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14th January 2014

Mr. John McGuinness, TD
Chairman
Public Accounts Committee
Leinster House
Dublin 2

Re: 2012 Appropriation Accounts of the Comptroller & Auditor General: Vote 39: Health Service Executive – Section 38 Agencies' Remuneration

Dear Chairman,

I refer to the Committee hearing on the 11th December, 2103 to examine the 2012 Appropriation Accounts of the Comptroller & Auditor General: Vote 39: Health Service Executive – Section 38 Agencies' Remuneration at which representatives from the Central Remedial Clinic (CRC) Board of Governors attended.

During the course of the examination questions relating to the pension payable to Mr. Paul Kiely former CEO of the CRC were raised by the Committee.

The Interim Administrator appointed by me to the CRC following the resignation of the Board has briefed me on what appears to be significant issues relating to the final salary payment/retirement package approved by the Board of Governors of the CRC for Mr. Kiely.

Additionally it appears an amount was paid to a pension fund to ensure that Mr. Kiely's pension/lump sum benefits would not be less than if Mr. Kiely had continued to remain on as CEO until November 2016. Furthermore it appears the payments to Mr. Kiely could not have been made by the CRC without funds received from the Friends and Supporters of CRC.

The above arrangements raise a number of serious matters relating to the CRC's Memorandum of Association, the cost of the package to the CRC/Friends and Supports of the CRC and the payment calculations not being fully adjusted for public sector pay cuts.

I am bringing this matter to the attention of the Committee as the arrangements seem to be considerably at variance from the understanding the Committee may have gained from evidence given at the hearing attended by representatives of the CRC Board of Governors.

At this stage it is necessary for the CRC to satisfy itself that the payments made/benefits conferred are reasonable and proper (in the context of its Memorandum of Association) and that any amounts paid were correctly calculated and authorised. In the event of there being a loss to the CRC (or the Friends and Supporters of the CRC), steps to make good that loss will require to be taken.

Yours sincerely,

Tony O'Brien
Director General