

ENGLISH CHESS FEDERATION
ANNUAL GENERAL MEETING 13 OCTOBER 2012
REPORT OF THE CHAIRMAN OF THE FINANCE COMMITTEE TO COUNCIL

C 17.7.7.3

As you will all be aware, the past year has in many ways been a troubled one for the ECF in a number of areas, and the area of the ECF's financial controls and governance has been no exception. I do not intend to repeat in this report the regrettable failures in financial reporting and control that I covered in my report to April's Finance Council meeting, save to say that (a) not as much progress has been made as I might have hoped on implementing the various recommendations I made in that report (b) I am delighted that John Philpott has been able to devote so much time since his retirement to investigating the ECF's financial process and accounting records. Although John's work is still in its early stages, I have high hopes that John's work will result in significant improvements in the completeness and accuracy of the ECF's accounting records and the usability of the financial information that is produced.

Unfortunately, because the present Finance Director has (for entirely understandable reasons) been unable to spend as much time as was needed in reviewing the financial records supporting the annual accounts and because John has 'come to the party' fairly late on in proceedings, the annual accounts are not yet in a robust enough state to be presented for Council's approval. Regrettable though this is, we are, as they say, where we are, and Andrew Farthing, John and I have taken the view that it is preferable to continue work on cleaning up the underlying financial records over the remainder of this year than to present a set of accounts that has no chance of being accepted by Council. The accounts do not have to be filed with Companies House until 31 January 2013, so we have a window of two to three months to ascertain the correct position more thoroughly and lay a set of accounts before Council with which we are happy.

To my mind the reasons for this failure remain essentially the same as those intimated in my earlier report:

1. Unrealistic expectations on the part of the ECF of a Finance Director who, as it transpired, was unable to devote enough time to investigate the underlying records - if indeed, as I suggested in my earlier report, this should ever have been an appropriate expectation of a Finance Director.
2. Inadequate financial and operational support by the ECF for the staff at the Office to provide them with sufficient training, resource and expertise to maintain complete and accurate accounting records.
3. Inadequate attention on the part of the ECF to ensure that robust procedures and governance are in place in respect of financial transactions.

May I say in respect of points 1. to 3. above that when I refer to the ECF I do not refer to the ECF Board alone. The financial failings I have commented on above and in my earlier report represent, I suspect, a collective failure on behalf of the ECF as a whole, whether it be a Board that has been distracted and in some cases side-tracked by numerous other issues (some of its own making, and some not), a Council that has devoted too much time to procedural minutiae and insufficient time to giving the Board proper guidance and holding the Board properly to account, and a constituency that has been unwilling to resource its federation appropriately. None of this is intended to blame any particular element of the ECF for failures in financial control; as I said above, we are where we are. However, poor financial control and governance is more rather than less likely in such an environment.

Finally, Lara Barnes has made a suggestion which I commend to Council, namely that future British Championship congresses, and ideally other major ECF-run events, should have a dedicated treasurer for the event. Such a post, ideally filled by a qualified accountant who could devote sufficient time to the role, would go a long way to providing strong financial control over the event and a proper audit trail between the event's own financial records and those maintained by the Office.