

Social Accountability Standards (SAS) 5

Social Accountability Reports

OBJECT

05.01 The main objective of this draft standard is to provide guidance on reporting practices which provide an insight into the level of transparency and the effectiveness of the governance to various stakeholders.

EXPLANATORY STATEMENT

05.02 The socially accountable NGO should generate enough statements to satisfy its various stakeholders in their specific needs and also give a message in general that the trusteeship of public funds and properties is being done in efficient, honest and prudent manner. The conventional statements generated are normally statutory in nature. For instance audited statements are prepared because it is a legal obligation. Utilization statements are prepared because it is a condition imposed by the donors. In the process of preparing the formal documents various crucial informations and nuances about the NGOs do not go across to various stakeholders. In this standard we will discuss certain recommended practices of reporting which will enhance the accountability of the NGOs.

GOVERNANCE AND PROGRAMME REPORT

05.03 Each NGO should at the year end prepare a governance and programme report. The key ingredients of such governance and programme report are as under :

- Overview of the organisation in terms of the vision, mission and core values
- Overview of the number and frequency of board and general meetings and the changes made in board and general members.
- A brief note on various organisational policies and their status during the previous year. The policies such as gender, HR, administrative expenses, reviews and evaluations.
- A report on the programme activities undertaken by the organisation. It is preferable that such activities are reported individually. The programme reporting should relate with the finances and planned activities. A suggested proforma is given in *Annexure-18*.
- Overview of major assets purchased, addition to various general, earmarked and corpus funds.
- A responsibility statement should be prepared by the management or the board members. An illustrative guidance for preparation of a responsibility statement is provided in *Annexure-19*.

FINANCIAL REPORT

05.04 The financial report shall include the auditor's report and the statement of accounts. The statement of accounts should be prepared in consonance with the accounting standards and the adopted policies. A recommended set of formats of the various statements are provided in *Annexure-20* to *34*.

FINANCIAL NARRATIVE REPORT

05.05 The short term progress reports should always relate with the activities pertaining to that period. A clear-cut distinction should be made between short term reports (3 months, 6 months) and long term reports which are for one year or more. A short term report should not discuss about impact, objectives and enduring implications. The primary purpose of a short term report is to apprise the donor or appropriate authority regarding the use and status of the application of funds made during that particular period. A illustrative report is provided in *Annexure-35*.

PROJECT VARIANCE REPORT

05.06 The NGO should initiate a proper system for assessing the variance between budgeted and actual expenses. It should be noted that the initial budget is a part of the planning exercise. Regular variance analysis is a part of the monitoring exercise. A budget variance report should also incorporate qualitative reasons for the deviations. A suggested format of budget variance report is given in *Annexure-36*.

LEGAL COMPLIANCE REPORT

05.07 All NGOs should prepare and place before the AGM a legal compliance report which provides the status of various statutory and legal compliances. A suggested format of such report is given in *Annexure-37*.
