

*Code of Governance for*

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# Charities and Institutions of a Public Character

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# INTRODUCTION

## 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.

## Objectives of this Code

The objectives of this Code of Governance are to:

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

## PREAMBLE

1. Charities differ greatly in size, activity and circumstances. Not all Code guidelines will apply to every charity. But all charities should go through the entire Code and take the necessary action to improve their governance.
2. The Code was first introduced by the Charity Council in November 2007. To help charities apply the Code more effectively, the Charity Council held an exercise to refine the Code in 2010. A Sub-Committee was formed, as well as three workgroups of representatives from charities / Institutions of a Public Character (IPCs), professional bodies, academia, auditors and grantmakers. They proposed changes based on feedback and their experiences on the ground.
3. This refined Code provides greater clarity and relevance about good governance to the charity sector. Charities are encouraged to refer to the related guides and templates on the Charity Council Website ([www.charitycouncil.org.sg](http://www.charitycouncil.org.sg)) to better understand the Code and how it could be applied.

## TIERED GUIDELINES

4. The refined Code guidelines are applicable depending on the IPC status and size of the charity.

### For Charities

CHARITY SIZE	TIERED GUIDELINES TO COMPLY		WHAT CHANGED
	BEFORE	NOW	
<b>Charities</b> with gross annual receipts of less than \$50,000 <sup>1</sup>	<b>Basic</b>	<b>Basic I</b>	<ul style="list-style-type: none"> <li>- New tier for smaller charities</li> <li>- Comply with only a core set of principles and guidelines in view of their resource and operational constraints</li> </ul>
<b>Charities</b> with gross annual receipts of \$50,000 and up to \$10 million	<b>Basic</b>	<b>Basic II</b>	<ul style="list-style-type: none"> <li>- Renamed from “Basic” to “Basic II” tier</li> </ul>
<b>Large Charities</b> with gross annual receipts of \$10 million or more <sup>2</sup>	<b>Basic and Enhanced</b>	<b>Basic II and Enhanced</b>	<ul style="list-style-type: none"> <li>- Renamed from “Basic” to “Basic II” tier</li> <li>- No change in tiers</li> </ul>

### For Institutions of a Public Character (IPCs)

IPC SIZE	TIERED GUIDELINES TO COMPLY		WHAT CHANGED
	BEFORE	NOW	
<b>IPCs</b> with gross annual receipts of less than \$200,000	<b>Basic and Enhanced</b>	<b>Basic II</b>	<ul style="list-style-type: none"> <li>- Renamed from “Basic” to “Basic II” tier</li> <li>- Include IPCs with gross annual receipts of less than \$200,000 (Previously under “Enhanced” tier)</li> </ul>
<b>IPCs</b> with gross annual receipts of \$200,000 and up to \$10 million	<b>Basic and Enhanced</b>	<b>Basic II and Enhanced</b>	<ul style="list-style-type: none"> <li>- Renamed from “Basic” to “Basic II” tier</li> <li>- No change in tiers</li> </ul>
<b>Large IPCs</b> with gross annual receipts of \$10 million or more <sup>3</sup>	<b>Basic, Enhanced and Advanced</b>	<b>Basic II, Enhanced and Advanced</b>	<ul style="list-style-type: none"> <li>- No change in tiers</li> </ul>

1 Charities should have gross annual receipts of less than \$50,000 in each of its two immediate preceding financial years. Gross annual receipts include all income, grants, donations, sponsorships and all other receipts of any kind.

2 Large charities are defined to have gross annual receipts of \$10 million or more in each of its two immediate preceding financial years.

3 Large IPCs are defined to have gross annual receipts of \$10 million or more in each of its two immediate preceding financial years.

## Complying with this Code

5. This Code is meant for registered charities in Singapore, especially those receiving public donations.

It does not apply to Exempt Charities and grantmakers that do not have IPC status, such as philanthropic foundations funded with private family or institutional money. However, these organisations are welcomed to refer to this Code.

6. The Code operates on the principle of 'comply or explain'. It is not mandatory.

Charities should follow these disclosure guidelines:

WHO	CODE DISCLOSURE
<b>Charities</b>	<ul style="list-style-type: none"><li>- <b>Required</b> to submit a Governance Evaluation Checklist on the Charity Portal (<a href="http://www.charities.gov.sg">www.charities.gov.sg</a>). This checklist will be reviewed by their Sector Administrator.</li><li>- <b>Should</b> explain why it cannot comply with certain Code guidelines that are relevant to the charity.</li><li>- <b>Should</b> indicate the steps it plans to take to comply, or explain why if it decides not to comply.</li><li>- <b>Encouraged</b> to disclose this checklist to stakeholders, including the charity's members and donors. This can be done by making a copy of the checklist available on its website, bulletins or at the annual general meeting.</li></ul>
<b>IPCs</b>	<ul style="list-style-type: none"><li>- <b>Required</b> to submit and disclose a Governance Evaluation Checklist on the Charity Portal (<a href="http://www.charities.gov.sg">www.charities.gov.sg</a>).</li><li>- <b>Should</b> explain why it cannot comply with certain Code guidelines that are relevant to the IPC.</li><li>- <b>Should</b> indicate the steps it plans to take to comply, or explain why if it decides not to comply.</li></ul> <p>Their Sector Administrator would consider the IPC's extent of Code compliance, as well as the reasons for non-compliance, when assessing an IPC's application to renew its IPC status.</p>

7. Some charities may not be able to comply with certain guidelines because they are in the process of working towards compliance. This could be an explanation for non-compliance. Alternatively, some charities may even exceed the guidelines in the Code. It may also be that some Code guidelines do not easily relate to the circumstances of a particular charity. The charity should explain these circumstances in the checklist.
8. Charities are encouraged to review or consider amending their governing instrument, bye-laws and policies as necessary to adopt this Code for the best interest of their organisations.

## USING THIS CODE

9. This Code is organised into sections. Every section starts with the general principle. Specific guidelines to put the principle to practical use are listed in the sub-sections.

Charities and IPCs should consider both the principles and specific guidelines of the Code. Where possible, they should apply the spirit of the Code.

## GLOSSARY

In this Code, we refer to:

- a. **Charities**  
All registered charities and Institutions of a Public Character (IPCs).
- b. **The Board**  
The governing body responsible for overseeing and managing a charity. It is also sometimes known as the council or management committee.
- c. **Executive Head**  
The most senior staff member in charge of the charity's staff personnel. There is a range of job titles that charities use for this position (e.g. Executive Director, Chief Executive Officer).
- d. **Staff**  
Paid or unpaid individuals (including volunteers) who hold staff appointments and are involved in the day-to-day operations of the charity, e.g. an Executive Director or Administrative personnel.
- e. **Governing Instrument**  
The charity's main constitutional document or instrument. This may be its Constitution, Charter, Memorandum and Articles of Association, Trust Deed or any rules or regulations governing the purposes and administration of the charity.
- f. **Stakeholders**  
The charity's members, beneficiaries, donors, grantmakers, regulators, partners, etc.
- g. **Conflict of Interest**  
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.
- h. **Reserves**  
The part of the charity's income funds that is freely available for its operating purposes. "Reserves" excludes endowment funds and restricted funds. An endowment fund is a capital fund that is held on trust to be retained for the benefit of the charity. Restricted funds are donated funds to be used only for specific purposes according to the donor's expressed wishes or the terms of an appeal.
- i. **Reserves Policy**  
A policy that states the level of reserves held and why they are held. For material funds that have been designated for a certain use, the reserves policy statement should state the amount and purpose of the fund, as well as the likely timing of that expenditure (if set aside for future use).
- j. **Third Party Fundraiser**  
Any person or organisation that solicits or procures money or property for the benefit of a charity or IPC. It excludes service providers who are paid a fixed fee in return for services rendered in the fundraising event, such as event companies.
- k. **Fiduciary**  
A person standing in a special relationship of trust, confidence, or responsibility to another. Board members and staff having the general control and management of the administration of a charity are fiduciaries with respect to the charity they serve and, as such, their responsibilities to the charity are termed fiduciary duties or fiduciary responsibilities.



# BASIC I TIER

## 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 Composition

1.1.1\* Board members should know their responsibilities and the charity's work, to ensure that the charity is well-managed and fulfils its objectives.

1.1.2\* All Board members of the charity should exercise **independent judgement** and act in the **best interests** of the charity.

Where Board members are directly involved in operational roles, the Board should consider and address the **risk of dual roles**.

1.1.3\* There should be **governing instruments** on issues such as:

- The Board's composition;
- Election or appointment process;
- Objectives / Objects; and
- Tenure of its office bearers.

## 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.*

2.1\* Board members and staff with actual or potential conflicts of interest should **declare such conflicts** to the Board at the earliest opportunity. They should not take part in decision-making on matters where they have a conflict of interest.

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

## 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.*

### 3.1 Objectives

- 3.1.1\* The Board should, from time to time, **review and approve the objectives** of the charity. This is to ensure that the charity's objectives and work are relevant to the needs of the public.

## 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.*

- 4.1\* The charity should ensure that its **operations** and **programmes** are directed towards achieving its 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.*

- 5.1\* The Board should approve appropriate **human resource policies** for staff that cover areas such as:
- Recruitment;
  - Remuneration; and
  - Benefits.

## 6 FINANCIAL MANAGEMENT AND CONTROLS

### *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.*

### 6.1 Operational Controls

6.1.1\* The charity should **seek the approval of the Board** before any loans are made to external parties.

6.1.2\* The Board should ensure that **basic operational controls**<sup>1</sup> are in place for financial matters.

## 7 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.*

### 7.1 Conduct of Fundraising Activities

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

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<sup>1</sup> Examples of basic operational controls are double signatories (by relevant personnel / Board members in the charity) for the approval of payments, as well as double locks for cash and valuables.

## 8 DISCLOSURE AND 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.*

- 8.1\* The charity should make information **available** to its members and donors about its:
- Programmes;
  - Activities;
  - Financials; and
  - Board members and executive management.

## 9 PUBLIC IMAGE

### *General Principle*

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

- 9.1\* The charity should accurately portray its image to its members and donors.

# BASIC II TIER

## 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 Composition

1.1.1 Board members should know their responsibilities and the charity's work, to ensure that the charity is well-managed and fulfils its objectives.

1.1.2 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.

1.1.3 There should be **governing instruments** on issues such as:

- The Board's composition;
- Election or appointment process;
- Objectives / Objects; and
- Tenure of its office bearers.

1.1.4 In charities where some Board members may be directly involved in operational decisions and matters, a **clear distinction** should be made between **their Board role and their operational work**.

1.1.5 Staff who are not Board members should **neither take part in decision-making nor vote**. Staff may attend Board meetings, ex-officio, to provide information, if necessary.

1.1.6 There should be a maximum limit of **four consecutive years** for Board members holding the Treasurer position (or equivalent appointment like a Finance Committee Chairman).

Re-appointment to the Treasurer position (or equivalent) can be considered after a lapse of **at least one year**.

The Board may consider setting **term limits for all Board members** to ensure steady renewal of the Board. These may be set out in the charity's governing instrument.

1.1.7 The Board should make arrangements to ensure succession for Board members resigning or finishing their terms of office. Particular attention should be given to **succession planning for key office bearers** such as the Chairman and Treasurer.

## 1.2 Board Committees

- 1.2.1 The Board should have **committees**<sup>1</sup> (or designated Board members) with documented **terms of reference** – stating how, when, who and what has to be done – to oversee the following areas, where relevant to the charity:
- a. Audit<sup>2</sup>
  - b. Programmes and Services

## 1.3 Board Meetings

- 1.3.1 The Board should **meet regularly**. The quorum required for a meeting should be **at least one-third** of the Board or **at least three members**, whichever is greater, if it is not stated in the charity's governing instrument.
- 1.3.2 Board members should make every effort to attend all Board meetings.
- 1.3.3 Proceedings and decisions of Board meetings should be **minuted and circulated** to the whole Board as soon as practicable.

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1 Besides the Committee Chairman, other committee members need not be serving on the Board.

2 The Treasurer and Finance Committee Chairman should not concurrently chair the Audit Committee.

## 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.*

- 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 A Board member or staff should **not be involved** in setting his or 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; or
  - Any interest in other organisations that the charity has dealings with or is considering entering into **joint ventures** with; or
  - Any interest as the charity's **suppliers, service users, beneficiaries or staff**.
- 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 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.
- 2.5 Any appointment of staff who is **related**<sup>3</sup> 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.

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3 Related means to be of the same immediate family, such as spouse, child, adopted child, step-child, brother, sister and parent.

## 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.*

### 3.1 Objectives

- 3.1.1 The Board should periodically **review and approve the vision and mission** of the charity to ensure that they stay relevant to its changing environment and needs. The charity should clearly document and communicate them to its members and the public.

### 3.2 Long-term Planning

- 3.2.1 The Board should ensure that there are **adequate resources** to sustain the charity's operations and that such resources are effectively and efficiently managed.

## 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.*

- 4.1 The charity should ensure that its **operations** and **programmes** are directed towards achieving its objectives.
- 4.2 The charity should ensure that the **outcomes** of each programme are **clearly defined**.
- 4.3 The charity should **regularly update** the Board on the progress of its programmes and services.



## 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.*

- 5.1 The Board should approve documented human resource policies for staff that cover areas such as:
- Recruitment;
  - Remuneration;
  - Benefits;
  - Training and development;
  - Performance appraisal; and
  - Disciplinary actions.
- 5.2 The Board should ensure there is a **system for setting the remuneration** of staff. Any performance-related element in the remuneration package should be linked to fulfilling **measurable and clearly defined** targets in line with the charity's objectives.

## 6 FINANCIAL MANAGEMENT AND CONTROLS

### *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.*

### 6.1 Operational Controls

- 6.1.1 There should be a **policy** to seek the Board's approval for **any loan** made by the charity or donations to **external parties**.
- 6.1.2 The charity should ensure that internal control systems are in place with documented procedures – approved by the Board – for **financial matters** in key areas, including:
- Procurement procedures and controls;
  - Receipting, payment procedures and controls; and
  - System for the delegation of authority and limits of approval.
- 6.1.3 The Board should ensure that **reviews** are conducted from time to time on the charity's controls, processes, key programmes and events (e.g. fundraising).

## 6.2 Budget Planning and Monitoring

- 6.2.1 The Board should approve an **annual budget** appropriate for the charity's plans. It should also **regularly monitor** the **expenditure**.

**Financial statements** with comparative budget figures should be presented at the Board meeting, with analysis and explanations given for major differences.

## 6.3 Capital Asset Management

- 6.3.1 There should be a **fixed assets register** to account for all the fixed assets of the charity. The charity should safeguard the value of its assets, e.g. by getting its fixed assets adequately insured.

## 6.4 Reserves Management

- 6.4.1 The charity should maintain some level of reserves to ensure its long-term financial sustainability. The charity should **disclose its reserves policy** in its annual report.

- 6.4.2 The charity should ensure that **restricted funds** and **endowment funds** are set up solely for clear and justifiable needs.

The charity should ensure that these funds are used or transferred to other funds only after getting the permission of the donor to do so.

The charity must inform prospective donors of the:

- Purpose of the funds; and
- Amount of funds needed.

For existing restricted and endowment funds, the charity should disclose the **purpose, size** and **planned timing of use** for these funds.

- 6.4.3 If the charity invests its reserves, it should do so in accordance with an **investment policy** approved by the Board. It should also obtain advice from **qualified professional advisors**, if deemed necessary by the Board.

## 7 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.*

### 7.1 Conduct of Fundraising Activities

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

### 7.2 Accountability to Donors

- 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 should be properly **recorded**, promptly **deposited** and **accounted for**.
- 7.2.3 The charity should respect **donors' confidentiality**. It should not disclose the identity of donors or share information on donors without prior permission from the donors.

### 7.3 Use of Third Party Fundraisers

- 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 In general, it is **discouraged** to pay third party fundraisers based on the value of donations raised. Fundraising targets should be set based on the charity's needs and disclosed to donors.

## 8 DISCLOSURE AND 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.*

- 8.1 The charity should make available to its stakeholders an **annual report** that includes information on its:
- Programmes;
  - Activities;
  - Audited financial statements; and
  - Board members and executive management.

## 9 PUBLIC IMAGE

### *General Principle*

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

- 9.1 The charity should accurately portray its image to its stakeholders, including its members, donors and the public.

# ENHANCED TIER

## 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 Composition

#### **Basic II**

1.1.1 Board members should know their responsibilities and the charity's work, to ensure that the charity is well-managed and fulfils its objectives.

1.1.2 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.

1.1.3 There should be **governing instruments** on issues such as:

- The Board's composition;
- Election or appointment process;
- Objectives / Objects; and
- Tenure of its office bearers.

1.1.4 In charities where some Board members may be directly involved in operational decisions and matters, a **clear distinction** should be made between **their Board role and their operational work**.

1.1.5 Staff who are not Board members should **neither take part in decision-making nor vote**. Staff may attend Board meetings, ex-officio, to provide information, if necessary.

1.1.6 There should be a maximum limit of **four consecutive years** for Board members holding the Treasurer position (or equivalent appointment like a Finance Committee Chairman).

Re-appointment to the Treasurer position (or equivalent) can be considered after a lapse of **at least one year**.

The Board may consider setting **term limits for all Board members** to ensure steady renewal of the Board. These may be set out in the charity's governing instrument.

- 1.1.7 The Board should make arrangements to ensure succession for Board members resigning or finishing their terms of office. Particular attention should be given to **succession planning for key office bearers** such as the Chairman and Treasurer.

#### *Enhanced*

- 1.1.8 For charities where Board members are elected, each voting member or member organisation should be allowed only **one vote**.

- 1.1.9 The Board should comprise members who possess suitable:

- **Personal attributes** like integrity, mature confidence and high standards of excellence;
- **Core skills or competencies** like accounting, finance, legal, human resources, business and management, strategic planning, fundraising, communications and relevant sectoral knowledge (health, social services, education, arts / heritage, sports, youth, religion, the environment, etc.); and
- **Commitment** necessary to govern the charity effectively.

Board members should attend relevant training to develop these competencies. The Chairmen of both the Audit and Finance Committees, and the Treasurer should preferably have recognised accounting qualifications and / or appropriate practical experiences.

## 1.2 Board Committees

- 1.2.1 The Board should have **committees**<sup>1</sup> (or designated Board members) with documented **terms of reference** – stating how, when, who and what has to be done – to oversee the following areas, where relevant to the charity:

#### *Basic II*

- a. Audit<sup>2</sup>
- b. Programmes and Services

#### *Enhanced*

- c. Fundraising
- d. Appointment / Nomination
- e. Human Resource

## 1.3 Board Meetings

#### *Basic II*

- 1.3.1 The Board should **meet regularly**. The quorum required for a meeting should be **at least one-third** of the Board or **at least three members**, whichever is greater, if it is not stated in the charity's governing instrument.

- 1.3.2 Board members should make every effort to attend all Board meetings.

- 1.3.3 Proceedings and decisions of Board meetings should be **minuted and circulated** to the whole Board as soon as practicable.

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1 Besides the Committee Chairman, other committee members need not be serving on the Board.

2 The Treasurer and Finance Committee Chairman should not concurrently chair the Audit Committee.

## 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.*

### *Basic II*

- 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 A Board member or staff should **not be involved** in setting his or 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; or
  - Any interest in other organisations that the charity has dealings with or is considering entering into **joint ventures** with; or
  - Any interest as the charity's **suppliers, service users, beneficiaries or staff**.
- 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 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.
- 2.5 Any appointment of staff who is **related**<sup>3</sup> 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.

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3 Related means to be of the same immediate family, such as spouse, child, adopted child, step-child, brother, sister and parent.

## 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.*

### 3.1 Objectives

#### *Basic II*

3.1.1 The Board should periodically **review and approve the vision and mission** of the charity to ensure that they stay relevant to its changing environment and needs. The charity should clearly document and communicate them to its members and the public.

### 3.2 Long-term Planning

#### *Basic II*

3.2.1 The Board should ensure that there are **adequate resources** to sustain the charity's operations and that such resources are effectively and efficiently managed.

#### *Enhanced*

3.2.2 The Board should approve a **strategic plan** for the charity to ensure that the activities are in line with its objectives. The Board should review the plan from time to time.

3.2.3 The Board should ensure that there is adequate **reporting to relevant stakeholders** about how the charity's strategic plan and programmes are implemented, as well as the outcomes.



## 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.*

### *Basic II*

- 4.1 The charity should ensure that its **operations** and **programmes** are directed towards achieving its objectives.
- 4.2 The charity should ensure that the **outcomes** of each programme are **clearly defined**.
- 4.3 The charity should **regularly update** the Board on the progress of its programmes and services.

### *Enhanced*

- 4.4 The charity 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.*

### *Basic II*

- 5.1 The Board should approve **documented** human resource policies for staff that cover areas such as:
- Recruitment;
  - Remuneration;
  - Benefits;
  - Training and development;
  - Performance appraisal; and
  - Disciplinary actions.
- 5.2 The Board should ensure there is a **system for setting the remuneration** of staff. Any performance-related element in the remuneration package should be linked to fulfilling **measurable and clearly defined** targets in line with the charity's objectives.

### *Enhanced*

- 5.3 The charity should ensure that there is a **volunteer management system in place**.
- 5.4 The charity should carry out appropriate background checks **on Board members and staff** with fiduciary or executive responsibilities, or who are responsible for custody of cash.
- 5.5 Human resource policies should aim to **attract and retain** staff who have suitable qualifications and experience.
- 5.6 The Board should ensure that there are systems to **regularly supervise and appraise staff**, as well as to cater to their professional development. There should be a fair and transparent **performance review and appraisal system** in place for staff.
- 5.7 The charity should ensure a system to identify the **training needs** of staff and volunteers, so as to equip them with the necessary skills to perform their roles effectively.
- 5.8 There should be **documented policies** for Board members, staff and volunteers to claim **reimbursement of expenses** incurred while carrying out the charity's affairs.

## 6 FINANCIAL MANAGEMENT AND CONTROLS

### *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.*

### 6.1 Operational Controls

#### *Basic II*

- 6.1.1 There should be a **policy** to seek the Board's approval for **any loan** made by the charity or donations to **external parties**.
- 6.1.2 The charity should ensure that internal control systems are in place with documented procedures – approved by the Board – for **financial matters** in key areas, including:
- Procurement procedures and controls;
  - Receipting, payment procedures and controls; and
  - System for the delegation of authority and limits of approval.
- 6.1.3 The Board should ensure that **reviews** are conducted from time to time on the charity's controls, processes, key programmes and events (e.g. fundraising).

### 6.2 Budget Planning and Monitoring

#### *Basic II*

- 6.2.1 The Board should approve an **annual budget** appropriate for the charity's plans. It should also **regularly monitor** the **expenditure**.

**Financial statements** with comparative budget figures should be presented at the Board meeting, with analysis and explanations given for major differences.

### 6.3 Capital Asset Management

#### *Basic II*

- 6.3.1 There should be a **fixed assets register** to account for all the fixed assets of the charity. The charity should safeguard the value of its assets, e.g. by getting its fixed assets adequately insured.

## 6.4 Reserves Management

### *Basic II*

6.4.1 The charity should maintain some level of reserves to ensure its long-term financial sustainability. The charity should **disclose its reserves policy** in its annual report.

6.4.2 The charity should ensure that **restricted funds** and **endowment funds** are set up solely for clear and justifiable needs.

The charity should ensure that these funds are used or transferred to other funds only after getting the permission of the donor to do so.

The charity must inform prospective donors of the:

- Purpose of the funds; and
- Amount of funds needed.

For existing restricted and endowment funds, the charity should disclose the **purpose, size** and **planned timing of use** for these funds.

6.4.3 If the charity invests its reserves, it should do so in accordance with an **investment policy** approved by the Board. It should also obtain advice from **qualified professional advisors**, if deemed necessary by the Board.

## 7 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.*

### 7.1 Conduct of Fundraising Activities

#### *Basic II*

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

### 7.2 Accountability to Donors

#### *Basic II*

- 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 should be properly **recorded**, promptly **deposited** and **accounted for**.
- 7.2.3 The charity should respect **donors' confidentiality**. It should not disclose the identity of donors or share information on donors without prior permission from the donors.

### 7.3 Use of Third Party Fundraisers

#### *Basic II*

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 In general, it is **discouraged** to pay third party fundraisers based on the value of donations raised. Fundraising targets should be set based on the charity's needs and disclosed to donors.

## 8 DISCLOSURE AND 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.*

### *Basic II*

- 8.1 The charity should make available to its stakeholders an **annual report** that includes information on its:
- Programmes;
  - Activities;
  - Audited financial statements; and
  - Board members and executive management.

### *Enhanced*

- 8.2 Generally, Board members should **not receive remuneration** for their Board services.

Where the charity's governing instrument expressly permits remuneration of Board members, the charity should **disclose** in its annual report the **exact remuneration and benefits** received by each individual Board member.

- 8.3 The charity should disclose in its annual report the annual remuneration of its **three highest paid staff** who each receives remuneration exceeding \$100,000, in bands of \$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.

## 9 PUBLIC IMAGE

### *General Principle*

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

### *Basic II*

- 9.1 The charity should accurately portray its image to its stakeholders, including its members, donors and the public.

### *Enhanced*

- 9.2 The Board should ensure that there are policies on the **release of information** about the charity and its activities to its stakeholders, including the media and the public.
- 9.3 The Board should designate an **appropriate spokesperson(s)** for the charity.
- 9.4 The charity should have a system to **approve the use and application** of the charity's **name and logos** by third parties.

# ADVANCED TIER

## 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 Composition

#### **Basic II**

1.1.1 Board members should know their responsibilities and the charity's work, to ensure that the charity is well-managed and fulfils its objectives.

1.1.2 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.

1.1.3 There should be **governing instruments** on issues such as:

- The Board's composition;
- Election or appointment process;
- Objectives / Objects; and
- Tenure of its office bearers.

1.1.4 In charities where some Board members may be directly involved in operational decisions and matters, **a clear distinction** should be made between **their Board role and their operational work**.

1.1.5 Staff who are not Board members should **neither take part in decision-making nor vote**. Staff may attend Board meetings, ex-officio, to provide information, if necessary.

1.1.6 There should be a maximum limit of **four consecutive years** for Board members holding the Treasurer position (or equivalent appointment like a Finance Committee Chairman).

Re-appointment to the Treasurer position (or equivalent) can be considered after a lapse of **at least one year**.

The Board may consider setting **term limits for all Board members** to ensure steady renewal of the Board. These may be set out in the charity's governing instrument.

1.1.7 The Board should make arrangements to ensure succession for Board members resigning or finishing their terms of office. Particular attention should be given to **succession planning for key office bearers** such as the Chairman and Treasurer.

#### **Enhanced**

1.1.8 For charities where Board members are elected, each voting member or member organisation should be allowed only **one vote**.

1.1.9 The Board should comprise members who possess suitable:

- **Personal attributes** like integrity, mature confidence and high standards of excellence;
- **Core skills or competencies** like accounting, finance, legal, human resources, business and management, strategic planning, fundraising, communications and relevant sectoral knowledge (health, social services, education, arts / heritage, sports, youth, religion, the environment, etc.); and
- **Commitment** necessary to govern the charity effectively.

Board members should attend relevant training to develop these competencies. The Chairmen of both the Audit and Finance Committees, and the Treasurer should preferably have recognised accounting qualifications and / or appropriate practical experiences.

#### **Advanced**

1.1.10 The Board should **conduct regular self-evaluation** to assess its performance and effectiveness.



## 1.2 Board Committees

- 1.2.1 The Board should have **committees**<sup>1</sup> (or designated Board members) with documented **terms of reference** – stating how, when, who and what has to be done – to oversee the following areas, where relevant to the charity:

### *Basic II*

- a. Audit<sup>2</sup>
- b. Programmes and Services

### *Enhanced*

- c. Fundraising
- d. Appointment / Nomination
- e. Human Resource

### *Advanced*

- f. Investment

## 1.3 Board Meetings

### *Basic II*

- 1.3.1 The Board should **meet regularly**. The quorum required for a meeting should be **at least one-third** of the Board or **at least three members**, whichever is greater, if it is not stated in the charity's governing instrument.
- 1.3.2 Board members should make every effort to attend all Board meetings.
- 1.3.3 Proceedings and decisions of Board meetings should be **minuted and circulated** to the whole Board as soon as practicable.

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1 Besides the Committee Chairman, other committee members need not be serving on the Board.  
2 The Treasurer and Finance Committee Chairman should not concurrently chair the Audit Committee.

## 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.*

### *Basic II*

- 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 A Board member or staff should **not be involved** in setting his or 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; or
  - Any interest in other organisations that the charity has dealings with or is considering entering into **joint ventures** with; or
  - Any interest as the charity's **suppliers, service users, beneficiaries or staff**.
- 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 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.
- 2.5 Any appointment of staff who is **related**<sup>3</sup> 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.

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<sup>3</sup> Related means to be of the same immediate family, such as spouse, child, adopted child, step-child, brother, sister and parent.

## 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.*

### 3.1 Objectives

#### *Basic II*

- 3.1.1 The Board should periodically **review and approve the vision and mission** of the charity to ensure that they stay relevant to its changing environment and needs. The charity should clearly document and communicate them to its members and the public.

### 3.2 Long-term Planning

#### *Basic II*

- 3.2.1 The Board should ensure that there are **adequate resources** to sustain the charity's operations and that such resources are effectively and efficiently managed.

#### *Enhanced*

- 3.2.2 The Board should approve a **strategic plan** for the charity to ensure that the activities are in line with its objectives. The Board should review the plan from time to time.

- 3.2.3 The Board should ensure that there is adequate **reporting to relevant stakeholders** about how the charity's strategic plan and programmes are implemented, as well as the outcomes.

#### *Advanced*

- 3.2.4 The Board should ensure that there is a plan to **develop the capacity and capability** of the charity and should monitor the progress of this plan.

"Capacity" refers to infrastructural and operational aspects (hardware), while "capability" refers to aspects of expertise, skills and knowledge (software).

## 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.*

### *Basic II*

- 4.1 The charity should ensure that its **operations** and **programmes** are directed towards achieving its objectives.
- 4.2 The charity should ensure that the **outcomes** of each programme are **clearly defined**.
- 4.3 The charity should **regularly update** the Board on the progress of its programmes and services.

### *Enhanced*

- 4.4 The charity 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.*

### *Basic II*

- 5.1 The Board should approve **documented** human resource policies for staff that cover areas such as:
  - Recruitment;
  - Remuneration;
  - Benefits;
  - Training and development;
  - Performance appraisal; and
  - Disciplinary actions.
- 5.2 The Board should ensure there is a **system for setting the remuneration** of staff. Any performance-related element in the remuneration package should be linked to fulfilling **measurable and clearly defined** targets in line with the charity's objectives.

### **Enhanced**

- 5.3 The charity should ensure that there is a **volunteer management system in place**.
- 5.4 The charity should carry out appropriate background checks **on Board members and staff** with fiduciary or executive responsibilities, or who are responsible for custody of cash.
- 5.5 Human resource policies should aim to **attract and retain** staff who have suitable qualifications and experience.
- 5.6 The Board should ensure that there are systems to **regularly supervise and appraise staff**, as well as to cater to their professional development. There should also be a fair and transparent **performance review and appraisal system** in place for staff.
- 5.7 The charity should ensure a system to identify the **training needs** of staff and volunteers, so as to equip them with the necessary skills to perform their roles effectively.
- 5.8 There should be **documented policies** for Board members, staff and volunteers to claim **reimbursement of expenses** incurred while carrying out the charity's affairs.

### **Advanced**

- 5.9 There should be appropriate **insurance coverage** for staff and volunteers.
- 5.10 The charity should ensure that there is an appropriate and effective **channel of communication** for staff and volunteers to give feedback and exchange information.
- 5.11 The charity should ensure a system to **address grievances and resolve conflicts**.
- 5.12 The charity should ensure proper **policies and procedures for exiting staff** (e.g. exit interviews, commitment of non-disclosure of organisation matters to external parties, etc.)

## **6 FINANCIAL MANAGEMENT AND CONTROLS**

### **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.*

### **6.1 Operational Controls**

#### **Basic II**

- 6.1.1 There should be a **policy** to seek the Board's approval for **any loan** made by the charity or donations to **external parties**.

- 6.1.2 The charity should ensure that internal control systems are in place with documented procedures – approved by the Board – for **financial matters** in key areas, including:
- Procurement procedures and controls;
  - Receipting, payment procedures and controls; and
  - System for the delegation of authority and limits of approval.
- 6.1.3 The Board should ensure that **reviews** are conducted from time to time on the charity’s controls, processes, key programmes and events (e.g. fundraising).

## 6.2 Budget Planning and Monitoring

### *Basic II*

- 6.2.1 The Board should approve an **annual budget** appropriate for the charity’s plans. It should also **regularly monitor** the **expenditure**.

**Financial statements** with comparative budget figures should be presented at the Board meeting, with analysis and explanations given for major differences.

## 6.3 Capital Asset Management

### *Basic II*

- 6.3.1 There should be a **fixed assets register** to account for all the fixed assets of the charity. The charity should safeguard the value of its assets, e.g. by getting its fixed assets adequately insured.

### *Advanced*

- 6.3.2 The Board should ensure that the charity’s facilities and assets are **efficiently and effectively utilised**.

## 6.4 Reserves Management

### *Basic II*

- 6.4.1 The charity should maintain some level of reserves to ensure its long-term financial sustainability. The charity should **disclose its reserves policy** in its annual report.
- 6.4.2 The charity should ensure that **restricted funds** and **endowment funds** are set up solely for clear and justifiable needs.

The charity should ensure that these funds are used or transferred to other funds only after getting the permission of the donor to do so.

The charity must inform prospective donors of the:

- Purpose of the funds; and
- Amount of funds needed.

For existing restricted and endowment funds, the charity should disclose the **purpose, size and planned timing of use** for these funds.

- 6.4.3 If the charity invests its reserves, it should do so in accordance with an **investment policy** approved by the Board. It should also obtain advice from **qualified professional advisors**, if deemed necessary by the Board.

## 7 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.*

### 7.1 Conduct of Fundraising Activities

#### *Basic II*

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

### 7.2 Accountability to Donors

#### *Basic II*

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 should be properly **recorded**, promptly **deposited** and **accounted for**.

7.2.3 The charity should respect **donors' confidentiality**. It should not disclose the identity of donors or share information on donors without prior permission from the donors.

### 7.3 Use of Third Party Fundraisers

#### *Basic II*

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 In general, it is **discouraged** to pay third party fundraisers based on the value of donations raised. Fundraising targets should be set based on the charity's needs and disclosed to donors.

## 8 DISCLOSURE AND 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.*

### *Basic II*

- 8.1 The charity should make available to its stakeholders an **annual report** that includes information on its:
- Programmes;
  - Activities;
  - Audited financial statements; and
  - Board members and executive management.

### *Enhanced*

- 8.2 Generally, Board members should **not receive remuneration** for their Board services.

Where the charity's governing instrument expressly permits remuneration of Board members, the charity should **disclose** in its annual report the **exact remuneration and benefits** received by each individual Board member.

- 8.3 The charity should disclose in its annual report the annual remuneration of its **three highest paid staff** who each receives remuneration exceeding \$100,000, in bands of \$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.

## 9 PUBLIC IMAGE

### *General Principle*

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

### *Basic II*

- 9.1 The charity should accurately portray its image to its stakeholders, including its members, donors and the public.

### *Enhanced*

- 9.2 The Board should ensure that there are policies on the **release of information** about the charity and its activities to its stakeholders, including the media and the public.
- 9.3 The Board should designate an **appropriate spokesperson(s)** for the charity.
- 9.4 The charity should have a system to **approve the use and application** of the charity's **name and logos** by third parties.



# Governance Evaluation Checklist for BASIC I TIER

Applicable to charities with gross annual receipts of less than \$50,000

This Governance Evaluation Checklist covers only the key principles and guidelines in the Code of Governance for Charities and IPCs. Charities should refer to the Code and consider all applicable principles and guidelines.

Please refer to the online guide on how to submit the Governance Evaluation Checklist.

This submission is for the financial year *[fill in month / year to month / year]*.

S/N	Description	Code ID	Response (Select one option)	Reasons for Non-Compliance
<b>Conflict of Interest</b>				
1	Board members and staff declare actual or potential conflicts of interest to the Board and do not take part in decision-making on matters where they have a conflict of interest.	2.1*	Complied Not Complied Not Applicable	
2	No Board member or staff is involved in setting his or her own remuneration.	2.2*	Complied Not Complied Not Applicable	
<b>Strategic Planning</b>				
3	The Board reviews and approves the objectives of the charity.	3.1.1*	Complied Not Complied Not Applicable	
<b>Human Resource Management</b>				
4	The Board approves human resource policies for staff.	5.1*	Complied Not Complied Not Applicable	
<b>Financial Management and Controls</b>				
5	The Board has basic operational controls in place for financial matters.	6.1.2*	Complied Not Complied Not Applicable	
<b>Disclosure and Transparency</b>				
6	The charity makes information on its programmes, activities and financials available to its members and donors.	8.1*	Complied Not Complied Not Applicable	
<b>Public Image</b>				
7	The charity accurately portrays its image to its members and donors.	9.1*	Complied Not Complied Not Applicable	

## Declaration

<b>Name</b>	
<b>Email</b>	
<b>Contact</b>	<b>Office</b>
	<b>Mobile</b>
<b>Designation</b>	Executive Director / Chief Executive Officer / General Manager / Board Member
<input type="checkbox"/> I declare that my charity's / IPC's governing Board has approved this Governance Evaluation Checklist and authorised me to submit on its behalf.  All information given by me in this checklist submission is true to the best of my knowledge and I have not wilfully suppressed any material fact.  The full responsibility for providing accurate and updated checklist information will rest with my charity's / IPC's governing Board.	
<input type="checkbox"/> My governing Board agrees to make this Governance Evaluation Checklist available for members / donors through avenues such as the website, bulletins or the annual general meeting.	
<input type="checkbox"/> My governing Board agrees to make this Governance Evaluation Checklist available for public viewing at the e-Service page on Charity Portal.	

## Governance Evaluation Checklist for BASIC II TIER

Applicable to charities with gross annual receipts of \$50,000 and up to \$10 million; and IPCs with gross annual receipts of less than \$200,000

This Governance Evaluation Checklist covers only the key principles and guidelines in the Code of Governance for Charities and IPCs. Charities should refer to the Code and consider all applicable principles and guidelines.

Please refer to the online guide on how to submit the Governance Evaluation Checklist.

This submission is for the financial year *[fill in month / year to month / year]*.

S/N	Description	Code ID	Response (Select one option)	Reasons for Non-Compliance
<b>Board Governance</b>				
A	Are there Board members holding staff appointments? (Skip items 1 and 2 if "No")		Yes No	
1	If the governing instrument permits staff to become Board members, they should comprise not more than one-third of the Board.	1.1.2	Complied Not Complied Not Applicable	<ul style="list-style-type: none"> <li>Small size of the charity and Board.</li> <li>No employed staff. Board members volunteer in staff roles.</li> </ul>
2	Staff does not chair the Board.	1.1.2	Complied Not Complied Not Applicable	
3	There is a maximum limit of four consecutive years for the Treasurer position (or equivalent, e.g. Finance Committee Chairman).	1.1.6	Complied Not Complied Not Applicable	<ul style="list-style-type: none"> <li>Unable to recruit a suitably qualified Board member to take on the Treasurer position (or equivalent). Will comply before the next submission.</li> </ul>
4	The Board has an audit committee (or designated Board members) with documented terms of reference.	1.2.1	Complied Not Complied Not Applicable	<ul style="list-style-type: none"> <li>The responsibilities of the audit committee are carried out by the Board.</li> </ul>
5	The Board meets regularly with a quorum of at least one-third or at least three members, whichever is greater (or as required by the governing instrument).	1.3.1	Complied Not Complied Not Applicable	
<b>Conflict of Interest</b>				
6	There are documented procedures for Board members and staff to declare actual or potential conflicts of interest to the Board.	2.1	Complied Not Complied Not Applicable	<ul style="list-style-type: none"> <li>Actual or potential conflicts of interest are disclosed and recorded at Board meetings.</li> </ul>
7	No Board member or staff is involved in setting his or her own remuneration.	2.2	Complied Not Complied Not Applicable	
8	Board members do not vote or participate in decision-making on matters where they have a conflict of interest.	2.4	Complied Not Complied Not Applicable	

S/N	Description	Code ID	Response (Select one option)	Reasons for Non-Compliance
<b>Strategic Planning</b>				
9	The Board reviews and approves the vision and mission of the charity. They are documented and communicated to its members and the public.	3.1.1	Complied Not Complied Not Applicable	
<b>Human Resource Management</b>				
10	The Board approves documented human resource policies for staff.	5.1	Complied Not Complied Not Applicable	
<b>Financial Management and Controls</b>				
11	The Board ensures internal control systems for financial matters are in place with documented procedures.	6.1.2	Complied Not Complied Not Applicable	
12	The Board ensures reviews on the charity's controls, processes, key programmes and events.	6.1.3	Complied Not Complied Not Applicable	
13	The Board approves an annual budget for the charity's plans and regularly monitors its expenditure.	6.2.1	Complied Not Complied Not Applicable	• The charity is small and the budget is not prepared annually.
14	The charity discloses its reserves policy in the annual report.	6.4.1	Complied Not Complied Not Applicable	
B	Does the charity invest its reserves? (Skip item 15 if "No")		Yes No	
15	The charity invests its reserves in accordance with an investment policy approved by the Board. It obtains advice from qualified professional advisors, if deemed necessary by the Board.	6.4.3	Complied Not Complied Not Applicable	
<b>Fundraising Practices</b>				
16	Donations collected are properly recorded and promptly deposited by the charity.	7.2.2	Complied Not Complied Not Applicable	
<b>Disclosure and Transparency</b>				
17	The charity makes available to its stakeholders an annual report that includes information on its programmes, activities, audited financial statements, Board members and executive management.	8.1	Complied Not Complied Not Applicable	
<b>Public Image</b>				
18	The charity accurately portrays its image to its members, donors and the public.	9.1	Complied Not Complied Not Applicable	

## Declaration

<b>Name</b>	
<b>Email</b>	
<b>Contact</b>	<b>Office</b>
	<b>Mobile</b>
<b>Designation</b>	Executive Director / Chief Executive Officer / General Manager / Board Member
<input type="checkbox"/> I declare that my charity's / IPC's governing Board has approved this Governance Evaluation Checklist and authorised me to submit on its behalf.  All information given by me in this checklist submission is true to the best of my knowledge and I have not wilfully suppressed any material fact.  The full responsibility for providing accurate and updated checklist information will rest with my charity's / IPC's governing Board.	
<input type="checkbox"/> My governing Board agrees to make this Governance Evaluation Checklist available for members / donors through avenues such as the website, bulletins or the annual general meeting.	
<input type="checkbox"/> My governing Board agrees to make this Governance Evaluation Checklist available for public viewing at the e-Service page on Charity Portal.	

# Governance Evaluation Checklist for ENHANCED TIER

Applicable to large charities with gross annual receipts of \$10 million or more; and IPCs with gross annual receipts of \$200,000 and up to \$10 million

This Governance Evaluation Checklist covers only the key principles and guidelines in the Code of Governance for Charities and IPCs. Charities should refer to the Code and consider all applicable principles and guidelines.

Please refer to the online guide on how to submit the Governance Evaluation Checklist.

This submission is for the financial year *[fill in month / year to month / year]*.

S/N	Description	Code ID	Response (Select one option)	Reasons for Non-Compliance
<b>Board Governance</b>				
A	Are there Board members holding staff appointments? (Skip items 1 and 2 if "No")		Yes No	
1	If the governing instrument permits staff to become Board members, they should comprise not more than one-third of the Board.	1.1.2	Complied Not Complied Not Applicable	<ul style="list-style-type: none"> <li>• Small size of the Board.</li> <li>• No employed staff. Board members volunteer in staff roles</li> </ul>
2	Staff does not chair the Board.	1.1.2	Complied Not Complied Not Applicable	
3	There is a maximum limit of four consecutive years for the Treasurer position (or equivalent, e.g. Finance Committee Chairman).	1.1.6	Complied Not Complied Not Applicable	<ul style="list-style-type: none"> <li>• Unable to recruit a suitably qualified Board member to take on the Treasurer position (or equivalent). Will comply before the next submission.</li> </ul>
4	The Board has an audit committee (or designated Board members) with documented terms of reference.	1.2.1	Complied Not Complied Not Applicable	<ul style="list-style-type: none"> <li>• The responsibilities of the audit committee are carried out by the Board.</li> </ul>
5	The Board meets regularly with a quorum of at least one-third or at least three members, whichever is greater (or as required by the governing instrument).	1.3.1	Complied Not Complied Not Applicable	
<b>Conflict of Interest</b>				
6	There are documented procedures for Board members and staff to declare actual or potential conflicts of interest to the Board.	2.1	Complied Not Complied Not Applicable	<ul style="list-style-type: none"> <li>• Actual or potential conflicts of interest are disclosed and recorded at Board meetings.</li> </ul>
7	Board members do not vote or participate in decision-making on matters where they have a conflict of interest.	2.4	Complied Not Complied Not Applicable	

S/N	Description	Code ID	Response (Select one option)	Reasons for Non-Compliance
<b>Strategic Planning</b>				
8	The Board reviews and approves the vision and mission of the charity. They are documented and communicated to its members and the public.	3.1.1	Complied Not Complied Not Applicable	
9	The Board approves and reviews a strategic plan for the charity to ensure that the activities are in line with its objectives.	3.2.2	Complied Not Complied Not Applicable	
<b>Human Resource Management</b>				
10	The Board approves documented human resource policies for staff.	5.1	Complied Not Complied Not Applicable	
11	There are systems for regular supervision, appraisal and professional development of staff.	5.6	Complied Not Complied Not Applicable	
<b>Financial Management and Controls</b>				
12	The Board ensures internal control systems for financial matters are in place with documented procedures.	6.1.2	Complied Not Complied Not Applicable	
13	The Board ensures reviews on the charity's controls, processes, key programmes and events.	6.1.3	Complied Not Complied Not Applicable	
14	The Board approves an annual budget for the charity's plans and regularly monitors its expenditure.	6.2.1	Complied Not Complied Not Applicable	
15	The charity discloses its reserves policy in the annual report.	6.4.1	Complied Not Complied Not Applicable	
B	Does the charity invest its reserves? (Skip item 16 if "No")		Yes No	
16	The charity invests its reserves in accordance with an investment policy approved by the Board. It obtains advice from qualified professional advisors, if deemed necessary by the Board.	6.4.3	Complied Not Complied Not Applicable	
<b>Fundraising Practices</b>				
17	Donations collected are properly recorded and promptly deposited by the charity.	7.2.2	Complied Not Complied Not Applicable	

S/N	Description	Code ID	Response (Select one option)	Reasons for Non-Compliance
<b>Disclosure and Transparency</b>				
18	The charity makes available to its stakeholders an annual report that includes information on its programmes, activities, audited financial statements, Board members and executive management.	8.1	Complied Not Complied Not Applicable	
C	Are Board members remunerated for their Board services? (Skip items 19 and 20 if "No")		Yes No	
19	No Board member is involved in setting his or her own remuneration.	2.2	Complied Not Complied Not Applicable	
20	The charity discloses the exact remuneration and benefits received by each Board member in the annual report.	8.2	Complied Not Complied Not Applicable	
D	Does the charity employ paid staff? (Skip items 21 and 22 if "No")		Yes No	
21	No staff is involved in setting his or her own remuneration.	2.2	Complied Not Complied Not Applicable	
22	The charity discloses in its annual report the annual remuneration of its three highest paid staff who each receives remuneration exceeding \$100,000, in bands of \$100,000. If none of its top three highest paid staff receives more than \$100,000 in annual remuneration each, the charity discloses this fact.	8.3	Complied Not Complied Not Applicable	
<b>Public Image</b>				
23	The charity accurately portrays its image to its members, donors and the public.	9.1	Complied Not Complied Not Applicable	



## Declaration

<b>Name</b>	
<b>Email</b>	
<b>Contact</b>	<b>Office</b>
	<b>Mobile</b>
<b>Designation</b>	Executive Director / Chief Executive Officer / General Manager / Board Member
<input type="checkbox"/> I declare that my charity's / IPC's governing Board has approved this Governance Evaluation Checklist and authorised me to submit on its behalf.  All information given by me in this checklist submission is true to the best of my knowledge and I have not wilfully suppressed any material fact.  The full responsibility for providing accurate and updated checklist information will rest with my charity's / IPC's governing Board.	
<input type="checkbox"/> My governing Board agrees to make this Governance Evaluation Checklist available for members / donors through avenues such as the website, bulletins or the annual general meeting.	
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# Governance Evaluation Checklist for ADVANCED TIER

Applicable to large IPCs with gross annual receipts of \$10 million or more

This Governance Evaluation Checklist covers only the key principles and guidelines in the Code of Governance for Charities and IPCs. Charities should refer to the Code and consider all applicable principles and guidelines.

Please refer to the online guide on how to submit the Governance Evaluation Checklist.

This submission is for the financial year *[fill in month / year to month / year]*.

S/N	Description	Code ID	Response (Select one option)	Reasons for Non-Compliance
<b>Board Governance</b>				
A	Are there Board members holding staff appointments? (Skip items 1 and 2 if "No")		Yes No	
1	If the governing instrument permits staff to become Board members, they should comprise not more than one-third of the Board.	1.1.2	Complied Not Complied Not Applicable	• No employed staff. Board members volunteer in staff roles
2	Staff does not chair the Board.	1.1.2	Complied Not Complied Not Applicable	
3	There is a maximum limit of four consecutive years for the Treasurer position (or equivalent, e.g. Finance Committee Chairman).	1.1.6	Complied Not Complied Not Applicable	• Unable to recruit a suitably qualified Board member to take on the Treasurer position (or equivalent). Will comply before the next submission.
4	The Board conducts regular self-evaluation to assess its performance and effectiveness.	1.1.10	Complied Not Complied Not Applicable	
5	The Board has an audit committee (or designated Board members) with documented terms of reference.	1.2.1	Complied Not Complied Not Applicable	• The responsibilities of the audit committee are carried out by the Board.
6	The Board meets regularly with a quorum of at least one-third or at least three members, whichever is greater (or as required by the governing instrument).	1.3.1	Complied Not Complied Not Applicable	
<b>Conflict of Interest</b>				
7	There are documented procedures for Board members and staff to declare actual or potential conflicts of interest to the Board.	2.1	Complied Not Complied Not Applicable	• Actual or potential conflicts of interest are disclosed and recorded at Board meetings.
8	Board members do not vote or participate in decision-making on matters where they have a conflict of interest.	2.4	Complied Not Complied Not Applicable	

S/N	Description	Code ID	Response (Select one option)	Reasons for Non-Compliance
<b>Strategic Planning</b>				
9	The Board reviews and approves the vision and mission of the charity. They are documented and communicated to its members and the public.	3.1.1	Complied Not Complied Not Applicable	
10	The Board approves and reviews a strategic plan for the charity to ensure that the activities are in line with its objectives.	3.2.2	Complied Not Complied Not Applicable	
<b>Human Resource Management</b>				
11	The Board approves documented human resource policies for staff.	5.1	Complied Not Complied Not Applicable	
12	There are systems for regular supervision, appraisal and professional development of staff.	5.6	Complied Not Complied Not Applicable	
13	There is a system to address grievances and resolve conflicts.	5.11	Complied Not Complied Not Applicable	
<b>Financial Management and Controls</b>				
14	The Board ensures internal control systems for financial matters are in place with documented procedures.	6.1.2	Complied Not Complied Not Applicable	
15	The Board ensures reviews on the charity's controls, processes, key programmes and events.	6.1.3	Complied Not Complied Not Applicable	
16	The Board approves an annual budget for the charity's plans and regularly monitors its expenditure.	6.2.1	Complied Not Complied Not Applicable	
17	The charity discloses its reserves policy in the annual report.	6.4.1	Complied Not Complied Not Applicable	
B	Does the charity invest its reserves? (Skip item 18 if "No")		Yes No	
18	The charity invests its reserves in accordance with an investment policy approved by the Board. It obtains advice from qualified professional advisors, if deemed necessary by the Board.	6.4.3	Complied Not Complied Not Applicable	
<b>Fundraising Practices</b>				
19	Donations collected are properly recorded and promptly deposited by the charity.	7.2.2	Complied Not Complied Not Applicable	

S/N	Description	Code ID	Response (Select one option)	Reasons for Non-Compliance
<b>Disclosure and Transparency</b>				
20	The charity makes available to its stakeholders an annual report that includes information on its programmes, activities, audited financial statements, Board members and executive management.	8.1	Complied Not Complied Not Applicable	
C	Are Board members remunerated for their Board services? (Skip items 21 and 22 if "No")		Yes No	
21	No Board member is involved in setting his or her own remuneration.	2.2	Complied Not Complied Not Applicable	
22	The charity discloses the exact remuneration and benefits received by each Board member in the annual report.	8.2	Complied Not Complied Not Applicable	
D	Does the charity employ paid staff? (Skip items 23 and 24 if "No")		Yes No	
23	No staff is involved in setting his or her own remuneration.	2.2	Complied Not Complied Not Applicable	
24	The charity discloses in its annual report the annual remuneration of its three highest paid staff who each receives remuneration exceeding \$100,000, in bands of \$100,000. If none of its top three highest paid staff receives more than \$100,000 in annual remuneration each, the charity discloses this fact.	8.3	Complied Not Complied Not Applicable	
<b>Public Image</b>				
25	The charity accurately portrays its image to its members, donors and the public.	9.1	Complied Not Complied Not Applicable	

## Declaration

<b>Name</b>	
<b>Email</b>	
<b>Contact</b>	<b>Office</b>
	<b>Mobile</b>
<b>Designation</b>	Executive Director / Chief Executive Officer / General Manager / Board Member
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<input type="checkbox"/> My governing Board agrees to make this Governance Evaluation Checklist available for public viewing at the e-Service page on Charity Portal.	

# ACKNOWLEDGEMENTS

The Charity Council would like to thank all charity representatives, stakeholders and Sector Administrators who have kindly contributed to the development of this refined edition of the Code.