

CORPORATE CITIZENSHIP AUDIT

Corporate Citizenship Audit (CCA) is a systematic process that helps enterprises in identification of business risks taking into account the entire gamut of stakeholders' perspectives. The process encourages compliance with applicable regulations with a view to take preventive-corrective measures and assesses the vision, mission, goals, objectives, values and ethical culture of an organization along with internal and external environment in which it operates. These reports are oriented towards informing stakeholders about the impact of material activities of an organisation on socio-economic dimensions and environmental factors.

Through sustainability audit reports, this audit process demonstrates a firm's commitment to its stakeholders, ensuring continuous improvements of its efforts towards social responsibility. It covers very vital areas of business performance on meeting its economic, legal, ethical, social, philanthropic responsibilities expected by its stakeholders (including employees, consumers, investors, suppliers, community, media, regulators, government and civic society). CCA helps in improving the image of an organization, with due regard to brand value, credibility and financial progress, compliance with regulations, risk identification & mitigation and ultimately enhances attractiveness to corporate investors.

The applicable standards encompass competence, independence, planning, control structure and evidence. Trained independent and competent practitioners should be involved to conduct this Audit and to understand the functions of the Enterprise and its structure along with internal as well as external communication, there should be sufficient audit planning. Audit report should be substantiated by adequate, reasonable and relevant evidences, to arrive at audit statements for inclusion in the report.

The commitment of the board governing the organizations secures the CCA frame-work by constituting Audit committee which monitors the audit process, scope, and review of organizational mission, policies, goals and objectives. Audit results are framed based on the relevant data analysis and independent evaluation by independent external audit experts. An effective CCA can contribute towards better customer-vendor-supplier relations; marketing- advertising communications; ethical-best sale practices and reputation within industry and community. CCA ideologies bring about vibrant resolution ensuring clarity in vision, mission, goals, values, objectives, activities, outputs and outcomes.

CCA engages stakeholders as part of the social accounting process and helps in defining their scope and identification in a business entity. Simultaneously, it ensures transparency, assists in determining the critical domains of business operations, making comparisons with benchmark practices and improving performances against well set targets and industry standards. Once this accounting process is embedded in the life cycle, the organization will be able to go beyond financial performance thereby providing a combined reporting framework demonstrating socio-economic and environmental performance and impact thereon to its stakeholders.

Corporate Citizenship Audit gives invariably information about various social projects, benefits and actions addressed to employees, investors, customers, market analysts, Government, shareholders and community at large. This audit process is considered as a strategic instrument, thus:

- to evaluate the practices of corporate social responsibility.
- to show what it does towards its employees, their families, customers, vendors, collaborators and other stakeholders including the community at large.
- to ensure transparency in activities developed to improve quality of life.
- to strengthen the triangular links viz company, society and environment.

Lastly, Corporates being a part of the society and need to align their interests with the broader interests of society Corporate Citizenship Audit helps:

- to set clearly strategic priorities for their corporate citizenship efforts and lays out a perspective path to maximizing the return of companies received on their philanthropic investment;
- to assess a company or its brand's current philanthropic efforts against key consumer demographics for their product or services;
- to identify strengths and weaknesses in public perception of those efforts, and tests and ranks new potential social issues or causes that are important to those demographic groups;
- to endeavour for something beyond the functional benefits or price point of a product or service that has never been more important in the battle for consumer loyalty and trust;
- to help in taking the guess work out of decisions for corporations - ensuring they are aligned with the causes their consumers care about most and allowing decision-makers.
- to focus solely on generating tangible results on some of the society's most pressing problems;

Considering the increasing significance of CSR in the changing economic scenario in the country, regulatory framework for CSR has also undergone changes. Corporate social responsibility (CSR) is no longer voluntary philanthropic gesture of an enterprise in India but a legally ensured statutory responsibility for specified category of corporates since the advent companies Act – 2013. The essayist is pursuing CMA (USA). He can be reached at iparray@gmail.com

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