MODULE ON

SOCIAL ACCOUNTABILITY AND SOCIAL AUDIT

Introduction to Social Accounting

An organization is a social unit as its activities vitally effect the society and its members. It uses the society resources and produces goods and services for which the society is the ultimate consumer. The society also provides the infrastructure and facilities without which organization cannot function at all. Thus an organization owes its very existence and survival to the society. Therefore, it is necessary that each organization must discharge social responsibility. Further, organizations are an important instrument of social change. They have been helping the society through quality equipment, investment in development of its people and reliable service to public at large. Now-a-days, it is being realized that commercial evaluation of infrastructure development projects is not enough to justify commitment of funds to a project, specially when it belongs to the public sector. The social aspect must not be ignored as the projects in public sector concerning either with the development of infrastructure facilities or otherwise necessary in the general goods of the society. Their evaluation should be done keeping in view the social costs and benefits associated with them.

In view of the above, there is a growing demand for reports and activities which reflect the contribution of an enterprise to the society. It is being argued that accounting must deal with measurement and communication of performance of an enterprise in relation to its social responsibilities. Consequently, corporate accounting and reporting system, which hitherto focused their attention on proprietor and management, now, are called upon to shift their focus to the pluralistic concept of corporate social accountability.

Social responsibility accounting "is a systematic assessment of and reporting on those parts of an organization's activities that have a social impact". It is the measurement and reporting, internal and external, of society. Ramanatham defines social accounting as the "Process of selecting firm

level performance variables, measures and measurement procedures, systematically developing information useful for evaluating the firms performance to concerned social groups, both within and outside the firm". Therefore social accounting describes the impact of corporate decisions on environmental pollution, the consumption of non-renewable resources and ecological factors, on job potential, on the rights of individuals and groups and the maintenance of public services, on public safety, on health and education and many other such social concerns.

During last three decades a new concept is developed that the service provider organization has certain obligations to the society as a whole. As a result of operations the organization concern earns profit from the society. An awareness about the social cost and benefits of organization concern's operations has been developed among the society, the shakeholders, the employees, the local governing body and government, etc. Now-a-days the organizations are responsible not only to its owners (shareholders) but also responsible to all the stakeholders like consumers, employees, creditors, government, local community etc. So in this way it is the duty of organization to serve stakeholder's interest at large in proper and effective way. The changing social conditions and the growing importance of workers, management, government etc, have forced an organization to think about is accountability of the society.

The concept of accounting has been developing more in recent time. Various types of accounting have been developed like Financial Accounting, Cost Accounting, Management Accounting, Human Resources Accounting, Environmental Accounting, Energy Conservation Accounting and lastly, Social Accounting. Now the scope of Accounting is fast expanding starting from Financial Accounting and travelling through the path of Cost Accounting it has now entered a new field of Social Accounting which tries to focus on the performance of corporate sector from the social point of view. Benefitly stated, Social Accounting is expected to fulfill the requirements of the changing social awareness in the context of a developing country like India.

Meaning and Development of the Concept:

The concept of social accounts includes evaluation in monetary terms, the effect of objective, policies and producers of a commercial concern on various sections of society as compared to the benefits gained by the society. L.S. Porwal defines "Social Account is concerned with the development of measurements systems to monitor social performance." The N.A.A. Committee defined Social Accounts as the identification, measurement, monitoring and reporting of the social and economic effect of an institution on society. **A.A.A. Committee on Accounting for social performance** has included the following points while attempting to explain Social Accounts.:

1. Accounting for and evaluating of the impact of corporate social responsibility programmes.
2. Human Resource Accounting.
3. Measurement of selected social costs.
4. Measurement of the full impact of an entity on society.
5. Social Reporting.
6. Accounting for public (government) programmes.

Social Accounting has gained regular annotations in the international accounting. But the existing accounting literature on social accounting is not enough to give us a clear answer to what is Social Accounting. There are many other terms like Socio-Economic-accounting, Social Reporting and Audit, Social Responsibility Accounting. All these terms are used as they are complementary to each other. However all the above-mentioned terms should be treated as a vital part of Social Accounting? It gives us a basis to follow the system for evaluating social performance, what constitutes social performance and how to measure Social Performance of a corporate sector.

Thus Social Accounting is a process of recording and reporting of an organization's operations relating to society as a whole and its present and future effects (adverse or positive) on the Society in which it is located.

Social Audit

The concept of audit has undergone vast changes and its scope has widened beyond recognition. Various types of Audit has developed like Financial Audit, Cost Audit, Efficiency Audit, Performance Audit, Tax Audit, Management Audit, E.D.P. audit and last Social Audit. Traditionally, the scope of audit has been concerned with the authentication of financial data contained in the Annual Reports of an organization. Now the scope of audit is fast expanding starting from the Financial Audit and traversing through the path of Cost Audit and Management Audit, it has now entered into a rather new field of Social Audit, which tries to appraise the performance of organization concern from the social angle. The resources put at the disposal of an organization concern, in fact, belong to the society, and must be used for optimal social goods. The societal audit aims at examining how these resources have been used for the good of the society in general and business in particular.

There are many terms which are used for social performances information. Such as Social Accounting, Socio-Economic Accounting, Social Reporting and Social Audit. These terms are used interchangeably. So the first thing before us is to clearly distinguish between Social Accounting, Social Audit and Social Reporting. Seidler and Seidler (1975) define Social Accounting the modification and application, by accountants, of the skills techniques and discipline of conventional accounting, to the analysis and solution of problems of a social nature. Ralph.W, Estes (1973) views it as the measurement and reporting internal and external of information concerning the impact of an entity and its activities on society.

Social audit-A brief historical perspective

The earliest systematic attempt to use the term "Social Audit" dates back to 1940 when Therodore J.Kreps wrote his monograph entitled, "Measurement of the Social Performance of Business" However, Kreps himself has quoted Aristotle in his later article, published in 1962 which shows that the origin of the concept of 'Social Audit' may safely be presumed to be at least during the days of Aristotle.

Introduction to Social Audit

Governments are facing an ever-growing demand to be more accountable and socially responsible and the community is becoming more assertive about its right to be informed and to influence governments' decision-making processes. Faced with these vociferous demands, the executive and the legislative are looking for new ways to evaluate their performance. Civil society organisations are also undertaking "Social Audits" to monitor and verify the social performance claims of the organisations and institutions.

Social audit is a tool through which government departments can plan, manage and measure non-financial activities and monitor both internal and external consequences of the departments' social and commercial operations. Social audit gives an understanding of the administrative system from the perspective of the vast majority of the people in the society for whom the very institutional/administrative system is being promoted and legitimised. Social audit of administration means understanding the administrative system and its internal dynamics from the angle of what they mean for the vast majority of the people, who are not essentially a part of the state or its machinery or the ruling class of the day, for whom they are meant to work.

Social audit is an independent evaluation of the performance of an organisation as it relates to the attainment of its social goals. It is an instrument of social accountability of an organisation. In other words, Social audit may be defined as an in-depth scrutiny and analysis of working of any public utility vis-a-vis its social relevance. Social auditing is a process that enables an organisation to assess and demonstrate its social, economic, and environmental benefits. It is a way of measuring the extent to which an organisation lives up to the shared values and objectives it has committed itself to. It provides an assessment of the impact of an organisation's non-financial objectives through systematic and regular monitoring based on the views of its stakeholders. Stakeholders include employees, clients, volunteers, funders, contractors, suppliers and the general public affected by the organisation. Stakeholders are defined as those persons or organisations who have an interest in, or who have invested resources in, the organisation. Social audit gained significance after the 73rd Amendment of the Constitution relating to Panchayati Raj Institutions. The approach paper to the Ninth Five Year Plan (1997-2002) emphasises social audit for the

effective functioning of the Panchayati Raj Institutions and for achieving the goal of decentralisation in India. In Kerala, the state government has taken a decision to introduce social audit for local bodies in the state.

Accountability Mechanisms: Cases from India

Public agencies are given mandates and funds, but their performances are not properly assessed and suitable action is not taken to hold them accountable. Public audits of accounts and parliamentary reviews are done, but follow up actions may leave much to be desired. It is clear that the existence of formal mechanisms of accountability does not guarantee actual accountability on the ground. These discouraging outcomes have been attributed to a variety of factors. Collusion between those who are responsible for performance and those who are charged with their oversight due to the asymmetry of information, and the prevalence of corruption are among the factors often highlighted in this context. Delivery of good governance has been a major casualty in this process.

Social audit is an innovative mechanism which can create the enabling conditions for public accountability. However, without an aware and demanding civil society, it would be difficult to make social audit work at the field level.

Government initiative

The pressure to enhance accountability could originate from two different sources. Government is one potential source, but the precondition is that the political and bureaucratic leadership is motivated to usher in reform. Alternatively, the pressure for increased public accountability may come from the civil society. Civil society institutions such as citizens' organisations and networks, independent media and think tanks are usually in the forefront in many countries to articulate the demand for these reforms. Both these constituencies, namely, political and bureaucratic leadership and civil society institutions, have been, by and large, weak in the pressure they have exerted for reforming the Indian state. Nevertheless, there are some new initiatives like citizens charters which are worthy of mentioning as they have the potential to enhance public accountability in general.

Citizens' charters

Citizens' charter has high potential to enhance public accountability. The Cabinet Secretariat's Department of Personnel and Administrative Reforms launched in 1997 a programme to design and institutionalise "citizens' charters" for the services being rendered by the different ministries/departments/enterprises of GOI. The model adopted was based on the British citizens' charters that had already achieved a record of some repute in a wide range of public services such as water supply, electricity, public transport, health care, etc. A charter is an explicit statement of what a public agency is ready to offer as its services, the rights and entitlements of the people with reference to these services and the remedies available to them should problems and disputes arise in these transactions. It is a mechanism for augmenting the accountability and transparency of the public agencies interfacing with the people. It was expected that agencies would become more efficient and responsive to the people as a result and that the latter would become better informed and motivated to demand better public services.

Civil society initiatives for accountability

There is a wide range of ongoing people's movements and non-governmental initiatives in India. Most of them are concerned with specific causes, sectoral issues and local crises. The environmental movement, farmers' movements to address common issues, the public interest litigation movement and the consumer movement are good examples of this approach. By and large, such movements emerge as a response to the perceived failure of governments to anticipate or tackle common issues of concern to large sections of the people. Most of them call for policy actions and changes by government or interventions by government to rectify specific wrongs such as displacement of tribals or the poor by large dams or other projects. But these are not necessarily movements aimed at "reforming the state" or improving accountability in the broader sense of these terms. Governance-oriented movements of any significance are very few in India.

Right to Information

Public services such as water supply, electricity and health and sanitation have been in disarray all over the country, and in particular with reference to the poorer sections of society. Of all the levels of government, it is the local

level that has been most neglected. Unresponsive and corrupt service providers have exacerbated the problem. In several cities, small movements have emerged to protest this state of neglect and to demand greater accountability from the authorities concerned.

One of the problems that citizens face in addressing service-related issues is their lack of knowledge and information on these matters. They end up protesting and writing to the press on an anecdotal basis that may solve some individual problems but do not solve the systemic problems in service provision. Public Affairs Centre (PAC) report cards on public services have given citizen groups in several cities a versatile tool that gives them more power and leverage in dealing with the public bureaucracy and politicians. The report card on public services in the Indian city of Bangalore is used by several civil society institutions both to create greater public awareness about the poor performance of their public service providers and to challenge the latter to be more efficient and responsive to their customers.

The report card consisted of a sample survey of the users of the city's services (both rich and poor) and a rating of the public agencies in terms of public satisfaction with different dimensions of their services. Public feedback was also used to quantify the extent of corruption and other indirect costs of the services. The end result was an assessment of public services from the perspective of citizens. The survey was completed in 1993, but the follow up activities continued for the next three years, with the active involvement of several citizen groups and nongovernmental bodies concerned about these issues. The media was actively involved in disseminating the findings of the report card.

The measurement of the impact of the report card shows that public awareness of these problems has increased as a result of the experiment. Civil society institutions seem to be more active on this front and their interactions with public agencies have become better organized, purposive and continuous. As a result, some public agencies in Bangalore have begun to take steps to improve their services. This clearly highlights that the public feedback ("voice") in the form of a report card has the potential to challenge governments and their agencies to become more efficient and responsive to customers. Based on the experiences from Bangalore similar report cards have since been prepared on several other large cities in India.

Prerequisites for carrying out a Social Audit

• State should have faith in participatory democracy
• An active and empowered civil society
• State should be accountable to the civil society
• Congenial political and policy environment

Social Audit Vs Other Audits

Social audit is often misinterpreted as another form of audit to determine the accuracy of financial or statistical statements or reports and the fairness of the facts they present. A conventional financial audit focuses on financial records and their scrutiny by an external auditor following financial accountancy principles whereas the concept of social audit is more comprehensive, having a greater scope than that of traditional audit. In general, social audit refers to a process for measuring, understanding and improving the social performance of an activity of an organisation. Social auditing is again distinct from evaluation in that it is an internally generated process whereby the organisation itself shapes the social audit process according to its stated objectives. In particular, it aims to involve all stakeholders in the process. It measures social performance in order to achieve improvement as well as to report accurately on what has been done. Financial audit is geared towards verification of reliability and integrity of financial information. Similarly, operation audit looks at and compliance with policies, plan, procedures, laws, regulations, established objectives and efficient use of resources. On the contrary, social audit examines performance of a department/programme vis-à-vis its stated core values in the light of community values and the distribution of benefits among different social groups reached through good governance principles. Social audit adds another dimension of key performance measurements in creating social wealth in the form of useful networks and administration/accountable and transparent to the stakeholders. Creating social wealth is one of the key contributions of social audit. Thus, social audit strengthens the legitimacy of the state as well as trust between the state and the civil society.

Stakeholders and Social Audit

Social auditing uses participatory techniques to involve all stakeholders in measuring, understanding, reporting and improving the social performance of an organisation or activity. Stakeholders are at the centre of the concept of

social audit. The term "stakeholder" appeared for the first time in 1963 in an internal document of Stanford Research Institute, and the document defined stakeholders as the groups without whose support an organisation cannot exist. The term "stakeholder" includes "all those who have an interest in the activity of the organisation, even if the interest is not economic". Therefore, many stakeholders correspond to each organisation, and, according to the reference organisation, they can be the shareholders, the employees, the customers, the community, the state, the local administration, the competitors, the banks, the investors, etc. Thus, the connectivity between the organisation and stakeholders forms the core of the concept of social audit.

Principles of Social Audit

The foremost principle of social audit is to achieve continuously improving performances relative to the chosen social objectives. Eight specific key principles have been identified from social auditing practices around the world.
• **Multi-Perspective/Polyvocal**: Aim to reflect the views (voices) of all those people (stakeholders) involved with or affected by the organisation/department/ programme.
• **Comprehensive:** Aims to (eventually) report on all aspects of the organisation's work and performance.
• **Participatory:** Encourages participation of stakeholders and sharing of their values.
• **Multidirectional:** Stakeholders share and give feedback on multiple aspects.
• **Regular:** Aims to produce social accounts on a regular basis so that the concept and the practice become embedded in the culture of the organisation covering all the activities.
• **Comparative:** Provides a means whereby the organisation can compare its own performance each year and against appropriate external norms or benchmarks; and provide for comparisons to be made between organisations doing similar work and reporting in similar fashion.
• **Verified:** Ensures that the social accounts are audited by a suitably experienced person or agency with no vested interests in the organisation.
• **Disclosed:** Ensures that the audited accounts are disclosed to stakeholders and the wider community in the interests of accountability and transparency.
These are the pillars of social audit, where socio-cultural, administrative, legal and democratic settings form the foundation for operationalising social

audit. The social audit process is intended as a means for social engagement, transparency and communication of information, leading to greater accountability of decision-makers, representatives, managers and officials.

Uses and Functions of Social Audit

Social auditing can be used as a tool in providing critical inputs and to correctly assess the impact of government activities on the social well-being of the citizens, assess the social costs, and measure the social benefits accrued as a result of any programme implementation. In Andhra Pradesh (AP), the performance of government departments is monitored through the Online Performance Tracking System (OLPTS). However, this process does not capture adequately the broader social, community and environmental benefits.

Therefore, to generate information on social relevance, costs, and benefits of a programme/activity, social audit can be used to provide specific inputs for the following:
• To monitor the social and ethical impact and performance of the organisation;
• To provide a basis for shaping management strategy in a socially responsible and accountable way, and to design strategies;
• To facilitate organisational learning on how to improve social performance;
• To facilitate the strategic management of institutions (including concern for their influence and social impact on organisations and communities);
• To inform the community, public, other organisations and institutions in the allocations of their resources (time and money) this refers to issues of accountability, ethics (e.g., ethical investment), etc.

Benefits of Social Auditing for government departments

The following are the benefits of social audit.

1. **Enhances reputation**: The information generated from a social audit can provide crucial knowledge about the departments/institutions' ethical performance and how stakeholders perceive the services offered by the government. The social angle in the delivery of services, real or perceived, can be a major factor adding to the reputation of the department and its functionaries. In an era where all the services are benchmarked against and

citizens are becoming more aware about the services through citizens' charters, the government departments are also aiming towards building their reputations. Social auditing helps the legislature and executive in identifying the problem areas and provides an opportunity to take a proactive stance and create solutions.

2. **Alerts policymakers to stakeholder trends**: Social auditing is a tool that helps managers understand and anticipate stakeholder concerns. This tool provides essential information about the interests, perspectives, and expectations of stakeholders, facilitating the interdependency that exists between the government and the community.

3. **Affects positive organisational change**: Social auditing identifies specific organisational improvement goals and highlights progress on their implementation and completeness. Also, by integrating social auditing into existing management systems, employees responsible for day-to-day decision making can more effectively consider stakeholders' issues and concerns.

4. **Increases accountability**: Due to the strong emphasis on openness and accountability for government departments, the information disclosed needs to be fair and accurate. Social auditing uses external verification to validate that the social audit is inclusive and complete. An externally verified audit can add credibility to the department's efforts. But the greatest demonstration of a social audit's authenticity must be seen in how the performance of the department improves over time in relation to its mission, values and objectives.

5. **Assists in reorienting and refocusing priorities**: Social auditing could be a useful tool to help the departments reshape their priorities in tune with people's expectations.

6**. Provides increased confidence in social areas**: Social audit can enable departments/institutions to act with greater confidence in social areas that have been neglected in the past or have been given a lower priority.

The design and methodology

Socio-cultural context: Social auditing will analyse the following components:

1. **Economic components**: The social auditor will be analysing indicators like per capita income, unemployment rate, percentage of families above poverty line, wage rates, etc. Using these measures, the social auditor should be able to describe the economic or material characteristics of the community.

2. **Political components**: Measures of political setting in the community will provide a better idea in tracking the problems and in finding some solutions. The indicators to be considered include informed citizenry, political activity, local government welfare programmes, etc.

3. **Environmental components**: The researcher can look into aspects like air quality, noise, visual pollution, water availability, and recreational facilities which affect the quality of life in the area under study.

4. **Health and education components**: Health and education indicators like availability of health care, educational facilities, and educational attainment can provide useful measures in conducting social audit. These indicators can also be correlated with better functioning of social systems and higher standards of health and education.

5. **Social components**: Social component will measure the social relationships and will provide an understanding on the general living conditions including the availability of telephones, transport facilities, housing, sanitation, and opportunities available for individuals for self expression and empowerment.

Social auditing and Performance Evaluation

Evaluation, which is carried out by an external agency, measures performance of a department or programmes against stated targets. Adequacy of inputs, effectiveness of process, efficiency of project implementation mechanism, achievement in terms of outputs, obstacles and opportunities for further improving performance are analysed during evaluation. Impact, which is a logical extension of evaluation, captures

benefits that have accrued to beneficiaries. The benefits could be both intended and unintended.

The key difference is whereas evaluation measures efficiency and effectiveness of programme implementation, impact studies the changes brought by the programme about among the beneficiaries. Other aspects that distinguish social audit from evaluation and impact assessment are that it is carried out by stakeholders, enables an organisation/department to measure performance in the context of people's well-being, and makes an organisation/department socially responsible. Social audit is a continuous process and covers all the stages of a project/programme cycle and beyond.

How does social audit work?

One can view social audit at two levels. One is at the organisation level (government, private and NGOs) and another at the civil society level (private, NGO, CBO, universities, schools, consumer organisations, SHGs, an individual, etc.). At the organisational level, it is internal as well as external. The internal component corresponds to social accounting and social book-keeping, whereas the external component involves verification of social account by an independent social auditor or an audit panel.

Community/societal level audit is carried out to gather data on community values, social benefits, social capital and quality of department/programmes interface with people. This is matched with outcomes of social audit carried out at the organisation/department level. Based on the analysis, the programme or programme activities are oriented towards community/society's expectations. Social audit at community level also contributes to the empowerment of civil society, equity, networking and advocacy.

Social audit consists of book-keeping and discussion with stakeholders and community in their settings. Methods include social accounting, stakeholder consultation, interviewing of staff, NGO functionaries, beneficiaries, or anyone directly or indirectly affected by the programmes and department activities. All these are simple to use tools and any department should be able to undertake social audit by going through this toolkit.

The objectives of the organisation are the starting point from where the indicators of impact are determined, the stakeholders are identified, and the

tools for data collection are designed in detail. Social book-keeping records, stakeholder consultation, as well as data from the community are collected and maintained by the concerned organisation or the department. Ideally, a panel of eminent citizens of unimpeachable integrity and social commitment should review this social book-keeping annually. This aspect of social audit sometimes includes an independent audit through an intensive interface with a variety of stakeholders and the community. The social audit report can be placed in the public domain for wider dissemination. These reports could be further used by a variety of stakeholders including policy makers, to bring about appropriate changes, if required, to maximise social benefits.

The Follow-up action plan for Social Audit

The purpose behind conducting social audit is not to find fault with the individuals but to assess the performance in terms of social, environment and community goals of the organisation. The audit findings need to be owned up and internalised by the respective department/organisations. To ensure the follow-up for social audit the departments should develop an action plan with respect to the recommendations outlined in the report. Subsequently, the departments should set up a separate task force to ensure the timely execution of the action plan based on the guidelines given in the social audit report.

The success of social auditing depends on the follow-up action taken on the social audit report and the receptiveness of the departments/organisations to adopt the recommendations in the social audit report. The task force should suggest modalities for improving its performance based on the feedback received from different stakeholders. The detailed work plan needs to be identified by the task force and the same should be implemented at the earliest.

CASE STUDY-1

Best Practice Notes on
Social Accountability Initiatives in South Asia
(Social Audit of NREGS (AP) in Andhra Pradesh 2009)

Background

The Government of AP has spent millions of rupees on poverty alleviation programs through its various development schemes. Despite this, only a fraction of the money meant for the poor ever reaches them. Most schemes are hijacked by contractors and middle-men or they fall prey to rampant corruption. As a result, development schemes fail to impact and the poor face many hardships and struggle to gain access to the benefits offered by such schemes. In majority of the cases, the powerful and affluent sections of the rural populace corner the best that the Government offers, whether it is in the form of wage employment, pensions, rural housing, land development etc. In Governance, transparency and accountability are often desired. But to ensure the same designing appropriate systems and institutionalizing them has always been a challenge and many a times neglected. The beneficiaries (poor) are rarely made aware of the objectives, their rights and entitlements under the schemes. Hence streamlining service delivery systems and ensuring that transparency and accountability are intrinsic part of governance is very important. It is equally important that the poor for whom the program or scheme is being implemented are made aware of their rights and entitlements. They should also be given an opportunity to participate in the planning, decision making, implementation and monitoring and evaluation of the schemes. In none of the schemes implemented so far have the aspect of ongoing public monitoring ever been initiated. Also, rarely has any government pro-actively disseminated information of the expenditure incurred in a demystified and simplified manner which the common public or beneficiary can understand. Individual beneficiaries have never ever had a formal platform where they could express their views or air their grievance to the administration. Administration has always been seen by the people

with distrust rather than as an ally, an amorphous body which is too intimidating for the poor to even attempt approaching it.

It is in this context that Social Audits have been introduced in the NREGS – AP, wherein the primary stake holders (laborers working under the Employment Guarantee Scheme) actively participate in the audit of the program. The social audit process starts with the filing of applications for information of relevant official records pertaining to the program, by trained civil society activists who then identify literate youth from laborers' families. The youth are trained in the social audit processes and go into the villages and cross check official records through a door to door verification of muster rolls and physical verification of works. Awareness building regarding the rights and entitlements of the labourers through focus group discussions is an integral part of the social audit process. And on a pre-notified date the reports along with the findings of the social audit are readout in public meetings attended by the labourers, official functionaries, political representatives and the media. The officials respond to the issues which are read out in public and take corrective action.

Social Audit –An Introduction

Social accounting and auditing is a way of measuring and reporting social and ethical performance of an organisation, or a programme or scheme. Social audit is a planning and evaluation method which makes it possible to obtain an overview of internal and external factors that are not included in financial audit of an organization or an activity. It attempts to structure the organization of work in order to achieve the designated goals. In other words, social audit is a systematic and objective procedure by engaging the members in identifying needs and solutions, plan activities, monitor progress and measure its social performance in a comprehensive and participatory manner.

Social audit is an appropriate mechanism which builds the enabling conditions for public accountability. The existence of formal mechanisms of accountability does not guarantee actual accountability on the ground because of collusion between those who are responsible for the performance and those who are charged with their oversight due to the asymmetry of information, the prevalence of corruption etc. It requires demanding, alert and responsible community, civil society and proactive public servants all that is increasingly eroding day by day in the current world. Social audit

provides the venue to demand transparency and accountability in all the initiatives from the public system which was otherwise closed to the citizens.

Important guiding principles of social audit

1. **People's participation and multi-perspective approach :** Social Audit adopts an integrated approach, where the views of the various stakeholders involved are taken into consideration and unified and reflected. In addition to this, all individuals and institutions that are directly or indirectly involved in the process of social change are also involved. Social audit process provides opportunity to individuals and institutions to debate and deliberate, and put forth their ideas and perspectives. Further, stakeholders can also represent and express their views freely on a social audit forum.

2. **Regular and recurring activity :** Social audit must be a regular and recurring process. Social audits must be planned, scheduled and undertaken regularly. Occasional or sporadic social audits do not yield the required results. Planned and regular implementation of social audits and information sharing can result in both the implementers and the beneficiaries becoming socially accountable.

3. **Information Availability:** Information is vital in the process of social audit which aims in attaining transparency and accountability. Information pertaining to various projects undertaken under both BSUP & IHSDP programmes recorded in various registers should be made available to the social audit teams for social audit.

The Pilots

In Andhra Pradesh the first social audit was attempted in Nalgonda district on the Food for Work Programme. However, unlike in Rajasthan, where the social audit was a movement spearheaded by an activist organisation, the Majdoor Kisan Shakti Sanghatan, which struggled for two decades to get a legislation related to the 'right to work and information', in Andhra Pradesh it took the form of a campaign beginning with Nalgonda district and then Ananthapur district in a phased manner. This effort was spearheaded by the Government of Andhra Pradesh through its Rural Development Department with the support of more than a hundred voluntary organisations.

1. **Social Audit of Food for Work Programme in Nalagonda:** This was the first pilot in Andhra Pradesh that helped in developing the final methodology for undertaking the social audits and also training aids, manuals and films for capacity building. The initiative involved social audit of works in three villages of Nalagonda District in Andhra Pradesh. The initiative was supported by MKSS, Action Aid and Centre for Good Governance.

2. **Padayatra & Mass Social Audit in Ananthapur:** This was the second social audit pilot, however the first on the rural employment guarantee scheme. The exercise captured the dynamics of the social audit of the National Rural Employment Guarantee Scheme (NREGS) and for the first time social audit of NREGS shot into limelight in Andhra Pradesh. In addition to popularising social audit, it was an onsite training for all those who participated in the audit. The learnings from the mass social audit also saw the preparation of further training aids for mandal and village level auditors. The activity covered around 600 hamlets, 38 mandals in the district and around 1200 volunteers from NGOs, community based organisations, elected representatives and state functionaries participated in it.

Institutional Arrangements Capacity Building

The successful implementation of social audit in Andhra Pradesh was primarily achieved through capacity building of all stakeholders from top management to those working in the grassroots through a series of activities and training programmes. A number of training manuals and guides were created to achieve this and put in place a robust institutional structure for undertaking social audits across the state. In addition to the 3 training modules and 3 training films, a step-by-step procedure for undertaking social audit of works under NREGS (AP) and a social audit questionnaire were also prepared. The capacity building activities include the following.

1. **State Level Social Audit Unit:** The Rural Development Department, Government of Andhra Pradesh put together a team of people who were from different work backgrounds but who all invariably had experience of working at the grass root level on rights of the poor people. People from administration worked closely with those from non–government groups. Expertise was drawn from other places where social Audits had been carried out previously. The team was kept small and manageable.

2. **State Level Resource Persons (SRPs):** Around 25 State-level Resource Persons were trained through a Training of Trainers (ToT) programme in social audit methodology. The resource persons were selected from civil society groups with not less than 10 years of grassroots experience.

3**. District Level Resource Persons (DRPs):** A cadre of trainers and resource persons were developed at the district level to further undertake trainings at mandal and village level. Around 260 District Resource Persons were trained who now coordinating social audit activities at the district level.

4. **Village Level Social Auditors (VSAs):** To undertake the actual social audits at the village level and also to educate the community on the benefits and entitlements of the scheme a large number of village social auditors were trained. Interested young boys and girls from each village were selected to operate as village social auditors. Using Village Social Auditors who are literate youth from wage seekers families was arrived at after much brain storming and trials as to who would actually undertake social audits in the village.

5. **Training of Officials:** The training these officials of the state machinery like Mandal Parishad Development Officers (MPDO), Village Administrative Officers (VAOs), officers of the District Water Management Agencies (DWMAs), Engineers of the Panchayat Raj Department etc., were also trained in social audit to get them on board and support and cooperate with the community in undertaking the social audits.

6. **Training of Political Executive:** Political representatives like the elected members of the Panchayat, Mandal Parishad Territorial Constituency (MPTC) Members, Zilla Parishad Territorial Constituency (ZPTC) Members etc., were also provided training to actively participate in social audits.

Mainstreaming Social Audits

One of the major challenges faced by the department of Rural Development Department, Government of Andhra Pradesh was mainstreaming and sustaining social audits. This challenge was overcome with a number of activities; policy level as well as ground level activities initiated to institutionalise social audits.

1. **Separate Social Audit Unit:** The Government of Andhra Pradesh has set up a separate unit exclusively for social audit - Andhra Pradesh Society for Social Accountability & Transparency (APSSAT) with autonomy and freedom of action. The social audit unit has experts and activists from civil society organisations chosen to spearhead the initiative across the state. This unit supports the social audit initiatives through technical and knowledge inputs, training and capacity building inputs and administrative inputs to control and manage hundreds of social audits undertaken in the state.

2. **Adoption of Standard Social Audit rules and guidelines:** Social Audit rules/guidelines have been recently passed by the Andhra Pradesh Cabinet that will go a long way in institutionalizing social audit. These rules draw upon experience in the State over the last two years. The social audit rules passed by the cabinet also perpetuate the Right to Information regime by stipulating all the concerned officials to provide the information requested pertaining to the NREGS without fail within seven days of the receipt of the application.

3. **Scaling & Deepening Social Audit Process:** Social Audit of works under NREGS – AP initially started in 13 districts district of the state in Phase – I. Today these social audits have been scaled to 19 district in Phase – II and then all the 22 districts of the State in Phase – III. Further deepening of social audits was taken up by extending the knowledge on social audits to civil society organisations, citizens groups and political representatives through training programmes. Social audit appraisals are also undertaken to assess the impact of each social audit every 15 days/monthly.

4. **Capacity Building:** In addition to the initial capacity building activity that helped create a cadre of trainers and social auditors, regular training programmes are still undertaken on a monthly basis where 20 to 40 people are trained at the mandal level on social audit.

5. **GOs & Memos:** Around 4 Government Orders (GOs) and 3 Memos were issued to establish social audit as a regular day to activity of officers working on NREGS. These G.Os and Memos also describe the methodology for undertaking a social audit.

6. **Computerisation of the NREGS Process:** Creating a website to implement and monitor the works at all stages of the programme and also hosting all the information in the public domain has brought in transparency

and accountability in implementation. This has directly impacted in the form of reduction in corruption. All stages of the programme – from registration of workers to issue of job cards, preparation of work estimates, muster rolls and payment to workers - have been fully computerised. This has ensured prompt payment to workers avoiding any leaks and corrupt practices.

7. **Formal Banking Introduced:** In a bid to prevent delay and ensuring transparency in wage payment, all payments made to the wage seekers under the NREGS – AP are done through post office accounts or accounts opened in banks. This has helped the government to contain corruption to a great level. It is also a move towards institutionalising transparency and providing information for social audits. More than 7.8 million bank accounts have been opened in Andhra Pradesh.

8. **Civil Society Organisations:** Involvement of Civil society Organisations has been one of the key success factors for social audit. More than 40 Civil Society Organisations (CSOs) are directly involved in undertaking social audits. These organisations also helped in creating awareness among the labourers and ensuring their support to the social audit initiative

Impact of Social Audit in Andhra Pradesh

1. A State-level Social Audit Unity created with senior offices and experts to spearhead social audit initiative.
2. 44 State-level Resource Persons (Trainers) representing CSOs created.
3. 440 District-Level Resource Persons (Trainers) created
4. 44,000 Village Social Auditors working at the grassroots created
5. More than 1000 Mandals (Blocks) were covered in all the three phases of social audits
6. Works in more than 27,000 Gram Panchayats and around 40,000 habitations have been audited
7. More than 12 million people were covered under the social audits
8. Around 19 million Indian Rupees were recovered from officials who had embezzled government funds

Strategy for Success

Considering the fact that initiative like social audit would be opposed by those perpetuating corruption, steps were taken to ensure that social audit is consolidated and scaled up with considerable speed and authority.

1. Once the decision to do Social Audits of the NREGS-AP was made, the scaling up from the initial three districts on a pilot basis to cover all the 13 Phase I districts was done within 4 months, before anyone could realise the implications or oppose it.

2. Continuous monitoring of the processes at the grassroots and ensuring that no co-option of the process takes place has yielded positive results.

3. Ensuring that the Administration is brought on board and accepts the social audit process as a tool to improve the implementation of the scheme has been a critical factor.

4. Commitment to the process at the top levels of administration ensured that down the line every official took it seriously and supported it as has been communicated to them through Government Orders and Memos.

5. A 15 day appraisal to ensure that decisions taken at public meetings are complied with, for which a group of Village Social Auditors and two District Resource Persons go back every fifteen days with the reports of what action has been taken and what is yet to be taken.

6. Constant deepening and experimenting with new ideas to make the social audits more proactive and for it to strike root in the community has been a key focus.

7. A robust capacity building strategy which involved training of officials and the civil society from the grassroots to the top level management in government.

Challenges

1. Resentment of administrative machinery at the public nature of social audit and also at being held accountable publicly was clearly a hurdle. This was overcome with a combination of executive instructions form the top and a sensitisation and orientation of the administrative machinery in the social audit processes. More than 400 program officers have been trained in social audit processes (including class room and actual social audit of one civil work and reading reports in the public meeting).

2. The political class also posed constant problems to social audit process because of the inherent nexus between them and the middlemen. This problem was overcome by a strategy design where the social audit processes were spread very quickly horizontally across the state before anyone could realise it in a few months time they were being done everywhere in the 13 districts and critical mass of opposition was not allowed to build by tackling opposition immediately as the situation arose.

3. Initial response from CSOs was weak. However in time overwhelming response of the labourers helped the social audits to continue on a regular basis. People participated actively in the verification process and attended in large numbers in the social audit public meeting. Also the as the administration, the political class and the media found that the findings (the gaps, leakages, corruption issues, differences in measurement as per record and actually who worked and who didn't etc) in a social audit process were true and could not be disputed and so in a short time the credibility of the social audit process was established.

4. Bridging the gap between the community, the government and the civil society organization was the key for sustaining social audits. Constant bridge building exercises between the CSOs who undertake social audits and the administration helped in bringing both these key stakeholders onto a single platform.

5. Information pertaining to the works was not freely available and at times withheld by the government functionaries. This was overcome by filing information requests and applications under Right to Information. Using RTI for seeking information on works undertaken was made an integral part of the social audit process.

Sustainability and Transferability

When the Mazdoor Kisan Shakti Sangathan (MKSS) carried out the first set of People's Audits of development works in rural Rajasthan as a platform to push for a Right to Information Act to be passed by parliament, most other states claimed that the same could not be carried out anywhere else. However, the Social Audits in Andhra Pradesh have proved beyond doubt that if an administration has the will to put in transparency safe guards and the intent to be accountable to its people, they can adopt the process and work at a much larger scale. The initiative that has been undertaken in AP will require hand holding initially to trigger the process of questioning on the part of the beneficiaries and the process of responding to the queries by the administration. However, the fact that the term "social audit" no longer sends shock waves resulting in resistance from the administration showcases the fact that the same is possible in not just other departments but in other states too.

Taking the queue from the Rural Development Department, Department of School Education and the Department of Backward Class Welfare, Government of Andhra Pradesh have piloted social audit. The School

Education Department conducted the social audit of the "Mid-Day Meal Programme" and the Department of Backward Class Welfare undertook the audit of "Post-matric Scholarships and Reimbursement of Tuition Fee programmes".

Lessons Learnt

1. No official MIS or M&E report captures the gaps, leakages strengths and weaknesses of a program like a social audit does.,
2. No matter how perfect the design of the program unless a formal platform is provided to the primary stake holders to articulate the issues and problems the program will fail to achieve its objectives.
3. Placing information in the public domain and an open discussion by all stakeholders on various aspects cleanses the program, allows for correction.
4. Verification of official records at the last point of delivery increases steeply the awareness levels of the labourers. There has been an overwhelming response to the social audits in Andhra Pradesh. However further progress and breakthrough is needed to further institutionalise the social audit process. This would depend on the levels of participation and also availability and sources of funds to undertake such audits in the futures. CSOs in Andhra Pradesh are yet to take advantage of the opportunities opened up by the state government through social audits. The new rules approved by the Andhra Pradesh Cabinet promise full support to any independent initiative of wage seekers to carry out additional social audits. This is a historic step in the direction of institutionalising social audit that civil society must take forward.

CASE STUDY - 2

Samajik Samikhya:

A social audit process in a panchayat in Orissa

Accountability and transparency are the buzz words of development today. However, in many developing countries, where pro-people development is still largely planned and implemented by the state and its bureaucracy, their realisation is a major challenge. One important development in this context has been the use of social audits. A social audit is a process in which details of the resources, both financial and non-financial, used by public agencies for development initiatives are shared with the people, often through a public platform. Social audits allow people to enforce accountability and transparency, providing the ultimate users of services and projects with an opportunity to scrutinise development initiatives. It is a form of citizen advocacy based on the power of knowledge and is grounded in the right to information.

The right to information movement in India, particularly the Mazdoor Kisan Sangharsh Samiti (MKSS) has lobbied the state for more than a decade to make social audit of all state-sponsored development a statutory requirement. In 1993, with the adoption of the 93rd Constitutional Amendment by the government, it has become mandatory. Village communities are now empowered to conduct social audits of all development work in their respective villages and the concerned authorities are duty bound to facilitate them. However, because of lack of clarity on how to conduct a social audit, most citizens in rural India are unable to effectively exercise their powers.

This article presents a unique initiative by the people and activists in one of India's village clusters to evolve a model social audit process. Locally called the Samajik Samikhya, it involved the active participation of nearly 100 social activists from across the country and more than 3000 local villagers. The location Jharnipalli is a gram panchayat (GP – a local selfgovernment unit in India) consisting of nine villages, located in Bolangir district in the State of Orissa, Eastern India. Bolangir is infamous for its recurring drought and mass starvation, and high levels of distress migration are witnessed year

after year. Villagers in Jharnapalli say that they have been raising their voice against corruption in the GP for many years but officials have never acted. Two sarpanchs (head of the GP) have been dismissed/suspended in the past, but on the ground that they had more than two children rather than because of corruption.

In April 2001, ActionAid India held a Training of Trainers (TOT) in Balangir and the idea of a social audit was discussed. Thus started the process for the first pilot social audit in Jharnipalli. The process Preliminary rounds of discussion with local activists in Jharnipalli revealed that people wanted a social audit primarily because they wanted to know the exact reasons for the dismissal of the two sarpanchs. Local communitybased organisations (CBO), particularly the Gayatri club and a CBO-NGO network, Collective Action for Drought Mitigation through Community Mobilisation (CADMB), were supportive, as was the administration at the district level, the Ministry of Rural Development (MoRD) and the MKSS.

As a first step, a street play (geeti natya*)* was enacted by some villagers and CBO members to inform people about the right to information through social audit and that such an audit was to be held in their villages. Songs were composed for this purpose and performances arranged in all the villages. The awareness-raising process started in the month of May and continued until the day before the audit. Two rounds of awareness programmes (street plays) were held in each of the nine villages to convince people of the importance of the audit. Periodic visits by teams from CADMB also helped to sensitise and mobilise the villagers.

Information collection

Soon after the decision to hold a social audit was taken, an introduction letter and request for information was circulated to all government offices and NGOs working in the nine villages. As expected, there was reluctance by many to cooperate. However, with the District Collector backing the process it was difficult for officials to withhold information. The team started collecting information related to various works in the villages completed during the past three years, namely 1998–99, 1999–2000, and 2000–01. Information was collected relating to various development works and this continued until the very day of the audit. Access to information related to many development initiatives such as the public distribution system (PDS), non-timber forest produce (NTFP) such as Tendu leaves,

Social Forestry and DPEP, was refused, and within the records made available, there were gaps. Measurement books were not available for engineering works, and utilisation certificates were missing for all the works, although two days before the social audit a few of these became available. Once collected, all the information and records had to be sorted and filed village-wise. Each public work had a separate file created, with all papers related to the work put together, and the file cover containing a top sheet with all details. Documents inside usually included sanction letters, resolutions, recommendations of the GP, work orders to contractors, forms of undertaking by the contractor, and in some cases, muster rolls, running account bills and vouchers, and estimates of the works.

Information analysis

The next step in the process was to analyse the information available. For instance, muster rolls which come as records of a week's work, or a fortnight's work, had to be converted into worker-wise records so that verification with individual workers was feasible. Similarly, records were studied for violation of norms and guidelines for minimum and equal wages, execution of works by contractors (banned by a Ministry's Order), breaching of estimates, and so on. The team also converted technical data into information that could be easily triangulated with the villagers, for example, cubic meters of measurement of concrete were converted into equivalent number of tractor trips.

The next stage was to visit the villages. A team of volunteers from various organisations and villages stayed in each village for four days in order to:
• Assess the extent and instances of corruption, by sharing information with the villagers, by physically verifying whether works had taken place, and by crosschecking muster rolls, bills and vouchers with villagers.
• Instil confidence in people to participate actively in the audit process, and to activate the village-level committees set up for the purpose.
• Focus on the poorest in the villages, and assess the support reaching them or not reaching them (social security, PDS, employment and livelihood security, etc.).

All the team members had attended a pilot exercise so that they were familiar with the process. A 'roving team' of three was formed to oversee and coordinate the village-level exercise. Often, villagers asked questions such as, 'What if no action is taken after the social audit – after we gather

enough courage and confidence to point out discrepancies in the social audit meeting. Wouldn't the culprits of corruption become stronger than ever?' The villagers also wanted to know why there was no information or records from the NTFP Department, when it was such an important source of livelihood for the poor in these villages. They were vigilant about overseeing the process – when one of the team had not prepared a retabulated muster roll in the case of earth works in one village taken up by Gayatri Club, one of the partners in the social audit, some of the villagers pointed out that we were being 'partial' in our work. During this period, a volunteer engineer checked the physical works that had been claimed in the past three years, and gave his own assessment of the expenditure incurred and of deviations from the plans. A chartered accountant studied the accounts of the GP to check the entries as well as to rearrange the data.

The last few days

Two days before the social audit, the District Collector visited the 'camp' where he was appraised about the preparations for the audit. The Collector assured all the village representatives who had gathered to hear from him, that action would definitely follow the audit, and anyone found guilty would be punished. This helped in instilling a good deal of confidence in all the sceptics. After sitting with the people for a couple of hours the collector went to the panchayat office where he made available all relevant, available panchayat records (to the social audit team) – information that was so far unavailable and inaccessible. After himself going through the panchayatrecords such as the cashbook, the collector found many irregularities on the basis of which he issued a warning ton the panchayat secretary and sealed the GP office. This news spread to all the villages and gave further confidence to people who wanted to point out irregularities. The last three days saw intense activity in the villages. A last round of publicity was carried out. A vehicle equipped with a public address system went into all the villages and invited people to take part in the audit process, and at the Jharnipalli weekly market a play was staged and pamphlets distributed. Finally, together with the local people's organisations representatives, an MKSS team went into the three most 'difficult' villages, from which most of the important GP officials came, and encouraged greater participation and involvement.

A day before the audit a preparatory meeting with all the teams was held to finalise the schedule for the social audit day. A sequence of presentations

was agreed upon with the aim of breaking the ice as well as exposing trends of corruption in the GP. The day before the audit was also spent in preparing charts presenting the audit findings in the local language.

The day of the social audit

The audit formally began at around 10am on the 30 October 2001. Around 2500 people mostly belonging to the villages under Jharnipalli GP and other parts of Bolangir, gathered to participate in the first opportunity they had ever had of holding people in power accountable for their actions. It started with group songs by local people's organisation and MKSS members. People were then given time to read the visual presentations. Some asked for clarifications on information pertaining to their village, and the records were checked again. The teams from each village and village presenter then made presentations about their findings, and this was followed by testimonies from other villagers. The panelists spoke and raised questions now and then and media representatives also posed questions. The areas covered included:
• road works
• Gayatri Club activities
• CARE Food For Work programme
• construction works, e.g. school buildings
• GP accounts for three years – presentation and clarifications

The questioning and the issues raised provided many insights into the ineffectual functioning of the GP. 'Does this panchayat have meetings at all?' people were left wondering. The opaque fashion of functioning was obvious. The Secretary of the GP was called to the microphone in some cases to elaborate on a particular issue. For instance, it was discovered that all the ghost works had something in common – they had all claimed to have used the same tractor (and its driver) for transporting materials into various villages, with the same vehicle number, the same village, the same driver who signed on receipts. One of the gram sabha members informed everyone that this was the Secretary's own tractor! Subsequently, it was also revealed that the tractor had not been with the Secretary over the three years, though it appeared consistently on the records. There were many muster rolls read out where false names were recorded, including names of people who had migrated out of the village years back, and of elderly people who were incapable of working anymore. There were muster rolls where the wages recorded were higher than the amounts actually paid to the labourers. The failure of the local bureaucracy to monitor and check the possibilities of

corruption was also brought out. There were many instances when they were in collusion, for example, the junior engineer had certified 'ghost works' through his measurement books. But what was really heartening was to see many from the dalit (untouchable) community coming forward to speak, and better yet, women willing to testify. In one instance, when an entire village kept quiet out of fear (of a GP member and a couple of powerful contractors in the village), it was two dalit women who boldly came out with the truth. It has to be pointed out that women were not actively drawn out to participate during the first quarter of the audit. Until somebody pointed out that the facilitators needed to address the women too, they were ignored. Once they were encouraged to start speaking, they were bolder than the men in pointing out various problems. The culture of silence definitely got broken in Jharnapalli on that day.

The strengths of the social audit process

• **An empowered people's organisation.** The Cluster Level Committee (CLC) of the people, facilitated by Gayatri Club in the GP, was empowered enough to take up this audit. The members have put a lot of effort into making it successful.
• **The district administration**. Where it has taken years for information to be collected for a social audit in other places, thanks to a supportive district administration in Bolangir, information collection was easier. District- and block-level officials provided us with records and the District Collector stepped in at a crucial stage just before the audit to instil confidence in the people about the audit process.
• **MKSS experience**. Years of invaluable experience gained by MKSS in their struggle for the right to information proved to be very helpful in this social audit. MKSS volunteers spent nearly two weeks prior to the audit providing guidance.
• **The support of a large network.** The presence of the CADMB network of 19 NGOs/CBOs from all over the district of Bolangir lent a great deal of support to the villagers of Jharnipalli.
• **The ongoing fight against corruption.** Many villages of Jharnipalli had been raising issues of corruption in the GP for several years. They took part in this process very actively, and found it a good opportunity to raise issues that concerned them.
• **The location of the village.** By virtue of being located in one of the 'KBK'(Kalahandi-Bolangir-Koraput) districts of Orissa, this panchayat and its social audit also provided an opportunity to link up the process to wider

advocacy agendas centred around food and livelihood security. The fact that there is inadequate resource allocation for development works in the area, and that even the meagre sums that come in end up in the hands of contractors, was apparent to see after the social audit. Failure of the government on many fronts like employment generation, social security, and food security came to the fore.

• **A large team of volunteers** working in a camp mode within the GP limits, and being accessible at all points of time to the villagers was also an advantage. So was the presence of the volunteers' teams in the villages during the last five days of the process. The villagers were free to come and check the records anytime during this period, and would also drop by to inform us about the latest dynamics unfolding in the village.

• **Women's participation**. Large numbers of women from all villages participated actively in the audit despite pressure not to do so from many sides.

After the audit

The situation became slightly tense after the social audit in the villages. Threats were issued to the members of local people's organisations involved in the process. Members of CADMB and the field office staff of ActionAid kept visiting the villages after the social audit to assess the tension around and take pre-emptive actions if necessary. The District Collector instructed a special audit of the Jharnipalli panchayat by the district panchayat auditor. The Secretary of the panchayat has been issued with a suspension notice with a recovery from him of Rs. 68,000, and criminal proceedings are also planned. The Jharnipalli case was a social audit 'on test', a pilot.

Thus the primary objective was to learn from it. It is clear that social audit is indeed a powerful tool in the hands of the people, but the pilot also indicated the challenges in implementing the right to information processes. It has to be preceded by people's capacity building, both to carry forward this intensive process, and to protect the vulnerable from the wrath of the powerful. The relative lack of participation in the meeting of people from the poor and marginalised sections can only be speculated on. Lack of political awareness and marginalisation of specific groups are issues that need to be addressed to make such processes successful.