

Independent Oversight Panel

Guiding the Development of the Charities SORP

Exploring changes to the way the Statement of Recommended Practice: Accounting and Reporting by Charities is developed

Invitation to comment

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Introduction by the Chair of the Panel - Professor Gareth Morgan

The document known as the *Charities SORP* is at the heart of charity accounting in the UK and Ireland. It sets out the principles and detailed rules which (at least for the majority of charity income) apply to charities producing their annual report and accounts.

Many smaller charities (up to £250,000 income in the UK) are eligible to use receipts and payments accounts, so they do not have to follow the SORP. But for other charities the SORP matters to anyone who uses charity accounts and the trustees' reports that go alongside. This includes:



- *trustees* – who have the final responsibility for the accounts of their charities (even if they may use others to help in the preparation, trustees need at least a general appreciation of the requirements)
- *donors and funders* (including statutory bodies) - who are some of the most active readers and users of charity accounts
- *beneficiaries* - those the charity is set up to help (and their representatives or umbrella bodies)
- *auditors and independent examiners* who undertake the independent reviews of charity accounts required by law
- *charity regulators* - who receive and publish charity accounts, and use the accounts for regulatory purposes
- *other regulatory bodies* - such as tax authorities and regulators in specialist fields.

But if the Charities SORP isn't right, the accounts that charities produce won't be right for those who need to use them.

So the way in which the SORP is developed is crucial. That is why I am delighted that the four charity regulators in the UK and Ireland have, for the first time ever, established this Panel to *review the governance processes in the development of the SORP* and to make recommendations for the future.

I was honoured to be asked to act as Independent Chair of this Panel. As someone who has focused on charity accounting issues for many years, both as a practitioner and as an academic, working across the different jurisdictions applying the SORP (England & Wales, Scotland, Northern Ireland and the Republic of Ireland) I know its importance. So getting the processes right for development of new versions of the SORP is absolutely critical for the effectiveness of charities as a whole.

Of course, the main role of the SORP is to give guidance on the application of broader accounting standards (in particular the main standard known as FRS102) showing how it is to be used in the specific case of charities. But there are many ways in which the SORP can do that.

That is why the Charities SORP Governance Review Panel has launched this consultation: it is immensely important to the way the SORP is developed for the future. We look forward to your response.

Section 1 - Key Facts

Subject of consultation:	The charity regulators in the UK as the SORP-making body for charities are seeking views on what changes may be needed to the process used to develop the SORP. The SORP-making body aims to make changes so that the Charities SORP continues to serve the needs of those interested in the work of the charity sector and the sector itself as well as it can.
Who should read this consultation:	Everyone who is interested in the charity sector having a reporting and accounting framework that serves the needs of the user and sector well. This would include preparers, auditors and examiners of charity accounts, trustees, employees and beneficiaries of charities and others who may use charity accounts including donors, funders, financial supporters and other stakeholders.
Getting to this stage and previous engagement:	<p>The Charities SORP-making body has recently been expanded and now comprises all three charity regulators in the UK with the Charities Regulator in the Republic of Ireland as observer. The regulators agreed that a review of the governance arrangements for the development of the SORP would be timely to address the needs of stakeholders in all four charity law jurisdictions.</p> <p>An Oversight Panel was convened to conduct the review chaired by Professor Gareth Morgan. This consultation is intended to assist the Oversight Panel in its thinking about how the SORP is developed in the future.</p>
Period of consultation:	The consultation runs for 10 weeks from 26 November 2018 to 4 February 2019.
How to respond to consultation:	<p>By Email to sorpgovernance@oscr.org.uk</p> <p>By post to Mr Nigel Davies, SORP Governance Review, Charity Commission for England and Wales, Brendon House, 35-36 Upper High Street, Taunton, TA1 3PN</p>
Additional ways to be involved:	The Chair and Oversight Panel will be participating in events with sector and professional bodies as well as a number of free events. These events will be advertised on the SORP micro-site at www.charitySORP.org .
After the consultation:	A summary of the consultation responses will be published no later than 30 April 2019 on www.charitySORP.org and these responses and the feedback from consultation events and discussions will inform any changes made to the SORP development process.

Section 2 - Who is consulting on the SORP development process and why?

Section 2.1 - Introduction

The SORP-making body for charities consists of the charity regulators in the UK - the Charity Commission for England and Wales (CCEW), the Office of the Scottish Charity Regulator (OSCR), the Charity Commission for Northern Ireland (CCNI) - together with the Irish Charities Regulator as an observer. The SORP-making body is seeking views on what changes may be needed to the process used to develop the SORP.

To guide this process, the regulators have established an Oversight Panel, chaired by Professor Gareth Morgan.

The consultation is being undertaken by the Oversight Panel, which will make recommendations to the charity regulators.

Section 2.2 - What is the SORP?

“The SORP” is an abbreviation for the *Statement of Recommended Practice: Accounting and Reporting by Charities*.

The SORP sets out what charities must say in the trustees’ annual report and the form and content of the accounts. The accounts set out how a charity has spent the money it has received and what funds it holds at the year-end. A lot of detailed information to support the accounts is provided in the notes.

The SORP applies to charities preparing accounts under UK-Irish Generally Accepted Accounting Practice (UK-Irish GAAP) to present a ‘true and fair view’. The SORP supplements accounting standards (in particular, the standard known as FRS102) and other legal and regulatory requirements to reflect the special factors prevailing or transactions undertaken in the charity sector. The SORP is developed in line with a Policy on Developing SORPs issued by the Financial Reporting Council (FRC).

The SORP is also referred to directly in the regulations made under charity law in each jurisdiction.¹

In each UK jurisdiction, the smallest charities (those up to £250,000 income) are allowed to prepare their accounts on a receipts and payments (R&P) basis unless other legislation or constitutional requirements require them to produce accruals accounts (so charitable companies, for example, cannot do R&P accounts, whatever their income). The SORP does not apply to R&P accounts. In the Republic of Ireland, regulations are not yet in force, but the SORP is not expected to be compulsory for any charity below €250,000 income.

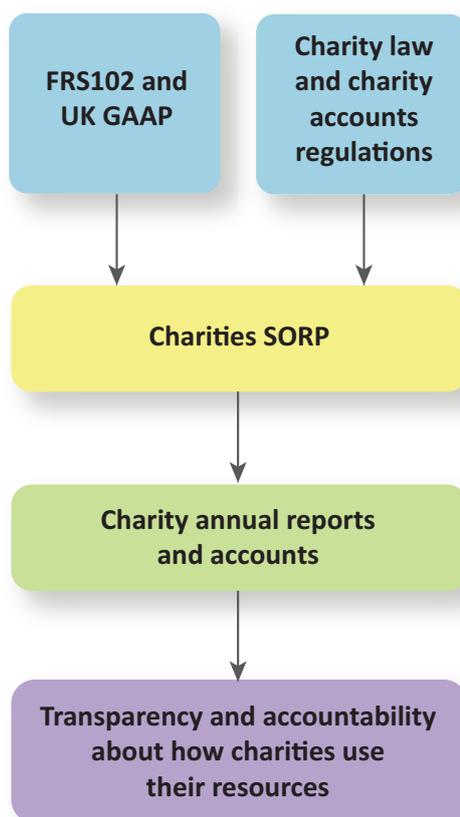
But unless a charity is covered by these exceptions, in almost all other cases, charities have to follow the Charities SORP.²

1 The four jurisdictions in the UK and Ireland each have distinct charity law frameworks. In England and Wales, accounting and reporting regulations are made under the Charities Act 2011; in Scotland they are made under the Charities and Trustee Investment (Scotland) Act 2005, and in Northern Ireland under the Charities Act (Northern Ireland) 2008. Although the regulations refer in all three cases to the Charities SORP in the case of charities preparing accruals accounts, there are some differences in the detailed requirements. In the Republic of Ireland, the Charities Act 2009 gives the power to make similar regulations.

2 A few charities – for example in fields such as higher education or charitable housing associations – are permitted to apply other SORPs. Also in the Republic of Ireland, the SORP will not apply to educational bodies.

Moreover the Charities SORP is the framework which sets the accounting and reporting requirements for the charities that receive the majority of income in the UK charity sector. Whilst there are substantial numbers of smaller charities eligible to produce R&P accounts, their total income is relatively modest: the vast majority of income to UK charities is subject to SORP accounting.

Prior to the SORP being issued, it is subject to review by the FRC and when issued carries a statement confirming, as appropriate, that the SORP does not appear to contain any fundamental points of principle that are unacceptable in the context of current accounting practice or that conflict with an accounting standard.



Section 2.3 - What is role of the SORP-making body?

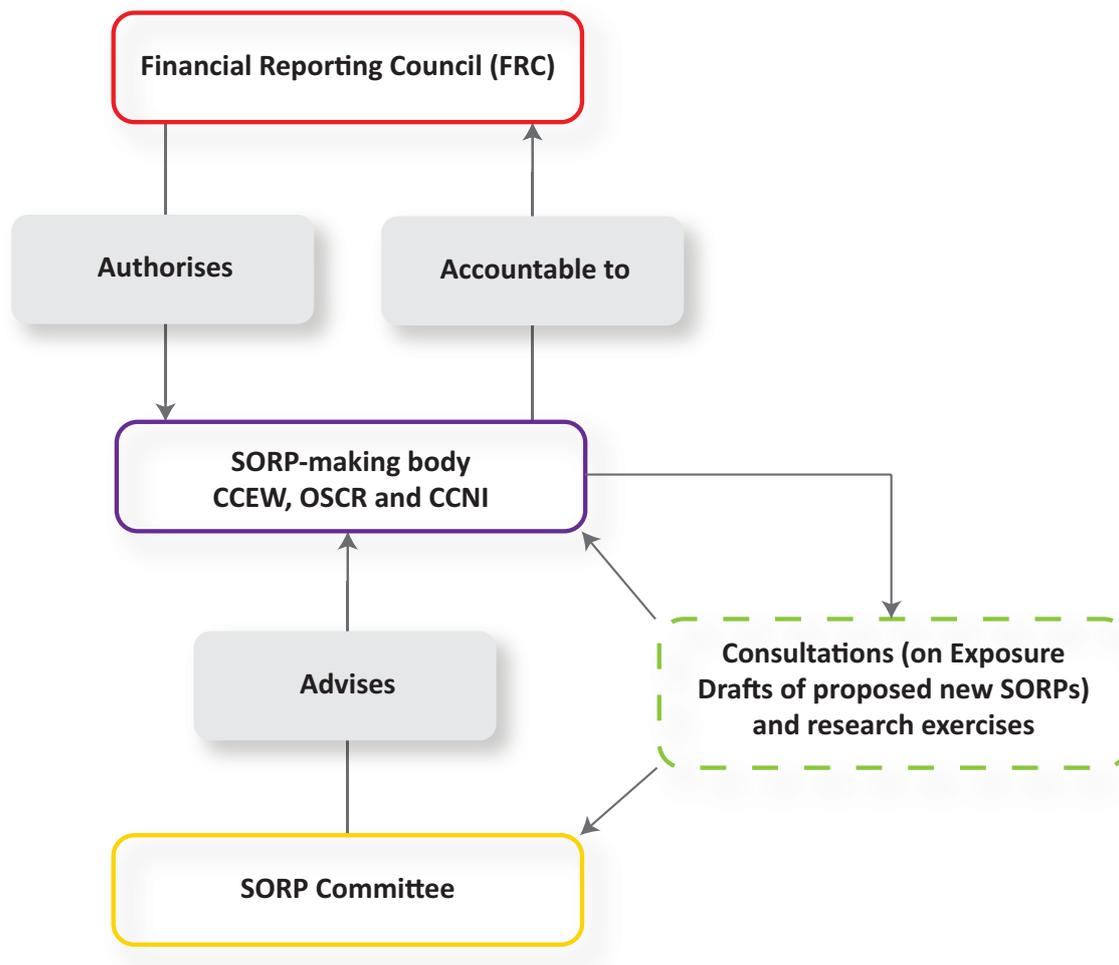
As explained in section 2.1, the UK charity regulators, CCEW, OSCAR and CCNI comprise the charities SORP-making body. The Charities Regulator (CR) may opt to join if the SORP is adopted for use in the Republic of Ireland. It is sometimes called the “joint SORP-making body” to emphasise that is collaboration between the distinct regulators.

The joint SORP-making body is responsible for developing, maintaining and publishing the *Statement of Recommended Practice: Accounting and Reporting by Charities* (the SORP).

The SORP-making body aims to make changes so that the Charities SORP continues to serve the needs of those interested in the work of the charity sector and the sector itself as well as it can.

Section 2.4 - How does the SORP-making body operate?

The SORP-making body is advised in its work by a sector-based expert SORP Committee.



The SORP Committee's current membership comprises charity finance directors, charity auditors, academics, charity advisers and charity regulators. The Committee's membership also reflects the different charity law jurisdictions in the UK and Republic of Ireland.

Section 2.5 - What is the process for developing a SORP?

Before a new SORP is issued, a draft SORP (known as an Exposure Draft) must be subject to a wide consultation that should include organisations and individuals in the sector concerned and the accountancy bodies, and auditors and advisers actively involved in the sector.

The SORP-making body develops the proposals contained in the Exposure Draft of the SORP with advice received from a sector-based expert SORP Committee.

In developing the Exposure Draft of the SORP, the joint SORP-making body and its advisory SORP Committee consider the available research concerning the views of the public and other stakeholders on the current SORP and on how it could be improved. Research conducted by Populus for the Charity Commission for England and Wales in 2018 found that the overwhelming majority of people surveyed believed that charities should provide the public with information on how they spend their money and how they benefit the public.

The joint SORP-making body also undertakes research to seek views on the form and content of the SORP. Two major research exercises have been undertaken. Research in 2008-09 sought to obtain the views of users of the current SORP. Over 1,000 people took part representing of charities, charity funders, auditors and independent examiners. More recently, a consultation exercise took place in 2016 on areas for potential changes to the SORP with 172 written responses received in addition to feedback at events.

A feature of both consultation exercises was strong engagement from the charity sector and the accountancy profession but only limited engagement from funders with minimal feedback from beneficiaries and the wider public. More recently, some commentators have been critical of the SORP process and the extent to which this may lead to a SORP that does not meet the information needs of all stakeholders interested in the charity sector. The recent expansion of the SORP-making body to include CCNI (and potentially also the Charities Regulator in the Republic of Ireland) is an opportunity to take stock of the process and seek views on any necessary changes.

Section 2.6 - How you can help us

Ultimately the SORP-making body wants to ensure that the development of the Charities SORP is well-informed and that all stakeholders with an interest in charities are able to contribute views that support the process. The four regulators have therefore established the Oversight Panel which is seeking views how the current approach can be improved.

Section 2.7 - What is the Oversight Panel and what are its aims?

The charity regulators have established an Oversight Panel to take forward the governance review of the SORP process. The regulators have agreed with the Panel Chair, Professor Gareth Morgan, and the FRC that as a minimum the governance review shall consider the following matters:

- The composition of the advisory SORP Committee with particular reference to the representation of key stakeholders
- Identification of, and engagement with, key stakeholders in the SORP development process and to identify any necessary changes to the process to ensure their inclusion
- The extent to which the views of key stakeholders have been recognised in the process and to identify any changes to the SORP development process needed to more effectively address their information and reporting needs
- The possibility of alternative reporting formats better meeting the needs of stakeholders either by supplementing or replacing the traditional trustees' annual report and accounts and the role of the SORP-making body in making recommendations on such formats, if any (the adoption of any such recommendations would be subject to regulatory approval in each charity law jurisdiction).

Outside of scope is the formulation of accounting standards, the role of the SORP itself in relation to accounting standards, the creation of SORP-making bodies and the FRC's policy on developing SORPs as these are all matters reserved to the FRC.

A dedicated page has been set up on the SORP site at www.charitycorp.org/about-the-sorp/governance-review-of-the-sorp-process/ to publicise the work of the Oversight Panel.

Section 2.8 - Who is on the Oversight Panel?

The membership is as follows:

Independent Chair: Professor Gareth Morgan (formerly professor of charity studies at Sheffield Hallam University, and an adviser with charities in various jurisdictions)

CCEW: Sarah Atkinson, Director of Policy, Planning and Communications

OSCR: Judith Hayhow, Head of Support Services

CCNI: Punam McGookin, Head of Charity Services

CR: Tom Malone, Head of Compliance and Enforcement

FRC: Jenny Carter, Director of UK Accounting Standards and Mei Ashelford, Project Director UK GAAP (observers).

The Panel is assisted in its work by Laura Anderson (OSCR) and Nigel Davies (CCEW). In addition to assisting the Panel, Nigel and Laura are also Joint Chairs of the current SORP Committee.

Section 2.9 - How your views can shape the next SORP

The Oversight Panel is interested in your views on a number of specific questions relating to the process by which the SORP is developed. We also welcome any additional comments you may have about how the process can be made more inclusive of stakeholder needs and how that might be achieved.

In addition, the Panel is seeking views on whether the work of the SORP Committee should be extended to include guidance on all forms of financial reporting that charities produce.

Your comments will receive careful consideration by all the members of the Panel. Your views and the input given at consultation events or in direct conversation with Panel members will inform the recommendations made by the Oversight Panel and the next steps taken by the charity regulators as the SORP-making body. These next steps may include:

- Changes to the membership of the advisory SORP Committee
- New approaches to developing the SORP
- New ways to engage with stakeholders about the SORP.

The SORP-making body intends to make any changes in time for the development of the next full SORP. The development of the next SORP will therefore be put on hold until this consultation process is over and the findings and recommendations of the Oversight Panel have been considered by the regulators. The Panel's recommendations will also be shared with the FRC.

Section 3 - Consultation questions

Section 3.1 - The rationale for charity accounts and the role of the Charities SORP

The published annual reports and accounts of charities have many purposes and are used by many different people.

It would help us to understand your role in connection with charity accounts so that we can consider your comments in an appropriate context and evaluate the breadth of stakeholders that engage in this consultation.

Q.1 Please explain your role (or the charity or organisation on whose behalf you are responding) including your specific interest in or use of charity accounts. (However, please do not include any personal information in your response that you do not wish to be published.)

Annual accounts (and the associated trustees' reports) are a means for charities to "give an account" of their work and their use of resources.

Q.2 Who do you see as being the main users of charity annual reports and accounts? To whom are charities being accountable when they prepare their annual reports and accounts?

The Charities SORP provides guidance for charities in applying general purpose accounting standards, in particular FRS102, in the specific context of charities, the purpose of charity accounting is to portray the finances of a charity and help those interested in the work of a charity understand what it has done with its resources.

Accounting regulations made under charity law in each of the four jurisdictions require charities that are not eligible to prepare receipts and payments accounts to follow the methods and principles of the SORP³ - so the SORP has a formal status under charity law.

Q.3 What do you see as being the main purpose of the Charities SORP? Do you feel it is effective at meeting that purpose? If not, what changes would you suggest to the *processes of developing the SORP* to improve its effectiveness for those who prepare and use charity accounts?

Section 3.2 - The need for and composition of the SORP Committee

The SORP-making body does not have a free hand in how it goes about developing each SORP and is accountable to the FRC. The FRC has a published policy on the development of SORPs: [www.frc.org.uk/accountants/accounting-and-reporting-policy/uk-accounting-standards/statements-of-recommended-practice-\(sorps\)](http://www.frc.org.uk/accountants/accounting-and-reporting-policy/uk-accounting-standards/statements-of-recommended-practice-(sorps))

The FRC policy provides that: 'SORPs must be drafted by the SORP-making body itself or by a properly constituted Board and/or working party of the SORP-making body (the standing groups). A SORP-making body may also set up ad hoc groups to advise the standing groups on specific issues.'

³ In the Republic of Ireland, regulations applying the Charities SORP remain under consideration but we not yet in force at the start of this consultation. In England and Wales, and in Northern Ireland, the accounting regulations do not apply directly to charitable companies, but under company law, the accounts of charitable companies are still required to give a true and fair view, complying with relevant standards. However the regulations on the trustees report apply to all charities in each jurisdiction. Also a few charities are eligible to apply more specialist SORPs so they are not directly subject to the Charities SORP.

This policy looks to each SORP-making body to have a process in place to gather views from the sector and stakeholders served by a SORP. Since 1993, the Charities SORP has been developed with input from an advisory SORP Committee. The role of the Committee is to comment on the form and content of each SORP, offer advice on changes needed to the SORP and identify issues that the SORP needs to address and to comment on suggestions for changes made by the SORP-making body.

Q.4 Do you agree that having an advisory SORP Committee is the best way of ensuring stakeholder engagement with the development of the SORP? If not, what alternative arrangements would you recommend and why?

The FRC policy also provides: ‘A SORP-making body shall put in place governance arrangements designed to lead to effective decision-making. Such arrangements shall include the process for appointments and the composition of the standing groups; consideration shall be given to the length of service of the members of the standing groups and the need for the membership to be periodically refreshed’.

The current SORP Committee membership is publicised on the dedicated SORP website: www.charitycorp.org/about-the-sorp/charities-sorp-committee-2015/

The current members are drawn from charity finance directors, charity auditors, academics, charity advisers and charity regulators. The Committee’s membership also reflects the four charity law jurisdictions in the UK and Republic of Ireland.

Q.5 Do you consider that the composition of the current SORP Committee is appropriate both:

- (a) to provide the necessary expertise in charity accounting and**
- (b) to reflect the range of stakeholders who use charity accounts and reports?**

If not, what changes are necessary to the membership of the Committee and why? For example if you feel more representation is needed from beneficiaries or from donors, or from particular types or sizes of charities, please give details.

The issues considered by the SORP Committee are wide-ranging: for details you may wish to refer to the Committee’s agenda, minutes and papers which are published at: [www.charitycorp.org/about-the-sorp/sorp-committee/current-sorp-committee-meetings-and-papers-\(since-2014\)/](http://www.charitycorp.org/about-the-sorp/sorp-committee/current-sorp-committee-meetings-and-papers-(since-2014)/)

The SORP has an important role in providing guidance to assist preparers and practitioners to prepare the trustees’ annual report and accounts that are ‘true and fair’ and comply with UK-Irish GAAP. Given this technical aspect, the Committee currently has a majority of members drawn from the charity sector and the accountancy profession but the membership also draws in views from academia and wider commentators to ensure that reporting by charities meets the needs of the users of the report and accounts. The Oversight Panel is seeking views on whether the right balance is being struck or whether the Committee is overly technical in its approach.

Q.6 Do you consider that the work of the SORP Committee is overly technical in its approach? If so, what changes should be made? (In your answer you may wish to reflect on how the work of the SORP Committee could be made less technical, whilst still ensuring the SORP reflects the requirements of accounting standards and the requirements of charity law.)

Q.7 Do you have any other comments on the structure, size or membership of the SORP Committee?

Section 3.3 - The consultation processes followed by the SORP-making body to engage with stakeholders

Since the issue of the first Charities SORP in 1995 developed by the charities SORP-making body and for the subsequent SORPs in 2000, 2005 and 2015, a feature has been good engagement from the sector and profession. The charities SORP consultations often attract almost 200 written responses. Engagement from others interested in the SORP though has been very limited.

The SORP notes that for charities a wide group of people are interested in the reporting by charities: 'The trustees should consider the information needs of the primary users of their report. These may vary from charity to charity but will normally include funders, donors, financial supporters, service users and other beneficiaries.

The current approach to the consultation process on each SORP is:

- A research phase involving a formal consultation document publicised on the SORP website and by press releases from the charity regulators. The research phase includes a literature search of sector and FRC developments in reporting and accounting.
- Open access to agendas, minutes and selected papers of the advisory SORP Committee on the dedicated SORP website.
- Prior to the issuing of a draft SORP (an Exposure Draft) articles placed in sector and professional accountancy publications.
- Launch press releases from the charity regulators on the consultation on the Exposure Draft.
- Invitation to Comment Document and Exposure Draft published on the dedicated SORP website.
- Attendance of the chairs and committee members at hosted events by sector umbrella bodies and professional bodies.

Q.8 Do you have any suggestions as to how the SORP making body might improve the consultation process – either at the research stage or at the exposure draft stage?

The SORP-making body has noted that engagement from beneficiaries, the donating public, wider commentators on the sector, and smaller funders and some government funders is low. The Oversight Panel is keen to have views on how these under-represented groups might be better served by changing the consultation process.

For an overview of the responses received to the last major SORP consultation (in 2016) see www.charitySORP.org/media/643893/agenda-item-5-supplementary-paper-overview-of-consultation-responses.pdf. This document includes a link to a page showing each of the individual responses.

Q.9 Can you suggest any particular organisations (in particular, those that may not have taken part in past SORP consultations) that you consider it would be useful for the SORP-making body to consult?

Q.10 Do you think that the balance given to various groups during consultations concerning the development of the SORP should change? For example, do you consider that more or less weight should be given to any of the following groups:

- (a) beneficiaries
- (b) the donating public
- (c) representatives of smaller funders

- (d) representatives of larger funders
- (e) representatives of smaller charities
- (f) representatives of larger charities
- (g) the accountancy profession
- (h) commentators on the sector and journalists
- (i) any other categories you consider relevant?

Q.11 If you felt in Q10 that more weight should be given to one or more groups listed, what are your suggestions as to how these views can be obtained?

Q.12 Do you have any other suggestions for improvements that can be made to the consultation process in the development of the Charities SORP?

Section 3.4 - The potential need for guidance on non-statutory financial reporting by charities

Charities issue many other forms of paper and digital communications. At the moment the SORP is confined to outlining requirements and offering guidance only on the trustees' annual report and accounts that are requirements under charity law.

However, some people have suggested that the four charity regulators might extend their reach to include issuing guidance on other forms of financial information issued by charities in the UK and Ireland. For example, SORP 2005 included guidance on summary financial information issued by charities.

The Oversight Panel wishes to understand the demands for such guidance and the implications of offering it to the charity sector.

Q.13 Do you think that the SORP development process should cover all forms of financial reporting by charities – both those required by charity law (or company law) *and* other financial communications issued by charities – for example in a non-statutory annual review, summary financial reports, or visual summaries of a charity's finances?

If you think guidance on other forms of financial reporting should be included in the process, the Oversight Panel is interested in your views on the role of the SORP Committee in the development of such broader guidance. (*Note:* If this were to be the case, the name of the Committee would have to be changed as it would no longer be purely a committee for the Charities SORP, but the term "SORP Committee" is used for convenience in the questions below.)

Q.14 If you think that the SORP Committee should issue guidance on non-statutory financial reporting by charities, what form do you feel such guidance should take, bearing in mind that (without a change in the law) it would not be mandatory?

Q.15 If you considered that the SORP process should cover all forms of financial reporting by charities, what changes to the SORP Committee and SORP consultation process would you recommend and why?

Section 3.5 - Other issues

The Oversight Panel is interested in any other matters to do with how the SORP is developed and consulted upon.

Note: The need for a SORP, the detailed content of the SORP and any changes that may be needed to the SORP are not being consulted upon. This is not because these matters are not important but when an Exposure Draft of a SORP is issued, these matters are included in that consultation. If you choose to offer comment on these matters the Panel will pass these observations across to the SORP-making body to be considered when the next Exposure Draft of the SORP is developed.

Q.16 Do you have any other comments on how the SORP is developed, the SORP-making body, the advisory SORP Committee or the SORP consultation process?

Section 4 - Summary of the consultation questions

Note: Responses do not need to address every question: if appropriate, please feel free to focus on those where you feel most able to comment.

Q.1 Please explain your role (or the charity or organisation on whose behalf you are responding) including your specific interest in or use of charity accounts. (However, please do not include any personal information in your formal response which you do not wish to be published.)

Q.2 Who do you see as being the main users of charity reports and accounts? To whom are charities being accountable when they prepare their reports and accounts?

Q.3 What do you see as being the main purpose of the Charities SORP? Do you feel it is effective at meeting that purpose? If not, what changes would you suggest to the *processes of developing the SORP* to improve its effectiveness for those who prepare and use charity accounts?

Q.4 Do you agree that having an advisory SORP Committee is the best way of ensuring stakeholder engagement with the development of the SORP? If not, what alternative arrangements would you recommend and why?

Q.5 Do you consider that the composition of the current SORP Committee is appropriate both:

(a) to provide the necessary expertise in charity accounting and

(b) to reflect the range of stakeholders who use charity accounts and reports?

If not, what changes are necessary to the membership of the Committee and why? For example if you feel more representation is needed from beneficiaries or from donors, or from particular types or sizes of charities, please give details.

Q.6 Do you consider that the work of the SORP Committee is overly technical in its approach? If so, what changes should be made? (In your answer you may wish to reflect on how the work of the SORP Committee could be made less technical, whilst still ensuring the SORP reflects the requirements of general purpose accounting standards and the requirements of charity law.)

Q.7 Do you have any comments on the balance of the membership of the SORP Committee?

Q.8 Do you have any suggestions as to how the SORP making body might improve the consultation process – either at the research stage or at the exposure draft stage?

Q.9 Can you suggest any particular organisations (in particular, those that may not have taken part in past SORP consultations) that you consider it would be useful for the SORP-making body to consult?

Q.10 Do you think that the balance given to various groups during consultations concerning the development of the SORP should change? For example, do you consider that more or less weight should be given to any of the following groups:

(a) beneficiaries

(b) the donating public

(c) representatives of smaller funders

(d) representatives of larger funders

(e) representatives of smaller charities

(f) representatives of larger charities

- (g) the accountancy profession**
- (h) commentators on the sector and journalists**
- (i) any other categories you consider relevant?**

Q.11 If you felt in Q10 that more weight should be given to one or more groups listed, what are your suggestions as to how these views can be obtained?

Q.12 Do you have any other suggestions for improvements that can be made to the consultation process in the development of the Charities SORP?

Q.13 Do you think that the SORP development process should cover all forms of financial reporting by charities – both those required by charity law (or company law) and other financial communications issued by charities – for example in a non-statutory annual review, summary financial reports, or visual summaries of a charity's finances?

Q.14 If you agreed that the SORP Committee should issue guidance on non-statutory financial reporting by charities, what form do you feel such guidance should take, bearing in mind that (without a change in the law) it would not be mandatory?

Q.15 If you considered that the SORP process should cover all forms of financial reporting by charities, what changes to the SORP Committee and SORP consultation process would you recommend and why?

Q.16 Do you have any other comments on how the SORP is developed, the SORP-making body, the advisory SORP Committee or the SORP consultation process?

Section 5 - How we will take forward the consultation

In addition to issuing this invitation to comment document, the Oversight Panel intend to have conversations with selected commentators, and sector and professional bodies including the FRC and the members of the current advisory SORP Committee.

If you would like the opportunity to speak directly to a member of the Oversight Panel please email: rosalind.hunter@charitycommission.gsi.gov.uk

Please note that due to their work commitments, Oversight Panel members may not be in a position to offer an opportunity for everyone to speak directly with them and the Panel will be endeavouring in agreeing to any conversation to maintain a balance across the different stakeholder groups interested in the development of the SORP.

Members of the Oversight Panel or Nigel Davies or Laura Anderson in support of the Panel will also be presenting at hosted events through the consultation period, details of which will be publicised on the SORP website: www.charitycorp.org on the page dedicated to the governance review.

Section 6 - Our plans for taking action on your feedback

The SORP Governance Review is a joint undertaking between the Oversight Panel and the SORP-making body with the aim of ensuring that the process of developing the next SORP serves the charity sector and stakeholders well.

The Oversight Panel will discuss the findings of the consultation and will make recommendations for any changes required.

The four charity regulators are committed to making any necessary changes before the development of the next SORP commences. Currently the SORP-making body intends to begin work on the detailed drafting of the SORP in late 2019 and anticipates issuing an Exposure Draft of the SORP in early 2021 with the new SORP likely to be effective from 2022. This will allow time for the SORP-making body to make changes to the SORP Committee in the autumn of 2019 in time for the development work to begin.

In accordance with FRC policy all responses to this consultation that are not marked confidential will be published on the internet along with the analysis of responses prepared for the Oversight Panel and the Panel's recommendations.

Section 7 - The consultation process and how to respond

How to respond to this consultation

A summary of the questions in this consultation is set out in section 4 of this invitation to comment. When replying please omit any non-essential personal information that you do not wish to be published such as home addresses, contact telephone numbers and personal email addresses.

We hope that when responding you might reply to all of our questions but we are very pleased to accept responses that address only some of them. All contributions matter to this consultation and are very welcome.

You may find it helpful to submit your response as an email attachment so that you can edit that document to ensure no inappropriate personal information is included (in such cases the attachment will be published, but not the covering email). We recommend such attachments are formatted as a PDF document.

The closing date for responses is 12 noon on **Monday 4 February 2019**. You can respond by:

- Email to sorgovernance@oscr.org.uk or
- Post to Mr Nigel Davies, SORP Governance Review, Charity Commission for England and Wales, Brendon House, 35-36 Upper High Street, Taunton, TA1 3PN

As requested in Q.1, please tell us in what capacity you are replying (but without giving any confidential details).

All responses will be acknowledged although it will not be possible to give substantive replies to each response we receive.

The Office of the Scottish Charity Regulator and the Charity Commission for England and Wales share the handling the administration and General Data Protection Regulations aspects of this consultation. Please view our privacy statements:

- Charity Commission for England and Wales: www.gov.uk/government/publications/charity-commission-freedom-of-informationenvironmental-information-regulations-request-privacy-notice
- Office of the Scottish Charity Regulator: www.oscr.org.uk/privacy

If you have queries about the consultation process please telephone Nigel Davies, Oversight Panel support on 0300 065 2002 or if dialling from outside of the UK +44 3000 652002.

Confidentiality

In accordance with the code of practice on open government and the FRC's policy and code of practice for SORP-making bodies comments submitted will be made available publicly on the internet as submitted to us. If you want your response to be treated as confidential, it would be helpful to us if you could briefly explain why you regard the information you have provided as confidential. If you are replying by email, please make it clear both in the covering email and in any attached submission if you wish your comments to be treated as confidential and why.

We will take full account of your explanation but we cannot give an assurance that confidentiality can be maintained in all circumstances.



CHARITY COMMISSION
FOR ENGLAND AND WALES

The **Charity**
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for Northern Ireland

OSCR
Scottish Charity Regulator



An Rialálaí
Carthanas
Charities
Regulator