AGENDA ITEM: SSWG01-01

SSWG

Terms of Reference

Supplementary Statement Development Process

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| Summary | This paper contains the agreed terms of reference for the Supplementary Statement Working Group (SSWG), as a reminder. It also sets out a summary of the process that will be followed to develop the SS.  |
| Purpose/Objective of the paper | To ensure that the SSWG terms of reference and the SS development process is clear |
| Other supporting items | None |
| Prepared by | Siham Bortcosh, SSWG Technical lead |
| Actions for this meeting | To note the terms of reference and the development process |

November 2022

Supplementary Statement Working Group

Terms of Reference - September 2022

Background

The IFR4NPO project is an initiative to develop internationally applicable financial reporting guidance for Non-Profit Organisations (NPOs). It is led by Humentum and the Chartered Institute of Public Finance and Accountancy (CIPFA) in the UK. The Guidance will be called International Non-Profit Accounting Guidance (INPAG).  The project’s focus is on annual general purpose financial statements and reports of NPOs.  Grantors are a key user of financial reports, and frequently require special financial reports relating to the projects or activities they fund. It is proposed that INPAG includes a standard format for an optional supplementary donor / project statement / statements that can meet the financial accountability needs of providers of grant funding.

1. Name and Objective of Supplementary Statement

The name of the statement may be proposed by the working group. For the purpose of this document, it shall be referred to as ‘the supplementary statement’.

The objective of the supplementary statement is to present key auditable financial information about a specific project or grant in a way that could be useful to the grantor for accountability purposes. The idea is that the statement can be reconciled to the primary financial statements.

The supplementary statement could include various categories of expenditure including direct and indirect project costs and capital expenditure. It might also include income and fund balances brought forward and carried forward. Guidance notes should explain the meanings of any terms used.

1. Name and objective of working group

The working group shall be called the Supplementary Statement Working Group (SSWG). The objective of the SSWG is to input to the development of a standard format for an optional supplementary donor or project statement for inclusion in INPAG Exposure Draft 3 (ED3), due to be issued for public consultation in November 2023.

1. Status of working group

The SSWG is advisory in nature. The outputs and suggestions from the working group will be considered by the Donor Reference Group, Practitioner Advisory Group and Technical Advisory group.  Decisions about final inclusion in INPAG ED3 ultimately rest with the TAG Chair.  The IFR4NPO Project shall assign a Technical Lead to the SSWG.

1. SSWG role and membership

SSWG members participate on a voluntary basis and their role includes:

1. Becoming familiar with the background reading materials below
2. Participating in one or two bilateral online conversations with the SSWG Technical Lead to share ideas and proposals
3. Actively participating in at least four, and up to six SSWG meetings of 90 minutes duration to discuss the supplementary statement.

The SSWG will comprise ~6 members drawn from the Donor Reference Group, Practitioner Advisory Group, Technical Advisory Group and Country Champions, each with experience and expertise in this area, but representing a variety of geographies and viewpoints.

The purpose and membership of the SSWG will be shared on the IFR4NPO project website.

1. Background reference materials
* Implementation Guidance and Example primary financial statements for inclusion in INPAG ED1
* Money Where it Counts Protocol, summary of work done to date on harmonization of donor reporting formats

1. Supplementary Statement development timeline

* Sep 22 - Technical Lead appointment and SSWG formation
* 4 November 2022 -**SSWG Meeting 1**: Scene setting
* November 2022 - Bilateral conversations between Technical Lead and individual members
* November/December 2022 - Technical Lead develops initial proposal
* 12 January 2023 - **SSWG Meeting 2**: Presentation and discussion of initial proposal
* January 2023 - Technical Lead makes refinements made to proposal
* 2 February 2023 - **SSWG Meeting 3**: Discussion of refinements
* 23 Feb 2023: DRG – input on proposals
* 8 March 2023: PAG – input on proposals
* 28 March 2023: TAG – input on proposals
* April 2023: Technical Lead amendments re feedback from PAG, TAG and DRG
* 4 May 2023: **SSWG Meeting 4**: Feedback from PAG, TAG & DRG
* Mid May 2023: Technical Lead makes refinements to proposal
* End May 2023: DRG
* 7 June 2023 PAG
* 27 Jun 2023: TAG
* Early July: Technical lead makes amendments following TAG, PAG & DRG
* July 2023: Inclusion in Draft ED3 for TAG review
1. SSWG Meetings

SSWG meetings will be private, recorded for project purposes only. Proposals and questions for discussion will be shared one week ahead of SSWG meetings.

1. Time commitment

The estimated time commitment to prepare for and attend SSWG meetings, and participate in bilateral conversations with the SSWG Technical Lead is set out below.

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| Month  | Activity  | Hours  |
| Oct-22 | Formation  | 2  |
| Nov-22  | SSWG Meeting 1 and prep  | 3  |
| Nov-22  | Conversation with Technical Lead  | 2  |
| Jan-23  | SSWG Meeting 2 and prep  | 3  |
| Feb-23  | SSWG Meeting 3 and prep  | 3  |
| May-23  | SSWG Meeting 4 and prep  | 3  |
|   | Contingency  | 4  |
|   | Total  | 20  |

Summary of development process

* Reading and preparation, including development of topic areas for the bilateral meetings, ahead of SSWG Meeting 1 (to be discussed at Meeting 1, 4 November)
* Conducting bilateral conversations with members of the working group, based on the questionnaire above (November)
* In December, developing proposals and options for the Supplementary Statement, for discussion at SSWG Meeting 2, 12 January
* Revising the proposals following Meeting 2, for review at Meeting 3, 2 February
* Presenting the proposals to TAG, PAG and DRG (February/March)
* Summarising feedback from TAG, PAG and DRG and preparing proposed revisions based on that feedback (April)
* Presenting revised proposals for discussion at SSWG Meeting 4, 4 May