

Press release: Charity SORP must change to meet “new public expectations”, review panel says

A panel set up to review the future development of charity reporting and accounting has today published its final report making a number of recommendations under five key themes. These recommendations are being made in order to ensure that the way that charities report on their work and account for their income under the Statement of Recommended Practice (SORP) can meet new public expectations and are fit for the future.

The Charities SORP (Statement of Recommended Practice on Accounting and Reporting by Charities) sets out the financial reporting requirements that apply to almost all charities preparing accounts designed to give a true and fair view. The four charity regulators in the UK and Republic of Ireland held a governance review of the constitution and composition of the Charities SORP committee and the SORP making process over the last 9 months.

The governance review was undertaken by an Oversight Panel comprising a representative from each of the four charity regulators and an observer representative nominated by the FRC. The work of the panel was overseen by Professor Gareth Morgan, an independent Chair retained by the SORP-making body.

The [final report](#), published today has made a number of recommendations under five key themes. These recommendations are that:

- The needs of the wider public and beneficiaries require a refocusing of the SORP and greater simplification of reporting requirements for smaller charities
- The SORP Committee should be retained but reforms are needed regarding size, composition and clarification of the respective roles of the SORP-making body and SORP Committee.
- Broader and ongoing engagement is needed with a much wider group of stakeholders if the SORP is to continue to be fit for purpose.
- The sector and charity regulators should collaborate to identify and codify best practice in non-statutory financial reporting.
- The SORP-making body, supported by the Financial Reporting Council (FRC) needs to ensure that the redesigned SORP development process takes effect.
- The charity regulators are asked to ensure that SORP process is adequately resourced to implement these recommendations.

The governance review was undertaken during 2018 and early 2019, and included a public consultation and a number of events for participants to share their views. The 36 recommendations will now be submitted to the charity regulators for consideration and response.

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

I was delighted when the charity regulators launched this Review and I was honoured to act as the Independent Chair. As an academic, and as a charity practitioner, I am aware of the strengths of the Charities SORP but I have also been aware of concerns expressed by some. Our consultation led to a wide range of really constructive suggestions, and I am confident that if the Panel's recommendations are implemented the SORP will be considerably more effective in future.

The full report is available on [GOV.UK](https://www.gov.uk).

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 review was initiated by the four charity regulators of the UK and Ireland: the Charity Commission for England and Wales (CCEW), the Office of the Scottish Charity Regulator (OSCR), the Charity Commission for Northern Ireland (CCNI) and the Irish Charities Regulator (CR). CCEW, OSCR and CCNI are currently recognised by the Financial Reporting Council (FRC) as the SORP-making body for the Charities SORP.
4. 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. The CR Panel member was initially Tom Malone, Head of Compliance and Enforcement at the Charities Regulator and subsequently Jelena Griszenko, Professional Accountant.
5. The Financial Reporting Standard is applicable in the UK and Republic of Ireland (FRS 102) and is applicable to accounts prepared to give a true and fair view in the UK and Ireland. 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. Jenny Carter, Director of UK Accounting Standards was the FRC observer on the Oversight Panel
6. For more information about the SORP, the SORP-making body and advisory SORP Committee refer to the dedicated website www.charitySORP.org