

Good Governance for NGOs

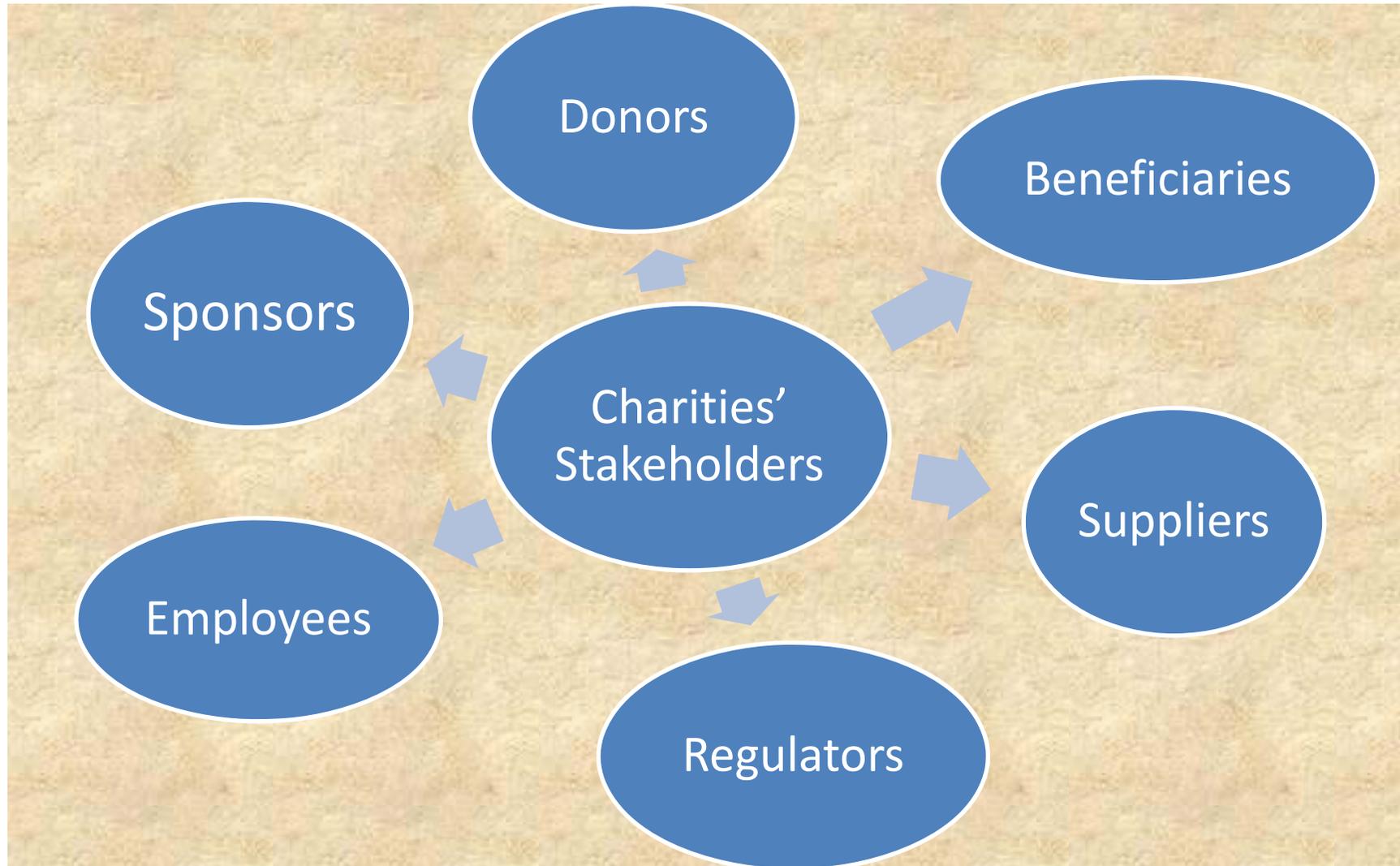
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Good Governance for NGOs

- **Why a code of governance?**
- **Charity Governance – The Singapore Experience**
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Charity Governance in Singapore



WHY A CODE OF GOVERNANCE?

Charities are community organisations that work for public benefit. They are encouraged to apply the principles and practices of governance and management listed in this Code of Governance.

- **For Charities**

Governance is important because it affects how a charity is run and the services that the organisation provides. The Board of a charity is responsible for putting in place the principles and practices of good governance in the organisation. The Code also helps charities to be more effective, transparent and accountable to their stakeholders.

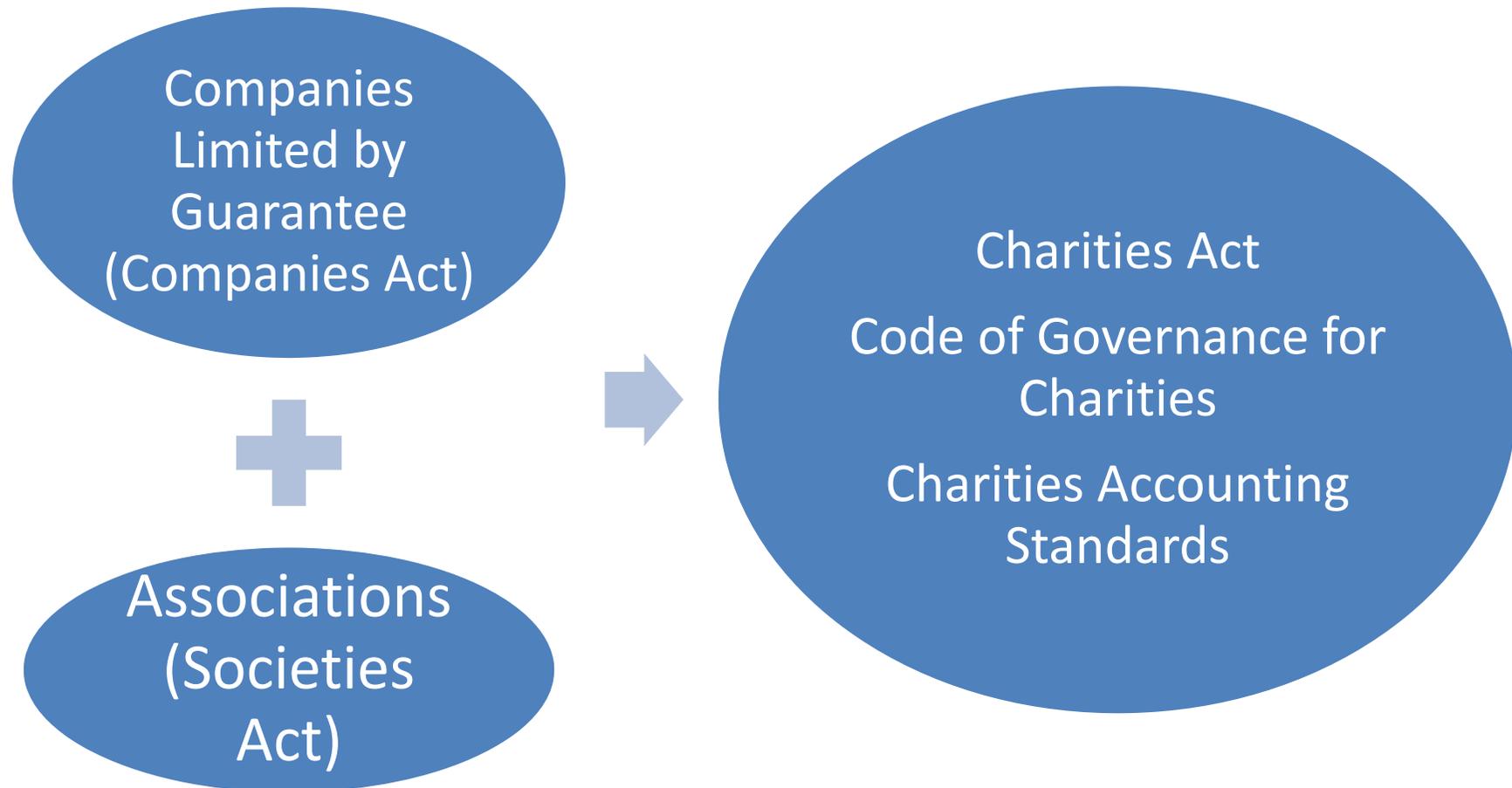
- **For the Public**

- Members of the public donate and volunteer services to charities. This Code aims to help the public understand what good governance is and to make an informed decision on which charity to support.

Charity Governance in Singapore



Charity Governance in Singapore



Code of Governance for Charities (Code)

Background:

- Launched in November 2007
- “Comply or Explain” approach
- Online Governance Evaluation Checklist was introduced in February 2008 to gauge charities adoption of the Code.
- Charities are required to submit the self-evaluated checklist annually and required to make the checklists available for public viewing on the Charity Portal.

Code of Governance for Charities (Code)

Objectives

- Make charities **more effective by sharing recommended practices** on how effective charities are governed and managed;
- Provide **guidance to Board members** to help them carry out their duties as fiduciaries (representatives entrusted to act in the interests of the charity);
- **Boost public confidence in the charity sector** by setting the standards of good governance for charities to aspire towards.

Code of Governance for Charities (Code)

Contents of the Code:

1. Board Governance
2. Conflict of Interests
3. Strategy Planning
4. Programme Management
5. Human Resource Management
6. Financial Management & Control
7. Fund Raising Practices
8. Disclosure & Transparency
9. Public Image

Code of Governance for Charities (Code)

1. BOARD GOVERNANCE

General Principle

- The charity is run by a group of individuals called the Board. Members of the Board are people elected or appointed based on the rules of the charity's governing instrument.
- The Board is responsible to comply with its governing instrument and all relevant laws and regulations. The Board makes sure the charity is run well and responsibly, so that the charity would continue to be effective, credible and sustainable.

1.1 Board Roles and Compositions

1.2 Board Committees

1.3 Board Meetings

1. Board Governance

1.1 Board Roles and Composition

Board Members

- ✓ independent judgement and act in the best interests of the charity.
- ✓ governing instruments
- ✓ a clear distinction should be made between their Board role and their operational work.
- ✓ term limits for all Board members to ensure steady renewal of the Board
- ✓ succession planning for key office bearers such as the Chairman and Treasurer.
- ✓ Conduct regular self-evaluation

Board members should possess:

- ✓ Personal attributes
- ✓ Core skills or competencies
- ✓ Commitment

1. Board Governance

1.2 Board Committees

Board **committees** (or designated Board members) with documented **terms of reference** – stating how, when, who and what has to be done – to oversee the following areas,

- Audit
- Programmes and Services
- Fundraising
- Appointment / Nomination
- Human Resource
- Investment

1. Board Governance

1.3 Board Meetings

- **Meet regularly.**

Quorum - **at least one-third** of the Board or **at least three members**, whichever is greater.

- Make every effort to attend all Board meetings.
- Proceedings and decisions of Board meetings should be **minuted and circulated** to the whole Board as soon as practicable

More Charities Enhanced their Board Governance Practices

Governance Evaluation Checklist Item	Complied (%) FY2009	Complied (%) FY2008
Board Independence	93	86
Treasurer term limit of 4 years	84	73
Board meets regularly	98	95
Non-executive Chairman	89	79
Board Committees	87	60
Vision and mission	96	88

2 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 interest.

Documented procedures for Board members and staff to declare actual or potential conflicts of interest in any business transactions, joint ventures; charity's suppliers, service users, benefit ciaries or staff.

Should not vote on the matter nor participate in discussions.

A declaration of such relationships and not influence decisions

Management of Conflict of Interest has Improved

Governance Evaluation Checklist Item	Complied (%) FY 2009	Complied (%) FY2008
Conflict of interest declaration	91	56
No personnel involved in setting own remuneration	87	79
Personnel with conflict of interest do not vote	94	84

3 STRATEGIC PLANNING

General Principle

- The charity is set up to achieve certain aims for the benefit of the society and / or its members. The vision and mission of the charity should be clearly expressed and the charitable work should be carefully planned and implemented.

Objectives - periodically review and approve the vision and mission of the charity

Long-term Planning:

- ✓ adequate resources to sustain the charity's operations
- ✓ a strategic plan for the charity to ensure that the activities are in line with its objectives.
- ✓ adequate reporting to relevant stakeholders
- ✓ to develop and monitor the capacity and capability of the charity

4. Programme Management

General Principle

The programmes and activities conducted by the charity determine the charitable work that the charity sets out to accomplish. They should be carefully planned, tracked and reviewed to ensure that they are relevant to the mission and vision of the charity.

- ✓ should ensure that its operations and programmes are directed towards achieving its objectives.
- ✓ should ensure that the outcomes of each programme are clearly defined.
- ✓ should regularly update the Board on the progress of its programmes and services.
- ✓ should develop an evaluation system that measures the effectiveness of its programmes and that the outcomes are in line with its mission and objectives

5 Human Resource Management

General Principle

Human resources are important assets of the charity. The charity should have policies in place for staff and volunteers who run its operations and programmes.

Approve **documented** human resource policies for staff that cover:

- Recruitment;
- Remuneration;
- Benefits;
- Training and development;
- Performance appraisal; and
- Disciplinary actions.

6 Financial Management & Control

General Principle

The charity should have sound financial management and comply with applicable laws and regulations, to ensure that its resources are used legitimately and can be accounted for.

- ✓ Operational Controls
- ✓ Budget Planning and Monitoring
- ✓ Capital Asset Management
- ✓ Reserves Management

Internal Controls and Processes have Improved

Governance Evaluation Checklist item	Complied (%) FY2009	Complied (%) FY2008
Budget planning and monitoring	97	84
Internal control systems	95	79
Reviews on controls, processes and programmes	95	77
Reviews work plans	100	94
Human Resource policy	78	57
Staff appraisal and development	85	65

7 Fund Raising 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 fund raising activities
- ❖ Accountability to donors
- ❖ Use of third party fundraisers

8 Disclosure & Transparency

General Principle

The charity should be transparent and accountable in its operations. The charity should provide information about its mission, structure, programmes, activities and finances, as well as be responsive to requests for information.

Annual report that includes information on its:

- Programmes;
- Activities;
- Audited financial statements; and
- Board members and executive management.
- Disclosure
 - ✓ exact remuneration and benefits received by each individual Board member.
 - ✓ annual remuneration of its three highest paid staff who each receive remuneration exceeding \$100,000, in bands of \$100,000.

High degree of disclosures

Governance Evaluation Checklist items	Complied (%) FY2009	Complied (%) FY2008
Availability of Annual Reports to stakeholders	98	94
Disclosure of reserves policy	90	58
Board members are not remunerated	97	96
Public relations and corporate communications	98	95
Disclosure of remuneration of top 3 key executives in salary bands	79	35

Investment Policies and Conducted Board Evaluation

Governance Evaluation Checklist Item	Complied (%) FY2009	Complied (%) FY2008
Policy on investment of reserves	89	82
Conflict resolution of staff and volunteers	84	80
Board evaluation	89	50

9 Public Image

General Principle

The charity should build up its image to be consistent with its objectives.

- should accurately portray its image to its stakeholders, including its members, donors and the public
- should ensure that there are policies on the release of information about the charity and its activities to its stakeholders
- should designate an appropriate spokesperson(s) for the charity
- should have a system to approve the use and application of the charity's name and logos by third parties

Case Studies

Charities with Good Governance Practices

Case Study 1:

Asian Women's Welfare Association (AWWA)

AWWA offers services for families, the elderly, children and young people with special needs to empower them to maximise their potential for independence.

Good governance practices

- Segregated Board roles from management and operational roles.
- Cultivated a strong Board and organisational culture of transparency and disclosure.
- Recruited suitable Board members with compatible values and philosophy, and possessed the professional expertise and experiences.
- Revamp the accounting and human resource systems which led to centralised operations. This improved effectiveness in accounting processes and better management of staff performance.

Case Study 2: Singapore Chinese Orchestra (SCO)

SCO is the only professional Chinese orchestra in Singapore. It is dedicated to its vision of becoming an orchestra for everyone and building new audiences.

Good governance practices

- ❖ Regularly reviews the vision, mission and strategic plans to ensure their relevance to the changing environment and needs.
- ❖ Built a corporate culture where everyone adopts a positive attitude in learning from mistakes and is proactive in complying with governance best practices.
- ❖ Conducted an internal review on compliance with the Code of Governance
- ❖ Strengthened staff competencies and expertise by sending them for courses

Case Study 3:

Singapore Association of the Visually Handicapped (SAVH)

SAVH is a voluntary welfare organisation that aims to help the visually impaired help themselves by acquiring new skills and gaining self reliance to cope with integration into society.

Good governance practices

- Annual review of the Terms of Reference for the Board Sub-Committee ensures the relevancy of the committee.
- Drafted a vision statement in 2009 which allows SAVH to stay focused on the running of services and programmes.
- Annual declaration of conflict of interest by Board and staff to safeguard interest of SAVH.
- Improved expenditure tracking by including a budget column in the accounts sheet since 2009.
- Outsource accounting, payroll and procurement functions. This allows SAVH to cut cost in hiring and managing of staff, and to concentrate on service delivery.
- Conduct governance cum internal audit in 2010. The exercise helped to improve operational controls and align SAVH's management with good governance and best practices guidelines in the Code.
- Sent staff for training

Case Study 4:

Singapore Buddhist Federation (SBF)

SBF was initiated and formed by the Chinese Buddhist community in 1948. It is the parent body of Singapore Buddhist organisations and followers.

Good governance practices

- ✓ Drafted a staff handbook covering areas such as remuneration, recruitment, training, staff development, disciplinary actions and performance appraisals. Clear human resources guidelines ensure that staff are aware of how their performance are assessed.
- ✓ Put in place a documented policy on dealing with transactions involving key employees and Board members.
- ✓ Implemented a conflict of interest policy.
- ✓ Board meets quarterly with stated agenda. A good mix of religious and professional individuals serve on the Board.
- ✓ Send staff for training to increase their awareness and understanding of good governance practices.

Case Study 5: Assisi Hospice (AH)

AH is a centre for compassionate and personalised palliative care. It is dedicated to the care of patients with life-threatening illnesses.

Good governance practices

- ❖ Annual review of the vision and mission to ensure relevancy.
- ❖ Conflict of interest policy in place where all Board members, committee members and staff declare conflict of interest on an annual basis.
- ❖ Ensures proper role segregation as part of good internal controls.
- ❖ Conducts internal audits on compliance with the Code of Governance.
- ❖ Conducts Board evaluation regularly to assess the Board's performance and effectiveness.
- ❖ Co-opts external expertise to volunteer in Board Committees.
- ❖ Clear and defined role distinction between the Board and management, where the Board provides oversight and the management runs the operations. to improve governance and management.
- ❖ Sent Board members and staff for training
- ❖ Enhance corporate website to better communicate its services and attract volunteers and donors.

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Closing Summary

- Charity Boards have continued to improve their adoption of the Code of Governance.
- More charities have built up their governance and management capabilities and enhanced accountability to their stakeholders.
- The refined Code would help more charities to appreciate the spirit of good governance and encourage greater adoption of Code guidelines.

Thank you