



## 'Deal too good to be missed'

### Funding support for them to outsource financial administration to experts

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by **Leong Wee Keat**

SOME of them have made the news for all the wrong reasons, as non-profit groups and National Sports Associations (NSAs) struggled with managing their own finances and accounting procedures.

Now a solution to their woes has arrived, with the Charity Council's new iServe initiative offering expert third-party help.

Charities, Institutions of a Public Character (IPCs) and NSAs can tap a common pool of professionals to do their book-keeping, financial reporting, asset and audit management - functions which, due to a lack of resources, are often left in the hands of an overloaded few, or inexperienced staff and volunteers.

The service, run as a three-year pilot by ST Electronics (e-Services), will mean organisations can focus more fully on delivering their core services. It will also help improve governance by ensuring proper internal controls and segregation of duties.

For administrators like T Anusiah, the news is a welcome respite. As one of two full-time staff at the Disabled People's Association (DPA), her job encompasses general administration, human resources, finance functions and oversight of fund-raising and advocacy projects.

"If there is only one person handling all the finance processes, this definitely opens up possibilities for fraud," she said, glad that she will have "more time and energy to focus on fund-raising and advocacy".

Since it was awarded the iServe tender in February, ST Electronics (e-Services) has approached 40 organisations to sign up. So far, 10 have done so, believing it will boost donor confidence and save them money.

'Would we be held to ransom?'

Others still considering have questions of affordability on their minds, however.

"We are a small VWO (voluntary welfare organisation) and we need to look at the costs of joining," Down Syndrome Association president Ong Chin Wah told Today.

The Charity Council's reassurance is that it will provide some funding: Groups that sign up will get 75, 50 and 25-per-cent support in the first, second and third years respectively. So, under the pay-as-you-use charging model, a medium-size charity with an annual turnover of \$250,000 to \$1 million would pay \$375 a month for the first year, and \$1,125 monthly in the third year.

While he supports the idea of shared services, one fear that Bizlink Centre's chief executive Alvin Lim has about outsourcing is that organisations would lose capability in a certain area.

"What will fees be like in three years' time? Would you be held to ransom for such services then?" he wondered.

The charity is still considering whether to join the initiative.

Migrant workers group Transient Workers Count Too has ruled out committing to the three-year pilot scheme, said president John Gee. That's because the group's funding is on a year-to-year basis so they are not sure of being able to sustain the costs.

It will boost donor confidence

The Charity Council, which has set aside \$3 million to fund the iServe pilot, aims to get 150 small and medium sized groups to sign up. It intends to arrange more briefings as some have indicated they want to better understand the concept of shared services.

It stressed that groups would have sole access to financial information. If possible financial irregularities are detected, the service provider would report to the organisation's board, not to the council.

iServe is also not "a full-proof system" against fraud - such as if official receipts submitted turn out to be fakes, stressed ST Electronics (e-Services) deputy general manager Karen Tan.

Nonetheless, the initiative "is a deal too good to be missed", balancing the twin considerations of governance and costs, declared Minister for Community Development, Youth and Sports Vivian Balakrishnan at the launch of the initiative yesterday.

The Singapore Anti-Narcotics Association, which signed up for iServe, believes it will boost donor confidence. "It shows transparency and boldness to get an outsider to check our procedures and accounts," said executive director Lim Poh Quee.

The Singapore Association of the Visually Handicapped expects to save some \$50,000 annually by outsourcing its finance functions, president Tan Guan Heng told Today. The charity intends to re-deploy its two finance executives to help with other functions.

This is the latest effort by the Charity Council to boost governance and management among charities here. Since early this year, it has worked with The Kind Exchange to get professional associations' members to provide pro-bono services to the charity sector. The Kind Exchange - dedicated to "matchmaking" the needs of charities with professionals - has seen about 100 more financial professionals joining.

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