



**SORP Professional, Audit and Technical
Engagement Strand
Intro Meeting**

9 September 2020

**Convenor: Roberta Fusco, Director of Policy and Communications,
Charity Finance Group**

**Secretariat: Deirdre O'Dwyer, Accountant, Legal and Accountancy
Services, Charity Commission for England and Wales**



Running Order

- 1 Welcome from the Chair
- 2 Introductions - 2 minutes for each SORP engagement partner to introduce themselves and share why they wanted to be part of the process
- 3 Introductions - SORP-making body Secretariat
- 4 Timeline for the stages in the SORP development process – Secretariat
- 5 Chair's summary of the initial discussion among strand convenors and expectations of how the process might work
- 6 Review of the initial questions submitted by the SORP-making body (PAPER 1) - discussion of the questions and sequence for consideration
- 7 Initial consideration of any additional matters the strand should consider as part of the 'exploration stage'
- 8 Closing actions - setting future meetings: Dates for 2020/21



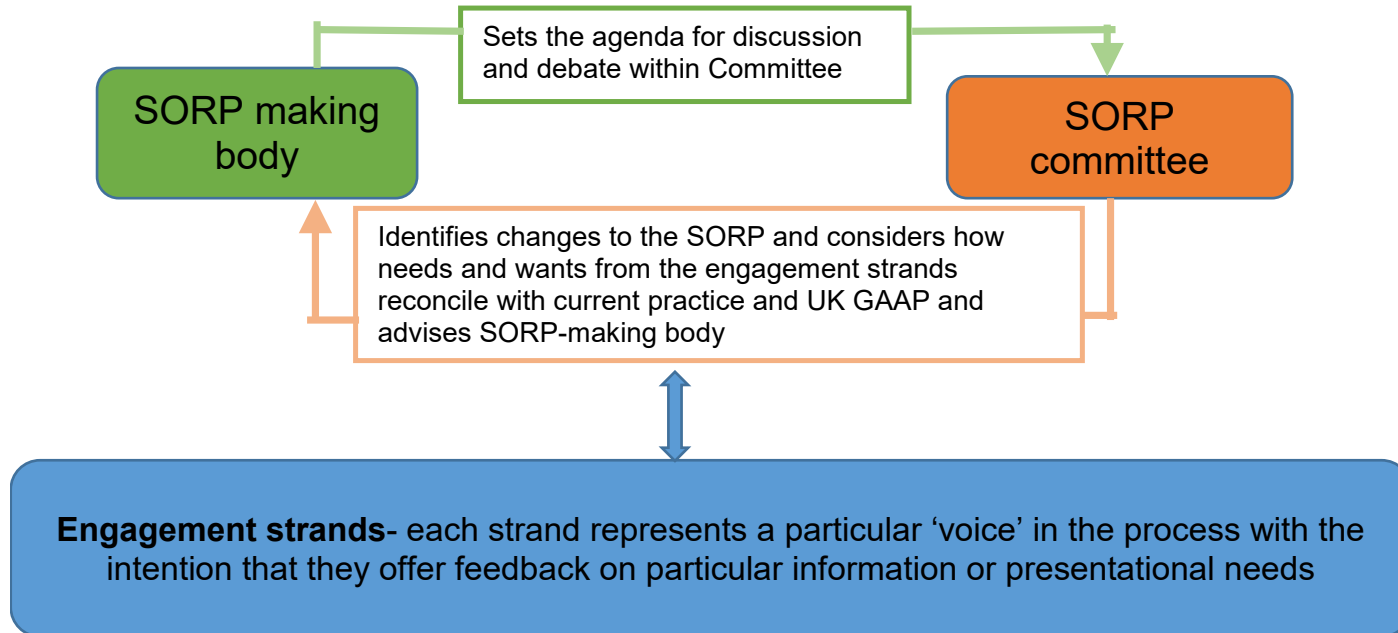
Over to You...

**Introductions from each
engagement partner**



SORP Development Timeline

**Secretariat : Deirdre O'Dwyer, Accountant,
Charity Commission**





SORP Development Timeline

The process for drafting a SORP envisaged a number of stages in the engagement process with each engagement strand moving at their own pace through the different stages of the process:

Exploration	Without taking the current framework as a given, look at the needs of the users of the report and accounts, the information needed to inform their decision-making and identify any emerging issues. Additionally, users of the SORP will be invited to consider any beneficial changes to its form and content to better serve their needs.
Reflection	Consider how well the SORP (and accounting standards) meet the identified need and identify areas for change and potential solutions to effect beneficial change
Problem solving	Exchanging ideas and solutions between engagement strands to identify areas of consensus and disagreement, the scope for simplification including any implications of 'true and fair' accounting, and draw conclusions to inform the drafting of the next SORP and changes required to law and accounting standards
Making a case for change	Based on the conclusions drawn and inform the judgement around costs and benefits of potential changes to inform the drafting of the SORP Exposure draft, differentiating those changes that can be accommodated within the existing framework of law and standards from those contingent on changes being made to law and standards



SORP Development Timeline

Stage	Approximate time	Completed by earliest timing (latest timing)
Exploration	3 to 6 months	October 2020 (Jan 2021)
Reflection (input to FRC Spring 2021 review)	3 to 6 months	January 2021 (April 2021)
Problem solving	3 to 6 months	April (September 2021)
Drafting (Based on exposure draft FRS 102 with final FRS 102 published early in 2022)	6 to 12 months A critical factor is the timing of the final FRS 102 and there may be scope to relax the pace of the process if the Exposure Draft of FRS 102 is not out for consultation in early 2022.	October 2021 (April 2022)
FRC review and public consultation*	6 months	April 2022 (October 2022)
Final edit and FRC approval (Subject to FRS 102 published in final form and faithfully reflected in the SORP text)	3 to 6 months	July 2022 (April 2023)
Effective date (allowing 3 month lead in)		Publish no later than Sept 2023 Reporting for years beginning 1 January 2024



How the process might work

<https://www.charitysorp.org/about-the-sorp/engage/>

- A new process where learn as we go, mutually support and learn from each other and the experience in each jurisdiction and look to widen engagement through this process.
- What works well in charity reporting and what does not work well and what changes would you like to see?
- Capturing range of views and not a consensus
- A two-way process between engagement strands and the SORP-making body and SORP Committee to the extent that we will put forward ideas, but also be charged with looking at specific areas put to the strands.
- Refer to initial thinking from working groups of the previous SORP Committee: **tiered reporting, governance, transparency, and needs of smaller charities**, to start convo.
- Facilitate inter-strand discussion.
- Consider changes to the framework that may need to be made to the legal and accounting framework to reflect on what is right for the charity sector.



Break for 5 minutes





Exploration Phase – Paper 1

An open discussion putting the current reporting and accounting requirements to one side, considering:

- What are the needs of the reader and the preparer
- What needs to change to better meet these needs
- What form the next SORP should take and how best can it be formatted to assist the preparer

Expected outcomes:

- Ideas on changes needed to the SORP's requirements to better meet the needs of the reader and the preparer
- Suggestions as to how accounting standards will need to change to allow the SORP to better meet the needs of the reader and the preparer
- Ideas on how the form and format of the SORP should be changed to assist preparers



Exploration Phase – Suggested Questions

Questions

- 1 With more than 960,000 annual downloads of charity accounts across the Charity Commission for England and Wales and OSCAR websites every year, who is the most important group of readers of the trustees' annual report and accounts (see also section 2 of the SORP research exercise 2008-09) and why are they the most important?
- 2 If the report and accounts are about telling a charity's story, what are the most important things the report should cover for the reader and what are the most important financial matters the reader should know about?
- 3 Not all preparers have the same needs and since most charities rely on volunteers how best can the SORP be changed to help them better prepare the trustees' annual report and accounts (see section 2 of the previous Charities SORP committee working groups – an overview of conclusions)?
- 4 Although it can be said all information is potentially useful to someone, the combination of accounting standards and the SORP place a lot of demands on the preparer but is all of the information actually useful to the reader?
- 5 Would more differentiation of the requirements by size of charity be a helpful simplification (see section 2 of the previous Charities SORP committee working groups - an overview of conclusions and their suggestion of tiered reporting)?
- 6 Do you agree with the previous Charities SORP committee working groups' suggestions as to how charities can better show that they are well managed and making a difference; if not what would you suggest instead?
- 7 Do you agree with the previous Charities SORP committee working groups' suggestions as to how charities could be more transparent; if not what would you suggest instead?



Exploration Phase – Other areas to explore



Blue Skies thinking

- If you had to start from a blank sheet of paper, what would you do?
- What do you want to achieve?
 - Is it to ensure charities are doing the right thing, delivering in the public interest, demonstrating stewardship, compliance, improving standards etc...



Future Meetings

Exploration Phase – concludes latest January 2021

- Suggest one meeting October, another early December

Reflection Phase – concludes latest April 2021

- Suggest one meeting Jan, another March

Problem Solve Phase – concludes latest Sept 2021

- Suggest one meeting May, another early July

Roughly every six to eight weeks?