

78TH FIDE CONGRESS 2007
Antalya, Turkey

Verification Commission
12 November 2007
17.00 -19.00

Attendance sheet

Chairman: L. Mazouz (GER)

Present: N. Freeman (BER), A. Filipowicz (POL), M. Sand (NOR), D. Jarrett (ENG),
E. Price (RSA), L. Ebbin (BER), L. Ncube (ZAM)

Report

Mr Mazouz opened the meeting by welcoming the participants. He declared that the other members of the Commission could unfortunately not attend this meeting: Ms Beatriz Marinello (USA) because she is in convalescence after an operation and Mr Torstein Bae (Norway) because he could not afford to come from Canada where he resides now.

He commented briefly the report of the VC and proposed to examine the report of the VC point by point.

1- Budget

It was noted that it is most difficult to prepare the budget because of the uncertainty regarding the organization of Fide major events.

The participants acknowledged that if the budget is not accurate enough, the failure remains with Fide as a whole and the Treasurer is not to blame; the reason being he does not receive all the input needed for the preparation of this important financial document.

2- Match Topalov vs Kramnik

It was noted that the additional costs regarding the stipend of the Appeal's Committee members have been paid by Fide but, until now, this payment has not been received from the Organizer.

Fide Treasurer is constantly reminding the Organiser to fulfil his obligations.

3- Turin Olympiad

The financial matter still outstanding concerns hotel bills. Fide Treasurer is chasing the debtor to pay back the money involved.

4- Cacdec

Feedback regarding the utilisation of CACDEC funds have not been always reported. Fide Treasurer, in cooperation with the Chairman of Cacdec wants to make sure that in future, the utilisation of funds made available will be duly reported.

5- Trainer's Commission

No report concerning the grant of € 12 820 transferred to Africa has been received by Fide. The participants agreed that this is a matter for the African Continent to settle.

6- PR and Marketing

The discussion which took place concerned mainly the question whether the PB is entitled to decide on matters involving payment of an " assignment fee", (a kind of a monthly salary) without specific authorisation from the GA. There was no clear answer to this question and the participants were split over it.

The participants noted that there could be duplication of duties with Global Chess since this company is tasked with PR and Marketing also.

If the Director of PR and Marketing is an Official, then he should be treated as any other Official within Fide. Otherwise, his position should be clarified.

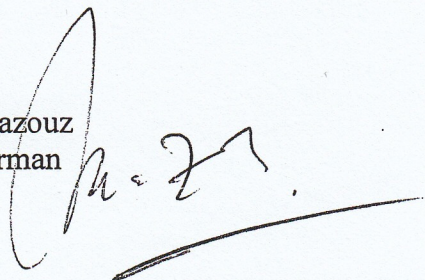
7- Staff

It was clarified that for the staff working in Elista, contracts are in use. Concerning the office in Athens, both the Executive Director and Fide Treasurer have declared that the process of establishing contracts is under way, taking into account the specificities of the Greek law regarding this matter. Fide may seek the assistance of a lawyer specialised in labour law.

8- Receipts

The VC report seemed to give the impression that receipts were not remitted in many cases. This is not the situation. It was however insisted that remittance of receipts should be systematic and reimbursement conditions be known to beneficiaries.

L. Mazouz
Chairman



Report of the Verification Commission for the year 2006 (all figures in €)

The Commission met in Athens on June 19th and 20th . Present were Lakhdar Mazouz (Chairman) and Torstein Bae, Beatriz Marinello was absent with apologies.

1- Budget

	actual	budget	Difference in %
income	1 057 263	679 000	54%
expenditure	856 686	753 000	14%

Not taking account the Turin Olympiad as income or expenditure (which were agreed upon between the Organiser and Fide and which were roughly of the same amount) and the loss on currency conversion, the table above shows clearly large discrepancy between actual and budgeted figures and demonstrate the need for better budgeting.

The Commission recognizes that it is not easy to prepare an accurate budget, with the uncertainty in regard to the World Events. However the Commission stresses that Fide should improve its ability to better plan major World Competitions.

The Commission recommends that:

- The budget should be better prepared with all sides gathering and providing data, in due time, that will help the Treasurer budget income and expenditure more accurately.
- The budget should be regularly scrutinized, discussed and approved by the GA and modified throughout the year, when necessary, according to proper procedures.
- A medium term budget (3 to 5 years) be prepared and approved to enable Fide plan its activities on a multi-year basis.

2- WCC Match Topalov vs. Kramnik

According to the agreement between Fide and the Organizer of the WCC Match, the share of Fide (USD 200 000) should have been transferred to Fide no later than April 26th 2006. Yet, it was received in two parts, on January 30th 2007 (USD 75 000) and March 9th (USD 125 000).

Fide has faced similar situations many times. Fide should be able to enforce the terms of any agreement with any Organizer.

There are also still some USD 16 000 outstanding regarding stipends of the Appeal's Committee and which are, until now, not settled.

3- Turin Olympiad

More than a year after the Olympiad, some financial matters are still pending. In spite of the serious problems experienced in Calvia, it seems that Fide was unable to have a clear agreement with the Organizer of the Olympiad.

The commission recommends that Fide create a standard contract for its events coupled with a standard bidding process.

4- Cacdec

The Cacdec expenses were budgeted to reach € 70 000, yet the amount spent was € 105 000. The actual amount of expenses was thus 50% higher than budget. Why this significant difference?

During the Olympiad, equipment was distributed for a total of € 29 000, but there is little record of who received the equipment. The same is the case for Chess Informant, amounting to a total of € 12 000.

For many grants, it is not clear what the money was used for, or indeed who was the final recipient.

The Commission strongly advises that Fide should get adequate report on who is the final recipient of Cacdec funds and how they are used.

5- Trainer's Commission

Some € 38 520 were transferred to the Continents. Europe, the Americas and Africa received each € 12 840 to establish a Chess Academy or to support financially an existing one. If, for the Americas and Europe, there are reports on how the money was used, Fide received nothing regarding the utilisation of the € 12 840 grant transferred to Africa.

Again, the Commission recommends that proper reports should be systematically made regarding any money granted.

6- PR and marketing

The GA in Turin approved the appointment of Mr Peter Rajscanyi as Marketing and PR Director (see Turin GA minutes, para.62, page 42). His appointment took place at the same moment and under the same agenda item as regarding the other Chairman of Commissions and Committees.

By approving his appointment, the GA did not specifically authorize the creation of a structure and pay him an " assignment fee" and a " reimbursement fee". Nothing also was provided for this purpose in the budget.

The Commissions notes that,

A-Based on a contract not yet signed,

- Mr Rajscanyi is already receiving, monthly since October 2006, an " assignment fee" of €1 500 and a "reimbursement fee" of € 600.

- He received also € 4 200 for technical equipment and office supplies.

- He is the " Agent " of a company named Unireg and which he represents in his relations with Fide. He remains Fide Official at the same time.

B- A contract between Fide and Global Chess is under way to be effective, by which most, if not all, of the PR and Marketing Director duties will be carried out by Global Chess, thus making his " assignment" redundant.

C- For this kind and amount of expenditure (for 2007 it could reach € 80 000 according to a draft budget prepared by the Directorate), a specific approval by the GA is needed.

In view of all this, the Commission recommends that, until a decision is taken by the next GA:

- No further “ assignment fee” and “ reimbursement fee” should be paid to the PR and Marketing Director
- No structure should be established
- The PR and Marketing Directorate should be considered as any other Commission or Committee, at least for the sake of equal treatment between all Fide Bodies.
- The Commission reminds that, in general, Commissions and Committees undertake valuable work to Fide, which is time and effort consuming and money costing also, but their Chairman are not receiving any compensation.

7- Staff

It seems that Fide has no contracts with its staff. The Treasurer has declared that the work of establishing them is under way.

The Commission recommends that all staff, either on permanent job, or on assignment, must be under contract, to avoid any shortcoming or dispute.

8- Receipts

Fide has made some reimbursements of expenses without proper receipts. Fide should make sure that receipts are systematically remitted before reimbursement.