

87th FIDE Congress

Verification Commission (VC)

Baku, Azerbaijan

8th September 2016, 17:00-19:00

Chairman: G. Boxall (JCI)

Present: Dr. A. Siegel (FIDE), R. Haring (USA), N. Katis (FIDE), M. Murphy (ISV) Secretary, D. Jarrett (FIDE), N.P.B. Freeman (FIDE), H. Hamers (NED), H. Bond (CAN), G. Urosevic (SRB), N. Faulks (BER), T. Luther (GER), S. Johnson (TTO), P. Klerides (CYP), M. Sand (NOR), N. Sand (RUS)

MINUTES

Apologies for absence were received from Tshepo Sitale (BOT).

The Chairman welcomed those present and by reference to the terms of chapter 08 of FIDE's Statutes summarized the role and objectives of the VC. Mr. Bond queried whether its brief duplicated that of the Statutory Auditor. While accepting the appearance of overlap, the Chairman offered the opinion that whereas the Statutory Auditor focused on issues of compliance and accurate representation of FIDE's financial position the VC sought to examine issues of rationale and benefit as well as formal accuracy, in the interests of FIDE's membership.

Ms. Haring sought reassurance about steps to be taken in the light of the VC's recommendations at the end of its report. The question was accepted but deferred for later discussion. In response to Mr. Hamer's question about production of a fuller report by the Statutory Auditor, the Treasurer indicated that it had not been FIDE's practice up to now to require such a report but agreed to explore the possibility of doing so. He pointed out, however, that while he personally had no objection to a wider dissemination, publication of such a report was usually for the benefit of the Board in the first instance.

The Chairman proceeded to summarize the contents of the VC's report of July 2016, mentioning, in particular, an incorrect reference to the item involving Itwebia Chess OU, and drawing attention to the continuing rapid decline in the value of FIDE's assets in the relevant year of account (2015). Mr. Hamers pointed out that it followed a year (2014) in which FIDE's assets had fallen by over 700,000 euros. Ms. Haring and Mr. Faulks raised the issue of currency loss in the expenditure list. After some discussion on the matter it was agreed that the VC would seek further clarification of the treatment of this item for the future. The meeting touched on and reviewed various other items in the expenditure "exception" list which had been highlighted in the VC report: they included delays in meeting deadlines for payment to FIDE (and here Ms. Johnson recommended greater use of performance bonds), instances of instructions to make

unexpected expenditure, the President's share of the "Debtor's" component of the balance sheet and, prompted by Mr. Sand, this and the following year's likely outlay in legal costs.

The meeting proceeded to consider Ms. Haring's request for assurance on what was FIDE's approach to the recommendations made by the VC in its report.

As to reducing costs, the Treasurer explained that a primary focus was on Commission expenditure and honoraria, an essential measure notwithstanding the excellent voluntary work done by Commission officers and members. In relation to instances of "whimsical" expenditure, such as the funding of the South Korea visit, he pointed out a limit to his authority and numerical voting influence in the Presidential Board. In the matter of travel expenditure, it was likely that 2016 would see a reduction in any event.

As to increasing income, some time was spent, but inconclusively, on the matter of increasing membership fees (Mr. Jarrett pointed out that some, not all, had been increased in Calvia in 2004), and the Treasurer expressed the view that the cap on tournament registration fees might be removed in the foreseeable future.

Other matters explored by the meeting, in more or less detail, included steps being taken to improve budgeting accuracy, provision for bad debts, FIDE's payment of the cost of Presidential Board meetings (a circumstance which Mr. Bond thought Canada might have taken advantage of if he had known about it), the Chess in Schools budget, the stipends paid to Presidential advisers (and a wish for an account of their performance), the provision in FIDE Statutes Chapter 09.1 concerning the President's entitlement to authorize expenditure up to a certain level, and the item under the heading of "Loss of capital redemption from previous years" (an anomaly explained by Mr. Jarrett).

After more than two and a quarter hours of often lively discussion and valuable contributions from those present, the meeting concluded at 7.20 pm.

Graham Boxall
Chairman

Margaret Murphy
Secretary