

Simplified Code Of Governance For Charities Expected To Be Ready In 2023

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The code of governance for charities aims to provide board members a framework to act in the interests of the charity.

Work is under way to simplify the code governing how charities raise funds and spend money so that it becomes easier for them to adhere to guidelines on transparency and good governance.

The Charity Council – whose members are appointed by the Government – also plans to reduce the different tiers of charities in Singapore in a bid to help make clearer what is required of charities in fulfilling governance guidelines, said Minister for Culture, Community and Youth Edwin Tong.

“The aim is to ensure that charities continue to adhere to principles of good governance and accountability, while making sure that the charities are not overly burdened by administrative requirements that prevent them from carrying out the good work that they do, and allowing them to work more effectively for their charitable causes,” he said.

Details of the new code, which is expected to be ready by early 2023, are still being worked out.

Speaking at the Charity Transparency and Governance Awards ceremony on Wednesday, Mr Tong said it is time to take stock of the code as public expectations of charities have changed and the charity sector has matured.

The code of governance for charities – which was reviewed in 2010, 2015 and 2017 – is aimed at providing board members with a framework to help them act in the interests of the charity. It also aims to boost public confidence in the charity sector by setting the standards for governance, among other things.

To implement the revised code, charities will also get more guidance in the form of training and resources from the Charity Council and the Office of the Commissioner of Charities in the second and third quarters of 2023.

A public consultation from May to June 2022 and four dialogue sessions with 143 charities took place with a view to formulating the revised code. The charities gave feedback on board term limits and the adoption of environmental, social and governance practices during the dialogue.

The new code will take effect in 2024 to give charities at least a year to prepare for the change. It will help charities understand the principles behind the guidelines rather than just following them.

On Wednesday, a record 85 charities – out of close to 200 that applied – were given the Charity Transparency Award for providing detailed information about their funding in their annual reports, financial statements, governance evaluation checklists and websites.

They include The Straits Times School Pocket Money Fund, which is being recognised for the first time for its good transparency standards.

Three charities were given the Charity Governance Award, which is the highest honour for governance. They are the National Kidney Foundation, the Prison Fellowship Singapore and mental health charity Mindset Care.

Charities are required to submit self-assessments for the awards, which are validated by assessors from the Institute of Internal Auditors Singapore and Singapore Management University.

There are 2,321 charities in Singapore as at 2020, of which 646 have been conferred Institution of a Public Character status.

Charity Council chairman Gerard Ee said transparency and good governance in the charity sector are key to building public trust. Good governance can help charities attract funding and volunteers' time, skills and knowledge, he added.

Mr Jeffery Tan, chief executive of Mindset Care, which is getting the governance award for the second time and the transparency award for the fifth time, said the charity's funds are managed the same way a corporation manages its assets to fund commercial projects.

"If you don't have the financial discipline with a relatively small amount of money, it is hard to be able to have that when you are managing bigger sums of money. It is easier to scale if you start out with financial discipline and a governance structure," he said.

Mr Gregory Vijayendran, chairman of Prison Fellowship Singapore, which helps prisoners, former offenders and their families, said the charity is managed by a team of 19 staff, and all of them as well as board members have to make annual declarations of any conflict of interest. Mr Vijayendran is also chairman of Pro Bono SG, which won the transparency award. The organisation provides training for charities on the code of governance, corporate governance and issues such as compliance with laws and regulations.