

**OPENING ADDRESS BY MR DESMOND CHIN,
COMMISSIONER OF CHARITIES (COC) @
“IN CONVERSATION WITH COC & CHARITY COUNCIL”
ON TUE, 4 APRIL 2023, 10.35AM @ SUNTEC
CONVENTION CENTRE, HALL 406, & VIA ZOOM**

INTRODUCTION

Greetings

1. Good morning! I am delighted to be with you this morning.
2. I would like to welcome all of you, those who are present here as well as those who are linking in via Zoom.
3. Welcome everyone.

Appreciation

4. Let me first thank Pro Bono Singapore and Centre for Non-Profit Leadership for co-organizing this hybrid event. We have worked with both for several years now, and they have been nothing short of excellent. I would like to especially thank Gregory who is in Australia, Tanguy, Tony, Kitson, and their teams for their professionalism

and unwavering support all the time. It has been a pleasure working with all of you.

5. I would also like to especially thank Theresa, Hao Yao, Gregory, and Kitson in advance for being on the Panel, as we hear from all of you later. It would not be so lonely for me then.

Advance questions

6. At the point of registration, the organizers had asked all registrants what they were interested to know from this session, as well as any questions they might want to ask in advance. We collected over 80 questions! 83 to be precise. Thank you for those questions. I hope to be able to answer them.
7. Some questions were very technical in nature, for e.g., ***the need for Board term limits***. Other questions were more philosophical, for instance, someone asked, ***“What should the charity look like in the future.”*** But the one question that caused me to fall over my chair was, ***“Who is responsible for checking the President!”*** I am not sure if the registrant signed up for the correct forum, but I really hope we have a constitutional lawyer among us,

because he or she will take the question as I do not know what the answer is.

8. Our panelists will try to answer all the questions, and any others you might have later on.

8th & 9th Charity Council

9. Finally, I would also like to take this opportunity to thank the 8th Charity Council, that was so ably led by Dr Gerard Ee, for their effort and guidance to all of us over the past term. As they pass on the baton, let us welcome the 9th Charity Council, led by Ms Theresa Goh. My Office and the Charity Council will continue to work closely together to guide and support all our charities towards good governance and success.

GOOD GOVERNANCE: WHY DOES IT MATTER?

10. In the course of my work, I have come across some charities who ask me ***why is there a need for good governance, especially when they are already doing well.***

11. If you are in a business, your shareholders will expect you to act in the best interest of the company, to be accountable, transparent, and to abide by the rule of law. In other words, good governance is what your shareholders expect and demand of you to exercise and enforce.
12. It is no different when it comes to charities. Your donors, volunteers, sponsors, grant makers, and the public expect and demand that you to run a tight ship and exercise good governance in everything you do. In some ways, I think the expectations of charities can be even higher where good governance is concerned because you are receiving public donations that are meant for the use and the benefit of your beneficiaries. This includes the religious charities.

Good governance is the foundation stone

13. Therefore, good governance is the foundation stone upon which all charities must sit on. Practically, good governance requires charities to be familiar with:
 - a. Your fiduciary duties as spelt out in the Charities Act and its related legislation.

- b. To have in place the right processes and procedures in the running of your charity (for e.g., procurement procedures, HR policies, anti-money laundering and terrorism financing policies); and
- c. I think the public would also expect you to run your charity with maximum effectiveness and with minimal waste (that is why we have the 30:70 rule in place).

Revised Code of Governance

- 14. The Code of Governance is also an important document to guide you on this. The last time the Code was revised was 2017, almost six years ago. We decided to revise it to ensure it remains relevant for our charities.
- 15. Last year, Mr Ang Hao Yao led a 12-member Code Sub-Committee to review the Code. A public consultation exercise was held in May and June 2022, followed by 4 Focus Group Discussions with 134 charities across all sectors. Feedback received have been incorporated into the Code.

16. The revised Code has basically moved from a prescriptive mode to one that is principle-based. It has also been simplified.
17. Caris will take us through the key changes shortly after this. We can take any clarifications at the Panel discussion as well. The revised Code of Governance will then be made public via the Charity Portal later today at 4pm.

OBSERVATIONS OF THE CHARITY SECTOR

18. Since all of us are here, I thought I will share a bit of my observations after spending two and the half years in the sector. I came into this job in Oct 2020, in the midst of Covid 19. I have seen all of you having a tough 3 years. We have now come out of Covid 19 not too long ago. I am so glad to see many have resumed your charitable activities in full.
19. I am now into my third year as the Commissioner of Charities. Some of you have asked me how the journey have been. It has been an exhilarating ride. I have visited quite a few charities over this period. Many are doing

excellent and inspirational work. Thank you for that. I also have had my fair share of difficult cases, including some recalcitrant ones that I think sometimes, ought to be behind bars. Fortunately, these are the minority. I am thankful for that. But they must not be allowed to sully the good name of the vast majority of you who do work and who continue to serve the beneficiaries.

20. If I may, I would like to share three observations of the charity sector, and what we might expect moving forward.

(A) Donors & Public will be increasingly discerning & demanding of results.

21. With a changing population profile in Singapore, speedy access to information, and the influence of social media, I think donors and the public will be increasing discerning in who they want to donate to, whom they want to volunteer with, and even how your charity ought to be run. The demands and expectations of charities is ***not just for you to do good, but you need to do good, well. If not, very well.***

22. Doing well does not mean being “successful”. In my view, doing well means ***being effective***. It will no longer be about output, but outcomes and impact. It will not be about quantity but the quality of your work that you deliver. Funders and grant makers will increasingly be measuring you against these. They will give you the grants if you can demonstrate how the work you do impacts not just one life but creates an expanding ripple of effect that positively influences the lives of others and society. If you have not done so, it would be crucial that charities start to think along these lines and refine the way in which you plan and deliver results.

(B) Effective Charities are those who are vision-centered & mission-focused.

23. The best run charities I have seen are those whose Board and Management Team are guided by its vision and aligned in its mission.
24. An effective Board provides clear policy directions for the Management Team. It is future-oriented, constantly scanning the horizon for both challenges and opportunities, and building capabilities in time for the

future. In other words, it is proactive and does not wait for a disaster to come before it plans on how to overcome it. A wise Board also does not overreach. It is also almost obsessive in its succession planning efforts because it knows the charity will need new ideas and energy that only a refreshed team with a fresh pair of legs can bring after some time.

25. An effective Management Team is one that is mission focused. It gets things done. When faced with obstacles, it does not moan and groan, it makes course adjustments and gets on with the task. It values and manages its volunteers well. It did not treat its volunteers as an extra pair of hands or an added workforce. It treats its volunteers ***as a team***.
26. Effective charities are those whose Board and Management Team make good governance their cornerstone of practice. They understand the value of transparency and need for accountability to their stakeholders.
27. Practically, what this means is that - they must submit their mandatory annual submissions on time, all the time – viz. their ***financial statements***, their ***Governance***

Evaluation Checklist, and their ***annual reports***. I am troubled that about 40% of our charities have not submitted their mandatory annual submissions. We are now in the midst of finding out who these are, and why they have not done so. Action will have to be taken soon. So, I would appreciate it if you could remind those you know who have not done so, to do it quickly, while there is still time. Then we do not have to invite them down to MCCY for coffee because there is only so much coffee we can drink.

(C) Effective Charities always prepare for sustainability & their future.

28. Covid 19 may be over, but the next disaster will come. It is not a matter of if, but a matter of when.
29. Effective charities must understand that it cannot be business as usual anymore. They must learn the hard lessons of Covid 19 and retune their operations to withstand the next shock.
30. May I suggest three areas for charities to look at:

- a. Identify your risk areas & build your business contingency plans. C-19 had thrown all of us into all sorts of turmoil. Charities could not run your usual programmes and services the way you are used to - physically. Almost all of us had to pivot to a virtual mode. Those who could not make this change suffered terribly. I think it would have been even worse if the government had not stepped in. I think it would be useful to review all your programmes and services to determine how these can be run in different modes, via different means and through different modalities to minimize disruptions to the good work you do should the next Covid 19 come by.
- b. Make Technology & Digitalization work to your advantage. We should seek to exploit technology not just in delivering your services and programmes, but to streamline and simplify your work processes, communicate more effectively with your stakeholders, safeguard your sensitive data, etc. We do not want the data to spill into public realm, that could cause you great reputational damage. If our charities are not sure how to go about doing this, there are all sorts of grants under the Charities

Capability Fund (CCF) you can tap on, including those for digitalization and for the use of technology. Please make use of these funds. We went to great length to get these funds from Tote Board and MOF, who have kindly given us that money for you. So, use those funds for your charity.

- c. Diversification of funding sources. If anything, one of the biggest lessons the pandemic had taught our charities is the importance of not relying on a single source of funds. Many would have failed even more starkly if the Government had not stepped in with all sorts of support schemes. Moving forward, charities need to try and build a more diversified portfolio of funding sources. Please do not rely solely on grants, grants have its conditions; or fundraise from only one signature event; or depend only on a single funder to pay for the bulk of your operations. Funder may one day decide to fund other charity, and not you. Ideally, charities also need to build up your reserves as well, so that you can weather a prolonged storm while continuing to run your daily operations.

SUMMARY

31. Many of you have joined the charity sector because you want to make a difference in the lives of our fellow Singaporeans. This is truly commendable and thank you for that.
32. In doing good, we must also do well.
33. Doing well means being effective.
34. Being effective means having
 - A Board and Management Team that is vision-centered and mission aligned.
 - It means learning the lessons of C19 well and putting in place business continuity plans for long-term sustainability of our charities.
 - It also means diversifying our funding sources, and not rely on individual source of income. It means exploiting technology and digitalization to run all our operations better.

- It means moving from output to outcome and impact-based measurements.
- Lastly, most of all, it means making good governance a daily habit we adhere to.

CONCLUSION

35. Thank you for being present today, whether physically or virtually.
36. Let us continue to work together to build a strong foundation of good governance so that our charity sector can continue to thrive and make our society an even better one.
37. Thank you.