders. However, you will also need to decide the key stakeholders to consult over time if your organisation's social accounting process is to be considered credible. You will need to study your map and, within each category, decide who are key and who are not. You will then revisit the list of those you are going to consult with in a particular cycle of social accounting when you consider the scope in Step Two.

Remember that your organisation will review the stakeholder map for each social accounting cycle and, as with Organisational Objectives and activities, stakeholder categories are not static. Each year your organisation will engage with different groups and maybe no longer engage with others. Those considered key this year might not be seen as such later on.

Throughout the process of clarifying objectives and activities, agreeing values and identifying stakeholders, it is good practice to involve as many people in your organisation as possible.

Guidance about specific tools and other methods...

The following tools and methods can be investigated to help with Step One.

Tool/method, short description and website link

BIG Lottery Fund (BLF): BLF has a lot of useful information and their 'Understanding self-evaluation: A guide for projects supported by BIG' is useful with advice and other sources of help. They also published a 'Guide to using an outcomes approach' (2006) which can help you to explain the difference your project makes.

[W26] www.biglotteryfund.org.uk

Charities Evaluation Service (CES): The Charities Evaluation Service has published a comprehensive guide to monitoring and evaluation aimed at voluntary and community organisations. The final section of the guide is a practical tool kit providing tips and templates for analysing and collecting data.

[W27] www.ces-vol.org.uk

Evaluation Support Scotland (ESS): ESS has a wide range of support guides and tools which may help you. In particular, Support Guide 1.1: Clarifying your Aims, Outcomes and Activities

[W28] www.evaluationsupportscotland.org.uk

Mind-mapping: There is software that can be bought to help you in mind-mapping and charting out stakeholders. A good place to start to find out more about this is in Wikipedia.

[W29] en.wikipedia.org/wiki/Mind_map

new economics foundation (nef): nef is an independent think-and-do-tank that inspires and demonstrates real economic well-being. It has a multitude of publications some of which may be directly useful for social accounting. It also has information about frameworks and tools available – including SROI and LM3.

[W18] www.neweconomics.org

Checklist

Use the checklist below to ensure that your organisation has completed Step One: What difference do we want to make...

- ☐ Your organisation has an agreed vision and mission
- ☐ You have identified your shared organisational values
- ☐ You have a number of Organisational Objectives and associated activities
- ☐ Your organisation understands your mission, Organisational Objectives and activities in terms of outputs and outcomes – and that these link back to your overall objectives and mission
- ☐ You have checked on some of your activities using the impact map
- ☐ You have completed a Key Aspects Checklist
- ☐ You have analysed the relationship you have with stakeholders
- ☐ You have identified your key stakeholders – those you feel should be consulted

And finally...

By achieving the above you have already done a great deal which is valuable for your organisation. Remember that social accounting is about proving, improving and being accountable...

You might want to stop here in the social accounting process. This would be perfectly legitimate and many organisations have benefited from carrying out only the Step One of social accounting.

But if you are ready, let's move on to Step Two: How do we know we are making a difference...

STEP TWO: HOW DO WE KNOW WE ARE MAKING A DIFFERENCE...?



STEP TWO:

HOW DO WE KNOW WE ARE MAKING A DIFFERENCE...?



This second step is about recording and keeping relevant information. Now that you have a 'blueprint' of your organisation as seen in Step One, it is about asking the question – how do we know that we are doing what we set out to do? You have to be very clear in this step not to just gather information for information's sake – but rather be really focussed on what matters and what counts...

So what is the basic information you need to be able to report succinctly on your performance and the impact you are having? What ways can you collect it? What are your outputs and outcomes resulting from what you do? Are you clear about your scope – what you have included and what you have not? Do you have a plan?

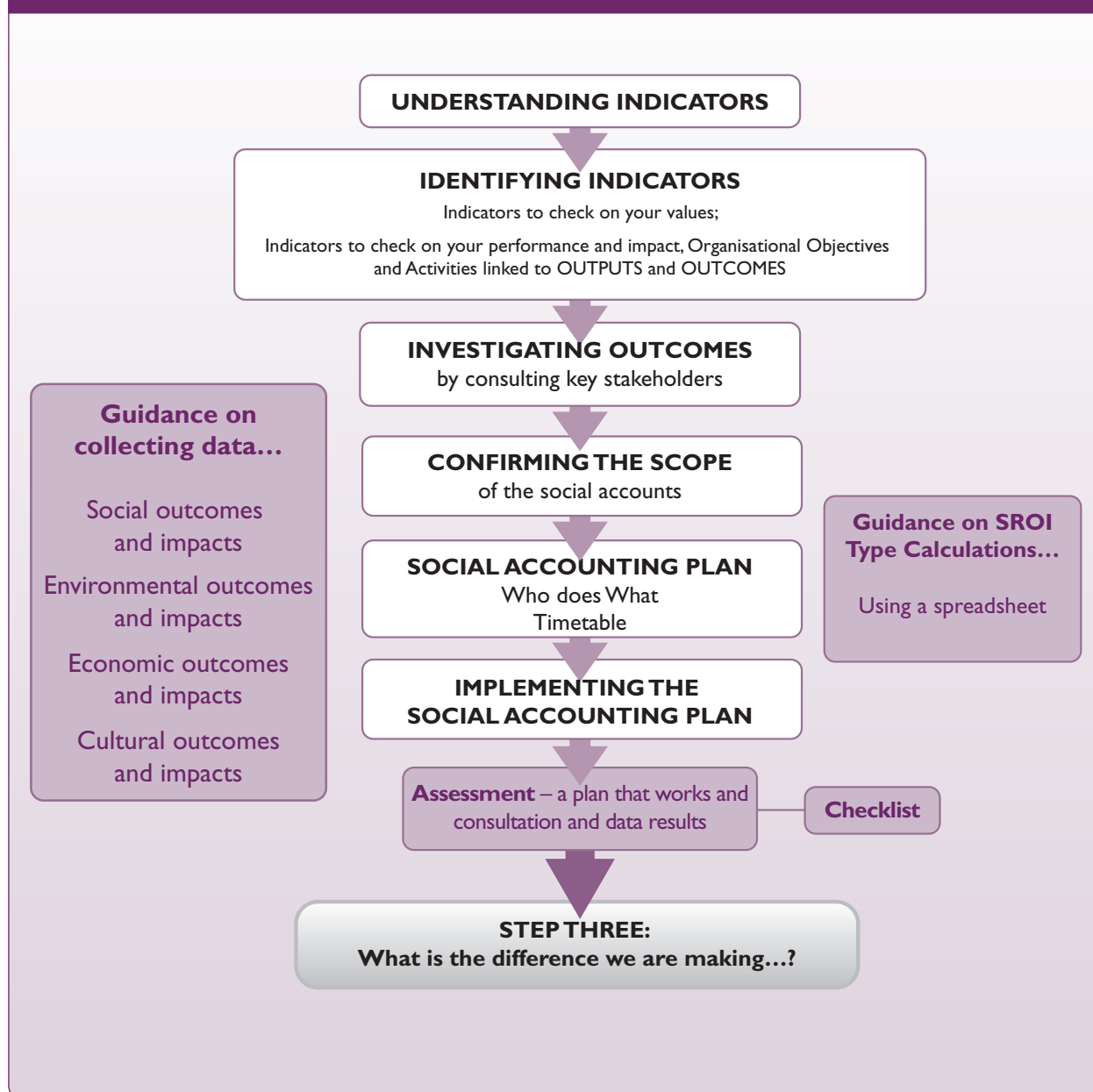
Southside Community Enterprise (SCE) found this step very useful as they were beginning to get an idea of what information was vital in being able to explain more precisely how they were performing and what difference they were making. They started by considering some questions they would need to ask stakeholders on whether or not they were living up to their values; and then went on to look more critically at their outputs and the outcomes that may arise from their objectives and activities. This helped in being clear about their objectives and caused a bit of discussion that resulted in some of the objectives being revised and thus becoming 'sharper'... It also helped to identify what information both quantitative and qualitative was required and revealed some gaps in the information that they were already collecting.

In order to consult their stakeholders effectively SCE had to decide what to ask them and what would be the most appropriate way to do this – a particularly tricky matter in a multi-ethnic community. They also decided it would be a good idea to include a basic SROI Type Calculation on some of their activities as it would reveal in financial terms the social return that results from those activities.

At this point SCE re-considered the scope of their social accounts and decided to omit consultation with several stakeholder groups as they wanted to make the social accounts more manageable.

*For further information on SCE's social accounting plan see **[CD20] Case study – SCE Checking on your values; [CD21] Case study – SCE Objectives activities outputs outcomes; [CD22] Case Study – SCE Stakeholders consultation; [CD23] Case study – SCE Mission values and objectives questionnaire; [CD24] Case Study – SCE SROI Type Calculations.***

Step Two – How do we know we are making a difference...?



This step puts in place the systems to give you the information you will need to demonstrate the scale and the value of what your organisation does. You will also finalise the scope of your social accounts and decide how to consult your stakeholders. This step includes:

- 1 Developing an **understanding of indicators**
- 2 **Identifying the relevant indicators** in terms of checking whether you are living up to your values and to assess your performance and impact against your Organisational Objectives and activities in terms of **OUTPUTS** and **OUTCOMES**
- 3 **Investigating outcomes** by **consulting key stakeholders**
- 4 **Confirming the scope of your social accounts** so that you do not try to attempt too much
- 5 Drawing up a **social accounting plan**
- 6 **Implementing the social accounting plan** during the social accounting period

Additional information which we hope you will find useful includes:

- * Guidance on collecting data to do with social, environmental, local economic and cultural outcomes and impacts
- * Guidance on carrying out a simple Social Return on Investment (SROI) Type Calculation

KEY TERMS

Data: Information that is gathered as part of the social bookkeeping and stakeholder consultation processes.

Indicator: Information that allows performance, impact and change to be assessed or measured.

Target: A desired level of performance to be aimed for.

Benchmark: An external or internal standard or reference point against which performance may be compared.

Output: The specific consequence of an activity that can readily be measured, usually by numbers.

Outcome: The difference that a project or programme can make as a consequence of its activities.

Impact: The broader, long-term change that an organisation's work may have on individuals and on society more generally – and that would not have happened anyway.

Quantitative information: Information that is countable and usually finite (eg. how many people took part in a training session, how much money is spent on an activity, etc.)

Qualitative information: Information such as opinions, thoughts and perceptions (eg. the degree people perceive change, what views they have, etc.) This information may be represented numerically using numbered scales to measure a range of opinions.

I Understanding indicators...

The main factors that determine the information you need to collect for your organisation's social accounts are...

- What information is it *important and relevant* for you to know?
- What information and views can you *realistically* collect, given your organisation's resources?
- How will you *plan* your organisation's social accounting?

As you consider these questions above, it is worth thinking ahead to what you will need to write the draft social accounts – you should aim to present three types of information:

- *Narrative information* that describes clearly what has been done; which will be backed up by...
- *Quantitative data* which give the countable facts and figures about what has been done, and...
- *Qualitative information* that tells us what the stakeholders think about performance and about the impact of your organisation – their *voices*.

Throughout this step, refer to the **[CD8] What you already do form** completed earlier. It will remind you what information systems your organisation already has. Highlight those pieces of information that are not already available and which you will have to make new arrangements to collect.

You will likely discover that your organisation has more information than you realised in different departments and computers and in specific reports. This is where buy-in throughout the organisation can really pay off as you bring together bits of information for the social accounting process, which previously were used only for one purpose and then filed away.

2 Identifying indicators...

a) Indicators to check on your values

The organisational values for social economy organisations are very important as they make them different from privately owned business and from the public sector. In keeping social accounts you will want to see if you are living up to your values. To do this you will depend on the views of your stakeholders.

Use the table below **[CD25] Worksheet – Checking on your values**, to consider each value in turn and write down what indicators you will use to judge whether or not you are living up to your values. Then consider how this data can be gathered. It is likely that you will do this by asking questions of certain key stakeholders and by using tried and tested consultation methods such as: questionnaires, discussion groups, focus groups...

Value	Indicators	Source of data or how to obtain it

Once the table above has been completed, it will be included in your Social Accounting Plan.

b) Indicators to check on your performance and impact

In Step One you identified your Organisational Objectives and associated activities. You also used a simple Impact Map to ensure that your objectives and activities reflect what you are trying to do in terms of outcomes and impact. In this section we want to extend that exercise further and identify indicators that are to do with your anticipated OUTPUTS and those indicators that are to do with your anticipated OUTCOMES.

This can be done by using the table below. This exercise can be carried out using a worksheet **[CD26] Worksheet – Objectives activities outputs and outcomes**.

Organisational Objective I:...						
Activity	Expected Outputs	Output indicators	Source	Expected Outcomes	Outcome Indicators	Source

Organisational Objective 2:...						
Activity	Expected Outputs	Output indicators	Source	Expected Outcomes	Outcome Indicators	Source

Write in your Organisational Objectives and then the associated activities in the first column. Then list all the expected outputs in the second column followed by the output indicators and the source of the indicators (where and how you get the information). Then write in the expected outcomes from the activity followed by the outcome indicators and the source of that information.

Output indicators: These are mainly quantitative (BUT not always). They are also usually SMART which means that they should be Specific, Measurable, Achievable, Realistic and Time-bound. Indicators should also be measurable (eg. numbers or level of satisfaction); meaningful (eg. something important/significant); easy to understand; comparable (eg. indicators used by other organisations); and up-to-date. In selecting indicators try and choose the most relevant. The main thing is that you are able to list indicators that indicate what you have done.

Some of the routine records which organisations have found relevant and which they often already keep might include...

Record of work done: How many? How much? Do we reach the target users or customers or other beneficiaries?

Employee records: Terms and conditions; staff turnover; sickness rates; equal opportunities, health and safety, etc. Do we employ our target groups?

Training records: What training? Cost? Usefulness? Quality? Who for: employees; volunteers, directors, members, etc.

Minutes of meetings: Successes reported; complaints or problems encountered and how they were dealt with. It is also useful to see if your organisation is reflecting its values.

Reports: Written for the Board/management committee; for funding agencies.

Time-sheets: Staff attendance; time spent on specific projects

Visitors' or comments book

Record of telephone and other inquiries: Record of activity; satisfaction; complaints

When preparing social accounts for the first time, organisations often get caught up with the fascination of consulting their stakeholders and consequently under-report on what they have done with facts and figures. It is essential to have a balance.

When you come to report in your Draft Social Accounts, the output indicators may be listed or included in a description of the work that you have done.

Outcome indicators: To understand outcome indicators you will need to be able to assess what has happened as a result of your actions and the difference it has made to the people and the organisations you work with and for. Generally speaking outcome indicators are more qualitative and to a certain extent open to interpretation. They are often about the difference that your organisation has made to people (social), the planet (environment) and the way we use our resources (economy) – and in some cases the society or prevailing culture we live in. Outcome indicators attempt to record the change that has happened and this usually requires direct consultation with stakeholders.

3 Investigating outcomes by consulting key stakeholders...

We have explained that checking up on your values is a separate exercise from looking at the performance and impact of your Organisational Objectives and activities. However, when you start to consult with stakeholders about outcomes you can use the same medium you have used to consult them about your values eg. questionnaires, interviews, focus groups, etc.

Having identified and agreed what information you want to collect you need to decide how best to collect it. Some information will already be in place and other information you will need to collect. You may want to consult with stakeholders regularly as part of the social accounting cycle and you should consider how to integrate the social accounting consultation with other consultation such as marketing or customer satisfaction.

There are no magic ways of consulting stakeholders beyond the tried and tested methods of consumer or market research, of social science investigation, of community or popular participatory appraisal techniques. Indeed one of the exciting challenges of social accounting is to find effective, appropriate, affordable and fun ways of consulting the stakeholders that really engage them in the process.

Whatever methods you use, the fundamental point about consulting people is to get the questions right. This is not an easy thing to do. Try to get to the 'core' of what you are trying to achieve and ask the question... Always frame it in a way that stakeholders will understand – the trick is to make questions easy to understand!

Organisations often start with the intention of using face-to-face consultation methods rather than paper-based questionnaires. First, however, you must be clear about what you wish to know and only then decide how best to consult the different stakeholders. Whether asked face-to-face or on paper, a closed question will get a more precise answer than an open-ended one and will be therefore easier to analyse. But you may lose the richness of feedback, which is, however, much harder to interpret.

When deciding how to best consult your key stakeholders it is necessary to strike a balance between what you think would work best for individual stakeholder groups and what you have the time and resources to do. Know what you want to find out and get the questions clear. Then, decide how to ask the questions.

Typically organisations use questionnaires consisting mostly of closed questions but with some option for write-in comments. Further practical guidance is available in the paper on devising questionnaires that also refers to acceptable sample sizes [CD27] **Guidance – Creating and using questionnaires.**

The same questions may be asked in different ways to reflect the different stakeholder groups. You will need to find the most appropriate for your resources and to maximise the response rates. Examples might be:

- face-to-face with local stakeholders ensures a response;
- by post and then over the phone with funders; by e-mail with partners (but chased up by phone);
- through the internet;
- at a meeting of the management committee;
- by internal mail to staff and volunteers.

In some cases this can all be done in-house but in others you will need to use someone independent and impartial.

Other valuable methods of consultation include: discussions at staff and management committee meetings or away-days; focus group discussions with specific groups of stakeholders.

The important thing is that you not only devise the 'right' questions but that you use a method of consultation that is appropriate to that particular stakeholder group.

To help you, we have included a resource section on the CD which is divided into sections as follows:

- * Sample questions and questionnaires – **Sample Questioning** – (Click on the **[CD]** icons at the back of the Guide)
- * Examples of other consultation methods – for example, interviews, focus groups, participatory appraisal techniques – **Other Consultation Methods** – (Click on the **[CD]** icons at the back of the Guide)

Many organisations include a values and objectives section in a questionnaire as part of their consultation of key stakeholders. This allows stakeholders to give their views about the organisation overall, in addition to the specific aspects of change associated with the activities which affect them.

It may not, however, be appropriate to consult all users, customers, clients etc., on the 'values and objectives' section because they may only know and understand the organisation in the context of their regular contact – at the point of service as it were.

It may be worth your while to find out if there are any standard questionnaires about the work that your organisation is involved in (eg. childcare, recycling, employment advice, etc.) that you could use.

Some of the best, but most elusive qualitative feedback is the spontaneous, off-the-cuff comments, which users or beneficiaries of services give over the telephone, when dropping into the office, or at chance meetings. Usually this is heard and welcomed – and then forgotten. Several organisations have, however, devised a system for recording such feedback with a 'magic moments' book. Similarly, a record of complaints should be kept and you may have a standard form for complaints (and satisfaction – sometimes known as the 'bouquet file').

Most organisations use feedback/evaluation sheets, appraisal forms and exit interview forms – the analysis of all can contribute to your social accounts.

For organisations that are community-based it may be necessary to consult with local residents. This poses problems as a survey of all the residents may be too expensive. One way to tackle this is to select a group of people broadly representative of the local community, whose opinion you value and who understand what your organisation does. They would form a Community Reference Group (or Community Jury).

A growing number of social accounting (and similar) tools are emerging – see the end of this chapter for more information.

The table below can help you plan what topics and questions you want to cover with which stakeholders.

Key Stakeholder Group	Topics and questions you want to ask each stakeholder group about	How? – method of consultation	When the consultation will happen?	Who is responsible?

This table is in **[CD28] Worksheet – Key Stakeholder consultation**.

In devising appropriate questionnaires it is good practice to pilot them before sending them out more widely to ensure that the questions work and that you gather the information needed.

4 Confirming the scope of the social accounts...

Reference has already been made to the danger of trying to include too much in the social accounting process, especially if it is your first attempt. Therefore, it is at this point that your organisation should consider the approaches of ‘segmenting’ and ‘levels’ which are detailed in the ‘Thinking it through’ chapter. This means that you indicate in the scope, the stakeholders you have consulted and the objectives you are including in this set of social accounts.

Not everything has to be done each year. You will find that after the first year most of the factual data collection, as well as the routine qualitative feedback, will proceed on an annual basis anyway but you may decide to explore certain aspects of your work in more depth.

In determining the scope of your organisation’s social accounting there are three essential guidelines:

- Only plan to do what you know your organisation can accomplish well within the resources available.
- When it comes to writing your organisation’s social accounts, be open and transparent about why you may have omitted certain aspects of your work and not consulted certain stakeholders.
- Make sure that you focus on the core of what your organisation does. It is these core Organisational Objectives and activities that you need most importantly to be able to measure in terms of performance and impact.

On this basis confirm the scope of your Draft Social Accounts.

5 Social Accounting Plan...

In order to finalise your organisation's Social Accounting Plan you will have determined what data is to be collected (and how and by whom) and agreed which stakeholders are to be consulted (and about what, when, how and by whom).

When deciding who should carry out the consultation, you might need to think about calling on an independent person. The credibility of the social accounts may be challenged if some of the more sensitive analysis has been done in-house. For example, facilitating focus groups and carrying out certain interviews or analysing confidential staff questionnaires may require someone independent to ensure objectivity and fairness.

Your Social Accounting Plan consists of the following documents that you have completed throughout Steps One and Two:

- Statement of vision, mission, values and objectives and activities [CD15] **Worksheet – VMVOA** plus identification of which ones you are focussing on for this cycle of social accounting.
- Stakeholder map identifying the key stakeholders to be consulted in this cycle [CD18] **Worksheet – Stakeholder mapping**
- Checking on your values [CD25] **Worksheet – Checking on your values**
- Indicators to check on performance and impact [CD26] **Worksheet – Objectives activities outputs and outcomes**
- Key Stakeholder consultation sheet [CD28] **Worksheet – Key Stakeholder consultation**

6 Implementing the Plan...

After the plan is finalised share it with everyone in the organisation. Let them see where they fit and how their work contributes to the social accounting process. Then it's a matter of implementing the Plan. This means designing and testing the consultation methods (questionnaires, etc.), collecting the output data information as well as systematically consulting with stakeholders about the outcomes using the methods your organisation has decided upon.

About planning and timetabling...

- * Be realistic and aim to do only what is achievable.
- * Don't leave everything to the last minute at the year-end.
- * Make sure data collection systems are up and running in good time.
- * Make sure data is processed as it is collected (not least so that it can feed into the organisation's ongoing work planning and review).
- * Spread the consultations with different stakeholders over a number of months and make sure the findings are available within the organisation as they are ready.
- * Don't wait until the year-end before learning from and acting upon what you are finding out.

Guidance on collecting data...

This is included to help you sort out your social accounting systems. All organisations are different and although it is not possible to tailor a Guide of this kind to all organisations hopefully all organisations will find some useful elements – in particular the following sections on environmental and economic outcomes and impact.

a) Social outcomes and impacts

This is the effect that your organisation has on people. Much of what we have covered so far in this Guide relates to the performance of your organisation and the impact you have on your stakeholders which, in the main, are people. You want to know how your activities have changed the lives of the people you are working with in terms of outcomes. From that you can reflect on the impact you have had on people. But in addition you want to understand the impact you are having on the environment and on the local economy...

b) Environmental outcomes and impacts

For many organisations, the Key Aspects Checklist enables you to report, in a simple form, on your environmental outcomes and impacts.

Despite there being no clear stakeholder who seeks to uphold the interests of the environment, many organisations want to be able to act on and demonstrate their concern for making sustainable use of the planet's resources. Increasingly, organisations identify their commitment to adopting environmentally sensitive practices as a value or as a specific objective. These will then be reported as an integral part of their Social Accounts.

This commitment should be expressed in an environmental policy or policies, and/or undertaking an audit of your organisation's current practices. A basic environmental policy should cover the following areas:

- energy use: heat and light
- energy use: transport
- consumption of materials
- re-use of materials
- recycling of materials
- waste disposal

For organisations that have no specifically identified environmental considerations, the social accounting framework requires that a report on environmental policies and practices is included within their draft social accounts as part of the Key Aspect Checklist.

For many organisations this may mean no more than adopting commonsense approaches to transport, paper usage, power consumption and re-using and recycling generally.

The Green Office Checklist [CD29] **Green office checklist** is a good place to start. It can be used collectively within your organisation and be completed regularly. It will highlight some of the things you, as an office, are good at and some things you can improve on. The suggested improvements can then form the basis of an environmental action plan.

Measuring one's carbon footprint is a way of adding up all your carbon emissions to indicate your overall performance. There are many other 'indicator frameworks' for measuring sustainability, the best of which place your performance within a global framework.

The ISO 14000 family of quality standards includes most notably ISO 14031: 1999 Environmental management – Environmental Performance Evaluation – Guidelines which gives guidance on the

design and use of environmental performance evaluation, and on the identification and selection of environmental performance indicators, for use by all organisations, regardless of type, size, location and complexity.

For more information on environmental reporting legislation and guidance see [W30] www.netregs.gov.uk.

In addition check out:

- Recycle at Work (including recycling guide for offices) – [W31] www.wrap.org.uk
- Pathway To A Low Carbon Sustainable Economy – NISP [W32] www.nisp.org.uk
- Green Efficiency Toolkit – [W33] www.efficiencytoolkit.net
- EMAS Easy – Eco-Management and Audit Scheme – [W34] ec.europa.eu/environment/emas/index_en.htm
- Eco-mapping [W15] www.ecomapping.org
- BS 8555/Acorn – [W35] www.iema.net/acorn
- Green Dragon EMS – [W36] www.greendragonems.com

Other useful environmental websites:

[W37] www.carbontrust.co.uk | [W38] www.letsrecycle.com | [W39] www.wastewatch.org.uk
| [W40] www.reducehouse.co.uk | [W41] www.carbon-offsets.com | [W42] www.est.org.uk

c) Economic outcomes and impacts

The Key Aspects Checklist requires you to report on your economic outcomes and impacts as part of your social accounts.

There is an argument which says that ‘economic impact’ is actually a social impact as it affects people. It does this through the local economy being stimulated and supported; and more directly benefiting people who are less well off in society thus addressing some of the economic (and thus social) imbalances... However, the current convention is to consider social enterprises having social, environmental and economic impacts.

A full set of social accounts should explore and report on the economic impacts, which are quite distinct from the financial viability of the organisation as revealed by its annual accounts and financial audit.

Organisations are able to explain their economic impact using information that is already collected and reported, mainly in your financial accounts. These financial amounts or subsequent calculations can be included in your social accounts, for example ...

- Your organisation may be **creating employment** which takes people off benefits and provides them with money which can be spent in the local economy.
- You might **use volunteers** and it is possible to apportion an acceptable, but nominal, hourly rate for volunteers which can be shown as a contribution to your own organisation and to the beneficiaries or wider community.
- You may be **investing in training** of staff and volunteers at a cost to your organisation but which may be regarded as a contribution to skilling up part of the wider and continuing workforce.
- Your organisation may be working with others to bring **development into an area** through organisations or projects. A financial investment figure can be calculated and you can show that you have contributed to more money being spent in the area.
- You may have a **purchasing policy** to buy locally which helps the local economy and a figure can be obtained for this from your accounts. Equally you might have a policy to only

buy from other social enterprises; or from fair trade organisations. This information can be included in your social accounts.

- You may offer particular groups a **discount to your services** – for example if they are members or social enterprises. The financial value of this can be included.
- Some organisations **contribute a percentage of their surplus to local community groups or to charities**. This should be included in your social accounts.

Further information is provided in a discussion paper [CD30] **Discussion paper – Economic impact** and there is a worksheet to help you think through economic impact [CD31] **Worksheet – Economic benefit**.

Another tool that could be used to demonstrate your economic impacts is **Local Multiplier 3 (LM3)**. LM3 enables an organisation to explore just how much of the money it spends is used in the local community for the benefit of the local economy. Not least it makes you aware of how your organisation's spending can benefit the local economy rather than flow to regional, national or international businesses and institutions. LM3 [W18] www.neweconomics.org or [W19] www.lm3online.org was developed by the new economics foundation as a practical tool to measure how often the money which an organisation pays into its local community, for example, by way of wages or purchasing supplies, is used within and to the benefit of the local economy before it leaks out. Thus, if all the workforce live locally and spend most of their wages in local shops and establishments, the wages generated and paid by the social enterprise will contribute significantly to the local economy. If the local shops in turn source most of their wares locally, then the money will be used (multiplied) again in the local economy. On the other hand, if a majority of the workforce live farther away and/or prefer to shop and spend at out of town superstores and similar then the contribution to the local economy will be much less. It is not only how much is paid by wages but how those wages are then used and from where supplies are sourced.

d) Cultural outcomes and impacts

Some organisations may also be interested in their impact on culture. In this context, culture refers to society's norms and values. We often find ourselves taking things for granted and behaving in a particular way and cannot believe that there is another way of behaving. However, we behave in a way that is the result of society's values, our education or class, the results of history, our religion, and so on... There is an argument that social economy organisations can have an impact on society at large and the attitudes and norms of that society. This might be through campaigning on behalf of disabled people, desiring change to racial attitudes, changing the widespread reputation of a hard-pressed area, changing policy towards refugees, etc. All these things might be described as impacts on the prevailing culture.

An area that touches on the idea of culture is **social capital**. Social capital focuses on the *relationships* between individuals and organisations and not on the individuals and organisations themselves. Social capital is concerned with how society works in terms of networks between people and organisations, the shared norms and values between people and organisations and the trust and reciprocal relationships that are built up (and sometimes destroyed) between people and organisations in society. Some organisations have tried to assess the level of social capital that there is within their organisation using the Social Capital Stocktake [CD32] **Worksheet – Social capital stocktake**. For more information about social capital [W43] www.social-capital.net.

Doing an SROI Type Calculation within your social accounts...

Social Return on Investment (SROI) has become increasingly popular amongst funders and many social economy organisations are now expected to forecast or explain their impact in terms of an SROI calculation.

SROI is a method which seeks to ‘monetise’ the social impact of an organisation – in other words to put a financial value on softer outcomes and impacts i.e. the social value. For further information about SROI contact the SROI Network [W5] www.thesroinetwork.org.

SAN believes that there can be significant merit in carrying out an **SROI Type Calculation** on specific programmes and projects and include it in your Draft Social Accounts. We have used a spreadsheet devised by the SROI Network and included a section for assumptions related to the figures. This tool [CD33] **SROI type calculations – Spreadsheet** is available with instructions [CD34] **SROI type calculations – Instructions**.

SROI calculations mean converting things of social value to financial figures and this is not always possible. If there are no obvious financial figures available, it is acceptable to use financial proxies and many of them can be obtained from the SROI Network’s website [W6] www.sroiproject.org.uk. However, applying financial proxy indicators requires making assumptions you will have to feel comfortable with and which you can persuade others are reasonable.

Guidance about specific tools and other methods...

Tool/method, short description and website link

Business Balls: Information on a range of tools templates and ideas which may help you in devising consultation techniques,
[W44] www.businessballs.com

Evaluation Support Scotland (ESS): ESS has a wide range of support guides, resources and tools which may help you. In particular, Support Guide 2.1: Developing and Using Indicators; Support Guide 2.2: Using Interviews and Questionnaires to Evaluate your Project; Support Guide 2.3: Visual Approaches; and Support Guide 4: Technology.
[W28] www.evaluationsupportscotland.org.uk

Outcomes stars: This is a tool for supporting and measuring change – particularly effective when working with vulnerable people. This approach has been developed by Triangle Consulting.
[W20] www.outcomesstar.org.uk

Social Impact Tracker: This is a secure online application that will provide organisations with the ability to capture and report on their social impact. It has been developed by Cúnamh ICT which is a social enterprise that delivers software solutions to a wide range of organisations. The Social Impact Tracker enables you to track your outcomes and social impact.
[W24] www.socialimpacttracker.org

Social Return on Investment (SROI): SROI is an approach to understanding and managing the impacts of a project, organisation or policy. It is based on stakeholders and puts financial value on the important impacts identified by stakeholders that do not have market values.
[W5] www.thesroinetwork.org

Survey Monkey: This is a free on-line survey tool designed to enable anyone to create on-line surveys quickly and easily. You can also pay to create more complicated surveys and to access the tools to analyse the results (otherwise you have to analyse by hand).
[W45] www.surveymonkey.com

Checklist

Use the checklist below to ensure that your organisation has worked through the tasks associated with Step Two...

- ☐ Your organisation has a better understanding of indicators
- ☐ You have identified basic indicators to check on your values
- ☐ You have demonstrated what outputs and outcomes are associated with each activity
- ☐ Your organisation has a good idea about output indicators
- ☐ You are clear about what information you require on outcomes
- ☐ You have a clear idea of who you are going to consult, on what topics, in which way and when and by whom
- ☐ You have devised stakeholder consultation methods that are appropriate and ask the 'right' questions
- ☐ You have confirmed the scope of your social accounts
- ☐ You have written a Social Accounting Plan and it is clear who will do what and when
- ☐ You have trialled the consultation methods and then applied them with your key stakeholders
- ☐ You have addressed your organisation's impact on the environment, the local economy and perhaps on local culture
- ☐ You have implemented the Plan – collecting the relevant data and consulting with key stakeholders
- ☐ You are compiling and analysing the data as you go
- ☐ Everybody within the organisation is being kept informed about progress with social accounting
- ☐ You may also have decided to do an SROI calculation

And finally...

You should celebrate that your organisation is assessing its effect on people, the planet and the way you use resources including your impact on the local economy.

By the end of your organisation's social accounting period you are ready to move on to Step Three. The systems are in place; information was used as part of the management process; key stakeholders have been engaged.

So, let's move on...

STEP THREE:

WHAT IS THE DIFFERENCE
WE ARE MAKING....?



STEP THREE:

WHAT IS THE DIFFERENCE WE ARE MAKING...?



This third step is about presenting the information. In Step Two you collected relevant and focussed information and consulted with stakeholders to get their opinions and knowledge. This step is now about communicating what you have found out and presenting it so that others are aware of what you have done, how effective you have been and what kind of difference you have made...

So what can you say about your performance and impact? What change has happened as a result of your activities? Do you have the evidence to report meaningfully? How do you report on that information? Who will be interested to hear about it?

Southside Community Enterprise (SCE) were keen to bring all the information together that they had collected and make some sort of sense of it. In some ways this was the tricky part as they had to decide what to include in the body of their social accounts and what to keep in the appendices and annexes. They did not want to make their social accounts too long but at the same time they wanted to bring out the important points that showed the difference they were making. The difference they were making is the crucial part of keeping social accounts and they were keen to create an accessible document that would show them and others exactly what they had done – highlighting where they can improve and the things that had worked effectively and those that had not...

For further information about SCE's social accounts see **[CD35] Case study – SCE Social report**. This example of SCE's social accounts is useful in giving you an idea of the possible structure for your Draft Social Accounts. They have been written at Advanced Level.

Step Three – What is the difference we are making...?

COLLATING AND ANALYSING THE DATA

DRAFTING THE SOCIAL ACCOUNTS

Includes:

Date of social accounting period
Vision, Mission, Organisational Objectives
and related activities, Values
Stakeholder analysis
Methodology
Scope and Omissions
Key Aspects Checklist
Report on performance and impact
Key findings, conclusions and recommendations
Also: Targets, benchmarks and external standards
(where possible); and reference to previous
social accounts (if appropriate)

Basic
level

Advanced
level

Assessment – Draft Social Accounts

Checklist

STEP FOUR:
Can we prove that we made a difference...?

This step enables you to bring all the information you have collected together into a full set of Draft Social Accounts. The Draft Social Accounts will detail what you have achieved during the social accounting period, how you have performed and what impact you have made. This step consists of the following:

- 1 Collating and analysing the data**
- 2 Drafting your organisation's Social Accounts**

This step is relatively short but crucially important. This Guide suggests what should be included in your Draft Social Accounts and introduces two levels of reporting – Basic and Advanced. Both contain the same elements but the level of detail varies. This is to help you move gradually into social accounting. It also gives you the option over the size and detail of your report – reflecting your organisation's capacity to undertake the social accounting process.

KEY TERMS

Draft social accounts: The document which is prepared as a consequence of the social accounting process and submitted for audit to the Social Audit Panel.

Social audit: The process of reviewing and verifying the Draft Social Accounts at the end of each social accounting period. The term 'social audit' is sometimes used generically for the concept and for the whole process.

Social report: The document that has been audited by the Social Audit Panel who have also issued the Social Audit Statement. This statement is included in the Social Report.

Summary social report: After the Draft Social Accounts have been audited and revisions made to form the Social Report, a summary document may be written, published and distributed.

I Collating and analysing the data...

During the course of the social accounting period you will have collected a considerable amount of information – facts and figures, and views of stakeholders. Now you have to make sense of all this information so that it can be included in the Draft Social Accounts.

The first essential thing to do is to make sure that you can access all the information which may have been gathered in different ways by different people (sections) in your organisation. The information you include in the Draft Social Accounts must be...

- Material (relevant and directly important)
- Accurate
- Gathered using acceptable methods
- Reasonably interpreted

The information needs to be collated and analysed for each of the areas on which you are reporting, ie. vision, mission, values, objectives. The main types of information you will collate and analyse are: narrative information, quantitative data and qualitative data. **[CD36] Guidance – Analysing social accounting data** goes into detail on how you can analyse the data with some tips.

In this way the Draft Social Accounts can give a fair reflection of how your organisation has performed during the social accounting period, what it has achieved and what impact it has had.

There are a number of computer programmes that can help you in bringing all the data together and analysing it. You may have used Survey Monkey (or similar programmes) or the Social Impact Tracker or a programme or database that is already collecting your information. For further guidance on computer programmes see **[CD37] Guidance – Using computer programmes**.

2 Drafting the Social Accounts...

Now you come to the stage when you can pull all the information into the Draft Social Accounts for your organisation.

Social accounting and audit provides an overall framework. Within that framework you may have used a number of different tools to assess your performance and impact. Therefore, your Draft

Social Accounts may outline the results from consultation with stakeholders and at the same time may include a SROI Type Calculation; an LM3; the results from a checklist used; and so on.

Writing the social accounts can be daunting and resource intensive. However, we would recommend that you can write parts of the social accounts through the year rather than leave it all to the end of the social accounting period.

To make the reporting process easier, SAN recognises two levels of reporting:

- * **Basic Level**

- * **Advanced Level**

It is possible to start at the Basic Level and progress to the Advanced Level in the following year. However, there are a number of elements that *must* be included in your Draft Social Accounts irrespective of the level you choose. They are:

Date (or time period): Clearly define the dates of the social accounting period covered by the Draft Social Accounts.

Vision, Mission, Organisational Objectives and related Activities and Values: These should be clearly stated in the Draft Social Accounts explaining when they were defined and by whom as well as how the work of the organisation (its activities) is expected to achieve the change set out in the mission and Organisational Objectives. Refer to your outputs, outcomes and impacts; and associated indicators.

Stakeholder Analysis: A stakeholder map or list that identifies the organisation's main stakeholders and highlights those stakeholder groups that have been consulted in the Draft Social Accounts and how and why they have been selected and why others have been omitted.

Methodology: The Draft Social Accounts should describe in detail the methods used to collect and process information used and how successful these have been. This will refer to the outputs, outcomes and indicators, and the data collected; who has been consulted; how they have been consulted; what they have been consulted about with a clear explanation showing that the consultation is representative for that stakeholder group. Any calculations that have been made to measure performance and impact including all assumptions should be explained.

Scope and Omissions: The Draft Social Accounts should explain which Organisational Objectives are the focus of the accounts and all omissions must be explained. Omissions may include Organisational Objectives that are not considered for whatever reason and any key stakeholder group that has not been consulted.

Key Aspects Checklist: A completed checklist with appropriate attachments should form part of the Draft Social Accounts, usually as an appendix. The checklist covers the organisation's approach to human resources; its good governance; its 'asset lock'; its financial sustainability; its environmental policy and practice; and its local financial and economic impacts as an organisation.

Report: The social accounts should report on the organisation's performance in respect of its stated values and the selected Organisational Objectives and on the impact of that performance. With each Organisational Objective you should **ONLY summarise the outputs; analyse and interpret the outcomes; and explain about the impact** – for that particular Organisational Objective. **You do not need to report on each activity.** In this section you may refer to the

findings from other reports and documents that have been prepared during the course of the social accounting period.

Key findings, conclusions and recommendations: You should include a section summarising the key findings which should lead on to conclusions about your performance and impact under each Organisational Objective – as well as overall. This will be connected to recommendations on what your organisation may want to change in the future.

In addition, and when appropriate, there may be...

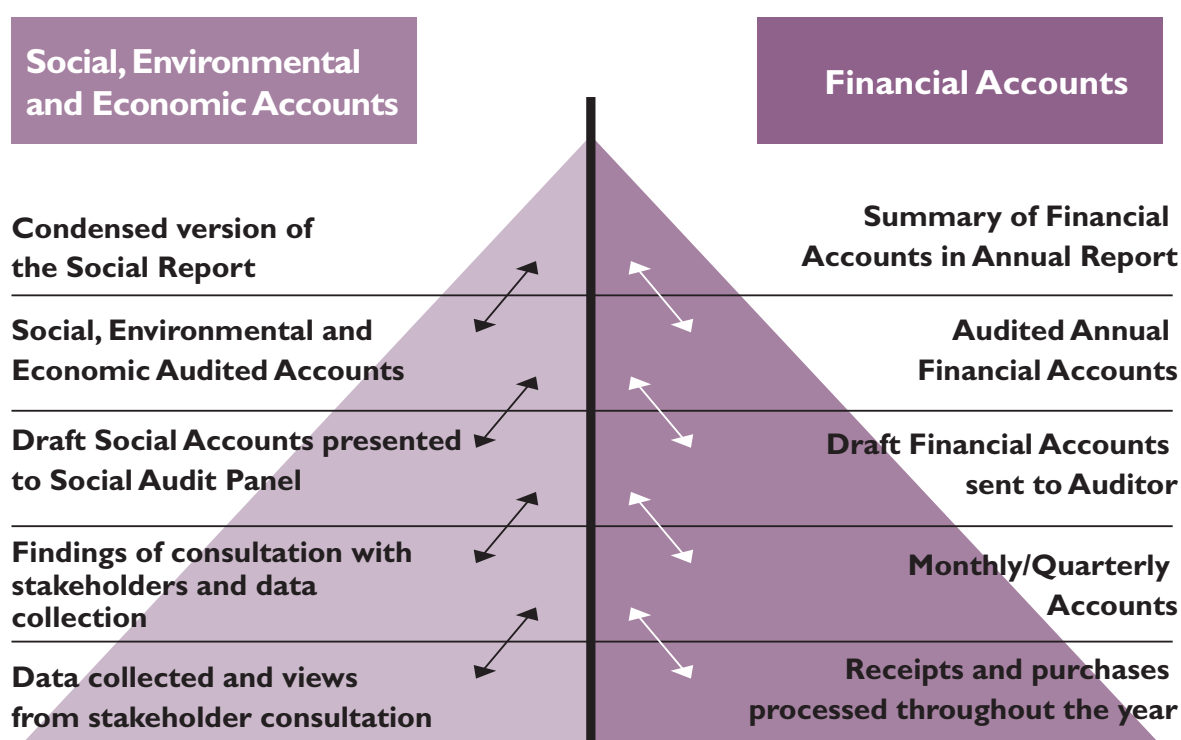
Targets, Benchmarks and External Standards: These should be used in the social accounts if they are available. They may be data from previous social accounts; or comparison made with other organisations; or targets set by the organisation itself or included in contracts or funding applications.

Previous Social Accounts: Details of previous social accounts should be noted and what your organisation has done to follow-up issues and actions raised should be reported.

A model framework for Draft Social Accounts is available [\[CD38\] Model framework for drafting social accounts](#).

When drafting a set of Social Accounts it is important that you only include in the main body of the report information which you are able to back up with evidence.

The comparison with financial accounting is summarised in the following diagram. (Note that there are some major differences between social accounts and financial accounts – namely that in financial accounts you must include ALL income and expenditure – you cannot pick and choose!)



Financial accounts have to be 'evidenced' with information from a lower level ie. summarised financial accounts are based on the full annual accounts that, in turn, are supported by the monthly accounts that are written up using the receipts and purchases collected and processed

throughout the year. In the same way, the summary version of the Social Report is based on the full, audited Social Report, which came about through revising the Draft Social Accounts which, in turn, are based on the collected data.

a) Understanding the Basic and Advanced Levels in drafting social accounts

There are two levels of reporting: Basic and Advanced (see Table opposite). The requirements of both levels are detailed below:

Basic Level: If you have decided to write Draft Social Accounts at the Basic Level, keep the sections simple. At basic level it is acceptable to report on a *limited number of prioritised Organisational Objectives*. The main difference between the Basic and Advanced Levels is that the section on performance and impact will be much shorter at the Basic Level. It will concentrate on listing outputs; the key results; the main outcomes; and explanation and commentary about the impact your organisation is having. With the Basic Level you can report using the suggestions in the table opposite. The key results and main points will then be tested in the audit. Basic Level social accounts can then be audited using either the Self-verification process or the Standard audit process (see Step Four).

Advanced Level: If you have decided to write the Draft Social Accounts at the Advanced Level complete the sections described in the format **[CD38] Model framework for drafting social accounts**. At the Advanced Level you would be expected to report on all your Organisational Objectives and also, concentrate more on interpreting the findings and what it all means. Do not, however, get bogged down in the detail and do put as much as possible in the appendices and annexes. Advanced Level social accounts can then be audited using the Standard or Standard Plus audit process (see Step Four).

b) Points to note in drafting your social accounts

Social accounting may reveal problems and issues which are sensitive for an organisation and which, if widely publicised, might cause serious difficulties. However a key principle of social accounting is that of being transparent, which presents a dilemma about how to treat sensitive information. Generally, such matters should be reported in the Draft Social Accounts, which go to the Social Audit Panel, usually with the context explained and with information about what has been done to address the issue. The Panel can then advise on how the matter should be dealt with in the Social Report, which will eventually be in the public domain.

Your Draft Social Accounts will be supported with additional information often as appendices or ‘annexes’ – see **[CD38] Model framework for drafting social accounts**. In addition, if your organisation has kept social accounts in previous years then you will also have all the information relating to a previous audit.

Usually the designated Social Accountant(s) will take responsibility for co-ordinating the compilation of the Draft Social Accounts. Occasionally, when an organisation does not have the necessary skills or capacity in-house, the organisation may ask an outsider to draft the Social Accounts on its behalf. When this happens it is important that the ownership of the Social Accounts and the responsibility for what they say rests with the organisation and not with the author.

It is not necessary to write overly long reports. You should keep to the point and include only the information that you feel is relevant and important. Details can be included in the appendices.

Basic Levels and Advanced Levels reporting for Draft Social Accounts...

Section in the Draft Social Accounts	Expectations for Basic level Draft Social Accounts	Expectations for Advanced level Draft Social Accounts
Introduction	Short paragraph combining these three sections	Reasons for social accounts; social accountants
Background Information		Summary of organisation and area where it is based
Previous Social Accounts and Audit		Outline of previous results and issues
Vision, Mission, Organisational Objectives and Activities and Values	As suggested in the [CD38] Model framework for drafting social accounts	As suggested in the [CD38] Model framework for drafting social accounts .
Stakeholder Analysis		
Scope of the Social Accounts		
Methodology	This section should outline what you did and how and results – this could be in the form of a list	What information has been collected; who has been consulted and how; any calculations made; effectiveness of methods used
Report on Performance and Impact	Report on your values Under each of a limited number of prioritised Organisational Objectives. ONLY list outputs; short analysis and interpretation of the outcomes and interpret and explain your impacts	Report on your values Under each of your Organisational Objectives summarise outputs; analysis and interpretation of the outcomes and interpret and explain your impacts
Other Stakeholder Views	Not necessary	Include any other information collected from stakeholders
Key Aspects Checklist	As suggested in the [CD38] Model framework for drafting social accounts . This could be in an appendix with reference in the report.	As suggested in the [CD38] Model framework for drafting social accounts . This could be in an appendix with reference in the report.
Compliance	List regulations you comply with and be prepared to show them	List regulations you comply with and be prepared to show them
Issues for Action and Achievements	As suggested in the [CD38] Model framework for drafting social accounts	As suggested in the [CD38] Model framework for drafting social accounts .
Plans for Dialogue with Stakeholders	Not necessary	Describe how you will use the social accounts and communicate to stakeholders
Plans for the next Social Accounting Cycle	Not necessary	Detail what you plan to do in the next social accounting cycle
Appendices and annexes	List supporting evidence and have it available for the social audit panel	Make available all the supporting information for the social audit panel

Guidance about specific tools and other methods...

Tool/method, short description and website link

Demonstrating Value (DV): DV has been developed under the auspices of the Vancity Community Foundation. It offers management solutions that enable an organisation to use information and data more effectively, plan for the future, and show value to the community. It is being developed further by Community Enterprise in Scotland (CEiS).

[W46] www.demonstratingvalue.org and [W13] www.ceis.org.uk

Evaluation Support Scotland (ESS): ESS has a range of support guides, resources and tools which may help you. In particular, Support Guide 3.1: Analysing Information for Evaluation.

[W28] www.evaluationsupportscotland.org.uk

Plain English Campaign: The Plain English Campaign has free on-line resources to make sure that reports are easy to read. Check out the new online tool called Drivel Defence which analyses your text/or website to see how easy it is to read.

[W47] www.plainenglish.co.uk

Checklist

Use the checklist below to ensure that your organisation has developed the Draft Social Accounts and completed Step Three.

- ☐ Your organisation has collated all the available data that was identified in the Social Accounting Plan and in accordance with your scope for the social accounts
- ☐ You have analysed and interpreted the data
- ☐ You have written your Draft Social Accounts

And finally...

You have now got Draft Social Accounts. The next step is the audit... Let's move on to Step Four.

STEP FOUR:

CAN WE PROVE THAT WE
MADE A DIFFERENCE ...?



STEP FOUR:

CAN WE PROVE THAT WE MADE A DIFFERENCE ...?



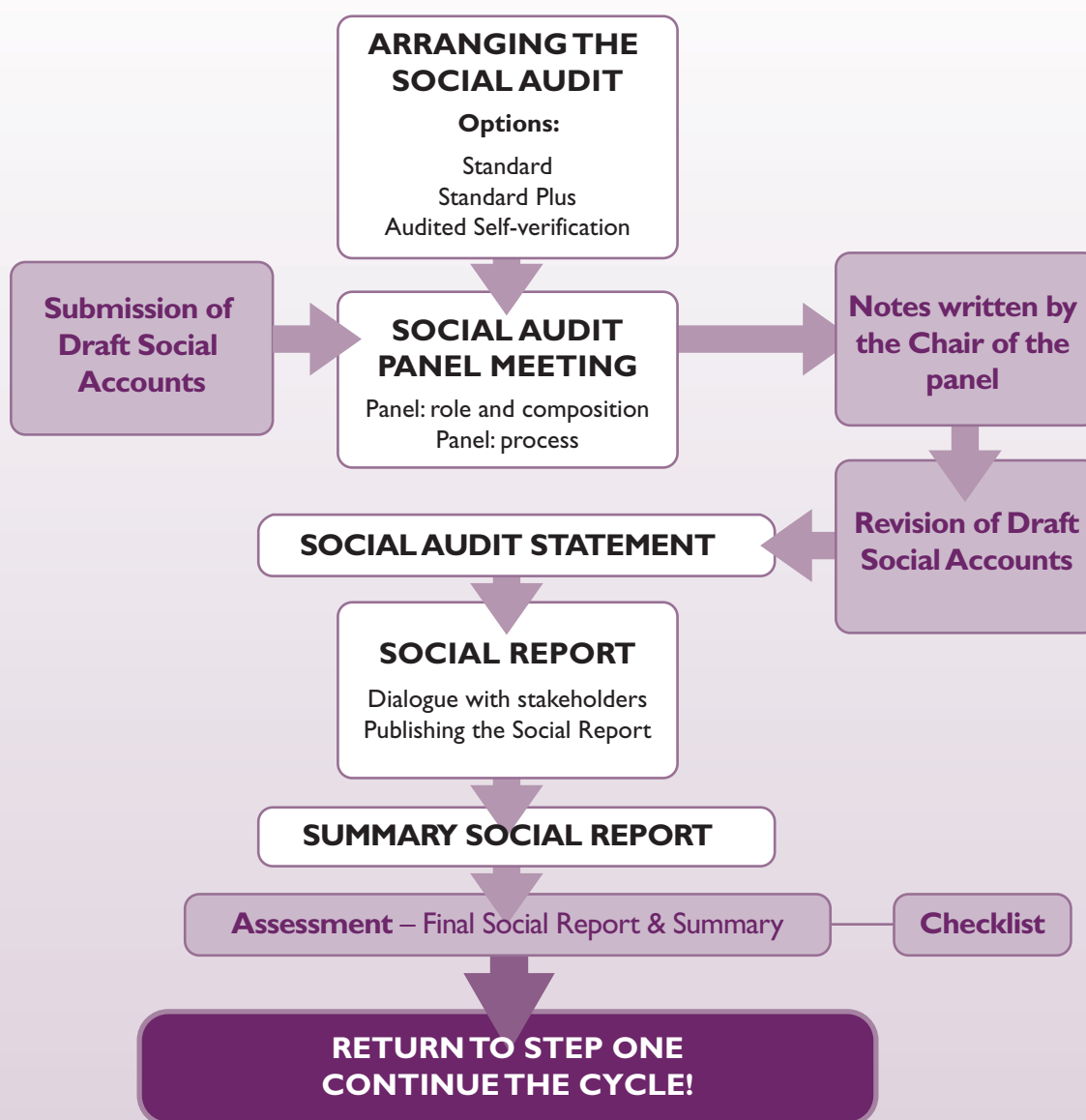
This fourth and final step is about verification. Anyone can write anything about their organisation – and we have all read annual reports that give glowing accounts of all the achievements. The special thing about social accounting and audit is that the Draft Social Accounts are independently audited to ensure that what has been written is true and that there is evidence backing up what has been written... So how credible are your claims? Who has checked out what you have written? What did they find? Have you had your social accounts audited? Are there any suggestions for improving your social impact?

Southside Community Enterprise (SCE) decided to get their set of social accounts audited by an independent social audit panel. The staff and Board members were initially a bit apprehensive about this process as they felt that they were putting themselves 'out there' which could have resulted in some criticism. However, they decided to go through with it as it then meant that they could be more confident in their claims. They also felt that a set of audited accounts would have more credibility with funders and investors.

As it happened the Social Audit Panel meeting went off well and although it resulted in a number of changes to the social accounts, it meant that they had a very useful and reliable document. Their actual Social Report was a bit lengthy, so they wrote a summary version and this was distributed widely. The full report was invaluable in reporting to investors, making applications for further investment, going for contracts, and explaining their activities. They also received considerable positive feedback from a wide range of stakeholders who reported that they now understood SCE much better. The social accounts also helped the Board to make strategic decisions on ways that SCE could improve.

For further information see SCE's Social Report **[CD35] Case study – SCE Social report.**

Step Four – Can we prove we made a difference...?



This step describes the independent and rigorous verification of your Draft Social Accounts. This involves submitting them to a Social Audit Panel who carry out the audit allowing you to convert your Draft Social Accounts to a Social Report. This step consists of the following:

- 1 **Arranging the social audit** so that it fits your needs and budget.
- 2 Submitting your Draft Social Accounts for social audit to a **social audit panel meeting**.
- 3 Making revisions and receiving the **Social Audit Statement**.
- 4 The revised Draft Social Accounts become the audited **Social Report** which is fed back to stakeholders.
- 5 Publishing the Social Report usually as a **summary version**.

The audited Social Report demonstrates that what it reports on is based on information that has been competently gathered and reasonably interpreted. The information in your Social Report

can then be used to write reports to funders, initiate dialogue with stakeholders, write a detailed annual report and in a myriad of different ways.

KEY TERMS

Audit trail: Checking/verification by the Social Audit Panel of the data, social bookkeeping systems, stakeholder consultation processes, calculations and assumptions on which the Draft Social Accounts are based.

Social auditor: A person, approved by SAN, who chairs the Social Audit Panel meeting and manages the audit process at the end of each cycle, including the examination of the data and the sample checking to source (the audit trail), and issuing the Social Audit Statement.

Social audit cycle/Social accounting period: The agreed period for which the Social Accounts are prepared. This may be for twelve months and coincide with the financial year or it may be for another period.

Social audit panel: The group of independent, impartial people appointed by an organisation to work with the Social Auditor to review the Draft Social Accounts in detail, with the organisation, on the basis of which a Social Audit Statement can be issued.

Social audit statement: The document issued by the Social Auditor to confirm that the Social Audit Panel has examined the Draft Social Accounts, that any required revisions have been made and that consequently they may be considered to be a fair and trustworthy account of the organisation's performance and impact.

Social report: The document that has been audited by the Social Audit Panel who have also issued the Social Audit Statement. This statement is included in the Social Report.

Verification: The process of the Social Audit whereby the Social Auditor and the Social Audit Panel examine the Draft Social Accounts and the information on which they are based in order to say if they are a reasonable statement and based on competent, reliable data and information.

I Arranging the social audit...

The first step in arranging the social audit is to approach a Social Audit Network (SAN) approved Social Auditor. A register of qualified Social Auditors is on the SAN website [W1] www.socialauditnetwork.org.uk and SAN can help you to identify appropriate social auditors. The Social Auditor will work with you in organising the Social Audit Panel, the Panel meeting and what happens after the meeting. You should discuss with him/her what type of audit you would like and what is appropriate for your organisation.

In addition, you should indicate to the Social Auditor at which level you have written your Draft Social Accounts – Basic or Advanced. The audit process is exactly the same for each, but the Statement will indicate whether it was at the Basic or Advanced Level.

There are three options for getting your Draft Social Accounts audited. The three options have been introduced to make the audit affordable for most organisations. The options are ...

Option 1 – Standard social audit

This involves the set of Draft Social Accounts being sent to Social Audit Panel members. The Panel members read your Draft Social Accounts and come to a one day meeting prepared to help in the audit process. The Social Auditor prepares for the meeting along with your organisation, calls the meeting, chairs the meeting, writes up the detailed notes from the meeting, negotiates any revisions and, when satisfied with the revisions, issues the Social Audit Statement

[CD39] Standard social audit statement on behalf of the Social Audit Panel. Usually the Social Auditor is the only member of the Panel to be paid and the SAN guideline is that this is for three days at the SAN current daily rate.

Option 2 – Standard plus

For some larger and more complex organisations the Social Auditor may necessarily need to spend additional time with the organisation prior to the Social Audit Panel meeting understanding their social accounting processes and carrying out a more extensive social audit trail. Where this additional work is negotiated SAN guidance is that up to a further 1.5 days should be added to the standard fee.

Option 3 – Audited self-verification

This involves completing the Social Audit Panel checklist **[CD40] Social audit panel verification checklist** internally and then discussing it with a SAN approved Social Auditor who has read the Draft Social Accounts. At that meeting the Social Auditor will undertake an audit trail of the evidence and may negotiate with the organisation that some changes are made to the completed Social Audit Panel Verification Checklist. A modified Social Audit Statement **[CD41] Modified social audit statement** will be issued. The guideline fee for this option is based on 1.5 days work (reading the social accounts; holding a meeting with the organisation; revising the verification checklist and issuing a Social Audit Statement)

For Options 1 and 2, the standard Social Audit Statement is issued; the dated SAN logo can be displayed by the organisation; and the final Social Report should be made available for the SAN website.

For Option 3, a modified Social Audit Statement will be issued and organisations are encouraged to make their Social Report available for the SAN website.

We recognise that some organisations may opt to simply complete the Social Audit Panel Verification Checklist for themselves and not involve a Social Auditor.

SAN approved auditors can advise and guide your organisation about which option to select.

2 Social Audit Panel Meeting...

a) Role and composition of the Social Audit Panel

The role of the Social Audit Panel is not to evaluate the work of the organisation but to ensure that...

- the material presented in the Draft Social Accounts is based on information that has been competently gathered, and reasonably interpreted and presented.
- the Draft Social Accounts have not omitted anything that is important or material to the social accounts

In other words the Panel only judges the quality of the Draft Social Accounts as an honest and believable account of the organisation's work, performance and impact. It is for the organisation itself and its various stakeholders to make their own judgements about the value and usefulness of what the organisation does.

The Social Audit Panel will consist of a SAN approved Social Auditor (who will act as the Panel Chair) and between two and five other persons appointed by your organisation. The other members of the Social Audit Panel should be people with neither a vested interest in your organisation nor with too close a connection. They should be people whose opinion you value and respect, but also whose opinion will be respected and credible to outsiders. They will also be people who understand something about your field of work and/or the locality where your organisation operates. If you have included an SROI Type Calculation, it would be useful to include a SROI practitioner as part of the Panel.

The credibility of the audit depends very much on the names attached to the Social Audit Statement when it is issued. Members of the Social Audit Panel will serve in an individual, personal capacity although it is usual to state on the Social Audit Statement the organisation for which they work.

Panel members have to commit to reading the Draft Social Accounts and attachments in advance of the Panel meeting and to attend the Panel meeting, which will take up the greater part of one day. The Draft Social Accounts should therefore be circulated to the Panel members *at least* seven days before the meeting.

It is usual for the Social Auditor to be remunerated but for Panel members to give their time free. As you might expect the role of the Social Auditor is crucially important and they have to go through an approval process with SAN. A Social Auditors Handbook is available to all approved Social Auditors.

b) Social Audit Panel Process

The Social Auditor will call the meeting by sending a timetable and briefing pack to all those that have agreed to be part of the Social Audit Panel. Your organisation will then send out your Draft Social Accounts to the Panel allowing them time to read them and prepare for the Panel meeting.

The Panel will meet with representatives of the organisation for the best part of one day and usually the meeting is held at the premises of the organisation. The organisation should be represented at the meeting by its Social Accountant(s) and the general manager or chief executive and, ideally, someone from the Board or management committee.

Under the guidance of the Social Auditor the meeting will go through the Draft Social Accounts page by page ensuring that they match the principles of Social Accounting and Audit; assuring themselves that any omissions are properly explained; and testing that interpretations given are fair and conclusions reasonable.

The Panel members will also conduct a Social Audit Trail to satisfy themselves that the Draft Social Accounts are based on data and evidence that really exists and has been competently gathered and processed. This allows the Panel to track and check to source certain items used in the Social Accounts to confirm that there is evidence to back up what has been written. It also allows a random spot-check to be carried out. (In the Standard Plus option the Social Audit trail is carried out in more detail in advance of the Panel meeting.)

At the close of the meeting the Social Audit Panel will go through the Social Audit Panel Verification Checklist **[CD40] Social audit panel verification checklist** to ensure that it has examined all aspects required and to help the Chair summarise any key points that require highlighting.

Following the Social Audit Panel meeting the Social Auditor has the task of writing up notes of the panel meeting that identify those changes the Panel requires the organisation to make to the Draft Social Accounts. The notes are written in three main sections...

- a brief note of the overall comments made by the representatives of the organisation and the Panel members at the start of the meeting;
- a report on all questions in the Social Audit Panel Verification Checklist; and
- a page-by-page commentary that identifies precisely what changes are required by the Panel to be made to the draft Social Accounts.

In the notes from the Panel meeting, the Social Auditor will indicate what the panel agreed are the required changes; suggestions on improving the report; and process recommendations for future social accounts.

Once the notes of the Social Audit Panel meeting have been circulated by the Social Auditor and changed in the light of any comments which the organisation or Panel members may have made, the organisation must revise the Draft Social Accounts.

You then resubmit the revised version to the Social Auditor who will examine them and, when satisfied, will issue a Social Audit Statement. Your Draft Social Accounts then become your Social Report.

Should there be any disagreement between the Social Auditor and the organisation over changes, the organisation can appeal to SAN. There is also a quality assurance process in place which involves the organisation giving feedback on their experience of being 'social audited'.

Organisations which have been through the Social Audit Panel process report how rigorous a day it is. But they also report on how constructive and creative it is with people really getting to grips with the organisation and understanding how it functions.

3 Social Audit Statement...

There is a standard Social Audit Statement and a modified version for those choosing Option 3 (audited self-verification). See **[CD39] Standard social audit statement** and **[CD41] Modified social audit statement**.

The statement identifies the important issues to be taken into consideration in a future social accounting cycle. This draws attention to omissions or failed methodology, which the next Social Audit Panel would expect to see addressed in the next social accounts.

The footnote in the Social Audit Statement makes clear that the notes of the Social Audit Panel meeting form part of the social accounting and audit process and may be viewed, along with the full Social Report, by arrangement with the organisation. This ensures that all stakeholders can access the full Social Report and not just a summary version, if they so wish.

The Chair sends both a paper copy and an electronic copy of the Social Audit Statement to the organisation and electronic copies to the other Panel members.

4 Social Report...

a) Dialogue with stakeholders

Your final Social Report will highlight some significant findings about your performance and impact on stakeholders. The task is to review those findings as a whole as they are presented in the Social Report and to ensure that they are considered and acted upon. The mechanism to do this may include setting up some form of dialogue with certain stakeholder groups where those issues require discussion, negotiation or mediation if they are to be resolved.

It is also important to review the social accounting methods that you have used.

The contents of the Social Report will also be a rich source of information to use in reporting to various stakeholders – in drafting new proposals or making applications for finance, bidding for contracts, developing marketing materials and preparing presentations and the annual report. And, of course, you will already have been using the information from social accounting to better manage your organisation and to make strategic and business plans for the future.

b) Publishing or disclosing the Social Report

It is a key principle that the findings of the Social Report be disclosed at least to all key stakeholders, and the usual practice is to disclose them to a wider public.

While the presumption is that the substance of all findings will be disclosed, there may be circumstances when certain findings must be kept confidential for one reason or another. The decision to withhold information ultimately rests with the Board or management committee and they must satisfy themselves that their decision to withhold information from the public domain is justified. They must be confident that they can adequately explain their decision to the Social Audit Panel in the following social accounting cycle.

Equally important, of course, is that the organisation takes urgent steps to deal with those confidential and sensitive matters which are the subject of non-disclosure so that the next Social Report can report that the matters have been dealt with satisfactorily.

As we have seen above, the full Social Report, plus notes of the Social Audit Panel meeting, in normal circumstances will be available to any stakeholder who wishes to see them.

In some circumstances you may want to present information in a different format to different stakeholders in order to highlight information which might be more relevant to a particular stakeholder group. For example, a funder or investor might be most interested in ‘value for money’ and you may want to present a summary of the evidence which demonstrates value for money; alternatively some may be interested in training and you could highlight a section on ‘training’ and present the evidence which comments on your training. And so on...

Increasingly, organisations combine their annual (statutory) report with their audited Social Report, producing just the one document which reports on social, environmental and economic performance and impact as well as financial sustainability.

There are many other ways to disclose the findings from your summary Social Report: on your website, in a newsletter, via presentations, special leaflet, etc.

5 Summary Social Reports...

Usually, organisations decide to publish their audited Social Report in some fashion. In many cases it becomes their glossy Annual Report. There is no prescribed format. Some organisations will publish in full; others will prepare a summary version. Guidance on producing a Summary Social Report is available on the CD – [CD42] **Guidance – Summary social reports**.

It may be possible for the Social Audit Panel to endorse a summary of the Social Report and this could be negotiated with the Social Auditor. However, recommended practice is...

- A summary version of the Social Report should be an accurate reflection of the key findings.
- The summary should also include information about what the organisation is planning to do (or already has done) about issues raised.
- The summary should clearly indicate that it is no more than a summary which is based on the full, audited Social Report and give information about how the Social Report and the notes of the Social Audit may be seen and/or acquired.
- The summary should also include a copy of the signed Social Audit Statement, including the standard footnote to the statement.

It is also suggested as good practice that you send a copy of the summary version for information to the members of the Social Audit Panel who verified the social accounts.

When circulating papers to the next year's Social Audit Panel it is helpful to include any summary version of the Social Report with the new Draft Social Accounts along with the notes of the previous year's panel meeting

Guidance about specific tools and other methods...

Tool/method and short description

SROI Assurance: The SROI Network offers an assurance process on SROI reports.

[W5] www.thesroinetwork.org

Checklist

Use the checklist below to ensure your completion of Step Four.

- ☐ Your organisation has undertaken a social audit
- ☐ The Draft Social Accounts have been turned into a Social Report
- ☐ You have been issued with a Social Audit Statement
- ☐ You have publicised the key findings from your Social Report
- ☐ You are thinking how to proceed further and make improvements for the next cycle of social accounting and audit

And finally...

You have now got an audited Social Report which has enabled you to prove, improve and account for the difference you make!

CONCLUSION

You have now completed the whole social accounting and audit process!

Social accounting becomes really effective when it is undertaken regularly and when it becomes embedded as the way in which your organisation manages its affairs – proving to itself and others what it has done, using the findings to continually improve performance and track the difference you are making.

It is important to review the social accounting and audit process itself in order to agree a Social Accounting Plan for the following cycle. Consider the following points:

- ☐ How well did your plan for social accounting work?
- ☐ How well is your organisation thought to be living up to its values?
- ☐ Are your organisation's objectives and activities still appropriate in the light of reported performance and in response to stakeholder views?
- ☐ Are you now much clearer about the data that you want to continue to collect to be able to report effectively in the future?
- ☐ How would you change your stakeholder consultation?
- ☐ What targets can be set for performance for the year ahead and what appropriate benchmarks might be used?
- ☐ How should working practices be modified in the light of performance and stakeholder comments?
- ☐ Has social accounting and business or development planning started to merge for your organisation?
- ☐ Did you have enough time and human resources to do the work?
- ☐ How effective was the stakeholder consultation?
- ☐ Is the social accounting and audit process appropriate for your organisation?
- ☐ What did you feel about the experience of social accounting and audit?

And now to the future – a future of social accounting to improve, prove and account!

INDEX OF CD LINKS AND WEB LINKS

CD Links...

About this Guide and Thinking it through...

- [CD1] Draft discussion paper – SE and its impacts
- [CD2] Case Study – SCE Scenario
- [CD3] Case Study – Thinking it through
- [CD4] Social accounting and audit on one page
- [CD5] Information sheet
- [CD6] Worksheet – Snags and benefits
- [CD7] Glossary of social accounting and audit terms
- [CD8] What you already do form

Step One: What difference do we want to make...

- [CD9] Case study – SCE VMVOA
- [CD10] Case study – SCE Key aspects checklist
- [CD11] Case study – SCE Stakeholders
- [CD12] Examples – Mission statements
- [CD13] Examples – Values of social economy organisations
- [CD14] Key aspects checklist
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- [CD16] Examples – Organisational objectives with related activities
- [CD17] Worksheet – Impact mapping
- [CD18] Worksheet – Stakeholder mapping
- [CD19] Examples – Stakeholder maps

Step Two: How do we know we are making a difference...

- [CD20] Case study – SCE Checking on your values
- [CD21] Case study – SCE Objectives activities outputs outcomes

- [CD22] Case study – SCE Stakeholders consultation
- [CD23] Case study – SCE Mission values and objectives questionnaire
- [CD24] Case Study – SCE SROI Type Calculations
- [CD25] Worksheet – Checking on your values
- [CD26] Worksheet – Objectives activities outputs and outcomes
- [CD27] Guidance – Creating and using questionnaires
- [CD28] Worksheet – Key stakeholder consultation
- [CD29] Green office checklist
- [CD30] Discussion Paper – Economic impact
- [CD31] Worksheet – Economic benefit
- [CD32] Worksheet – Social capital stocktake
- [CD33] SROI type calculations – Spreadsheet
- [CD34] SROI type calculations – Instructions

Step Three: What is the difference we are making...

- [CD35] Case study – SCE Social report
- [CD36] Guidance – Analysing social accounting data
- [CD37] Guidance – Using computer programmes
- [CD38] Model framework for drafting social accounts

Step Four: Can we prove that we made a difference ...

- [CD39] Standard social audit statement
- [CD40] Social audit panel verification checklist
- [CD41] Modified social audit statement
- [CD42] Guidance – Summary social reports

CD Resource Links...

Sample questioning

- [CD43] Example – Employee questionnaire
- [CD44] Example – Questions about business support services
- [CD45] Example – Questions about community regeneration
- [CD46] Example – Questions about services provided
- [CD47] Example – Questions about the use and quality of the services
- [CD48] Example – Questions about training
- [CD49] Example – Questions about working in partnership
- [CD50] Example – Questions about job seekers and employers

- [CD51] Example – Questions for visitors
- [CD52] Example – Questions on independent living
- [CD53] Example – Questions on softer outcomes
- [CD54] Example – Questions for board of directors
- [CD55] Example – Shetland grid levels of achievement
- [CD56] Example – Shortened staff questionnaire
- [CD57] Example – Staff team questionnaire
- [CD58] Template – Values and objectives questionnaire
- [CD59] Template – Variance questionnaire

Examples of other consultation methods – for example, interviews, focus groups, participatory appraisal techniques

- [CD60] Example of complaints form
- [CD61] Participatory appraisal
- [CD62] Planning and conducting interviews
- [CD63] Planning and running a focus group
- [CD64] Semi structured interviews
- [CD65] Staff activity report form
- [CD66] Suggested format for focus group
- [CD67] Training record sheet
- [CD68] Workshop evaluation form – 1
- [CD69] Workshop evaluation form – 2

Web Links...

- [W1] www.socialauditnetwork.org.uk
- [W2] www.dta.org.uk/resources/publications/tellyourstory
- [W3] www.sel.org.uk
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A Guide to Social Return on Investment (See SROI website).

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