



SOCIAL AUDIT - GS II MAINS

Q. Social audit is a tool of social empowerment especially of the most vulnerable groups in society. Discuss the potential of social audit and bring out the steps to make it more effective in the Indian context. (15 marks, 250 words)

News: *Kerala only state to have completed social audit of work done under MGNREGS*

What's in the news?

- The State Social Audit Unit, quoting Union Rural Development Ministry data, said social audit of the first six months of the current fiscal has been completed in all 941 village panchayats in Kerala.

Social Audit:

- Social Audit is the examination and assessment of a programme/scheme conducted with the **active involvement of people** and comparing official records with actual ground realities.
- A social Audit is a **powerful tool for social transformation, community participation, and government accountability.**

How is Social Audit different from Financial Audit?

- Financial audits involve inspecting and assessing documents related to financial transactions in an organization to provide a true picture of its profits, losses and financial stability.
- On the other hand, social audits focus on the performance of a program in fulfilling its intended **social objectives and ethical vision.**

Origin of Social Audits in India:

- In India, social audits were begun by Tata Iron and Steel Company in 1979.
- Later, such an auditing mechanism gained significance after the 73rd Amendment to the Constitution, which attempted to empower Panchayati Raj institutions and gram sabhas by arming them with such audits.
- Section 17 of the MGNREGA Act has mandated a social audit of all works executed under the MGNREGA.

Significance of Social Audit:

1. Transform governance:

- Social auditing impacts governance leading to good governance.



- It makes the government responsible to its citizens, allowing better governance through citizen's participation.
- 2. Promotes local development:**
- It helps in assessing the physical and financial gaps between needs and resources available for local development.
 - Therefore it helps in increasing the efficiency and effectiveness of local development programmes.
- 3. Curbs Corruption:**
- It uncovers irregularities and malpractices in the public sector and maintains oversight on government functioning, thus reducing leakages and corruption.
- 4. Upholds accountability:**
- It **allows the voice of stakeholders**, including marginalised/poor groups being heard by the authorities.
 - Social auditing enhances local governance, and strengthen accountability and transparency in local bodies.
- 5. People Participation:**
- It creates awareness among beneficiaries and providers of social and productive services.
 - It enables the community to participate in local planning.
- 6. Social impact:**
- The social audit focuses on the neglected issue of society including environment and economic issues and efficiency of a project or programme.
 - This allows better implementation of policies and removes various social inefficiencies.
- 7. Grassroot democracy:**
- Social Audit makes it sure that in democracy, the powers of decision makers should be used as far as possible with the consent and understanding of all concerned.
 - It encourages local democracy and encourages **community participation**. It promotes collective decision making and sharing of responsibilities.
- 8. Checks and balances:**
- It monitors social and ethical impact of an organisation's performance and provides feedback on the work.
- 9. Saves government resources:**
- It saves government resources by **reducing expenditures** on auditing the policy implications and effectiveness.
 - It also reduces corruption, thereby saving public money.
- 10. Generates demand:**
- Social Audit serves as the basis for framing the management's policies by raising demands in a socially responsible and accountable manner by highlighting the real problems.
- 11. Diverse views:**
- Social audit reflects the views of all the stakeholders.
 - Stakeholders share and give feedback on multiple aspects.



- It provides a collective platform such as a social audit Gram Sabha, for people to express their common needs, resulting in social cohesion.

12. Strengthens the Gram Sabha:

- Social audit gives voice and influencing power to the Gram Sabha, the lynchpin of rural governance structure.

Concerns:

1. Rules not followed: In many states **Social Audit Units (SAUs) don't seek records 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. Lack of stringent penalty: Flouting of social audit principles and norms does not attract any penalty or legal proceeding which makes social audit a toothless exercise.

5. Lack of awareness: Lack of awareness among Gram Sabha members and their rights on social audit

6. Absence of a well-conceived information system: Government agencies rely on a hazy and incomplete system of referring to government accounts and government methods of reporting to track progress of scheme due to which it becomes difficult for auditor to take stock, speed up, slow down or apply corrective measures.

7. No incentive to participate: Lack of interest in people about the village activities due to their livelihood reasons.

8. Social Audit Units lack independence:

- Some SAUs have to obtain sanction from the project implementation agency before spending funds.
- Many states don't follow the open process specified in the standards for the appointment of the SAU's director.
- Several SAUs do not have adequate staff to cover all the panchayats even once a year.

WAY FORWARD:

- 1. Providing more finances to Social Audit Units.**
2. The **selection of Directors of SAUs should be free of political control** and the selection process should be strictly followed.
3. **Resource Hub on Social Audit:** A resource hub should be constituted under the National Institute of Rural Development and Panchayati Raj (NIRD&PR) to provide assistance to State Governments and SAUs on parameters like training support, monitoring and evaluation, action research, documentation and certification of trainers etc.



4. **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.
5. **Legally sanctioned outcomes:** Outcomes of social audit must have legal sanction and state governments should enact specific rules for this.
6. **Increased frequency:** Social audits must be conducted in every Gram Panchayat once every 6 months.
7. **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.
8. **Punitive action against non-compliance:** State Government should promptly fix responsibility as well as take action against errant officials in SAUs and other ground level auditors.
9. **Monitoring of Social audit:** MoRD should monitor the response (or the lack of it) by the implementing agency to the social audit findings; a quarterly meeting should be held between SAU, implementing agencies and MoRD officials to monitor the action-taken reports.
10. **Knowledge dissemination through regular meetings:** Meetings of gram sabha should be held regularly and members/villagers must be educated about their role in the social audit process through these meetings by Programme Officers.
11. **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 social audit panel.
12. **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.

Thus social audit is a tool of **social empowerment** especially of the most vulnerable groups in society. It helps in distributing benefits of economic growth to all. Further it allows accountability of the government to its people and allows better policy formulation and implementation.