

Charity Governance Report

Together, we develop a well-governed and thriving charity sector



23rd February 2009

AGENDA

1. Executive
Summary

2. About Charity
Council

3. Code of
Governance

4. VWOs-Charities
Capability Fund

5. Case Studies

6. Council's Plans

7. Shared Services

8. Public
Confidence





Executive Summary

Governance Evaluation Checklist

- **81%** (1,500) charities & IPCs have submitted
- Median governance evaluation score is **87%**

VWOs-Charities Capability Fund (VCF)

\$2.4 million of VCF has been used to equip 503 charities & IPCs in governance & management

Governance & Management Training

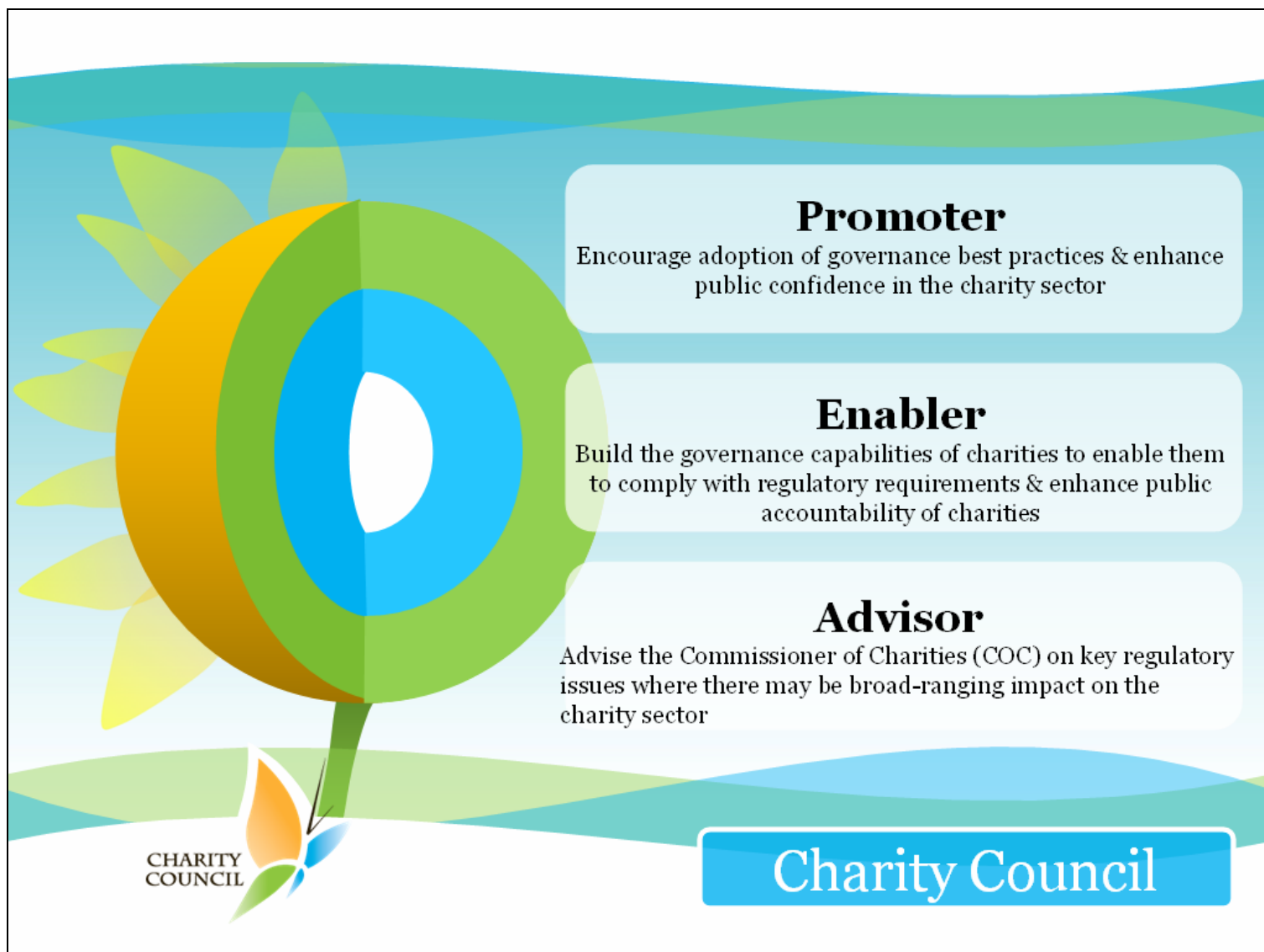
4,844 Board members & charity personnel have been trained

Public Confidence

Public confidence in charities has increased from 83% in 2006 to **90%** in 2008

**Source: NVPC Individual Giving Survey 2008*





Key Initiatives



April 2007: Extended VWOs-Charities Capability Fund to all charities & Institutions of a Public Character (IPCs)



November 2007: Launched Code of Governance for Charities & IPCs



March 2008: Reviewed 30/70 fundraising rule



January 2009: Launched Board Governance e-Learning Programmes with Social Service Training Institute



On-going Engagement with Professional Associations



Code of Governance for Charities & IPCs



Code of Governance

“Comply or Explain”

● Approach







Launched on 26-
November 2007

Objectives:

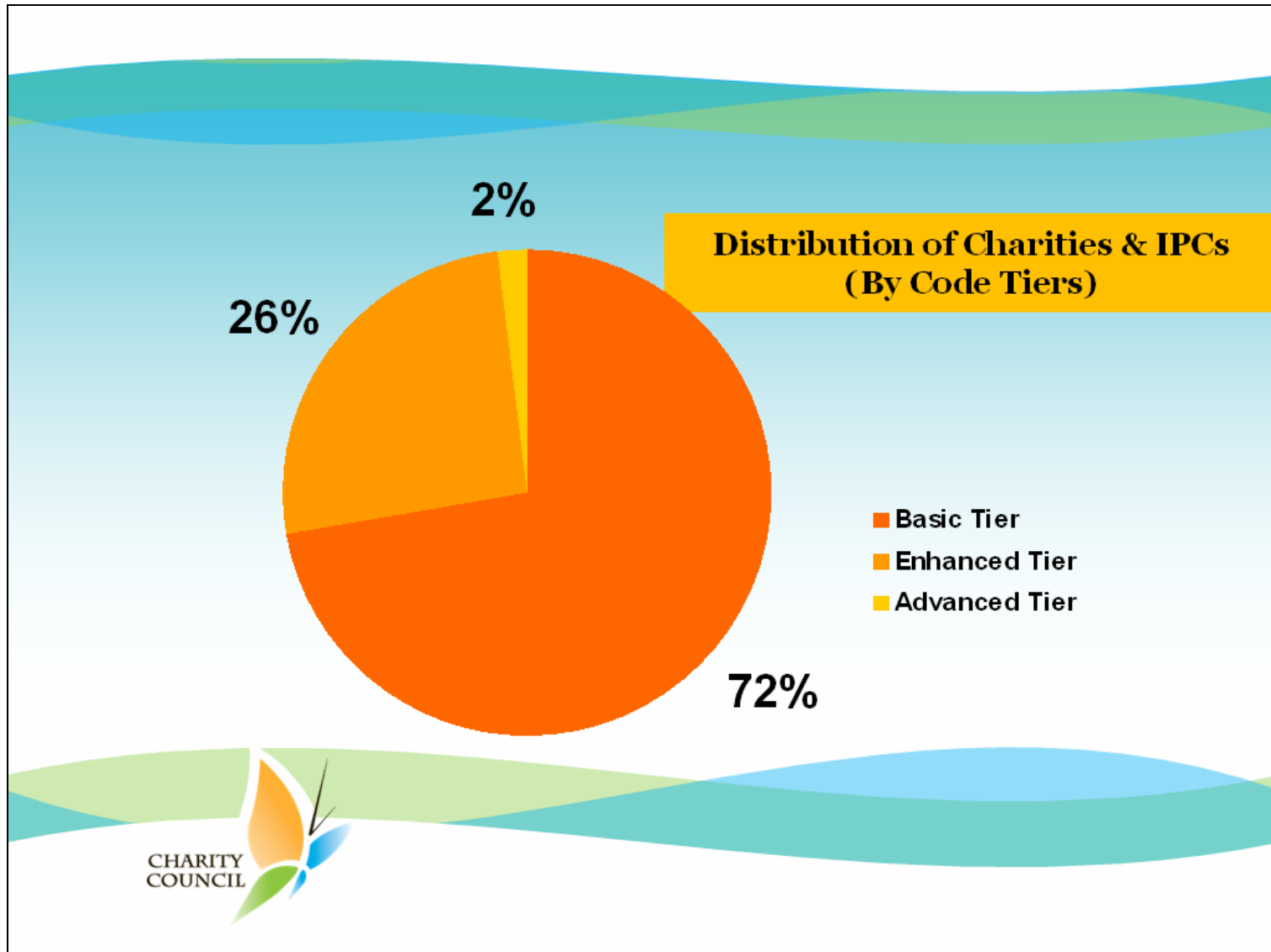
- > Support charity board members in their fiduciary work
- > Promote best practices in non-profit governance
- > Enhance public confidence in charity sector



Code of Governance

Tiered Guidelines	Charities	IPCs & Large Charities	Large IPCs
Basic All charities & IPCs			
Enhanced All IPCs & Large charities with Gross Annual Receipts of >\$10m			
Advanced Large IPCs with Gross Annual Receipts of >\$10m			





Governance Evaluation Checklist



Online Governance Evaluation Checklist launched on Charity Portal in February 2008



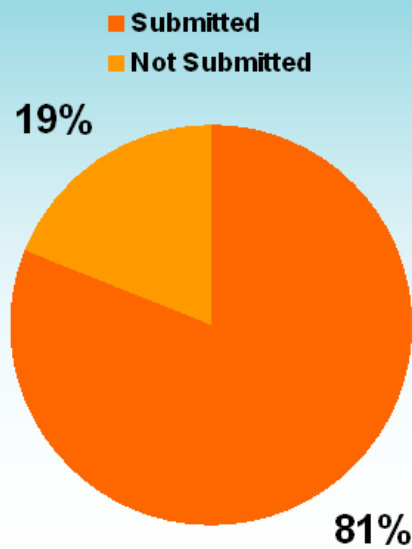
All charities & IPCs to disclose adoption of key Code guidelines



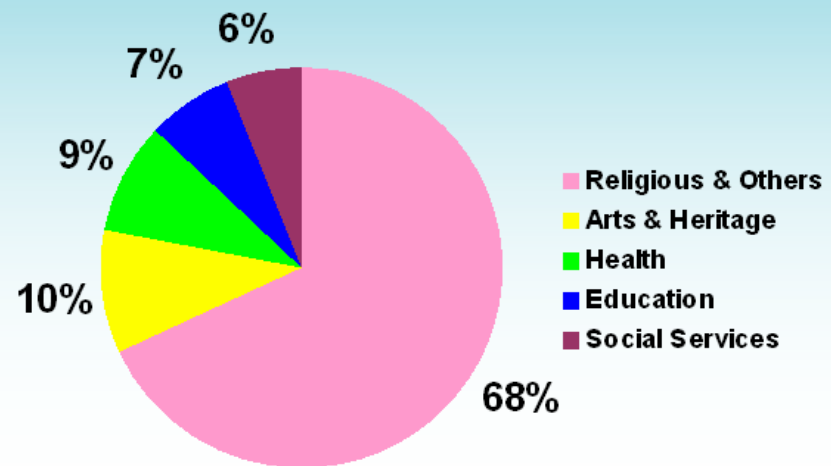
IPC checklists to be made public from 1st April 2009



**81% (1,500) of Charities & IPCs
have submitted checklists**



19% have not submitted checklists



Key Findings of Governance Evaluation Checklist



Key Finding #1

Majority have adopted Board governance practices

	Complied (%)	Compliance in Progress (%)	Not Complied (%)	Not Applicable (%)
Board Meets Regularly	95	3	1	1
Vision & Mission	88	4	1	7
Board Independence	86	2	2	10
Non-executive Chairman	79	2	9	10
Treasurer Term Limit of 4 years	73	14	3	10
Board Committees	60	22	4	14

- Constitutions of some religious charities require their spiritual leaders to chair or serve on the Board
- Many charities are reviewing their governing documents regarding Treasurers' term limit & Board committees
- Some charities do not have a Treasurer (or equivalent) appointment on the Board
- Many charities are considering setting up an Audit Committee. Some Board committees are not applicable for small charities

Key Finding #2

Management of Conflict of Interests needs improvement

	Complied (%)	Compliance in Progress (%)	Not Complied (%)	Not Applicable (%)
Personnel With Conflicts of Interest Do Not Vote	84	7	1	8
No Personnel Involved In Setting Own Remuneration	79	0	0	21
Conflicts of Interest Declaration	56	32	3	9

- One area for improvement is on procedures for volunteer Board members & key staff to declare & manage actual/ potential conflicts of interest
- Setting of remuneration is not applicable for charities that do not have paid staff/ Board members

Key Finding #3

**Disclosure of Board & staff remuneration are lacking
But many are considering disclosure in future annual reports**

	Complied (%)	Compliance in Progress (%)	Not Complied (%)	Not Applicable (%)
Board Members are Not Remunerated	96	0	3	1
Availability of Annual Reports	94	3	0	3
Public Relations & Corporate Communications	95	1	0	4
Disclosure of Reserves Policy	58	24	7	11
Disclosure of Remuneration of Top 3 Executives in Salary Bands	35	26	11	28
Disclosure of Board Remuneration	27	3	2	68

- Many charities are in the process of developing a reserves policy. However, those with limited or no reserves indicated that reserves policy is not applicable
- Disclosure of remuneration is not applicable for many charities that do not have paid staff/ Board members

Key Finding #4

Internal processes & controls are still under development

	Complied (%)	Compliance in Progress (%)	Not Complied (%)	Not Applicable (%)
Reviews Work Plans	94	4	0	2
Budget Planning & Monitoring	84	8	2	6
Internal Control Systems	79	18	1	2
Reviews on Controls, Processes & Programmes	77	14	5	4
Staff Appraisal & Development	65	10	2	23
Human Resource Policy	57	16	4	23

- Areas for improvement are in the development of HR, staff appraisal/ development policies
- Staff development & HR policies are not applicable for many charities that do not employ paid staff

Key Finding #5

Large IPCs have developed policies on investment of reserves & conflict resolution

	Complied (%)	Compliance in Progress (%)	Not Complied (%)	Not Applicable (%)
Policy on Investment of Reserves	82	6	0	12
Conflict Resolution of Staff & Volunteers	80	10	0	10
Board Evaluation	50	46	2	2

- Investment policy is not applicable for some IPCs with no investment activities, other than bank deposits
- Conflict resolution policy is not applicable for some IPC funds without paid staff or volunteers
- Majority are still developing Board self-evaluation practices

VWOs-Charities Capability Fund (VCF)



Extended to all
registered
charities & IPCs
from:

**1 April 2007 – to –
31 March 2012**

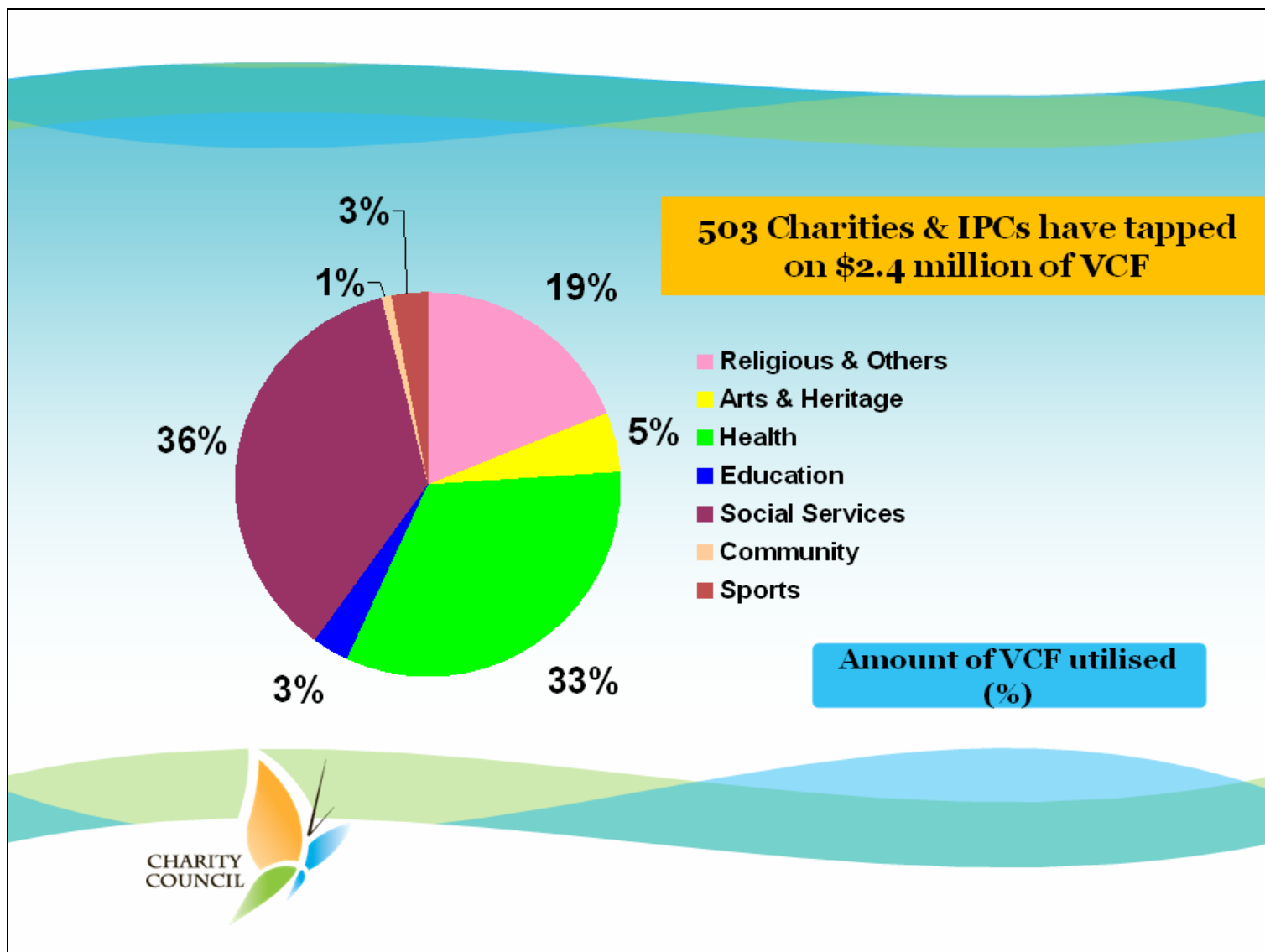
Info-Comms
Technology
Grant

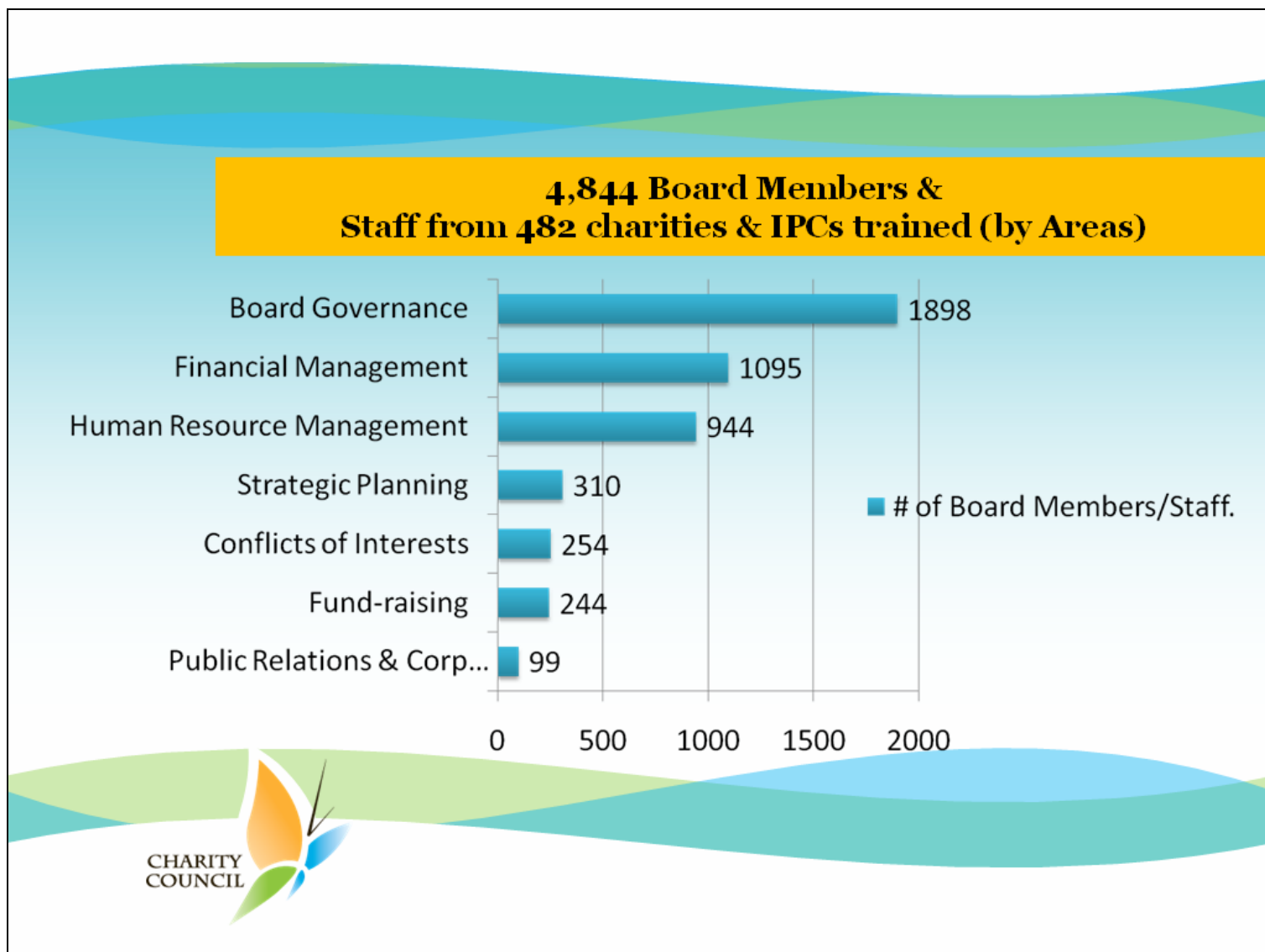
Consultancy
Grant

Training
Grant

3 Grants
focusing on
building
governance &
management
capabilities







Case Studies of Good Governance Practices by Charities



Case Study #1: Singapore Children's Society

- Singapore Children's Society seeks to help protect & nurture children & youth of all races and religions, especially those who are abused, neglected or from dysfunctional families
- **Steps taken to enhance governance practices:**
 - Developed & published its own Code of Conduct on its website which is used as a yardstick & operating parameter to guide its activities & operations
 - Established a comprehensive list of Programmes' Key Performance Indicators (KPIs)
 - The KPIs are measured through surveys, evaluation processes & reports



Case Study #1: Singapore Children's Society

- Proactive in Board Renewal & Succession Planning
 - Systematic development of committee members
 - Recruits committee members with integrity & right values
 - Conducts orientation for new committee members
- **Outcome:**
 - “Good governance is the result when the organisation communicates its values & expectations to its stakeholders. There is a constant self-evaluation & review on its internal processes & programmes to make things work better.”
[Mr Koh Choon Hui, Chairman, JP BBM(L)]
- **Success factors:**
 - Established strong branding, transparency & invests in people through continuing training

Case Study #2: Singapore Heart Foundation

- Singapore Heart Foundation's mission is to promote heart health, prevent & reduce disability & death due to cardiovascular diseases & stroke
- **Steps taken to enhance governance practices:**
 - Tapped on VCF Consultancy grant to conduct an Online Board Assessment Survey
 - Tapped on VCF Info-Comms Technology grant for purchase of accounting software to enhance financial reporting



Case Study #2: Singapore Heart Foundation

- **Outcome:**
 - “The enhanced transparency & accountability made it easier to recruit & retain Board members. Moreover, the increased public confidence in the Foundation helped in increasing the number of donations & volunteers.”
[Prof. Terrance Chua, Chairman]
- **Success factors:**
 - Commitment of the Board & staff to make corporate governance a priority
 - Believes that financial governance matters are of the utmost importance:
 - The Foundation has set up Finance & Audit committees, adopted RAP6 & other relevant financial guidelines earlier than was required by the Code of Governance

Case Study #3: Campus Crusade Asia Limited

- Campus Crusade Asia recognises Campus Crusade for Christ, Inc. of USA as its international headquarters. Its aims are to:
 - Share the Christian faith & experience & help others share their faith
 - Equip Christians with a deeper appreciation of their faith
 - Work with and resource churches & other Christian groups and communities
- **Steps taken to enhance governance practices:**
 - Deliberate recruitment of good independent directors to the Board
 - Formed Board committees in accordance to the Code of Governance
 - Regular internal audits performed by overseas Campus Crusade offices

Case Study #3: Campus Crusade Asia Limited

- **Outcome:**

“With the introduction of independent Directors, best practices in the corporate sector are brought into the charity to help achieve effectiveness & efficiency.”

[Rev Lam Kok Hiang, Country Director]

- **Success factors:**

- Strong supervisory oversight, internal control & audit
- Clear vision & mission to invite able people to serve on the Board & committees

Case Study #4: Students Care Service

- Students Care Service's mission is to be a leading social work organisation in enabling students to maximise their potential
- **Steps taken to enhance governance practices:**
 - Conducts strategic planning exercises every 3-4 years
 - Conducted governance training cum consultancies for Board/committee members & senior staff
 - Regular reviews of governance & internal control policies
 - Implemented conflicts of interest & whistleblower policies for Board members & staff



Case Study #4: Students Care Service

- **Outcome**
 - “The training-led consultancies enhance the understanding of governance principles, practices & risk management amongst Board, committee & staff members.” [Ms Morene Sim, Executive Director]
- **Success factors**
 - Supportive & progressive Board
 - Passionate & committed staff team
 - Clarity of board & management roles



Case Study #5: PPIS (Singapore Muslim Women's Association)

- PPIS's mission is to create opportunities and to address the needs & interests of women in their roles towards building strong families
- **Steps taken to enhance governance practices:**
 - Tapped on VCF Consultancy Grants for:
 - Online Board Assessment Survey
 - Strategic Planning



Case Study #5: PPIS (Singapore Muslim Women's Association)

- **Outcome:**
 - “VCF grant has allowed PPIS to engage professional consultant in its strategic planning & review in the area of governance & management. Professional consultancy helps to guide PPIS how to fully exploit its capabilities & resources effectively. PPIS has streamlined its administration functions to be cost-effective, improving inter-centers communication, better coordination between centers & staff interactions at all level.”
[Ms Maznah, Chief Executive Officer]
- **Success factors:**
 - The success of the projects owe much to the good governance of the Board
 - Adopted all the recommendations of the Charity Council
 - Involvement of dedicated staff in implementing the Code

Council Plans





Moving Forward

(1)

Engagement of
Professional
associations

(2)

Networking sessions
for Boards &
Executive Heads to
share best practices

(3)

Shared Services for
charity sector



Shared Services for Charity Sector



Shared Services

“Focus”

Develop governance capabilities to achieve organisational excellence & serve intended beneficiaries effectively

“Reduce”

Cut administrative burden, transactional work, enhance efficiency, accuracy by charities & IPCs

“Economies of scale”

Create synergies & avoid duplication of efforts



Launch pilot phase in 2009 to deliver shared services in finance & accounting



Case Study: Kwan Im Thong Hood Cho Temple

- The principal activities of the Temple are to provide a place of worship for persons of the Buddhist Faith & to donate income monies for charitable purposes.
- **Steps taken to enhance governance practices:**
 - Outsourced Temple's administration and corporate services functions (e.g. finance, accounting, legal services) to an independent corporate consultancy firm for secretarial and accounting services, and to a legal firm for legal services.



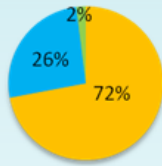
Case Study: Kwan Im Thong Hood Cho Temple

- **Outcome:**
 - Outsourcing their admin & corporate functions professionalised their management and provided them with expertise, experience, efficiency & independence.
- **Success factors:**
 - Board has a constant review process to identify gaps in its governance, operations & internal controls
 - Board members take on a pro-active approach and make conscientious effort to improve its corporate governance



Summary

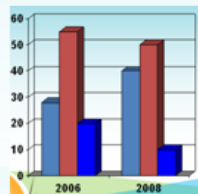




Adoption with the Code of Governance is encouraging. However, internal processes could be improved.



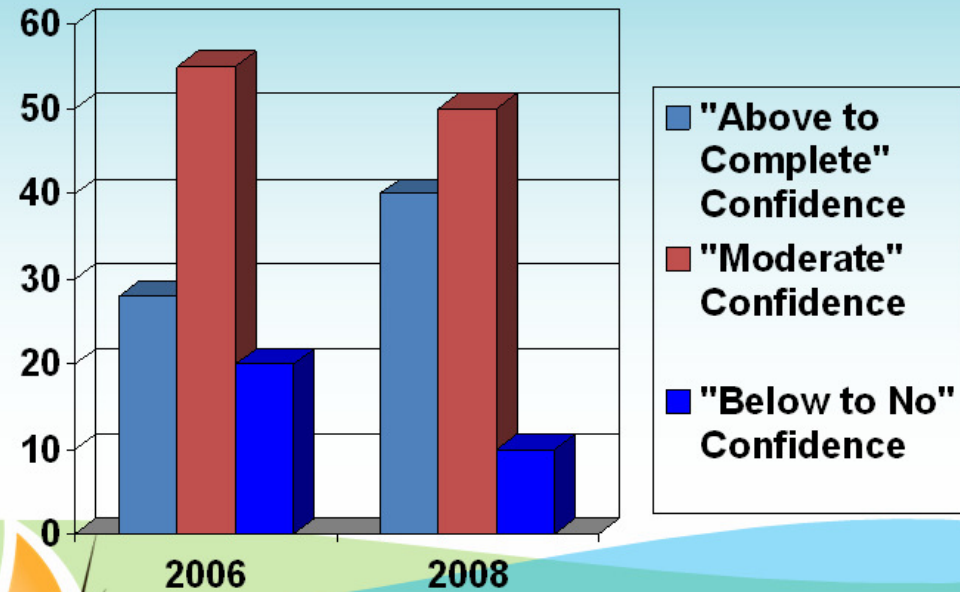
Charity Board members & personnel have taken responsibility to enhance their governance capabilities.



Public confidence in charities & IPCs have increased from 2006. (Source: NVPC Individual Giving Survey 2008)



Public confidence in charities has increased. 90% expressed “moderate to complete confidence” in 2008 compared to 83% in 2006



CHARITY
COUNCIL

*Source: NVPC Individual Giving Survey 2008

Members of Charity Council

People Sector Members

- | |
|--|
| <p>(1) Mrs Fang Ai Lian, 方爱莲 (Chairman)
Chairman, Great Eastern Holdings</p> |
| <p>(2) A/P Mak Yuen Teen, 麦润田
Regional Research Director for Asia Pacific, Watson Wyatt Worldwide</p> |
| <p>(3) RADM(Ret) Kwek Siew Jin, 郭守仁少将
President, National Council of Social Service</p> |
| <p>(4) Mr Tay Poey Cher, David, 郑培书
President, The Photographic Society of Singapore</p> |
| <p>(5) Mrs Diana Ee-Tan, 余珠琳
Director, Raffles Hotels (1886) Pte Ltd</p> |
| <p>(6) Mr Suhaimi Salleh
CEO, SSA Consulting Group</p> |
| <p>(7) Mr Rajaram Ramiah
Partner, Wee Ramayah & Partners</p> |
| <p>(8) Mr Tan Hup Foi, 陈合火
Chairman, Ngee Ann Polytechnic</p> |
| <p>(9) Mr Stanley Tan Poh Leng, 陈宝能
Chairman, National Volunteer & Philanthropy Centre</p> |

Members of Charity Council

Sector Administrators Members

(10) Mr Tan Kee Yong, 陈基荣

Deputy Secretary (Services), Ministry of Education

(11) Mr Goh Aik Guan, 吴奕源

Deputy Secretary, Health Services, Ministry of Health

(12) RADM (NS) Sim Gim Guan, 沈锦源准将

Deputy Secretary (Info and Corporate Management),
Ministry of Information, Communications and the Arts

(13) Ms Ang Bee Lian, 汪美莲

Chief Executive Officer, National Council of Social Service

(14) Mr Tan Boon Huat, 陈文发

Chief Executive Director, People's Association

(15) Mr Oon Jin Teik, 温仁德

Chief Executive Officer, Singapore Sports Council



Contact Us

Charity Council Secretariat
c/o Charities Unit, Ministry of Community Development, Youth and
Sports (MCYS)

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Helpdesk: (65) 6354 8543

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Feedback: MCYS_charities@mcys.gov.sg

For more information, please visit the Charity Portal at
www.charities.gov.sg



End of Presentation

Thank-you



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