

A STUDY OF STAKEHOLDER ENGAGEMENT IN SOCIAL AUDIT

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ABSTRACT

The public and social organisations increasingly demand clarity and liability in most civil matters. It is hence ethically necessary to develop an institutional structure and a system towards sustainable transparency and accountability. Social Audit is a public assembly where all the details of a project are scrutinized. It is a way of measuring, understanding and reporting an organization's societal and moral performance. It provides the most significant link between oral and written validation. Social Audits facilitate a transparent control and monitoring mechanism and offer a means of securing accountability of the stakeholders of public sector programmes. The various stakeholders taking part in such audits are representatives from government organisations, non-governmental organisations, the public and their elected representatives.

Keywords: Social Audit, Panchayat Raj, Gram Sabha, Community Organisation

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INTRODUCTION

*‘Country Governed by People...For the people... Of the people... By the people...
Truth or Myth?’*

Our constitution defines India as a Sovereign Socialist Secular Democratic Republic. Sovereignty is the quality of having supreme, independent authority over a geographic area, such as a territory. Democracy is a form of government in which all eligible citizens have an equal say in the decisions that affect their lives. Democracy allows eligible citizens to participate equally—either directly or through elected representatives—in the proposal, development, and creation of laws. A republic is a form of government in which the country is considered a ‘public matter’, not the private concern or property of the rulers, and where offices of states are subsequently directly or indirectly elected or appointed rather than inherited.

Indian secularism has its roots in the French separation of Church and State, but here we mean that the state has no official religion, and that it will not discriminate against any citizen on the basis of her religion. Socialism is an economic system characterised by social ownership of the means of production and co-operative management of the economy. Therefore we can in short say that our government revolves around people. Policies are designed taking people into consideration. So far so true; but what actually happens when these policies are implemented? There are still lacs of people who are not reaping the benefits of such policies. The need of the hour is of social responsibility and accountability. We need transparency in the procedures. We need something called as Social Audit (Wikipedia, Democracy).

In reality, the concept of a social audit was formed much earlier in the 1940’s when a depression era academic Theodore Krepes called on companies to acknowledge their responsibilities to citizens. In 1960-70’s there was seen a fresh wave of interest in SEAAR. Concept of ‘stakeholders’ emerges and organizations like the US Chamber of Commerce make the link between improvements in corporate social performance and long term profitability. While most of the early theorizing about Social Auditing came from the US, most of the practical experimentation took place in Europe (Wikipedia, Secularism).

DEFINITION OF 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 (Ayushi Agarwal).

The demand for social audit has grown in recent years due to the steady change in delegation of Central Government endowment relating to socio-economic schemes to the local tiers of Government like PRIs, ULBs and NGOs. Further, the Government has been handing over the implementation these schemes through direct transfer of funds to these local tiers. Such financial provisions have remained out of the State legislative and administrative accountability structure and the local accountability therein has been either absent or very flimsy. Social Audits are either carried out by *Gram-Panchayat* as stipulated by the Government in the guidelines of various social sector programmes or by civil society groups. In both the cases, the social auditors are in a position to obtain direct feedback from beneficiaries through *Gram-Sabha* meetings (Office-of-CAG-India, 2010).

THE STAKEHOLDER ENGAGEMENT

In a social audit the micro processes of welfare programmes meant for the poor are tracked to the last point of delivery through which the strengths and weaknesses, gaps and leakages in programme implementation are scrutinised publicly by the people. (Kidambi, 2012).

Social Audit is an addition to the CAG Audit wherein the implementing agency is bound to provide all the required documents. With respect to rural development, all the works undertaken by the Gram Panchayat are audited in the presence of all the stakeholders in the Gram Sabha Itself. These stakeholders include the villagers, elected representatives, concerned government officers and representatives from community organisations to whom the Gram Panchayat provides all the records in everybody's presence (Joint-Secretary-MoRD, 2012).



Social-Auditing in India

Image Courtesy: <http://www.rajeshitimane.com>

Social auditing when applied to the voluntary sector creates an impact upon the actual governance in the system. It values the influence of poor 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 such as Panchayati Raj System in India. Gram Panchayat is the local governments at the village or small town level in India. Gram Sabha is the assembly of villagers and their electives *i.e.* *Sarpanch* to discuss the village development issues. NGOs are the non-profit groups operating outside of governmental or political structures (Timane, 2009).

The social audit should be carried out in the gram-sabha itself in the presence of all the stakeholders involved in the development process viz. the villagers, representatives from government and non-government organisation along with the elected representatives. For example, section 13(B) of the Mahatma Gandhi National Rural Employment Guarantee Act provides that the gram sabha have a social audit committee comprising local residents for auditing the work. There is a provision for independent observers also and the act governing the scheme had provisions that the audit be done by the gram sabha (Times-News-Network, 2010).

ELEMENTS OF A SOCIAL AUDIT

1. Raising awareness of rights, entitlements and obligations under a scheme.
2. Specifically, about the right to participate in a social audit.
3. Ensuring that all forms and documents are user friendly.
4. Ensuring all relevant information is accessible, displayed and read out.
5. Ensuring that the decision making process is transparent, participatory and, as far as possible, carried out in the presence of the affected persons.
6. Ensuring that all decisions, and their rationale, are made public as soon as they are made.
7. Ensuring that measurements, certification and inspection involve the affected people on a random and rotational basis.
8. Ensuring that there are regular six monthly public hearings where the scheme and the process of social auditing is publicly analysed.
9. Ensuring that the findings of social audits are immediately acted upon.
10. Also ensuring that these findings result in the required systemic changes (Sandhu, PowerPoint-Presentation).

METHODOLOGY

The main purpose behind the study is to know the awareness about social audit with villagers, community organisations and the government officials working towards the development of rural population of Amravati district.

Sampling Methods				
SN	Case (Size)	Sampling Units	Sampling Type	Sampling Method
1	Villagers (700)	Villagers	Non-probability	Convenience Sampling
2	Government Officials (198)			
	Village	VDO / Gramsevaks	Probability	Stratified Random Sampling
	Tehsil & Sub-Division	SDO, BDO & Tehsildars	Census	Complete Enumeration Method
	District HQ	Govt. Officers (related to Rural Devt. Departments)	Probability	Simple Random Sampling
3	NGOs (75)	Owners / Employees / Representatives	Non-probability	Snow-ball Sampling

The universe of the study is the Amravati district for all the three categories of samples i.e. the villagers, government officials and community organisations. As long as the sample so selected is nearly representative of the population or the universe under study; the size of the sample does not matter. The most important part in deciding the sample size thus boils down to the statement; a sample must be truly representative of the universe or the population under the study. Further, data analysis has been restricted to percentage analysis and graphs using Microsoft-excel.

DATA ANALYSIS

The community organisations play an important part in social audit. During the data collection phase when these community organisations or their representatives were asked whether they participate in the process of social audit in the gram-sabha; more than half of them replied with an affirmative, on the other hand, about quarter of them did not choose to answer the question.



Source: Timane, Rajesh, PhD Thesis on Critical Analysis of Role of NGOs in Management of Rural Development Programmes, RTM Nagpur University, Nagpur, 2010

To cross-check the above details, the government officers were asked whether the community organisations play any role in social audit and if so to what degree. The mode was found to be at 60 % while the arithmetic mean at 50.4 % implying the degree of participation by the community organisations. The above details were then further confirmed with the locals i.e. the villagers that whether the social audit takes place in the gram sabha; almost half of them didn't know while only about 33% confirmed with an affirmative while 20 % said that the audit does not take place in front of the gram-sabha. There seems to be a lack of awareness amongst all the stakeholders (Timane, Critical Analysis of Role of NGOs in Management of Rural Development Programs, 2010).

A CASE OF SOCIAL AUDIT IN JHARNIPALLI PANCHAYAT, AGAIPUR, BOLANGIR, 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, NCPRI and Action Aid India (IPPF-South-Asia, 2007). 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, only 12 half days of work were generated. Finally, the BPL families could not buy subsidized food from the public distribution system shops as partial wages because they did not possess the needed ration cards (Regional-Office-Asia-Pacific).

CONCLUSION

Social Audit is a system where the local community scrutinises all the records and procedures of a programme, verifies its authenticity and validates whether the expenditure incurred has delivered its objective. It includes public vigilance, verification of family registrations, job-card distributions, receiving work-application, issuing dated receipts, site selection, maintaining muster roll, work allotment, work execution, maintenance and evaluation. Though Social Audit acts as a source of nonstop public vigilance; the following proposals can be made to make social audit a successful institution to endorse the culture of transparency through Gram-Sabha. The Government of India should increase powers of gram-sabha to make them more efficient in participatory management at local level. There is a further need

in increasing awareness-level and participation amongst all the stakeholders involved viz. the villagers along with representatives from government and non-government organisation. With such positive efforts we can truly become a country - **for the people, of the people and by the people.**

ACRONYMS

PDS	: Public Distribution System
BPL	: Below the Poverty Line
MKSS	: Mazdoor Kisan Shakti Sanghatan
NCPRI	: National Campaign for People's Right to Information
VDO	: Village Development Officer
SDO	: Sub-Division Officer
BDO	: Development Officer
HQ	: Head Quarters
DNC	: Dhanwate National College
SEAAR	: Social and Ethical Accounting, Auditing and Reporting
US	: United States
PRIs	: Panchayati Raj Institution
ULB	: Urban Local Body
NGO	: Non-Governmental Organisation
GP	: Gram Panchayat
CAG	: Comptroller & Auditor General of India
MoRD	: Ministry of Rural Development
NREGA	: National Rural Employment Guarantee Act
IPPF	: International Planned Parenthood Federation

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