

# **Singapore Sikh Institutions**

## **Code of Governance**

*(March 2011)*

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## Code of Governance for Sikh Institutions & Sikh Institutions of a Public Character (Sikh IPCs)

### WHY A CODE OF GOVERNANCE ?

Sikh Institutions are community (public) organizations 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 Sikh Institutions**

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

#### **For the Public**

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

#### **Objectives of this Code**

The objectives of this Code of Governance are to:

- a. **Make Sikh Institutions more effective** by sharing recommended practices on how effective Sikh Institutions 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 Public Institutions);
- c. **Boost public confidence** in the Public Institutions sector by setting the standards of good governance for Sikh Institutions to aspire towards.

# **PREAMBLE**

1. Sikh Institutions differ greatly in size, activity and circumstances. Not all Code guidelines will apply to every Public Institutions. But all Sikh Institutions should go through the entire Code and take the necessary action to improve their governance.
2. The Code has been first introduced by a Task Force of the Sikh Advisory Board in February 2011. To help Sikh Institutions apply the Code more effectively, the Task Force held an exercise to refine the Code as advocated by the Charities Council of Singapore and modified to suit the Sikh Institutions and it will be reviewed and modified on a need basis as we go along the route of implementation..
3. This Code provides greater clarity and relevance about good governance to the Public Institutions sector. Sikh Institutions are encouraged to refer to the related guidelines and adopt them to the greatest extent possible.
4. An evaluation checklist has been prepared to assess and monitor the level of implementation of the Code by each institution and this should be evaluated on an annual basis within one month of the annual general meeting of each institution.
5. This Code is meant for registered Sikh Institutions in Singapore, especially those receiving public donations. It does not apply to any private Sikh Institutions, such as philanthropic foundations funded with private family. However, these organizations are welcomed to refer to this Code.
6. The Code operates on the principle of 'comply or explain'. It is not mandatory Sikh Institutions should follow these disclosure guidelines, as long as there are legitimate reasons for non-compliance.
7. Some Sikh Institutions 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 Sikh Institutions 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 Public Institutions. The Public Institutions should explain these circumstances in the checklist.
8. Sikh Institutions are encouraged to review or consider amending their Constitution (constitutions), bye-laws and policies as necessary to adopt this Code for the best interest of their organizations.
9. This Code is organized into sections. Every section starts with the general principle. Specific guidelines to put the principle to practical use are listed in the sub-sections. Sikh Institutions should consider both the principles and specific guidelines of the Code. Where possible, they should apply the spirit of the Code.

## **TIERED GUIDELINES**

Since not all Sikh Institutions are of the same size and their resources also vary significantly, we have developed two sets of codes for the Sikh institutions as listed below to make compliance easier and not impose undue burden on the smaller institutions.

:

### **BASIC TIER**

*ਸ਼ਕਿਹ ਨਿਸਟਟਿਟੋਨਿਸ ਾਟਿਹ ਗਰੋਸਸ ਓਨਨੁਓਲ ਰਏਚਏਪਿਟਸੋਡੁ ਪ ਟੋ \$੧ ਮਲਿਲੀਨੋ ਨਿ ਏਓਚਹੋਡ ਟਹਏ ਟੋ ਪਰਏਚਏਚਨਿਗ ਡਨਿਓਨਚਓਲੋ ਏਓਰਸ.*

All Sikh institution in Singapore today, with the exception of those listed under “Enhanced tier” would be classified under the “Basic Tier”.

### **ENHANCED TIER**

*ਸ਼ਕਿਹ ਨਿਸਟਟਿਟੋਨਿਸ ਾਟਿਹ ਗਰੋਸਸ ਓਨਨੁਓਲ ਰਏਚਏਪਿਟਸੋਡੋ ਵਏਰ \$੧ ਮਲਿਲੀਨੋ ਨਿ ਏਓਚਹੋਡ ਟਹਏ ਟੋ ਪਰਏਚਏਚਨਿਗ ਡਨਿਓਨਚਓਲੋ ਏਓਰਸ ਓਨਏ ਸ਼ਕਿਹ ਨਿਸਟਟਿਟੋਨਿਸ ਾਟਿਹ ਿਫਫ ਸ਼ਟਓਟਸ.*

The Sikh institution today that would fall into this Tier would be:

**Sikh Welfare Council  
Central Sikh Gurdwara Board  
Singapore Khalsa Association**

## **CODE COMPLIANCE**

**All Sikh Institutions are:**

**Required** to submit and disclose a Governance Evaluation Checklist to the Sikh Advisory Board or any other Sikh Code of Governance Steering Committee (referred to as “Governance Committee”) appointed by them for such purpose. They should also post such Checklist on its own website.

**Should** explain why it cannot comply with certain Code guidelines that are relevant to the Sikh institution.

**Should** indicate the steps it plans to take to comply, or explain why if it decides not to comply. The Governance Committee would consider the Sikh Institution extent of Code compliance, as well as the reasons for non-compliance. .

# **GLOSSARY**

In this Code, we refer to:

## ***ੳ. ਸ਼ਕਿਹ ਨਿਸਟਟਿਟੋਨਿਸ***

*ਠਹਸਿ ਰਏਡਰਰਸ ਟੋ ਓਲਲ ਰਏਗਸਿਟਏਰਏਦ ਸ਼ਕਿਹ ਨਿਸਟਟਿਟੋਨਿਸ ਨਿ ਸ਼ਨਿਗਓਪੋਰਏ. ਠਹਏ ਓਰਏ ਓਲਸੋ ਰਏਡਰਰਏਦ ਟੋ ਓਸ ਫੁਬਲਚਿ ਨਿਸਟਟਿਟੋਨਿਸ.*

## **b. The Board**

The governing body responsible for overseeing and managing a Public Institution. It is also sometimes known as the council or management committee.

## **c. Executive Head**

The most senior staff member in charge of the Public Institution's staff personnel. There is a range of job titles that Sikh Institutions use for this position (e.g. Executive Director, Chief Executive Officer, Manager, General Manager, etc).

## **d. Staff**

Paid or unpaid individuals (including volunteers) who hold staff appointments and are involved in the day-to-day operations of the Public Institutions, e.g. an Executive Director or Administrative personnel.

## **e. Constitution**

The Public Institution's main constitution. 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 Public Institution.

## **f. Stakeholders**

The Public Institution's members, beneficiaries, donors, grant makers, 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 Public Institutions.

## **h. Reserves**

The part of the Public Institution'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 Public Institutions. 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 organization that solicits or procures money or property for the benefit of a Public Institution. 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 Public Institutions are fiduciaries with respect to the Public Institutions they serve and, as such, their responsibilities to the Public Institutions are termed fiduciary duties or fiduciary responsibilities.

**ਲ. ਫ਼ਿਡੀਅਰੀਅਮਿਟੀ**

ਠਹੜ ਮੌਜੂਦਾ ਸੰਬੰਧਿਤ “ਇਲਾਜਕਾਰਕ” ਚੌਖਟੀਕਾਰਕ ਮੁਕਾਬਲਾ ਵੇਦਰਓਲਲ ਨਿ ਚਹਓਰਗਏ ਡ ਟਹੜ ਫੁਬਲਚਿ  
ੀਨਸਟਿਟਿਓਨਿ. ਠਹੜਿ ਨਿਚਲੁਦਏਸ ਰਏਡਏਰਏਨਚਏ ਟੌ ਫ਼ਿਡੀਅਰੀਅਮਿਟੀ, ਫਰਏਸਦਿਏਨਟ, ਚ ਘੋਵਏਰਨੌਰ.

# BASIC TIER

## 1 BOARD GOVERNANCE

### **General Principle**

*The Public Institutions 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 Public Institution's Constitution.*

*The Board is responsible to comply with its Constitution and all relevant laws and regulations. The Board makes sure the Public Institutions is run well and responsibly, so that the Public Institution 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 Public Institution's work, to ensure that the Public Institutions is well-managed and fulfils its objectives.

1.1.2 All Board members of the Public Institutions should exercise **independent judgement** and act in the **best interests** of the Public Institutions. To ensure objectivity in decision-making, it is desirable for the Board to be **totally independent from staff** working for the Public Institutions.

In addition, staff of the Public Institutions:

- May only become Board members if this is **expressly permitted** by the Public Institution's Constitution;
- Should **not comprise more than one-third** of the Board; and
- Should **not chair** the Board.

1.1.3 There should be **Constitutions** on issues such as:

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

1.1.4 In Sikh Institutions 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 two years**.

੧.੧.੭ ਠਹੜਦ ਸਹੁਲਦ ਬਦ ਓ ਮਓਣਮਿਮ ਲਮਿਟਿੰਡ ਸਣਿ ਚੋਨਸਦਚੁਟਵਿਏ ਏਓਰਸ ਡੋਰ ਭੋਓਰਦ ਮਏਮਬਦਰਸ ਹੋਲਦਨਿਗ ਟਹੜ ਫ਼ਹਓਰਿਮਓਨ 'ਸ ਪੋਸਟਿੰਨਿ ਓਨਦ ਰਏਓਪੋਨਿਟਮਏਨਟ ਟੋ ਓਨੇ ਪੋਸਟਿੰਨਿ ਨਿ ਟਹੜ ਸਓਮਏ ਸ਼ਕਿਹ ਨਿਸਟਟਿਟੋਨਿ ਸਹੁਲਦ ਨਲੇ ਬਏ ਚੋਨਸਦਿਏਰਏਦ ਓਡਟਏਰ ਓ ਲਓਪਸਏੰਡ ਓਟ ਲਏਓਸਟ ਡੁੱਰੇ ਏਓਰਸ.

1.1.8 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 Public Institution's Constitution. *ਟਿ ਸਿ ਰਏਚੋਮਏਨਦਏਦ ਟਹਓਟ ਨੋ ਭੋਓਰਦ ਮਏਮਬਦਰ ਸਹੁਲਦ ਹੋਲਦ ਟਹੜ ਸਓਮਏ ਪੋਸਟਿੰਨਿ (ਏਏਚਲੁਦਨਿਗ ਚੋਮਮਟਿਟਏਏ ਮਏਮਬਦਰ) ਡੋਰ ਓ ਪਏਰੋਦ ਏਏਚਏਦਨਿਗ ਸਣਿ ਚੋਨਸਦਚੁਟਵਿਏ ਏਓਰਸ ਓਨਦ ਰਏ-ਓਪੋਨਿਟਮਏਨਟ ਟੋ ਟਹੜ ਸਓਮਏ ਪੋਸਟਿੰਨਿ ਸਹੁਲਦ ਬਏ ਚੋਨਸਦਿਏਰਏਦ ਓਡਟਏਰ ਓ ਲਓਪਸਏੰਡ ਓਟ ਲਏਓਸਟ ਟੋ ਏਓਰਸ.*

1.1.9 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.

1.1.10 ਠਹੜ ਭੋਓਰਦ ਸਹੁਲਦ ਮਓਕਏ ਓਰਓਓਨਿਗਏਮਏਨਟਸ ਟੋ ਏਨਸੁਰਏ ਗਏਨਦਏਰ ਓਨਦ ਟੋਟਹ ਰਏਪਰਏਸਏਨਟਓਟੋਨਿ ਨਿ ਟਹੜ ਭੋਓਰਦ ਟੋ ਸਟਓ ਰਏਲਏਵਓਨਟ ਓਨਦ ਚੋਨਸਦਿਏਰ ਓਲਲ ਓਸਪਏਚਟਸੰਡ ਟਹੜ ਮਏਮਬਦਰਸਗਪਿੰਡ ਟਹੜ ਸ਼ਕਿਹ ਨਿਸਟਟਿਟੋਨਿ. ਟਿ ਸਿ ਸੁਗਗਏਸਟਏਦ ਟਹਓਟ ਓਟ ਲਏਓਸਟ ੨੦%ੰਡ ਭੋਓਰਦ ਸਹੁਲਦ ਬਏ ਟੋਟਹ (ਨਦਏਰ ੩੫ ਏਓਰਸੰਡ ਓਗਏ), ਓਨਦ ਓਟ ਲਏਓਸਟ ੧੦% ਸਹੁਲਦ ਬਏ ਡਏਮਓਲਦਸ.

## 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 Public Institutions:

- a. Audit
- b. Programmes and Services

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

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

## 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 Public Institutions' Constitution.

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 **minute and circulated** to the whole Board as soon as practicable.

## **2 CONFLICT OF INTEREST**

### ***General Principle***

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

- 2.1 The Public Institutions 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 Public Institutions may enter into; or
  - Any interest in other organization that the Public Institutions has dealings with or is considering entering into **joint ventures** with; or
  - Any interest as the Public Institution'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** 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.
- 2.6 “**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 Public Institutions is set up to achieve certain aims for the benefit of the society and/or its members. The vision and mission of the Public Institutions 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 Public Institutions to ensure that they stay relevant to its changing environment and needs. The Public Institutions 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 Public Institution's operations and that such resources are effectively and efficiently managed.

## **4 PROGRAMME MANAGEMENT**

### ***General Principle***

*The programmes and activities conducted by the Public Institutions determine the charitable work that the Public Institutions 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 Public Institutions.*

- 4.1 The Public Institutions should ensure that its **operations** and **programmes** are directed towards achieving its objectives.
- 4.2 The Public Institutions should ensure that the **outcomes** of each programme are **clearly defined**.
- 4.3 The Public Institutions 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 Public Institutions. The Public Institutions 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 Public Institution's objectives. Sexual and other workplace harassment should not be tolerated.

## **6 FINANCIAL MANAGEMENT AND CONTROLS**

### ***General Principle***

*The Public Institutions 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 Public Institutions or donations to **external parties**.
- 6.1.2 The Public Institutions 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 Public Institution'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 Public Institution'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 Public Institutions. The Public Institutions should safeguard the value of its assets, e.g. by getting its fixed assets adequately insured.

## 6.4 Reserves Management

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

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

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

The Public Institutions must inform prospective donors of the:

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

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

6.4.3 If the Public Institutions 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 Public Institutions 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 Public Institutions should also be prudent in engaging third party fundraisers.*

### **7.1 Conduct of Fundraising Activities**

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

### **7.2 Accountability to Donors**

7.2.1 The Public Institutions should ensure that donors receive accurate and ethical advice about the Public Institutions, 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 Public Institutions 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 Public Institutions 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 Public Institution's needs and disclosed to donors.

## **8 DISCLOSURE AND TRANSPARENCY**

### ***General Principle***

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

8.1 The Public Institutions 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 Public Institutions should build up its image to be consistent with its objectives.*

9.1 The Public Institutions should **accurately portray its image** to its stakeholders, including its members, donors and the public.

# ENHANCED TIER

## 1 BOARD GOVERNANCE

### **General Principle**

*The Public Institutions 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 Public Institution's Constitution.*

*The Board is responsible to comply with its Constitution and all relevant laws and regulations. The Board makes sure the Public Institutions is run well and responsibly, so that the Public Institutions would continue to be effective, credible and sustainable.*

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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 two years**.

੧.੧.੭ ਠਹੜਦ ਸਹੁੱਲਦ ਬਏ ਓ ਮਓਣਮਿਮ ਲਮਿਟਿੰਡ ਸਣਿ ਚੋਨਸਦਚੁਟਵਿਏ ਏਓਰਸ ਡੋਰ ਭੋਓਰਦ ਮਏਮਬਏਰਸ ਹੋਲਦਨਿਗ ਟਹਏ ਫ਼ਹਓਰਿਮਓਨ 'ਸ ਪੋਸਟਿੰਨਿ ਓਨਦ ਰਏਓਪੋਨਿਟਮਏਨਟ ਟੋ ਓਨੇ ਪੋਸਟਿੰਨਿ ਨਿ ਟਹਏ ਸਓਮਏ ਸ਼ਕਿਹ ਨਿਸਟਟਿਟੋਨਿ ਸਹੁੱਲਦ ਨਲੇ ਬਏ ਚੋਨਸਦਿਏਰਏਦ ਓਡਟਏਰ ਓ ਲਓਪਸਏੰਡ ਓਟ ਲਏਓਸਟ ਡੁੱਰੇ ਏਓਰਸ.

1.1.8 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 Public Institution's Constitution. *ੀਟ ਸਿ ਰਏਚੋਮਏਨਦਏਦ ਟਹਓਟ ਨੋ ਭੋਓਰਦ ਮਏਮਬਏਰ ਸਹੁੱਲਦ ਹੋਲਦ ਟਹਏ ਸਓਮਏ ਪੋਸਟਿੰਨਿ (ਏਣਚਲੁਦਨਿਗ ਚੋਮਮਟਿਟਏਦ ਮਏਮਬਏਰ) ਡੋਰ ਓ ਪਏਰੋਦ ਏਣਚਏਦਨਿਗ ਸਣਿ ਚੋਨਸਦਚੁਟਵਿਏ ਏਓਰਸ ਓਨਦ ਰਏ-ਓਪੋਨਿਟਮਏਨਟ ਟੋ ਟਹਏ ਸਓਮਏ ਪੋਸਟਿੰਨਿ ਸਹੁੱਲਦ ਬਏ ਚੋਨਸਦਿਏਰਏਦ ਓਡਟਏਰ ਓ ਲਓਪਸਏੰਡ ਓਟ ਲਏਓਸਟ ਟੋ ਏਓਰਸ.*

1.1.9 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.

1.1.10 ਠਹਏ ਭੋਓਰਦ ਸਹੁੱਲਦ ਮਓਕਏ ਓਰਓਰਓਨਿਗਏਮਏਨਟਸ ਟੋ ਏਨਸੁਰਏ ਗਏਨਦਏਰ ਓਨਦ ਟੋਟਹ ਰਏਪਰਏਸਏਨਟਓਟੋਨਿ ਨਿ ਟਹਏ ਭੋਓਰਦ ਟੋ ਸਟਓ ਰਏਲਏਵਓਨਿਟ ਓਨਦ ਚੋਨਸਦਿਏਰ ਓਲਲ ਓਸਪਏਚਟਸੰਡ ਟਹਏ ਮਏਮਬਏਰਸਗਪਿੰਡ ਟਹਏ ਸ਼ਕਿਹ ਨਿਸਟਟਿਟੋਨਿ. *ੀਟ ਸਿ ਸੁਗਗਏਸਟਏਦ ਟਹਓਟ ਓਟ ਲਏਓਸਟ ੨੦%ੰਡ ਭੋਓਰਦ ਸਹੁੱਲਦ ਬਏ ਟੋਟਹ (ਨਦਏਰ ੩੫ ਏਓਰਸੰਡ ਓਗਏ), ਓਨਦ ਓਟ ਲਏਓਸਟ ੧੦% ਸਹੁੱਲਦ ਬਏ ਡਏਮਓਲਏਸ.*

1.1.11 *For Sikh institutions where Board members are elected, each voting member or member organization should be allowed only one vote.*

1.1.12 *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 Public Institutions 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 Public Institutions:

- a. Audit
- b. Programmes and Services
- c. **Fundraising**
- d. **Appointment / Nomination**
- e. **Human Resource**

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

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

## **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 Public Institution's Constitution.

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.

## **2 CONFLICT OF INTEREST**

### **General Principle**

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

2.1 The Public Institutions 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 Public Institutions may enter into; or
  - Any interest in other organization that the Public Institutions has dealings with or is considering entering into **joint ventures** with; or
  - Any interest as the Public Institution'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.
- 2.6 “**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 Public Institutions is set up to achieve certain aims for the benefit of the society and / or its members. The vision and mission of the Public Institutions 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 Public Institutions to ensure that they stay relevant to its changing environment and needs. The Public Institutions 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 Public Institution's operations and that such resource are effectively and efficiently managed.

3.2.2 *The Board should approve a strategic plan for the Public Institutions 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 Public Institution's strategic plan and programmes are implemented, as well as the outcomes.*

## **4 PROGRAMME MANAGEMENT**

### **General Principle**

*The programmes and activities conducted by the Public Institutions determine the charitable work that the Public Institutions 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 Public Institutions.*

- 4.1 The Public Institutions should ensure that its **operations** and **programmes** are directed towards achieving its objectives.
- 4.2 The Public Institutions should ensure that the **outcomes** of each programme are **clearly defined**.
- 4.3 The Public Institutions should **regularly update** the Board on the progress of its programmes and services.
- 4.4 *The Public Institutions 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 Public Institutions. The Public Institutions 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 Public Institution's objectives. Sexual and other workplace harassment should not be tolerated.
- 5.3 *The Public Institutions should ensure that there is a volunteer management system in place.*
- 5.4 *The Public Institutions 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 Public Institutions 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 Public Institution's affairs.*

## **6 FINANCIAL MANAGEMENT AND CONTROLS**

### **General Principle**

*The Public Institutions 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 Public Institutions or donations to **external parties**.

6.1.2 The Public Institutions 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 Public Institution'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 Public Institution'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 Public Institutions.

The Public Institutions should safeguard the value of its assets, e.g. by getting its fixed assets adequately insured.

## 6.4 Reserves Management

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

6.4.2 The Public Institutions should ensure that **restricted funds** and **endowment funds** are set up solely for clear and justifiable needs. The Public Institutions should ensure that these funds are used or transferred to other funds only after getting the permission of the donor to do so.

The Public Institutions must inform prospective donors of the:

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

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

6.4.3 If the Public Institutions 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 Public Institutions 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 Public Institutions should also be prudent in engaging third party fundraisers.*

#### **7.1 Conduct of Fundraising Activities**

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

#### **7.2 Accountability to Donors**

7.2.1 The Public Institutions should ensure that donors receive accurate and ethical advice about the Public Institutions, 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 Public Institutions 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 Public Institutions 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 Public Institution's needs and disclosed to donors.

## **8 DISCLOSURE AND TRANSPARENCY**

### ***General Principle***

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

8.1 The Public Institutions 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.

8.2 ਨਹਾ ਲਏਦਰਸਹਪਿ ਓਨਦ ਮਓਨਓਗਏਮਏਨਟੋਡ ਟਹਏ ਫੁਬਲਚਿ ਨਸਟਟਿਟੋਨਿਸ ਸਹੋਲਦੁ ਪਦਓਟਏਸ ਟਿਸ ਸਟਓਕਏਹੋਲਦਏਰਸ ਰਏਗੁਲਓਰਲੇ ਟਹਰੋਗਹ ਨਏਸਲਏਟਏਰਸ, ਚਰਿਚੁਲਓਰਸ, ਏਟਚੋਡ ਟਿਸ ਪਲਓਨਸ, ਪਰੋਗਰਓਮਸ ਓਨਦ ਓਚਟਵਿਟਿਏਸ ਓਨਦ ਸਹੋਲਦ ਓਚਏਪਟ ਡਏਦਬਓਚਕ ਪੋਸਟਿਵਿਏਲੇ.

8.3 *Generally, Board members should not receive remuneration for their Board services. Where the Public Institution's Constitution expressly permits remuneration of Board members, the Public Institutions should disclose in its annual report the exact remuneration and benefits received by each individual Board member.*

8.4 *The Public Institutions 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 Public Institutions should disclose this fact.*

## **9 PUBLIC IMAGE**

### **General Principle**

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

9.1 The Public Institutions should **accurately portray its image** to its stakeholders, including its members, donors and the public.

9.2 *The Board should ensure that there are policies on the release of information about the Public Institutions and its activities to its stakeholders, including the media and the public.*

9.3 *The Board should designate an appropriate spokesperson(s) for the Public Institutions.*

9.4 *The Public Institutions should have a system to approve the use and application of the Public Institution's name and logos by third parties.*