

Social Accounting & Audit

Social accounting and audit (SAA) helps you prove, improve and account for the difference you are making. It can help an organisation to investigate its performance against social, environmental and economic objectives, and ensure that it is working in accordance with its values. It is a logical and flexible framework to understand the impact your organisation has on people, the planet and the way we use resources. It will also help to manage your organisation and improve your effectiveness. This framework is built on:

- ✓ Prove! - account fully for and report on your organisation's social, environmental and economic performance and impact
- ✓ Improve! – provide the information essential for planning future actions and improving performance; and
- ✓ Account! – be accountable to all those you work with and work for...

According to the [Social Audit Network](#) (SAN), a network providing assistance to third sector or social economy organisations throughout the UK and internationally, the key principles of social accounting are:

- Multi-perspective: encompassing the views of people and groups that are important to the organisation
- Comprehensive: inclusive of all activities of an organisation
- Comparative: able to be viewed in the light of other organisations and addressing the same issues within same organisation over time
- Regular: done on an ongoing basis at regular intervals
- Verified: checked by people external to the organisation
- Disclosed: readily available to others inside and outside of the organisation

To get ready, you need to learn how Social Accounting works, what resources are required, decide how the process will be managed; and make an informed decision about whether to go forward. The framework for undertaking SAA can be broken down into four steps:

Step One – What difference do we want to make?

- Think it through
- Clarify the purpose

In the first stage of Social Accounting, the organisation clarifies its mission, objectives and activities as well as its underpinning values. It also analyses its stakeholders through completing a 'stakeholder map'. These exercises help the organisation to make explicit what it does, why and how it does it, and who it works with and whom it seeks to benefit.

Step Two – How do we know we are making a difference?

- Engage stakeholders
- Define the scope
- Determine materiality – indicators
- Make comparisons

In this phase, an organisation decides the ‘scope’ or focus of the social accounts, especially if it will build a comprehensive picture over time. The organisation then sets up ways of collecting relevant information over a period of time to report on performance and impact against its values and its objectives, encompassing both quantitative and qualitative. The information is then brought together and analysed.

Step Three – What is the difference we are making?

- Complete the accounts – analyse data collected, draw up the accounts

The information that was collected, collated and analysed in Step 2 is brought together in a single document, which serves as a draft of the social accounts.

Step Four – Can we prove that we make a difference?

- Verification
- Be transparent – publish the Social Report and Summary

People from outside the organisation (a Social Audit Panel) then review this document to check that the report is based on information that has been properly gathered and interpreted. When the Panel is satisfied with the report and its findings, the organisation can make its report available to the stakeholders and wider public in full or as a shorter summary.

If you already put together an annual report, or collate data for monitoring, you probably have more information than you think to begin the social accounting process. For further information please go to the [Social Audit Network](#) website.