

Press release: Charity regulators hold governance review of SORP making process

The four charity regulators in the UK and Republic of Ireland have decided to hold a governance review of the constitution and composition of the Charities Statement of Recommended Practice (SORP) committee and the SORP making process.

The governance review will be undertaken by an Oversight Panel comprising an observer representative nominated by the FRC and a representative from each of the four charity regulators. The panel will be assisted by the staff of the CCEW and OSCR.

The work of the panel will be overseen by Professor Gareth Morgan, an independent Chair retained by the SORP-making body.

The purpose of the governance review is:

- to gain assurance that the SORP-making process commands confidence and addresses the transparency and public confidence challenges facing charities; and
- to assure the Financial Reporting Council (FRC) that any revised arrangements adhere to the FRC Policy on developing SORPs.

The Charities SORP is the set of rules which governs charity accounting for charitable companies and larger charities and was initially developed by the Charity Commission for England and Wales (CCEW) and the Scottish Charity Regulator (OSCR). The Charity Commission for Northern Ireland (CCNI) were added as joint members of the SORP-making body in June 2018. The Financial Reporting Council have also approved the inclusion of the Charities Regulator in the SORP-making body but this is subject to the SORP being formally adopted for use in the Republic of Ireland and made mandatory for Irish charities.

The charity regulators have identified that as a minimum the governance review shall consider the following matters:

- the composition of the advisory SORP Committee
- identification of, and engagement with, key stakeholders in the SORP development process
- the extent to which the views of key stakeholders have been recognised in the process
- potential of changes to membership of the SORP Committee should the FRC agree the remit of the SORP to make recommendations covering non-statutory financial reporting by charities

The governance review will be undertaken during 2018 and the conduct of the

review, the taking of evidence, publicising of the process, and the identification and invitation of participants, and any other relevant matter shall be determined by the Oversight Panel. Any recommendations from the review requiring change to the composition of the advisory SORP Committee and the SORP development process will be taken forward by the SORP-making body in 2019 in time for the development of the next full SORP.

Charities SORP Committee Governance Review Panel Chair, Professor Gareth Morgan, said:

As someone who has had a long interest in the Charities SORP, both as an academic researcher and as a practitioner, I am very much aware of its significance in achieving massive improvements in charity accounts and reporting since the first modern SORP was issued in 1995. Going forward in 2018, I am delighted that the four charity regulators across the UK and Ireland will together form the new SORP-making body. In the circumstances, it is entirely right to begin with a review of the governance processes in developing new versions of the SORP, and I am honoured to have been asked to chair that review.

Laura Anderson of OSCR who is one of the joint Chairs of the SORP Committee, said:

On behalf of the charity regulators involved in the SORP process we welcome Gareth taking on the role of Chair. The review comes at a critical juncture as we look to take stock and develop the next SORP with the needs of all four charity law jurisdictions in mind. To be effective we need a SORP process that is fully representative and delivers a SORP that it is clear, accurate and meets the reporting needs of the users of charity reports and accounts whilst upholding the standards issued by the FRC.

Ends

Notes to Editors

1. The full terms of reference for the Charities SORP Committee Governance Review can be found [here](#).
2. Gareth Morgan is Emeritus Professor of Charity Studies at Sheffield Hallam University where he led various research concerned with charity accounting and regulation. He has also advised a wide range of charities (mostly small to medium organisations) on accounting and governance issues through his firm, The Kubernesis Partnership LLP. He has worked with charities and the charity regulators across the three UK jurisdictions, and with the Irish Charities Regulator.
3. The Oversight Panel members are Sarah Atkinson, Director of Policy, Planning and Communication at CCEW, Judith Hayhow, Head of Support

Services at OSCR, Punam McGookin, Head of Charity Services at CCNI and Tom Malone, Head of Compliance and Enforcement at the Charities Regulator.

4. The Financial Reporting Standard applicable to the UK and Republic of Ireland (FRS 102) is applicable to accounts prepared to give a true and fair view in the UK and Ireland. Whilst this remains the case the FRC oversees the SORP which provides guidance to charities in the UK and Ireland as to how to apply FRS 102 when preparing charity accounts.
5. For more information about the SORP, the SORP-making body and advisory SORP Committee refer to the dedicated website www.charitycorp.org.