



# The Role of Social Audit in Good Governance

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**ABSTRACT:** Social Audit is the critical assessment of government programmes and activities by the community with active involvement of the primary stakeholders. The people in coordination with local administration conduct social audit. It includes audit of the quality of work being executed at different levels along with the details of disbursements made, the number of labourers employed and materials used. Social auditing creates an impact upon governance. It values the voice of stakeholders, including marginalised/poor groups whose voices are rarely heard.

**KEYWORDS:** social, audit, good, governance, stakeholders

## I.INTRODUCTION

It aids in good governance

1. Reduces corruption: Social audit uncovers irregularities and malpractices in the public sector and maintains oversight on government functioning, thus reducing leakages and corruption. Civil society organisations, political representatives, civil servants and workers of Anantapur district of Andhra Pradesh collectively organise such social audits to prevent mass corruption under the MGNREGA.
2. Monitoring and feedback: It monitors social and ethical impact of decisions and provides feedback on the work. Official records obtained using RTI are used by the public to identify irregularities and thus monitor an organisation and give feedback which help in better performance.[1,2,3]
3. Accountability and transparency: Social audit ensures accountability and transparency in working of local government bodies and reduces trust gap between people and local governments. Social audit measures enhance transparency by enforcing the Right to information in the planning and implementation of local development activities. Transparency in public schemes reduces corruption and increases outcomes.
4. Encourages community participation: Social audit creates awareness among beneficiaries and providers of local social and productive services. Local community becomes important stakeholder in success of public welfare schemes thus improving outcomes through periodic evaluation of outcomes of policies. For example, in MGNREGA, social audits led to proper entries in job cards, increased knowledge about the wage payment slips and visible improvements were noticed in worksite facilities.[7,8,9]
5. Empowering marginalised: It is important that marginalised social groups, which are normally excluded, have a say on local development issues and activities and have their views on the actual performance of local elected bodies. Through social audits these groups can have an impact on policy implementation and thus increasing outcomes.
6. Policy evaluation: Social audit plays an important role not in policy implementation but also policy evaluation. Thus social audit also assess the physical and financial gaps available for local development thus improving policies and outcomes.
7. Strengthens the local government: Social Audit gives voice and influencing power to the Gram Sabha, the lynchpin of rural governance structure. It boosts professionalism in public bodies by forcing Panchayats to keep proper records and accounts of the spending made against the grants received from the government and other sources.

Issues in social audits:[10,11,12]

1. Rules not followed: In many states Social Audit Units don't seek record from Gram Panchayats regarding execution of works and expenditure (CAG report). Social audit reports are either not prepared or not made available to gram sabha in local languages.



2. Not institutionalised: Government has not mandated institutionalisation of social audit, thus making auditors vulnerable to implementing agencies, who face resistance and intimidation and find it difficult to even access primary records for verification.
3. Apathy of implementing agency: The implementing agency requests for postponement of social audit, fails to provide documents on time, does not send independent observers for the Gram Sabha, and fails to take action on the findings of the social audit.
4. No incentive to participate: Lack of interest in people about the village activities due to their livelihood reasons.

#### FURTHER-

1. Support of implementing agencies: Rules must be framed so that implementation agencies are mandated to play a supportive role in the social audit process and take prompt action on the findings.
2. Using Management Information System (MIS): Usage of MIS to track details of schemes at all levels to streamline the life-cycle of programme planning, implementation and feedback.
3. Civil society participation: People including students from different universities should be encouraged to participate as Village Resource Persons. Example, Jharkhand has instituted a formal mechanism by inviting prominent civil society representatives to be part of the SA panel.
4. Role of media: Media should also take responsibility to reach to the rural areas and spread the awareness through their designed programmes focusing on the issues of the rural concerns especially Gram Sabhas and their powers of social audit.

The Social Audit process is intended as a means for social engagement, transparency and communication of information, leading to greater accountability of decision-makers and officials. The Meghalaya state brought a Community Participation and Public Services Social Audit Act in 2015, which should be followed by all states as a model. The Social Audit holds tremendous potential in bridging gaps between policy objectives and its outcomes.[17,18,19]

## II.DISCUSSION

A social audit is a process that involves the scrutiny and evaluation of an organization's performance, policies, programs, and operations. It is a participatory tool that empowers stakeholders to hold management officials accountable for their actions and ensure transparency and accountability. In Kenya, social audits are crucial in promoting good governance and fighting corruption, which has been a significant challenge in our institutions.

Corporate social responsibility is increasingly important in today's business environment, as is corporate consistency in building a strong societal and community impact. A delicate balance is required to achieve corporate responsibilities while maximizing shareholder profit. A social audit team is comprised of different stakeholders' representatives. The team examines the implementation of various programs, which include the following aspects: the work environment, diversity in the workplace, accountability and financial transparency, and community initiatives.

The social audit is a systematic process that characterizes the assessment framework. This comprises five modules, which include:

1. Planning and preparation: in this stage, the social audit team identifies the scope of the audit, the objectives, and the methodology to be used. They also select the areas to be audited, and the audit team members are trained on their roles and responsibilities.
2. Data collection: the team collects data from various sources, including government agencies, stakeholders, and community members. They also conduct interviews and focus group discussions to gather information.
3. Data Analysis: data is analysed to identify strengths, weaknesses, opportunities, and threats in the implemented programs. The analysis also helps identify areas where corrective action is required.



4. Findings and recommendations: the team presents the findings of the social audit to relevant authorities and stakeholders. They also provide recommendations on how to address the issues identified during the audit.
5. Follow-up: this is done to ensure the recommendations made are implemented.

Social audits play a critical role in promoting accountability, transparency, and good governance. Identified gaps have helped in better resource management, service delivery, and grappling with corruption claims. Additionally, stakeholders have the opportunity to participate in the governance process and demand better service delivery. Lastly, the audit promotes social justice and equity in the distribution of resources through prudent measures for the return on investment.

The company board should promote social audits to ensure resources are managed effectively and efficiently. The results are extremely beneficial to organizations,[20,21,22] as they help them better understand their strengths and weaknesses and identify areas for improvement. The internal and external stakeholders feedback makes the process pivotal in maintaining a strong brand.

### **III.RESULTS**

Social Audit is a procedure with the help of which citizens examine and monitor the actions of the government on the grassroots level before using the results to hold the government accountable and a system of open hearings.

The social audit is an important segment in the Indian polity of UPSC. Many questions have been asked in the examination relating to social audits over the years. That's why It is important to be in touch with the information related to the implementation of social audits across states.

A social audit is a review of a program or scheme conducted jointly by the government and the population, with a focus on those who will be impacted by or benefit from the program.

- It is an effective technique for encouraging openness, responsibility, and people's involvement in the schemes intended for them.
- A social audit helps in the measurement of an organization's performance, evaluating and improving it.
- This also holds the organization socially responsible. An organization's efficacy can be increased with the aid of social audits.
- It promotes good governance and increases oversight and accountability. With the aid of social audit. It promotes good governance and increases oversight and accountability.

#### **Basis of social audit**

Social audit as a term was used as far back as the 1950s. There has been a flurry of activity and interest in the last seven to eight years in India and neighboring countries. Voluntary development organizations are also actively concerned.

Social audit is based on the principle that democratic local governance should be carried out, as far as possible, with the consent and understanding of all concerned. It is thus a process and not an event.

#### **What is a social audit**

A social audit is a way of measuring, understanding, reporting and ultimately improving an organization's social and ethical performance. A social audit helps to narrow gaps between vision/goal and reality, between efficiency and effectiveness. It is a technique to understand, measure, verify, report on and to improve the social performance of the organization.[23]

Social auditing creates an impact upon governance. It values the voice of stakeholders, including marginalized/poor groups whose voices are rarely heard. Social auditing is taken up for the purpose of enhancing local governance, particularly for strengthening accountability and transparency in local bodies.

The key difference between development and social audit is that a social audit focuses on the neglected issue of social impacts, while a development audit has a broader focus including environment and economic issues, such as the efficiency of a project or programme.

#### Objectives of social audit

1. Assessing the physical and financial gaps between needs and resources available for local development.
2. Creating awareness among beneficiaries and providers of local social and productive services.
3. Increasing efficacy and effectiveness of local development programmes.
4. Scrutiny of various policy decisions, keeping in view stakeholder interests and priorities, particularly of rural poor.
5. Estimation of the opportunity cost for stakeholders of not getting timely access to public services.

#### Advantages of social audit

- (a) Trains the community on participatory local planning.
- (b) Encourages local democracy.
- (c) Encourages community participation.
- (d) Benefits disadvantaged groups.
- (e) Promotes collective decision making and sharing responsibilities.
- (f) Develops human resources and social capital

To be effective, the social auditor must have the right to:

1. seek clarifications from the implementing agency about any decision-making, activity, scheme, income and expenditure incurred by the agency;
2. consider and scrutinize existing schemes and local activities of the agency; and
3. access registers and documents relating to all development activities undertaken by the implementing agency or by any other government department.

This requires transparency in the decision-making and activities of the implementing agencies. In a way, social audit includes measures for enhancing transparency by enforcing the right to information in the planning and implementation of local development activities.[25]

#### Public documents for social audit

- (a) All budget allocations, beneficiary lists, muster rolls, bills, vouchers, accounts, etc. must be available for public scrutiny.
- (b) All applications for licenses/permits and certificates issued by local self-government institutions must have a serial number. Registers indicating date of application and date of clearance in each case should be available for reference by any applicant. If possible, copies should be publicly displayed.
- (c) Public assessment of tax, exemptions, grants, etc., to ensure there are no complaints of undue preferential treatment.

Several states have declared all Gram Panchayat plan documents related to beneficiary selection, budget cost estimates, etc. to be public documents. A daily notice to be posted at the site of all development works, lists names of workers, wages paid, cost and quantities of material, transport charges, etc.

However, social audit arrangements have mostly been ineffective because there is no legal provision for punitive action. States should enact legislation to facilitate social audit by the Gram Sabha.

Appropriate institutional level for social audit

The most appropriate institutional level for social audit is the Gram Sabha, which has been given 'watchdog' powers and responsibilities by the Panchayati Raj Acts in most States to supervise and monitor the functioning of panchayat elected representatives and government functionaries, and examine the annual statement of accounts and audit reports. These are implied powers indirectly empowering Gram Sabhas to carry out social audits in addition to other functions. Members of the Gram Sabha and the village panchayat, intermediate panchayat and district panchayat through their representatives, can raise issues of social concern and public interest and demand an explanation.

Right to information for members of Gram Sabha

Some States have already passed Right to Information Acts. Notwithstanding some weaknesses, the Acts have opened the way for transparency in administration from the State to the panchayat level.

The Right to Information Acts specify the modalities for obtaining information and provide penalties for failing to furnish or supplying false information. The Acts facilitate social legislation such as on minimum wages and gender rights and, more importantly, pave the way for public debate on government development projects.[23,25]

However, none of the Acts have defined the right to information to include inspection of works and documents, and the taking of notes and extracts. This is needed to make the social audit by the Gram Sabha more effective.

The Gram Sabha should have the mandate to: inspect all public documents related to budget allocations, list of beneficiaries, assistance under each scheme, muster rolls, bills, vouchers, accounts, etc., for scrutiny; examine annual statements of accounts and audit reports; discuss the report on the local administration of the preceding year; review local development for the year or any new activity programme; establish accountability of functionaries found guilty of violating established norms/rules; suggest measures for promoting transparency in identifying, planning, implementing, monitoring and evaluating relevant local development programmes; and ensure opportunity for rural poor to voice their concerns while participating in social audit meetings.

Social audit committees

Social audit can also be used for auditing the performance of all three PRI tiers with a social audit committee at each level. These committees should not be permanent, but can be set up depending on the nature of programmes/schemes to be audited.

Social audit committee members can be drawn from among programme stakeholders. It is advisable to use the services of retired functionaries of different organizations, teachers or persons of impeccable integrity living in the Zilla Panchayat/Block Panchayat/Gram Panchayat jurisdiction. Both facilitators and social audit committee members can be trained by social audit experts.

Steps in social audit in local bodies

1. Clarity of purpose and goal of the local elected body.
2. Identify stakeholders with a focus on their specific roles and duties. Social auditing aims to ensure a say for all stakeholders. It is particularly important that marginalized social groups, which are normally excluded, have a say on local development issues and activities and have their views on the actual performance of local elected bodies.
3. Definition of performance indicators which must be understood and accepted by all. Indicator data must be collected by stakeholders on a regular basis.
4. Regular meetings to review and discuss data/information on performance indicators.

5. Follow-up of social audit meeting with the panchayat body reviewing stakeholders' actions, activities and viewpoints, making commitments on changes and agreeing on future action as recommended by the stakeholders.
6. Establishment of a group of trusted local people including elderly people, teachers and others who are committed and independent, to be involved in the verification and to judge if the decisions based upon social audit have been implemented.
7. The findings of the social audit should be shared with all local stakeholders. This encourages transparency and accountability. A report of the social audit meeting should be distributed for Gram Panchayat auditing. In addition, key decisions should be written on walls and boards and communicated orally.

#### Key factors for successful social audit

- Level of information shared with and involvement of stakeholders, particularly of the rural poor, women, and other marginalized sections.
- Commitment, seriousness and clear responsibilities for follow-up actions by elected members of the Gram Panchayat.
- Involvement of key facilitators in the process.

#### How to enhance local capacities for social audit

- Organization of a mass campaign to increase public awareness about the meaning, scope, purpose and objectives of social audit.
- Establishment of a team of social audit experts in each district who are responsible for training social audit committee members (stakeholders).
- Implementation of training programmes on social auditing methods - conducting and preparing social audit reports, and presentation at Gram Sabha meetings.

#### Social development monitoring (SDM): a social audit process

SDM is a periodic observation activity by socially disadvantaged groups as local citizens who are project participants or target beneficiaries. It could also take the form of action intended to enhance participation, ensure inclusiveness, articulation of accountability, responsiveness and transparency by implementing agencies or local institutions, with a declared purpose of making an impact on their socio-economic status.[20,21,22]

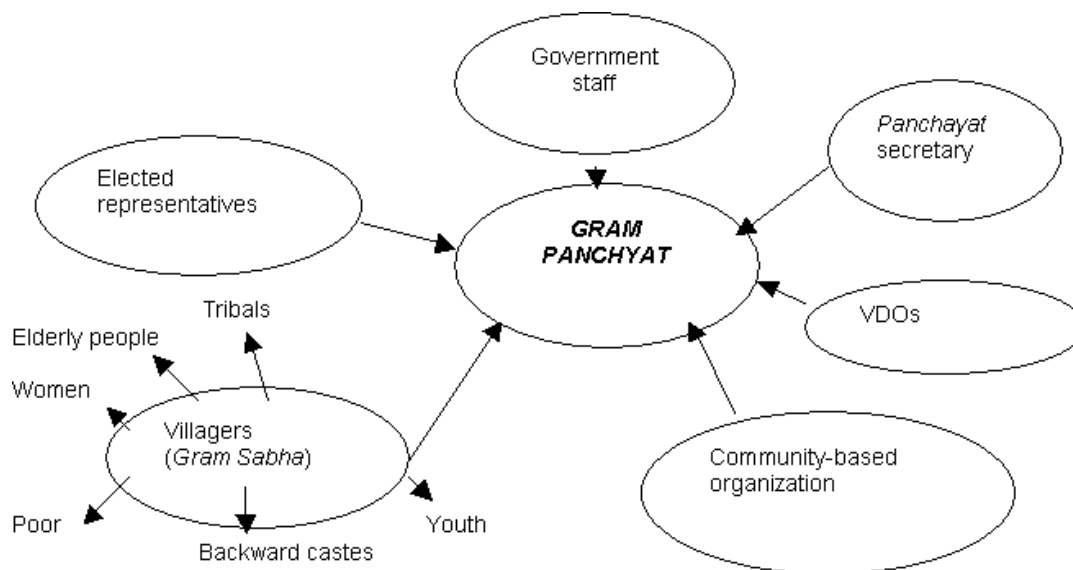
### IV.CONCLUSION

To sum up, the following proposals can be made to make social audit a regular and effective institution to promote the culture of transparency and accountability through the Gram Sabha.

1. States should enhance Gram Sabha powers to make them effective instruments of participatory decision-making and ensuring accountability of PRIs in local development planning.
2. An agency like the Ombudsman can be set up to look into complaints of local maladministration.
3. Development functionaries found guilty of violating established norms for local development planning should be punished.
4. It is important to ensure that rural poor are given due protection when they wish to stand up to speak against any misconduct.



## GRAM PANCHAYAT STAKEHOLDERS



### Examples of social audit

#### 1. Social audit in Jharnipalli Panchayat, Agaipur block, Bolangir district, Orissa

In October 2001, the gram sabha members of Jharnipalli Panchayat conducted a one-day social audit of development works carried out in the panchayat over the preceding three years. This audit took place with the active participation of many individuals and agencies, including block and district administration officials, MKSS [Mazdoor Kisan Shakti Sanghatan], NCPRI [National Campaign for People's Right to Information] and Action Aid India.[23]

The audit found that:

- Although the works were not carried out, the sanctioned funds were shown in the records as having been utilized.
- Contractors were banned under government guidelines, but 31 contractors were working on the project.
- Muster rolls were not maintained by the contractors.
- Instead of the target of 100 man-days of employment for families below the poverty line (BPL), only 12 half days of work were generated.
- The BPL families could not buy subsidized food from the public distribution system (PDS) shops as partial wages because they did not possess the needed ration cards.

#### 2. Micro-development planning as part of social audit

A voluntary development organization Samarthan and PRIA (Society for Participatory Research in Asia) collaborated in a participatory micro-planning exercise with local officials, panchayat members, members of different castes, etc. The process was a way to bring resources to the local community and to increase its involvement in Gram Sabha meetings which took place four times a year.

This led to the identification of several goals. One was to construct a drain. Inspired by the participatory local planning process, the community contributed half the cost of the drain (Rs 50 000). Those who could not give money offered their labour. The rest of the money came from the district office and was mobilized by the Gram Panchayat and its pro-active woman president, the Sarpanch.



Every member of the Gram Sabha developed a sense of ownership of the project. The Gram Sabha monitors the work. Gram Panchayat representatives also hold regular ward-level meetings. The relationship between people and their local representatives developed quickly into one of mutual support.

### 3. SDM of schools for 'rehabilitated' child workers, Jamtara district, Jharkhand State, India

In 1995, the non-governmental Child Labour Elimination Society (CLES) initiated a project to set up 40 Vidyalayas (schools) in three blocks with a high incidence of child labour in Jamtara district. The funds for the project were provided by the Ministry of Labour, Government of India.

To supervise the schools, three-tier committees were formed at the district, block and panchayat/village levels, with the district-level committee having the Deputy Commissioner as its ex-officio chairperson. At the block level, the circle officer (CO) is the nodal officer entrusted with the responsibility for smooth functioning of the schools. The committee at the panchayat and village level includes members who were active during the mass literacy campaigns in the district. However, most committees at the lowest level are either defunct and not functional or not properly constituted. Visibly, this particular weakness has resulted in the diminution of an important forum of citizen interaction, reflection and action.

#### Programme activities

1. A series of block and village level meetings with parents were followed by meetings with local civil society groups/activists and schoolteachers and generated a lot of optimism. Some parents showed keen interest in monitoring the school.
2. Parents formed a committee of five to eight members, decided on indicators and modalities of monitoring and the role and responsibilities of monitors. Committee membership was kept small to ensure easy consensus and spontaneity. Women showed remarkable interest and had a strong presence on the committee.
3. After much argument and discussion, the parents finally decided on three indicators for the purpose of monitoring, viz. - the presence or absence of two teachers; serving of midday meals to the children; and routine health checks for children by the local health department.
4. The committee was entrusted with the task of monitoring the first two indicators four to five days a month and the health check, once a month, usually on the last working day of each month. It was also agreed to devise a suitable format to record data, keeping in view the limited ability of parents in recording detailed observations. Data was to be recorded on simply designed but ingenious worksheets with suitable pictures/drawings depicting the three broad indicators.
5. An important aspect of the indicator development exercise was the clarity in the minds of parents about the larger objectives of the monitoring i.e. to ensure responsiveness, efficiency and accountability in teachers, doctors and block level government officials. Parents who were initially concerned that monitoring would be seen by other stakeholders as 'encroaching on their territory', gradually began to realize that building an atmosphere of trust holds the key to realizing their long-term objective.
6. The very process of engaging themselves in monitoring the working of the schools not only helped build confidence in the parents, but also imparted the necessary basic skills of negotiating with government officials. Committee members met the medical officer and circle officer armed with reliable data from their monitoring and apprised them of the working of the schools along with their concerns and suggestions. They also held regular discussions with the teachers on school functioning to understand their perspective and problems and suggest remedial measures. The schoolteachers extended complete support to the parents based on a shared perception that the future of the school lies in working closely with other stakeholders.

#### Impact

The parents met the circle officer and apprised him of their findings, concerns and suggestions for improved school functioning, such as slackness on the part of doctors in conducting routine health checks, difficulties in the running of one school due to a vacant teacher's post, need for roof construction/repair in another school and sports equipment for all





schools. The district official accepted some of the demands. This and other such meetings helped citizens to understand the way government business is conducted and the skills of negotiating with officials.

## CONCLUSIONS

The following are the benefits of Social Audit:

1. Enhances reputation: The information generated from a Social Audit can provide crucial knowledge about the departments'/institutions' ethical performance and how stakeholders perceive the services offered by the government. The social angle in the delivery of services, real or perceived, can be a major factor adding to the reputation of the department and its functionaries. In an era where all the services are benchmarked and where citizens are becoming more aware about the services through citizens' charters, the government departments are also aiming towards building their reputations. Social Auditing helps the legislature and executive in identifying the problem areas and provides an opportunity to take a proactive stance and create solutions.
2. Alerts policymakers to stakeholder trends: Social Auditing is a tool that helps managers understand and anticipate stakeholder concerns. This tool provides essential information about the interests, perspectives and expectations of stakeholders facilitating the interdependency that exists between the government and the community.
3. Affects positive organisational change: Social Auditing identifies specific organisational improvement goals and highlights progress on their implementation and completeness. Also, by integrating Social Audit into existing management systems, employees responsible for day-to-day decision making can more effectively consider stakeholders' issues and concerns
4. Increases accountability: Due to the strong emphasis on openness and accountability for government departments, the information disclosed needs to be fair and accurate. Social Auditing uses external verification to validate that the Social Audit is inclusive and complete. An externally verified audit can add credibility to the department's efforts. But the greatest demonstration of a Social Audit's authenticity must be seen in how the performance of the department improves over time in relation to its mission, values and objectives.
5. Assists in re-orienting and re-focusing priorities: Social Auditing could be a useful tool to help departments reshape their priorities in tune with people's expectations.
6. Provides increased confidence in social areas: Social Audit can enable departments/ institutions to act with greater confidence in social areas that have been neglected in the past or have been given a lower priority.[25]

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