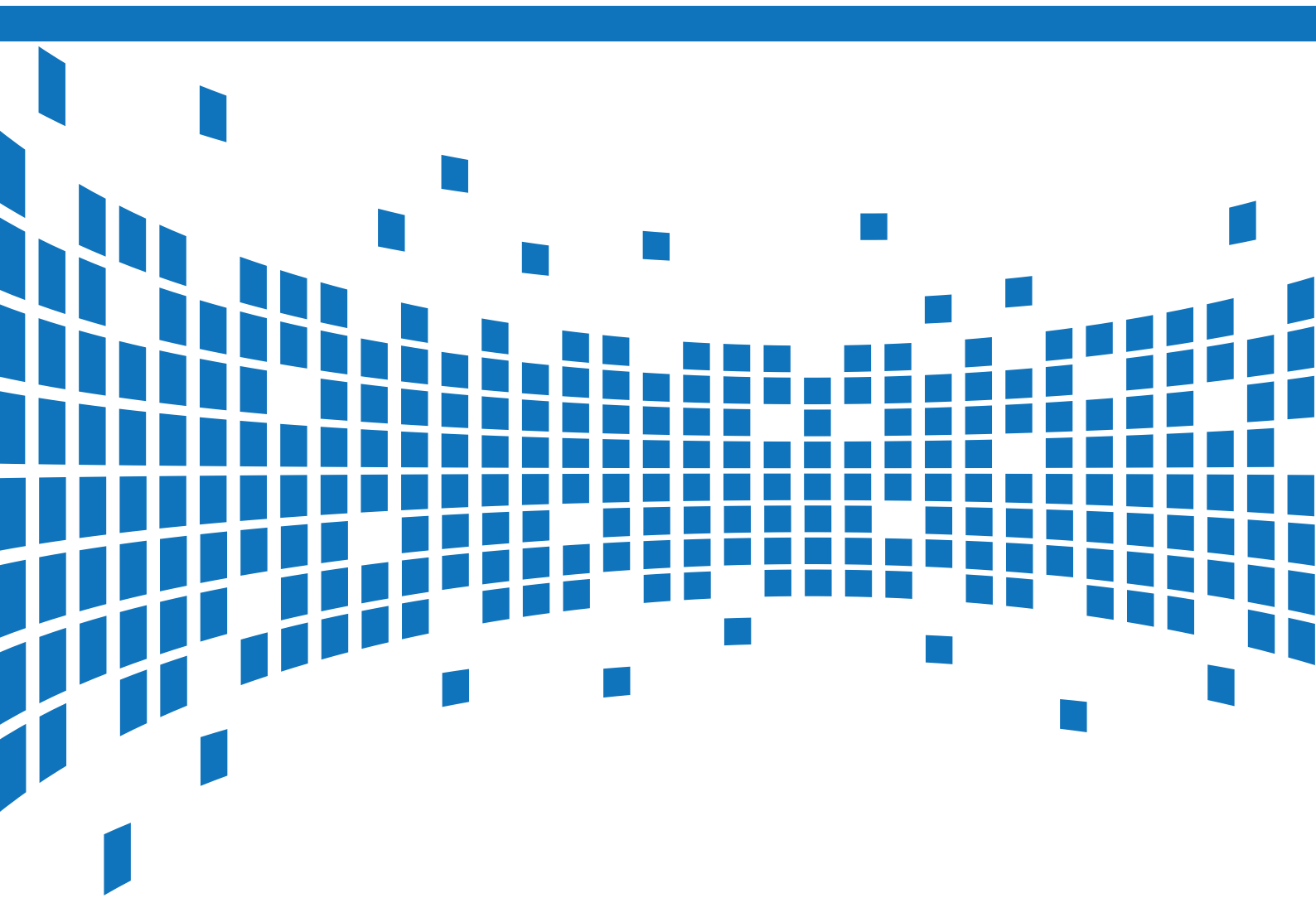


The new SORP development process, what is changing, how you can get involved, and the impact we hope to make

Issued by the Charities SORP-making body

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The new process

We plan to have a new process in place from 2020 to help us develop the next Statement of Recommended Practice (SORP). The SORP is used by all charities that prepare their accounts to give a 'true and fair' view in accordance with UK-Irish Generally Accepted Accounting Practice (GAAP). The new process will bring ideas of stakeholders into the development process earlier on so that we have a better evidence base for any proposed changes to the SORP and accounting standards, with the goal of the next SORP better meeting user needs.

We are conscious that there are two groups of users – those using the SORP itself and those using charity annual reports and accounts. Trustees and those preparing charity accounts need practical guidance to apply accounting standards (UK-Irish Generally Accepted Accounting Practice (GAAP)) and also to tell their charity's story well in terms of the content of both the trustees' annual report and accounts. There are also the users of that information who rely on the SORP to ensure that trustees and preparers give them the decision-useful information and insights that they need.

Our new engagement process plans to incorporate both groups of users early on so that the SORP can be written in partnership with the Charities SORP Committee with their views and needs in mind. The resulting exposure draft SORP would then be put out to public consultation, the outcomes of the consultation considered and any required changes made before the SORP is submitted to the Financial Reporting Council (FRC) for approval.

The changes we plan to make

A reformed SORP Committee

Recruitment of individual members to the committee will follow the existing approach of open advert, application and interview. But there will now be a new category of corporate members who will be representatives of organisations with an interest in the SORP and in charity trustees' annual reports and accounts. We intend to have a mix of individual members appointed for their knowledge and insight and corporate members. Corporate members offer the opportunity to gain insights from their wider membership to gain views and ideas. The nominee of a corporate member would attend the Committee.

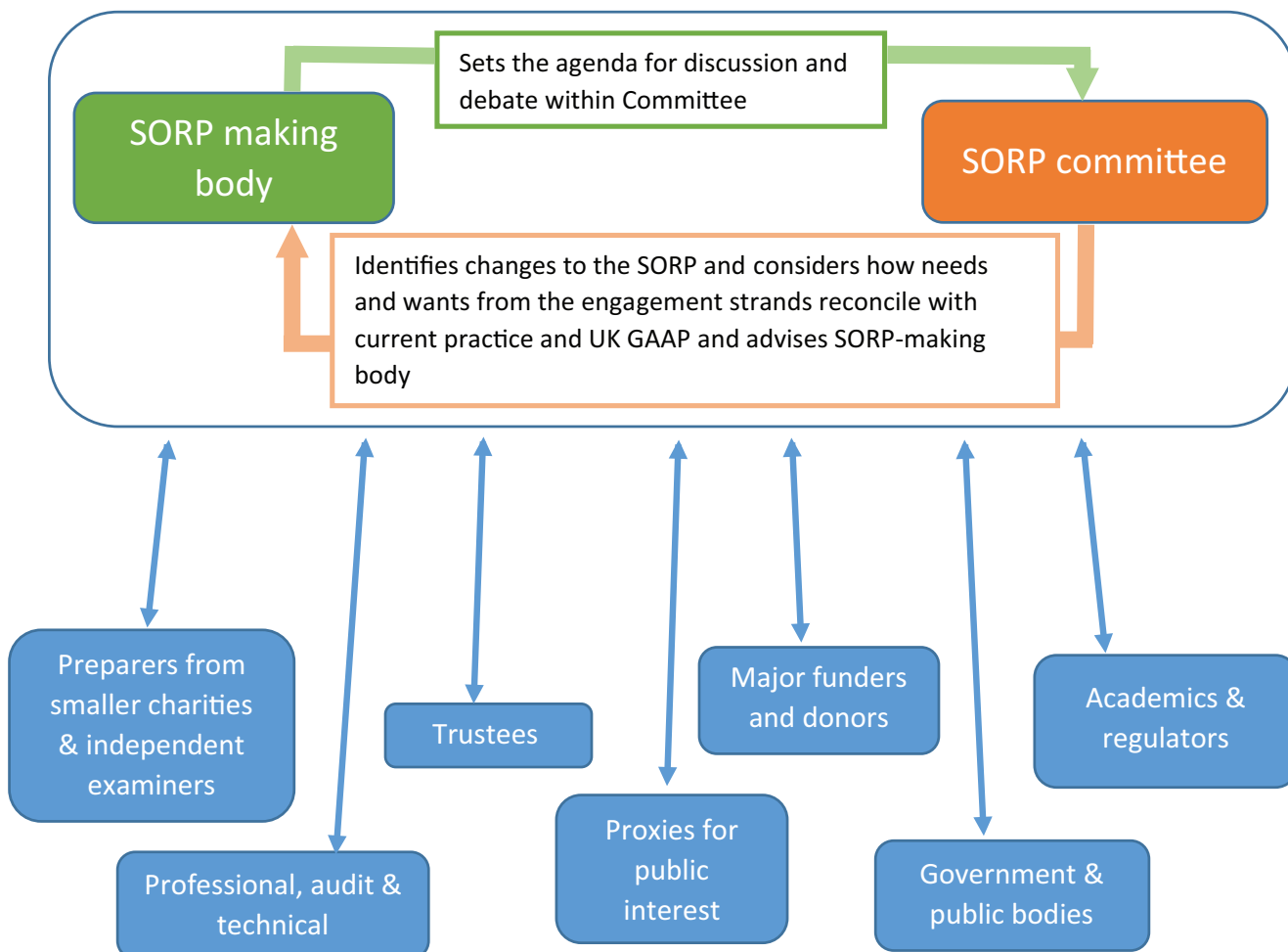
The new committee will be smaller with 12 members. In the past, the Committee has had up to 16 observer and full members. Having a smaller committee will afford greater opportunity for debate and discussion in the time available in Committee. Although we intend to retain a depth of technical expertise on accounting standards and principles, we plan to change the composition of the Committee to include a greater weighting from smaller charities. Smaller charities make up the greatest proportion of users of the SORP. We also intend to include more funders who have an interest in the impact the sector has in transforming lives through charitable endeavour. We will continue to focus strongly on having committee members who will actively contribute to discussions and who will bring valuable experience and views that are constructively shared with the committee.

A new ongoing engagement process

Going forward we plan to convene seven stakeholder groups who would be our engagement partners. Formed from individuals and organisations with an interest in charity financial reporting and the work

of the sector, these groups would be engaged in reflecting on what the information needs of users are, how far the SORP needs to change to meet those needs, opportunities to simplify and remove unnecessary reporting and ensuring technical compliance with GAAP.

A new dialogue involving our engagement partners



The new SORP Committee will be at the centre of the dialogue with the stakeholder groups, advising the SORP-making body and SORP Secretariat on how to balance the feedback and ideas for change, identifying areas for debate with the stakeholder groups and assisting us to identify the changes needed to the SORP whilst ensuring the SORP’s continued technical compliance with accounting standards. The SORP-making body remains responsible for the process of developing the SORP, its compliance with accounting standards and its publication.

The impact we hope to make

Our hope is that the SORP can continue to be seen as the world leading framework for charity financial reporting. A framework that inspires public trust and confidence in the financial reporting by charities on the work that they do to improve lives and strengthen civic society. A framework that ensures that the accounts are not simply ‘true and fair’ but that they are meaningful to users of charity reports and accounts, providing the information needed to underpin decision-making by donors, funders and others interested in the work of the sector.

How to get involved

Detailed information packs are in preparation and further publicity will follow once these are launched. There are different recruitment processes for our engagement partners and for SORP committee members. If you would like to register your interest in joining a stakeholder group or applying for membership of the SORP Committee please contact the named person for your jurisdiction of registration so that you can be sent a pack or look out for their launch on the dedicated SORP website: www.charitycorp.org

The intention is to have representation from across the UK and Ireland reflecting the coverage of UK-Irish Generally Accepted Accounting Practice.

England and Wales: Nigel Davies nigel.davies@charitycommission.gov.uk

Northern Ireland: Myles McKeown Myles.McKeown@charitycommissionni.org.uk

Republic of Ireland: Jelena Griscenko JXGriscenko@charitiesregulator.ie

Scotland: Laura Anderson laura.anderson@oscr.org.uk

An information and recruitment pack will be sent in due course to all who register an interest. We anticipate that some SORP Committee members may also volunteer as engagement partners as well.

If you want to keep in touch with future developments in the SORP development process please also refer to the SORP website: www.charitycorp.org