

SORP Committee

Minutes of the SORP Committee Meeting of 23 November 2007 (Approved at the 25 January 2008 SORP Committee Meeting)

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Present:

Andrew Hind, Chair of the SORP Committee
Kirsty Gray, Deputy Chair of the SORP Committee
Debra Allcock Tyler
Tidi Diyan
Pesh Framjee
Peter Gotham
John Graham
Chris Harris
Keith Hickey
Noel Hyndman
Ray Jones
Kate Sayer
Catriona Scrimgeour
Paul Spokes

In attendance:

Nigel Davies, Secretary to the SORP Committee
Alan O'Connor, Accounting Standards Board

Apologies:

Tris Lumley
Lynne Robb
Carol Rudge

Item 1: Chairman's opening remarks and matters arising

1.1 The Chair opened the meeting by advising that the Accounting Standards Board (ASB) had approved Lynne Robb as the new member of the Committee, taking the place of Claire Newton who had stood down from the SORP Committee following her taking up a post outside the charity sector.

Item 2: Approval of the minutes and matters arising

2.1 The minutes of the meeting of the 19 October 2007 were considered and approved.

2.2 A matter arising concerning paragraph 3.4 of the draft Information Sheet was noted which was not covered by the agenda. The use of the term “core funding” used by the SORP was questioned as was the need to link this term with grants that do not have particular service requirements. It was agreed that Ray Jones would circulate the final draft together with the amendments discussed to Pesh Framjee, Peter Gotham and Kate Sayer for final comment and agreement prior to its publication on the Commission website.

2.3 John Graham advised the Committee that three members had volunteered to exchange ideas and views as the basis of developing, through CFDG, guidance on the relationship between management accounts and an activity based Statement of Financial Activities in the context of explaining to donors and funders the use of resources.

Item 3: ASB CAPE Committee project update

3.1 Alan O’Connor provided a verbal update on the plans for the ASB Committee for Public Benefit Entities (CAPE) to convene a number of research projects.

3.2 The four topics initially identified were frameworks, grants and donations to acquire fixed assets, consolidation and reporting performance. Subject to the ASB Board approving the planned projects, Alan anticipated liaising with the Committee.

3.3 He also shared the ASB’s latest thinking on the convergence timetable and the uncertainties that were influencing the considerations of the ASB Board.

Item 4: Proposed Stakeholder Conference

4.1 After an initial discussion the Committee re-ordered the agenda and agreed to consider the structure of the proposed roundtables events first as this would influence the themes considered and delegates invited to the proposed conference (Forum).

Item 5: Proposed roundtable series

5.1 Nigel Davies summarised the paper and he recapped on the ASB’s view that by serving the needs of the primary group of stakeholders, namely funders and financials supporters (ASB Interpretation of the Statement of Principles for Public Benefit Entities), the needs of other stakeholders are met. This thinking had led to the proposal for a series of roundtables with three main groups, funders and financial supporters (the primary users), smaller charities preparing accruals accounts, and preparers and auditors.

5.2 For each category, an initial delegate list had been drawn up for the proposed roundtable series with the intention that the delegates are also given the opportunity to attend the main stakeholder conference. Roundtables would be hosted by OSCR (Office of the Scottish Charity Regulator) and The Commission and approximately 190 delegates were identified representing funders, media and analysts, sector umbrella bodies, audit firms and other interested parties.

5.3 The Committee debated the ASB's view that funders and financial supporters were the primary stakeholder group and in a full discussion it was agreed that other stakeholders were also very important users of the report and accounts, in particular beneficiaries and members. The list of donor delegates was identified as having insufficient coverage of actual donors or donor organisations. Focus groups might also be considered as means of reaching the giving public as an alternative to journalists.

5.4 It was agreed that whilst analysts and media can shape public perception and trust, they were not the same as donors and financial supporters. It was noted that members of a charity and beneficiaries were often also financial supporters (e.g. fees charged for services). The views of preparers are also important to convey information about their charity and achievements to their donors, members and other stakeholders.

5.5 The roundtables should also be held some time after the conference (Forum) to allow for consultation and discussion so that the roundtable delegates come prepared to speak on behalf of their constituency and thereby "earn" their place.

5.6 In discussion it was noted that SORP awareness was low amongst smaller charities (i.e. those charities below the statutory audit threshold for charities) and this appeared to be a general situation rather than specific to any sub sector. In the context of stewardship reporting, it was also suggested that the roundtables consider both additional information that may be helpful and whether existing information which the SORP requests is useful or irrelevant to users.

5.7 To ensure a free flowing dialogue the roundtables should be small in size with normally no more than 30 delegates at any one event.

5.8 The Committee agreed that:

- **The roundtables series offered a valuable opportunity to undertake some "blue sky" thinking by hearing and listening to external stakeholders;**
- **members are to advise the Secretariat of organisations or individuals that could usefully be invited and that the Secretariat reconsider how best to source the views of donors and funders;**
- **a revised proposal for the roundtables to be submitted to the next meeting with a revised delegate list; and**
- **in the published agenda papers the views of other stakeholders especially beneficiaries, members and preparers are also noted as being very important.**

The proposed Stakeholder Conference (Forum)

5.9 Nigel Davies in summarising the paper noted that the proposed format was a short day with three key themes. The first theme was an overview of the challenges, the second recapped on the role of the SORP and the third identified key issues for debate. A workshop session would follow to consider whether the challenges identified were comprehensive and to explore the themes for debate.

5.10 Delegates would leave the conference (Forum) briefed about the challenges and issues in preparation for the series of roundtables where these issues and their views would be explored in greater depth.

5.11 It was agreed that this was a major opportunity to engage the sector in a debate and a conference (Forum) in April would be very worthwhile but that the objectives of the event should be more clearly defined.

5.12 The Committee concluded that:

- **the Secretariat should book a venue for an April conference (Forum); and**
- **that the Secretariat circulates the conference (Forum) plan including speakers prior to Christmas for comment with any final minor changes made at the next SORP Committee meeting.**

Item 6: Scope for complimentary initiatives

6.1 The Committee agreed to defer discussion of this item to the next meeting.

Item 7: Letter to the ASB concerning SORP development

7.1 Ray Jones in reviewing the draft letter outlined the requirements of the ASB Code of practice and noted that prior to beginning a new SORP project that ASB consent should be obtained. It was considered that the developmental work now planned by the Committee did not constitute a new project and so did not require formal ASB consent.

7.2 In discussion it was agreed that the letter be revised to reflect the decisions concerning the Stakeholder conference and roundtables, informing the ASB of the Committee's plans. The references to the uncertainty surrounding convergence with IFRSs should be retained.

7.3 The Committee concluded that:

- **A revised letter is circulated by e-mail to Committee Members with a short timescale for comment; and**
- **the letter is sent prior to the next meeting and published on the Commission's and OSCR's websites.**

Item 8: Plan for meetings including Scotland.

8.1 The Committee could usefully meet in late January/ early February, May and the autumn (in Scotland) timed to complement the Scottish Charity Finance Directors Group AGM.

Item 9: Any other business and date of next meeting.

9.1 The Chair invited members to submit any other business.

9.2 The date of the next meeting subsequently confirmed as Friday 25 January.