



Social accounting and audit for the community sector

Social Audit Network
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SOCIAL AUDIT NETWORK (SAN): VERIFICATION NOTE

The [Social Audit Network](http://www.socialauditnetwork.org.uk) was established in 2001 to promote and support the Social Accounting and Audit (SAA) methodology as an approach for organisations to effectively consider their social impact.

Since then, SAN has become a global network of social accounting and audit practitioners. It has a website and online learning resources; circulates a monthly email bulletin; connects organisations with SAA practitioners; runs training in social accounting; sponsors new developments; and carries out research.

The SAA process follows four steps:

- **Step One: What difference does an organisation want to make?**
This step is about focus. What do you do? Why do you do it? Who do you work with and for? What difference will you make?
- **Step Two: How does an organisation know if it is making a difference?**
This step is about recording and keeping relevant information. What do you need to know to show you are making that difference? How do you make sure you are tracking it?
- **Step Three: What is the difference being made?**
This step is about presenting the information. What can you say about your performance? What impact are you making? How do you report the information?
- **Step Four: Can the organisation prove that it has made a difference?**
This step is about verification. How credible are your claims? Who has checked out your draft social accounts and what did they find?

To ensure a robust verification process, SAN trains, mentors and registers Social Auditors, those people who undertake the audit process which verifies an organisation's social accounts. SAN also provides verification services for the international [W+™ Standard](http://www.wplusstandard.org)

SAN's underpinning key principles shape the social accounting and audit process. They are the basis of the criteria for verification of the Draft Social Accounts and for making recommendations for the final Social Report.



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- *Clarify purpose:* Acknowledge and articulate the mission, all the values and the objectives of the organisation and demonstrate how activities work to achieve the desired performance and impact expressed in the mission.
- *Define scope:* Agree which aspects will be covered and which stakeholders will be consulted in the social accounting period (the scope of the accounts) and acknowledge what will *not* be covered.
- *Engage stakeholders:* Identify relevant stakeholders and engage with and consult them as a central part of the social accounting process.
- *Determine materiality:* Determine what relevant information and evidence *must* be included in the social accounts to give a true and fair picture of an organisation's performance and impact so that reasonable conclusions can be drawn.
- *Make comparisons:* Make appropriate comparisons of performance and impacts from year to year and with other organisations using targets, benchmarks and external standards.
- *Be transparent:* Show how the findings of the social accounts will be reported to, and discussed with stakeholders.
- *Verify accounts:* Ensure appropriate independent audit of the social accounts.
- *Embed the process:* Ensure that the process of social accounting and audit becomes embedded as regular practice in the life cycle of the organisation.

SAN's working definitions are:

- *Social accounting:* The process whereby an organisation collects, analyses and interprets descriptive, quantitative and qualitative information gathered in order to produce an account of its social, environmental and economic performance and impact.
- *Social audit:* The process of reviewing and verifying the Social Accounts at the end of each social accounting period. The term 'social audit' is also sometimes used generically for the concept and for the whole process.
- *Verification:* The process of the Social Audit whereby the Social Auditor, and the Social Audit Panel, examine the Draft Social Accounts and the information on which they are based in order to say if they are a reasonable statement and based on competent, reliable data and information.

The verification process is not to evaluate the work of the organisation whose social accounts are being audited but to verify that the:



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- material presented in the social accounts is based on information that has been competently gathered and reasonably interpreted
- methodologies used in compiling the information are fully explained
- social accounts state clearly what has been included in the report *and* what has been *omitted*
- social accounts include the information that is considered material to providing an accurate and honest report on performance and impacts

Verification of social accounts is firmly rooted in SAN's key principles which underpin the practice of social accounting and audit. The principles form the basis of the verification checklist used during the verification process.

It is on this basis that the Social Audit Statement is issued.