

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 2008 Board meeting or where there were related issues during this period.

ICHEIC 8A2 PROGRAM

A review was conducted of the portion of the Claims Conference's Memorandum of Understanding with ICHEIC relating to payment of "humanitarian claims" (known as "8A2" claims) that the Claims Conference administered on behalf of ICHEIC. The issues examined included:

1. Treatment of documents and information pertaining to claimants after claims were paid: Consistent with ICHEIC's instructions and confidentiality agreements, the Claims Conference did not retain any documentation or processing records pertaining to ICHEIC claims.
2. Ability to identify insurance companies involved in claims: The Claims Conference had no control over the information included in 8A2 files that ICHEIC submitted to it for the fulfillment of its contractual obligations. The data files submitted by ICHEIC to the Claims Conference did not contain information identifying the insurance companies that issued the policies and the policy holders.
3. Resolution of outstanding claims after the Claims Conference role ended: After the Claims Conference's role in executing 8A2 payments had ended, ICHEIC issued awards and paid claims without the involvement of the Claims Conference.
4. Archiving of documents: Claims Conference staff affirmed that 8A2 documents were handled separately and returned to ICHEIC separately from other project documents.
5. The timing of payments: Processing of applications and issuing offers was totally in the hands of ICHEIC and the Claims Conference simply executed the payments.
6. Claims Conference continuing efforts to obtain payments from certain Eastern European governments: The Claims Conference continues to work towards examining ICHEIC 8A2 files stored at the U.S. Holocaust Memorial Museum in order to consolidate the information and documentation necessary to obtain possible refunds from the countries involved.

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Number of Nazi Victims in the FSU

A review was conducted of the data on Jewish victims of Nazi persecution that are presented by the Hesseds and American Jewish Joint Distribution Committee (JDC).

Methods of conducting the review included comparing other sources of information to that reported by the Hesseds and JDC; examining the methods and controls operated by JDC, in order to ascertain and ensure the reliability of data reported by the Hesseds; and examining data from home visits to aid recipients reported as Nazi victims.

Utilizing data from recently published research papers and surveys, and given the absence of official data from government authorities, the review concluded that the estimate of the number of Nazi victims, based on the Hessed database, is consistent with professional estimates.

In keeping with the agreement that Claims Conference funds are used to aid Nazi victims, every Hessed client receiving services funded by the Claims Conference must document and/or attest to his/her location and year of birth and location during WWII.

The review found that the number of Nazi victims receiving services was 107,175 (as per December 2007). Hesseds are in regular contact with each and every client during a calendar year.

Welfare programs are audited on a current basis by the JDC and annually by Ernst & Young, Grant Thornton, and the Claims Conference. Additional numerous reviews are conducted internally. Monthly client surveys on the quality of services provided, carried out by an external company under the guidance of Ernst & Young, provide an annual opportunity for a face-to-face meeting with about 5 percent of Hessed clients, who are selected randomly. These surveys are an important monitoring and control tool.

The review found that JDC and the Hesseds employ reasonable means to ensure that funds made available by the Claims Conference serve their purpose of assisting Nazi victims living in the former FSU.

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Jewish Social Welfare Commission, Warsaw, Poland

The Jewish Social Welfare Commission operates under the umbrella of the Union of Jewish Religious Communities. The Union operates by virtue of a special law, and is recognized as a not for profit organization.

The President and CEO of the community maintain contact with seven communities in Poland: Warszawa, Krakow, Katowice, Wroclaw, Lodz, Gdansk, and Szczecin. These communities have their own institutions. There are organizations that also provide various services.

In order to prevent duplication of services or potential abuse, the Union agreed to recommend that each community issue certificates attesting to services received by individuals. Despite the opinion of the Union that central database is not feasible due to legal regulations concerning confidentiality, the audit recommended to make an effort in order to overcome the existing obstacles.

The Jewish Social Welfare Commission provides services to approximately 1,200 households, with a budget of just over \$1 million. Of that amount, roughly 60% is provided by the Claims Conference. There were no material deficiencies found in the work of the Commission.

Recommendations were provided to improve the efficiency and ensure the highest level of accountability. Among the issues discussed were daily logs provided by homecare workers, receipts of prescriptions, review of comparable pricing, caps on amounts available per Holocaust survivor, review by Commission staff and auditors of banking statements, and funds management.

Internal financial auditing will be broadened to include operational auditing and will result in brief periodic reports.

Personal visits to Holocaust survivors resulted in establishing the following procedures:

- Empowering a functionary in the community to verify living confirmations rather than requiring verification by a notary or lawyer, which carries a small fee.
- Informing clients that they can bequeath their apartments to the Jewish community.
- Training social workers to identify potential recipients for Claims Conference pensions.

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Federation of Jewish Communities in Serbia

The Federation comprises 10 communities in Serbia. A Holocaust Advisory Committee has nine members, all survivors. Because of their age, all applications for medical equipment, winter aid, emergency cash assistance, and similar requests are reviewed by a subcommittee.

At the time of the review, there was no all-inclusive database for the Federation, with each community maintaining its own. The Federation agreed to create a central and uniform database.

This was the first General Controller review in Belgrade. It focused mainly on work processes relating to the medical program, the principal item in the budget, including medicines, homecare, staffing, home visits, and bank accounts.

The Audit recommended to speed up the process of changing the mode of payments from cash transactions to direct payments to bank accounts.

Homecare costs are paid based on the financial circumstance of the Nazi victim receiving care. The audit did not find any material weakness in the operations of the entity. Several issues were reviewed including caregiver reporting forms and receipts, external auditing, and funds management and specific recommendations to improve monitoring and efficiency were made.

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Jewish Community of Bosnia and Herzegovina

This was the first review by the General Controller of Claims Conference grants in Bosnia. As such, the audit focused primarily on the two main budgeted items: medicines and homecare.

The review examined the process of approval by the Advisory Committee, comprising Nazi victims, of medical expenses using Claims Conference funds. The review also examined the process of payment for homecare providers.

The means by which Nazi victims receive supplemental pension payments or payment for medical expenses from the Community via caregivers or social workers was examined and recommendations made for ensuring proper receipt of payments.

The audit found no material issues with the provision of services. Several specific recommendations were provided such as confirmation, through the signature of a Community official on questionnaires about clients receiving services that are entered into a database, computerization of recordkeeping which has been done heretofore manually, client signatures on service receipts and other work processes and operations.

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Frankfurt Office – Successor Organization

This review covered two issues: Relations with a law firm and benefits associated with a senior employee. The review examined the handling of certain property sales; property sales handled by the law firm in instances where one of the partners was the buyer; and allegations concerning alleged benefits received by the employee from one of the lawyers in return for preferential treatment.

Methods of review included meetings and conversations with the parties who raised the above concerns; interviewing the employee; and examination of the transaction files and additional documentation.

The review found no proof of the allegations made against the employee concerning benefits or gifts he allegedly received from the lawyer. The review also found no basis for allegations that the employee approved discounts on prices or beneficial terms of payment for properties purchased by the lawyer.

The arrangement for the method of calculating the fees of the law firm, employed since 2003, has saved the Claims Conference a great deal of money, as their payments have been lower than those set by the court in certain cases.

One of the lawyer’s possible affiliation with the Stasi raises a question that goes to the policy of the organization. It was recommended that the Claims Conference management discuss the matter and formulate a position on relations with entities which may have in their past links to Stasi.

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MOL – March of the Living Update

During the last year a comprehensive audit has been carried out regarding MOL operations. Completion of the final report is expected soon, upon receiving answers from MOL to several additional questions which arose lately.

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