

**General Controller**  
**Annual Summary Report**

**Submitted:**  
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**Final, July 12, 2012**

## General Controller

### Annual Summary Report

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 2011 Board meeting or where there were related issues during this period.

#### Association of Israelis of Central European Origin “Solidaritastswerk”

During the last decade, The Solidaritastswerk of the Association of Israelis of Central European Origin (“SAICEO”), received annual allocations from the Claims towards its mutual assistance program (called Solidaritastswerk), that operates as a social welfare fund.

SAICEO adhered to most of the preconditions appearing in the grant approval letters issued by the Claims Conference. However, The Audit draws attention to the fact that the beneficiaries of the grants are not informed in a customary manner that the funding is provided by the Claims. Additionally, on SAICEOs’ website it does not state clearly & noticeably that the Claims grants generous yearly contributions to the Organization. Notification as such also wasn’t included in booklets put out by the Organization.

The Audit also recommends that SAICEO should make the necessary changes on its website so that a statement that the Claims grants generous yearly contributions to the Organization should be clear & noticeable & also take care to draw attention to the Claims contributions in booklets that they put out publicizing their activities.

The Audit had several other specific recommendations:

1. Further, the Claims Conference and SAICEO should ensure that the criteria for aid are consistent with other programs in Israel.
2. The Audit recommends that SAICEO take care to check that the next report they submit to the Claims contains information regarding the total monthly gross income of each beneficiary and that the Claims examine this issue.
3. The Audit recommends that SAICEO take care to ensure that in the future all files include photocopies of social security cards & that all calculations of income include back up documentation & are not just based on interviews of Survivors.
4. The Audit recommends that SAICEO should scrupulously adhere to the guidelines for eligibility and that the Claims Conference must enforce these rules. If a mistake is found, then SAICEO should return funds that were improperly distributed.
5. The Audit recommends that all Grant Allocation Letters issued to Organizations should be submitted before the beginning of the two- year period included in the Letter, so as to enable the Organizations to implement their supported programs properly and also so as

not to delay payment of the periodic reports and thereby ease the Organizations' cash flow difficulties.

### Southern Ukraine

The audit was carried out at Hessed Shimon in Simferopol and at Hessed Shaarei Zion in Odessa.

#### Hesed Shimon

The audit was favorably impressed with the work. Several recommendations were made:

1. Funding is apportioned based on several factors including family support. The audit believes that with regard to the food programs the situation of a person who is not alone is not necessarily better than that of a person who is alone.
2. The client's file should always include information and back-up documentation which support the decision to recognize him as eligible.
3. The audit recommends reviewing the issue of allocation between food and medicine and highlights the concern about lack of medicines for oncology and psychiatry patients.
4. The Claims Conference should work with Hessed to ensure that every client who may be entitled to compensation payments has applied.
5. At the initiative of the General Control 14 internal auditors were appointed several years ago to ensure ongoing audits in Hasadim across the former Soviet Union. The Hessed network and JDC should ensure that even regular and expected staff turnover issues should not prevent an audit from occurring on a regular basis.
6. Local tax authorities are threatening to levy taxes on services. Every effort should be made to maintain a tax free environment, as in other countries.

### Amcha

During the last decade, Amcha received annual allocations from the Claims towards Psychosocial Services and Consultancy & Rehabilitation services in the Social Treatment field that Amcha provides to Holocaust Survivors.

The audit found that Amcha delivered services as envisioned by the Claims Conference. At the same time, the Claims Conference and Amcha must formulate a joint document that defines the correct calculation of Amcha's expenses and the method of the Claims Conference funding of these costs. The Claims Conference allocation letters should reflect these agreements.

Further, the Claims Conference should endeavor that all Grant Allocation Letters issued to Organizations should be submitted before the beginning of the two- year period included in the Letter, so as to enable the Organizations to plan their yearly activities and also so as not to delay payment of the periodic reports and thereby ease the Organizations' cash flow difficulties.

## Association for Jewish Refugees

During the last decade, AJR received many types of allocations from the Claims towards its' various social & welfare assistance programs.

Based on recommendations from the audit:

1. AJR will look into the possibility of restructuring and streamlining the Holocaust Survivor Advisory Committees.
2. AJR should take more care to submit reimbursement requests within the time framework outlined in the grant letters.
3. The Audit recommends that beginning from the year 2012, the beneficiaries of the grants be informed in writing that the funding is provided by the Claims. A copy of one of these letters should be sent to the Claims.
4. On AJR'S website it states that AJR distributes funds allocated to the UK by the Claims Conference. The Audit is of the opinion that AJR must adhere to the clause in the Grant Letter which relates to the manner of presentation on the website and states that a statement that the Claims grants generous yearly contributions to the Organization should be clear & noticeable.
5. AJR should document data such as Nazi victim status/client income in method that conforms to Claims Conference standards. As the Claims Conference is rolling out a new database to keep track of these items and will be performing detailed spot audits, it will not be issue in the future.
6. AJR must strive to resolve the legal situation involving two separate entities: the Charitable Trust & the Benevolent Society
7. The Audit recommends that all Grant Allocation Letters issued to Organizations should be submitted before the beginning of the two- year period included in the Letter, so as to enable the Organizations to implement their supported programs properly and also so as not to delay payment of the periodic reports and thereby ease the Organizations' cash flow difficulties.
8. In light of AJR'S administrative costs, the audit recommends that AJR examine the various components, with the goal of trying to reduce these costs. Consideration must be given to the fact that AJR helps administer the program on behalf of other UK based agencies as well.

## Foundation for the Benefit of Holocaust Victims in Israel "Keren"

The audit found that the Keren was performing according to the terms outlined in the allocation letter. Several recommendations were made:

1. The Foundation should ascertain that every application is signed by the applicant.
2. The Foundation should consult with legal entities as to its level of exposure and the implications of failure to submit confirmation of guardianship, or at least power of attorney, in cases where the applications and/or accompanying documents (such as a life

- history) are signed not by the survivor him/herself, and where necessary it must take the actions required to avoid such exposure.
3. The Foundation's management should discuss the level of risk existing in view of non-submission of original signed or notarized confirmations of survivorship, taking into account the extent to which the very demand for such a document burdens the survivor, and the ways in which that risk can be minimized.
  4. The Claims Conference should state its opinion on the financial exposure of the Foundation vis-à-vis the home care companies due to the non-transfer of letters of undertaking near the beginning of the year.
  5. Regarding the funds for Hungarian Survivors, the audit recommended that:
    - a. Attention should be paid to publicizing the existence of funds.
    - b. The Foundation assimilate a procedure for scanning into the system a small number of references from the signed applications, which can provide most of the information required for supervision and control of reasonable costs.
    - c. The public committee record detailed minutes of its discussions and decisions.
    - d. The Hungarian Advisory Committee should review the details of the program.

### March of the Living (“MOL”)

After extensive work, the audit did not find any evidence of Claims Conference funds being mis-used by MOL. However, several open issues remain concerning the operations of the MOL and the transfers of non Claims Conference funds. The audit felt that, although no Claims Conference funds were involved, it would be incorrect to ignore these issues. Thus, over a long period of time, specific questions were posed to MOL. The audit had not received answers to these questions which prevented the audit from being formally closed. As of today, most of the answers have been provided. There remains one area of unresolved questions relating to the transfers of funds from the March of the Living fundraising entity of the project in Europe to the March of the Living International in New York. The Claims Conference has no jurisdiction over, or ability to pursue, this matter any further. Therefore, contingent upon an independent investigation led by an independent eminent Jewish public figure, the Claims Conference has closed the audit, and we now consider our involvement in this matter to be over. Of course, we trust that the result of this investigation will be reported. MOL has stated that they accept this condition and, thus far, are fully participating in the establishment of the independent investigative body.

## Hazon Yeshaya

Over three years ago, the audit raised questions regarding the reliability of reporting by Hazon Yeshaya Institutes. Funding had been provided by the Claims Conference for soup kitchen meals to Holocaust survivors. As the Claims Conference decision-making process in the area of soup kitchens in Israel is based mostly on the recommendations of the Israeli Ministry of Labor and Social Welfare, following recommendations of the Control Committee, the Claims Conference : (i) stopped the transfer of further Claims Conference funds to Hazon Yeshaya Institute or its subsidiaries; and (ii) submitted the audit report to the Ministry of Welfare, which also supports activities of Hazon Yeshaya Institutes. A few months ago, following a complaint filed by donors and Board members of Hazon Yeshaya against the organization, a police investigation was initiated which recently led to arrests of the founder and the Chair of the organization as well as other officials.