

Charities SORP Committee Minutes

Date	2 July 2020	
Venue	Microsoft Teams meeting	
Joint Chair	Laura Anderson	<i>Office of the Scottish Charity Regulator (OSCR)</i>
	Nigel Davies	<i>Charity Commission for England and Wales (CCEW)</i>
	Sarah Finnegan	<i>Charity Commission for Northern Ireland (CCNI)</i>
Members present	Michael Brougham	<i>Independent Examiner</i>
	Daniel Chan	<i>PwC</i>
	Tony Clarke	<i>Clarke & Co Accountants</i>
	Tom Connaughton	<i>The Rehab Group</i>
	Diarmaid Ó Corrbuí	<i>Carmichael Centre for Voluntary Groups</i>
	Tim Hencher	<i>Scottish Council for Voluntary Organisations</i>
	Noel Hyndman	<i>Queen's University Belfast</i>
	Joanna Pittman	<i>Sayer Vincent</i>
	Carol Rudge	<i>Grant Thornton</i>
	Max Rutherford	<i>Association of Charitable Foundations</i>
	Jenny Simpson	<i>Wylie + Bissett LLP</i>
	Neal Trup	<i>Neal Howard Limited</i>
	Gareth Hughes	<i>Down and Connor Diocesan Trust</i>
In attendance	Gillian McKay	<i>CIPFA, Secretariat to the SORP Committee</i>
	Milan Palmer	<i>CIPFA, Secretariat to the SORP Committee</i>
	Sarah Sheen	<i>CIPFA, Secretariat to the SORP Committee</i>
Observers	Jenny Carter	<i>Financial Reporting Council</i>
	Jelena Griscenko	<i>The Charities Regulator in Ireland</i>
Apologies	Caron Bradshaw	<i>Charity Finance Group</i>

- 1. Welcome, apologies for absences and declarations of interest** **Action**
- 1.1 The Chair welcomed SORP Committee Members to the meeting.

There were no declarations of interest.
- 2. Minutes of the meeting of 21 May 2020 and matters arising**
- 2.1 The draft minutes of the previous Committee meeting were approved subject to a number of minor amendments.
- 2.2 SORP microsite**

- 2.3 The Chair informed the Committee that the SORP website has now been updated with the agendas and minutes of the new SORP Committee meetings and decisions of the joint SORP-making body.

The website has now also been updated with details of the new engagement strands and the interests they will represent. The information will also include the names of the newly selected convenors and the organisations they represent once this is announced.

2.4 Matters arising: Information Sheet 5: The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, as applied to Charitable Companies

- 2.5 A query had been received regarding the content of [Information Sheet 5: The Companies \(Directors' Report\) and Limited Liability Partnerships \(Energy and Carbon Report\) Regulations 2018](#), as applied to large charitable companies, concerning whether the Information Sheet should include the reporting requirements for energy and emissions reporting for charities with consolidated foreign subsidiaries. Paragraph 4.17 of the information sheet indicates that all companies should be included.

Charities are obliged to consolidate any entities where they have financial or operational control. The 2018 Regulations require directors' reports to include the reporting relating to energy and emissions of foreign subsidiaries. However, it then allows these reports to exclude the energy and emissions outside of the UK. CIPFA indicated that in CIPFA's view the Information Sheet was accurate. Three options were suggested:

- Remove the second sentence of paragraph 4.17 (which set out that subsidiaries were in the scope wherever registered) as this was the part of the information sheet which raised the concern (the Information Sheet would remain accurate as this was arguably covered by the first sentence of paragraph 4.17).
- Add some of the detail of the scope exclusion in paragraph 4.17.
- Don't change the information sheet but explain the position to the enquirers.

CIPFA favoured the final option. One Committee member favoured the no change option, but another member was of the view that it would be useful to explain the scope exclusion. CIPFA was requested to email the Committee seeking their views on the way forward.

CIPFA

2.6 Induction materials

- 2.7 The Chair indicated that he would soon be meeting with his team to put together induction materials for the Committee. If Committee members want any further information to be provided in the induction packs, they were asked to contact CIPFA as there is still time for additional items to be included.

3. Briefing the engagement strands

3.1 Appointment of the convenors

Following the last committee meeting of 21 May, convenors have been selected for each of all the engagement strands.

Convenors have been selected following an interview process. The names of the convenors, and the organisation that they represent will be made public on Wednesday 8 July.

3.2 The strands and the convenors appointed are:

Strand	Convenor	Organisation
Larger Charities	Tony Ward	The Wheel
Smaller charities and independent examiners	Chris Bolt	-
Professional and technical	Strand 1: Roberta Fusco	Charity Finance Group
	Strand 2: Christine Scott	Institute of Chartered Accountants of Scotland
Charity Trustees	Louise Thomson	The Chartered Governance Institute (ICSA)
Major funders and donors with government and public bodies	Sue Wilson	-
Academics and regulators with proxies for the public interest	Diarmuid McDonnell	

The announcement on the 8 July 2020 will include a short biography of the convenors and information about the organisations they represent.

3.3 Committee involvement with the convenors

3.4 The convenors will meet with the joint SORP-making body in the afternoon of 8 July 2020 to discuss how they wish to take forward the work of their strand and what support they need from the SORP-making body.

The Committee was asked to consider how they wish to engage with the convenors. The Chair outlined the questions which could usefully be considered:

1. How might the Committee best work with the convenors of the engagement strands and how would the Committee see that working?
2. Where should the process start?
 - How would the Committee suggest convenors are supported in the initial stages?
 - Should an initial set of ideas be shared to start the discussion or let the engagement strands select their own?
 - What should the Committee and the joint SORP-making body do together in preparation for receiving feedback from the engagement strands?

3. What interaction should the Committee have with the engagement strands during the exploration phase?

The Committee was mindful that any ideas given to convenors should be suggestions and guides but not be intended to limit the range of topics discussed. However, it was also acknowledged that some structure was likely to be useful, especially as time available for SORP development was limited. Some direction was considered necessary, otherwise convenors may feel overwhelmed and/or not know where to start. This might result in convenors disengaging from the process.

The process should be iterative where ideas could be debated and tested out. Interaction with the convenors will also aid consistency across the groups. There is a three-way process involved with the Committee, the convenors and the strands, so some form of consistency will be required.

It was suggested that the convenors could present their ideas at the October meeting, either separately or together, to help start this interaction and to test ideas. The Committee can help work out what are emerging issues, what are good ideas and other areas they may need to consider.

Committee members were invited to contact CIPFA, in the next week, with any further thoughts that they have regarding Committee involvement with convenors.

CIPFA

4 IFR4NPO Project

4.1 The Committee was informed of:

- the governance and development process – including the work of the Technical Accounting Group
- the structure and issues considered in the consultation paper particularly focusing on the topics being considered by the project for further detailed consideration.

It was noted that a number of the issues in part 1 of the consultation paper could be issues similar to that of the engagement strands.

CIPFA commented that the paper was developed from information in the public domain.

A consultation regarding the proposals of the project will be launched. The consultation is planned to commence in January 2021. The committee was asked whether this is something they felt they should comment on and it was felt that this is.

4.2 It was noted that the project seemed very highly technical with little focus on narrative reporting. A member noted his disappointment that narrative reporting appeared to be an 'add on'. The committee was undecided as to its relevance.

It was noted, however, that the scope of this project was international and that in some of countries guidance for not for profit organisations was not

available and so there was a different starting point for these organisations. The UK position was more developed. It was recognised that narrative reporting was also an important part of the project.

5. SORP Development Timeline

- 5.1 The proposed revised timeline based on current FRC intentions in updating accounting standard FRS 102 was noted, including the anticipated publication date for the next SORP of January 2024.

The Committee was asked for its views on the publication date. It was noted that ideally the Committee will need to have finalised its work by October 2023 to make the January 2024 publication deadline.

It was noted that the FRC does not have specific time requirements for SORP making bodies to revise SORPs following the revision of FRS102. However, it supported SORP development where the revisions took place as soon as possible.

The Committee was reminded that the former SORP committee discussed the use of technology. Considering the use of technology may impact on the timescale. It was therefore recognised that technological developments should be undertaken alongside the development work on the SORP and be ready in the same timescales as SORP publication.

A Committee member commented that the SORP should be published well in advance of 1 January 2024 (ideally three months before).

The Committee considered the drafting period and acknowledged that the work of the SORP Committee will increase in intensity during the drafting period.

It was hoped that the SORP Committee in responding to the FRS 102 consultation will be able to clearly identify the changes so that the SORP development process will not be surprised by the changes to FRS 102.

It was noted that one unknown is the longer-term impact of the pandemic, which may impact the timeline.

6. AOB

- 6.1 The chairs will be liaising with CIPFA, regarding the social distancing guidelines, around the planning for the October meeting in London. Similar work will be done for the November meeting in Ireland.

Previously there had been a preference for a start time of 11:30am for face to face meetings.

Committee members should contact CIPFA if they have any queries regarding accessing the meetings or the proposed start times.

Committee

- 6.2 Research will be discussed at the October meeting; Committee members are requested to contact CIPFA if they wish to present a research area topic at the October meeting.

Committee

- 6.3 Members considered that discussions with the convenors are still in the exploration phase. Details of these conversations will be fed into the October

meeting but there may be a need for a virtual dialogue with the Committee before that meeting.

7 Dates of future meetings

7.1 These are:

- 2 October 2020 - London
- 17 November 2020 - Dublin.

[Note that correspondence following the meeting confirmed that these will be meetings via MS Teams.]