

Minutes of the Verification Commission

Meeting on 5 October, 2013, Tallinn, Estonia

Present from the Verification Commission were Chairman Graham Boxall, Secretary Ruth Haring and Commission member Joran Aulin-Jansson. The Commission meeting was attended by FIDE Treasurer Nigel Freeman, FIDE General Secretary Ignatius Leong, FIDE Vice President Beatriz Marinello, Herman Hamers (NED), Arthur Schuering (NED), Thomas Luther (GER), Hal Bond (CAN), Morten Sand (NOR), Sevan Muradian (USA), Jan Berglund (PLW), Eva Perissiou (FIDE Secretariat).

The Chairman opened the meeting with a welcome and remarks about the work of the Verification Commission in Athens in June 2013, noting the report of the external auditor confirming that the accounts were duly audited for the year ending 31 Dec 2012 and in compliance with Swiss law.

The minutes from the meeting of 3 September 2012 were tabled and approved. No issues arose on the minutes other than those to be discussed in due course in the meeting.

The Chairman referred the meeting to the Commission's report (Annex 7) for the year 2012. Along with the report were tabled copies of the report of the statutory auditor (Annex 1) and the Treasurer's supplementary notes to the 2012 accounts (Annex 2).

The meeting proceeded to review the statutory auditor's balance sheet and the abovementioned supplementary income and expenditure notes in some detail.

Some discussion took place on the item of income relating to membership fees: they appeared to be in accordance with budget expectations. More time was spent on the matter of entry fees, rating fees and tournament fees. The possibility of a general review of fees was discussed. Some of the participants noted that fees provided to FIDE have become a more substantial source of income. Views differed on whether there should be a close relationship between the fees received and the services provided in return for them.

Reference was made to the absence from the accounts of detail of the Chess in Schools project sponsored by Rosneft. The meeting was informed that the Commission had nevertheless examined the expenditure during its meeting in Athens in June. The meeting suggested that the mention of the matter in its report ought to recommend that the FIDE Congress should receive a report on the progress of the project and its use of its funds (600,000 USD during 2012) allocated to it. In addition, some participants in the meeting said that they would be more comfortable if the Rosneft contract had been made between the sponsor and FIDE directly.

The matter of expenses for FIDE officials traveling in the exercise of their function came under discussion. In response to a query about what criteria applied to such expenditure, reference was made to Article 2 of the FIDE Handbook Financial Regulations which provides that FIDE will reimburse reasonable expenses in this connection.

There was general support for the Commission's concern about the unpaid debt due in respect of the Tirana Championship 2011 and the substantial failure to repay the monies owing for the Rostov Grand Prix 2011. The meeting approved the Treasurer's decision to write off both debts for accounting purposes on the assurance, however, that both debts would be pursued by all legal means. Those write-offs gave rise to some discussion as to the merits or otherwise of FIDE disbursing funds for high profile events on the basis of subsequent reimbursement by organizers and sponsors: no firm decision was reached on the matter. It was explained that the sums due for the Chess in Schools loans to Slovakia and Slovenia were in a different category and it was accepted that reimbursement of those loans was unlikely to be obtained.

The Treasurer was asked about items in Annex 2 where it appeared that there was a significant difference between budgeted figures and amounts actually received or spent. By way of explanation he pointed out that in making his budget he was perforce using the figures relating to the year before the prior year of account, that several items, by their very nature, did not lend themselves to an accurate budgeting process, and that in any event he preferred to be conservative in his projections.

The Chairman concluded by thanking the Treasurer and his office for their efforts in relation to a successful year of account and thanked members for attending.

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