

Preliminary Report of the Verification Commission

Lausanne, 28th June, 2003

The Members of the Commission attending the meeting were Lakhdar Mazouz, Israel Gelfer and Nigel Freeman, with Donald Schultz being unable to attend. The Commission was presented by David Jarrett, FIDE's Treasurer, with the accounts of FIDE, and Emmanuel Omuku, the Executive Director of FIDE, was also there to answer any relevant questions. We would like to confirm our recognition of the excellent job that the Treasurer has done and continues to do.

Before the detailed report the Commission wishes to stress two things:

- The perilous state of FIDE's finances; and
- The fact that all expenses must adhere to the budgets prepared.

REVENUES

The Commission was presented with a Report showing that 37 federations were in debt to FIDE for over a year with a total of over CHF400,000 being owed by these federations. This is far too high. The Commission was concerned that many of these federations had signed undertakings in order to play in the Bled Olympiad and had not followed up on their promises. The Commission make the following recommendations:

1. That the FIDE Office in Lausanne should much more forcibly and effectively chase up these debts;
2. That any withdrawal of services should be made on an equitable basis;
3. That those federations excluded (nine in total) should no longer be regarded as members of FIDE and their debts written off. Should they wish to reapply for membership of FIDE, their debts should be repaid in full prior to any application for readmission being granted.

The Commission was advised that the Executive Director had employed a new member of staff in Lausanne and that the Accounting /Invoicing would be removed from Bath to Lausanne. The Commission believed that this should not have been done without the approval of the Presidential Board/General Assembly and that a proper costing and benefit analysis should have been produced and was concerned that in no way should efficiency be decreased by such a move.

The Commission was advised that an Agreement with DGT had not yet been renegotiated or signed and recommend that this should be done as soon as possible.

The Commission noted that FIDE's basic revenues were static or decreasing and recommended ways should be found as soon as possible to change this situation.

The Commission was exceptionally worried about the fact that considerable income had been expected from the World Championship had yet to be received..

EXPENSES

The Commission cannot overemphasise its concern that expenses, particularly regarding travel, hospitality and telephone calls, were well beyond budget and makes the following recommendations:

1. All travel must be justified to see if it is necessary;
2. Cheaper airfares must be sought where possible;
3. Reports must be made for each trip;
4. Mobile phone costs must be greatly reduced;
5. The credit card should only be used when no other means of payment are available and only for FIDE expenses and not for other purposes;
6. Details of all credit card entries must be kept and sent to the Treasurer within three weeks of being made;
7. USD petty cash should be held in the Secretariat Office for use by the Executive Director on his travels for smaller expenses instead of the credit card, against receipts provided; and
8. Any contracts signed must have the approval of the Presidential Board.

The Commission was very concerned about the amounts owed to FIDE for payments made by FIDE on behalf of the President and the World Chess Foundation. These total over \$100,000 and should be repaid immediately. The Commission was also concerned about the CHF 5,000 given to Mr Campomanes for acting on the President's behalf. There was no record of this being approved and what it was used for.

The Commission believes that the Executive Director's first duty is to FIDE and to ensure that the Office is run efficiently and effectively, which at present is clearly not the case. The Commission also believes that it is duty of senior employees of FIDE to ensure that they act in the most cost-effective manner in all expenditure and that the budget drawn up is strictly adhered to.

CONCLUSION

The Commission is exceptionally worried that unless payments due are made and unless expenditure is significantly curtailed, it will soon be very hard for FIDE to continue functioning. Upon conclusion of the Meeting it drafted a letter to be handed to the FIDE President.