

Report of the Verification Commission for the year 2009

The Verification Commission (VC) met in Athens on July 28-29, 2010. Present were Lakhdar Mazouz (chairman) and Torstein Bae. Beatriz Marinello did not take part, as she had resigned from the commission due to her candidacy as member of a ticket in the 2010 FIDE elections.

1. External Auditor's Report

The External Auditor, Ernst & Young Company, declared in its statement that the 2009 accounts were in accordance with Swiss accounting law and FIDE Regulations.

2. Staff Contracts

To the satisfaction of the VC, all the staff at the Athens office have now signed their employment contract with Fide.

However, no contract exists between FIDE and the Advisor to the President. The VC strongly recommends that a staff contract is agreed between FIDE and the Advisor.

3. The FIDE Reserve Fund

although the reserve fund has decreased in 2009 compared to the year before (1.743.428 euro compared to 1.831.414 euro), it remains still very important, and it represents more than 14 months of the total expenses of 2009. The overall financial situation of FIDE is clearly healthy.

The VC recommends that this reserve should not stay idle but should be placed in some secured fund that can bring some return, with as little risk as possible and preferably with no risk to Fide at all.

4. Commissions

- The reporting on funds utilized by the commissions, is still not satisfactory. The VC strongly recommends that a standard procedure (e.g. a standard report form) is put into place, to monitor the utilization of funds. The procedure should provide sanctions in case a report is not made.

- Commission budgets should be linked to specified projects. Sums were budgeted globally with no precise indications as to their detailed allocation. For instance, whereas the 2009 budget provided for 225.000 euro for Cacdec, its expenses were only 142.034 euro. This exemple shows that more should be done regarding the elaboration of the budget.

5. Bank Guarantees

The VC again observes that obligations on the part of organisers of events are in many cases not totally fulfilled. For instance bank guarantees are not always paid at the time stipulated in the contract. The VC recommends that contracts with organisers should include provisions specifying effective sanctions if obligations are not fulfilled.

6. Federation Debts

There have been major improvements in this area, due to the efforts of the FIDE Treasurer and the Athens office. The issue of federations not paying their debts is not a big problem for FIDE any more.

7. Miscellaneous

- The expenses of the Commission for Chess Composition (PCCC) are listed under the chapter Commissions Expenses. As it is not a FIDE commission, but a partner, the subvention it was allocated should be listed under another chapter more suitable.