

Social Audit

[UPSC Notes]

What is Social Audit?

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.

History of Social Audit

In India, Tata Iron and Steel Company Ltd (TISCO), Jamshedpur, was the 1st to take the initiative to perform social audits in 1979.

- An organization's social responsibility can be measured with the use of a social audit.
- It gained relevance after the constitution's 73rd amendment, which dealt with Panchayat Raj institutions.
- The 9th FYP (2000-2007) approach document placed a strong focus on social audit in order for efficient operation of Panchayat Raj institutions to take place.
- This gives Gram Sabha the authority to perform social audits in addition to their other duties.
- To ensure transparency, the national rural employment guarantee act 2005 provided for frequent social audits.

Principles of Social Audit (SA)

Following are the principles of a social audit:

- SA is the reflection of the stakeholder's viewpoint.
- SA is highly comprehensive and covers all the areas of an organization's work.
- SA encourages the involvement of stakeholders and shared values.
- Feedback is given by the stakeholders on various aspects.
- SA works as a comparative mechanism in which the working organization can draw comparisons of its performance against the targets set by them.

- A social audit is performed by an expert without any inclination or any personal interest in the organization.
- The accounts that were audited come to be disclosed. This acts in the interest of stakeholders and the general public.

Importance of Social Audit

Social audit is able to discover malpractices going on in the public sector and keeps an eye on the functioning of the government, thus reducing corruption.

- A social audit helps to monitor the performance of an organization and its social and moral impact and provides constructive feedback to the organization.
- The social audit makes sure that the governmental bodies take full responsibility for their work so as to reduce the trust gap between the government and the people.
- Social audit is often the voice of the Gram Sabha, as it provides influential power.
- A social audit provides a boost of professionalism to public organizations. This is done by persuading the Panchayats to form proper observational records and accounts regarding the amount spent against the funds that were allocated from the governmental or non-governmental resources.
- A social audit helps in delivering a collective platform like social audit gram Sabha, leading to social cohesion.

Limitations of Social Audit

In several states, gram panchayats are not required to provide social audit units with records pertaining to work completion and expenditure (CAG report), and gram Sabhas are not provided with the social audit reports in their native language.

- Due to the fact that the government has not yet legislated the implementation of social audit, the auditors are subject to administering agencies that face pressure and resistance for even trying to get access to the original documentation for verification purposes.
- Some SAUs must obtain permission from the project implementation agency before the utilization of funds.
- The policy of transparency is not followed by many states for the appointment of SAUs' directors.
- Many SAUs lack the staff required to include all the panchayats.
- No penalties or legal repercussions or faced by the organizations violating social audit principles and officially set standards.
- The members of the gram Sabha are not well aware of their rights and duties in order for social audits to be helpful.
- The government agencies depend upon an incompetent system for keeping a tab on the development of an organization or program. This makes it difficult for the auditors to follow an accurate course of action.