



Social accounting and audit for the community sector

## Social Audit Network Circular December 2009

### SAN AGM and Conference

#### Capacity attendance at SAN Conference

Liverpool's Blackburne House was packed out on Friday 13<sup>th</sup> November for the fourth annual SAN conference. Delegates were treated to controversial views from Steve Wyler of the DTA (advocating story-telling as the most effective way of demonstrating impact) and Gerry Higgins of CEIS (challenging whether any of the current processes for "measuring" impact actually achieve that); a description of how an ethical business reports from Ruth Woodall of *The Co-operative* ([www.co-operative.coop/sustainabilityreport](http://www.co-operative.coop/sustainabilityreport)) and of a *Demonstrating Value* method being pioneered in Vancouver, Canada from Bryn Sadownik ([www.demonstratingvalue.org](http://www.demonstratingvalue.org)) and a powerful explanation of why demonstrating performance and impact is so important for social economy organisations from Bob Doherty of Liverpool John Moore University.

Workshops explored SROI and SAA, heard how the two can complement and puzzled over why the "number" is so important if it is the story that matters; heard about the Social Enterprise Mark and suggested that in its upcoming national phase there should be some emphasis on environmental and human resource policies and practice; learned about how SAA is developing in Australia, Finland, Germany, India and Nepal – where it is being linked with a system of "public audit" which gives accountability for local development projects to communities; understood how training is delivered in Scotland, New Zealand and the South Pacific; discussed how SAA can be developed with the education system; considered whether the SA "cluster" approach for training really works and heard many inspiring "stories from the field" showing how social accounting and audit is becoming central to the way an organization improves what it does and proves its value to its stakeholders.

Lisa McMullan summed up the day by suggesting that SAN and SAA should be seen as an orchestra. The individual players are key but they have to learn how to use the instruments and commit time and effort to learning and practicing; they have also to understand how to collaborate within sections in order that the full orchestra of social reporting tools can provide a truly harmonious and useful picture of what is being achieved by an organisation. John Pearce was allowed a last word on his retirement from the Board of SAN and suggested that the word "measure" be banned in future and that we focus on "accounting", "demonstrating", "verifying" and "reporting".

On the day before the conference SAN social auditors and members had met with our overseas visitors to share experiences and to explore ways in which more trans-national collaborations may come about. SAN would like to thank all the overseas colleagues for taking the time to be with us in Liverpool and to thank those organizations which sponsored the visitors' attendance and the Thursday Gathering.

SAN is looking forward to new international collaboration with our partners and is determined that after the talk there will be action – watch this space for news! We also shall seek to see how best to orchestrate all the tools and processes available to organizations for reporting on their performance and impact in ways that are truly accessible and appropriate according to size, capacity and area of work. That surely was the key message of the 2009 conference.

### **SAN AGM...**

Mike Swain welcomed everyone to the fourth Annual General Meeting of the Social Audit Network. Having thanked Board members for all their sterling work, Mike then went on to reveal that **John Pearce** would be standing down from the SAN Board following the AGM. The following is a short excerpt from his report, which describes the enormous contribution which John has made to everything that SAN has achieved:

'It would be impossible to write an annual report for SAN without in some way referring to John Pearce but this year I really need to make a special mention. John has decided after this AGM to stand down as a director – although he has offered to be available to provide advice to the Board – and I am quite sure I will be taking him up on that offer! However to lose John from the Board will create an enormous gap in our organisation. John has *been* SAN since it was developed and along with Alan Kay has been responsible for creating what we all know as the modern version of social accounting and audit. I know that he will be working in the background and I am quite sure that he will continue to influence and develop the process in his inimitable manner. There are moments in time when we all look back and reflect on the contribution that individuals have made to various aspects of our life and culture. I am quite sure that John's contribution both to social accounting and to the wider social and community enterprise movement will be enduring. I think his work will be particularly remembered because of his commitment to making the process more accessible to third sector organisations. We all need to follow his lead and work hard to engage those organisations and of course to seek for others who will help us to both use the process more widely and influence funders and those in Government about its value to the sector. I know you will all want to join me in thanking John for his massive contribution to our understanding of social impact and performance and to wish him well in his "retirement".'

### **Looking forward to 2010 and beyond.**

Mike Swain described how the process that we support through SAN is one which is gradually being accepted as the kind of framework that third sector organisations will need to adopt to demonstrate their worth. Social accounting and audit provides the third sector with the framework around which we can slot in all manner of tools and techniques. With SROI and Social Accounting and Audit, it is very much a case of "*as well as and not instead of*". We hope during the course of the coming year to have further discussions with those involved in developing the Social Enterprise Mark and we

hope as well that we can influence Government about the potential for our work in further understanding how social performance can be measured in the future.

Earlier this year, SAN undertook our second social accounting cycle engaging members and other stakeholders in the process. We were encouraged by the response we got and it is timely that we are able to use the feedback to inform how we move forward in the challenges that face in 2010. Further information on these social accounts is contained later in this newsletter.

## SAN Snippets...

Congratulations! PhD awarded – congratulations to SAN Member Jane Gibbon on the award of her PhD - the research and thesis for which was based in the SAN Social Accounting and audit process. A global first we think!

Check out the new Social Enterprise Live website for articles about social accounting and audit. Mike Gordon has recently posted an excellent article under the 'Expert Feature – Accounting for making a difference'.

<http://www.socialenterpriselive.com/section/features/expert-feature-accounting-making-difference>

Other articles include: social reporting for community transport:

<http://www.socialenterpriselive.com/your-news/social-reporting-community-transport>

Watch out for regular SAN postings too....

SAN is now on the Linked In website, so that we can all share experiences, knowledge, etc: [http://www.linkedin.com/groups?gid=2507009&trk=myg\\_ugrp\\_ovr](http://www.linkedin.com/groups?gid=2507009&trk=myg_ugrp_ovr) . Many thanks to Mrinalini Shastry for organising this.

**We have decided to introduce a section in this monthly circular that picks up gossip, thoughts or current comments... We would be interested if you send anything in for this section to [alythgoe420@btinternet.com](mailto:alythgoe420@btinternet.com)**

## News from India

Following the SAN Conference in Liverpool, and having safely arrived back in India, Latha Suresh has sent us the new Ezine from the Centre for Social Initiative & Management, in Chennai. This, and other exciting information about social accounting in India, can be accessed via the CSIM website: <http://www.csim.in/>

Please also see the Case Study section of this newsletter for further information about how CSIM approached social accounting and audit.

## SAN in Scotland update

*Alan Kay and John Pearce write ...*

The Scottish Social Enterprise Academy held a two-day social accounting and audit training module in social accounting and audit in Glasgow in November which was well received and another is being planned for Inverness. If you are interested in attending this module and require more details, please contact the Social Enterprise Academy on 0131 243 2670 or [learn@theacademy-ssea.org](mailto:learn@theacademy-ssea.org).

SAN in Scotland convened a special meeting on 16<sup>th</sup> November 2009 in Edinburgh. This meeting took on an international perspective with excellent and informative presentations by our guests from India and Nepal outlining the development of social accounting and audit in their countries. There was discussion about the creation and development of a SAN in India and collaboration with the SA Forum in Nepal – which was really exciting and a way of fostering international exchange in personnel and ideas.

SAN in Scotland also hosted a visitor from a colleague from New Zealand and views were exchanged on the further development of social accounting in Zealand and the South Pacific.

## Events and Training

The **two-day social accounting master-classes** are aimed at people who wish to understand the Three Step social accounting process either in order to facilitate the process with social economy organisations or to use it within their own organisation. The cost of these classes in the UK is £375 including a copy of the social accounting and audit Manual & CD and dinner on the first evening. (If you already have a Manual & CD the cost is £350).

Social Auditor workshops are aimed specifically at those people wishing to become SAN approved Social Auditors. Participants should have sound prior knowledge and/or experience of the social accounting and audit process either by having used it for their own or another organisation or by having attended one of SAN's two-day master-classes or similar SAN recognised training. The cost of the Social Auditor workshop is £150.

### ***Future events include:***

**Edinburgh or Glasgow** - master-class and Social Auditor workshop – early in the New Year - lead trainer John Pearce – for further information watch the SAN Circular.

If you are interested in working with SAN to hold a Master-class or other training in your region, please contact John Pearce by e-mail at [j.pearce@cali.co.uk](mailto:j.pearce@cali.co.uk)

## SAN News and Developments

### **SAN website**

SAN is proud to announce its new look website... with the same address...  
<http://www.socialauditnetwork.org.uk/>

Check it out for news, information about social accounting, case studies and articles, and training opportunities... and back editions of this circular!

## **SAN Social Accounts**

SAN's own audited social accounts for the period December 2007 to March 2009 can now be seen on and downloaded from the SAN website. A draft summary version was circulated to delegates at the SAN conference and will soon also be available on the website in its final format.

Log on to:

[http://www.socialauditnetwork.org.uk/index.php?option=com\\_weblinks&view=category&id=41&Itemid=85](http://www.socialauditnetwork.org.uk/index.php?option=com_weblinks&view=category&id=41&Itemid=85)

for further details.

## **Register of Social Auditors**

Anyone wishing to become approved as a SAN Social Auditor contact their Regional Co-ordinator in the first instance - see end of Circular. Prospective auditors are required to attend a SAN Social Auditor workshop and to have attended at least two social audit panels and written a set of notes before being mentored when they chair a first panel for themselves.

## **SAN Manual...**

Should you wish to purchase a copy of the interactive Manual and CD, please contact your Regional Co-ordinator in the first instance, who may have some in stock. Larger orders should be placed via the SAN office in Exeter (contact details at the end of this newsletter).

## **SAN Wallchart poster.....**

The popular SAN wallchart poster has been updated and reprinted. The new version includes the changes made to the SAA Three Step process following the *Really Telling Accounts!* research, revised diagrams and new case-studies. These include The Wise Group, Highland Home Carers, Pembrokeshire Frame and the Neuro Muscular Centre. To obtain a copy simply send an A4 self-addressed envelope with large stamp to the SAN office.

## **Contributing to this circular...**

The SAN e-mail list reaches some 1500 people in the UK and all around the world. If you know of other people who are interested in social accounting please invite them to join the network via the website or simply email us their address. Please remember the network is there not only to send out information but also to be used as a way of contacting other people and spreading information about what you are doing.

If you are willing to share your experiences of social accounting and audit in order to help inform others, you do not need to write the whole article – we are happy to help.

However, the information and opinion must come from you and your organisation – it's your story that is being told! Please contact Anne Lythgoe ([alythgoe420@btinternet.com](mailto:alythgoe420@btinternet.com)), to discuss how your story can be included on our website.

### Call for Case Studies...

SAN is always looking for organisations to feature as Case Studies in both this newsletter and on the SAN website. A number of case studies have been prepared following the SAN research project.

**SAN is planning a booklet of case studies to illustrate good practice in social accounting and audit – if you would like to feature in this booklet, please contact Graham Waterhouse for more details. Thank you to all those who have responded so far!**

### Social Accounting Case Study Feature

#### Centre for Social Initiative & Management, India

As early as 2003 **CSIM** realized the need for Social Accounting & Audit and evolved a framework. However, the process was dropped due to lack of authorized Social Audit practitioners. In 2008 **CSIM** established rapport with Social Audit Network (SAN), UK and wrote the social accounts which was audited by **Alan Kay** and **Patrick Boase** from SAN. Now, **CSIM** has partnered with SAN and is propagating the concept of Social Accounting and Auditing in India. This article will detail you about the CSIM - SAN venture.

In June 2008, **CSIM** Hyderabad conducted a taster session on Social Accounting and Audit. The session was facilitated by **Mrs.Mrinalini Shastry**. During this session, coordinators from **CSIM** Chennai, Hyderabad and Bangalore discussed about forming *clusters* of organizations that would write their Social Accounts.

The next few months were spent on meeting, screening and guiding organizations to participate in the Social Accounting and Audit process.

The following organizations embarked on the process,

1. Confederation of Indian Organizations for Service & Advocacy (CIOSA), Chennai
2. Sri Arunodayam Charitable Trust, Chennai
3. Industree Crafts Foundation, Bangalore
4. Dr Reddys Foundation for Health & Education, Hyderabad
5. Centre for British Teachers Education Services, Hyderabad
6. Department of Social Initiatives – Forbes Marshall, Pune
7. Fullerton India Credit Company, Mumbai
8. Creative Handicrafts, Mumbai
9. Hyderabad Council for Health & Women, Hyderabad

Apart from the cluster, **Mrs.Mrinalini Shastry** provided consultancy service to, Madhuram Narayanan Centre, Chennai and Industree Crafts Private Limited, Bangalore to write their social accounts.

In December 2008, the first cluster workshop was conducted in Hyderabad. During this workshop, the organizations were guided through the process of revisiting and

understanding their **Vision, Mission, Values, Objectives and Activities**. Each of the participating organization was given a manual containing guides and templates that helped to write the social accounts. The second cluster workshop was conducted in January 2009 in Chennai. **Patrick Boase** from SAN was one of the facilitators for the workshop. During this workshop, the organizations worked on their stakeholder maps and identified the indicators they should use to measure the impact of their work. After the second cluster workshop, the organizations set out to write the social accounts in the prescribed format.

In July 2009 the third cluster workshop was conducted in Pune. This workshop detailed the participants on measuring the economic and environmental impact.

By September 2009, seven organizations had their draft social accounts ready. The Social Audit Panel was conducted for these organizations from 3rd October to 6th November. The Audit was conducted in Pune, Chennai, Bangalore, Hyderabad and Mumbai. Two auditors from SAN had come to India for the Audit. **Mr. Mike Swain** chaired the audits at Pune, Chennai and Bangalore. **Mr. Alan Kay** chaired the audits at Hyderabad and Mumbai. Two organizations in the cluster requested more time and their accounts would be audited by the panel in December 2009.

### **About the Social Accounting and Audit Process**

The process of writing social accounts is very interesting. However, the organization has to be meticulous, transparent and ethical about measuring the social, economical and environmental impact and reporting. After the social accounts are written, the draft is presented to the *Panel* for verification. The verification of the Social Accounts is done by a Social Audit Panel. The Panel will consist of a Social Auditor approved by SAN and two to four people appointed by the organization itself. The members of the Panel should be people who have no vested interest in the organization being audited but who know something about the field of work in which it is engaged.

The Panel scrutinizes the *social accounts*, suggests changes and improvements in the report. The Auditor compiles the suggestions and forwards them to the organization. The changes are made in the draft and the revised draft is sent to the Auditor, who issues the Social Audit Statement. This completes the cycle of Social Accounting & Audit.

The entire process of Social Accounting & Audit helps the organization to **prove and improve**. There are multiple spin off benefits.

- It achieves a holistic process of examining the performance and the impact.
- It helps the organization review its work, systems, documents and clearly identifies the area that needs to be strengthened.
- The external validation process is an important reality check on the information the organization has gathered.
- The verified and comprehensive statement of the organization's impact and performance helps in reporting to funders / investors, stakeholders and in compiling annual reports.

### **CSIM's achievements in Social Accounting & Audit**

- Mentored **four** Social Auditors
- **Two** Social Accountants to become Social Auditors next year

- In 2009, SAN audited social accounts of **Nine** Indian organizations
- **Two** more will be audited in December 2009
- Fostered the capacity of **Eleven** organizations in Social Accounting
- **Twenty-seven** panel members were introduced to the concept of Social Accounting & Audit
- Consultancy for creating a training manual in Social Accounting & Audit for Local Governance
- Customized Social Accounting & Audit training curriculum to suit the Indian scenario

Apart from propagating the concept of Social Accounting & Audit in India, **CSIM** aims to create a pool of efficient social accountants and auditors. If you are interested in knowing more about the process, do get in touch with us.

## New Office Address

Note SAN's correspondence address is: SAN Ltd., c/o CEU Ltd., Garden Floor, Suite 1, 11-15 Dix's field, EXETER. EX1 1QA **Tel: 01392 666 282**

## SAN Regional Co-ordinators

**London:** Mike Gordon (pro tem)- [mike@mgc13.plus.com](mailto:mike@mgc13.plus.com)

**South East:** Mike Gordon (pro tem)- [mike@mgc13.plus.com](mailto:mike@mgc13.plus.com)

**East Midlands:** Mike Swain - [Mike.S@asan.org.uk](mailto:Mike.S@asan.org.uk)

**West Midlands:** West Midlands Social Accounting Cluster - [Mike.S@asan.org.uk](mailto:Mike.S@asan.org.uk)

**Scotland:** SAN in Scotland - [info@cbs-network.org.uk](mailto:info@cbs-network.org.uk)

**South West England:** Community Enterprise Unit - [lorna@ceultd.co.uk](mailto:lorna@ceultd.co.uk)

**East of England:** Mike Gordon - [mike@mgc13.plus.com](mailto:mike@mgc13.plus.com)

**Wales:** Cylch in partnership with the Development Trusts Association Wales (DTAW) - [sarah.germain@cylch.org.uk](mailto:sarah.germain@cylch.org.uk)

**North West England:** contact either Graham Waterhouse - [graham.waterhouse@ntlworld.com](mailto:graham.waterhouse@ntlworld.com) or Liz Brooks Allen - [lizbrooks-allen@theconnectives.com](mailto:lizbrooks-allen@theconnectives.com)

**Yorks and Humber:** Contact in the first instance Mary McGarry - [mary@punchthehorse.karoo.co.uk](mailto:mary@punchthehorse.karoo.co.uk)

**North East England:** Community Campus 87 - [lawrence@cc87.co.uk](mailto:lawrence@cc87.co.uk)

**Northern Ireland:** Vacant

We are still seeking to identify people willing to serve as Regional Co-ordinators in Northern Ireland and the South of England.

**Best wishes for a very happy Christmas and a peaceful New Year from everyone at SAN.**

*Anne Lythgoe*

*November 2009*