



GENS UNA SUMUS

FÉDÉRATION INTERNATIONALE DES ÉCHECS

Recognized by the International Olympic Committee

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Tripoli, 12 July 2004

To
The FIDE Verification Commission
Chairman Lakhdar Mazouz
Member Mr. Nigel Freeman
Member Mr. Don Schultz

Re : The Verification Commission Report submitted to the Presidential Board in Tripoli 11-12 July 2004.

The Presidential Board has received the report of the verification commission and feels a need to clarify the role and objectives of the Commission. In the report presented to the Presidential Board the Commission expresses views and dismay regarding issues that are clearly outside its jurisdiction.

The FIDE statutes has 2 provisions regarding rge Verification Commission in point 8.2(f) and 11.5.

Point 8.2(f) and 11.5, states the following:

Verification Commission-members of this Commission will be elected by the General Assembly only. The purpose of this Commission is to review the annual audit findings and report to the General Assembly.

The auditor heads the Verification Commission appointed by the preceding General Assembly. He is authorised to examine the FIDE ledgers and to demand information pertaining to the financial management. He may be assigned additional financial control by the General Assembly or the President.

Based on these two points in the FIDE Statutes the activity of the Verification Commission should restrict itself to examine matters related to the annual audit findings. In addition the FIDE auditor is authorised to demand information pertaining to the financial management.

The expression “audit findings” means the reports of either the FIDE auditor or the annual report from the external auditors contracted by FIDE for professional auditing.

The expression “financial management” relates to the well-established practice in FIDE that the elected Auditor has the right to examine the overall work of the FIDE Treasurer and to ensure that the books are well kept and assets properly managed . This includes the right for the Auditor to examine whether money transfers to and from FIDE accounts are according to obligations set out in contracts, FIDE regulations or by other valid decisions made by FIDE.

In the submitted report to the Presidential Board in Tripoli, the Verification Commission also expresses its views on issues that relate to the daily management of FIDE. We remind the Verification Commission that moving the FIDE Secretariat to Athens was recommended by the Presidential Board with full support from the FIDE President and the FIDE Executive Board made the final decision. The appointment of the Troika was proposed by the FIDE President and decided by the Presidential Board in Kotor meeting in February 2004.

The Presidential Board is of the opinion that such decisions regarding the management of FIDE and other chess political issues, still belongs to the FIDE General Assembly, Executive Board or the Presidential Board, and not to the Verification Commission. Therefore, it is impossible to accept parts of the submitted report because the Verification Commission has not been given the power to criticise or question legal decisions made by the FIDE Executive Board or the Presidential Board.

However, the members of the Verification Commission are more than welcome to address these and all other issues in their capacity as FIDE delegates or otherwise through their respective federations, during the FIDE General Assembly. It is the policy of the Presidential Board to have open and democratic discussions in FIDE and we are sure that the General Assembly will react if it felt that decisions made by the boards are not serving FIDE in the correct way.

Sincerely.

Kirsan Ilyumzhinov
FIDE President

Presidential Board Meeting
Tripoli, 11-12 July 2004

Verification Commission Report

The Verification Commission takes note of the following:

There is an immediate need for the FIDE President to take care of his financial obligations to FIDE. The President made repeated promises in PB meetings and committed himself at the EC meeting in Greece last year to pay CHF 250,000 by the end of December 2003 and another CHF 250,000 by the end of February 2004. FIDE has received nothing at these dates and nothing at the date of this VC meeting.

The outstanding debt represents:

- * Financial support for the Continental Championships held already in 2003
- * Expenses made on behalf of the President for non Fide purposes
- * Reimbursements of personal expenses of the ED
- * Debts of World Chess Foundation

Failure of the President to meet these deadlines for payments to FIDE is a very serious matter and the VC requests the president to immediately make these payments to FIDE and do it no later than at the time the Agenda for the forthcoming FIDE Congress is sent to the countries. If full payment is not received by the time of the Congress in Calvia, then serious action by the delegates is recommended.

2) The Commission supports the action of the Treasurer to freeze budgeted commission money other than operational expenses until the above debt has been paid. However, this measure had negative consequences on FIDE, which resulted in postponement or cancellation of projects, commission's activities leveled to the very minimum. In 2003, a mere CHF 43,190 was devoted to the commissions, a drop of 58% compared to 2002, whereas the budget provided for more than ten times this figure.

3) Following the resignation of the ED, a Troika composed of Israel Gelfer, Israel, Morten Sand, Norway and David Jarrett, England was appointed by the PB in February to run the affairs of FIDE. This appointment should be regarded as a temporary decision while the process to select a new ED should be under way. The VC believes that the Troika cannot successfully replace the ED because:

- * The expected costs are estimated to reach CHF 200,000 (stipends, travel and accommodation. Compared to staff costs of an ED in Athens, this seems to be much higher.
- * Even if duties are clearly defined, conflicts may arise and coordination of actions may be cumbersome and not very effective.
- * Supervision of work of the Troika can be complex and time consuming.

4) The VC is dismayed at the hasty way the decision was made to transfer the FIDE offices to Athens. The VC does not discuss the opportunity of this decision. But as it involves costs, the question whether Athens is the best cost effective site for the FIDE office remains to be answered. The Treasurer was asked to provide anticipated costs in Athens to compare with those in Lausanne. In the future, FIDE must carefully plan such important decisions and base them on precise cost-benefit analysis.

5) The Commission was glad to see that the FIDE records, a valuable asset, were transferred to the Hague Library where they will be safely stored and available to the wider chess community.

6) The VC notes that IOC support of USD 10,000 yearly had not been received in 2003 because the office failed to apply in due time. It was, however, obtained in 2004,

Lakhdar Mazouz,
Verification Commission Chairman:

Nigel Freeman,
Member, Verification Commission

Don Schultz,
Member, Verification Commission