Places of worship, not financial institutions

NCCS general-secretary says churches should not give out loans to individuals

Member of Parliament Seah Kian Peng, who chairs the Government Parliamentary Committee for Community Development, Youth and Sports, said: “Whether religious organisations should extend loans, that’s something that each organisation needs to decide.”

Other governance-related issues include what the recipient organisations’ nature of business are, the charities’ relationship with the recipients, and who the ultimate beneficiaries of the loans are, said corporate governance expert Leong Kwong Sin of the Singapore Management University.

It is not known if the seven charities reviewed by the COC in 2008 have implemented measures to improve governance, as their progress reports to the COC were not made public.

COC, which will release its latest annual report within the next month, declined to say if its recommendations have been taken up by the charities, referring Mediacorp to the respective charities instead.

City Harvest Church did not respond to media queries about the church’s standard procedure for approving loans.

Giving money, rather than lending, can be a better choice if churches decide to help someone financially, he said.

Current guidelines do not dictate the types of loans that charities may give out, focusing instead on the need for proper authorisation and disclosure of loans.

According to the Code of Governance for charities, loans or donations made by the charity should be approved by the Board.

And according to the National Council of Social Service’s Guide on Internal Controls for Charities in Singapore, loans and donations should be strictly administered and fully disclosed. Loans to board members should also not be allowed.