

# THE STRAITS TIMES

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Charities to get help with accounting from iServe

By Tessa Wong

UNDERSTAFFED charities now have a new tool to cut costs while strengthening their governance - a shared service to handle financial administration which was unveiled yesterday.

The iServe scheme offers accounting personnel who can perform important duties like bookkeeping and liaising with auditors for small- and medium-sized charities, so they can spend more time and resources on helping others.

Many such groups now tend to rely on volunteers to carry out such duties.

A survey of 126 charities found more than a third, mostly small- and medium-sized ones, do not have full-time finance staff.

ST Electronics, which won a government tender to offer the service, will provide the bookkeepers and other staff needed for the scheme.

The iServe was launched last night by Minister for Community Development, Youth and Sports Vivian Balakrishnan at a ceremony attended by 200 charity professionals.

'We are painfully aware that we have been in the news lately for many reasons. People have demanded, with some justification, higher standards of governance, transparency and accountability,' said Dr Balakrishnan.

Following scandals such as those involving the National Kidney Foundation and Ren Ci, the Government has been tightening regulations.

This has led to rising costs for charities as they try to comply.

'It's difficult to convince people to spend a larger part of the charity dollar for administrative costs,' Dr Balakrishnan admitted.

The iServe will help ease this burden. Though charities will have to pay a subscription based on the number of transactions, this cost will be subsidised by the Government in the first three years of the programme - 75 per cent in the first year, half in the second, and 25 per cent in the third.

By the fourth year, the charities will be expected to bear the full cost, which could be around \$18,000 a year for a medium-sized charity.

This is still cheaper than hiring a full-time staffer, the Ministry of Community Development, Youth and Sports (MCYS) pointed out.

About 500 charities in the social service, sports and health sectors are being targeted first, with plans to introduce the programme soon to other sectors. The MCYS hopes to recruit at least a third of the organisations by the end of the three-year pilot phase.

So far, 10 have signed up. And more are interested. Mr Yusof Ismail, executive director of the Ain Society, which counsels troubled youths, hopes to relieve the burden of his two finance staffers, who are overloaded.

'We can train them to do counselling instead, especially since we are seeing more clients,' said Mr Yusof.

To allay concerns that the tool might be used by the Government to micromanage charities, both ST Electronics and the MCYS stressed that the latter is not privy to iServe information. If any irregularity or fraud is discovered by iServe accountants, it will be reported to the charity's board of directors or the police.

The iServe may well be the first of several MCYS initiatives aimed at easing charities' cost crunch.

Since the start of the year, it has been talking to professional associations to provide pro bono services such as public relations, IT support and human resource management.

So far, about 100 accountants have signed up to offer their services.

About 30 auditing companies have also expressed interest in offering their services either pro bono or at a discounted rate.

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