

## MEDIA RELEASE

### CHARITY COUNCIL SEEKS VIEWS ON THE CODE OF GOVERNANCE FOR CHARITIES AND INSTITUTIONS OF A PUBLIC CHARACTER

The Charity Council is seeking views from the public and the charity sector on the draft Code of Governance for charities and Institutions of a Public Character (IPCs).

2 To promote good governance and self-regulation among charities, the Charity Council has developed a Code of Governance for the charity sector. A Code is typically a set of principles and standards accepted as an industry's best practices, which industry stakeholders aim to adopt as an exercise of good faith to the sector<sup>1</sup>. The Charity Council has built on the good work in governance guidelines done previously by the National Council of Social Service and the Council on Governance for IPCs, through rationalising the existing guidelines into a single Code. The Code, which will supersede existing guidelines<sup>2</sup>, will henceforth serve as the benchmark on governance standards for the diverse charity sector.

3 The Code of Governance seeks to fulfill the following objectives:

- i. Enhance the effectiveness of charities by supporting Board members in their fiduciary work;
- ii. Promote best practices in non-profit governance; and
- iii. Enhance public confidence in the way charities are governed and managed.

4 The Code is not a piece of mandatory regulations but a set of guidelines for charities and IPCs to achieve good governance. Given the diversity of the charity sector, the Code guidelines have been tiered such that IPCs and large charities would have more stringent guidelines to adopt. Smaller charities and non-IPCs would only need to adopt a basic set of guidelines. This ensures that the Code is relevant to all types and sizes of charities with the appropriate standards.

5 With growing discernment of informed giving, good governance will become an important criterion by donors in assessing whether to give to a charity. The Code will therefore help members of the public understand the hallmarks of good governance. To help charities prepare themselves to cater to an increasingly discerning public, the Charity Council is committed to assist all charities to build their governance capabilities towards the standards espoused by the Code. In this regard, all charities are encouraged to tap onto the \$45 million Voluntary Welfare Organisations-Charities Capability Fund (VCF) which was set up to help VWOs and charities to build up their

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<sup>1</sup> An example would be the Code of Corporate Governance for companies in Singapore

<sup>2</sup> The existing codes/ guidelines in the charity sector are:

- a) Guide to Best Practices for IPCs [Council on Governance of IPCs (CGIPC), May 2005];
- b) Code of Governance & Management for VWOs in Singapore (NCSS, Jun 2003);
- c) Code of Governance for National Sports Associations (MCYS & SSC, Feb 2003); and Minimum Operating Rules (MORs) for IPCs.

governance and management capability. At a later stage, the Charity Council also proposes to leverage on the Charity Portal ([www.charities.gov.sg](http://www.charities.gov.sg)) to enable charities to self-evaluate and disclose to the public their extent of compliance with the Code guidelines for greater transparency.

6 Mrs Fang Ai Lian, Chairman of the Charity Council, said, “The Code of Governance serves primarily as a guidepost on good governance for both charities and the public. It is not meant to be onerous on charities. The public must also understand that in aiming to achieve or maintain high standards of governance, charities would inevitably incur costs through, for example, putting in place proper internal controls or better financial management systems. Given that there are also administration costs in running a charity, it would therefore not be reasonable to expect a well-governed charity to be able to channel 100% of the donations received to its beneficiaries. With this understanding, the Charity Council hopes that the Code will help improve governance standards in the charity sector and the Council will assist charities to work toward this goal.”

7 The Charity Council will be holding dialogue sessions with charities and IPCs from all sectors to seek their views. The public can comment on the draft Code of Governance at <http://www.reach.gov.sg> from **12 June 2007 till 31 August 2007**.

Charity Council  
12 June 2007

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### **About the Charity Council**

The Council was administratively set up in October 2006 to promote a culture of good governance and self-regulation in the charity sector. It seeks to be a:

- i. **Promoter** - encourage adoption of good governance standards and best practices, enhance public confidence in the charity sector;
- ii. **Enabler** - help build the governance capabilities of charities to enable them to comply with regulatory requirements and enhance public accountability of charities; and
- iii. **Advisor** - advise the Commissioner of Charities (COC) on key regulatory issues where there may be broad-ranging impact on the charity sector.