

DISCLOSURE OF BOARD AND MANAGEMENT MATTERS

AN EXPLORATORY STUDY ON CHARITY GOVERNANCE IN SINGAPORE

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BOOKLET 3

A PROJECT BY THE CENTRE FOR SOCIAL DEVELOPMENT ASIA | NOVEMBER 2017



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TABLE OF CONTENTS

FOREWORD BY THE CHARTERED INSTITUTE OF MANAGEMENT ACCOUNTANTS (CIMA)	
FOREWORD BY THE CENTRE FOR SOCIAL DEVELOPMENT ASIA (CSDA)	
REPORT HIGHLIGHTS	6
1. INTRODUCTION	9
2. BACKGROUND	10
3. METHODOLOGY	16
3.1 Sample	16
3.2 Data Collection	16
3.3 Characteristics of the Sample	17
4. RESEARCH FINDINGS AND DISCUSSIONS	21
4.1 Disclosure on Board Matters	21
4.2 Board Structure and Composition	25
4.3 Disclosure on Conflict of Interest	30
4.4 Provision of Information about Advisors and Sub-Committees	33
4.5 Disclosure on Management	37
5. LIMITATIONS AND FUTURE RESEARCH	40
5.1 Limitations	40
5.2 Future Research	40
6. CONCLUSION	41
BIBLIOGRAPHY	42
ACKNOWLEDGEMENTS	
ABOUT THE AUTHORS	

LIST OF FIGURES

Figure 1: Derivation of Final Sample	16
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LIST OF TABLES

Table 1: Distribution of Questions based on the Nine Sections of the Code 2011	11
Table 2: Summary of Relevant Legislation and Guidelines based on Research Questions	12
Table 3: Research Questions and Variables based on Five Key Areas	17
Table 4: Distribution of the Sample based on Tier, Sector and Type of Entity	18
Table 5: Compliance Rate of IPCs based on Sector and Tier of the Code 2011 in FY2015	19
Table 6: Terms used by IPCs in reference to their Board	20
Table 7: Disclosure of Board Members' Names and Designations in Annual Report	22
Table 8: Disclosure of Board Members' Date of Appointment in Annual Report	23
Table 9: Number of Board Meetings and Board Members' Attendance at Meeting	24
Table 10: Size of the Board	26
Table 11: IPCs with Staff Representative on Board	27
Table 12: Gender Ratio of Chairpersons	28
Table 13: Gender Mix of IPCs' Board Members	29
Table 14: Disclosure on the Process for Declaration of Conflict of Interest	31
Table 15: Disclosure of Withdrawal of Directors with Conflicting Interests from Board Meetings	32
Table 16: Presence and Number of Advisors	33
Table 17: Information about Sub-Committees provided by IPCs in the Enhanced Tier	35
Table 18: Information about Sub-Committees provided by IPCs in the Advanced Tier	36
Table 19: Information about Management	37
Table 20: Disclosure of Non-Involvement of Staff in Setting Up Own Remuneration	38
Table 21: Disclosure of Top Three Highest Paid Staff's Remuneration	39

FOREWORD BY THE CHARTERED INSTITUTE OF MANAGEMENT ACCOUNTANTS (CIMA)

The Chartered Institute of Management Accountants (CIMA) Centre of Excellence is pleased to sponsor this third piece of research by the Centre for Social Development Asia (CSDA) on charity governance, following the successful completion of two other research works on the financial characteristics of Institutions of a Public Character (IPCs) in 2015 and the fundraising practices of Health, and Social and Welfare IPCs in Singapore in 2016.

We are living through a time of profound economic, social and technological change and the environment in which charities are working is altering dramatically. These changes have posed new challenges for charities and good governance is more critical now than ever before. We therefore commend CSDA for this timely publication, which ultimately aims to build a stronger charity sector in Singapore.

In order to deliver effectively for their beneficiaries, charities need strong governance, with robust structures, processes and good behaviour. Coupled with good disclosure practices in financial management, donors will have the comfort of transparency and accountability that the funds are well managed.

We commend the team at CSDA for their efforts in the research on charity governance and the successful release of this report.

Dr Noel Tagoe, FCMA, CGMA

Executive Vice President - Academics, Management Accounting,
Association of International Certified Professional Accountants



About Chartered Institute of Management Accountants (CIMA)

The Chartered Institute of Management Accountants (CIMA), founded in 1919, is the world's leading and largest professional body of management accountants, with over 232,000 members and students operating in 177 countries, working at the heart of business. CIMA members and students work in industry, commerce, the public sector and not-for-profit organisations. CIMA works closely with employers and sponsors leading-edge research, constantly updating its qualification, professional experience requirements and continuing professional development to ensure it remains the employers' choice when recruiting financially-trained business leaders.

Professionalism and ethics are at the core of CIMA's activities, with every member and student bound by robust standards so that integrity, expertise and vision are brought together. Together with the American Institute of CPAs (AICPA), CIMA has established the Chartered Global Management Accountant (CGMA) designation. CGMA is the global quality standard that further elevates the profession of management accounting. The designation recognises the most talented and committed management accountants with the discipline and skill to drive strong business performance.

The AICPA and CIMA also make up the Association of International Certified Professional Accountants (the Association), which represents public and management accounting globally, advocating on behalf of the public interest and advancing the quality, competency and employability of CPAs, CGMAs and other accounting and finance professionals worldwide.

FOREWORD BY THE CENTRE FOR SOCIAL DEVELOPMENT ASIA (CSDA)

The Centre for Social Development Asia (CSDA) is pleased to release the third and final report on charity's accountability and transparency. This three-year project is supported by the Chartered Institute of Management Accountants (CIMA).

Good governance is critical for charities to maintain integrity in the social service industry. It is important for charities to be well governed, transparent and accountable to their stakeholders.

This year's research focuses on governance of Institutions of a Public Character (IPCs) in Singapore's Health, and Social and Welfare sectors. The research documents the development of charity governance in Singapore, discusses the challenges IPCs face in implementing Board and charity governance, and highlights the best practice of charity governance disclosure. These exploratory studies provide the much-needed insights on charity governance practices in Singapore.

I wish to congratulate the team on the release of the three booklets and I look forward to future research and collaborations with CIMA and other institutions.

Dr S. Vasoo

Chairman

Centre for Social Development Asia, Department of Social Work
Faculty of Arts and Social Sciences, National University of Singapore



About the Centre for Social Development Asia (CSDA)

The Centre for Social Development Asia (CSDA) was launched in July 2007 by then Minister for Finance Mr Tharman Shanmugaratnam. It is under the purview of the Department of Social Work, Faculty of Arts and Social Sciences, National University of Singapore. The Centre was established in collaboration with the Centre for Social Development, George Warren Brown School of Social Work, Washington University in St Louis. The primary mission of CSDA is applied research and knowledge building to inform policies and programmes in social development, with a focus on Asia.

For more information about CSDA, please visit:

http://www.fas.nus.edu.sg/swk/partners_and_donors/research_partner/overview

For more information on the Department of Social Work, please visit:

<http://www.fas.nus.edu.sg/swk/>



REPORT HIGHLIGHTS

RESEARCH OBJECTIVE

This quantitative study is an analysis of the disclosure by charities with Institutions of a Public Character (IPCs) statuses in their annual reports and financial statements. This study aims to provide additional insights on charity governance in Singapore and to examine the disclosure practices of charities regarding Board and Management matters.

DERIVATION OF SAMPLE

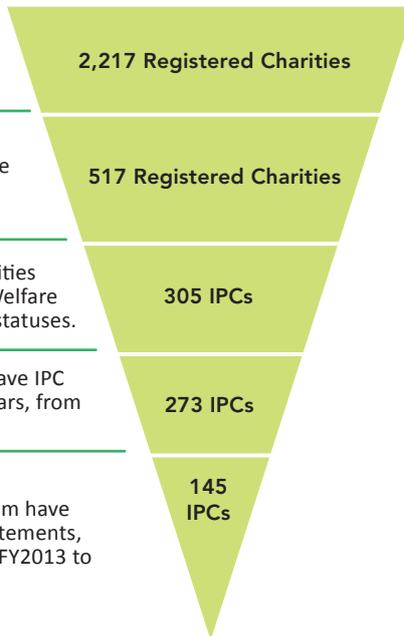
There are 2,217 registered charities in Singapore, as of 31 December 2015.

Out of the 2,217 registered charities, 517 of them are in the Health, and Social and Welfare sectors in FY2015.

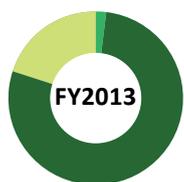
Within the 517 registered charities in the Health, and Social and Welfare sectors, 305 of them have IPC statuses.

Of the 305 IPCs, 273 of them have IPC status for three consecutive years, from FY2013 to FY2015.

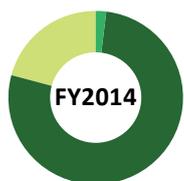
From these 273 IPCs, 145 of them have annual reports and financial statements, which are publicly available for FY2013 to FY2015.



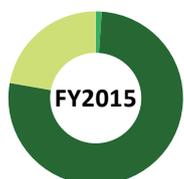
PROFILE OF SAMPLE



Basic II Tier: 3 IPCs	3 from Social and Welfare sector
Enhanced Tier: 113 IPCs	23 from Health Sector 90 from Social and Welfare sector
Advanced Tier: 29 IPCs	10 from Health Sector 19 from Social and Welfare sector



Basic II Tier: 3 IPCs	3 from Social and Welfare sector
Enhanced Tier: 112 IPCs	21 from Health Sector 91 from Social and Welfare sector
Advanced Tier: 30 IPCs	12 from Health Sector 18 from Social and Welfare sector



Basic II Tier: 2 IPCs	2 from Social and Welfare sector
Enhanced Tier: 113 IPCs	20 from Health Sector 91 from Social and Welfare sector
Advanced Tier: 32 IPCs	13 from Health Sector 19 from Social and Welfare sector

Research Questions	Variables
1 What do charities disclose about their Board matters?	A. Name, Designation and Date of Appointment of Board Members
	B. Number of Board Meetings and Board Members' Attendance at Board Meetings
2 What are charities' Board structure and composition?	C. Board Structure: Size of the Board and Board Independence
	D. Board Composition: Gender Ratio of Chairperson and Gender Mix of the Board
3 What do charities disclose about their conflict of interest?	E. Disclosure of Conflict of Interest
	F. Disclosure of Withdrawal Of Directors with Conflicting Interest from Meetings
4 What information do charities report about their advisors and Sub-Committees?	G. Information about Advisors
	H. Information about Sub-Committees
5 What do charities disclose about their Management?	I. Information about Management
	J. Disclosure of Non-involvement of Staff in Setting Remuneration
	K. Disclosure of Staff Remuneration

Findings	FY2013	FY2014	FY2015
On average, 97.2% of the 145 IPCs disclosed the names and designations of their Board members in their annual reports from FY2013 to FY2015.	IPCs with disclosure of names and designations of Board members		
	97.9% (142 out of 145 IPCs)	96.5% (140 out of 145 IPCs)	97.2% (141 out of 145 IPCs)
On average, 26.3% of the 145 IPCs disclosed the date of appointment of their Board members in their annual reports from FY2013 to FY2015.	IPCs with disclosure of date of appointment of Board members		
	25.5% (37 out of 145 IPCs)	24.1% (35 out of 145 IPCs)	29.7% (43 out of 145 IPCs)
On average, 10.6% of the 145 IPCs disclosed the number of Board meetings from FY2013 to FY2015. There is an increasing trend of disclosure among the IPCs over the three financial years.	IPCs with disclosure of number of Board meetings		
	7.6% (11 of the 145 IPCs)	11.0% (16 of the 145 IPCs)	13.1% (19 of the 145 IPCs)
On average, only 5.3% of the 145 IPCs disclosed the meeting attendance of their Board members at the Board meetings from FY2013 to FY2015.	IPCs with disclosure of Board members' attendance at meetings		
	4.1% (6 out of 145 IPCs)	4.8% (7 out of 145 IPCs)	6.9% (10 out of 145 IPCs)
Board size ranged between 7 and 20 members as reported in the annual reports. IPCs with higher revenues were more likely to have a larger Board size.	Ranges of the most common Board sizes amongst all three Tiers		
	7 to 12 members	8 to 20 members	8 to 10 members
On average, 5.7% of the 145 IPCs disclosed staff representative on Board in their annual reports (FY2013 to FY2015). The decreasing trend suggests a greater Board independence over the three financial years.	IPCs with staff representative on Board		
	6.9% (10 out of 145 IPCs)	6.2% (9 out of 145 IPCs)	4.1% (6 out of 145 IPCs)
On average, for every 1 female Chairperson, there are 3.5 male Chairpersons reported in the annual reports (FY2013 to FY2015). Larger IPCs were more likely to have male Chairpersons.	Ratio of female Chairperson to male Chairperson		
	1 female Chairperson to 3.3 male Chairpersons	1 female Chairperson to 3.6 male Chairpersons	1 female Chairperson to 3.6 male Chairpersons
On average, for every 1 female Board member, there are 1.9 male Board member reported in the annual reports (FY2013 to FY2015).	Ratio of female Board member to male Board member		
	1 female Board member to 1.9 male Board members	1 female Board member to 1.9 male Board members	1 female Board member to 1.8 male Board members
On average, 58.1% of the 145 IPCs disclosed their conflict of interest policies. There is an increasing trend of disclosure among the IPCs over the three financial years (FY2013 to FY2015).	IPCs with disclosure on the process for declaration of conflict of interest		
	53.8% (78 out of 145 IPCs)	56.6% (82 out of 145 IPCs)	64.1% (93 out of 145 IPCs)
On average, 42.8% of the 145 IPCs disclosed the withdrawal of directors with conflict of interest from meetings in their annual reports. There was an increasing trend of disclosure over the three financial years.	IPCs with disclosure of withdrawal of directors from meetings		
	40.7% (59 out of 145 IPCs)	41.4% (60 out of 145 IPCs)	46.2% (67 out of 145 IPCs)
On average, 32.4% of the 145 IPCs provided information about the presence of advisors in their annual reports. The most common number of advisors reported is 1.	IPCs with information about advisors		
	33.8% (49 out of 145 IPCs)	34.5% (50 out of 145 IPCs)	29.0% (42 out of 145 IPCs)
On average, 48.5% of the 145 IPCs provided information about their Sub-Committees in their annual reports, from FY2013 to FY2015. There is an increasing trend among the IPCs over the three financial years.	IPCs with information about Sub-Committees		
	46.9% (68 out of 145 IPCs)	48.3% (70 out of 145 IPCs)	50.3% (73 out of 145 IPCs)
On average, 58.8% of the 145 IPCs provided the name, designation and year of appointment of their Management in their annual reports (FY2013 to FY2015).	IPCs with information about Management		
	59.3% (86 out of 145 IPCs)	58.6% (85 out of 145 IPCs)	58.6% (85 out of 145 IPCs)
On average, 24.4% of the 145 IPCs disclosed the non-involvement of their staff in setting remuneration in their annual reports from FY2013 to FY2015.	IPCs with disclosure of non-involvement of staff in setting remuneration		
	24.8% (36 out of 145 IPCs)	22.1% (32 out of 145 IPCs)	26.2% (38 out of 145 IPCs)
On average, 58.8% of the 145 IPCs disclosed the information about the top three highest paid staff's remuneration in their annual reports.	IPCs with disclosure of top three highest paid staff's remuneration		
	59.3% (86 out of 145 IPCs)	58.6% (85 out of 145 IPCs)	58.6% (85 out of 145 IPCs)



1 INTRODUCTION

There is limited research on charity governance in Singapore. This quantitative study aims to provide additional insights on charity governance in Singapore, by examining the disclosure practices of charities regarding Board and Management matters. The research questions are:

- 1. What do charities disclose about their Board matters?**
- 2. What are charities' Board structure and composition?**
- 3. What do charities disclose about conflict of interest?**
- 4. What information do charities report about their advisors and Sub-Committees?**
- 5. What do charities disclose about their Management?**

A total of 145 Institutions of a Public Character (IPCs), 33 from the Health sector and 112 from the Social and Welfare sector, were selected as the sample for this study. Quantitative research was conducted based on data disclosed in these charities' annual reports and financial statements, as well as Governance Evaluation Checklist (GEC) submissions, which are available from the Charity Portal and their websites. Drawing from the earlier studies by Sim, Ghoh, Loh and Chiu (2015), as well as Sim, Menon, Loh and Hoe (2016), a baseline of three financial years (FY2013, FY2014 and FY2015) was established for better data collection and analysis. To determine the overall level of disclosures, the findings on Board and Management matters are compared against the relevant guidelines found in the Code of Governance for Charities and IPCs (thereafter, "Code") 2011.

The next section provides a brief overview on the Code. This is followed by a summary on what charities are required to report in their annual reports, financial statements and GEC submissions, on Board matters, Board structure, Board composition, conflict of interest, advisors and Sub-Committees, and Management.



2 BACKGROUND

Charity governance refers to the framework and processes concerned with managing the overall direction, effectiveness, supervision, and accountability of charities. (Charity Council, 2017a). As community organisations working for public benefit, good charity governance practices are necessary for charities to maintain accountability to the public and other stakeholders. The Code was therefore introduced by the Charity Council in 2007 to achieve three objectives (Charity Council, 2017a):

- a. Provide recommended practices on governing and managing charities effectively
- b. Provide guidance to Board members to help them carry out their duties as fiduciaries
- c. Set standards for good governance in order to boost public confidence in the charity sector

Revised in 2011 and 2017, refinements to the Code serve to enhance the Code's relevance and clarity. These refinements take into consideration governance developments in other jurisdictions, as well as the increased global focus on good governance, transparency, and accountability (Charity Council, 2017b). This is to enable informed giving decisions.

ANNUAL REPORTS AND FINANCIAL STATEMENTS

Under Section 16 of the Charities Act, Board members of charities and IPCs are required to submit annual reports to the Commissioner of Charities or Sector Administrators within six months after the end of the financial year (Charities Act, 2007). Prepared in accordance to the Charities (Accounts and Annual Report) Regulations, annual reports submitted by charities comprises of three main sections:

- a. Information relating to the charity and its Board members
- b. Report by the Board members on the activities of the charity during the financial year
- c. Statement of Accounts, which is externally audited

GOVERNANCE EVALUATION CHECKLIST (GEC)

The Governance Evaluation Checklist (GEC) is designed to help charities and IPCs self-evaluate the extent to which they have complied with the essential guidelines in the Code of Governance for Charities and IPCs (Charity Portal, 2016). Each IPC is required to annually submit a checklist comprising of the key principles and guidelines in the Code of Governance to the Charity Portal (Charity Portal, 2016). The questions in the GEC are classified into two categories: 'Yes/No' and 'Compliance' (Charity Portal, 2016). IPCs are supposed to comply with each item listed under the 'compliance' questions (Charity Portal, 2016). As per the 'comply or explain' principle, in cases where IPCs are not able to comply, they are required to explain their non-compliance.

As compared to IPCs in the Basic II Tier, those in the Enhanced and Advanced Tiers have additional guidelines to follow. In Code 2011, IPCs in the Basic II Tier have 18 compliance questions in their GECs. IPCs in the Enhanced Tier have 23 compliance questions, while IPCs in the Advanced Tier have 25 compliance questions in their GECs. The distribution of questions based on the nine sections of Code 2011 is presented in the table below (Charity Portal, 2016).

Table 1: Distribution of Questions based on the Nine Sections of the Code 2011

No.	Section / Tier	Basic II Tier (IPCs with gross annual receipt of less than S\$200,000)	Enhanced Tier (IPCs with gross annual receipt of S\$200,000 and up to S\$10 million)	Advanced Tier (IPCs with gross annual receipt of S\$10 million or more)
1	Board Governance	5	5	6
2	Conflict of Interest	3	2	2
3	Strategic Planning	1	2	2
4	Programme Management	0	0	0
5	Human Resource Management	1	2	3
6	Financial Management and Controls	5	5	5
7	Fundraising Practices	1	1	1
8	Disclosure and Transparency	1	5	5
9	Public Image	1	1	1
Total no. of GEC items		18	23	25

Research was conducted on charities' Board and Management matters, analysing disclosure provided by IPCs in their annual reports, financial statements, and GEC submissions. More specifically, the research looks into:

- **Board matters** - Disclosure of names and date of appointment of Board members, as well as the number of Board meetings and the Board members' attendance at the meetings
- **Board structure** - Size of the Board, as well as Board independence (reflected by the presence of staff representative on Board)
- **Board composition** - Gender ratio of Chairpersons, as well as the gender ratio of Board members
- **Conflict of interest** - IPC's disclosure of conflict of interest, as well as the withdrawal of directors with conflicting interest from meetings
- **Information on Advisors and Sub-Committees**
- **Management** - Disclosure of information about Management, the non-involvement of staff in setting remuneration, and staff remuneration

LEGISLATIONS AND GUIDELINES

There are legislation and guidelines in the Code 2011 and 2017 on most of the variables mentioned in the research questions. Table 2 provides legislations and guidelines in the Code 2011 and 2017 on the following variables:

- Names and date of appointment of Board members
- Number of Board meetings and Board members' attendance at the meetings
- Board size and Board independence
- Declaration of conflict of interest and withdrawal of directors with conflicting interest from meetings
- Information about Sub-Committees
- Information about Management, non-involvement of staff in setting remuneration and disclosure of staff remuneration

However, there are no guidelines on the gender ratio of Chairpersons and Board members, nor the presence and number of advisors. Research on these areas is carried out as part of the study to provide more information about Boards.

Table 2: Summary of Relevant Legislation and Guidelines based on Research Questions

A. What do charities disclose about their Board members?

1. Information on Board Members

Charities should make an annual report which include information on Board members and Management available to its stakeholders.

[Clause 8.1 in Code 2011 for Basic I, Basic II, Enhanced and Advanced Tiers]

[Clause 8.1 in Code 2017 for Basic, Intermediate, Enhanced and Advanced Tiers]

An annual report should contain the name, designation and date of appointment of each governing Board member and each member of the Management committee, advisory council or any other similar body, if any.

[Charities (Accounts and Annual Report) Regulations 2011: Section 7 (a) (iv)]

2. Date of Appointment of Board Members

No specifications on disclosure of date of appointment of Board members is found in Code 2011. Code 2017 specifies disclosure of information of its Board members, specifically – name, Board appointment and date of appointment to the Board, in its annual report.

In cases where the holder of any relevant offices has, prior to his current term, held appointment at any of the relevant offices in the charity, he should disclose the date of his first appointment in each of the relevant offices.

[Clause 8.1a in Code 2017 for Basic Tier]

3. Number of Board Meetings and Board Members' Meeting Attendance

No specification on disclosure of the number and attendance of Board meetings in the year is found in Code 2011. Code 2017 specifies disclosure of the number of Board meetings in the year, and the attendance of each Board member on a named basis, in its annual report.

[Clause 8.2 in Code 2017 for Basic, Intermediate, Enhanced and Advanced Tiers]

B. What are charities' Board structure and composition?

1. Size of the Board

No requirements for Board size are stated in Code 2011 and Code 2017. Recommendations are found under the Charities (Registration of Charities) Regulations, Charities (Large Charities) Regulations, and the Charities (Institutions of A Public Character) Regulations. These recommendations are found below:

A minimum of three persons, of which at least two of whom shall be Singapore citizens or permanent residents, is required to perform the function of governing the Board.

[Charities (Registration of Charities) Regulations: Section 3 (b)]

A large charity or IPC shall have no fewer than 10 governing Board members. In cases where there is fewer than 10 governing Board members, the respective charity or IPC shall immediately notify its respective Sector Administrator and take actions to rectify. The Commissioner may, if he thinks fit, exempt the charity or IPC from the above requirements.

[Charities (Large Charities) Regulations: Section 4]

[Charities (Institutions of a Public Character) Regulations: Section 20 (2), (3), (4)]

2. Board Independence

All Board members of the charity should exercise independent judgement and act in the best interests of the charity. In cases where Board members are directly involved in operational roles, the Board should consider and address the risk of dual roles.

[Clause 1.1.2 in Code 2011 for Basic I Tier]

All Board members of the charity should exercise independent judgement and act in the best interests of the charity. To ensure objectivity in decision-making, it is desirable for the Board to be totally independent from staff working for the charity. In addition, staff of the charity:

- May only become Board members if this is expressly permitted by the charity's governing instrument;
- Should not comprise more than one-third of the Board; and
- Should not chair the Board.

[Clause 1.1.2 in Code 2011 for Basic II, Enhanced and Advanced Tiers]

[Clause 1.1.3 in Code 2017 for Basic, Intermediate, Enhanced and Advanced Tiers]

C. What do charities disclose about conflict of interest?

1. Disclosure of Declaration of Conflict of Interest

The charity should set in place documented procedures for Board members and staff to declare actual or potential conflicts of interest to the Board at the earliest opportunity.

[Clause 2.1 in Code 2011 for Basic II, Enhanced and Advanced Tiers]

[Clause 2.1 in Code 2017 for Basic, Intermediate, Enhanced and Advanced Tiers]

Any appointment of staff who is of the same immediate family to current Board members or staff should undergo the established human resource procedures for recruitment, performance evaluation and remuneration.

Board members or staff should make a declaration of such relationships and not influence decisions made during these procedures.

[Clause 2.5 in Code 2011 for Basic II, Enhanced and Advanced Tiers]

Any appointment of staff who is a close member of the family of the current Board members or staff should undergo the established human resource procedures for recruitment, performance evaluation and remuneration.

Board members or staff should make a declaration of such relationships and not influence decisions made during these procedures.

[Clause 2.5 in Code 2017 for Basic, Intermediate, Enhanced and Advanced Tiers]

2. Recusal from Meeting and Decision-making

Where a conflict of interest arises at a Board meeting, the Board member concerned should not vote on the matter nor participate in discussions. He or she should also offer to withdraw from the meeting, and the other Board members should decide if this is required. The reason for how a final decision is made on the transaction or contract should be recorded in the minutes of the meeting.

[Clause 2.4 in Code 2011 for Basic II, Enhanced and Advanced Tiers]

Should a conflict of interest arise at a Board meeting, the Board member concerned should not vote on the matter nor participate in discussions. He or she should recuse himself or herself from the meeting. The reason for how a final decision is made on the transaction or contract should be recorded in the minutes of the meeting.

[Clause 2.4 in Code 2017 for Basic, Intermediate, Enhanced and Advanced Tiers]

D. What information do charities report about their advisors and Sub-Committees?

1. Information about Sub-Committees

There should be written terms of reference, which clearly set out the authority and duties of the Board and each of its Board committees. The Board should have committees to oversee the following areas, where relevant to the charity. Relevant committees differ across Tiers and these are detailed below.

Basic II Tier	Enhanced Tier	Advanced Tier
<p>Recommended Sub-Committees in Code 2011</p> <ol style="list-style-type: none"> 1. Audit 2. Programmes and Services <p>Additional recommended Sub-Committees in Code 2017</p> <ol style="list-style-type: none"> 3. Finance 4. Fundraising 	<p>Recommended Sub-Committees in Code 2011</p> <ol style="list-style-type: none"> 1. Audit 2. Programmes and Services 3. Fundraising 4. Appointment or Nomination 5. Human Resource <p>Additional recommended Sub-Committee in Code 2017</p> <ol style="list-style-type: none"> 6. Finance 	<p>Recommended Sub-Committees in Code 2011</p> <ol style="list-style-type: none"> 1. Audit 2. Programmes and Services 3. Fundraising 4. Appointment or Nomination 5. Human Resource 6. Investment <p>Additional recommended Sub-Committee in Code 2017</p> <ol style="list-style-type: none"> 7. Finance

Note:

1. Basic II Tier was renamed as Intermediate Tier in Code 2017.

[Clause 1.2.1 in Code 2011 for Basic II, Enhanced and Advanced Tiers]

[Clause 1.2.1 in Code 2017 for Basic, Intermediate, Enhanced and Advanced Tiers]

E. What do charities disclose about their Management?

1. Disclosure of Information about Management

The charity should make available to its stakeholders an annual report that includes information about its Management.

[Clause 8.1 in Code 2011 for Basic I, Basic II, Enhanced and Advanced Tiers]

[Clause 8.1 in Code 2017 for Basic, Intermediate, Enhanced and Advanced Tiers]

2. Disclosure of Non-Involvement of Staff in Setting up Own Remuneration

A staff should not be involved in setting his or her own remuneration.

[Clause 2.2 in Code 2011 for Basic I, Basic II, Enhanced and Advanced Tiers]

[Clause 2.2 in Code 2017 for Basic, Intermediate, Enhanced and Advanced Tiers]

Note: The Code did not specify charities to provide this disclosure in their annual reports.

3. Disclosure of Remuneration of Staff

The charity should disclose in its annual report the annual remuneration of its three highest paid staff who each receives remuneration exceeding S\$100,000, in bands of S\$100,000. If none of its top three highest paid staff receives more than \$100,000 in annual remuneration each, the charity should disclose this fact.

[Clause 8.3 in Code 2011 for Enhanced and Advanced Tiers]

The charity should disclose in its annual report the total annual remuneration (including any remuneration received in its subsidiaries) for each of its three highest paid staff who each receives remuneration exceeding S\$100,000, in incremental bands of S\$100,000. The charity need only show the applicable bands.

Should any of the three highest paid staff serve on the Board of the charity, it should be disclosed.

If none of its staff receives more than S\$100,000 in annual remuneration each, the charity should disclose this fact.

[Clause 8.4 in Code 2017 for Basic, Intermediate, Enhanced and Advanced Tiers]



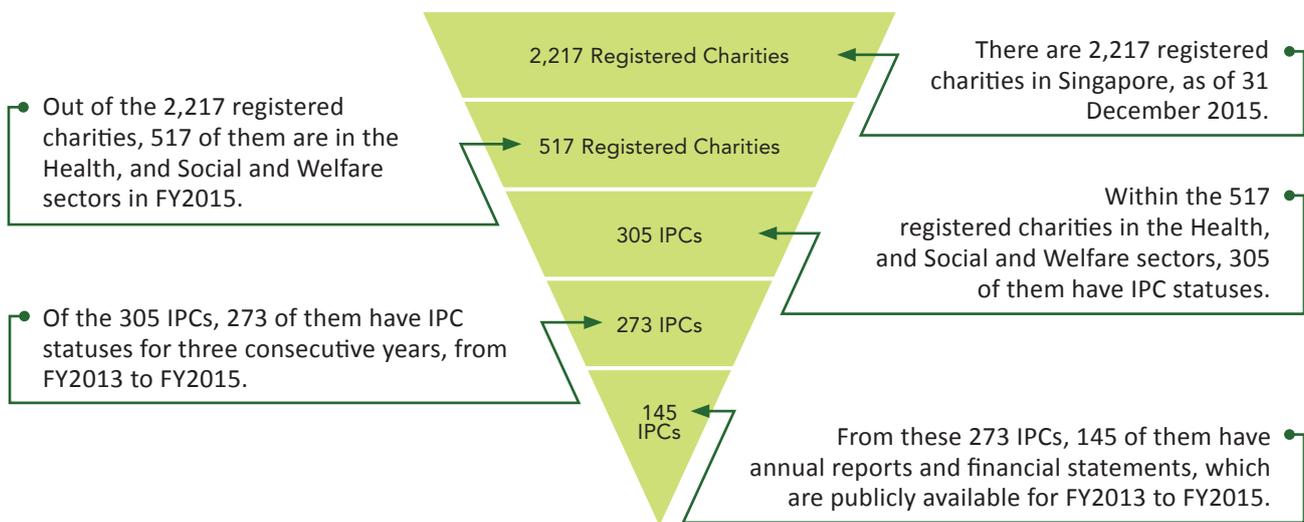
3 METHODOLOGY

3.1 Sample

A sample of 145 IPCs was used for this quantitative study. They are made up of 33 IPCs (20 from the Enhanced Tier; 13 from the Advanced Tier) from the Health sector and 112 IPCs (2 from the Basic Tier; 91 from the Enhanced Tier; 19 from the Advanced Tier) from the Social and Welfare sector. The charities are selected based on their IPC status and the availability of their annual reports, financial statements and Governance Evaluation Checklist (GEC) submissions on the Charity Portal and their websites for the period from FY2013 to FY2015.

The process of deriving the final sample is explained and illustrated in Figure 1.

Figure 1: Derivation of Final Sample



Notes:

1. Information on the total number (2,217) of registered charities is taken from the Commissioner of Charities Annual Report for the year ended 2015 (Ministry of Culture, Community and Youth, 2016).
2. Publicly available information refers to the annual reports and financial statements that were obtained from charities' websites or downloaded from Charity Portal.

3.2 Data Collection

The data collection procedure for this research starts with the gathering of source documents and development of a coding manual, followed by a pilot study. Once the actual data collection was completed, a data audit was carried out.

The source documents for this data collection include annual reports, financial statements and GEC submissions. These source documents were downloaded from the Charity Portal or the charity's website. For this research, source documents for 145 IPCs for three years, i.e. FY2013, FY2014 and FY2015, were collected.

A coding manual was developed to facilitate systematic and accurate data collection. In the coding manual, the variables and its values were defined and explained to ensure consistency in the coding of data.

A pilot study was carried out to code three years' data from 24 IPCs (five IPCs from the Health sector and 19 IPCs from the Social and Welfare sector). This important process was carried out to test the feasibility of collecting data for the variables listed in the coding manual. During this process, some variables were removed, as the relevant information could not be found in the source documents. In some cases, the instructions for recording the data collected were fine-tuned. For example, instead of recording "Yes/No" for the availability of data for some variables, actual information from the source document was captured for better data analysis.

Once the coding manual and the scope of data collection had been finalised at the pilot testing stage, the actual data collection for the rest of the 145 IPCs was carried out. Upon the completion of the data coding, an audit was performed to verify that all variables were coded correctly and that there were no recording errors.

The research questions and the variables for data collection and analysis have been summarised in Table 3.

Table 3: Research Questions and Variables based on Five Key Areas

1	What do charities disclose about their Board matters?	<ul style="list-style-type: none"> Name and date of appointment of Board members Number of Board meetings and Board members' meeting attendance
2	What are charities' Board structure and composition?	<ul style="list-style-type: none"> Size of the Board and Board independence Gender ratio of Chairperson and gender mix of Board
3	What do charities disclose about their conflict of interest?	<ul style="list-style-type: none"> Disclosure of conflict of interest Withdrawal of directors with conflicting interest from meetings
4	What information do charities report about their advisors and Sub-Committees?	<ul style="list-style-type: none"> Information about advisors Information about Sub-Committees
5	What do charities disclose about their Management?	<ul style="list-style-type: none"> Information about Management Disclosure of non-involvement of staff in setting remuneration Disclosure of top three highest paid staff's remuneration

3.3 Characteristics of the Sample

The profile of the IPCs is presented for a better understanding of the research sample. The characteristics of the sample will be explained in terms of their tier and sector, level of compliance in the GEC submissions, and the general characteristics of the Board.

The IPCs in the sample are: (1) registered as Society or Company Limited by Guarantee (CLG), (2) from the Health or Social and Welfare sector, and (3) from the Basic II Tier (IPCs with gross annual receipts of less than S\$200,000), Enhanced Tier (IPCs with gross annual receipts of S\$200,000 and up to S\$10 million) or Advanced Tier (IPCs with gross annual receipts S\$10 million or more). A detailed breakdown of the distribution of the sample based on (1) registration type, (2) tier, and (3) sector is presented in Table 4.

Table 4: Distribution of the Sample based on Tier, Sector and Type of Entity

Basic II Tier (IPCs with Gross Annual Receipts of less than S\$200,000)									
Type of Entity / Sector	FY2013			FY2014			FY2015		
	Society	CLG	Others	Society	CLG	Others	Society	CLG	Others
Health	0	0	0	0	0	0	0	0	0
Social and Welfare	3	0	0	3	0	0	2	0	0
Total	3	0	0	3	0	0	2	0	0

Enhanced Tier (IPCs with Gross Annual Receipts of S\$200,000 and up to S\$10 million)									
Type of Entity / Sector	FY2013			FY2014			FY2015		
	Society	CLG	Others	Society	CLG	Others	Society	CLG	Others
Health	18	4	1	17	3	1	16	3	1
Social and Welfare	70	17	3	71	17	3	71	17	3
Total	88	21	4	88	20	4	87	20	4

Advanced Tier (IPCs with Gross Annual Receipts of S\$10 million or more)									
Type of Entity / Sector	FY2013			FY2014			FY2015		
	Society	CLG	Others	Society	CLG	Others	Society	CLG	Others
Health	3	7	0	4	8	0	5	8	0
Social and Welfare	16	3	0	15	3	0	16	3	0
Total	19	10	0	19	11	0	21	11	0

Notes:

1. All 145 IPCs are distributed according to their tier (Basic II, Enhanced, and Advanced), sector, and type of entity (Society, CLG and Others).
2. 'CLG' refers to Company Limited by Guarantee.
3. 'Others' include Charitable Trusts.

Using the latest data set (FY2015) as a reference, it is clear that the bulk of the IPCs in this sample comes from the Social and Welfare sector. The 112 Social and Welfare IPCs are mostly:

- Medium-sized charities from the Enhanced Tier
- Registered as Society

On the other hand, there are 33 Health IPCs that are mostly:

- Medium- and large-sized charities from Enhanced and Advanced Tiers
- Registered as Society

COMPLIANCE RATE WITH GOVERNANCE EVALUATION CHECKLIST

The GEC is an online self-evaluation checklist that IPCs are required to submit to the Charity Portal, within six months after the end of the financial year. Based on the analysis of FY2015's GEC submissions, results showed that the IPCs in the sample have a very high level of compliance.

Table 5 shows that the compliance rate in FY2015 for the 33 Health IPCs was 99.8%, and 99.6% for the 112 Social and Welfare IPCs.

Table 5: Compliance Rate of IPCs based on Sector and Tier of the Code 2011 in FY2015

Sector	Health				Social and Welfare			
	n	CQ	CC	CR	n	CQ	CC	CR
Basic II	0	0	0	-	2	36	36	100.0%
Enhanced	20	460	459	99.8%	91	2093	2083	99.5%
Advanced	13	325	324	99.7%	19	475	475	100.0%
Total	33	785	783	99.8%	112	2604	2594	99.6%

Notes:

1. 'n' refers to the number of IPCs in the sample for FY2015.
2. 'CQ' refers to the total number of compliance questions (18 for the Basic II Tier, 23 for the Enhanced Tier and 25 for the Advanced Tier).
3. 'CC' refers to the total number of compliance cases.
4. The compliance rate ('CR') of a set of IPCs is formulated as $CR = CC / CQ$, e.g. the CR of the following two IPCs: (a) Basic II Tier, 16 compliance cases; and (b) Advanced Tier, 22 compliance cases, is $(16 + 22) / (18 + 25) = 38 / 43 = 88.4\%$.

BOARD TYPOLOGY

IPCs use different terms to describe their Boards. Based on the data collected from 145 IPCs, it is noted that there are as many as 13 variations on how Boards are described. Since there are no standard conventions regarding the use of these terms, this research has elected to broadly categorise IPCs' Boards into 'Board' or 'Management Committee' for ease of reference. Table 6 provides the breakdown of Board's typology by sector and charity's registration type based on FY2015 data.

The results from Table 6 show that almost all IPCs that are registered as CLG refer to their Board as 'Board'. However, IPCs that are registered as Society often refer to their Board as either 'Board' or 'Management Committee'.

Table 6: Terms used by IPCs in reference to their Board

Society		
Typology	FY2015	
	Health	Social and Welfare
Board	5	40
Management Committee	16	49
Total	21	89

Company Limited by Guarantee (CLG)		
Typology	FY2015	
	Health	Social and Welfare
Board	10	20
Management Committee	1	0
Total	11	20

Others		
Typology	FY2015	
	Health	Social and Welfare
Board	0	0
Management Committee	1	3
Total	1	3

Notes:

1. **'Board'** includes the equivalent terms of 'Board of Directors', 'Board' and 'Directors'.
2. **'Management Committee'** includes the equivalent terms of 'Council', 'Executive Committee', 'Executive Council', 'Management Board' and 'Management Council'.
3. The one IPC, which used the terms 'Board' and 'Management Committee' interchangeably, is classified under **'Board'**.
4. **'Others'** include Charitable Trust.



4 RESEARCH FINDINGS AND DISCUSSIONS

Research findings and discussion on the five research questions are presented in this section. For each research question, the discussion covers a summary of the findings, an analysis of results using the latest dataset (FY2015), and a three-year trend analysis.

All the analyses are based on the sample of 145 IPCs from the Health, and Social and Welfare sectors. The breakdown of the sample are as follows.

- **Basic II Tier:** In the three financial years (FY2013 to FY2015), all the IPCs in the Basic II Tier were from the Social and Welfare sector. There were no IPCs were from the Health sector in the sample for the Basic II Tier.
- **Enhanced Tier:** In FY2013, there were 23 Health IPCs, and 90 Social and Welfare IPCs. In FY2014, there were 21 Health IPCs, and 91 Social and Welfare IPCs. In FY2015, there were 20 Health IPCs, and 91 Social and Welfare IPCs.
- **Advanced Tier:** In FY2013, there were 10 Health IPCs, and 19 Social and Welfare IPCs. In FY2014, there were 12 Health IPCs, and 18 Social and Welfare IPCs. In FY2015, there were 13 Health IPCs, and 19 Social and Welfare IPCs.

4.1 Disclosure on Board Matters

4.1.1 Information on Board Members – Name, Designation and Date of Appointment

With reference to Section 7 of the Charities (Accounts and Annual Report) Regulations 2011, charities are required to provide the name, designation and date of appointment of their Board members in their annual reports.

Using the latest dataset (FY2015) as a reference, the research findings show that over 97% of the IPCs in the sample disclosed their Board members' names and designation. However, less than 30% of the IPCs in the sample disclosed the date of appointment of their Board members. Without the information about the Board members' date of appointment, it is not possible to tabulate the Board members' length of service in the IPCs.

IPCs should address their low levels of disclosure regarding the date of appointment of Board members in their annual report. With the introduction of clauses 1.1.7 and 1.1.13 in Code 2017, IPCs are encouraged to provide better disclosure of information regarding their Board members. They are required to establish term limits for Board members, and provide reasons for retaining Board members who have served for more than 10 consecutive years.

Table 7 provides the three years' results and three-year trend analysis on the IPCs' disclosure of Board members' names, while Table 8 provides details on IPCs' disclosure of Board members' date of appointment.

Table 7: Disclosure of Board Members' Names and Designations in Annual Report

Basic II Tier (IPCs with Gross Annual Receipts of less than S\$200,000)								
FY2013 (n=3)			FY2014 (n=3)			FY2015 (n=2)		
Yes	No	%	Yes	No	%	Yes	No	%
3	0	100.0%	3	0	100.0%	2	0	100.0%

Enhanced Tier (IPCs with Gross Annual Receipts of S\$200,000 and up to S\$10 million)								
FY2013 (n=113)			FY2014 (n=112)			FY2015 (n=111)		
Yes	No	%	Yes	No	%	Yes	No	%
110	3	97.4%	107	5	95.6%	107	4	96.4%

Advanced Tier (IPCs with Gross Annual Receipts of S\$10 million or more)								
FY2013 (n=29)			FY2014 (n=30)			FY2015 (n=32)		
Yes	No	%	Yes	No	%	Yes	No	%
29	0	100.0%	30	0	100.0%	32	0	100.0%

Notes:

1. Disclosure of information about Board members is determined by the disclosure of names and designations of the Board members in the IPC's annual reports
2. 'n' refers to the number of IPCs in the sample for that particular financial year.
3. 'Yes' refers to the number of IPCs that disclosed the names and designations of their Board members in their annual reports; and 'No' refers to the number of IPCs that did not disclose the names and designations of their Board members in their annual reports.
4. **Percentage (%)** refers to the percentage of IPCs that disclosed the names and designations of their Board members in their annual reports.

With reference to Table 7, the three years' research findings on the disclosure of Board members' names and designations in annual report are explained as follows.

In FY2013, only three out of 145 IPCs did not disclose information about their Board members' names and designation. All three IPCs are from the Enhanced Tier.

In FY2014, only five out of 145 IPCs did not disclose information about their Board members' names and designation. All five IPCs are from the Enhanced Tier.

In FY2015, only four out of 145 IPCs did not disclose information about their Board members' names and designation. All four IPCs are from the Enhanced Tier.

Table 8: Disclosure of Board Members' Date of Appointment in Annual Report

Basic II Tier (IPCs with Gross Annual Receipts of less than S\$200,000)											
FY2013 (n=3)				FY2014 (n=3)				FY2015 (n=2)			
Num.	Yes	No	%	Num.	Yes	No	%	Num.	Yes	No	%
3	1	2	33.3%	3	1	2	33.3%	2	1	1	50.0%

Enhanced Tier (IPCs with Gross Annual Receipts of S\$200,000 and up to S\$10 million)											
FY2013 (n=113)				FY2014 (n=112)				FY2015 (n=111)			
Num.	Yes	No	%	Num.	Yes	No	%	Num.	Yes	No	%
110	31	79	27.4%	107	28	79	25.0%	107	34	73	30.6%

Advanced Tier (IPCs with Gross Annual Receipts of S\$10 million or more)											
FY2013 (n=29)				FY2014 (n=30)				FY2015 (n=32)			
Num.	Yes	No	%	Num.	Yes	No	%	Num.	Yes	No	%
29	5	24	17.2%	30	6	24	20.0%	32	8	24	25.0%

Notes:

1. 'n' refers to the number of IPCs in the sample for that particular financial year.
2. 'Num.' refers to the number of IPCs included in the analysis of this variable (disclosure of date of appointment of Board members). IPCs that did not disclose the name, designation and date of appointment of their Board members were excluded from the analysis.
3. 'Yes' refers to the number of IPCs that disclosed the name, designation and date of appointment of their Board members in their annual reports; and 'No' refers to the number of IPCs that disclosed the name and designation, but not the date of appointment of their Board members in their annual reports.
4. **Percentage (%)** refers to the percentage of IPCs that disclosed both the name and date of appointment of their Board members in their annual reports.

With reference to Table 8, the three years' research findings on the disclosure of Board members' date of appointment in annual report are explained as follows.

In FY2013, only 37 out of 145 IPCs disclosed information about their Board members' date of appointment. Out of these 37 IPCs, one is from the Basic II Tier, 31 are from the Enhanced Tier, and five are from the Advanced Tier.

In FY2014, only 35 out of 145 IPCs disclosed information about their Board members' date of appointment. Out of these 35 IPCs, one is from the Basic II Tier, 28 are from the Enhanced Tier, and six are from the Advanced Tier.

In FY2015, only 43 out of 145 IPCs disclosed information about their Board members' date of appointment. Out of these 43 IPCs, one is from the Basic II Tier, 34 are from the Enhanced Tier, and eight are from the Advanced Tier.

4.1.2 Information on Board Meetings – Number of Board Meetings and Board Members' Meeting Attendance

Clause 8.2 of Code 2017 recommends that a charity should disclose the number of Board meetings, as well as the attendance of Board members at these meetings, in their annual reports. Board meetings are important, as they bring Board members together as a collective body (BoardSource, 2015). Board attendance at such meetings is equally important, to ensure that Board members are fulfilling their fiduciary responsibilities (BoardSource, 2015).

Using the latest dataset (FY2015) as reference, the findings show that only 19 IPCs (13.1%) in the Enhanced and Advanced Tiers provided information on Board meetings. None of the IPCs in the Basic II Tier provided the information. Most IPCs held approximately nine to 10 Board meetings annually. Of the 19 IPCs with information about Board meetings, only 10 IPCs provided the attendance of their Board members.

As the requirement to disclose the number and attendance of Board meetings in IPCs' annual reports was not explicitly mentioned in Code 2011, this disclosure practice was not widely adopted from FY2013 to FY2015. However, it is encouraging to note that from FY2013 to FY2015, the number of IPCs that provide disclosure on Board meetings has been increasing from 11 IPCs (FY2013) to 16 IPCs (FY2014) to 19 IPCs (FY2015). With the inclusion of Section 8.2a in the Code 2017, the disclosure of the number and attendance of Board meetings is expected to improve in future.

Table 9 provides the three years' results and three-year trend analysis on the IPCs' disclosure of Board meetings and Board members' meeting attendance.

Table 9: Number of Board Meetings and Board Members' Meeting Attendance

Enhanced Tier (IPCs with Gross Annual Receipts of S\$200,000 and up to S\$10 million)															
FY2013 (n=113)					FY2014 (n=112)					FY2015 (n=111)					
Board Meetings				Attnd	Board Meetings				Attnd	Board Meetings				Attnd	
Num.	Min	Max	Median		Num.	Min	Max	Median		Num.	Min	Max	Median		
6	3	13	7.5	2	9	3	12	4	3	10	3	12	3.5	4	

Advanced Tier (IPCs with Gross Annual Receipts of S\$10 million or more)															
FY2013 (n=29)					FY2014 (n=30)					FY2015 (n=32)					
Board Meetings				Attnd	Board Meetings				Attnd	Board Meetings				Attnd	
Num.	Min	Max	Median		Num.	Min	Max	Median		Num.	Min	Max	Median		
5	4	7	5	4	7	4	10	4	4	9	3	11	4	6	

Notes:

1. Disclosure refers to the number of IPCs that disclosed their number of Board meetings, and attendance of Board members for the meetings.
2. 'n' refers to the number of IPCs in the sample for that particular financial year.
3. 'Num.' refers to the number of IPCs included in the analysis of this variable (disclosure of number and attendance of Board meetings). IPCs that did not disclose the number and attendance of Board meetings in their annual reports were excluded from the analysis.
4. 'Min' refers to the smallest number of Board meetings disclosed; 'Max' refers to the largest number of Board meetings disclosed; and 'Median' refers to the midpoint number of Board meetings disclosed when arranged in order of magnitude.
5. 'Attnd' (Attendance) refers to the number of IPCs that disclosed attendance of Board members for the Board meetings.

With reference to Table 9, the three years' research findings are explained as follows. None of the IPCs in the Basic II Tier disclosed information about Board meetings.

For IPCs in the Enhanced Tier, the number of IPCs that disclosed the number of Board meetings and Board members' attendance improved over the three-year period. For disclosure on Board meetings, the number increased from six IPCs (FY2013) to nine IPCs (FY2014) to 10 IPCs (FY2015). On the disclosure of Board members' attendance, the number increased from two IPCs (FY2013) to three IPCs (FY2014) to four IPCs (FY2015). The number of annual Board meetings for IPCs in the Enhanced Tier ranged from three to 13 over the three-year period.

For IPCs in the Advanced Tier, the number of IPCs that disclosed their Board meetings and Board members' attendance have also improved over the three-year period. For disclosure on Board meetings, the number increased from five IPCs (FY2013) to seven IPCs (FY2014) to nine IPCs (FY2015). On the disclosure of Board members' attendance, the number increased from four IPCs (FY2013 and FY2014) to six IPCs (FY2015). The number of Board meetings for IPCs in the Advanced Tier in the sample ranged from three to 11 over the three-year period.

4.2 Board Structure and Composition

4.2.1 Information on Board Structure – Board Size and Staff Representatives on IPCs' Board

With reference to the Charities (Large Charities) Regulations Section 4, and the Charities (Institutions of a Public Character) Regulations Section 20, large charities or IPCs with more than S\$10 million in gross annual receipts should have at least 10 governing Board members.

Using the latest dataset (FY2015) as reference, research findings show that 141 out of 145 IPCs (more than 97%) provided information on their Board size. The most common size of Boards for IPCs in this sample was 10. This result is consistent with that of overseas' research studies. Non-profit organisations tend to have larger Boards than their for-profit counterparts (Callen, Klein & Tinkelman, 2003; Stone & Ostrower, 2007). While larger Boards can be beneficial, studies carried out show that having too large a Board can lead to problems in communication, coordination and decision-making, resulting in decreased efficiency (Andrés-Alonso, Cruz & Romero-Merino, 2006).

As recommended by Clause 1.1.2 of Code 2011 and Clause 1.1.3 of Code 2017, Board members of charities should exercise independent judgement and act in the best interests of the charity. As such, Board members should be completely independent from the charity's staff, to ensure objectivity in decision-making.

Using the latest dataset (FY2015) as reference, the findings show that only six out of 145 IPCs (less than 5%) have staff members represented on their Boards. Moreover, results from the sample show that there has been a decreasing trend in terms of IPCs with staff representation from 10 IPCs (FY2013) to nine IPCs (FY2014) to six IPCs (FY2015). The results show that IPCs in the Health, and Social and Welfare sectors exhibit a high degree of compliance regarding Board independence, as stated in guidelines provided by the Code.

Table 10 provides the three years' results and three-year trend analysis on the IPCs' disclosure of Board size, while Table 11 provides details on IPCs' disclosure on staff representative on Board.

Table 10: Size of the Board

Basic II Tier (IPCs with Gross Annual Receipts of less than S\$200,000)											
FY2013 (n=3)				FY2014 (n=3)				FY2015 (n=2)			
Num.	Min	Max	Mode	Num.	Min	Max	Mode	Num.	Min	Max	Mode
3	7	10	N.A.	3	8	11	8	2	8	9	N.A.

Enhanced Tier (IPCs with Gross Annual Receipts of S\$200,000 and up to S\$10 million)											
FY2013 (n=113)				FY2014 (n=112)				FY2015 (n=111)			
Num.	Min	Max	Mode	Num.	Min	Max	Mode	Num.	Min	Max	Mode
110	5	27	10	107	5	28	10	107	5	30	10

Advanced Tier (IPCs with Gross Annual Receipts of S\$10 million or more)											
FY2013 (n=29)				FY2014 (n=30)				FY2015 (n=32)			
Num.	Min	Max	Mode	Num.	Min	Max	Mode	Num.	Min	Max	Mode
29	6	23	12	30	8	23	20	32	5	23	10

Notes:

1. Size of the Board was obtained from the list of Board members in an IPC's annual report.
2. 'n' refers to the number of IPCs in the sample for that particular financial year.
3. 'Num.' refers to the number of IPCs included in the analysis of this variable (disclosure of Board size). IPCs that did not disclose the list of Board members were excluded from the analysis.
4. 'Min' refers to the smallest Board size disclosed; 'Max' refers to the largest Board size disclosed; and 'Mode' refers to the most common size of the Board within the sample.
5. 'N.A.' refers to cases where the mode could not be defined. Under the Basic II Tier, in FY2013, the mode could not be defined as the size of the Board were seven, eight and 10 respectively for the three IPCs that disclosed the information. Under the Basic II Tier, in FY2015, the mode could not be defined as the size of the Board were eight and nine respectively for the two IPCs that disclosed the information.

With reference to Table 10, the three years' research findings are explained as follows. In FY2013, only three out of the 145 IPCs did not disclose information about their Board size. In FY2014, five IPCs did not disclose information about their Board size. In FY2015, four out of 145 IPCs did not disclose information about their Board size. For the period FY2013 to FY2015, the IPCs that did not provide information on their Board size belong to the Enhanced Tier.

For IPCs in the Basic II Tier, the size of their Boards ranged from seven to 11 over the three-year period. The most common Board size was eight.

For IPCs in Enhanced Tier, the size of their Boards ranged from five to 30 over the three-year period. The most common Board size was 10.

For IPCs in the Advanced Tier, the size of the Board ranged between six and 23 over the three-year period.

Table 11: IPCs with Staff Representative on Board

Basic II Tier (IPCs with Gross Annual Receipts of less than S\$200,000)											
FY2013 (n=3)				FY2014 (n=3)				FY2015 (n=2)			
Num.	Yes	No	%	Num.	Yes	No	%	Num.	Yes	No	%
2	1	1	50.0%	2	1	1	50.0%	2	1	1	50.0%

Enhanced Tier (IPCs with Gross Annual Receipts of S\$200,000 and up to S\$10 million)											
FY2013 (n=113)				FY2014 (n=112)				FY2015 (n=111)			
Num.	Yes	No	%	Num.	Yes	No	%	Num.	Yes	No	%
76	8	68	10.5%	76	6	70	7.9%	74	4	70	5.4%

Advanced Tier (IPCs with Gross Annual Receipts of S\$10 million or more)											
FY2013 (n=29)				FY2014 (n=30)				FY2015 (n=32)			
Num.	Yes	No	%	Num.	Yes	No	%	Num.	Yes	No	%
24	1	23	4.2%	27	2	25	7.4%	30	1	29	3.3%

Notes:

1. IPCs with staff representative on Board is determined by cross-referencing the lists of Board members and Management in an IPC's annual report. IPCs that did not disclose either their Board members or Management were excluded.
2. 'n' refers to the number of IPCs in the sample for that particular financial year.
3. 'Num.' refers to the number of IPCs included in the analysis of this variable (disclosure of staff representative on Board). IPCs that did not disclose the names and designations of their Board members were excluded from the analysis, as the staff representation cannot be determined without the listing.
4. 'Yes' refers to the number of IPCs with staff representative on Board; and 'No' refers to the number of IPCs without staff representative on Board.
5. **Percentage (%)** refers to the percentage of IPCs that disclosed about staff representative on Board.

With reference to Table 11, the three years' research findings on IPCs with staff representative on Board are explained as follows.

In FY2013, only 43 out of 145 IPCs did not disclose information about staff representative on Boards. Out of these 43 IPCs, one is from the Basic II Tier, 37 are from the Enhanced Tier, and five are from the Advanced Tier.

In FY2014, only 40 out of 145 IPCs did not disclose information about staff representative on Boards. Out of these 40 IPCs, one is from the Basic II Tier, 36 are from the Enhanced Tier, and three are from the Advanced Tier.

In FY2015, only 39 out of 145 IPCs did not disclose information about staff representative on Boards. Out of these 39 IPCs, 37 are from the Enhanced Tier, and two are from the Advanced Tier.

4.2.1 Information on Board Composition – Gender Ratio of Chairpersons and Board Members

While there are no recommendations found in both the Code 2011 and 2017, research on the gender of Chairpersons and Board members was carried out to provide information about Board composition.

Using the latest dataset (FY2015) as reference, research findings show that out of the 145 IPCs in the sample, there were 112 male Chairpersons compared to 31 female Chairpersons, and 1,034 male Board members compared to 569 female Board members. The results across all three tiers and all three years show that male Chairpersons generally outnumbered their female counterparts, with more male Board members than female Board members. In addition, it is observed that the bigger IPCs are more likely to have a male Chairperson.

Table 10 provides the three years' results and three-year trend analysis on the gender of the Chairperson for IPCs' Board, while Table 13 provides details on the gender mix for IPCs' Board members.

Table 12: Gender Ratio of Chairpersons

Basic II Tier (IPCs with Gross Annual Receipts of less than S\$200,000)											
FY2013 (n=3)				FY2014 (n=3)				FY2015 (n=2)			
Num.	Male	Female	Ratio	Num.	Male	Female	Ratio	Num.	Male	Female	Ratio
3	2	1	2.0	3	3	0	N.A.	2	2	0	N.A.
Enhanced Tier (IPCs with Gross Annual Receipts of S\$200,000 and up to S\$10 million)											
FY2013 (n=113)				FY2014 (n=112)				FY2015 (n=111)			
Num.	Male	Female	Ratio	Num.	Male	Female	Ratio	Num.	Male	Female	Ratio
110	82	28	2.9	110	83	27	3.1	109	82	27	3.0
Advanced Tier (IPCs with Gross Annual Receipts of S\$10 million or more)											
FY2013 (n=29)				FY2014 (n=30)				FY2015 (n=32)			
Num.	Male	Female	Ratio	Num.	Male	Female	Ratio	Num.	Male	Female	Ratio
28	24	4	6.0	29	25	4	6.3	32	28	4	7.0

Notes:

1. The gender of Chairpersons is obtained from cross-referencing the title and name of the Chairperson of an IPC.
2. 'n' refers to the number of IPCs in the sample for that particular financial year.
3. 'Num.' refers to the number of IPCs included in the analysis of this variable (gender ratio of chairpersons). IPCs that did not disclose the title and name of their Chairperson were excluded from the analysis.
4. 'Male' refers to the number of male Chairperson within the sample; and 'Female' refers to the number of female Chairperson within the sample.
5. 'Ratio' refers to the number of male Chairperson for every one female Chairperson.
6. 'N.A.' refers to cases where the ratio could not be calculated, as there are no female Chairpersons.

With reference to Table 12, the three years' research findings on gender ratio of Chairpersons are explained as follows.

In FY2013, only four out of 145 IPCs did not disclose information on the gender of their Board Chairperson. Out of these four IPCs, three are from the Enhanced Tier, and one is from the Advanced Tier.

In FY2014, only three out of 145 IPCs did not disclose information on the gender of their Board Chairperson. Out of these three IPCs, two are from the Enhanced Tier, and one is from the Advanced Tier.

In FY2015, only two out of 145 IPCs did not disclose information on the gender of their Board Chairperson. Both IPCs are from Enhanced Tier.

For IPCs in the Basic II Tier, the gender ratio for Chairperson was one female Chairperson to two male Chairperson in FY2015. There were no female Chairpersons in FY2014 and FY2015.

For IPCs in the Enhanced Tier, the gender ratio for Chairperson ranged from 2.9 to 3.1 over the three-year period. This means that there is one female Chairperson to approximately three male Chairpersons in IPCs in the Enhanced Tier.

For IPCs in the Advanced Tier, the gender ratio for Chairpersons ranged from six to seven over the three-year period. This means that there is one female Chairperson to about seven male Chairpersons in IPCs in the Advanced Tier.

Table 13: Gender Mix of IPCs' Board Members

Basic II Tier (IPCs with Gross Annual Receipts of less than S\$200,000)											
FY2013 (n=3)				FY2014 (n=3)				FY2015 (n=2)			
Num.	Male	Female	Ratio	Num.	Male	Female	Ratio	Num.	Male	Female	Ratio
3	15	10	1.5	3	14	13	1.1	2	9	8	1.1

Enhanced Tier (IPCs with Gross Annual Receipts of S\$200,000 and up to S\$10 million)											
FY2013 (n=113)				FY2014 (n=112)				FY2015 (n=111)			
Num.	Male	Female	Ratio	Num.	Male	Female	Ratio	Num.	Male	Female	Ratio
110	776	426	1.8	107	746	413	1.8	107	736	439	1.7

Advanced Tier (IPCs with Gross Annual Receipts of S\$10 million or more)											
FY2013 (n=29)				FY2014 (n=30)				FY2015 (n=32)			
Num.	Male	Female	Ratio	Num.	Male	Female	Ratio	Num.	Male	Female	Ratio
29	280	124	2.3	30	301	127	2.4	31	289	122	2.4

Notes:

1. The number of male and female Board members was obtained by cross-referencing the titles and names of members of an IPC's Board. IPCs that did not disclose the information are excluded.
2. 'n' refers to the number of IPCs in the sample for that particular financial year.
3. 'Num.' refers to the number of IPCs included in the analysis of this variable (gender of Board members). IPCs that did not disclose the title and name of the Board members were excluded from the analysis.
4. 'Male' refers to the number of male Board members within the sample; and 'Female' refers to the number of female Board members within the sample.
5. 'Ratio' refers to the number of male Board member for every one female Board member.

With reference to Table 13, the three years' research findings on gender mix of IPCs' Board members are explained as follows.

In FY2013, only three out of 145 IPCs did not disclose information on the gender of their Board members. All three belonged to the Enhanced Tier.

In FY2014, only five out of 145 IPCs did not disclose information on the gender of their Board members. All five belonged to the Enhanced Tier.

In FY2015, only five out of 145 IPCs did not disclose information on the gender of their Board members. Of these five IPCs, four IPCs are from the Enhanced Tier and one IPC from the Advanced Tier.

For IPCs in the Basic II Tier, the gender ratio of Board members is approximately one female Board member to one male Board member over the three-year period.

For IPCs in the Enhanced Tier, the gender of Board members is approximately one female Board member to two male Board members over the three-year period.

For IPCs in the Advanced Tier, the gender ratio of Board members is approximately one female Board member to more than two male Board members over the three-year period.

4.3 Disclosure on Conflict of Interest

Conflict of interest arises when a person has a private or personal interest that influences the objective exercise of his or her duties. Such conflicts can erode trust, leading to problems in public relations and credibility issues for charities (Liegel, Bates & Irland, 2012). As such, it is important for charities to have conflict of interest policies in place. These should clearly outline the organisation's procedure for such circumstances, including the necessary declaration and disclosure of potential or real conflict, and recusal from the decision-making processes (Renz, 2007).

4.3.1 Information on Conflict of Interest Policies

In both the Code 2011 and 2017, Section 2.1 encourages charities across all tiers to set in place documented procedures, where Board members and staff can declare actual or potential conflicts of interest to the Board at the earliest opportunity.

From FY2013 to FY2015, about 50% to 70% of the IPCs in the sample provided information on conflict of interest policies in their annual reports and financial statements. Using the latest dataset (FY2015) as reference, research findings show that 93 out of 145 IPCs (64.1%) disclosed the process for the declaration of conflict of interest. While guidelines to set in place documented procedures for declaration of conflict of interest are recommended in both the Code 2011 and 2017, the initial level of disclosure in FY2013 was not high. However, there is an increasing number of IPCs complying with these guidelines over time. Better compliance for this practice can be expected in the future.

Table 14 provides the three years' results and three-year trend analysis on IPCs' disclosure on their process for declaration on conflict of interest.

Table 14: Disclosure on the Process for Declaration of Conflict of Interest

Basic II Tier (IPCs with Gross Annual Receipts of less than S\$200,000)											
FY2013 (n=3)				FY2014 (n=3)				FY2015 (n=2)			
Num.	Yes	No	%	Num.	Yes	No	%	Num.	Yes	No	%
3	1	2	33.3%	3	1	2	33.3%	2	1	1	50.0%

Enhanced Tier (IPCs with Gross Annual Receipts of S\$200,000 and up to S\$10 million)											
FY2013 (n=113)				FY2014 (n=112)				FY2015 (n=111)			
Num.	Yes	No	%	Num.	Yes	No	%	Num.	Yes	No	%
112	61	51	54.5%	111	61	50	55.0%	110	70	40	63.6%

Advanced Tier (IPCs with Gross Annual Receipts of S\$10 million or more)											
FY2013 (n=29)				FY2014 (n=30)				FY2015 (n=32)			
Num.	Yes	No	%	Num.	Yes	No	%	Num.	Yes	No	%
29	16	13	55.2%	30	20	10	66.7%	32	22	10	68.8%

Notes:

1. Disclosure of process for declaration of conflict of interest is only determined if such policy is mentioned in the IPC's annual report.
2. 'n' refers to the number of IPCs in the sample for that particular financial year.
3. 'Num.' refers to the number of IPCs included in the analysis of this variable (disclosure on the process for declaration of conflict of interest). IPCs that stated 'N.A.' for the disclosure on the process for declaration of conflict of interest under its GEC submission were excluded from the analysis.
4. 'Yes' refers to the number of IPCs that disclosed the process for declaration of conflict of interest in their annual reports; and 'No' refers to the number of IPCs that did not disclose the information.
5. **Percentage (%)** refers to the percentage of IPCs with disclosed process for declaration of conflict of interest in each tier and financial year.

With reference to Table 14, the three years' research findings on the disclosure on the process for declaration of conflict of interest are explained as follows.

In FY2013, 66 out of 145 IPCs did not disclose that they have disclosure on the process for declaration of conflict of interest. Out of these 66 IPCs, two are from the Basic II Tier, 51 are from the Enhanced Tier, and 13 are from the Advanced Tier.

In FY2014, 62 out of 145 IPCs did not disclose that they have disclosure on the process for declaration of conflict of interest. Out of these 62 IPCs, two are from the Basic II Tier, 50 are from the Enhanced Tier, and 10 are from the Advanced Tier.

In FY2015, 51 out of 145 IPCs did not disclose that have disclosure on the process for declaration of conflict of interest. Out of these 51 IPCs, one is from the Basic II Tier, 40 are from the Enhanced Tier, and 10 are from the Advanced Tier.

4.3.2 Information on Withdrawal of Directors with Conflicting Interest from Meetings

In the Code 2011 and 2017, Section 2.4 recommends that where a conflict of interest arises at a Board meeting, the Board member concerned should not vote on the matter or participate in discussions.

According to the annual reports submitted in FY2015, the disclosure of withdrawal of directors with conflicting interest from meetings was found to be lower than that of the disclosure of processes for declaration of conflict of interest. The findings show that only 67 out of 145 IPCs (46.2%) disclosed the withdrawal of directors with conflicting interests from meetings. It is observed that there is an increase in the number of IPCs complying with the guidelines over the three financial years (59 IPCs in FY2013, to 60 IPCs in FY2014, to 67 IPCs in FY2015). Hence, improved level of disclosure on withdrawal of directors with conflicting interest from meetings in IPCs' annual reports is expected in the future.

Table 15 provides the three years' results and three-year trend analysis on IPCs' disclosure on withdrawal of directors with conflicting interests from Board meetings.

Table 15: Disclosure of Withdrawal of Directors with Conflicting Interests from Board Meetings

Basic II Tier (IPCs with Gross Annual Receipts of less than S\$200,000)											
FY2013 (n=3)				FY2014 (n=3)				FY2015 (n=2)			
Num.	Yes	No	%	Num.	Yes	No	%	Num.	Yes	No	%
3	1	2	33.3%	3	1	2	33.3%	2	0	2	0.0%
Enhanced Tier (IPCs with Gross Annual Receipts of S\$200,000 and up to S\$10 million)											
FY2013 (n=113)				FY2014 (n=112)				FY2015 (n=111)			
Num.	Yes	No	%	Num.	Yes	No	%	Num.	Yes	No	%
112	46	66	41.1%	112	45	67	40.2%	111	51	60	46.0%
Advanced Tier (IPCs with Gross Annual Receipts of S\$10 million or more)											
FY2013 (n=29)				FY2014 (n=30)				FY2015 (n=32)			
Num.	Yes	No	%	Num.	Yes	No	%	Num.	Yes	No	%
29	12	17	41.4%	30	14	16	46.7%	32	16	16	50.0%

Notes:

1. Disclosure of withdrawal of directors with conflicting interests from Board meetings is only determined if such a policy is explicitly mentioned in the IPC's annual reports.
2. 'n' refers to the number of IPCs in the sample for that particular financial year.
3. 'Num.' refers to the number of IPCs included in the analysis of this variable (disclosure of withdrawal of directors with conflicting interests from Board meetings). IPCs that stated 'N.A.' for the disclosure of withdrawal of directors with conflicting interests from Board meetings under its GEC submission were excluded from the analysis.
4. 'Yes' refers to the number of IPCs that disclosed such a policy in their annual reports; and 'No' refers to the number of IPCs that did not disclose the information.
5. **Percentage (%)** refers to the percentage of IPCs that disclosed withdrawal of directors with conflicting interest from meetings in each tier and financial year.

With reference to Table 15, the three years' research findings on the disclosure of withdrawal of directors with conflicting interests from Board meetings are explained as follows.

In FY2013, only 59 out of 145 IPCs disclosed the withdrawal of directors with conflicting interests from Board meetings. Out of these 59 IPCs, one is the Basic II Tier, 46 are from the Enhanced Tier, and 21 are from the Advanced Tier.

In FY2014, only 60 out of 145 IPCs disclosed the withdrawal of directors with conflicting interests from Board meetings. Out of these 60 IPCs, one is from the Basic II Tier, 45 are from the Enhanced Tier, and 14 are from the Advanced Tier.

In FY2015, only 67 out of 145 IPCs disclosed the withdrawal of directors with conflicting interests from Board meetings. Out of these 67 IPCs, 51 IPCs are from the Enhanced Tier, and 16 IPCs are from the Advanced Tier.

4.4 Provision of Information about Advisors and Sub-Committees

4.4.1 Information about Advisors

Besides Board members, charities are also dependent on other volunteers who serve as advisors and Sub-Committee members. Although there are no recommendations regarding advisors in the Code, the findings in FY2015 show that 42 out of 145 IPCs have advisors. This amounts to about one-third (29.0%) of the IPCs in the sample. The number of advisors who volunteer in IPCs ranged from one to 17, with the most common number of advisors being one. Table 16 provides the three years' results and three-year trend analysis on IPCs' report on the presence and number of advisors in their annual reports.

Table 16: Presence and Number of Advisors

Basic II Tier (IPCs with Gross Annual Receipts of less than S\$200,000)															
FY2013 (n=3)					FY2014 (n=3)					FY2015 (n=2)					
Num.	Yes	Min	Max	Mode	Num.	Yes	Min	Max	Mode	Num.	Yes	Min	Max	Mode	
3	3	1	2	1	3	3	1	3	N.A.	2	1	2	2	2	
Enhanced Tier (IPCs with Gross Annual Receipts of S\$200,000 and up to S\$10 million)															
FY2013 (n=113)					FY2014 (n=112)					FY2015 (n=111)					
Num.	Yes	Min	Max	Mode	Num.	Yes	Min	Max	Mode	Num.	Yes	Min	Max	Mode	
110	37	1	17	1	107	37	1	11	1	107	33	1	11	1	
Advanced Tier (IPCs with Gross Annual Receipts of S\$10 million or more)															
FY2013 (n=29)					FY2014 (n=30)					FY2015 (n=32)					
Num.	Yes	Min	Max	Mode	Num.	Yes	Min	Max	Mode	Num.	Yes	Min	Max	Mode	
29	9	1	9	1	30	10	1	17	1	32	8	1	17	1	

Notes:

1. Presence of advisors is based on information provided in annual reports. Number is obtained from the aggregate count of all advisors.
2. 'n' refers to the number of IPCs in the sample for that particular financial year.
3. 'Num.' refers to the number of IPCs included in the analysis of this variable (presence and number of advisors). IPCs that did not disclose the information about their Board in their annual reports were excluded from the analysis.
4. 'Yes' refers to the number of IPCs that disclosed the presence and number of advisors in their annual reports.
5. 'Min' refers to the smallest number of advisors disclosed; 'Max' refers to the largest number of advisors disclosed; and 'Mode' refers to the most common number of advisors disclosed within the sample.

With reference to Table 16, the three years' research findings on the information about advisors are explained as follows. In FY2013, only three out of 145 IPCs did not disclose information about advisors. In FY2014, only five out of 145 IPCs did not disclose information about advisors. In FY2015, only four out of 145 IPCs did not disclose information about advisors. The IPCs that did not provide information about their advisors are all from the Enhanced Tier. For all IPCs in the sample, most of them had one advisor.

4.4.2 Information about Sub-Committees

Sub-Committees help Board members by acting as part of the governance structure of their respective organisations (Renz, 2007). Recommendations for Sub-Committees are provided in Section 1.2.1 of the Code 2011 and 2017. It encourages the Board of charities to appoint Sub-Committees (or designated Board members) to oversee different functions including Audit, Programmes and Services, Fundraising, Appointment or Nomination, Human Resource, and Investment.

The guidelines for Sub-Committees are different for different tiers. For IPCs in the Basic II Tier, they should have three Sub-Committees: Audit, as well as Programmes and Services Sub-Committees (recommendations in Code 2011); and Finance and Fundraising Sub-Committees (additional recommendations in Code 2017). IPCs in the Enhanced Tier are recommended to have six Sub-Committees: Audit, Programmes and Services, Fundraising, Appointment or Nomination, and Human Resource Sub-Committees (recommendations in Code 2011); and Finance Sub-Committees (additional recommendation in Code 2017). IPCs in the Advanced Tier are recommended to have seven Sub-Committees: Audit, Programmes and Services, Fundraising, Appointment or Nomination, Human Resource, and Investment Sub-Committees (recommendations in Code 2011); and Finance Sub-Committees (additional recommendation in Code 2017).

On the disclosure of Sub-Committees, the study will provide findings on number and types of Sub-Committees reported in IPCs' annual reports and financial statements. It should be cautioned that that the findings in this research may not be reflective of how IPCs organise their Sub-Committees, as IPCs may have used different names for Sub-Committees that serve the same function.

Using the latest dataset (FY2015) as reference, research findings show that only 73 out of 145 IPCs (50.3%) provided information about their Sub-Committees in their annual report. In general, these IPCs reported they had approximately between five to 10 Sub-Committees. In line with the recommendations provided by Code 2011 and Code 2017, the results also indicated that the larger IPCs tend to have higher number of Sub-Committees. None of the IPCs in the Basic II Tier in the sample provided information about their Sub-Committees.

Table 17 provides the three years' results and three-year trend analysis on the information about Sub-Committees provided by the IPCs from the Enhanced Tier. The FY2015 results for IPCs in the Enhanced Tier show that only 46 IPCs out of 111 IPCs provided information about Sub-Committees. Most of these IPCs in the Enhanced Tier had five Sub-Committees. The most common Sub-Committees are Human Resource Sub-Committees, followed by Audit Sub-Committees, Programmes and Services Sub-Committees, Fundraising Sub-Committees, and lastly, Appointment or Nomination Sub-Committees.

Table 18 provides the three years' results and three-year trend analysis on the information about Sub-Committees provided by the IPCs from the Advanced Tier. The FY2015 results for IPCs in the Advanced Tier show that 27 IPCs out of 32 IPCs provided information about Sub-Committees. Most of these IPCs in the Advanced Tier had five Sub-Committees. The most common Sub-Committees are Audit Sub-Committees, Appointment or Nomination Sub-Committees, followed by Fundraising Sub-Committees, Investment Sub-Committees, and lastly, Human Resource Sub-Committees as well as Programmes and Services Sub-Committees.

Table 17: Information about Sub-Committees provided by IPCs in the Enhanced Tier

Enhanced Tier (IPCs with Gross Annual Receipts of S\$200,000 and up to S\$10 million)																	
Disclosure of Sub-Committees																	
FY2013 (n=113)			FY2014 (n=112)			FY2015 (n=111)											
Yes	No	%	Yes	No	%	Yes	No	%									
47	66	41.6%	46	66	41.1%	46	65	41.4%									
Number of Sub-Committees																	
FY2013 (Num.=47)			FY2014 (Num.=46)			FY2015 (Num.=46)											
Min	Max	Mode	Min	Max	Mode	Min	Max	Mode									
0	11	5	0	13	5	0	14	5									
Adoption of Recommended Sub-Committees																	
FY2013 (Num.=47)						FY2014 (Num.=46)						FY2015 (Num.=46)					
A	P	F	N	H	Adoption	A	P	F	N	H	Adoption	A	P	F	N	H	Adoption
33	28	27	13	32	7	32	27	27	14	32	8	33	28	27	15	34	10

Notes:

1. Disclosure of Sub-Committees is based on information provided in the IPC's annual report or financial statement.
2. 'n' refers to the number of IPCs in the sample for that particular variable in that financial year.
3. 'Yes' refers to the number of IPCs that disclosed the number of Sub-Committees and adoption of the recommended Sub-Committees; and 'No' refers to the number of IPCs that did not disclose the information.
4. **Percentage (%)** refers to the percentage of IPCs that disclosed information about their Sub-Committees in each tier and financial year.
5. **'Num.'** refers to the number of IPCs included in the analysis of this variable (number of Sub-Committees and adoption of the recommended Sub-Committees respectively). IPCs that did not disclose the information about their Sub-Committees in their annual reports were excluded from the analysis.
6. **'Min'** refers to the smallest number of Sub-Committees disclosed; **'Max'** refers to the largest number of Sub-Committees disclosed; and **'Mode'** refers to the most common number of Sub-Committees disclosed within the sample.
7. **'A' (Audit), 'P' (Programme and Services), 'F' (Fundraising), 'N' (Appointment or Nomination) and 'H' (Human Resource):** These are the recommended Sub-Committees in the Code 2011.
8. **'Adoption'** refers to the number of IPCs that have disclosed that they have fully adopted the recommended Sub-Committees for their respective tier, under the Code 2011.

Table 18: Information about Sub-Committees provided by IPCs in the Advanced Tier

Advanced Tier (IPCs with Gross Annual Receipts of S\$10 million or more)																				
Disclosure of Sub-Committees																				
FY2013 (n=29)			FY2014 (n=30)			FY2015 (n=32)														
Yes	No	%	Yes	No	%	Yes	No	%												
21	8	72.4%	24	6	80.0%	27	5	84.4%												
Number of Sub-Committees																				
FY2013 (Num.=21)			FY2014 (Num.=27)			FY2015 (Num.=17)														
Min	Max	Mode	Min	Max	Mode	Min	Max	Mode												
1	32	10	1	30	7	1	31	5												
Adoption of Recommended Sub-Committees																				
FY2013 (Num.=21)							FY2014 (Num.=24)							FY2015 (Num.=27)						
A	P	F	N	H	I	Adoption	A	P	F	N	H	I	Adoption	A	P	F	N	H	I	Adoption
20	7	13	11	17	17	5	23	10	15	15	21	21	7	27	12	17	16	24	23	7

Notes:

1. Disclosure of Sub-Committees is based on information provided in the IPC's annual report or financial statement.
2. 'n' refers to the number of IPCs in the sample for that particular variable in that financial year.
3. 'Yes' refers to the number of IPCs that disclosed the number of Sub-Committees and adoption of the recommended Sub-Committees; and 'No' refers to the number of IPCs that did not disclose the information.
4. **Percentage (%)** refers to the percentage of IPCs that disclosed information about their Sub-Committees in each tier and financial year.
5. **'Num.'** refers to the number of IPCs included in the analysis of this variable (number of Sub-Committees and adoption of the recommended Sub-Committees respectively). IPCs that did not disclose the information about their Sub-Committees in their annual reports were excluded from the analysis.
6. **'Min'** refers to the smallest number of Sub-Committees disclosed; **'Max'** refers to the largest number of Sub-Committees disclosed; and **'Mode'** refers to the most common number of Sub-Committees disclosed within the sample.
7. **'A' (Audit), 'P' (Programme and Services), 'F' (Fundraising), 'N' (Appointment or Nomination), 'H' (Human Resource) and 'I' (Investment):** These are the recommended Sub-Committees in the Code 2011.
8. **'Adoption'** refers to the number of IPCs that have disclosed that they have fully adopted the recommended Sub-Committees for their respective tier, under the Code 2011.

4.5 Disclosure on Management

4.5.1 Information about Management - Name, Designation and Year of Appointment

In line with the general principle that charities should be transparent and accountable to its stakeholders about its operations, IPCs should provide information about their Management in their annual reports and financial statements.

Using the latest dataset (FY2015) as reference, research findings show that only 85 out of 145 IPCs (58.6%) in the sample provided information about their Management. As such, there is room for improvement for charities to provide more information about their Management to their stakeholders.

Table 19: Information about Management

Basic II Tier (IPCs with Gross Annual Receipts of less than S\$200,000)								
FY2013 (n=3)			FY2014 (n=3)			FY2015 (n=2)		
Yes	No	%	Yes	No	%	Yes	No	%
2	1	66.7%	1	2	33.3%	0	2	0.0%
Enhanced Tier (IPCs with Gross Annual Receipts of S\$200,000 and up to S\$10 million)								
FY2013 (n=113)			FY2014 (n=112)			FY2015 (n=111)		
Yes	No	%	Yes	No	%	Yes	No	%
62	51	54.9%	60	52	53.6%	59	52	53.2%
Advanced Tier (IPCs with Gross Annual Receipts of S\$10 million or more)								
FY2013 (n=29)			FY2014 (n=30)			FY2015 (n=32)		
Yes	No	%	Yes	No	%	Yes	No	%
22	7	75.5%	24	6	80.0%	26	6	81.3%

Notes:

1. Disclosure of date of appointment of Management is determined when an IPC's annual report showed the name, designation and year of appointment of all members in the Management.
2. 'n' refers to the number of IPCs in the sample for that particular financial year.
3. 'Yes' refers to the number of IPCs that disclosed the year of appointment of all members in the Management; and 'No' refers to the number of IPCs that did not disclose the information.
4. **Percentage (%)** refers to the percentage of IPCs that disclosed information about their Management in each tier and financial year.

With reference to Table 19, the three years' research findings on information about Management are explained as follows.

In FY2013, 59 out of 145 IPCs did not provide information about their Management in their annual reports. Out of these 59 IPCs, one is from the Basic II Tier, 51 are from the Enhanced Tier, and seven are from the Advanced Tier.

In FY2014, 60 out of 145 IPCs did not provide information about their Management in their annual reports. Out of these 60 IPCs, two are from the Basic II Tier, 52 IPCs from the Enhanced Tier, and six IPCs from the Advanced Tier.

In FY2015, 60 out of 145 IPCs did not provide information about their Management in their annual reports. Out of these 60 IPCs, two IPCs are from the Basic II Tier, 52 IPCs from the Enhanced Tier, and six IPCs from the Advanced Tier.

4.5.2 Disclosures on Non-Involvement of Staff in Setting Remuneration and Top Three Highest Paid Staff's Remuneration

As recommended by Section 2.2 of the Code 2011 and 2017, staff of a charity should not be involved in setting his or her own remuneration. Using the latest dataset (FY2015) as reference, research findings show that only 38 out of 145 IPCs (26.2%) disclosed information about the non-involvement of staff in setting his or her own remuneration. Throughout the three financial years, disclosure of this practice was not common. It was observed that this disclosure practice correlated positively with the size of an IPC. This means that larger IPCs are more likely to provide the required information in their annual reports.

In the Code 2011 and 2017, Section 8.4 encourages charities to disclose in their annual reports the total annual remuneration for each of their three highest paid staff who receive remuneration exceeding S\$100,000, in incremental bands of S\$100,000.

Using the latest dataset (FY2015) as reference, research findings show that 121 out of 145 IPCs (83.5%) disclosed the total annual remuneration for each of their three highest paid staff who receive remuneration exceeding S\$100,000. Of these 121 IPCs, 107 of them reported that their top three highest paid staff received remuneration of less than or equals to S\$100,000. Only 14 IPCs reported that their top 3 highest paid staff received remuneration of more than S\$100,000.

Table 20: Disclosure of Non-Involvement of Staff in Setting Up Own Remuneration

Enhanced Tier (IPCs with Gross Annual Receipts of S\$200,000 and up to S\$10 million)								
FY2013 (n=113)			FY2014 (n=112)			FY2015 (n=111)		
Yes	No	%	Yes	No	%	Yes	No	%
26	87	23.0%	23	89	20.5%	27	84	24.3%
Advanced Tier (IPCs with Gross Annual Receipts of S\$10 million or more)								
FY2013 (n=29)			FY2014 (n=30)			FY2015 (n=32)		
Yes	No	%	Yes	No	%	Yes	No	%
10	19	34.5%	9	21	30.0%	11	21	34.4%

Notes:

1. Disclosure of non-involvement of staff in setting up own remuneration is only determined when an IPC mentions explicitly in their annual reports that no staff is involved in setting his/her own remuneration.
2. 'n' refers to the number of IPCs in the sample for that particular financial year.
3. 'Yes' refers to the number of IPCs that disclosed the information on non-involvement of staff in setting up own remuneration; and 'No' refers to the number of IPCs that did not disclose the information.
4. **Percentage (%)** refers to the percentage of IPCs that disclosed information regarding the non-involvement of staff in setting up their own remuneration in each Tier and financial year.

With reference to Table 20, the three years' research findings on disclosure of non-involvement of staff in setting up own remuneration are explained as follows.

In FY2013, only 36 out of 145 IPCs disclosed that none of their staff were involved in setting their own remuneration. Of these 36 IPCs, 26 IPCs are from the Enhanced Tier and 10 IPCs from Advanced Tier.

In FY2014, only 32 out of 145 IPCs disclosed that none of their staff were involved in setting their own remuneration. Out of these 32 IPCs, 23 are from the Enhanced Tier, and nine are from the Advanced Tier.

In FY2015, only 38 out of 145 IPCs disclosed that none of their staff were involved in setting their own remuneration. Out of these 38 IPCs, 27 are from the Enhanced Tier, and 11 are from the Advanced Tier.

Table 21: Disclosure of Top Three Highest Paid Staff's Remuneration

Basic II Tier (IPCs with Gross Annual Receipts of less than S\$200,000)											
FY2013 (n=3)				FY2014 (n=3)				FY2015 (n=2)			
N.A.	Less than or equals to S\$100k	More than S\$100k	No Info	N.A.	Less than or equals to S\$100k	More than S\$100k	No Info	N.A.	Less than or equals to S\$100k	More than S\$100k	No Info
0	2	0	1	0	2	0	1	0	1	0	1

Enhanced Tier (IPCs with Gross Annual Receipts of S\$200,000 and up to S\$10 million)											
FY2013 (n=113)				FY2014 (n=112)				FY2015 (n=111)			
N.A.	Less than or equals to S\$100k	More than S\$100k	No Info	N.A.	Less than or equals to S\$100k	More than S\$100k	No Info	N.A.	Less than or equals to S\$100k	More than S\$100k	No Info
5	81	11	16	5	88	5	14	4	84	8	15

Advanced Tier (IPCs with Gross Annual Receipts of S\$10 million or more)											
FY2013 (n=29)				FY2014 (n=30)				FY2015 (n=32)			
N.A.	Less than or equals to S\$100k	More than S\$100k	No Info	N.A.	Less than or equals to S\$100k	More than S\$100k	No Info	N.A.	Less than or equals to S\$100k	More than S\$100k	No Info
1	20	3	5	1	23	4	2	1	22	6	3

Notes:

1. Only those that disclosed remuneration in bands of less than or equals to S\$100,000 complies with Section 8.3 of the Code 2011, and Section 8.4 of the Code 2017.
2. 'n' refers to the number of IPCs in the sample for that particular financial year.
3. 'N.A.' refers to the number of IPCs without paid staff. This disclosure is not applicable to them.
4. 'Less than or equals to S\$100k' (for band incremental) refers to the number of IPCs that disclosed their top three highest paid staff's remuneration in bands of less than or equals to S\$100,000.
5. 'More than S\$100k' (for band incremental) refers to the number of IPCs that disclosed their top three highest paid staff's remuneration in bands of more than S\$100,000.
6. 'No Info' (No Information) refers to the number of IPCs whose information on such disclosure could not be found.

With reference to Table 21, the three years' research findings on disclosure of top three highest paid staff's remuneration are explained as follows.

In FY2013, only 22 out of 145 IPCs did not disclose their top three highest paid staff's remuneration. Out of these 22 IPCs, one is from the Basic II Tier, 16 are from the Enhanced Tier, five are from the Advanced Tier.

In FY2014, only 17 out of 145 IPCs did not disclose their top three highest paid staff's remuneration. Out of these 17 IPCs, one is from the Basic II Tier, 14 are from the Enhanced Tier, and two are from the Advanced Tier.

In FY2015, only 19 out of 145 IPCs did not disclose their top three highest paid staff's remuneration. Out of these 19 IPCs, one is from the Basic II Tier, 15 are from the Enhanced Tier, and three are from the Advanced Tier.

For IPCs in the Basic II Tier, all IPCs disclosed their top three highest paid staff's remuneration in bands of less than or equals to S\$100,000 over the three-year period.

For IPCs in the Enhanced Tier, the number of IPCs that disclosed their top three highest paid staff's remuneration in bands of less than or equals to S\$100,000 ranged from 81 to 88 over the three-year period. The number of IPCs that disclosed this information in bands of more than S\$100,000 ranged from five to 11.

For IPCs in the Advanced Tier, the number of IPCs that disclosed their top three highest paid staff's remuneration in bands of less than or equals to S\$100,000 ranged from 20 to 23 over the three-year period. The number of IPCs that disclosed this information in bands of more than S\$100,000 ranged from three to six.



5 LIMITATIONS AND FUTURE RESEARCH

5.1 Limitations

RESULTS IN THIS STUDY ARE BASED SOLELY ON IPCS FROM THE HEALTH, AND SOCIAL AND WELFARE SECTORS

The research sample was based on 145 charities found solely in the Health, and Social and Welfare sectors, with IPC status from FY2013 to FY2015. Majority of the sample belong to the Social and Welfare sector, which are in the Enhanced Tier and are registered as Societies. This sample may not be representative of the entire charity sector. Hence, the findings may not be generalisable for charities in other sectors or charities with no IPCs status.

RESEARCH DATA FOR THIS STUDY BASED ON CODE 2011'S GUIDELINES

Data used in this study is collected from the annual reports, financial statements and GEC submissions in FY2013, FY2014 and FY2015, when charities were still using Code 2011 as their reference. Hence, the findings may not necessarily provide an accurate picture on the current state of charities' Board governance. Moreover, the refined Code 2017 will be effective from 2018 onwards. Charities will have to make changes to their Board governance structure and practices to be in line with recommended best practices in Code 2017.

LIMITATION DUE TO ARCHIVAL RESEARCH METHOD

This research uses archival data collected from IPCs' annual reports, financial statements and GEC submissions. There are inherent limitations in this data collection method, as the disclosure provided by IPCs in their annual reports and financial statements cannot be independently verified. Such data may possibly contain biases, which may affect the accuracy of derived findings and observations.

It should be caution that non-disclosure of governance policies in the annual reports and financial statements, as well as GEC submissions, does not equate to absence of such policies. Some charities may already have the relevant governance policies in place, but did not disclose them in their annual reports and financial statements, or GEC submissions. This may lead to an underestimation of the level of governance compliance for charities in Singapore.

5.2 Future Research

REPEAT STUDY AND EXPAND ON THE SCOPE OF THE STUDY

A repeat study is highly recommended, so that time series data can be collected. With the time series data, the development of Board governance practices in the charity sector can be tracked. Furthermore, it would be useful to expand the study to include other charity sectors, like the Arts and Heritage, Community, Education, and Sports sectors, as the current study is focused only on the Health, and Social and Welfare sectors.

SURVEY RESEARCH METHOD

A survey research method can be applied for future research. An online research questionnaire can be sent to Board members or Management to seek their views and comments regarding their own charities' Board governance practices. Results from the survey research method may provide better insights and more in-depth discussions on Board practices and issues of concerns. It can complement the information disclosed in charities' annual reports, financial statements and GEC submissions.

SUGGESTION FOR RESEARCH TOPICS ON BOARD MATTERS

Given the limited local research on charity governance in Singapore, some topics for future research may include Board renewal and succession planning, roles and contribution of advisors and Sub-Committees, as well as the relationship between Board and Management.



6 CONCLUSION

This booklet provided in-depth discussions on charities' Board and Management matters. As there is limited research on this topic, a quantitative research was carried out to bridge this gap. The study was conducted on 145 IPCs from the Health, and Social and Welfare sectors, based on the data obtained through the charities' disclosure in their annual reports, financial statements and GEC submissions from FY2013 to FY2015. The focus of this research study is to examine the IPCs' disclosures on (1) Board matters, (2) Board structure and composition, (3) Conflict of interest, (4) advisors and Sub-Committees, and (5) Management.

On Board matters, the research findings showed that almost all IPCs in the sample provided the names and designation of the board members. However, only some IPCs provided information about the date of appointment of their Board members, the number of Board meetings and their Board members' attendance. In terms of Board structure and composition, there are only a few IPCs with staff represented on their Board. The Board size range from five to 30 members, with the 10 as most common Board size. There are almost twice as many male Board members than female Board members in the sample.

Regarding matters on conflict of interest, about two-thirds of the IPCs provided information on declaration on conflict of interest. However, less than half of the IPCs provided information on the withdrawal of directors with conflicting of interests from meetings.

It is common for many IPCs to have advisors and Sub-Committee members serving alongside their Board. The results show that about one-third of the IPCs have advisors. The Code 2011 and Code 2017 have recommendations on number and types of Sub-Committees for charities and IPCs in different tiers. In general, larger IPCs are recommended to have more Sub-Committees. The recommended Sub-Committees are in the following areas - Audit, Programmes and Services, Fundraising, Appointment or Nomination, Human Resource, and Investment. The results show almost half of the IPCs in the sample provided information about their Sub-Committees. Based on the disclosure provided by these IPCs, most of them have Audit Committees, followed by Human Resource Committees and Fundraising Committees.

Lastly, on Management matters, most of the IPCs provided some information about their staff in their annual report. Disclosure on the total annual remuneration of their three highest paid staff were also well documented by most of the IPCs in the sample. However, only a few IPCs in the sample provided disclosure in their annual reports on non-involvement of staff in setting up own remuneration.

The results from this exploratory study provided some insights on charity's Boards and Management matters. It is the first step in understanding charity governance in Singapore as it evolves over time.



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ABOUT THE REPORT

This report is an outcome of a three-year collaboration between the Chartered Institute of Management Accountants (CIMA) and the Centre for Social Development Asia (CSDA). The first year's research in 2015 covered the financial characteristics of Institutions of a Public Character (IPCs). The second year's research in 2016 highlighted the fundraising practices of Health, and Social and Welfare IPCs in Singapore.

This year's research focuses on charity governance. There are three booklets in this series. The first booklet provides an overview as well as the development of charity governance. The second booklet is a qualitative research on how charities implement the Singapore's Code of Governance for Charities and IPCs, and the challenges they face. The third booklet is an exploratory quantitative study on the disclosure of Board and governance practices of IPCs in Health, and Social and Welfare sectors. The findings from these exploratory studies will hopefully be useful to stakeholders in the social service sector.

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