

From: Nigel Dibb [<mailto:nigel.dibb@btopenworld.com>]
Sent: 28 November 2015 21:51
To: Jennifer Guest; Kim Andrews
Subject: Charity Commission ixbrl consultation

In response to request for feedback, there are some general comments feel should be raised as well as the comments on specific aspects.

The introduction of XBRL or iXBRL provides a very significant capability for in depth data analysis, not only improving regulatory control, but also vastly improving the time frames to review and react. The advantages however are mostly skewed to the benefit of the regulatory authorities.

It is disappointing that neither xbrl or ixbrl have been adopted or embedded into the accounting systems by organisations or those companies providing their accounting/ reporting systems. In most sectors, ixbrl and xbrl have been embedded as translation/ reporting add on systems to support submissions to the regulatory authorities. As a result providing limited, if any, xbrl enabled reporting or data analysis functionality for the organisations themselves.

There is an opportunity for the Charity Commission to leverage xbrl by working with xbrl providers to provide systems that would help charities make the most of their data. XBRL enabled systems could readily provide management reporting and data analysis for individual charities. XBRL systems could provide a quantum leap in charity reporting and management information. Instead the proposal simply adds another system layer onto their existing systems.

On the specific areas where feedback is sought:

1. FRS 102, SORP

The taxonomy has to cover a complete range and complexity of the charities and companies operating in this sector. Understandably, both the FRS102 and SORP cover complex areas of accounting standards that apply to the large charities. Many of these standards have limited application for the many smaller charities. Submitting ixbrl returns for smaller / medium sized charities are likely to be more onerous than the current account preparation process. In terms of ensuring the new ixbrl data analysis is consistent with the FRS102 and SORP will no doubt reveal some inconsistencies in current reporting practise amongst charities and their auditors/ examiners. A period of 'settling in' and a test submission facility for the ixbrl returns will be required?

2. Should vs must tags

Taxonomies will be changed for various reasons in the future. Use existing common practise for 'should' initially and gradually move to 'must' in future taxonomy releases in a few years to give organisations time to adjust. 'Must' makes more sense long term.

3.1 Fund transfer analysis

Given that fund transfers require paired sets of accounting journals, not surprising that xbrl data analysis would need an extra dimension. Suggest experts in the ixbrl sector, such as Corefiling, could advise if ixbrl data entry could be simplified.

3.2 Auditors, examiners reports

The simple True/false ixbrl data entry is somewhat prescriptive, not exactly a Boolean logic path. Simple enough to understand.

Would it not be adding more value if the audit reports and examiners reports viewed not just the simple accounts compliance but the systemic or inherent risks from both internal and external perspectives, taking into account the economic and geo- political factors within their sectors? Could the charity regulation not learn from the finance banking sector and consider analysing liquidity and risks via xbrl data? (At least for the larger charities.)

3.3 Charitable activity analysis in TAR, SOFA

Analysis of expenditure by activity is a key requirement to run a charity, but to collect and analyse this detail at a regulatory level is highly questionable; the differences in activities undertaken by charities would make comparison meaningless. Keep it simple and only at the limited levels currently within the SORP.

3.4 Allocation of support costs

Again keep as simple as possible. At least the SORP analysis is reasonably sensible. Not clear what the regulator(s) will do analysing data at this level when comparisons between charities or statistical techniques are inherently meaningless if the charities detailed support costs differ widely.

Please contact me if any aspect requires further clarification.

Nigel Dobb