

SORP Governance Panel recommendation tracker

First published: 1 October 2020

Updated: 10 December 2021

The tracker will be periodically updated following meetings of the SORP-making body and the advisory charities SORP Committee.

Recommendation	Actions taken/ under consideration	Date achieved/ status
1. Given that there are many smaller charities preparing accounts to give a 'true and fair' view, their needs have not been demonstrably at the forefront of thinking by the SORP-making body. So a new approach is needed by the SORP to better meet the needs of smaller charities reporting under the SORP	Initial step taken with recruitment of the new Committee which was completed on 9 January 2020. A separate engagement strand announced in June 2020 and convenor appointed. The engagement strand has since met for its first meeting.	Convenor announced 8 July 2020 Engagement strand established SORP aims and principles reviewed - published December 2021
2. In terms of developing the SORP in the future, a key focus should be on the proxies who represent the public interest - their needs should be central to what financial reporting is all about. Early engagement with these proxies should help to identify what is needed to better serve public needs	1 November 2019 included as a strand in the recruitment of engagement partners. Two distinct strands cover these interests: <ul style="list-style-type: none">major funders and donors and government and public bodies announced	Convenor announced 8 July 2020 Strands are meeting and

Recommendation	Actions taken/ under consideration	Date achieved/ status
	<ul style="list-style-type: none"> academics, regulators, and proxies for the public interest comprise a separate strand. 	work is in progress Research findings reviewed- Nov 2020 and November 2021 Cttee meetings
<p>3. In developing the next SORP the aim should be to simplify and clarify the report and accounts making these an easy read for proxy users and those interested in the work of charities. Consideration should be given to simplified accounts, in particular for smaller charities, with a focus on key financial information in the statutory reporting.</p>	Yet to progress as part of SORP development	Outstanding- consider in drafting stage in 2022
<p>4. Trustees need sufficient skills to understand charity finances through, for example training and development. If the central issue is a need for training, sector umbrella bodies and the accountancy profession will be best placed to meet this.</p>	Charity regulators yet to consider next steps in conjunction with the accountancy profession and sector bodies	Outstanding
<p>5. The SORP Committee should be retained as an advisory committee to the SORP making body but its role documented with equal attention given to:</p> <ul style="list-style-type: none"> technical expertise to assess standards and recommendations which accountants can apply ability to engage with wider context and breadth of issues reflect the breadth of the sector a focus on public benefit 	<p>1 November 2019 recruitment campaign completed with a range of voices and skills reflected in new members and new Committee announced.</p> <p>Outstanding is the work on documenting roles for the SORP site- awaiting input from the new Committee</p>	12 February 2020- part complete

Recommendation	Actions taken/ under consideration	Date achieved/ status
<p>6. The composition of the SORP Committee should change with the key features being</p> <ul style="list-style-type: none"> • membership reduced to a maximum of 16 • at least two members to be drawn from each of the four jurisdictions, with at least one of the two representing smaller charities • four members to bring additional skills and expertise including donor and government funder perspectives • one member drawn from each regulator 	<p>1 November 2019 recruitment campaign completed with a range of voices and skills reflected in new members. Departed from cap of 12 members who are not drawn from the charity regulators. 14 were recruited in order to include able applicants who offer expertise (still smaller than previous committee of 17).</p>	<p>12 February 2020</p>
<p>7. Other than the FRC nominee and a SORP secretariat representative, there should be no observer members of the Committee.</p>	<p>Accepted and reflected in the composition of the new Committee.</p>	<p>12 February 2020</p>
<p>8. Steps must be taken to broaden engagement to bring in external perspectives including the commissioning of focus groups and engaging critical friends in the process.</p>	<p>Recruitment to the engagement strands closed 17 February 2020 with 91 volunteers, serving as individuals or nominees of organisations, taking part across the UK and Ireland.</p> <p>All Panels had their first meetings by the end of September with initial feedback shared with the SORP-making body.</p>	<p>Recruitment completed 17 February 2020</p> <p>Membership of six strands (comprising 7 panels) announced 8 July 2020</p>
<p>9. The SORP-making body should publish role descriptions for the chair and committee members with clear expectations about engaging widely, including with small charities; and a remit enable the SORP Committee to establish sub-committees or</p>	<p>Joint Chairs yet to consider and put before the new SORP Committee.</p>	<p>Outstanding</p>

Recommendation	Actions taken/ under consideration	Date achieved/ status
working parties with additional membership for specific pieces of work		
10. The chair's role description should include the expectation that the chair enables the committee to work effectively, creating a culture where all committee members are willing and able to participate actively and that the full range of perspectives are heard and considered with no one member or interest dominant	Joint Chairs yet to consider and put before the new SORP Committee.	Outstanding
11. The Committee member role description should include the expectation of regular attendance and active participation at meetings	Expectations of the role were set out in the recruitment pack	1 November 2019
12. In addition to the current transparency involving the publication of agenda, minutes and selected committee papers, the SORP-making body should publish an annual work plan after seeking the Committee's advice and input	Agenda and minutes regularly published on the dedicated SORP site since April 2020. Timeline to the next SORP was agreed at the 2 July 2020 SORP Committee meeting.	In progress Workplan published for 2020-21 and updated to March 2022
13. The SORP-making body should provide resources to enable the SORP Committee to commission regular reviews of trends and themes to inform the SORP making body and to support its engagement with the FRC	Joint Chairs yet to consider. Research findings currently available are timetabled for discussion at three meetings in the autumn.	Outstanding
14. The SORP-making body and the advisory SORP Committee should evaluate the collective performance of the chair(s) and members, annually. The SORP-making body should review the composition and skills needed on the Committee every three years.	In terms of composition the initial step was taken with recruitment of the new Committee which was completed on 9 January 2020. Under consideration as to how best the other recommendations.	1 November 2019 and to progress in 2022 review
15. In developing the SORP the SORP-making body and the SORP Committee must strive for more engagement as well as	Recruitment to the engagement strands closed 17 February 2020 and first meeting of	Engagement strands

Recommendation	Actions taken/ under consideration	Date achieved/ status
additional broader engagement with more creative ways of communicating and ensuring understanding should be utilised. The current range of tools for engagement are limited in scope and restricted in timing	convenors of the engagement strands held on 8 July 2020 to agree the next steps. The strands held their first meetings by the end of September.	convened and meetings taking place
16. Engagement should be an ongoing process not just linked to consultations. Those who engage should be able to feed views in at all stages of the development process and may indeed add to the range of considerations for development/consultation.	Recruitment to the engagement strands closed 17 February. At their first meetings the engagement strands to considered how to progress their work. Subsequently volunteer convenors established programmes of meetings through 'exploration' and combined' reflection and problem solving' stages	In progress
17. Illustrative examples should be provided to help explain proposed changes and the potential impact. The impact of changes to the SORP in exposure drafts is not clearly understood and worked examples would help support a broader understanding of the application	Yet to progress as part of SORP development	Outstanding-consider in drafting process
18. Use should be made of a wide range of consultation engagement mechanisms/channels from critical friends' panels, direct approaches where appropriate through to umbrella bodies and more use made of social media. Previous SORP consultations have in the main reached a limited audience type, if the SORP is to become more meaningful to a broader audience type, efforts should be made to engage with them both throughout and outside of the development process	Yet to progress as part of SORP development	Outstanding-consider in consultation stage in 2023
19. Both quantitative and qualitative analysis should be used to draw out not only a consensus for change but also good ideas or suggestions that merit consideration. Consultations and broader engagement can uncover innovative and practical ideas or perspectives put forward by individuals or small numbers of	SORP Committee in two meetings in February 2021 reviewed the many suggestions from the engagement stands and recommended 15 topics for further debate. This stage concludes	In progress

Recommendation	Actions taken/ under consideration	Date achieved/ status
individuals that may not necessarily be thought of by the majority.	by February 2022. Further progress as part of SORP development	
20. When undertaking consultations respondents should be advised when consultation reports have been completed and where these have been published so that they understand how their views have contributed to the analysis of responses and the outcome. It is key that the views of respondents and contributors are valued and taken into consideration, regardless of whether or not those ideas eventually feed into a particular outcome	Yet to progress as part of SORP development	Outstanding
21. Members of the SORP Committee should identify best practice in non-statutory financial reporting; and the SORP-making body, advised by the Committee, should consider how they could engage and facilitate discussion with charities, their advisors and sector bodies around standards in non-statutory reporting	Yet to progress as part of SORP development	Outstanding
22. A future SORP should include a statement to the effect that where a charity reports on financial matters out with the SORP compliant accounts, the other financial information reported should be consistent with that detailed in the formal accounts	Yet to progress as part of SORP development	Outstanding
23. Consideration should be given by the four charity regulators as to how they can promote common principles and standards in respect of non-statutory financial reporting, in advance of the development of more formal guidance	Charity regulators have yet to consider	Outstanding
24. The Panel welcomes the fact that the SORP-making body is now holding formal meetings with a representative from each regulator and the FRC observer member. However, the Panel considers that aims and membership of the SORP Committee must become clearer (as set out in early sections of this report)	Initial expectations were documented in the initial recruitment pack and the first meeting of the new SORP committee in March 2020 discussed the expectations of members and SORP-making body of the SORP and the new	Part achieved

Recommendation	Actions taken/ under consideration	Date achieved/ status
and, in particular, the Panel urges the charity regulators to document more clearly their expectations of the Committee	SORP development process. However, the details of respective roles and a workplan are pending the initial steps in implementing the new engagement process and so have yet to be put before the new SORP Committee.	
25. The regulators should clarify the arrangements for the Co-Chairs with a more specific role description which, at its heart, recognises the distinction between the SORP Committee and the SORP-making body. Where a particular agenda item for the Committee could cause a conflict of interest for the chair, the Panel notes agrees that another member of the Committee should be asked to chair the discussion of that item	Yet to progress as part of SORP development	Outstanding
26. It is already the case that working groups or sub-committees established by the SORP Committee on specific issues have been chaired by a member of the Committee who is not drawn from the charity regulators, and the Panel endorses this approach	In progress as part of SORP development. Working groups comprised only of Committee members convened to discuss topics selected by the advisory SORP Committee. SORP-making body does not participate and Committee member chairs each group.	Working groups established and began meeting in August 2021
27. To provide greater transparency as to decision-making, the SORP Committee should be explicit when it is making a formal recommendation to the SORP-making body and where the SORP-making body disagrees with a recommendation from the Committee this should also be made clear and the response recorded in the Committee's minutes	Handled in the writing of the minutes of each meeting and in publishing the decisions coming out of the separate meetings of the SORP-making body on the SORP website.	Completed
28. Financial reporting by smaller charities should be more central to the SORP-making process in future	A separate engagement strand convened to consider the reporting needs of smaller charities. New SORP committee includes a number of members with small charity	Achieved in establishing engagement strand. Consider

Recommendation	Actions taken/ under consideration	Date achieved/ status
	perspectives. To further progress as part of SORP development.	also as part of the drafting process in 2022
29. The Panel notes that it is already the policy of the SORP Committee to “think small first” but notes that this has not always been fully acted upon	In progress as part of SORP development	Separate engagement strand dedicated to smaller charities Consider as part of the drafting process.
30. The Panel urges the SORP-making body, supported by the FRC, and the SORP Committee to take steps to ensure the SORP is made more accessible to the majority of users who are applying it in the context of smaller charities	Yet to progress as part of SORP development	Outstanding-consider as part of drafting process
31. The SORP-making body and SORP Committee, when drafting or revising the SORP, should consider the costs and benefits of compliance in their decision making, bearing in mind the FRC’s policy on SORPs in cases where SORP requirements go beyond those of accounting standards. The SORP should avoid mandating compliance with requirements that are only likely to be complied with by the most diligent. In making such decisions the SORP-making body and SORP Committee should bear in mind that many of the SORP’s provisions are directly	Yet to progress as part of SORP development	Outstanding-to be addressed in ‘basis of conclusions’ post consultation stage

Recommendation	Actions taken/ under consideration	Date achieved/ status
referenced in the charity law regulations in each jurisdiction, and the SORP thus has the force of law		
32. The SORP-making body and SORP Committee should seek to ensure that provisions in the SORP are understandable by those expected to apply them	Yet to progress as part of SORP development	Outstanding-consider in drafting process
33. The Panel recommends the charity regulators consider their approach to education on the SORP with a view to improving compliance	<p>CCEW set an external scrutiny benchmark in August 2019 which included elements of SORP and already carries out themed research and publishes findings on the SORP. OSCR carries out risk based reviews of filings.</p> <p>Input is anticipated from the new SORP Committee and engagement partners. Research is up for consideration at future SORP Committee meetings.</p>	Part achieved. Training needs may be identified in the engagement and drafting process for post SORP publication activity
34. The Panel noted that the SORP Committee has already been involved in responding to FRC consultations regarding the development of accounting standards, and suggests that this should be seen as a normal part of the Committee's work	Handled as part of the workplan	In progress
35. The specific issues for smaller charities could merit further attention by the SORP Committee and the SORP-making body supported by the FRC vis-à-vis the interaction between the SORP and accounting standards, in particular with regard to how far any options available for smaller entities could be applied to charities	In progress as part of SORP development	Two submissions made to FRC periodic review

Recommendation	Actions taken/ under consideration	Date achieved/ status
36. Proper resourcing of the SORP-making process is essential for the successful implementation of the Panel's recommendations. The Panel commends the suggestions received (see section 3.5.5 of this report) for consideration for the necessary funding and allocation of resources	Considered in the business planning process of each regulator for 2020-21. A regulator has been assigned to provide Secretariat support for the 7 panels meeting within the SORP engagement strands.	Kept under review