

SOCIAL AUDIT SAFARI

**EXPLORING THE EMERGING POTENTIAL
FOR CAs**

Overview

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Introduction

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Social Audit

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Difference between
financial and social
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INTRODUCTION TO SOCIAL AUDIT

Formal Review

Examination of a company's endeavors, procedures, and code of conduct pertaining to social responsibility.

Assessment Scope

Evaluates the company's performance in achieving social responsibility benchmarks and goals.

Comprehensive Analysis

Considers the company's impact on society in various spheres.

Goal Alignment

Measures the company's alignment with predefined social responsibility objectives.

Benchmark Evaluation

Assesses the extent to which the company fulfills its social responsibility commitments.

Holistic Perspective

Considers the broader implications of the company's actions on the societal landscape.

EVOLUTION OF SOCIAL AUDIT



DIFFERENCE BETWEEN

FINANCIAL AUDIT

SOCIAL AUDIT

Stakeholders

Doesn't consider the larger ecosystem of stakeholders. Concentrates on shareholders

All stakeholders are important including the shareholders/ funders/ financiers.

Eligibility

Chartered Accountants

CAs and Graduates of any discipline with experience and certifications as prescribed by SRO/ SEBI.

Aspects

Financial

Economic, Social and environmental

Comparative

Comparison with the firm to be audited/auditee

Within the organization + other external standards + other comparative organisations

DIFFERENCE

FINANCIAL AUDIT

SOCIAL AUDIT

Impact

Only financial performance is key metric

Social impact, social performance as well as financial Audit are all key metrics

Methods

Standardized methods

Methods vary as per project and thrust areas of the organisation.

Indicators

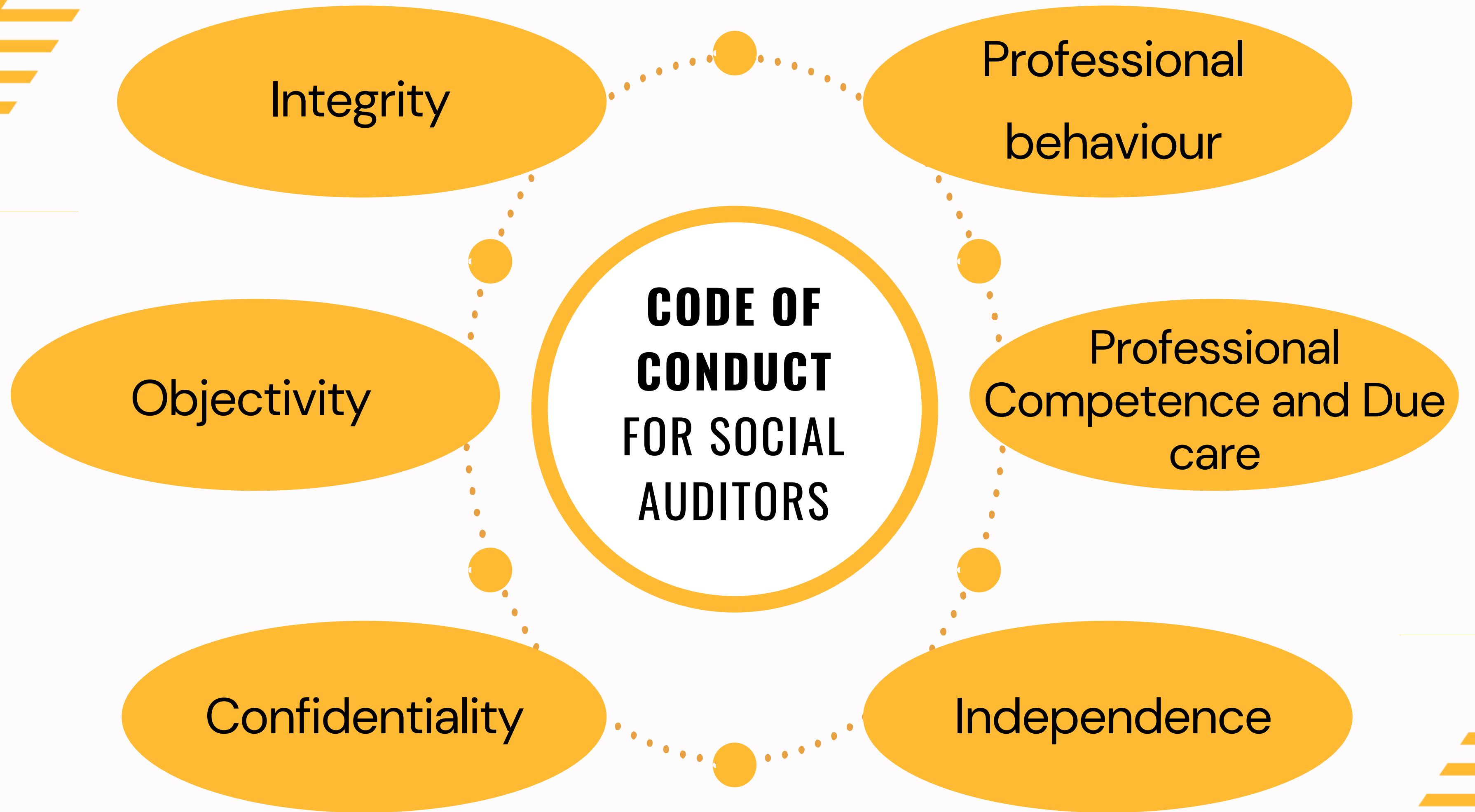
Deals primarily with quantitative indicators

Both quantitative and qualitative indicators are important

Audit Conclusion

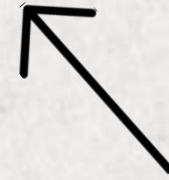
Reflection of financial matters of enterprise

Reflection of social impact of the enterprise



01.

Post-graduates from universities recognized by UGC with a minimum of 3 years of experience in the development sector.



Certification Requirements for Social Auditors

02.

Graduates from universities recognized by the UGC with a minimum of 6 years of experience in the development sector.

03.

CMAs, or any other persons with suitable accreditations with a minimum of 6 years of experience in the development sector.



04.

Complete the NISM certificate course and clear Social Auditors Certification Examination and get empanelled under SRO (Institute of Social Auditors of India).

Empanelment of Social Auditors with SROs

1

Experience of the individual/firm/institution in assuring non-financial information (with the individual/firm/institution's social sector experience carrying a higher positive weight in such consideration).

2

Number of partners/employees meeting the criteria for being social auditor (in the case of firm/institution) Disciplinary cases/sanctions against the individual/firm/institution would carry a negative weight in such consideration.

3

With the advent of time, more parameters will be considered for empanelment -e.g. size, nature/ complexity, and scale of operations of the funders/projects; the possession of specific social sector expertise etc.

SOCIAL AUDIT PROCESS

Collecting and
verifying
information

Audit Evidence

Audit
Conclusions

Documentary

Oral

Physical

Analytical

review the social audit
findings

agree on the audit conclusions

prepare recommendations

discuss audit follow-up

ACCOUNTING SYSTEM AND INTERNAL CONTROL

Accounting Manual including SOP

It contains the description of accounting system and relevant accounting policies and procedures designed for the various processes such as income, expenditure, cash & bank, fixed assets, etc.

Chart of Accounts

The Chart of accounts contains the list of accounts which are there on the accounting system.

Cost Center Details

Cost Center details is the list of code entered into the system to identify the cost related to various specific projects

ACCOUNTING SYSTEM AND INTERNAL CONTROL

Delegation of Authority Matrix

This matrix contains the details of roles and responsibilities of each level to ensure smooth functioning and approval of transactions by authorized persons within the organizations.

IT Controls Manual

It contains the detail regarding the IT controls in relation to accounting system such as Access Controls, Physical and environment security, logical security, backup and recovery etc.

SOCIAL AUDIT REPORT

Components of a Comprehensive Report:

Executive
Summary

Scope and
Objectives

Methodology

Findings and
Analysis

Stakeholder
Engagement

Recommendations
and Conclusions



CONCLUSION

01

Potential for Growth

02

Enhanced Organizational
Reputation

03

Alignment with CSR
Initiatives

04

Driving Positive Change

THANK YOU!

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