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Press Release

Institute of Social Auditors of India (ISAI) holds its first Annual General Meeting

The Institute of Social Auditors of India (ISAI) successfully concludes its first-ever Annual General Meeting in Mumbai. The AGM was attended by Dr. P C Jain, Chairperson, ISAI, CA. Aniket Sunil Talati, Director, ISAI & President, ICAI, CA. Ranjeet Kumar Agarwal, Director, ISAI & Vice-President, ICAI, CA. (Dr.) Sanjeev Kumar Singhal, Director, ISAI & Central Council Member, ICAI, CA. Priti Paras Savla, Director, ISAI & Central Council Member, ICAI, Shri Yatrik Vin, Independent Director, ISAI, Shri Hemant Gupta, Independent Director, ISAI, Shri Raymond D'souza, Independent Director, ISAI and CA. (Dr.) Jai Kumar Batra, Secretary ICAI & CA. (Dr.) Debashis Mitra, Immediate Past President, ICAI.

The company was formed in the preceding year and since then it is continuously making a positive impact in the area of social audit. **Dr. P.C Jain, Chairperson** on the occasion of first AGM, addressing the members and stakeholders said, *“The Institute of Social Auditors of India has been incorporated to carry out the functions of a Self-Regulatory Organization under the aegis of ICAI and is the leading institution for regulation and development of Social Auditors in an independent and transparent manner sub-serving the public interest and also to protect the interest of various stakeholders in the social audit process in a judicious and optimal manner.”*

On October 7, 2022, The Institute of Chartered Accountants of India (ICAI) formed a Section 8 company – **“Institute of Social Auditors of India (ISAI)”**, with a prime objective to produce independent, ethical and world-class social auditors’ profession responding to needs and expectations of the stakeholders.

On this occasion **CA. Aniket Sunil Talati, President ICAI & Director, ISAI** said, “ISAI aims to become not only the largest but truly the best globally recognised Institute of Social Auditors with an objective to create a positive impact on the society”

During the meeting, **CA. Ranjeet Kumar Agarwal, Vice- President ICAI & Director, ISAI** appreciated the increasing numbers of Social Auditors registered/enrolled with ISAI and ensured better opportunities to the members of ISAI.

Aligning with the sustainable development goals, ISAI has earlier issued 16 audit standards on social audits, making India the first country in the world to have social impact assessment standards. These social audit standards (SAS) will provide the social auditor with the

necessary guidance about independent assurance engagement on the impact assessment, including the audit steps and procedures that should be applied while carrying out social audits. For more info the website of ISAI can be accessed at <http://isai.ca.in/>.

ISAI also conducts an Online Training Course on "NISM Series XXIII: Social Auditors Certification Examination" to prepare the members of ICAI for the "NISM Series XXIII: Social Auditors Certification Examination". After qualifying for the NISM Series-XXIII: Social Auditors Certification Examination, the applicant is required to enroll with the ISAI on a separate registration portal <http://registration.isai.ca.in>.

Till date ISAI has enrolled/registered 426 members out of which 376 members are qualified Chartered Accountants, 23 members are qualified Company Secretary, and 3 members are Cost Accountants. Also, ISAI has registered 24 members having qualifications other than CA/CS/CWA after following the due process of verifying their years of relevant work experience in the development sector.

Background about Social Stock Exchange (SSE) & Social Auditors in India:

The Finance Minister, Mrs. Nirmala Sitharaman in the Budget speech of 2019-2020 for the first time proposed the concept of a Social Stock Exchange which will be “under the regulatory ambit of Securities and Exchange Board of India (SEBI) for listing social enterprises and voluntary organizations working for the realization of a social welfare objective so that they can raise capital as equity, debt or as units like a mutual fund.”

Subsequently, the Securities and Exchange Board of India (SEBI) vide its notification dated 25th July 2022 has amended the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 (“ICDR Regulations”), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“LODR Regulations”) and SEBI (Alternative Investment Funds) Regulations, 2012 (“AIF Regulations”) to provide a broad framework for Social Stock Exchange.

The above notification defines “Social Auditor” as an individual registered with a Self-Regulatory Organization under the Institute of Chartered Accountants of India (ICAI) or such other agency, as may be specified by the Board, who has qualified for a certification program conducted by National Institute of Securities Market and holds a valid certificate.

ICAI wholeheartedly welcomed the establishment of the Social Stock Exchange (SSE) to accelerate the attainment of the set objectives. The important contributions made by ICAI in areas pertaining to Social Stock exchange, Social Audit and Social Auditors are as follows:

1. ICAI has been part of the Technical Group (TG) on Social Stock Exchange and has led the sub-group which worked on the scope and eligibility of Social Auditors and Information Repositories, as well as on financial disclosures by Social Enterprises.
2. As per the Technical Group Report, the audit of social impact, i.e., Social Audit shall be mandatory for entities on SSE and a separate Code of Conduct would be prescribed

for Social Auditors (SAs) who are functioning under the regulatory framework of SSE and conducting social audits. The said Code of Conduct would be prescribed by ICAI. In the above background, Sustainability Reporting Standards Board (SRSB) of ICAI had developed a “Code of Conduct for Social Auditors” based on Indian and international practices after following due consultative procedure.

3. ICAI has developed the Framework for Social Audit Standards which prescribes the conceptual framework for the conduct of social audit engagements in accordance with Social Audit Standards.
4. ICAI has interacted with numerous NGO’s and also visited NGO’s for deep diving into the issues and concerns regarding social sector funding and impact assessment.
5. ICAI had also conducted many joint outreach meetings with NGO’s, NISM, members from SEBI with the objective of disseminating awareness about Social Stock Exchange (SSE), the Registration process at SSE, Social Audit and Social Auditors.
6. ICAI has developed 16 Social Audit Standards on each of the 16 thematic areas along with Preface to Social Audit Standards and Framework for Social Audit Standards under the authority of the Council of ICAI after following due consultative procedure with stakeholders at large. Each Social Audit Standard is divided into 4 sections, namely, Section I: Introduction, Section II: Process of Social Audit (includes Data collection, Desk Review, Evaluation Questions list, Key metrics for evaluation of Project/Program, Assessment of Evaluation Criteria, Section III: Assessment of Challenges and limitations, Section IV: Appendix (Taxonomic classification of areas and sub-areas for Social Objectives). Each Social Audit Standard provides detailed guidance for social auditor for conducting social audit in efficient and effective way
7. ICAI had also entered MOUs with NISM for developing 2 study modules related to "NISM Series XXIII: Social Auditors Certification Examination".
8. ICAI has revised the Technical Guide on Accounting for Not-for-Profit Organisations (NPOs) in June 2023.

Governing Board of ISAI

The composition of the Governing Board of ISAI is fairly broad-based and ensures the participation of all interest groups in regulating the profession of Social Auditors. The composition of the Governing Board of ISAI consists of the following:

- a) Dr. P. C. Jain, Chairperson, of ISAI is a renowned person from an academic institution and is the Nominated members of the Council of ICAI.
- b) Five elected Central Council members of ICAI i.e. CA. Aniket Sunil Talati President ICAI, CA. Ranjeet Kumar Agarwal, Vice President ICAI, CA. Priti Paras Savla, CA. (Dr.) Sanjeev Kumar Singhal and CA. Kemisha Soni.
- c) Nomination from the Securities and Exchange Board of India (SEBI).

- d) Nomination from the Ministry of Corporate Affairs (MCA)/ Ministry of Home Affairs (MHA)/ Ministry of Social Justice & Empowerment.
- e) Mr. Raymond D'Souza has been nominated from the Capacity Building Fund of NABARD.
- f) Mr. Yatrik Vin has been nominated from the Social Stock Exchange.
- g) Mr. Hemant Gupta has been nominated from thematic areas of the social sector.
- h) One member having cross-sectoral experience in social sectors.

Mr. Sunil Kadam, the nominee of SEBI has been nominated for an advisory role in ISAI.