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BHUTAN OLYMPIC COMMITTEE

Guidelines for the Operation and Management of the Dzongkhag Sports Association's Current Deposit Account

2023

1. Background and Rationale

In order to establish a value-based sporting culture in the country, the Bhutan Olympic Committee aims to create opportunities for individuals and communities, to participate and develop their talent in sport by ensuring access to quality infrastructure. This will enable the youth and communities to enjoy the simple pleasures of playing, participating and competing in a sport of their choice, at a level appropriate to their ability, and also help build stronger linkages between sport enthusiasts and the sports associations.

Doing so will not only help re-vitalize the communities but will also help bring them together and ensure that the sports centers become the pulse and heartbeat of the communities, for the young and old alike. It will also enable the Bhutan Olympic Committee to build a strong and robust base to serve as a foundation for future potential elite athletes.

Further, the provision of these sports' infrastructure, also ensures the future financial sustainability of the BOC and its member affiliates, as it will not only stimulate active participation in sports within the community, but also generate funds and enable them to meet their overheads and support their sports programs, without having to always depend on the Royal Government for funding support.

While the initial investment for the development of the infrastructure has been provided, unlike other infrastructure, in consideration of the sheer volume and frequency of usage, sports facilities will require periodic minor repairs and possible overhaul within a period of ten years at least, entailing huge investments. Part of this can be met from the revenue savings, generated by the sports facilities themselves, as most of the facilities will be managed on a pay and use basis.

In the process of facilitating the abovementioned aims, objectives and services, the Dzongkhags Sports Associations (DSAs) must establish a **Current Deposit Account** at a recognized financial institution, that within the scope of these guidelines, will comprise of any such revenue generated, including sponsorships and contributions, and support from the BOC for the conduct of programs and activities. Hence, these guidelines are aimed at protecting the interest of the Dzongkhag Sports Associations, and all the sports enthusiasts in the Dzongkhag, and to ensure transparency, responsibility, and accountability of public funds.

2. Mandate

These Guidelines have been issued in exercise of the power conferred by the Constitution of the Bhutan Olympic Committee (BOC), 2017 and as approved by the Hon'ble President, Bhutan Olympic Committee.

3. Scope

These Guidelines shall be applicable for all DSAs, their duly designated Treasurer and any other entity, as authorized by the President of the DSA, and duly endorsed by all its committee members, to provide the required payment services held against the DSA, payment obligations

created by the entity to its staff, customers, or participants, in the implementation of its aims, objectives and duly approved services.

4. Establishment of the Dzongkhag Sports Association Current Deposit Account

4.1 The DSA, all sports enthusiasts in the Dzongkhags and participants in sports events and programs in the Dzongkhags, shall be the beneficiary of this Current Deposit Account

4.2 The duly appointed Treasurer, or any other person or entity authorized by the President of the DSA, and duly endorsed by all its committee members, shall be responsible to open, maintain and operate this Current Deposit Account

4.3 All revenues received by the Treasurer or by any other authorized DSA staff/employee, in the implementation of its duly approved services, events and programs, or settlement of transactions or sales proceeds or any other fund directed by the BOC, shall be deposited into this Current Deposit Account

4.4 The President of the DSA shall be the Overseer of this Current Deposit Account on behalf of the beneficiaries. Without limiting the powers that the Overseer may have in law or otherwise, the powers shall include the following:

- (a) The Overseer may, if requires, enforce the terms of the DSA on behalf of the beneficiaries
- (b) The Overseer, if required, may ask for financial documents from the Bank or Treasurer and may conduct offsite/onsite inspection related to this Current Deposit Account
- (c) The Overseer may direct the Bank or Treasurer to amend any part(s) of any Account Agreement that may be deemed necessary to protect the beneficiaries' interests, within the scope of the applicable laws
- (d) The Overseer may remove the existing Treasurer and appoint a new Treasurer, with the approval and endorsement of all the Committee members, to protect beneficiaries' interests; and
- (e) The Overseer may take any other lawful measures to protect the interest of the beneficiaries

5. Operational Procedures of the Current Deposit Account

The operation of the Current Deposit Account shall be subjected to the following conditions:

- 5.1 The Current Deposit Account can be used for all approved day-to-day operations, overhead expenses, human resources, organising sports events and programs of the DSA only, by the Treasurer, with the approval of the Overseer
- 5.2 The signatory to all the cheques of the DSA shall be jointly by treasurer and the General Secretary or president, as per the convenience and as decided by the management or Management Committee
- 5.3 No funds can be disbursed, or accounts be closed or transferred by the Treasurer without the prior approval of the Overseer
- 5.4 To curb the mismanagement of funds, the Treasurer must encourage and enforce, wherever possible, the use of e-payment systems such as *m-bob*, *m-pay*, *t-pay* and other similar payment gateways, directly into the Current Deposit Account
- 5.5 The Treasurer shall ensure that the year-end closing balance in the Current Deposit Account is greater than or equal to, the outstanding liability to its customers and, or participants, for settlement of transactions or sales proceeds
- 5.6 The Current Deposit Account shall be used for collecting, disbursing, holding, settling and, or investing funds received from customers and, or participants in the process of payment and settlement services
- 5.7 No loan is permissible from or against the Current Deposit Account. Therefore, the Overseer, Treasurer and bank shall not issue any deposit certificate/guarantee for taking a loan or using the fund as collateral
- 5.8 The Current Deposit Account shall be maintained with a recognized financial institution in the Dzongkhag
- 5.9 All parties shall follow the Ministry of Finance's current financial rules and regulations and other related policies and procedures, and that of other related government agencies
- 5.10 The Treasurer shall monitor all debit/credit entries in the Current Deposit Account carefully and ensure compliance with all relevant rules and regulations
- 5.11 The Treasurer shall submit an expenditure and income statement on the Current Deposit Account, and any other financial report deemed necessary, on a quarterly basis, with the overseer and the DSA Committee members, for mutual safety and security and update the same from time to time
- 5.12 All outstanding liabilities of, and income received in the Current Account will be presented separately in the annual Financial Statement of the DSA, by the Treasurer to its Committee members

5.13 In any circumstances, the Current Deposit Account shall be kept secured for the beneficiaries from other liabilities of the DSA, and maybe used only for all approved day-to-day operations, overhead expenses, human resources, organising sports events and programs, relating to the sporting activities of the DSA

6. Investments of Dzongkhag Sports Association

A certain portion of the Current Deposit, as instructed and, or approved by the Overseer and the members of the DSA, from time to time, maybe be invested in government bonds and/or Fixed Deposit Receipt (FDR).

In the event of investments:

- (a) The bonds/FDR shall be kept lien in favor of the DSA, who shall act as a custodian of the bonds/ FDRs
- (b) The principal amount of the investment and all interest income earned in government bonds/ FDRs shall always be credited back to the Current Account, upon maturity, payment or sale

7. Audit and Oversight

The books of accounts and all funds of the DSA are subject to audit annually by the Royal Audit Authority.

- 7.1 The Treasurer must ensure that the financial statements of the Current Deposit Account are audited by an external auditor at least once every two financial years
- 7.2 The Treasurer shall take all necessary measures to ensure an effective internal audit mechanism to monitor the Current Deposit Account
- 7.3 The Treasurer must provide the Overseer, and the DSA Committee members with:
 - a) The annual financial report for the Current Deposit Account; and
 - b) financial statements and, or reports as prescribed by the Overseer, and the DSA members

8. Penalties for Violation

- 8.1 If there is any shortfall in the Current Deposit Account, the Treasurer shall be responsible to deposit the required amount to correct the mismatch immediately

- 8.2 The Treasurer and the concerned Bank must share information about the outstanding liability of the Current Deposit Account and the Current Deposit Account's closing balance, recurrently to avoid any day end mismatch
- 8.3 The Overseer and the DSA reserves the right to impose any financial penalties and or taking any other measures in accordance with the laws of the Kingdom of Bhutan, if the activities of Treasure or any other member of the Dzongkhag Sports Association, are in violation of these Guidelines and have been deemed to be detrimental to the interests of the DSA