

A Single Australian Body for Social Auditors?

Questionnaire Report – March 2003

Background

There are currently, probably just over a handful of us working as social auditors in Australian and New Zealand but recent developments here and internationally point to a future where there will be an increasing demand for social auditors and certainly increased debate about who they are and what they do. What follows are just a few notes based on my limited knowledge.

2002 saw a modest but significant increase in the number of Australian-based (and I believe New Zealand) companies reporting on their social performance. Westpac became the first major financial institution in Australia to step into the area in 2002. ANZ has recently followed suit. After two years of reviewing 20-odd reports for the Good Reputation Index on behalf of Amnesty International Australia I was struck by the increase in 2002 of social content.

We're also set for a small flurry of social responsibility guidelines being released in 2003. Family and Community Services (FACS) is in the final stages of releasing its Triple Bottom Line Reporting in Australia; A Practitioner's Guide to Reporting Against Social Indicators while Standards Australia is developing a guideline standard on Corporate Social Responsibility.

Internationally, the International Standards Organisation (ISO) established an advisory group in 2002 that has started a process that could result in an ISO standard for Corporate Social Responsibility. According to the KPMG International Survey of Corporate Sustainability Reporting 2002 social topics are "gaining further attention" and the number of sustainability reports being verified shows a "significant increase".

On the report assurance side, AccountAbility's new AA1000s assurance standard was officially launched at the end of March 2003. The Global Reporting Initiative (GRI) has convened a short-term assurance working group that will advise on the GRI's role in assurance and potentially the wider issue of assurance of GRI reports.

There are currently only two bodies that I know of, that accredit what could be termed "social auditors". AccountAbility in the UK, short for the Institute of Social and Ethical AccountAbility, has a process for accrediting auditors who have "a wide range of skills and experience and demonstrated application of the AA1000 standard principles". In the United States there is Social Accountability International that accredits auditors against its own standard SA8000 that focuses specifically on labour conditions in a company's supply chain.

There is currently no widely recognized Australian body that accredits social auditors in Australia.

Establishing a Single Body for Social Auditors in Australia?

This report summarises the 32 responses to a questionnaire that solicited views on the need for and nature of future Australian body for social auditors. The questionnaire was circulated by email in late 2002 to over 50 participants as part of an ongoing email-based discussion on the establishment of a single body for social auditors in Australia which commenced in late 2001. Those who participated in this survey are listed in the back.

Do you support a single body for social auditors and if so why?

Strong support for a body	25
Qualified support	2
Neutral	1
Opposed	4

Those in agreement listed various reasons as to why Australia and New Zealand needed such a body. These included:

- Social auditing needs to be recognised for its separate specialist skill set and qualifications.
- Social auditing needs a mechanism for recognising those who possess the skills and experience to be social auditors.
- Guidelines and/or standards appropriate to Australia need to be developed to audit against. A national single body will have a greater authority to do so.

A number of views were presented opposed to a single body. These included a belief that their needs were being met by AccountAbility membership and concern that a single body was not financially viable as the potential membership is too small.

The following represents a range of views from the questionnaires:

First of all to recognise that social auditing and its related variations is well and truly on the agenda in Australia in some quarters and to better position it onto the agenda in those quarters where it is not.

Without such a body the misuse of both the term and possible practices will mean that the concept of social and ethical auditing will be undermined by both poor quality services and lack of clarity on what the terms may mean.

In actual fact, I think social/environmental auditing could be a useful extension of current financial auditing practices, rather than a totally separate movement.

Pursuing a 'single body' at this stage takes us down a path that I think is a distraction from the bigger priority of developing the social reporting and social auditing field in Australia.

Yes, we do need a single body in Australia... it is time to move on from our 'Colony of the UK' status.

On the down side, a single body could end up being restrictive in what it allows as social auditing under its name.

What would it do that no one else is currently doing? What should be the primary function of the body?

Function	No. of citations	No. cited as Primary Function
Issue professional accreditation	12	8
Standards setting for Australian context	11	8
Promote the field of social auditing and contribute to public policy debate	11	4
Training, support and professional development	10	1
Debate and discussion forum, facilitate connecting others in the field, Australian reference point	9	4
Research	2	-

Other functions cited included:

- Act as a disciplinary board of review for accredited members
- Track international developments
- Accredite social auditing courses
- Authenticate the work of social auditors
- Referral body for those working in the field
- Verify auditor's statements
- Be a conduit for thought leadership issues relevant to social auditing

What would be your preferred organisational structure for a social auditor's body?

There was a very wide range of responses to this question. There was a trend in responses that indicated a preference for a democratic organisation with a national board or committee.

Others views ranged from having a decentralised organisation of associates to an Institute modeled on that for Chartered Accountants. These included:

- national organisation with state chapters and committees
- small national elected committee with informal state-based networks
- using the existing incorporated Social and Ethical Auditing Institute
- establish an Australian chapter of Accountability/ISEA
- allow a number of bodies to be formed
- informal advisory committee

Perhaps the greatest challenge facing the establishment of a body is the relatively small number of social auditors currently practicing in Australia and the potentially low number in the near future.

The following represents a range of views from the questionnaires:

It would have a governing Board or Council appointed by the members, and subcommittees dealing with such issues as the development of standards, membership, education and accreditation.

See the structure of Social and Ethical Auditing Institute it can be modified if required to meet the needs of other interested parties.

An Australian secretariat of the Institute of Social and Ethical AccountAbility (AccountAbility) which became able to process applications for membership locally and provide training.

A loose network at this stage. Anything too formal until there is some legal or stronger business support is likely to lead to negative rather than positive developments.

Initially – can we operate under the auspice of another group until we become established or find a 'sponsor' in the sense of somewhere to meet?

As inclusive a structure as possible, ideally meeting the needs of all sectors.

Importantly, if this body is to set standards for social standards then it must also run on the highest ethical and social provisions e.g. any governing body established must be created through democratic processes e.g. nominations, elections, fixed term appointments, grievance procedures etc. etc.

That it is not one body – that it is not 'held' onto by a specific few.

What national and international affiliations should it have, if any?

Affiliation	No. of citations
Accountability/Institute of Social and Ethical Accountability (UK-based)	15
Global Reporting Initiative (worldwide)	5
Social Accountability (US-based)	4
Australian Corporate Citizenship Alliance	3

Other organisations cited included; CPA, Environment Institute of Australia, European Business Ethics Council, Global Compact, IAP2, Institute of Internal Auditors, International Standards Organisations, Royal College of Nursing, Social Audit Network UK, Social Entrepreneurs, St James Ethics Institute, Standards Australia and the Institute of Chartered Accountants.

The following represents a range of views from the questionnaires:

As a business representative it is important to me that any Australian body of social auditors can demonstrate that it is linked with emerging practices internationally and the obvious body at this stage to link with is, AccountAbility.

It would be nice if it was able to stand-alone but obviously have linkage with overseas bodies. I believe we have enough expertise (and hopefully interest) that we do not have to be an 'outpost' of another organisation.

None, since affiliations can impose external preconceptions on the body, among the public, limiting our flexibility and our ability to shape a body uniquely suited to Australian conditions.

It is imperative that this body has international acceptability and respect.

Recommendation

Based on my review of the questionnaire responses I believe we should move forward in establishing up a body. In this case there are three key options that arise from our questionnaire:

Option 1 - Approach an existing 'Auditing body' in Australia to host a social auditors' sub-group.

Option 2 - Revitalize the existing Social and Ethical Auditing Institute. (see www.socialaudit.org.au)

Option 3 - Begin a new organisation.

Next Steps

A preliminary email response indicating which of these three options is your preferred option would be welcome.

I also would suggest we hold state-based meetings are necessary to get some face-to-face discussion happening and begin cementing core-groups in each state that commit some time and energy to building the body.

Respondents

1. Alexander Bailey, Consultant & Auditor – Australian Social & Ethical Accountability Centre and Registrar - SEAI
2. Amanda Steele, Project Manager – Public Reporting, Sydney Water
3. Anita Mitchell, Vice President, NSW Division, Environment Institute of Australia/New Zealand
4. Anon – name withheld on request
5. Attracta Lagan
6. Carol Adams
7. Craig Deegan, Professor of Accounting, RMIT
8. David Birch, Professor and Director of the Corporate Citizenship Research Unit, Deakin University, Melbourne
9. David Jepsen, Finance/accounting/administrator contractor
10. David Kimber, RMIT School of Management
11. Deanna Kemp, AICC/SRD
12. Dr Anne Hofmeyer RN PhD MPH MRCNA, Lecturer/Researcher, Faculty of Health Sciences, Flinders University, Adelaide
13. Eva Cox, Academic
14. Fiona Solomon, Research Fellow, CSIRO Minerals
15. Garry Fowler, Executive Consultant, Ernest and Young
16. Helen Macdonald, Newmont
17. Katherine The-White, Futureye
18. Kingsley Slipper, Director, B cubed sustainability

19. Linden Edgell, Senior Social Strategist, Environmental Resource Management (ERM)
20. Louise Redmond, Positive Outcomes
21. Marcelle Holdaway, Director Accounting for Life
22. Mark Glazebrook, Corporate Citizenship Advisor, BP Australia
23. Michael Nugent
24. Monica Vandenberg
25. Neile Robinson, City Centre Coordinator (former social planner)
26. Peter Caldwell, Lecturer in Social Inquiry, University of Technology, Sydney
27. Richard Parsons, Sustainable Solutions Australia and representing the Qld Social and Environmental Auditors' Network
28. Sophie Punte, KPMG
29. Terence Jeyaretnam
30. Tim Heesch, Ecosteps
31. Tom Pearse, Research PhD student at the Key Centre for Law, Ethics, Justice and Governance, Griffith University.
32. Tracey Ward, Volunteer Co-ordinator, Burwood Council

Report by Richard Boele, March 2003 – apologies for mistakes, they are entirely my own.