

Regulators set out plans to ensure the charity accounting framework better serves the public

The Charities SORP-making body has today set out plans to change the way the charity accounting framework, the Statement of Recommended Practice (SORP)*, is developed so that it better meets the needs of users of charity reports and accounts.

The group is introducing changes to the development process of the SORP following a comprehensive governance review, which recommended that it must change in order to meet “new public expectations”.

The review was led by Professor Gareth Morgan and its findings and recommendations are available on the [SORP website](#).

A new process for developing the SORP is intended to be in place from 2020. The process needs to ensure a SORP that is both technically correct for true and fair accounting and that produces a report and accounts that users can understand and meets their information needs. Changes being announced today include:

- reforms to the SORP committee to ensure a stronger culture of constructive challenge, better stability, and better representation of small charities and funders with an interest in the impact charities have
- the introduction of a new engagement process; 7 stakeholder groups will be set up to work in partnership with the SORP committee. Each engagement strand will involve individuals and organisations with an interest in financial reporting and the work of the sector, to ensure user needs are understood and considered early on in the process of writing the next SORP.

Myles McKeown, Joint Chair and Head of Compliance & Enquiries at the Charity Commission for Northern Ireland said:

The recent governance review highlighted some positive aspects of the SORP development process, but it also made some constructive suggestions, particularly that charity reporting and accounting must become more user-focused. The changes we are introducing today will lay important foundations to ensure the SORP can continue to be fit for purpose.

Nigel Davies, Joint Chair and Head of Accountancy Services at the Charity Commission said:

We know from our own research that the public care deeply about financial transparency from charities. Charity accounts are an important opportunity for trustees to communicate the difference they are making; today's announcement reflects our joint commitment to ensure that charity accounts work for those that matter – beneficiaries and the public.

Laura Anderson, Joint Chair and Head of Professional Advice and Intelligence at OSCR said:

As regulators, we are conscious of the importance of involving a wide range of views and expertise in the development of the SORP, to ensure that charity annual reports and accounts prepared using the SORP are the best that they can be. We hope that everyone with an interest in charity reporting and accounting will understand the changes we are making and why they matter.

Jelena Griscenko, Professional Accountant, Compliance and Enforcement, The Charities Regulator:

Should the SORP be approved in Ireland, the Charities Regulator will be the newest member of the SORP-making body. We recognise the need for an effective SORP process that is fully representative and works for everyone, including across different jurisdictions. We regard proactive and open engagement as essential to the future success of the SORP.

More information about the changes, and details of how to get involved are set out on the [Charities SORP website](#).

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Notes to editors:

1. *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.
2. The SORP-making body is made up of the Charity Commission for Northern Ireland, the Charity Commission for England and Wales and the Scottish Charity Regulator (OSCR). The Charities Regulator (Republic of Ireland) is an observer on the SORP-making body.
3. The SORP-making body held a governance review of the constitution and composition of the Charities SORP committee and the SORP making process. Its findings and recommendations are available on [GOV.UK](#).