

**OPENING ADDRESS BY DESMOND CHIN,
COMMISSIONER OF CHARITIES @
“IN CONVERSATION WITH COC & CHARITY COUNCIL”
ON 4 APR 24, 10AM @ STEPHEN RIADY AUDITORIUM
ONE MARINA BOULEVARD, NTUC CENTRE**

INTRODUCTION

Good morning, everyone! It is great to be with you today.

2. There are more than 400 physically present and over 700 who are signed in virtually for this session. I do hope you will come away with something useful at the end of this morning.

BRIEF RECAP OF WORK DONE IN 2023

4. It had been a busy 2023 for the COC's Office:

- a. **Revised Code of Governance.** The revised Code of Governance was shared at this same forum last year. We pared down the 4 tiers to 2, and sets out a six principle-based Code with guidelines to provide charities with a better understanding of the importance of each principle. We had added clarity to the need for Board term limits and introduced the need for charities to start looking at its ESG efforts. We have since met with several Apex groups, including the churches, Buddhist temples, Hindu Temples

and MMOs through Mendaki. We will meet with the Taoist Federation and their temples affiliates in May this year.

- b. **Terrorism Financing Risk Mitigation Toolkit for charities.** This Toolkit was launched in Feb last year. We have identified about 200 charities which operate in high-risk countries and near conflict zones where the risk of abuse for Terrorist Financing (TF) is perceived to be higher. These charities need to be careful that their charitable resources and properties are not inadvertently abused by terrorist or terrorist organisations. It is important they put in place their anti-money laundering and countering the financing of terrorism (AML/CFT) policies asap. We conducted two (2) training sessions for these identified charities last year. This year, we have completed one (1) training session in January and will be conducting another two (2) sessions for the rest of the charities. As money laundering (ML) and TF display similar transactional features such as the concealment and disguise, it will do well for all charities to have in place their AML/CFT policies and processes. The 'billion dollar' ML case last year has made this even more urgent.
- c. **Enhanced Disclosure Regime.** To reduce the administrative burden on charities and streamline processes with the Police, we had put in place the Enhanced Disclosure Regime for registered and exempt

charities, and those with valid FRFCPs in Oct last year, if they publicly soliciting funds (for e.g. house to house and street collections) and/or raising funds in publicly accessible area. They need to provide details of their FR activities in the Charity Portal, 7 days before the conduct of fund raising, carry identifiable documents, and provide accessible contact nos. for public to verify that their FR activity is legitimate. Non-registered charities and other entities will still have to apply for Police license if they wish to conduct house to house or street collections.

- d. **Charity Compliance Indicator.** This took effect on 1 Jan this year for all IPCs. The public can now view the IPC's level of compliance on each IPC's profile page shown on the Charity Portal, viz. fund-raising expense ratio, latest declared compliance with the Code of Governance, submission of latest annual report, financial statements, and governance evaluation checklist as well as any governance/transparency awards received in the last 3 years. I think the public is much more reassured donating to a cause close to their heart, through a charity that has met the critical compliance requirements.
- e. **Review of the Grantmaker Scheme.** The Grantmaker scheme is a lighter-touch regulatory regime which was introduced in 2007 to promote charitable giving and develop Singapore as a philanthropic hub. We conducted

a review of the Grantmaker Scheme to clarify the parameters of the scheme and ensure that our regulatory framework remains relevant and effective in supporting the good work of our Grantmakers. The revised Guidance on the Grantmaker Scheme came into effect on 1 January 2024 and sought to provide greater transparency in three key areas:

- Allowing allocations between local and overseas giving;
- Allowing the conduct of some non-grantmaking activities (e.g. in-house research, direct services);
- Allowing disbursements to be made through non-grant instruments (e.g. social impact bonds, loans).

WORK TO BE DONE IN 2024

5. This year, the COC's Office is working on:

- a. **Enterprise Risk Management Toolkit.** We have collaborated with KPMG Singapore and Singapore Institute of Technology (SIT) to develop a supplementary toolkit to complement the 2016 Risk Management Toolkit for charities. The Risk Management Survey for Charities and 2024 Risk Management Toolkit specifically examines lessons learnt

from COVID-19, new and emerging risks, as well as business continuity management. It is adaptable to suit each charity's needs and shares practical insights and best practices. We will be organizing a session for charities on 26 April 2024; and charities should have received the invitation to the event.

b. **Review of Charity Transparency Framework and the Charity Transparency and Governance awards process.**

With the implementation of the revised Code of Governance, we will commence a review of the Charity Transparency Framework to ensure alignment with the revised Code of Governance for Charities and IPCs. We will gather feedback from our stakeholders and more details of the review will be announced in the coming months.

KEY ISSUES OF CONCERN

6. I would like to share with you 3 enduring issues of concerns we had observed over the last couple of years.

(A) **WEAK BOARDS: IMPORTANCE OF BOARD SUCCESSION & PLANNING**

7. My Office received 61 pieces of complaints on different issues last year (it was 23 in 2022). They are:

S/N	TYPE OF COMPLAINTS	NO.
a	Misuse of Funds / Internal controls / Operational matters / Fundraising matters	28
b	Interpersonal conflicts	13
c	AGM related issues	8
d	Conflict of interest	7
e	HR issues	5
TOTAL		61

8. Sadly, all these issues have one common denominator – **an ineffective and contentious Board**. This in turn leads to a badly run charity with very poor governance, weak internal controls, and dysfunctional dynamics between individuals.

- a. This is why having the right Board members is crucial to all charities, whether you are a Tier 1 or Tier 2 charity.
- b. Board members must have the right motivation, committed to the charity's causes, possess relevant skills to serve, and are not in the charity for profit or self-interest.
- c. Good dynamics within the Board, and between the Board and Management Team is a must. If this is absent, then infighting will be present.

- d. There should be no place for cronyism, “kawan-ism” or “any-ism” in the sector. Sadly, there still is. We must put a stop to this if it happens in your charity.
- e. I think 10 years is sufficient time for a charity to plan for Board succession. Let’s not let “over-familiarity” or an inflated sense of self-importance get in the way of Board renewal and succession planning.
- f. ***(During my first Performance Review in 2021, I gave my boss 3 names of potential individuals who could replace me if I were to drop dead suddenly.)*** So, 10 years is more than enough time to plan for succession and renewal.
- g. None of us are indispensable. We serve and serve well. But when it’s time to step aside, we do so and allow others to take the charity to the next level.

(B) Good Governance is Fundamental: Doing good is not enough; must also do well & do correctly

9. Our charity sector is diverse. It comprises entities with different charitable purposes, structures, sizes, financial strength and capabilities. All are at different stages of development – some are more established; others are just starting out.

10. Regardless of whichever developmental stage you are at, good governance and accountability are fundamentals that must be observed and practiced all the time, as you are dealing with public monies.

11. Unfortunately, we have seen sufficient cases of poor governance practices in charities to be suitably worried. Here's a couple of examples to illustrate what I mean:

- a. In a temple we visited once, my staff witnessed the handover of gold, jewellery, and monies, that was kept in in a safe, from the old MC to the new one. After the handover was done, including changing the combination of the safe, the new MC trotted off for lunch, but had forgotten to relock the safe! My staff had to call them back to do so. They sheepishly did.
- b. In yet another temple my staff visited because of alleged mishandling of donated monies, the Management Team declared that they had a "two-key system" in place. When my staff asked to see it, they pointed to a cabinet where both keys were hanging, alongside each other! My staff were speechless; I think they did not know whether to laugh or cry.

12. Whether we are a small or large charity, new¹ or mature² charity, good governance means:

- a. Building trust with stakeholders
- b. Being Efficient & Effective in the way you operate
- c. Complying with all Legal Requirements and Ethical Standards (this includes sending in your mandatory submissions on time each year)
- d. Ensuring proper Accountability especially over on how funds are used
- e. Understanding your key Risks & managing them well
- f. Keeping to your Strategic Direction.

13. Good Governance is the Board's responsibility. A capable board is a blessing to everyone; an incapable board is a disaster waiting to happen. If you have any board members who do not understand their roles and fiduciary duties, then its best they are sent for board training as soon as possible.

¹ For instance, a newly set-up charity will focus on the development of its vision and mission, recruiting the right leaders and volunteers, and building its internal capabilities in key areas such as fund-raising and programme development.

² Charities in the growth and maturity phases may focus on increasing its reach and impact to address identified needs in the community, implementing systems to monitor and evaluate the effectiveness of the charity's programmes and diversifying funding sources to ensure long-term financial stability and sustainability.

14. It is therefore timely that Vivienne will be speaking on the ***“Legal Liabilities of Board Members and Management”***. Let’s listen well and put what we learn into practice.

(C) “Project 300”: Mandatory Submissions are Mandatory

15. This time, last here, I had shared that some charities have not been submitting their mandatory submissions on time, viz. no Financial Statements, no Annual Reports, no GEC.

16. Proper and timely regulatory submissions are not merely a legal or procedural requirement; they are a cornerstone of effectiveness, transparency, and accountability to the public.

17. In the past several months, we have narrowed down to about 300 charities who have not done their mandatory submissions. We made some interesting discoveries:

- a. ***Some charities are “ghosts”***. They have outdated emails and contact numbers. Board members profile have not been updated. The address of the charity is a shell.
- b. Others have been ***inactive for many years***. But for some reason, they have not deregistered. They should if they do not want to continue their work.

- c. Some ***don't even know they are charities*** when we contacted them!

18. We are now in the process of reaching out to them to understand their reasons for their non-submissions.

- a. We started with the religious groups – the Hindu temples, Buddhist temples, Christian churches.
- b. We are meeting the Taoist Federation in May.
- c. We will meet the Arts groups and Others in 2H2024.
- d. We will be writing to these charities, explaining to them the need to comply with the Charity laws, how to go about doing so, and to contact us if they are still unsure.
- e. Reminders will be sent if need be. But when sufficient reminders have been made and nothing is done, sterner action need to follow.
- f. So, I encourage those who have not done your annual submission to do so quickly. You can contact the COC's Office, and we will see how we can assist.

19. As charities, we all have a duty of transparency and accountability to our donors, stakeholders, and the public.

ACTION STEP: UTILISE ALL RESOURCES AVAILABLE

20. Over the years, we have put in place funding and all sorts of resources to the sector. These should be of much help especially for the newer charities. These resources include:

a. **Charities Capability Fund (CCF)**. This fund has \$23m to be used over 5 years from 1 April 2022 to 31 March 2027. You can apply for these grants to enhance your productivity, operational efficiency, governance, and management capabilities. Since April 2023 till present, the utilisation rate for the different grants has been:

- (i) Info-Communications Technology (ICT) Grant – 99%
- (ii) Consultancy Grant – 88%
- (iii) Shared Service Grant – 86%
- (iv) Training Grant – 75%
- (v) Collaboration Grant – 25%

I am heartened to see that more charities are tapping on ICT grant to embark on their digitalisation journey by implementing digital solutions.

- b. **11 Shared Services Partners.** These partners are listed as shown. They are all committed to provide guidance on areas, such as electronic regulatory submissions, governance-related matters, talent management and digitalisation through consultation clinics, training sessions and webinars.
- c. **Shared Services Blueprint.** To make it easier for charities to navigate the available resources, my Office has prepared an overview of all resources available and mapped them according to the Code's principles and functional needs. We will share a copy of this Shared Services Blueprint with the charities via email and will publish it on the Charity Portal by next week.
- d. **Guides, Codes & Templates.** We have collaborated with different partners to organise webinars/trainings on governance, fund-raising and legal matters, and Community of Practices for IT and digitalisations. All these sessions are recorded and uploaded on our Charity Portal and YouTube Channel for you to view or share with your Board/staff.

SUMMARY

21. I do hope you will all continue to:

- a. Make Good Governance a Cornerstone for all charities, as it is Fundamental.

- b. That you will further entrench the practice of Board Renewal and Succession Planning in your charities, as it is Necessary.
- c. If you have not done so, you will from today onwards, ensure Proper and Timely Regulatory Submissions, as it is Mandatory.
- d. There are ample charity resources available. Please utilise them. If unsure, call us. We will be more than glad to help.

CONCLUSION

22. The COC's Office first instinct is not prosecution or punishment; it is always to see each of our charities succeed and fulfil their mission. When you do well, our beneficiaries gain, and we all rejoice.

23. Singapore's charity sector must remain a model of transparency, accountability, and effective management that stands the test of time. Together, we must continue to make a difference in the lives of those we care, and to engender public trust by the high standards of governance we hold ourselves to.

APPRECIATION

24. Finally, I would like to thank:

- a. Pro Bono Singapore and NVPC for co-organising this annual event. They have been excellent partners over the many years we have worked with them.
- b. Theresa, Tony and Vivienne for being on the Panel.
- c. Lenard for moderating the discussion later.

25. I wish you all a fruitful time this morning.

Thank you.