

Auditing Standards

2.1. Ethics and Independence

2100 SAU Resource Persons should have integrity, work with objectivity and due care

- SAU Resource Persons should have a duty to adhere to high standards of behaviour in the course of their work and in their relationship with the staff of audited entities. In order to sustain public confidence, the conduct of SAU Resource Persons should be above suspicion and reproach. They should value the experiences narrated by members of the Public Hearing. They should try to verify these narratives and with a questioning mind try to find out why such experiences as narrated occur.

Code of ethics

2110 Standard code of ethics should be written in clearly defined language.

- Standard code of ethics should lay down the behaviour, decorum, code of conduct, working hours to be followed by the Social Auditors. The conduct of SAU Resource Persons should be beyond reproach at all times and in all circumstances. They should conduct themselves in a manner which promotes co-operation and good relations. The Public Hearing, general public and the implementing agencies should be fully assured of the fairness and impartiality of the work of SAU Resource Persons.

Independence of Social Audit Unit

2120 Independence of the Social Audit set up should be guaranteed

- An independent SAU trained and mandated to facilitate the effective carrying out of social audit exercise needs to be set up in every State. The Unit needs to have adequate staff, facilities, independent funding and follow the mandate as contained in the standards below. The task of social audits can be carried out either by the existing SAU set up as per the Auditing Standards or can be handed over to a separate social audit unit. However, that unit should follow the standards in order to be considered a viable social audit unit for BOCW.
- To develop and safeguard the ethics and professionalism, institutionalizing the independence of the SAU is absolutely essential. It is essential that Social Audit Resource Persons are independent and impartial, not only in fact but in appearance to enable them to express a conclusion and be seen to express a conclusion without bias, conflict of interest or undue influence of others.

- Social audit should be a process independent of any process undertaken by the implementing agency of the scheme. Further, apart from making requisite information available for social audit 15 days in advance of the audit, the implementing agency should at no time interfere with the conduct of social audit.
- An independent SAU is responsible to build the capacities of workers and communities for conducting social audit and towards this purpose, identify, train and deploy suitable Resource Persons at the ward / block, district and State level, drawing from primary stakeholders and other civil society organizations having knowledge and experience of working for the rights of people.

Some of the **prerequisites** to be followed for social audit to be independent are:

(i) **Nature of SAU**

The institution of SAU, which has responsibilities for planning social audits, technically supporting the particular audits, collating and consolidating reports and following up persuasively on the results of audit, is incorporated as a Society under the Societies Registration Act.

(ii) **Governing Body of the SAU**

(a) The SAU should have a Governing Body comprising of:

- Principal Accountant General/Accountant General in-charge of Local Bodies in the state or his nominee not below the rank of Under Secretary.
- Principal Secretary, Department of Labour or his nominee not below the rank of Under Secretary.
- Chairman, State Building and other Construction Workers Welfare Board or his nominee
- Director, Local Fund or his nominee
- Beneficiary of BOCW Act
- Five members drawn from reputed CSOs working on issues of transparency and accountability. At least one of these may be a woman member.

(b) The Governing Body of the SAU should be chaired by an individual chosen by the State Government from a list of eminent persons as identified and communicated by State Department of Labour in consultation with C&AG. The Director, SAU or his nominee will serve as the Convener of the Governing Body

(c) The Governing Body would approve the Annual Budget and Annual Calendar of the SAU, discuss and adopt the Annual Report prepared by SAU. All other financial proposals would require the approval of the competent authority.

(d) The Governing Body should meet at least once quarterly. The day to day affairs of the Director will not be referred to the governing body. The report of the grievance redressal officer of SAU will be presented in the quarterly meetings of the Governing Body by the Director, SAU.

(iii) Selection and appointment of Director, SAU

(a) The qualification of the Director, SAU are to be clearly laid out and be of such a nature that it helps in enhancing the independence. The Director, SAU should have sufficient experience in the field of audit and government account. He/she should also have proven administrative ability to handle human resources with varying skill levels who can be deployed in different areas under his/her jurisdiction.

(b) A selection committee consisting of Chief Secretary/nominee; Pr. AG/AG in charge of Local Bodies Audit; Principal Secretary Dept of Labour / nominee ; Eminent CSO representative as nominated by Department of Labour; and a representative of the Central Government not below the rank of Director/Deputy Secretary will select the person who will be appointed by the respective state government on the basis of this.

(c) The minimum tenure of the Director, SAU will be defined as three years not exceeding the age of 65 years.

(d) Any decision to terminate the services of the Director, SAU prematurely will be taken by the Government of the State only on the advice of the Governing Body.

(iii) Finances

(a) The Director SAU will be responsible for drawing up a proposed budget of the SAU for meeting its commitment to conduct social audit in all wards (in urban areas) and blocks (in rural areas) of the State at least once a year. The proposed budget will be drawn keeping in mind that at least 0.5 % of the State Building and Other Construction Workers' Welfare Board cess expenditure of the State in the previous Financial Year, is ear marked for the purpose of social audit.

(b) The proposed budget will be forwarded by the Director SAU to the Governing Body for its approval.

(c) A certified copy of the accounts of the SAU duly audited by CA firm selected from a panel maintained by CAG will be put up by the Director SAU to the Governing Body for its acceptance. After acceptance of the certified accounts, the same will be forwarded to the State Government, for further submission to the Central Government. The CA firm is to be

changed every three year and would be appointed by the Governing Council who would also review the performance

(d) Upon the approval of the certified copy of the accounts of the SAU, the release of funds for the next Financial Year will be initiated by the state government.

(e) The SAU may pay salaries / honoraria to its Resource Persons at the State, District, Block and Ward level directly.

(v) **Transparency and Accountability of the SAU**

(a) The SAU should for grievance redressal designate a Grievance Redressal Officer for accepting complaints from citizens about the staff and practices of the SAU. For the purposes of any complaints against the staff and practices of the SAU, the Grievance Redressal Officer should report to the Governing Body

(b) The SAU will abide by the Procedural Guidance of the RTI Act, 2005.

(c) The accountability of the SAU will lie to the Governing Body of the SAU.

(vi) SAU Resource Persons should also consist of representation of women members during social audit and public hearings. Norms should be laid out in this regard.

Objectivity and Impartiality

2130 Conclusions in opinions and reports should be based exclusively on evidence obtained and replies received from the functionaries and assembled in accordance with the auditing standards.

- There is a need for objectivity and impartiality in all work conducted by auditors particularly in their reports which should be accurate and objective.

2.2 Professionalism

2200 SAU Resource Persons should possess characteristics/qualities of Professionalism during the audit. These are knowledge, competency, accountability, honesty and integrity.

- SAU Resource Persons should be diligent and have a questioning attitude when assessing the sufficiency and appropriateness of evidence obtained throughout the audit. They should also remain open-minded and receptive to all views and arguments. They should apply knowledge, skills and experience to the audit process.

- To ensure that the professional behaviour of SAU Resource Persons is appropriate and they do not indulge in any conduct that might discredit the social audit report due care should be exercised to:
 - arrange the stay of SAU Resource Persons in public buildings and
 - they should not accept any hospitality whatsoever from the any agency implementing BOCW during the course of the audit. The local administration/Tehsildar is responsible for providing assistance for arrangements.

2.3 Audit team management and skills

2300 SAU Resource Persons should collectively possess or have access to the necessary skills.

- SAU Resource Persons should acquire an understanding of the scheme's operations, familiarity with the relevant sections of the applicable legislation and standards and practical experience to exercise professional judgement. SAUs should undertake the ongoing development of SAU Resource Persons through training and issue other written guidance and instructions concerning the conduct of audits and assign sufficient audit resources. Where SAUs lack expertise in specific domains involved for the implementation of the BOCW Act and Rules, they should engage the services of specialists for the relevant domains on a short-term basis both for purposes of their involvement in training of SAU Resource Persons or expert advice on specific issues.

Training and Capacity Building

2310 SAU should establish and regularly review minimum training requirements for the appointment of SAU Resource Persons at each level within the organisation.

- Capacity building is the sustained development of the core capabilities of an organisation to deliver its mandate more effectively so as to create the desired impact. An SAU's capacity is its institutional, organisational and professional ability to deliver key audit results both in terms of its audit products and contribution to accountability, good governance and service delivery. In order to be able to deliver these results the SAU needs to be strengthened in the following six areas or domains
 - independence and legal framework- (independence and mandate),
 - leadership and internal Governance (planning, internal communications, accountability and transparency, code of ethics and conduct, internal controls, and continuous improvement),
 - human resource (recruitment, retention, staff development, welfare and performance management),

- support structures and infrastructure (financial management, infrastructure, security, technology and support service),
 - external stakeholder relations (Communication strategy, awareness raising and use of appropriate media, relationship with legislature, judiciary, executive and other stakeholders.) and
 - SAU Core Processes – Social Audit Process (Social audit standards, Social audit manuals, guidance, Social audit tools, Social audit plans, quality Assurance etc.)
- SAU should adopt policies and procedures to recruit personnel with suitable qualifications and train them professionally. It should take adequate steps to provide for continuing professional development of its personnel. Special attention should be given to improving theoretical and professional development of all members and staff, through internal, university and other programmes. Professional development should

2400 A quality assurance and improvement programme should be developed and maintained covering all aspects of the social audit activities.

modules and having adequate skills should be certified to conduct the social audit. For laying out the minimum standards of training of SAU Resource Persons and SAU Resource Persons, their minimum skills need to be defined. They need to be literate i.e. 12th pass if belonging to a worker's family or a graduate

2.4 Quality Assurance and Control

2410 There should be periodic internal and external assessments of the social audit.

- To ensure audits conducted conform to these standards and are of a consistently high quality, quality control procedures should be framed by SAUs to cover the direction, supervision, collation and consolidation of reports and review of the audit process.
- Director of the Social Audit Unit should develop and maintain a quality assurance and improvement programme covering all aspects of the social audit activities.

External Assessment of the SAU

- The external assessments can be carried out by an agency such as Director, Local Fund Audit or any other agency approved by the Governing Board. These assessments should take place at least once in two years.

Reporting on external assessments

- The Director, Social Audit Unit should also report on the outcome of such external assessment to the Governing Board and send a copy of the report to the State Employment Guarantee Council.

3000-4000 Social Audit Standards related to Audit Process

3.1 Planning an Audit

3100 SAU Resource Persons should obtain an understanding of the nature of the entity/programme to be audited.

- This includes understanding the relevant objectives, operations, regulatory and financial system, internal controls and researching the potential sources of audit evidence in the entity/programme to be audited. This should include appropriate risk analysis and finalisation of audit calendar.
- Planning for a specific audit should include strategic and operational aspects. Strategically, planning should define the audit scope, objectives and approach.

Therefore, a strategic audit plan of the SAU should include the Schemes for which SAU will facilitate conduct of social audits.

- Operationally, planning entails setting a timetable for the audit and defining the nature, timing and extent of the audit procedures. During planning, SAU Resource Persons should assign tasks to the members of their team as appropriate and also identify other resources that may be required, such as subject experts. Therefore, an operational plan of the SAU should include:
 - Laying out the schedule of social audits for the year, ward and or block wise
 - Assigning and deploying social audit teams (based on personnel available) to comply with the schedule

Audit Calendar

3110 SAU will frame an annual calendar which includes coverage of all the wards and/or blocks within a specified period.

- A social audit should be conducted in every ward (urban areas) and every Block (rural areas) at least once in two years such that all wards and/or blocks are saturated in a given period of two years. Selection of wards and/or blocks should be done through risk assessment on the parameters like financial outlays, number of beneficiaries and interaction with the members of Public Hearing etc. The Calendar should be prepared by the Director, SAU and approved by the Governing Board of the SAU at the beginning of the financial year. Once prepared, the calendar will be forwarded to the Department of Labour and the State Building and Other Construction Workers' Welfare Board for intimation and further action.

Risk Analysis and Assurance

3120 The audit assignment should be planned to reduce audit risk.

- Audit risk is the risk that the audit report or more specifically the auditor's conclusion will be inappropriate in the circumstances of the audit. Auditors should actively manage audit risk, which is the risk of obtaining incorrect or incomplete conclusions, providing unbalanced information or failing to add value for users. Since audit risk cannot be fully eliminated, social auditors should manage their auditing with procedures to reduce the risks of providing a report that is inappropriate in the circumstances of the audit. The audit assignment should be planned to take into account these aspects.
- Risk in audit means acceptance of some level of uncertainty in performing the audit. A small degree of audit risk would be acceptable otherwise the audit process may lose

its purpose. Due to the limitations of an audit, it does not provide a guarantee or absolute assurance that all instances of non-compliance will be detected. Auditors should identify and assess the risks of fraud relevant to the audit objectives and make enquiries and perform procedures to identify and respond to the risks of fraud relevant to the audit objectives. They should be alert to the possibility of fraud throughout the audit process.

- For social audits, the guidance on the level of acceptable audit risk should be given by the SAU depending on a judgment that takes into account the inherent, control, and detection risk. The inherent risks related to the scheme should be listed. An assessment of internal controls for the Scheme on the basis of whether controls are being actually applied or not should be done. Detection risk should be determined with reference to the limitations constraining the SAU or audit team. The planning for the audit assignment should take into account these factors when planning or prioritising the audit.
- As far as possible, a review should be conducted at the Social Audit Public Hearing/Public Hearing about the internal control structure which may, inter alia, include the following:
 - A system in place to ensure that all required documents are made available in time:
 - book-keeping procedural guidance were complied with, viz. all required books (including cash book) were opened and maintained. Vouching, Journal entries, posting was completed. Stock register, asset register etc. were opened and maintained, cannons of financial propriety were being followed and items were being procured as per the laid down procedure,
 - receipts and payments have been vouched for,
 - payments have been regularly made and bank accounts are verified to that extent.
 - Bank reconciliations have been done regularly and
 - site visits have validated construction of assets with reference to design and specifications.
 - The extent to which each of these has not been complied with is to be summarised and discussed at the public hearing which is to be documented along with the supporting evidence. Based on the public hearings a reasonable assurance regarding the extent of compliance in proper implementation of the works of the Scheme in the block is to be arrived at.

3.2 Access and availability of records

3200 The State Governments should frame appropriate rules for fixing accountability for provision of records to the social audit teams within stipulated time frame. The nature of punitive action that would be taken on the violation of the same should also be defined.

- For an independent review and examination of records and activities under BOCW by the community with active involvement of the primary stakeholders in Social Audit, Access and Availability of Records and is the primary step, to assess the quality of works being executed at different levels along with the details of disbursements made, the number of workers registered and benefitted.

The following conditions are mandatory for access and availability of records to facilitate social audit.

Role of functionaries in providing records

3210 The role and responsibilities of all Government/Administration functionaries have to be clearly delineated.

- The records regarding the implementation of BOCW are maintained by the government functionaries at multiple levels. There should be clear and detailed instructions regarding role and responsibilities of government functionaries at each level to provide records to social audit team. To conduct social audit in timely manner, auditor should also be aware about these instructions.
- It is also important that the Government functionaries discharge the role assigned to them, therefore there should be a system of monitoring to ensure proper follow up to provide all records in time.

Providing records within reasonable timeframe

3220 All the required information and records (along with their photocopies) of all implementing agencies are required to be provided to the social audit team at least 15 days before the date of Social Audit Public Hearing meeting in order to provide enough time for assimilation and verification.

- The Board should ensure that all the required information and records listed in **Annexure-1** and any other document that the Social Audit Unit requires to conduct the social audit process are properly collated in the requisite formats and provided along with photocopies to the Social Audit Unit at least fifteen days in advance of the scheduled date of meeting of the Public Hearing conducting the social audit.
- It is the responsibility of the State Building and Other Construction Workers' Welfare Board to ensure that all records required for the conduct of social audit are furnished to the SAU by the implementing agency

- Non provision of documents/records by the State Welfare Board / State Govt / Competent Authority to social audit teams will be considered as a violation of Section 4 of the RTI Act.

Analysis of records

3230 The information contained in the records is required to be analysed in such a form that it can be easily understood by the stake holders.

- Summaries of information and records received by the social audit teams, where relevant, should be prepared (in a specially designed format) in advance for presentation to the workers.

3.3 Mandatory proactive disclosure of information

3300 The information on implementation of the scheme is required to be proactively disclosed and displayed.

- Wall painting is one of the most effective and popular methods to raise awareness among the people. Wall painting may be given utmost importance as tool for the dissemination of knowledge related with BOCW. Details of BOCW could be exhibited in all the offices of the ward and/or block and other offices which are frequently visited by the common people. Also, anganwadis and schools, fair price shops could also be utilized for this purpose. Templates for wall paintings can be developed by SAU for standardization of display. The information deciphered from the records should be also be shown in wall paintings in the locality where the work is under process.
- **3302** The SAU Resource Persons should be familiar with the provisions of Chapter 2 of Right to Information Act, 2003 about the obligation of all public authority to maintain all its records duly catalogued and indexed in such a manner that it is accessible in easy form to public.
- The SAU should actively share all available information with the stake holders.
- **3303** The social audit is to be seen as the most public of all audits. Therefore mechanisms should be defined by which pro-active disclosure of information is ensured, nurtured and sustained in all processes of the SAU and the social audit process rolled out on the ground.

- **3304** There should be mandatory pro-active disclosure of all records and information that are made available to the SAU Resource Persons, to the residents of the ward and or block, such as;
 - Information to be shared in house to house visits
 - Information to be painted on the walls by the administration and verified/certified by the SAU Resource Persons as per formats prescribed.
 - Information disclosure in the Public Hearing of the findings of the social audit exercise
- **3305** The SAU should host the social audit reports including action taken reports on its web site and the website of the Board , so that social awareness can be ensured and implementers should be made responsible if there is flaw in implementation of the decisions taken.
- **3306** The SAU should host the video recordings of the proceedings of Public Hearing on its website and the website of the Board.

3.4 Evidence

3400 The audit findings, conclusions and recommendations should be based on evidence.

- Audit evidence is necessary to support the auditor’s opinion and report. It is cumulative in nature and is primarily obtained from audit procedures performed during the course of the audit. Evidence can be categorized as to its type - physical, oral, documentary, or analytical.
- **Physical evidence:** The evidence can take the form of photographs, charts, maps, graphs or other pictorial representations. When the observation of a physical condition is critical to achieve the audit objectives, it should be corroborated by using photograph, video etc.
- **Oral evidence:** Oral evidence takes the form of statements that are usually made in response to inquiries or interviews of beneficiaries. Corroboration of oral evidence is needed if it is to be used as evidence rather than mere background information. While conducting social audit oral evidence (gathered by interviews and questionnaire) may support other findings as impact of scheme, status of job entitlement.
- **Jan Sunwai:** Jan Sunwai or Public Hearing is a formal meeting designed to provide the public with an opportunity to express their support or opposition for the scheme in an open forum. In this hearing social audit team discusses all expenditure incurred by the Board and decisions made therein.

- Social audit team should also motivate beneficiaries to express their concern and grievances raised during the public hearing and follow-up of decisions should be done. As discussion held during Jan Sunwai needs to be documented by executive agency therefore SAU Resource Persons may use this to corroborate audit finding related to issues raised in Jan Sunwai.
- **Documentary evidence:** Documentary evidence in physical or electronic form (all reports and statement entered in MIS on scheme website) is the most common form of audit evidence. It may be external or internal to the auditee. External documentary evidence may include letters or memoranda received by the auditee, suppliers' invoices, contracts, external and internal audits and other reports, and third-party confirmations. Internal documentary evidence originates within the audited entity. It includes items such as accounts of scheme, cash book, MR register, employment register, asset register, sanction, vouchers, and measurement books, copies of outgoing correspondence, job descriptions, plans, budgets and internal reports.
- **Analytical evidence:** Analytical evidence stems from analysis and verification of data. The analysis can involve computations, analysis of ratios, trends, and patterns in data obtained from the auditee or other relevant sources. Comparisons can also be drawn with prescribed standards. Analysis is usually numerical, and considers, for example, ratios of output to resources, or the proportion of the budget that is spent. It can also be non-numerical in nature; for example, observing a consistent trend in the nature of complaints made about an auditee.
- **Physical Verification:** The ultimate aim of social audit is to ensure that social objective of Government scheme have been achieved. Physical verification is an important task to be performed by social audit team in order to facilitate conduction of Jansunwai /Public Hearing. Physical verification is the process of verification of the issues related to entitlement and works executed under the scheme.

Selection of data collection techniques

3410 SAU Resource Persons should carefully choose the data collection techniques to achieve the audit objective.

- Since SAU Resource Persons seldom have the opportunity of considering all information about the audited entity, evidence should be sufficient and persuasive to logically support the analysis, observations, conclusions and recommendations and for this the data collection techniques should be carefully chosen. SAU Resource Persons should also gather all the evidence to support their results.

Competence and sufficiency of evidence

3420 Audit evidence should be competent, relevant and sufficient as they support the Social Auditors' judgment and conclusions regarding the programme or activity under audit.

- Corroboration of evidence is a powerful technique for increasing reliability. This means that the auditor looks for different types of evidence from different sources.
- The reliability of auditee generated information will partly be a function of the reliability of the auditee's management/internal control systems. For this purpose previous reports (social audit reports, and audit reports of primary and secondary auditor) may be used.
- Original documents are more reliable than photocopies. For example while doing physical verification and interaction with beneficiary, original documents (physical verification note signed by both auditor and auditee and questionnaire filled on the basis of interaction with beneficiaries and signed by both beneficiary and auditor) are more reliable.
- Relevance requires that the evidence bear a clear and logical relationship to the audit objectives and to the criteria.
- The Social Auditors should obtain sufficient appropriate audit evidence to be able to draw reasonable conclusions. Sufficiency is a measure of quantity of audit evidence. Appropriateness is a measure of quality of audit evidence, its relevance to particular criteria, and its reliability. Evidence is sufficient when there is enough relevant and reliable evidence to persuade a reasonable person that the audit findings, conclusions are warranted and supported.

Documentation of evidence

3430 SAU Resource Persons should adequately document the audit evidence in working papers, including the basis and extent of the planning, work performed and the findings of the audit.

- Adequate documentation is important for several reasons. Working papers are all relevant documents collected and generated during audit. They should include documents recording the audit planning; the nature, timing, and extent of the audit procedures performed; and the results and the conclusions drawn from the audit evidence obtained.
- Working papers should contain at least three sections: planning, execution and reporting. Working papers should contain the evidence accumulated in support of the opinions, conclusions and analysis supporting the recommendations in the report. The

auditor should adopt appropriate procedures to maintain the confidentiality and safe custody of the working papers and should retain the working papers for a period sufficient to meet the needs of the legal and professional requirements of record retention.

3440 SAU Resource Persons should have a sound understanding of techniques and procedures to collect audit evidence.

- Methods of obtaining audit evidence can include inspection, observation, verification, inquiry, confirmation, recalculation, analytical procedure etc. Proceedings of Jan Sunwai can also be used to corroborate audit findings.

Planning for Physical verification

3450 The SAU Resource Persons should ensure proper planning for physical verification so that verification is carried out in an efficient and timely manner.

- The SAU Resource Persons should collect the basic data/relevant information in respect of identified areas from the available record as well as information/ data disseminated in public domain/ local public places
- The SAU Resource Persons should determine a timeline for field verification so as to complete the physical verification within the deadline period. Since time is an important factor, it needs to be defined and strictly followed.
- The SAU Resource Persons should also pre-determine the evidence including documents to be collected at the time of interaction/inspection. For instance, the method of interview which will be used to interact with beneficiary while conducting field verification.

Verification with workers

3460 The Social Auditors should conduct verification of information available in primary records to identify issues related to entitlement of the beneficiaries.

- For a given ward and/or block, the social audit team may visit the following for primary verification:
 1. Sites where on-going construction is taking place
 2. Sites where workers working in the construction activities are residing- either temporarily or permanently
 3. Forums where construction workers congregate on a regular basis to seek work such as “labour chowks”

4. Door to door visits of workers recorded to have received benefits from the Board
 5. BOCW Board Office and/ or concerned Central / State Labour Office of the concerned District
- Through the course of verification carried out during social audits, the social audit teams should identify and prepare a list of those citizens and workers eligible for benefits under the BOCW Act, but currently not registered.
 - The social audit teams should also facilitate workers and citizens to register grievances that they face in the implementation of the BOCW Act such that the same can be recorded in the social audit report and submitted to the implementing agency on the public hearing for redress.
 - The Social Audit Team should also visit the State Board Office and record the findings as per parameters of verification laid down in Annexe 2.
 - The social audit teams should record their findings as per the parameters of verification listed in Annexure 2

Verification of facts through Public Hearing

3480 The Social Auditors should also ensure verification of facts that emerge during Public Hearing or through complaints received.

- Issue/complaints regarding entitlement of the beneficiaries that emerged during Public Hearings or through complaints received from the beneficiaries or other local people should be verified through record examination and interaction during social audit as they are also important in assessing achievement of objectives of the scheme.
- The issues emerged during Public Hearings or through complaints received can be verified through inspection and matching the ground reality with what has been recorded in the books of accounts

3.5 Documentation of Audit process

3500 SAU Resource Persons should document what they do in a sufficiently detailed manner to provide a clear understanding of the procedures performed, evidence obtained and conclusions reached.

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- The Director of the Social Audit Unit should ensure that SAU Resource Persons at ward / block document relevant information to support the conclusions and results of a social audit. The Director, Social Audit Unit should also control access to engagement documents. Documentation should be sufficiently detailed to enable a person, with no prior knowledge of the audit, to understand the nature, timing, scope and results of the procedures performed, the evidence obtained in support of the audit conclusions and recommendations, the reasoning behind all significant matters that may require the exercise of professional judgement.

3510 Retention requirements should be laid down for the audit records, regardless of the medium in which each record is stored.

- The State Government should develop retention requirements for engagement records, regardless of the medium in which each record is stored. Policies should be laid down governing the custody and retention of social audit records, as well as their release to internal and external parties.

3520 Role and Responsibilities of SAU for maintaining basic records (e.g. audit frequency, proportions of population giving positive/negative feedback etc.) should be well defined.

- The role and responsibilities of SAU Resource Persons to maintain basic records e.g. audit frequency, proportion of population giving positive/negative feedback, etc. should be well defined.

3.6. Participation of beneficiaries in the collective platform

3600 The social audit report should be presented to the larger collective in a methodical manner by the SAU Resource Persons and participation of beneficiaries in the collective platform should be ensured.

- The statutory Public Hearing or Jan-sunwai where the social audit report is read out and ratified forms the most critical component of the social audit process. To enable a collective platform to hold the implementation structure accountable, the following guidelines need to be laid down:
- The Head of the SAU will be the individual responsible for convening the Social Audit Public Hearing.

- Social Audits is to be independent of the implementing agencies. Therefore, social audits Public Hearings is not to be chaired by anyone involved in the implementation of BOCW in the ward and/or block. The Public Hearing should be presided by a panel consisting of: BOCW worker; Labour Enforcement Officer; representative of the State Building and Other Construction Workers' Welfare Board; representative of a CSO, Ward Councillor and/or Block President and a representative of a Trade Union.
- The Social Audit Public Hearing is to be held in a neutral public place in the ward and/or the Block and the date should be informed by the block / ward level Resource Persons much in advance and displayed on the notice board of the Ward Office and/or Block Office.
- The quorum required for the Social Audit Public Hearing to take place as at least 10% of the construction workers employed in the area.
- Participation of the most marginalized (SC, ST, elderly, single women etc.) should be pro-actively ensured by the SAU teams and Administration through wide local publicity (posters, rallies, yatras) on the occasion of the audit and documented.
- For the Public Hearing to be able to effectively hold the implementing agencies accountable through the social audit process and act on findings, it is essential for the SAU team to present the social audit report to the larger collective in a methodical and inclusive manner.
- The Implementing Agency should ensure that desks are set up on the day of the public hearing to:
 - i. Accept request for registration of workers as beneficiaries under the BOCW Act
 - ii. Accept request for claims
 - iii. Accept request for verification to receive benefits as per the BOCW Act
 - iv. The implementing agency should ensure that every request is acknowledged with a dated receipt.
- The presentation of information should necessarily include:
 - i. Observation on the status of record keeping and disclosure of information in the public domain
 - ii. Observation on status of awareness of entitlements
 - iii. Observation on status of access to entitlements
 - iv. List of workers found eligible for benefits under the Act, but not receiving the same
 - v. Individual and collective cases of violation of entitlements and/or violation of provisions laid out in the BOCW Act and Rules

- vi. Individual and collective grievances registered by citizens through the course of the social audit
- The SAU should record the decisions taken and get it counter signed by the panel. The names of all participants and complainants should be recorded and signed by them and countersigned by the Presiding Officer.
 - The District level implementing agency in liaison with Circle Officer in Police and local administration is to ensure law and order while ensuring that everyone wishing to attend the Public Hearing to be present and be able to speak free of intimidation. The DPC should also ensure that the Public Hearing is provided with the minimum infrastructure of tent, sound system, water etc.
 - The participation in the Public Hearing to include:
 - elected members of the ward and/or block
 - staff involved in the implementation of the scheme in the ward and/or block including payment disbursement agencies which is to include staff of all such departments responsible for output of the programme.
 - representatives of NGOs who are active in Government schemes.
 - SHG members
 - all voters of the ward and/or block including any other individual who is interested in participating in the proceedings. (participation of the most marginalized i.e. SC, ST, elderly, single women etc.) should be pro-actively ensured by the SAU teams
 - In addition to discussing the Social Audit Report, the scope of the Public Hearing convened for this purpose is to include:
 - seeking and obtaining further information and responses from all involved.
 - It will also serve as a platform for any person who has any contribution to make and relevant information to present.

3.7 Reporting

3700 Social Audit Reports should be accurate, objective, clear, concise and complete.

- Reports should be easy to understand, free from vagueness or ambiguity and complete. They should be objective and fair, only including information which is supported by sufficient and appropriate audit evidence and ensuring that findings are put into perspective and context.

Common Reporting Formats for reports

3710 Social Audit reports should be in a standardised format

- State Government is to prepare common reporting formats for social audit reporting. Common reporting formats across the State will help in interpreting the results in a structured manner. It may not be necessarily a narrative reporting but a quantitative and qualitative reporting of indicators, otherwise it may take enormous resources to read and interpret the results of a large number of social audit reports thus defeating the very purpose of the exercise.

Dissemination

3720 The Social Audit Reports of each ward and/or Block in the states should be in public domain.

- State wide social audit reports of each ward and/or block is to be in public domain since the social audit exercise itself calls for peoples' participation. The Director, Social Audit Unit should ensure that the social audit reports are uploaded on the SAU website within 48 hours and released in the public domain.

Language of reports

3730 Social Audit Reports should be prepared in the local language also and displayed on the notice board of the ward and/or Block office.

- The Social Audit Report includes the findings of social audit along with the response responses recorded by the panel of the Public Hearing. The social audit report should be prepared in the local language by the SAU as far as possible.
- Consolidated Reports of the SAU, may however, be prepared in bilingual format, to enable wider dissemination, and ease of use by stakeholders and interest groups.

3.8 Follow-up

3800 A follow-up mechanism should be established to monitor and ensure that action has been taken on the findings of the social audit.

- The State Government, in consultation with the Social Audit Unit, would establish a follow-up mechanism to monitor and ensure that management actions have been effectively implemented on the findings of the social audit. In view of the vast number of social audits, it is important that State Government frames the formats of social audits which are easier to use and presents the information collected during social audit in a usable manner for the purpose of taking follow up action and to know the indicators about the extent of effective implementation of social schemes. In follow-up action, separate statement showing the penalties and other punitive actions taken, as required under the law, and their present status should be furnished.
- SAU should pursue the objections reported in social audit reports (arrived at after audit including public hearing and State Government should promptly fix responsibility as well as take action against errant officials, persons.

Responsibilities and time lines

3810 – Responsibilities and timelines should be assigned for corrective actions in a time bound manner.

- The State Government would assign responsibilities to the respective implementing agencies at the State and District Level to implement corrective actions in a time bound manner. A district wise report on action taken and recoveries made / punitive actions taken thereof will be made semi-annually by the District level implementing agency and forwarded to the State Monitoring Committee, State Building and Other Construction Workers' Welfare Board and the Governing Board of the Society for Social Audit. It will be simultaneously made public on the website too.

Collective platform for sharing and reflecting

3820 A collective platform should be established for sharing and reflecting on the follow up.

- State Government should ensure attendance of representatives of the Board and Labour Department and other staff involved in implementing the scheme under the Act. "Jan Sunwais" which provide the platform to be informed about the previous social, audit public hearing report and action taken on the grievances and issues relating to the current social audit conducted.

Key Aspects

- The State Government and the Board would be responsible for taking follow-up action on the findings of the social audit.
- The implementing agencies should be regularly sensitized and appraised about the efficacy of social audit mechanism in ensuring accountability and transparency. Regular workshops should be organized from out of Administrative Expenditure of the scheme
- The State Advisory Committee will monitor the action taken by the State Government and incorporate the Action Taken Report in the annual report to be laid before the State Legislature by the State Government.
- The Implementing Agency will ensure that corrective action is taken on all the social audit reports and issue written orders within a time frame to be specified by the State Government.
- Implementing Agency will ensure that recoveries are made in cases of embezzlement or improper utilization and pay wages found to be misappropriated within seven days of the recovery.
- The Implementing Agency will maintain a separate account for amounts recovered during the social audit process.
- The Implementing Agency will ensure that the appropriate action is initiated against individual or class of individuals or persons who misused or embezzled the amount meant for the scheme.
- The State Government should ensure simplicity in reporting formats of social audit reports as this helps in an efficient follow-up.
- The State Government is to establish IT systems to facilitate uploading of social audit reports and key indicators identifying deviations found in the social audit process. Such IT systems is to be upgraded on a continuous improvement basis. Availability of entire social audit data in the public domain will help in ensuring transparency and accountability of the follow-up process itself.

3.9 Aggregation of data at district and state level

3900 The State Government should leverage Information Technology and develop a Management Information System (MIS) at State Level to facilitate data capture about deviations recorded in social audit reports.

- The Director, Social Audit Unit should be responsible for entering data extracted from the social audit reports in the public domain.