

Committee on Public Accounts
2011 Appropriation Accounts for Votes 28 & 29
Remarks by the Secretary General of the Department of Foreign Affairs and Trade



Mr. Chairman,

Thank you for inviting me to assist the Committee on Public Accounts in your consideration of the 2011 Appropriation Accounts for the Department of Foreign Affairs and Trade. I am joined by colleagues who have particular knowledge of aspects of the Department's work that may be of assistance to the Committee.

I understand that the Committee has been supplied with some general briefing material on the Department which gives a factual summary of the main areas of expenditure and receipt in the Department and I do not propose to rehearse this information in these brief opening remarks. Rather, I would like to address a number of issues which I know are of particular concern to the Committee.

I would like start by thanking you and your colleagues for taking the time to travel to Mozambique to examine the Department's development programme there. I look forward to discussing with the Committee your comments and conclusions. As you know, the programme in Mozambique is Irish Aid's largest priority country programme. It is closely managed by results. It is, I believe, demonstrating how Ireland can make an effective contribution in fighting extreme poverty and hunger, helping to build national systems and moving, in our lifetimes, towards a situation where our bilateral relations become defined primarily by mutually beneficial economic and trading relationships.

Your visit to Mozambique took place against the backdrop of the misappropriation of €4 million of Irish Aid funds in Uganda, which was uncovered by the Auditor General of Uganda. This came as a significant shock to all involved in the Irish Aid programme and to the wider donor community. However, we in Ireland reacted swiftly and decisively, and the donor community have followed our lead. On the Department's recommendation, the Tánaiste immediately suspended all funding through Government systems in Uganda. At

our insistence, the Government of Uganda have agreed to reimburse the misappropriated Irish funds and this is due to take place shortly.

On learning of the fraud, I dispatched a team of auditors from the Department's Evaluation and Audit Unit, which reports directly to me, to Uganda to investigate the matter. Their report has been made public, and I am committed to ensuring that we implement all of its recommendations.

A key finding of their report was that this was a very sophisticated, elaborate fraud, involving an exceptionally high level of collusion at senior level, which could not reasonably or normally have been anticipated. However, the report also highlighted a number of important areas in which Irish Aid's own management control systems need to be strengthened. It is clear that, in common with the other donors involved, our risk assessments, based in part on the very strong international assessments of Uganda's public financial management systems, resulted in a stronger focus on tracking results on the ground than on the movement of funds once they were received by the Bank of Uganda.

Following receipt of the report, I initiated a full review of all management systems across the bilateral aid programme, to ensure that risks are being identified and managed appropriately. I directed the Ambassadors who are the sub-accounting officers for the country programmes to carry out a full review of their management and risk assessment systems. I have already received their responses and I have asked the Evaluation and Audit Unit to examine them and to identify matters in need of attention. I am arranging to meet with the Ambassadors in February to review our systems and underline the critical importance of managing risks effectively in all programmes supported by Irish public funds.

This forms part of a further general strengthening of the Department's risk management arrangements which I have appointed a Chief Risk Officer to lead and direct. I am also seeking sanction for the recruitment of a professionally qualified Chief Financial Officer to oversee financial controls across the entire Department, including the development programme.

I am ready to answer any questions you may have in relation to this matter, to your visit to Mozambique or to the wider Irish Aid programme managed by in the Department of Foreign Affairs and Trade.

I am also happy to address any of the diverse range of policy, administrative, programme management and public service functions that the Department conducts through its Headquarters staff and network of 73 diplomatic and consular missions abroad.

In the period covered by the 2011 report and more recently, the Department has continued to contribute very actively to the drive to rebuild Ireland's international standing. The historic back-to-back visits of Queen Elizabeth II and President Obama were successfully organised in 2011. Each visit in its own way represented a major milestone in the consolidation and development of these key relationships and appreciably enhanced Ireland's overall image and profile in both Britain and the United States.

Ireland is just concluding a successful year as Chairmanship –in –Office of the OSCE, which culminated in the recent Ministerial Council meeting in Dublin, the largest intergovernmental conference ever held in the State. External feedback on the organisation and the management of the complex logistics and agenda surrounding the meeting has been very positive and Ireland's general performance in the Chair will contribute valuably to the external perception of our country.

Ireland's recent election to the United Nations Human Rights Council for a three-year term commencing next month, achieved in the teeth of very strong competition, was a further morale-boosting reminder of the standing Ireland has earned and continues to enjoy in the international community.

We are also about to assume the Presidency of the EU for the seventh time. My Department is committed to making its full contribution to a successful Presidency performance delivered with maximum cost-efficiency.

The Department continues to reduce its cost base and to make economies. Like all public service organisations, we are absorbing substantial reductions in resources, both human and financial. However, despite a drop of 12% in our staffing complement, I believe that we have managed to maintain the range, quality and geographic reach of the various services we provide. We have achieved significant efficiency gains through ambitious internal organisational restructuring, consolidation of functions and streamlining of our business processes.

Regrettably, at the end of 2011, it was found necessary to close three resident diplomatic missions in East Timor, Iran and The Holy See. You may recall that this matter was discussed when I last appeared before this Committee, in April this year. Overall, the annual administrative cost of delivery of the Department's functions has been reduced by over 20% over the past four years.

Mr. Chairman, thank you for the opportunity to make this short statement. I will do my best to assist you and your colleagues with your considerations.