Final Report from SVI Audit and Accountability Committee – October 20, 2016

Background

SVI is a registered Society. The Constitution states in part:

***Article 1***

*The name of the Society is the South Vancouver Island Minor Fast Pitch*

*Association.*

***Article 2***

*The purposes of the Society are:*

1. *To foster, develop and promote the knowledge and skills of Minor Fast Pitch Softball for the membership.*
2. *To encourage participation with the activities associated with the Society.*
3. *To administer the annual operations of the Society as may be required in the form of meetings, financing, organization, registration, scheduling and related matters.*
4. *To make, adopt, interpret, vary and publish Rules and Regulations, by-laws, policies and procedures for the regulation of Fast Pitch Softball and the Society and take all steps deemed necessary for the enforcement of such Rules and Regulations, by-laws, policies and procedures.*

***Article 3***

*The Society shall be governed by, and conduct its affairs within the provisions of this constitution and by-laws, the Special Operating Rules of the Society, and the constitution, by-laws and special operating rules of the British Columbia Amateur Softball Association and the Canadian Amateur Softball Association.*

This report is written based on facts derived from financial records, various Meeting Minutes and historical emails and websites.

Factual Findings

On June 23, 2014, Dean Ross (DR), then SVI President, held a meeting to which he invited certain individuals associated with softball on the Lower Island. While some of these individuals were associated with some of the District’s 13 member Associations, some were not, and at least 5 of the Associations were deliberately excluded from the meeting. Two and a half weeks later, on July 11, 2014, SVI announced – without further consultation with its member Associations – that “SVI is proud to announce a new High Performance Softball Program!” In response to this announcement, representatives from several District One Associations asked questions about how this decision was made and about the appropriateness of SVI – being strictly an “Association of Associations” – hosting teams that would necessarily be taking players from its member Associations.

In the spring of 2015, not having received any meaningful answers to the above questions, certain Association representatives pushed harder for records relating to the Impact, seeking to enforce their rights - as members of the Society - to view the SVI records. On May 27, 2015, SVI’s President, DR, who was an assistant coach of the U16 Impact team, advised that there were no SVI records relating to the Impact because the Impact was its own Recognized Minor Association. As a result of this revelation, the District One Associations scheduled a Presidents meeting, to be held without the SVI President and Vice President, Katrina Bull (KB) of SVI present, to discuss the Impact situation and the involvement of SVI. As the Presidents were preparing to meet, on May 31, 2015, DR and KB - who was a member of the “High Performance Committee” for the Impact, and ran the Impact’s TeamSnap pages - abruptly resigned their positions. No notice was provided, no succession plan was in place and they both refused to immediately return SVI assets.

The SVI EOM (Extra Ordinary Meeting) was held on June 16, 2015 and it was reported by the Acting President that:

* No historical records were handed over upon the resignations of DR and KB and there was no succession plan in place
* For several years the Constitution and Bylaws were not followed or enforced
* Financial expenditures were made without proper approvals
* No Executive meetings had been held in the previous year
* SVI had a significant operating deficit in the previous year and the financial model was not sustainable

Due to the concerns of many SVI members as expressed at the June 16, 2015 EOM, the SVI Audit and Accountability Committee was established. The purpose of the Committee was:

* Audit – where is the money/assets, and historically what was money spent on and for whose benefit
* Accountability – were proper spending authorities in place and were decisions made in accordance with required procedures

**Early Observations**

The Committee began their work by examining all of the financial records of SVI from the fiscal year 2011/12 to through the fiscal year 2014/15. During the detailed audit of these records several observations were made. The Softball BC District 1 Minor Coordinator (Katrina Bull) had a personal bank account that was called “Softball BC- District One”. Softball BC has confirmed this was in fact not a Softball BC account.

The Committee also observed several patterns:

1. Rarely were proper spending authorities (approved SVI Budget or SVI Executive approval) in place for SVI expenditures
2. Significant sums of money were diverted, without knowledge of the SVI Executive or membership, to KB’s personal account – “Softball BC – District One”

**Historical Records**

While on the one hand proper spending authorities were rarely in place, on the other hand the records held by the SVI Treasurer were detailed, thorough and impeccably organized. No concerns were identified with these SVI records.

The records from KB’s personal bank account were another matter. The request for all financial records relating to this account was initially made in June of 2015. KB finally turned over some records 9 months later, in March of 2016. Glaringly missing were any receipts and actual bank statements covering the time she operated this personal account to back up the over $100,000 in financial activity that she indicates - through a spreadsheet she prepared - went through her account. It is again noted that requests for all financial records, including receipts, was initially made in June 2015. During the 9 month period between June 2015 and March 2016, KB maintained she did not have records and receipts because she had used various different computers and had experienced several computer hard drive crashes over the years. She also advised that she could not provide actual bank statements because she did not receive them for this account, nor did she participate in online banking. She reported that records had either been lost or were difficult to retrieve.

In April 2016, for the first time, and some 10 months after the initial request for all financial documents was made, KB, referenced a ‘minutes book’ that she claimed was left in the SVI storage locker and suggested that all the requested receipts were in the book.

The new SVI executive was given the keys and access to the SVI locker in October 2015. When the locker was accessed for the first time a photographic inventory was taken – there was no ‘minutes book’ present.

KB again referenced financial records in the SVI locker in September 2016. She stated that the `minutes book` was in the locker when she handed over the keys to the locker to DR and he was therefore the last person to have access to the locker prior to SVI obtaining access. We contacted DR and he stated that he did not access the locker while in possession of the keys and he had no recollection of ever seeing the ‘minutes book’ in either the locker or at any meeting.

Countless examples of financial impropriety were found, including the following:

1. In 2014 KB directed SVI to pay $3969.67 for the production of t-shirts that she then personally sold for a profit. SVI was not reimbursed the cost of producing the t-shirts. There was not a proper SVI approval in place for the expenditure, and KB was a signatory to the cheque making this payment. Furthermore, in 2015 when SVI announced they would be selling Districts t-shirts, KB sent an email dated December 4, 2015 where she stated “I see you are advertising a contest for Districts t-shirt design. As you know Districts are a Softball BC event not an SVI event. Any items for sale regarding Districts would be done through Softball BC-District One. Although I am assuming this is a typo and you are meaning League Championships?” The email was signed off by KB using her official Softball BC title. KB refused to answer the question of why, if she held the view that she personally had the exclusive right as a Softball BC representative to sell t-shirts, she had SVI pay for the production of the t-shirts in 2014. Once they learned of the situation, Softball BC representatives advised KB that she should stop personally selling Districts t-shirts.

KB also stated that the “District t-shirt money” always flowed through her Softball BC – District One account. However, records show that the District t-shirt monies once flowed directly through SVI accounts and that KB re-directed the monies to her personal account while she was the SVI President.

2. In 2014 SVI hosted the Western Canadian U16A Championships. KB personally kept the records of this event and at the conclusion of the Championships simply handed over records to SVI. The records are completely inadequate. It appears that approximately $40,000 flowed through her hands during this event. SVI received a government grant for $5000 to hold this event. It was reported by KB that the event profited $3500, but after the grant is factored in the event actually lost $1500 according to KB’s records. Significant sums of SVI money were spent without proper authorization. Of significant concern was the record keeping relating to revenue sources that involved cash. They were woefully deficient – i.e. 50/50, concession and souvenir sales.

3. In June 2014 Softball BC wrote a cheque to SVI in the amount of $759.00 for “Regional Umpires.” SVI then wrote a cheque to KB`s personal account for $1058.00 based on a hand written note that simply states “Regional Umpires”. There is no further documentation regarding who ultimately received these funds. The money was simply deposited into her personal account. There is no way of knowing how much of the $1058.00 was actually paid to umpires or the identity of the umpires. There was not an SVI approval in place to redirect the funds from SVI to KB personally, nor to increase the amount from that received from Softball BC. KB was a signatory on the SVI cheque that re-directed the funds from the SVI account to her personal account.

4. In her role as the District 1 Minor Coordinator, KB annually directed District 1 Associations to pay a fee to her personal Softball BC – District One bank account in order to participate in Softball BC District 1 Championships. These fees were ostensibly collected to cover the host Association’s costs (umpires, game balls, etc.), but the evidence provided by host Associations suggest it was the practice of KB to not pay through to all host Associations the entire amount of fees collected for all Districts, and as a result some host Associations were not able to fully cover these costs. In the meantime, leftover funds from collected Districts fees of between $500 and $1,770 per year for each of 2011-2015 remained in KB’s personal account.

With respect to the Impact, the Committee was not provided with information regarding the SVI resources that were used for Impact activities, nor how such use was authorized. A tab was inserted on the SVI homepage for “VI Hi Perf” (another name used by the Impact) in the summer of 2014, and emails were sent to all SVI members through the SVI website promoting Impact clinics, which were significantly more expensive than the low-cost clinics offered by SVI in previous years. Since the Impact never became an SVI member Association and did not contribute to the financial well-being of SVI, it is not clear why SVI’s website was used to promote Impact activities. At all relevant times the SVI website was controlled by KB.

In at least one instance before it became known that the Impact was a stand-alone association, a cheque was written by a charitable organization to the “SVI Impact” in response to a donation request. That cheque was deposited into a non-SVI account. The donor of that cheque has attempted to obtain both a tax receipt for the donation and information regarding the use of these funds, but has been unsuccessful.

Upon being advised at the end of May 2015 that the Impact was a stand-alone association, representatives of certain District One Associations began to make enquiries of Softball BC regarding how the Impact came to be a Recognized Minor Association. The Softball BC Handbook indicates that in order to approve a new association, the Minor Coordinator of the District must either be satisfied that the association has demonstrated an intention to register more than 100 members, or must call a meeting of all Recognized Minor Associations in the District and a majority of those must vote to approve the new association. When Softball BC was advised, in a letter from 8 of the 13 District One member Associations that neither of these criteria were met by the Impact (an organization with which KB was involved and which she also - as the District One Minor Coordinator - approved as a Recognized Minor Association) it declined to take action and advised that it required a formal appeal of KB’s decision in order for it to consider the matter. A formal appeal was subsequently filed and Softball BC found that the Impact was improperly approved by KB. A copy of the appeal decision is attached to this report.

Conclusions

1. KB’s use of a personal bank account to handle the funds of District One Associations both directly and through diversion from the SVI account was, at minimum, inappropriate. Most of the District One Associations, and certainly SVI, are registered societies and as such have controls in place – including the requirement for two signatories on all cheques and making expenditures only through either the budgeting process or by executive resolution – to ensure that members’ money is spent appropriately and that legislative requirements are met. KB avoided these requirements by collecting fees from District One Associations and placing them in her personal (one signatory) account, and by diverting funds from SVI using her role as President or Vice President without having proper approvals in place.

2. KB improperly used her title of Softball BC District One Minor Coordinator to direct District One Associations and their members to make payments to her personal account for items such as Districts Fees and t-shirts. The use of her Softball BC title and the name of the personal account led to members believing that they were making payments to a Softball BC controlled - or at least overseen - account. Many individual members and member Associations have indicated that they would not have written cheques to this account had they realized it was a personal account of KB.

3. During the course of this audit, Softball BC stated “We would hope and expect she [KB] will make herself available to answer questions through a recognized committee from SVI. In turn we would also hope and expect any questions will be asked respectfully and with the sole intent of transparency.” Despite countless requests to meet with the Committee, KB refused to meet in person to address the questions and issues. Because of KB’s refusal to disclose receipts and bank statements and to meet with this Committee, it is not known why she:

(a) caused SVI to pay the cost of producing t-shirts in 2014, and not only personally kept the profits from the shirts in her personal account, but failed to repay SVI for the amount it had paid for the production, causing it to operate in a deficit position for the 2014-2015 fiscal year; and

(b) did not forward 100% of the Districts fees collected to the host Associations between 2011 and 2015, causing some of them (at their members’ expense) to incur extra hosting costs approximately equal to the amounts of excess funds she retained in her personal account. In 2016, SVI directed Associations to pay the District 1 Championship fees directly to the host Associations, thereby eliminating the possibility for this to recur.

4. The Committee does not accept that a white binder containing all of SVI’s receipts and all other relevant historical documents exists, nor that such a binder was ever in the storage locker. Due to KB’s failure or refusal to provide receipts, invoices, cancelled cheques or complete bank statements, there is no way for the Committee to know if the information she has provided on the spreadsheet she created to show account activity for her Softball BC – District One personal bank account is accurate.

5. DR and KB improperly used SVI resources and the SVI name to support and promote the Impact. Not being a Recognized Minor Association, SVI was not permitted to host teams, and in addition, proper steps were not taken under the rules of SVI to take on the running of the Impact, yet both DR and KB promoted the Impact as being an SVI program over the course of the summer and fall of 2014. At a minimum, the SVI website and email mailing list were used by KB to promote the interests of the Impact. Without full financial records of KB’s personal Softball BC – District One account, it is impossible to know whether any direct financial resources of District 1 Associations were used in support of the Impact.

Summary

During 2014 and 2015, at the end of their terms as President and Vice-President of SVI, DR and KB did not follow the rules and procedures of SVI. They did not hold executive meetings as required, and they made, as “SVI,” unilateral decisions that affected the member Associations. KB used SVI resources to support and promote an organization (the Impact) that was not a member of SVI and with which she was personally involved.

Ideally all funds related to youth sports would flow through bank accounts of organizations – like our governing body SBBC, SVI - which is a registered Society - or an Association that is likely a registered Society or a registered non-profit organization. This ensures a strict regulatory process around reporting and just as important, a transparent accountability mechanism that an individual account does not provide. In other words, an organization cannot simply refuse to disclose their financial records to their members in the way KB has to the District One Associations with respect to her personal account.

The Committee has concluded that SVI funds, Association funds and individual Softball BC member funds were directed to what was - unbeknownst to the District One Associations and their members - a personal bank account of KB.

Earlier this year, Softball BC directed Katrina to close her personal account and turn the balance of funds in the account over to SVI. The $7000 given to SVI was all that remained of the tens of thousands of dollars in money that went through the account. Should KB wish to produce independent financial documentation (i.e. complete bank statements for the past 5 years), and should such documentation confirm that the account activity for her Softball BC – District One bank account is as KB says it is, an addendum to this report shall be issued. At this time based on the evidence available to the Committee (which evidence has always been solely in the possession or control of KB), the Committee has been unable to conclude that all SVI/District One funds were spent on appropriate District One member Association softball activities.

Submitted by:

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Dave Saunders – President Langford Fastball

Lisa Parkes – Secretary Langford Fastball and incoming Softball BC District One Minor Coordinator