

Code of Governance for Charities and Institutions of a Public Character

28 February 2019 (Thursday)

Co-Organised by:

The Office of Commissioner of Charities, Charity Council and
Yayasan Mendaki



Why a Code of Governance?

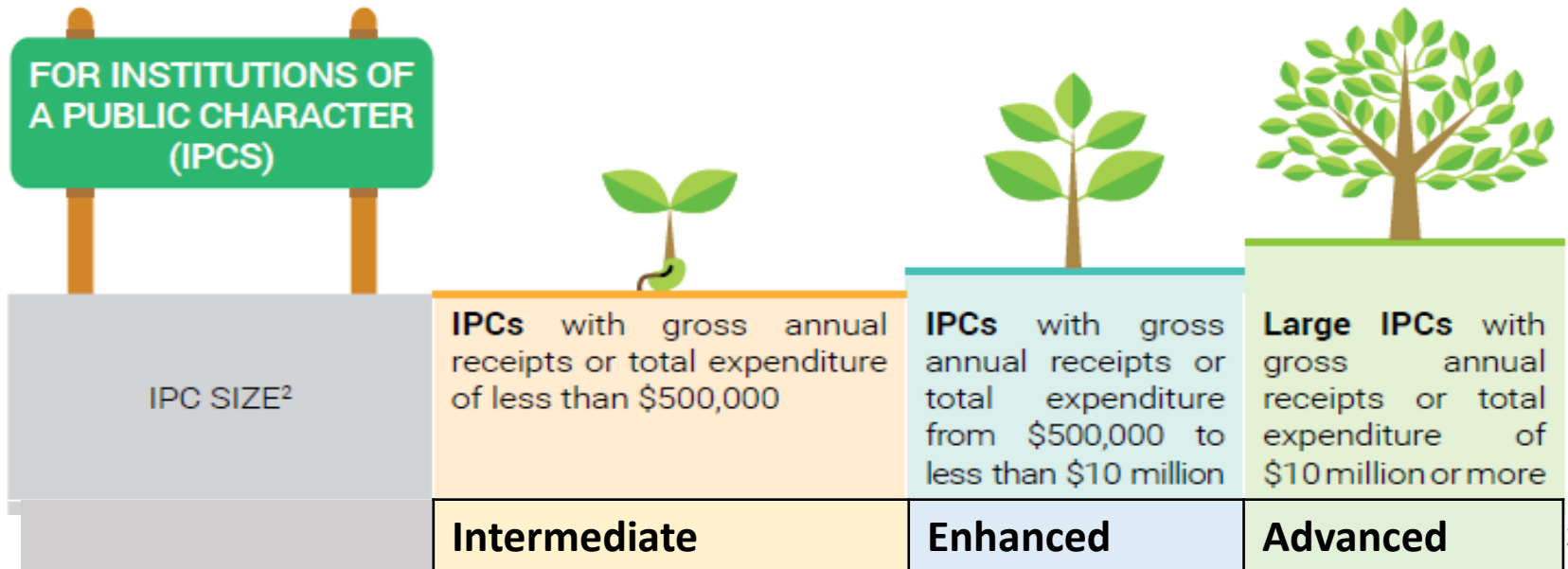
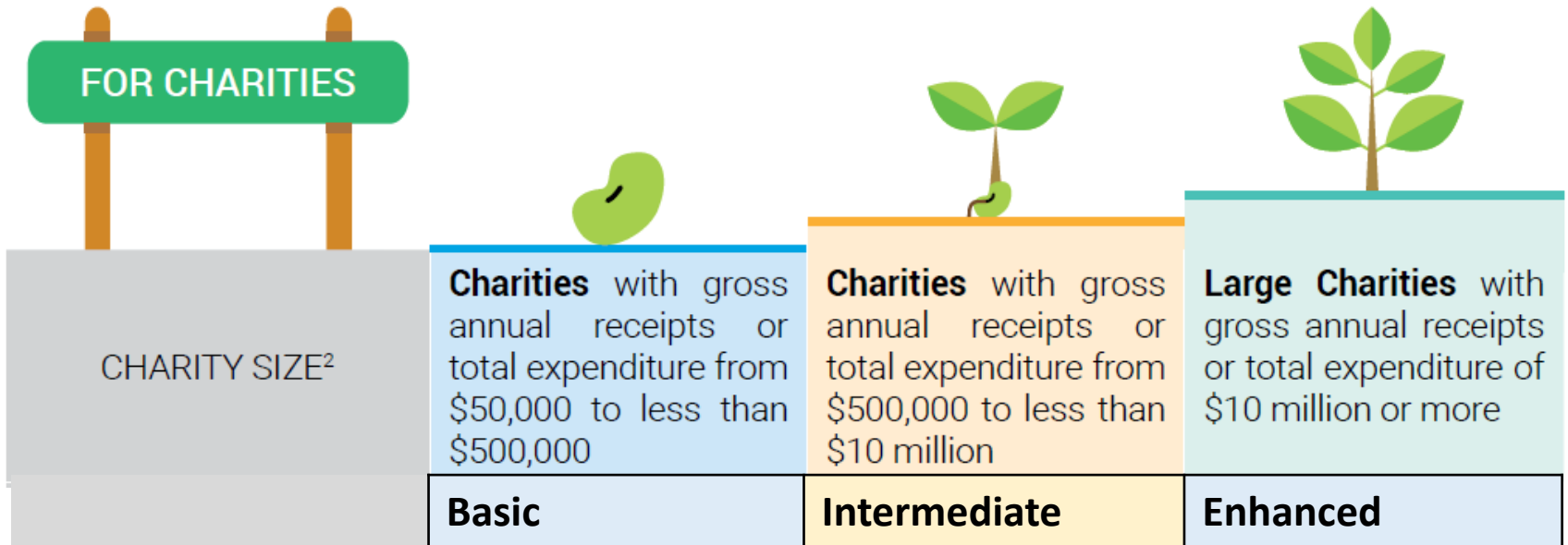


- Guidance for charities/Board. Encourage **transparency and accountability**



- Promote support for charities from the public

Charity Tiered Guidelines







Fundraising Practices

General Principle

The charity should ensure that its fundraising activities are transparent and ethical. It should account to its donors on what, how and when the funds would be used. The charity should also be prudent in engaging third party fundraisers.

Conduct of Fundraising

[Basic: This applies to all charities with gross annual receipts (GAR) or total expenditure (TE) of \$50k and above, and all IPCs]

7.1.1 The charity should ensure that its fundraising activities will preserve the **integrity** and **transparency** of the charity.



Accountability to Donors

[Basic: This applies to all charities with gross annual receipts (GAR) or total expenditure (TE) of \$50k and above, and all IPCs]

7.2.1 The charity should ensure that donors receive accurate and ethical advice about the charity, and the intended use, value and tax implications of donations.

7.2.2 All collections received (solicited or unsolicited) should be properly accounted for and promptly deposited.

7.2.3 All donations-in-kind received should be properly recorded and accounted for by the charity.

7.2.4 Charities should respect donors' confidentiality. They should not disclose the identity of donors or share information on donors without prior permission from the donors.

Use of Third Party Fundraisers

[Basic: This applies to all charities with gross annual receipts (GAR) or total expenditure (TE) of \$50k and above, and all IPCs]

7.3.1 The charity should exercise due care in engaging third party fundraisers. It should take into account how the public may view its use of third party fundraisers. The use of a third party fundraiser, its **rationale** and **fee arrangements** should be approved by the Board and disclosed to potential donors.

7.3.2 Fundraising targets should be set based on the charity's needs and disclosed to donors.



Use of Third Party Fundraisers

Illustration:

ABC Charity Fundraising Event

Date	25 th July 2019
Time	11am – 7pm
Venue	VivoCity, Central Court, Level 1

Through this fundraising event, we aim to create awareness for xxx and we hope to encourage at least 500 participants to join in our cause and to raise \$xx.

All funds raised at the event will go to our beneficiaries.

Other Notable Areas

Board Governance – Board Committee

[Intermediate: This applies to all charities with gross annual receipts (GAR) or total expenditure (TE) of \$500k to less than \$10 million, and all IPCs]

1.2.1 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** (or designated Board members) to oversee the areas relevant to the charity (e.g. Fundraising).

Financial Management and Internal Controls – Operational Controls

[Basic: This applies to all charities with gross annual receipts (GAR) or total expenditure (TE) of \$50k and above, and all IPCs]

6.1.3 The Board should ensure that **reviews are conducted regularly** on the charity's internal controls, processes, key programmes and events (e.g. fundraising).

Code of Practice for Online Charitable Fund-Raising Appeals



- a) Put in place processes to ensure user information is kept safe;
- b) Ensure transparency of funds raised;
- c) Person conducting the appeals on the platform should complete a declaration of compliance with requirements under the Charities Act;
- d) Put in place processes for early fraud and mismanagement detection and to ensure legitimacy of appeals;
- e) Make available the descriptions of the risks related to donations made via such platforms;
- f) Evaluate risks associated with Money Laundering and Terrorist Financing and have in place processes to address such risks;
- g) Liaise closely with the Commissioner of Charities and co-operate on the conduct of periodic audits and reviews of the processes.

Platforms subscribe to the Code

1. Giving.sg
2. Give Asia
3. Simply Giving
4. Ray of Hope Initiative Limited

Visibility Guide for Charities

Visibility Guide for Charities the PARENT framework



This guide is a framework for charities to effectively communicate impact, governance and accountability to their donors. By adopting it, charities can help to build trust in our giving sector, by promoting transparency and responsible practices.



Commissioner of Charities
Ang Hak Seng



Purpose



Be clear on your purpose and state it.

Having a clear purpose drives strategic direction and intended impact for your beneficiaries.

Alignment



Show alignment of activities with your purpose.

Your charity may conduct various activities catered to your beneficiaries' needs. Show that these activities achieve your charitable purpose.

Results



State results to account for effective use of resources.

Statistical information on outreach efforts, funds raised and donations received are possible examples. Your charity can go beyond to show Inputs, Process and Outputs KPIs.

Evidence



Provide evidence through testimonials.

Your charity's positive impact can be demonstrated through testimonials from beneficiaries and their family members. Videos and pictures are also viable options.

Navigate



Ensure ease of navigation within the annual report.

Allow readers to have a quick overview of the good work done by starting the report with an infographic on key information.


Transparent



Be transparent.

Let your stakeholders know your charity's areas for improvement and plans for the year ahead.

Guide on Safer Giving



GIVING IS POWERFUL. GIVE SAFELY.

ASK BEFORE GIVING.
FOR EXAMPLE:

- ① "WHO IS THE BENEFICIARY?"
- ② "WHAT WILL MY DONATIONS BE USED FOR?"
- ③ "HOW CAN I RECEIVE UPDATES?"

CHECK THE FUND-RAISER'S LEGITIMACY AND T&CS.


SMS
FR<SPACE><LICENCE NUMBER/PERMIT NUMBER/ORGANISATION> TO 79777

ONLINE
ENTER THE ORGANISATION'S NAME AT [CHARITIES.GOV.SG](https://charities.gov.sg)

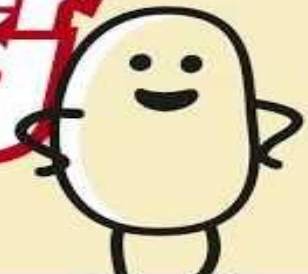
QR CODE
SCAN THE CODE ON THE PERMIT WITH YOUR SMARTPHONE.

GIVE WITH PEACE OF MIND.

LEARN MORE ABOUT SAFER GIVING AT [CHARITIES.GOV.SG](https://charities.gov.sg)



YOUR GUIDE TO

<https://youtu.be/6cZDqWNOBzs>



Conflict of Interest

General Principle

Board members and staff should act in the best interests of the charity. Clear policies and procedures should be set and measures be taken to declare, prevent and address conflict of interest¹.

¹*A situation where a Board member, staff, or other person with an existing or potential financial or other material interest that might impair his or her independence or objectivity in the discharge of responsibilities and duties to the charity.*

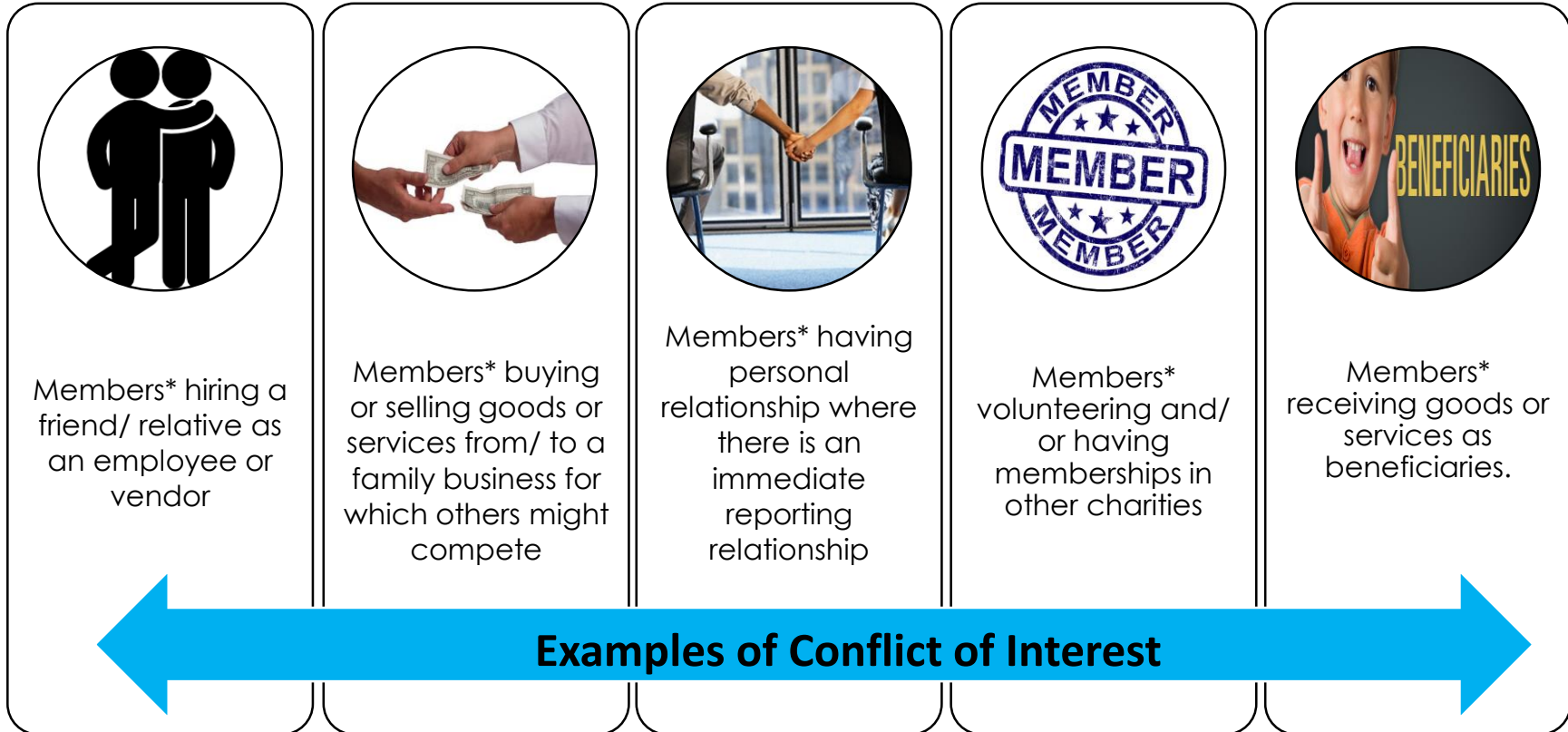
[Basic: This applies to all charities with gross annual receipts (GAR) or total expenditure (TE) of \$50k and above, and all IPCs]

2.1 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.

2.2 Board member or staff should **not be involved** in setting his/her **own remuneration**.

2.3 There should be special procedures to deal with the conflict of interest when Board members have any interest:

- In **business transactions or contracts** that the charity may enter into;
- In other organisations that the charity has dealing with/is considering entering into **joint ventures** with;
- As the charity's **suppliers, service users, beneficiaries or staff**



Source : Social Service Institute

* A member refers to a board member, management member, staff member or volunteer member.

[Basic: This applies to all charities with gross annual receipts (GAR) or total expenditure (TE) of \$50k and above, and all IPCs]

2.4 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/she should recuse from the meeting. The reason for how a final decision is made should be **recorded in the minutes** of the meeting.

2.5 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.

Case Study – Employment of a Family Member

- A charity identifies a need for an administrative support officer to assist the organisation in the disbursement of funds. The Chief Executive Officer (CEO) works with the Director of Human Resource to determine a job description and remuneration for the position.
- The Chief Executive Officer of the charity has a daughter who is looking for a job. The CEO did not mention that his daughter could be a potential applicant.
- When the role is advertised and his daughter applies, the CEO reports his Conflict of Interest (COI) to the leadership team and removes himself from the interview selection panel.
- When the panel recommends his daughter as the preferred candidate, his daughter accepted the offer.

Adapted from: <https://www.education.vic.gov.au/hrweb/Documents/Conflict-of-Interest-COI-Quick-Guide-and-Case-Studies.pdf>

Areas with Conflict of Interest

- From the onset, the CEO has a potential COI knowing that his daughter was likely to apply. By not disclosing this until after he had finalised the job description and remuneration, he may be seen as influencing the job description to suit his daughter's qualification and availability, rather than the needs of the charity. This perception creates risk for the CEO's reputation and could lead to discontent amongst the staff.
- Once his daughter applied, the CEO took steps to address the COI by reporting it to the leadership team and removed himself from the interview panel. However, since all the members of the panel are his subordinates, the situation could still create a perception of a COI.
- Even if the panel felt that they could be impartial in assessing the quality of the applicants, people might suspect that the panel were influenced to recommend the CEO's daughter for the position.

Areas to improve on

- The CEO should disclosed his daughter's interest to the leadership team earlier when determining the job description and remuneration. **Considerations should be given to whether it was necessary for the CEO to step aside from this process.**
- With the appointment of the CEO's daughter for the job, his personal relationship might create an actual or perceived COI whenever he has to make decisions which could affect his daughter's duties, progression in the organisation, etc. The organisation should **put in place processes to manage ongoing COI issues** to ensure that the CEO does not make decisions relating to the progression, remuneration or the management of complaints about his daughter.
- The CEO should update his **Declaration of Private Interest form** and the organisation should have a **policy to deal with the recruitment of family members in the organisation.**

Measures

- Assess the process for current or future risks of COI
- Disclose any actual, potential or perceived COI as early as possible and take necessary steps to avoid undue influence.
- Think about perception of COI as well as actual COI and take sufficient steps to address the risks
- Record all decisions made, even decisions not to take any action

Adapted from: <https://www.education.vic.gov.au/hrweb/workm/pages/Conflict-of-Interest.aspx>

Managing Conflict of Interest

Declaration of Interests



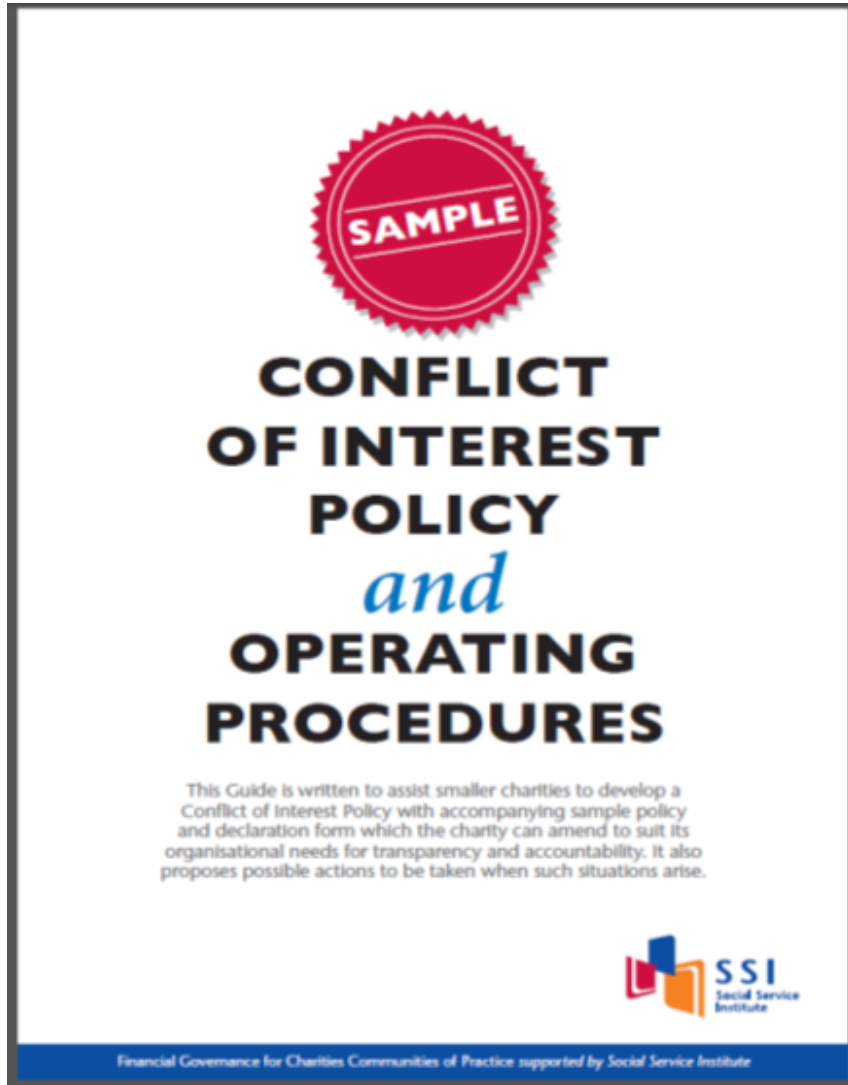
The declaration of interests should be updated at least annually, or when any changes occur



In situations where members are unsure what to declare or whether/ when the declaration needs to be updated, they are strongly encouraged to make a declaration or seek advice from the Board

Source : Social Service Institute, "Conflict of Interest Policy and Operating Procedures"





Conflict of Interest Policy & Operating Procedures

By Social Service Institute (SSI)

Available on:

www.charitycouncil.org.sg

- Resources For You > Guides and Templates

www.charities.gov.sg

- Resources > Publications > Sample Templates for Charities and IPCs

Sample COI Declaration Form

Conflict of Interest Policy & Declaration Form

Date

Conflict of Interest Disclosure Statement

*With regard to my voluntary service as _____ on the Committee of ABC Charity, I have the following potential conflict of interest to report:

OR

*With regard to my employment as _____ with ABC Charity, I have the following potential conflict of interest to report:

* Delete whichever is appropriate

- ☐ Affiliated to another VWO.
- ☐ Affiliated to a vendor, supplier, or a party providing or bidding for providing services, having a direct or indirect interest in any business transaction(s), agreement or investment with ABC Charity
- ☐ Affiliated to business dealings/ transactions with a vendor, supplier or a party, which could result in benefit to me
- ☐ Affiliated to a party which have interest in purchasing services from Crocodile Foundation.
- ☐ Affiliated to a staff of ABC Charity
- ☐ Affiliated to person(s) involved in or have an interest in any pending legal proceedings involving ABC Charity
- ☐ Others: _____

(Note: Affiliated refers to the following: Spouse, domestic partner, child, mother, father, brother or sister or close associates; any corporation, business or non-profit organisation of which you serve as staff, officer, board member, partner or participate in management or are employed by; or any trust or other estate in which you have a substantial interest or as to which you serve as a trustee or in a similar capacity.)

Please elaborate on the potential conflict arising from the above situation with regards to the transaction concerned (e.g. nature of service/ transaction, if affiliated person involved, the identity of the affiliated person and your relationship with that person):

Declaration

I hereby confirm that the disclosure made above are complete and correct to the best of my information and belief. I shall not be participating in the discussion and decision making of this matter. I agree that if I become aware of any information that might indicate that this disclosure is inaccurate or that I have not complied with the conflict of interest policy, I will notify the appropriate authority immediately.

Signature

Name & Designation

Date

Regulatory Requirements

Key Regulatory Submissions

**Changes to
Board
Composition**

Submit changes within **14 days** of the change

**Amendments
to Governing
Instruments**

Seek COC's approval for the proposed amendments

**Annual
Submissions**

Submit financial statements, annual report and GEC **within 6 months** from close of Financial Year (FY)

Annual Submissions

Close of FY
e.g. 31 Dec

Due Date
e.g. 30 Jun

6 months

Online
Financial
Summary

Financial
Statements

Annual
Report

GEC

Applicable if
charity is required
to be externally
audited

Audited
Income / expenditure > \$500k

Independent Examiner
Income / expenditure ≤ \$500k

Tiered according
to annual
income /
expenditure

Available Resources

Consultation Clinics by the Chartered Secretaries Institute of Singapore

Date(s)	Time
Friday, 22 February	6pm – 8pm
Friday, 8 March	2pm – 5pm
Friday, 26 April	6pm – 8pm
Friday, 31 May	6pm – 8pm
Friday, 28 June	6pm – 8pm
Friday, 26 July	6pm – 8pm
Friday, 30 August	6pm – 8pm
Friday, 27 September	6pm – 8pm
Friday, 25 October	6pm – 8pm
Friday, 29 November	6pm – 8pm

Registration: <https://www.123formbuilder.com/form-450163429>

- VWOs-Charities Capability Fund
- Charity Council Website > Resources for You > Guides and Templates
- Charity Transparency Framework
- Visibility Guide
- Email: Charity_Council_Sec@mccy.gov.sg



**For enquiries on the Code of Governance, please
contact us at charity_council_sec@mccy.gov.sg**