

Conference on Jewish Material Claims Against Germany, Inc.

**General Controller**

**Annual Summary Report**

**Submitted:  
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The following is a summary of the most significant findings/recommendations together with updates of completed reports which have been reviewed by the Control Committee following the July 2009 Board meeting or where there were related issues during this period.

### **Poriya Hospital**

The Claims Conference has approved several allocations to Poriya Hospital in prior years toward construction and upgrade of departments which provide medical services to elderly Jewish victims of Nazi persecution. The main objective of the audit was to examine whether funds allocated to Poriya Hospital by the Claims Conference in 2002 and 2005 were indeed used for the purposes they were allocated and in line with the pertaining conditions.

The audit reviewed interim reports submitted to the Claims Conference and the attached invoices. The Audit was satisfied that the funds were released for the purposes for which they were intended.

The audit observed that the total amount of the invoices added up to the amounts stated in the aforementioned interim reports as to the project expenses covered in the reports.

The audit notes that according to the exchange rates on the days of the payments, the amount transferred by the Claims Conference did not exceed the amount requested in the interim reports

The audit notes that hospitals apply for grants but often work is accomplished through the Ministry of Health. The audit suggests review of this issue.

### **Hazon Yeshaya**

Hazon Yeshaya Institutions (HYI) is an Israeli non-profit organization that operates a network of soup kitchens situated in various cities throughout Israel, distributes food parcels, operates kindergartens and schools for the needy, a yeshiva for training Rabbis, provides professional training in diverse fields, and operates dental clinics that serve needy families.

According to the HYI chairman and founder, the Claims Conference funds were used to cover part of the costs of the hot meals served to Holocaust survivors in the soup kitchens in Jerusalem and Rishon Letzion.

The main objective of the audit was to examine whether funds allocated to HYI by the Claims Conference were used for the purposes for which they were allocated and whether the terms and conditions of the allocation grants were complied with.

The audit examined the use of funds allocated by the Claims Conference in 2008 and met with

the chairman and other managing personnel of HYI in Israel. The audit reviewed financial records and related supporting documentation, as well as lists of Jewish Nazi victims who receive hot meals. The audit also visited several soup kitchens and distribution centers, and discussed work procedures that are in effect in HYI.

The audit informed the Control Committee on January 5, 2010 that it did not receive satisfactory responses from HYI with respect to its initial report findings during 2009. The audit was instructed by the Control Committee to prepare a final report for presentation at the next Control Committee meeting.

Further to the decision of the Control Committee at its meeting of January 5, 2010, the General Controller presented the final audit report of Hazon Yeshaya to the Control Committee on April 14, 2010. The Claims Conference will submit the final report to the Ministry of Welfare and Social Services.

The Committee recommended to continue the current policy that no Claims Conference funds be released to Hazon Yeshaya and that no further funds be allocated, unless the Claims Conference receives satisfactory clarification of the open issues.

### **Central & West Ukraine**

The audit was carried out during the period of August 9 through August 13, 2009 at three locations: Hessed Nachlat Avot Azriel in Kiev, Hessed Emuna in Vinnitsa, and Hessed Dorot in Cherkassy. The purpose of the audit was to examine the reliability of the data bases maintained in the hesseds relating to clients defined as Nazi victims. The review was planned as a pilot in two hesseds - in Vinnitsa and in Cherkassy - with the intention to expand the survey, in coordination with the Joint Distribution Committee (JDC) and under the supervision of its internal audit unit.

#### **Hessed Nachlat Avot Azriel in Kiev**

The hessed was established in 2005 and provides services for 11,832 clients out of a population of about 84,600 Jews living in the region. Of these clients, 7,055 have been defined as Nazi victims. The hessed manager is assisted by 435 persons, of whom 321 work in home care, and 106 are volunteers.

#### **Entitlement to Nazi victim Status:**

Nazi victim status promises priority in receipt of hessed services. It is a status granted to a person who has proved compliance with two basic conditions: s/he is a Jew, and was born before May 9, 1945 – the end of World War II. At least one of three additional conditions is also applicable: s/he lived in a region of German occupation, fled from such an area, or lived in a ghetto or in hiding in an occupied region.

The audit reviewed the birth records of 281 clients. The audit recommended a review of the hierarchy of authority for approving changes in the data and a review of the security procedure for entering data in the database. The Hessed fully agreed with these audit recommendations and

has begun its implementation in cooperation with the Information Division of the JDC in Israel.

#### Exceptions Committee:

The audit examined the functioning of the Exceptions Committee (the committee). The committee had convened 57 times in the 7.5 months since the beginning of 2009, and discussed 187 applications. The audit covered six applications that were discussed on April 24, 2009.

The audit recommended that the hessed rotate its lay representative, strive to increase the influence on the committee by members of the public who are not recipients of the hessed's welfare services (even though recipients recuse themselves) and to reduce the number of committee meetings. The feasibility of implementing these recommendations will be examined.

#### Hessed Emuna in Vinnitsa

The hessed started operation in its present format in 1996. The hessed manager is assisted by 141 persons, of whom 76 provide home care and 139 are volunteers. It operates various programs for about 4,000 clients, of whom 1,035 are Nazi victims. The hessed is the regional center for about 110 small towns with Jewish residents.

#### Entitlement to Nazi victim Status:

The audit initiated a survey to determine how the hessed's clients were granted Nazi victim status. Information was requested and reviewed, and the data were collated by hessed staff on the basis of documents in the files.

The audit recommended that the hessed manager appoint staff members to examine documents in the file related to each Nazi victim. Also, the documents from which the data were entered in the data base should be added to the file containing the Anketa and kept in the client's file and not elsewhere, as often is the case.

#### Exceptions Committee for Home Care:

The committee has eight members. The hessed manager or, in his absence, his deputy, chairs the meetings. The committee convened ten times in the first half of the year, and discussed 115 applications. The audit examined six applications discussed on February 27, 2009.

#### Hessed Dorot in Cherkassy

The hessed was established on April 1, 1997 and is a regional center for 51 towns with Jewish residents. The hessed runs various programs and serves 1,369 clients, of whom 637 (47%) are Nazi victims out of a Jewish population of about 6,000. The hessed has a staff of 95 persons, including home care workers, and approximately 180 volunteers.

#### Entitlement to Nazi victim Status:

The audit initiated a survey to determine how hessed's clients were granted Nazi victim status. Information was requested and reviewed, and the data were collated by hessed staff on the basis of documents in the files. The audit recommended that backup documents be kept with files in order to perform a detailed review.

#### Exceptions Committee:

The hessed has one exceptions committee that discusses the various client applications. The committee has seven members and a chairman from the public who is not in need of the hessed's welfare services. Between January and mid-August of 2009, the committee convened 54 times and discussed 224 applications.

The audit recommended that the hessed strive to reduce the number of meetings, which is currently two per week. In addition, the manager of the program to which an application relates should add his signature to the recommendation. An application without that signature will be considered "not recommended".

#### Central Eastern European Fund (CEEF)

The audit recommended that the hesseds serve as a conduit for the distribution of information related to CEEF. The executive vice president of the Claims Conference, Greg Schneider, reported to the Control Committee that the Claims Conference is preparing an extensive outreach campaign in countries of the former Soviet Union entitled "Not Too Late", with the goal of informing survivors of their potential eligibility for the Central and Eastern European Fund pension.

#### Life Certificates and Mortality Rate:

The audit recommended that the Claims Conference periodically contact clients who are more than 90 years old by telephone, to ascertain that they are still living.

#### **Claims Conference Berlin Office**

The Berlin office of the Claims Conference is part of the Successor Organization, and the objective of the office staff is to assess the reasonableness of claims for restitution property that were denied by the German government's representative responsible for adjudicating such matters (the Authority), and to respond accordingly. The audit focused on the following areas:

#### Replies of the Authority to Claims Filed:

According to the data provided at the time of the audit, there are 32,357 claims that have been filed for the restitution of property or for compensation which are still in progress with the Authority.

The Authority grants 30 days for filing an appeal. Within that time period, the Claims Conference Berlin office staff must assess the reasonableness of claims denied by the Authority and identify points that could serve as cause for appeal. Staff must also examine successful claims to determine whether the full amounts of those claims were approved by the Authority. If the full amounts were not approved, the Berlin staff will seek to identify cause for appeal.

Since the number of replies from the Authority is rising, the audit recommended that the staffing needs in the Berlin office be discussed by the Successor Organization management.

**Payments to Goodwill Claimants:**

In the quarter ended September 30, 2009, 117 payments were made to eligible persons totaling euro 8,307,963. The audit recommended that, if possible, payments to any third party should be avoided, even if such requests are made by eligible heirs.

**Sale of Properties:**

The audit recommended that the Successor Organization management should review conditions for a formal declaration to be signed by each eligible Goodwill Fund claimant stating that they agree to the distribution and that they will have no future claims.

The audit noted that the prompt response of the New York headquarters to requests from the Frankfurt office for approval of property sales is extremely important. The Claims Conference fully agrees with the audit and noted that the average response time on the part of the New York headquarters to review and approve property sales during the period of August 12, 2009 through April 13, 2010 was approximately 12 days.

**Processing Goodwill Caseload:**

The audit recommended, and the Claims Conference agrees that every effort will be made to deal with any unresolved Goodwill Fund cases in which a decision is possible.

**March of the Living**

The General Controller presented the follow-up audit report on March of the Living to the Committee. The report indicated that there are open audit items. The General Controller will inform March of the Living of the specific issues. No additional action will be taken unless or until the open issues are resolved.

**ICHEIC Compliance Audit in Israel**

During June 2009, the General Controller conducted a compliance audit of Claims Conference grants in Israel funded by proceeds from ICHEIC, and the report was presented to the Control Committee.

In the opinion of the audit, the grants were administered and monitored in a satisfactory manner, which provides reasonable assurance that the funds were used for the purposes they were granted.

**Other Matters**

Several additional items were discussed by the Committee, including the following:

The Control Committee re-affirmed or concluded that

- A. The General Controller is to be invited to the annual Board meeting.

- B. The Chairman of the Control Committee is to report on its work at the annual Board Meeting.
- C. Both the Chairman of the Control Committee and the General Controller should be available at the annual Board Meeting.
- D. An Annual Summary of the work of the Control Committee is to be distributed to the Board.
- E. The workplan of the General Controller is to be distributed to the Board.
- F. Based on the workplan for 2010, the number of planned work hours is appropriate.

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