# Framework for
# Social Audit Standards

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# Introduction

1.        This Framework defines and describes the elements and objectives of a social audit performed by social auditors. It provides a frame of reference for:

(a) Social auditors when performing social audit i.e., social impact assessment of project/ program executed by social enterprises.

(b) The responsible party, the engaging party, if any, and other stakeholders who are the intended users of social audit report.

This Framework does not itself establish standards or provide specific requirements for the performance of area specific social audit engagements relating to specific thematic areas within social objectives such as Poverty, Climate Change, Health etc. Social audit standards (SASs)[1] contain essential procedures and related guidance/ criteria, consistent with the concepts in this Framework, for the performance of such area-specific social audit engagements. The respective social audit standards may be referred for the area specific social indicators.

For meaning of terms used in this Framework, please refer the Glossary of Terms.

# Applicability of the Framework

2. This Framework will be applicable from the date of its hosting on ICAI website. This Framework will be mandatory in nature.

# Objective of the Framework

3. The objective of this Framework is -

(a) To provide basic principles and elements in relation to (i) social audit of projects/ programs/ project-based activities of a social enterprise registered/ listed on the Social Stock Exchange (ii) social audit of projects/ programs/ project-based activities of any other organisations.

(b) To provide related guidance on matters relating to preparation of social audit report, in accordance with the social auditor's findings based on the procedures performed and evidence obtained.

# Scope of the Framework

4. This Framework applies to social audit (i.e., social impact assessment of project/ program of social enterprises) to be conducted by social auditors using the principles given in SASs. This Framework may also be applied to any other engagement(s) conducted by a social auditor e.g. impact assessment [as required under the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021, as amended from time to time) or any other similar assignment. Any other engagement(s) conducted by other auditor of an organization e.g. statutory audit, internal audit, tax audit will not be under the scope of this Framework.

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[1] SASs are the area specific thematic social audit standards issued by the Institute of Chartered Accountants of India.

5. The social auditors and the responsible party may agree to apply the principles of this Framework to an engagement when there are no intended users other than the responsible party. In such situations, the social auditor's report includes a statement restricting the use of the report to the responsible party.

6. This Framework is focused on providing guidance to social auditor for conducting an assessment of the social impact that the project/program has created in the field. It does not cover any elements of a financial audit or review, which may be covered by relevant auditing/review standards.

## Elements of a Social Audit Engagement

7. There are five elements of a social audit engagement which are:

(a) A three-party relationship involving a social auditor, a responsible party, and intended users;

(b) Project/ Program/ Intervention to be covered;

(c) Project Monitoring Framework;

(d) Evidence; and

(e) A written audit report.

These elements are discussed below.

### (a) Three Party Relationship

8. Social audit engagements involve three separate parties: a social auditor, a responsible party and intended users. The responsible party and the intended users may be from different entities or the same entity.

Social Auditor

Social auditor means an individual registered with Self-Regulatory Organisation (SRO) under the Institute of Chartered Accountants of India (ICAI) or such other agency, as may be specified by the Securities and Exchange Board of India (SEBI), who has qualified a certification program conducted by National Institution of Securities Market (NISM) and hold a valid certificate.

Responsible Party

The responsible party is the person (or persons) who is responsible for the subject matter. **Generally, social enterprise is the responsible party.** The responsible party may or may not be the party who engages the social auditor (the engaging party).

Intended Users

The intended users are the person, persons or class of persons for whom the social auditor prepares the social audit report. The responsible party can be one of the intended users, but not the only one.

**(b) Social project/ program/ intervention**

9. Social audit engagement is to conduct audit of the project / program / intervention or part thereof relating to a thematic area (s) implemented by a social enterprise.

**(c) Project Monitoring Framework**

10. Social projects follow the approach of theory of change. The theory of change describes why change is needed and how it will happen. The project monitoring framework based on theory of change model will detail out the inputs, activities, outputs, outcomes and impact. Project monitoring framework would aid social auditor's understanding of the projects and its nuances, identify key evaluation parameters, thematic areas of intervention and benefits rendered to the community. In addition, the social auditor should consider the following parameters against which the impact of the project may be assessed:

| Inclusiveness | Ability of different stakeholders, particularly poorest and most marginalised - to access the benefits of activities, be part of institutions (healthcare / education committees/farmer groups) and have access to shared benefits through the intervention |
|---|---|
| Relevance | Are the services /inputs /institutions facilitated in the project able to meet community priorities? How was the planning done? Was it participatory? How were the success indicators developed? Was the community involved in development of project indicators? |
| Effectiveness & efficiency | Have the activities been able to effectively address community expectations? If the project is completed within the finalised time duration? How efficiently have the resources been deployed, monitored and utilised? If there is a potential to replicate the solution in other states or districts? |
| Convergence | Degree of convergence with government/other partnerships; relationship between individuals, community, institutions and other stakeholders |
| Sustainability | Do communities feel ownership over the assets created by the activities and/or will the project initiated community interventions sustain even after the exit of the funding agency. Are the institutions strengthened adequately to effectively manage and sustain the activities after the completion of project? Has an exit strategy been drafted? |

**(d) Evidence**

11. The social auditor plans and performs a social audit with an attitude of professional skepticism to obtain sufficient appropriate evidence of the implementation of the social program in the field.

*Professional Skepticism*

The social auditor plans and performs an engagement with an attitude of professional skepticism. An attitude of professional skepticism means the social auditor makes a critical assessment, with a questioning mind, of the validity of evidence obtained and is alert to evidence that contradicts or brings into question the reliability of documents or representations by the responsible party.

**(e) Social Audit Report**

12. The social auditor provides a written social audit report containing the findings from the assessment in terms of impact created and gaps, if any.

## Social Audit Scope

13. Social audit is an independent, objective and reliable examination of impact of a project / program / project-based activity of a social enterprise.

14. A social audit -

- Assesses whether the project / program / project-based activity is operating in accordance with the stated strategic intent and planning.

- Assesses the stated performance in terms of impacts/ outcomes.

- Suggests ways to improve the impact measurement and/ or performance by way of a management letter.

15. Social audit scope should include the physical and virtual-locations, functions, organizational units, activities and processes, as well as the time period covered under the audit.

## Stakeholders and Users

16. Stakeholders are those people or organisations that affect or are affected by the activities of the social enterprise or possess information, resources and expertise needed for the social audit. The stakeholders / users may include the following:

- Social enterprise (FPE / NPO)

- Beneficiaries

- Risk Investors

- Impact Investors

- Outcome Funder

- Third Party Evaluator

- Intermediaries

- Regulators

- Society at large

- Vendors

- Third party agencies

- Governments

- Funds providers

- Trustees

- Directors etc.

## Ethical Principles and Social Audit Standards

17. In addition to this Framework, social auditors who perform social audits are governed by the Code of Conduct, issued by the Self-Regulatory Organization (SRO), applicable for social auditors, who are functioning under the regulatory framework of Social Stock Exchange and conducting social audit engagements.

18. The Code of Conduct includes the following fundamental ethical principles:

- Integrity;

- Objectivity;

- Confidentiality;

- Professional behaviour; and

- Professional competence and due care.

## Engagement Acceptance

19. A social auditor accepts a social audit engagement only where the social auditor's preliminary knowledge of the engagement circumstances indicates that:

(a) Relevant ethical requirements, such as independence and professional competence will be satisfied, and

(b) The engagement exhibits the elements described in paragraph 7 above.

## Quality Control for Social Auditor/ Audit firm

20. The social auditor / audit firm should establish a system of quality control and quality management designed to ensure that the firm and its personnel (including engaged experts) comply with professional standards, ethics and regulatory and legal requirements, and that the reports issued by the social auditor or audit firm, are appropriate in the given circumstances.

21. The social audit firm's system of quality control should include policies and procedures addressing each of the following elements:

a. Leadership responsibilities for quality within the firm.

b. Ethical requirements.

c. Acceptance and continuance of end user relationships and specific engagements including scope determination.

d. Human resources including engagement of experts.

e. Engagement performance including social audit trail.

f. Monitoring.

g. Documentation review procedures including methodology for materiality, risk assessment, sampling, stakeholder identification, priority mapping, and feedback (as applicable).

h. Direction, review and supervision of the audit process.

i. Data collection, quality checking and analyses.

j. Risk mitigation strategy including liability on account of social audit certifications.

22. The firm should establish policies and procedures designed to promote an internal culture based on the recognition that quality is essential in performing engagements and to ensure that the firm and its personnel (and engaged experts) comply with relevant ethical requirements. The quality control policies and procedures should be documented and communicated to the firm's personnel.

## Agreeing the terms of the engagement

23. The objective of the social auditor is to accept or continue a social audit engagement only when the basis upon which it is to be performed has been agreed, through:

(a) Establishing whether the elements described in paragraph 7 above are present; and

(b) Confirming that there is a common understanding between the social auditor and management and, where appropriate, those charged with governance of the terms of the social audit.

## Communication with Those charged with governance

24. The objectives of the social auditor's communication with those charged with governance (TCWG) are:

(a) To communicate clearly with those charged with governance the responsibilities of the social auditor in relation to the social audit, and an overview of the planned scope and timing of the social audit;

(b) To obtain from those charged with governance information relevant to the social audit;

(c) To provide those charged with governance with timely observations arising from the social audit that are significant and relevant to project/program; and

(d) To promote effective two-way communication between the social auditor and those charged with governance.

## Communicating deficiencies in Internal Control to Those Charged with Governance

25. The objective of the social auditor is to communicate appropriately to those charged with governance and management, deficiencies in internal control for program implementation/ management, that the social auditor has identified during the social audit and that, in the social auditor's professional judgment, are of sufficient importance to merit their respective attentions.

## Planning

26. The overall aim at the planning stage is to decide, by building up knowledge and considering a variety of strategies, how best to conduct the social audit.

27. The social auditor should establish an overall engagement strategy that sets the scope, timing and direction of the engagement, and that guides the development of the work plan.

28. In establishing the overall engagement strategy, the social auditor should:

(a) Identify the characteristics of the engagement that define its scope;

(b) Ascertain the reporting objectives of the engagement to plan the timing of the assessment, and nature of the communications required;

(c) Consider the factors that, in the social auditor's professional judgment, are significant in directing the engagement team's efforts;

(d) Consider the results of preliminary engagement activities and, where applicable, whether knowledge gained on other engagements performed by the social auditor for the entity is relevant; and

(e) Ascertain the nature, timing and extent of resources necessary to perform the engagement.

29. The social auditor should develop a work plan that should include a description of procedures that are required to be carried out so that the engagement complies with this Framework using SASs.

30. The social auditor should update and change the overall engagement strategy and the work plan as necessary during the course of the engagement.

## Understanding the Entity and Its environment

31. The social auditor should conduct a preliminary review through understanding the entity and its environment to establish the primacy of its social intent for the purpose of identifying and assessing the risks of material misstatement.

### A. Entity Overview

The social auditor should conduct a preliminary review of the background information in relation to the entity. Such review may include the following points:

- Legal form of the entity and its intent/ objectives.

- Period and projects for which audit is to be carried out.

- Key managerial personnel of the entity.

- Geographical regions in which the entity operates.

- Policies and procedures.

- Governing board/ promoters.

- Whistle blower policy of the entity.

**B. Social Objective & Impact Overview**

The social auditor should conduct a preliminary review in relation to the social objective and impact overview. Such review may include the following points:

- Stated objectives of the projects/ program.

- Project Monitoring Framework.

- Program specific baseline, midline and end line assessment reports (if any).

- Project progress and closure report (if applicable).

- Program specific fund utilization certificate.

- Details of vendors and other third parties.

- Outlay on social activities for beneficiaries, for example, in relation to promoting education, employability and livelihoods.

## Social Auditor's Responses to Assessed Risk

32. While planning the audit, the social auditor should consider the risks/challenges in implementing the project/program, which may be different for different thematic areas.

## Using the work of field level research agency and/or subject matter experts

33. When the social auditor delegates work to assistants/ field level research agency or uses work performed by other social auditors and subject matter experts, he will continue to be responsible for the social audit report of the social enterprise. For this purpose, he may need to plan necessary procedures to monitor, track and review the work of the field level research agency and/or other social auditors or subject matter experts.

34. The social auditor should perform procedures to obtain sufficient comfort that the

work of the assistants/ field level research agency or other social auditors or subject matter experts is adequate for the social auditor's purposes, in the context of the specific social audit.

35. The social auditor should consider the significant findings/assessments of the assistants/ field level research agency or other social auditors or subject matter experts.

36. The social auditor should evaluate whether the subject matter expert has the necessary competence, capabilities and objectivity for the social auditor's purposes.

37. The social auditor should obtain a sufficient understanding of the field of expertise of the subject matter expert to enable the social auditor to:

(a) Determine the nature, scope and objectives of that expert's work for the social auditor's purposes; and

(b) Evaluate the adequacy of that work for the social auditor's purposes.

38. The social auditor should agree, in writing when appropriate, on the following matters with the subject matter expert:

(a) The nature, scope and objectives of that expert's work;

(b) The respective roles and responsibilities of the social auditor and that expert;

(c) The nature, timing and extent of communication between the social auditor and that expert, including the form of any report to be provided by that expert; and

(d) The need for the subject matter expert to observe confidentiality requirements.

39. The social auditor should evaluate the adequacy of the subject matter expert's work for the social auditor's purposes, including:

(a) The relevance and reasonableness of that expert's findings or conclusions, and their consistency with other audit evidence;

(b) If that expert's work involves use of significant assumptions and methods, the relevance and reasonableness of those assumptions and methods in the circumstances; and

(c) If that expert's work involves the use of source data that is significant to that expert's work, the relevance, completeness, and accuracy of that source data.

40. If the social auditor determines that the work of the subject matter expert is not adequate for the social auditor's purposes, the social auditor should:

(a) Agree with that expert on the nature and extent of further work to be performed by that expert; or

(b) Perform further procedures appropriate to the circumstances.

41. The social auditor should not refer to the work of a subject matter expert in social

auditor's report unless required by law or regulation to do so. If such reference is required by law or regulation, the social auditor should indicate in the social auditor's report that the reference does not reduce the social auditor's responsibility for the social audit. If the social auditor makes reference to the work of a subject matter expert in the social auditor's report because such reference is relevant to an understanding of the social audit findings, the social auditor should indicate in the social auditor's report that such reference does not reduce the social auditor's responsibility.

## Documentation

42. The social auditor should prepare on a timely basis engagement documentation that provides a record of the basis for the social audit report that is sufficient and appropriate, to understand:

- The nature, timing and extent of the procedures performed to comply with this Framework;
- The results of the procedures performed, and the evidence obtained; and
- Significant issues observed during the engagement and the recommendations for improvements in the future.

43. The social auditor should assemble the engagement documentation in an engagement file (whether maintained in hard copy or soft copy) and complete the administrative process of assembling the final engagement file on a timely basis, usually not more than 60 days after the date of the social audit report.

44. After the assembly of the final engagement file has been completed, the social auditor should not delete or discard engagement documentation of any nature before the end of its retention period. The retention period for such engagements ordinarily is seven years from the date of the social audit report.

## Materiality

45. The social auditor should consider materiality when assessing impact of the project. Materiality should be considered in the context of quantitative and qualitative factors, such as relative magnitude, the nature and extent of the effect of these factors on the evaluation or measurement of the subject matter, and the interests of the multiple stakeholders.

## Internal Controls

46. The social auditor should understand internal controls for project management, progress tracking and quality assurance and procedures to verify that they exist and are followed. This would help track and assess impact measurements and performance.

## Written Representations

47. The social auditor should request written representations from management and, where appropriate, those charged with governance on the matters in respect of which social auditor considers it necessary to obtain written representations. Although written

representations provide necessary audit evidence, they do not provide sufficient appropriate audit evidence on their own about any of the matters with which they deal. Furthermore, the fact that management has provided reliable written representations does not affect the nature or extent of other audit evidence that the social auditor obtains about the fulfillment of management's responsibilities, or about specific assertions.

## Fieldwork Process - Sampling and Data collection

48. A fieldwork process can be followed for any social audit engagement which would include the following steps:

### (a)    Obtaining Program/Project Understanding

49. The social auditor should consider the baseline, mid-line and end-line assessment report (if available) of impact during the beginning, middle and end of the reporting period/project/program. The baseline measurement/ status/ situation analysis / context description is required to establish the starting point in any project/ program/ project-based activity. A mid-line and end-line measurement is the audit conducted respectively during the intervention phase and after the end of that intervention. The measurements give the depth of the challenge and/or the spread of the challenge.

This facilitates social enterprise to establish the right kind of measurements keeping in mind the end or probable/ intended achievement(s) that the project/ program/ project-based activity wants to achieve since the baseline will be used to measure what changed due to the intervention[2].

For the purpose, the social auditor should take specific note of the following:

i.   Assumptions made with respect to the data collection methodology and assumptions & limitations carried for data collection etc.

ii.  Listing of data requirements and documents required for the social audit.

iii. In case of the on-going project/ program/ project-based activity, explanation of the key past performance trends.

iv.  Detailed work/implementation plan with timeline mentioning and capturing all the essential interventions relating to the project/ program/ project-based activity.

v.   Deviations, if any, found in the reporting period vis a vis the baseline status with the reason for deviation.

vi.  Detailed description of the alignment of outcomes of the project/ program/ project-based activity to the national priorities/ state priorities and mapping with the Niti Aayog's SDG India Index Indicators (as relevant).

vii. List of stakeholders identified, mapped and prioritized, and engaged with respect to

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2  Intervention here refers to an intentional action to promote change undertaken through the program/ project/ project-based activity.

the project/ program/ project-based activity and the feedback received from the stakeholders and actions taken.

viii. Risk identification and mitigation measures adopted by the social enterprise.

## (b) Defining Sample Size

50. Sampling is a process of selection of a part of the population or universe to interact, assess and evaluate the impact that the project has created. The sample size will be determined by the data availability and accessibility of beneficiaries.

*Key steps to follow for determining Sample:*

i. Type of Universe: The first step in a sample design is defining the set of objects, aggregate of elements technically defined as population or universe. Universe can be finite or infinite i.e., where the number of items or elements is certain, the universe is finite whereas, if the number of items or elements is not certain, the universe is not finite.

ii. Sampling Unit: Sampling unit can be defined as the minimum unit for observation, that acts as a building block of the data, for instance social unit i.e., family, school, religious place, or geographical unit i.e., state, district, block, village etc.

iii. Sample Size: This can be defined as number of items, objects or elements selected from universe or population to constitute a sample for conducting impact study. Sample size determination depends on many factors such as time, cost, facility. In general, larger samples are better, but they also require more resources.

iv. Sampling Methodology: The choice of the sampling method is influenced by the objectives of the evaluation/ research, availability of financial resources, time constraints, and the nature of the problem to be investigated. For calculating statistically significant sample sizes, one has to define confidence interval and margin of error.

## (c) Define Data Requirement

51. Besides the information provided by the social enterprise, the social auditor may have to collect more data for engagement purposes. Data required for measuring indicators may often be available in qualitative form.

## (d) Collection of Data

52. To collect data other than that provided by the social enterprise, the social auditor should use either or both of the data collection sources namely - primary source(s) and secondary source(s). The primary sources of data collection may include any one or more of individual interviews, questionnaires, focus group interviews, observation sometimes as per the indicators that have been identified by the auditor at the planning stage. The respondents or information providers would be the stakeholders of the social enterprise which affect or are affected by the project/ program/ project-based activity. The secondary sources of data collection may include any one or more of journal articles that comment on or analyse research textbooks dictionaries and encyclopedias

books that interpret, analyse, dissertations, newspaper editorial/opinion pieces etc.

## (e) Methods of Data Collection

53. The social auditor should consider but not limit themselves in suitably using one or more of the following methods of data collection used for assessing impact. They are also encouraged to explore and use other new and emerging methods of quantitative and qualitative data collection methods if considered appropriate:

(i) *Observation:* In this method, the information is collected with direct observation using the observation checklist without interacting with the respondents.

The advantage of this method is that subjective bias is eliminated if observation is done accurately.

Secondly, the information captured under this method is focused on what is currently happening; it is not impacted by either the past or future instances.

Thirdly, this method is independent of respondent's willingness to respond.

(ii) *Interview Method:* Interview requires the interviewer asking questions from respondents either in a face-to-face contact or via telephonic discussion using structured/ unstructured interviews.

    a. Structured interviews: This Interview method involves collecting information through personal interviews and is carried out in a structured way. This method involves series of pre-determined set of questions that interviewee responds in the defined order.

    b. Unstructured interviews: In unstructured interviews there is flexibility in approach to questioning. This method does not follow a system of pre-determined set of questions and standardised techniques of recording data. The interviewer in unstructured interview has the freedom to ask, and if required, supplementary questions can be added or certain questions can be omitted depending on the situation.

(iii) *Focused Group Discussion (FGD):* In FGD, a selected group of people discuss or share their opinions, experiences about given topic or issue, and the discussion is facilitated by a trained external moderator. This method captures the attitudes, knowledge, perception, and experiences of the participants. FGD is a very important tool to gather information in a converged manner from a group of people who are the project stakeholders and also helps to validate the quantitative data collected from the beneficiaries related to the interventions.

For the purpose of this Framework, the FGD constitutes subject matter experts including NGOs, NPOs, working on the respective thematic areas and actively engaged in social activities; and beneficiaries.

## (f) Data Quality Check:

54. While conducting review of documents/data, the social auditor should check data quality based on the following indicators:

Validity: Whether data collected measures what it is intended to measure.

Reliability: Whether data measurements are based on standard methodologies.

Completeness: All data aspects are captured as per methodology.

Integrity: Data is protected from bias or manipulation.

Timelines: Data is up to date and timely.

**(g) Clean Data, Analyze Data and Interpret Results**

55. Data cleaning is to be done to check if the data is duplicate, erroneous or incomplete and identify any outliers within the data sets. If data is incorrect, outcomes and results may not be reliable, even though they may look correct. Data cleaning process may vary from dataset to dataset.

56. Data analysis is the process of collecting, modelling, and analysing data to extract insights that support decision-making. Data analysis is important as it helps in making informed decisions, reduces cost and helps to target the stakeholders better.

Data analysis can be both qualitative and quantitative.

Data analysis for qualitative assessment involves interviews, focus groups, experiments etc. for identifying common patterns within the responses and critically analyzing them.

Data analysis for quantitative assessment involves critical analysis and interpretation of figures and numbers, and attempts to find rationale behind the emergence of main findings.

Data gathered by the social auditor needs to be analyzed to reach audit conclusions. Data analysis is a process of understanding, measuring and reporting on the social, environmental and economic value that is being created by the project/ program/ project-based activity. Data may be analyzed using appropriate methods of analysis so as to interpret the data meaningfully such as trend analysis, regression analysis (as relevant). The social auditor should take care of multiple entries and should not report anything that cannot be verified. Duplicate entries should either be removed or multiple counts should be grouped as one. For example, two beneficiaries of one family may be grouped as one in count of families.

57. The results of data analysis need to be interpreted as per the theory of change and logic model explaining the process of intended social impact of the project/ program/ project-based activity. The model clearly outlines the linkage from inputs to activities, to outputs, to outcomes, and ultimately to impact. The social auditor needs to study the outcomes and the real social impact on the target segments so as to identify gaps, if any. Social auditor should also compare the actual results with the expected outcome(s) and/ or benchmark data, baseline data, if any.

In presenting the results of the analysis, the social auditor should tailor the qualitative discussion to sample representatives of each stakeholder group, since stakeholders will have different objectives, and the relationship of each stakeholder to the social enterprise will vary.

The stakeholder voices capture information to help assess the impact, validate and establishes a check and avoids overclaiming. The review process should answer the following questions:

- What was the situation before and what would have happened in the absence of this project/ program/ project-based activity?

- How much the project/ program/ project-based activity contributed to the changes that are evidenced as compared to pre project interventions?

- How much unintended impacts (positive and negative) happened due to the project/ program/ project-based activity?

Further, a personalized approach can provide a momentum for new dialogue with the stakeholders. For example, investors are interested to find out the extent to which their actions are helping or hindering social goals. The social enterprise is interested in learning about how impact investors think of their activities and impact measurements adopted.

The analysis of data and its interpretation needs to be discussed with the stakeholders so that the same may be validated. At this stage, the social auditor should be able to compare the actual social impact to that which was desired from the project/ program/ project-based activity.

## Use of Technology in Social Audit

58. The social auditor should determine the usage and acceptability of technology for meeting the objectives, collecting and verifying evidence as well as validating impact measurements and assessments in case of social audit engagements. The social auditor should consider the extent of usage of IT tools to be deployed for –

- Information database – information of all stakeholders – beneficiaries, volunteers, staff at one place.

- Data collection – through online surveys, virtual interviews, satellite imagery for monitoring forestry coverage etc.

- Data sorting and visualisation.

- Data analysis.

- Reporting.

## Social Audit Report

59. The social audit report should be in writing and should contain a clear expression of the social auditor's findings. Oral and other forms of expressing conclusions can be misunderstood without the support of a written report. For this reason, the social auditor should not report orally.

60. The social audit report should address the social impact aspect covered by the project/ program/ project-based activity that the intended users will be interested in. Social auditor should strive to provide audit reports which are not only stakeholder-

friendly and timely but also comprehensive, convincing and balanced.

61. To be comprehensive, the report should put forward the perspective of social impact vis a vis meeting the intended social objective(s) such as eradication of poverty etc.

To be convincing, the report should be logically structured and present a clear relationship between the objective/scope, indicators and findings. The report should explain why and how problems observed in the findings hamper social impact to encourage the social enterprise or the stakeholder to initiate corrective action.

Being balanced means that the audit report should present findings objectively and fairly in an impartial manner considering different perspectives and viewpoints of stakeholders. The reports should incorporate positive impacts and aspects related to gaps/ challenges and avoid any kind of biased language or information.

62. This Framework identifies the basic elements the social audit report should include. Social audit reports may be tailored to the area specific circumstances. The social auditor may use headings, paragraph numbers, typographical devices, for example the bolding of text, and other mechanisms to enhance the clarity and readability of the report.

63. A typical social audit report contains certain essential elements which are given below. (These elements are only indicative)

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**Social Audit Report**

To

Appropriate Addressee

**Section I**

- Context
  - About the project
  - Responsibilities of responsible party and social auditor
  - Conformance to Framework for Social Audit Standards, applicable Social Audit Standards and Code of Conduct for Social Auditors issued by the Self-Regulatory Organization (SRO)

**Section II**

- Scope of the Social Audit
- Overall Approach & Methodology used, including Sampling, Data collection and Limitations, if any

**Section III**

- Key Findings from the audit including gaps

**Section IV**

- Annexures (if applicable)

This assessment has been undertaken by [name of firm/agency/individual], (Registration No. allotted by SRO, UDIN)

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