

## MEDIA RELEASE

### CHARITY COUNCIL LAUNCHES THE CODE OF GOVERNANCE FOR CHARITIES AND INSTITUTIONS OF A PUBLIC CHARACTER

The Charity Council released a draft Code of Governance for charities and Institutions of a Public Character (IPCs) on 12 June 2007 to seek feedback from the public and the charity sector. The Council has finalised the Code, which will henceforth serve as the industry benchmark in governance standards for charities and IPCs.

2. The Code is largely not new but a rationalisation of existing Codes and best practice guidelines issued by the National Council of Social Service and the previous Council on Governance for IPCs. Some modifications are made to enhance the Code, based on best practices in advanced jurisdictions such as the United Kingdom, for use by the local charity sector. The objectives of the Code of Governance are to:

- a) **Enhance effectiveness of charities** by sharing how effective Boards have been governed so as to support Board members in their fiduciary work;
- b) **Promote best practices** by sharing effective non-profit governance practices; and
- c) **Enhance public confidence** in the charity sector by setting the standards of good governance which all charities can aspire towards.

3. At the close of the consultation exercise on 31 August 2007, 977 individuals from more than 700 (out of about 1,900) charities and IPCs were consulted via nine dialogue sessions. A total of 200 written responses were also received. (Please refer to [Annex](#) for a summary of key feedback received). The key suggestions to the draft Code are:

- a) **Code implementation:** Clarify the “Comply or Explain” approach and implementation timeline.
- b) **Board independence guideline:** Allow key management staff to be appointed as voting Board members.
- c) **Term limit guideline:** Consider term limits for all Board members.

4. The Charity Council has reviewed the key feedback and accepted the above suggestions. These include introducing a preamble section to further explain how to implement the “comply or explain” approach, allowing paid staff to comprise not more than one-third of the Board where this is explicitly permitted by the charity’s governing document, and encouraging charities to consider term limits and succession planning for Board members. For other comments, the Council has explained the rationale and amendments in our summary of responses to the consultation exercise.

5. All charities, including IPCs, are required to submit their extent of compliance with the Code to their respective Sector Administrators via an online evaluation checklist ([www.charities.gov.sg](http://www.charities.gov.sg)) from 1 March 2008 to 31 March 2008. This information will not be disclosed to the public. All IPCs will eventually be required to publicly disclose their extent of compliance from 1 April 2009 onwards. In addition, all IPCs should also include such disclosure in their annual reports for financial years beginning from 1 April 2008 (or financial years ending 31 March 2009 onwards).

6. The Charity Council would like to thank all respondents for their feedback and suggestions. The finalised Code of Governance, along with the Charity Council's responses to the feedback, can be found on the MCYS's Charity Portal [www.charities.gov.sg](http://www.charities.gov.sg) and the REACH website [www.reach.gov.sg](http://www.reach.gov.sg).

## CHARITY COUNCIL

26 November 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.