Taking the Pulse: Overview of themes and the stakeholder conference

1   Context for developing the next SORP

1.1   At the October meeting, the SORP Committee previously considered the development of the next SORP in the context of the planned convergence of UK Generally Accepted Accounting Practice (UK GAAP) with International Financial Reporting Standards (IFRSs). The Committee also considered a paper setting out proposals for consulting with key stakeholders in the development of the next SORP and a timetable for SORP development with an outline issue date of March 2010 for the next SORP.

1.2   The primary purpose of general financial statements is to provide information to assist key stakeholders. The ASB in its "Statement of Principles for Financial Reporting, Interpretation for Public Benefit Entities" (June 2007) identifies the defining class of user as funders and financial supporters (donors). In the context of charities, beneficiaries and members of a charity are also two key groups of stakeholders. The presumption is that by meeting the reporting and transparency requirements of the primary stakeholders the accounts serve the common interests of other stakeholders such as beneficiaries, lenders, regulators and the general public. The ASB notes that regulators normally have powers to request such additional information as they may require and are not therefore the primary stakeholder.

1.3   The registered charity sector in the UK is diverse in terms of both its size and the range of activities undertaken, and it shares a common purpose in delivering activities and services for the public benefit. The maintenance of public confidence and trust underpins the work and success of the sector. The Charity Commission and the Office of the Scottish Charity Regulator (OSCR), as the joint SORP making body, consider the SORP, and the reporting framework it provides, to be an essential component of accountability necessary for maintaining public trust and confidence through proportionate and transparent reporting.

1.4   The role of the SORP Committee under the ASB Code of Practice "SORPs: Policy and Code of Practice" (July 2000) is to maintain and develop the SORP and to undertake this work through a body representing the whole or major part of the sector. The SORP Committee has always drawn the majority of its membership from the sector and audit profession to ensure that, together with the outcome of the SORP consultation exercises, the SORP fully addresses the needs of the key stakeholders, funders and donors, and thereby the wider needs of other stakeholders.

1.5   The SORP Committee, at its January meeting, concluded that the needs of smaller charities should be expressly considered in the drafting of the next SORP.

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1.6   At its October meeting the SORP Committee agreed that a wider exercise to engage with stakeholders would be valuable in laying the foundations for the preparation of the next SORP which is to be complaint with International Financial Reporting Standards (IFRSs), adapted as appropriate to the context of charities. Although the development of the next SORP is against a background of considerable uncertainty, development was to begin in 2008 with the engagement with stakeholders.

1.7   A letter seeking approval from the ASB to embarking on the development of the next SORP, in compliance with the Code of Practice, will be considered as a later item on the agenda.

2 Main stakeholder conference themes and timetable

2.1   The SORP Committee agreed at its October meeting that a main stakeholder conference, supplemented by a series of roundtables should put in place the foundations for the development of the next SORP. The purpose of the main conference is threefold: to place SORP development in context, to explain the key challenges, and to initiate a sector debate in preparation for the roundtable series.

2.2   The proposed timetable for the conference is set out below. There are three planned themes and an initial opportunity for feedback from the delegates.

"SORP the way ahead – challenges and opportunities"	
• **Delegate registration**	**9.30am**
• **Welcome and keynote address "SORP: the key challenges" (theme 1)**	**10.30am**
• **"The SORP development process" (theme 2)**	**11.15am**
• **"The need for a debate and the key issues for dialogue" (theme 3)**	**11.45am**
• **Lunch**	**12.30am**
• **"The debate is joined" facilitated workshop**	**1.30pm**
• **Plenary session : workshop feedback**	**2.30pm**
• **Closing remarks: next steps**	**3.00pm**

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2.3   The first theme explores the broad context for researching and developing the next SORP. This theme enables a shared understanding of the challenges identified for the delegates to reflect upon and consider in the later feedback session. The theme will explicitly consider the need for proportionality in the requirements placed on different sizes of charity, and the changes to accounting practice due to convergence and developments in UK GAAP, for example the accounting for heritage assets.

2.4   The challenges explored in the first theme are:
- The convergence agenda
- The broader context of international accounting standards
- Balancing of transparency with the reporting burden
- The needs of smaller charities preparing accruals accounts
- The need to address the interests of donors and funders
- Developments in the sector, including public service delivery and accountability
- Maintenance of public trust and confidence

2.5   The second theme places SORP in context and will ensure delegates understand the framework in which SORP is developed. In particular it will provide an overview of the Code of Practice and the process of developing a SORP, the link with UK GAAP, the role of the ASB and the constraints on what a SORP can address within a general purpose reporting framework and the scope of, and limitations on, its development.

2.6   The third theme seeks to invite sector debate by exploring initial areas of concern and to seek afresh views of stakeholders on core issues to do with what the SORP is trying to achieve and the target audience for the SORP. It will specifically address the challenges facing smaller charities in complying with UK GAAP, the additional stewardship disclosures currently required by SORP, and the purpose of the reports and the accounts.

2.7   The final theme will seek a debate by setting out:
- The key stakeholders identified and the need for dialogue about their expectations and requirements
- In what ways the SORP might beneficially be changed
- Issues arising from the current SORP which have given rise to debate in the sector.
- The role of stewardship reporting and disclosures
- The reasonable expectations of Parliament and the public about general accountability and transparency
- The identification of issues not currently addressed by the SORP
- Whether smaller charities have a different accountability relationship and have different reporting needs to charities above the statutory audit threshold

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2.8   The third theme precedes the structured workshop session facilitated by the SORP making body. The workshop provides an initial opportunity for roundtable participants to identify any challenges not addressed, to give an initial input into the debate and to identify priorities or particular issues to be addressed in the development process.

2.9   The facilitated workshop through structured facilitated discussion will focus on the following areas:
- Are there key challenges that have not been identified?
- Do delegates feel sufficiently informed about how the SORP will develop and what suggestions do they have for educating the wider sector?
- Exploring the final theme what is the priority order from their perspective of the various issues identified, are there any issues that haven been overlooked?
- Lastly an opportunity for delegate feedback on their perceptions of the contribution SORP is making and can make to public confidence in the sector.

3 Outline conference delegate list

3.1   The main conference is intended to place the series of roundtables in context providing orientation and setting the frame of reference for the roundtable events. Consequently delegates invited to one of the series of roundtable events will also be invited to the main stakeholder conference so that all participants have a shared understanding of the SORP, the main challenges and the issues for debate.

3.2   The perspectives and stakeholder interests will be further explored in depth via the roundtables. The roundtables fit within the SORP consultation process required by the ASB Code of Practice with a public invitation to comment on the published exposure draft.

3.3   The full conference delegate list is made up of the delegates identified in the roundtables in paper 3.

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4 Way forward and proposed conference date

The proposed date for the conference is February 2008 with a central London location to provide for ease of transport and venue for 190 delegates plus SORP secretariat.

Questions:

1. **Is the SORP Committee content with the three themes proposed for the conference to begin the research and development phase of the next SORP?**

2. **Does the SORP Committee approve the conference title and timetable including the proposed workshop session?**

3. **Does the SORP Committee agree that the delegate list for the main stakeholder conference should be drawn from those invited to the roundtable series?**

4. **Does the SORP Committee agree the timing and proposed location for the conference?**