

CHARITIES SORP ENGAGEMENT PROCESS



An Rialálaí
Carthanas
Charities
Regulator

The **Charity**
Commission
for Northern Ireland




CHARITY COMMISSION
FOR ENGLAND AND WALES

OSCR
Scottish Charity Regulator

ROLE OF THE SORP MAKING BODY

WHAT IS A SORP-MAKING BODY?

- A SORP-making body is a body that has been recognised by the FRC for the purpose of producing the SORP for a particular industry or sector. These SORP-making bodies have a responsibility to act in the public interest when developing, maintaining and issuing SORPs.
 - A SORP-making body must meet criteria set by the FRC and must agree to develop and maintain SORPs in accordance with the FRC policy.
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WHO ARE THE SORP-MAKING BODY FOR THE CHARITIES SORP?

The SORP-making body currently comprises the charity regulators in the UK:



CHARITY COMMISSION
FOR ENGLAND AND WALES

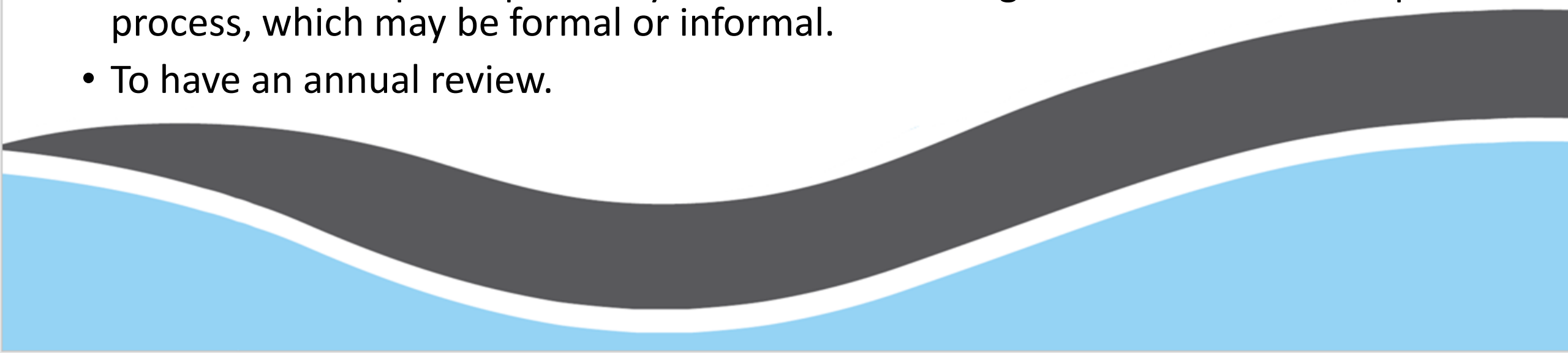
The FRC has agreed that the Charities Regulator, (CR) (charity regulator for the Republic of Ireland) which is currently an observer on the SORP-making body, can join as a fourth partner later if the SORP is adopted in the Republic of Ireland.



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THE ROLE OF THE SORP-MAKING BODY

The role of the SORP-making body is a broad one and includes the following:

- To develop and publish the Charities SORP, ensuring it is consistent and kept up to date with applicable accounting standards, law and regulations
 - Decide the scope of the Charities SORP
 - Have in place governance arrangements designed to lead to effective decision-making including a properly constituted Board and/or working party of the SORP-making body
 - Ensure effective participation by stakeholders throughout the SORP development process, which may be formal or informal.
 - To have an annual review.
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THE SORP COMMITTEE

- We are assisted in our work by an expert advisory Charities SORP Committee. The SORP Committee is central to the development of the next SORP.

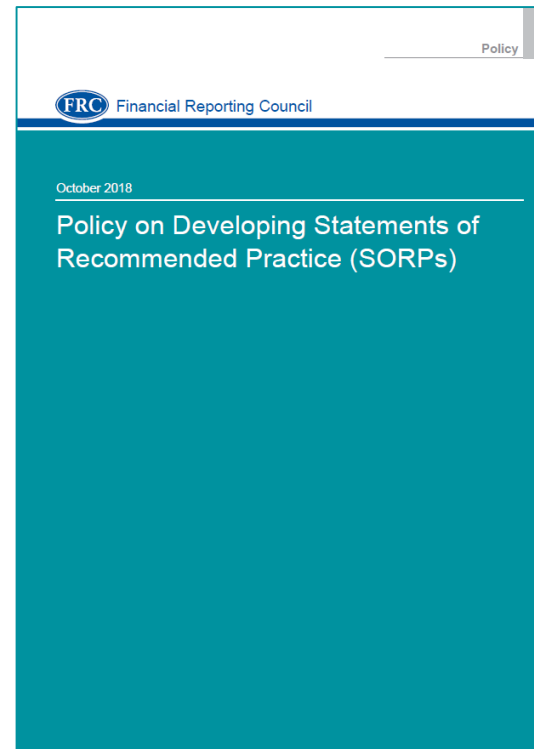


THE FRC'S POLICY FOR DEVELOPING SORPS

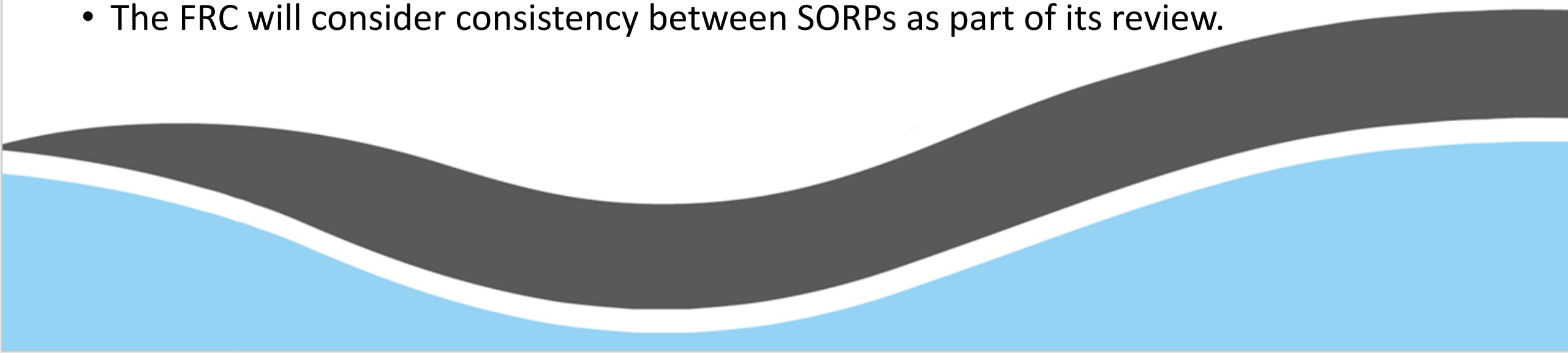
THE FRC SORP-MAKING POLICY (“The Policy”)

The FRC publish their policy on developing SORP’s on their website:

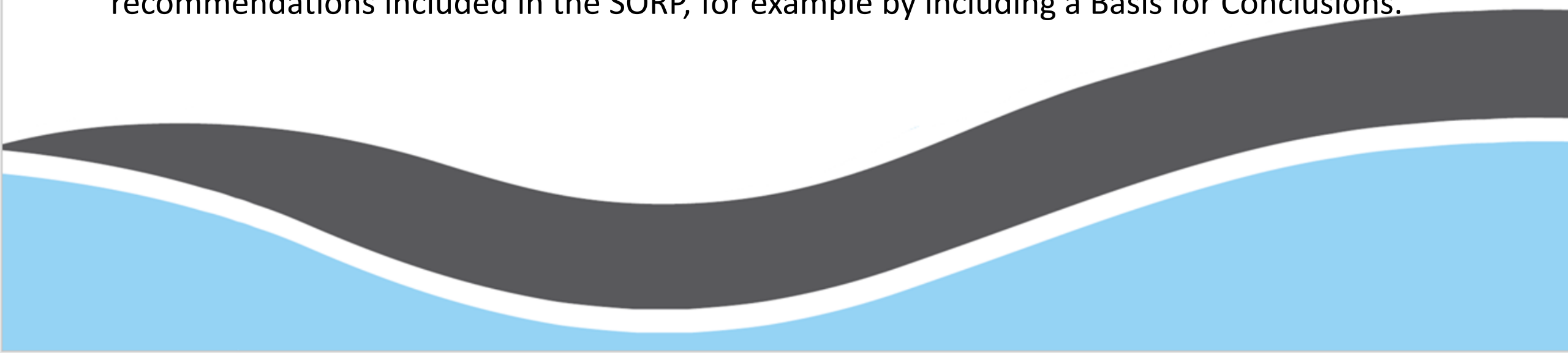
[Policy on
Developing
Statements of
Recommended
Practice
\(SORPs\) \(October
2018\)](#)



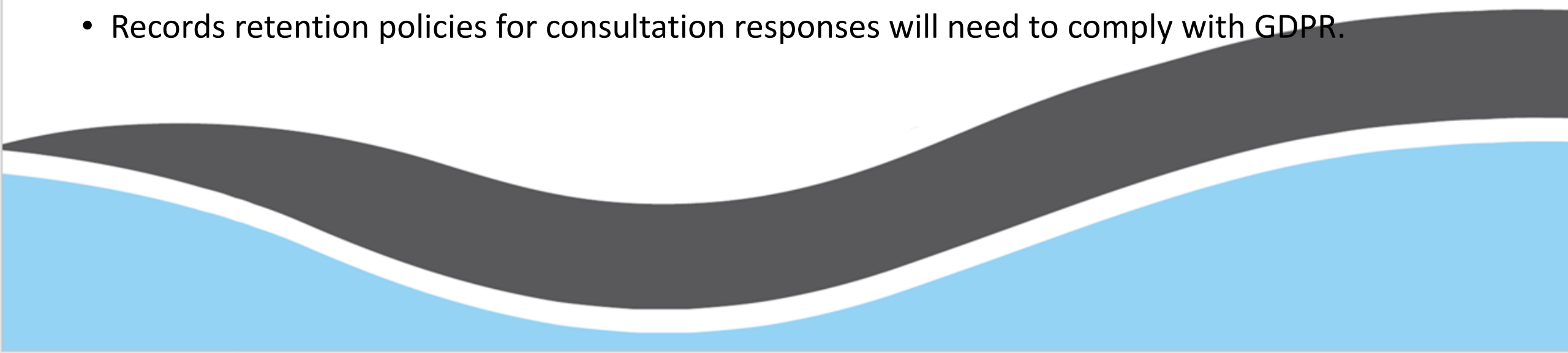
CONSISTENCY

- One of the objectives of a SORP is to aim to promote consistency across the industry, sector or type of work by recommending a preferred treatment, approach or methodology.
 - The SORP shall also seek, when practicable and appropriate, to adopt an approach or methodology that is consistent with the approach taken in similar industries, sectors or areas of work. As a result the FRC will expect a degree of consistency between SORPs if they are addressing similar matters for different industries, sectors or work, unless there are good reasons for different approaches.
 - The FRC will consider consistency between SORPs as part of its review.
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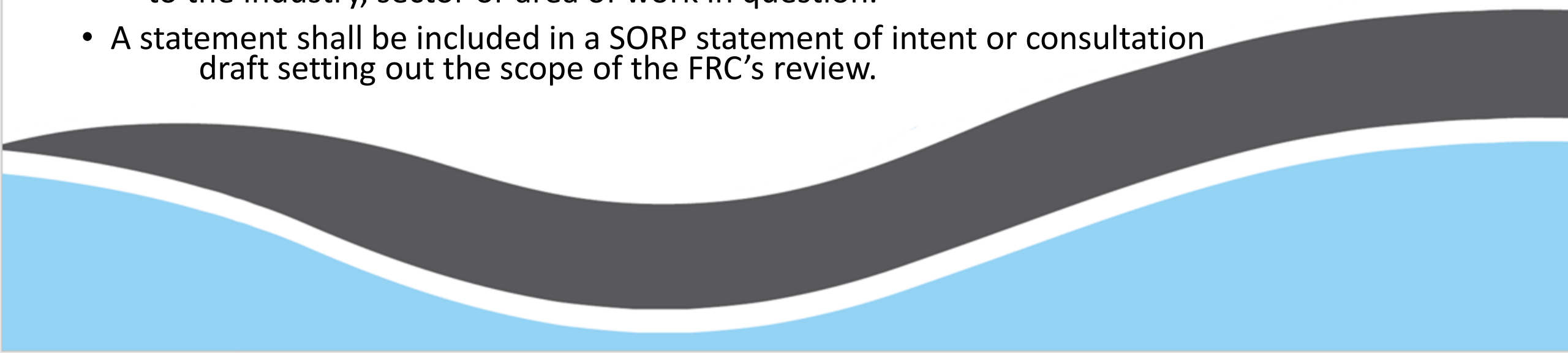
SORP recommendations

- A SORP shall clearly indicate those areas that relate to the subject matter of FRC standards and those that relate to other information to be provided in a document containing that subject matter. A SORP shall clearly indicate which recommendations provide guidance on applying FRC standards and which go beyond the application of FRC standards (for example by recommending additional disclosure).
 - After considering FRC standards in their entirety, SORP-making bodies should ensure that a SORP makes clear which sections of the relevant FRC standard(s) and other pronouncements in effect at the date of publication of the SORP have been addressed in the development of the SORP, including an indication as to their relevance to the industry, sector or work in question and an explanation of how each has been dealt with in the SORP.
 - A SORP shall include adequate explanation of the main issues considered in developing the recommendations included in the SORP, for example by including a Basis for Conclusions.
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THE CONSULTATION REVIEW

- A SORP-making body is expected to adopt a transparent process and accordingly, consultation responses shall be made publicly available unless confidentiality is requested by the respondent. A SORP-making body shall publish on its website all responses to formal consultations. A SORP-making body should aim to publish responses as soon as possible and within 10 working days of receipt.
 - As part of the FRC's review of the SORP (or proposed revision to the SORP), the SORP-making body must provide the FRC with copies of consultation responses, an analysis or summary of the main comments and an indication of how the comments have been dealt with. In this way the FRC can satisfy itself that stakeholder comments have been appropriately considered.
 - Records retention policies for consultation responses will need to comply with GDPR.
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THE FRC REVIEW

- All statements of intent and consultation drafts shall be presented to the FRC for comment and/or review before publication and sufficient time should be incorporated into the process to allow this.
 - The FRC will conduct a review of the statement of intent or consultation draft to determine whether the proposals:
 - a) are being developed in accordance with this Policy;
 - b) contain fundamental points of principle that are unacceptable in the context of current practice;
 - c) contain proposed requirements that conflict with the requirements or principles of an FRC standard; and
 - d) support matters that fall within the FRC's broader responsibilities, to the extent this is relevant to the industry, sector or area of work in question.
 - A statement shall be included in a SORP statement of intent or consultation draft setting out the scope of the FRC's review.
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FRC STATEMENT IN THE SORP

- A SORP must carry a Statement by the FRC confirming the SORP has been developed in accordance with the Policy.
- The statement will:
 - a) outline the nature of the review the FRC has undertaken;
 - b) confirm that the SORP does not appear to contain any fundamental points of principle that are unacceptable in the context of current financial reporting practice, auditing practice or actuarial practice or to conflict with an FRC standard; and
 - c) when relevant, confirm that the SORP does not appear to undermine the FRC's broader objectives.



