

Committee of Public Accounts**2012 Appropriation Accounts for Votes 27 & 28****Opening Remarks by the Secretary General of the Department of Foreign Affairs and Trade**

Mr. Chairman,

Thank you for inviting me to assist the Committee in your consideration of the 2012 Appropriation Accounts for the Department of Foreign Affairs and Trade, and also Chapter 13 of the Comptroller and Auditor General's 2012 report on Official Development Assistance. I am joined by colleagues who have particular knowledge of aspects of the Department's work that may be helpful to the Committee.

These include Deputy Secretary Brendan Rogers of our Development Cooperation Division, Assistant Secretary Fergal Mythen, head of Corporate Services Division, William Carlos, Director of Evaluation and Audit, and Joe Nugent, Director of Passport Services. I am especially pleased to introduce the Department's Chief Financial Officer, Mr. John Conlan, who has recently joined the Department. The proposal for a CFO position at Assistant Secretary level in the Department was supported by this Committee and by the Department's own Audit Committee with a view to strengthening overall financial management. I would also like to thank the Department of Public Expenditure and reform for facilitating the creation of this post.

Mr. Conlan will head an integrated Departmental Finance Unit, covering Votes 27 and 28. I am confident that his engagement will improve the coherence, continuity and efficiency of the finance function across the Department.

I know that the Committee has been supplied with some general briefing on the Department and its activities. That material provides a factual summary of the main areas of Departmental expenditure and receipts in 2012, and I do not propose to introduce it orally. Instead, it might be helpful if I briefly address some important developments since I last appeared before the Committee in December 2012.

The Department has prioritised the national effort to rebuild Ireland's international standing after the financial crisis. Considerable progress has been made since we last met. Our successful EU Presidency in the first half of 2013, together with our exit from the EU-IMF programme, was a major milestone. The Joint Committee on Foreign Affairs and Trade, in its recently-published report on the Contribution of the Department of Foreign Affairs and Trade to Economic Recovery, very kindly acknowledged our efforts in this regard.

The Committee will be aware that, in order to maintain this positive momentum internationally, the Government has decided to expand the diplomatic network with the addition of eight new missions including five new Embassies and three new Consulates General, to be established in locations across South East Asia, Europe, Africa and the Americas. This expansion is specifically designed to assist in promoting our economic and commercial interests abroad, and takes account of the recently published Review of the Government's Trade, Tourism and Investment Strategy.

The recently announced year-long programme of ministerial-led events targeting trade and investment for Ireland in 2014 will be supported strongly by the Department. The programme includes the Government's St. Patrick's Day 'Promote Ireland' programme of international activity which will see 27 Ministers taking part in over 100 business events and 80 high-level political meetings in 35 cities across 23 countries.

Since our last meeting, we have seen the successful conclusion of Ireland's chairmanship-in-office of the OSCE which culminated in the hosting of the OSCE Ministerial Council meeting in Dublin in December 2012, and the commencement of our term on the United Nations Human Rights Council.

Mr Chairman, the budgetary and human resources situation facing the Department – as, indeed, is the case throughout the public service - continues to be challenging. The combined allocation for the Foreign Affairs Group (Vote 28 plus Vote 27), continues to decline: from over €1bn in 2008 to €691m in 2014, representing a reduction of 36%. We continue to face severe difficulties due to staff reductions. I am pleased to report,

nonetheless, that we have recently concluded a successful recruitment competition for Third Secretaries (the entry level for the diplomatic service). This is a welcome development that will assist us greatly in meeting the challenge of establishing the eight new missions in the course of the year.

As regards Vote 27, International Cooperation, the annual ODA allocation represents an ongoing and very significant Irish contribution to international development. You will recall that our discussion on the last occasion took place against the background of a serious case of misappropriation of Irish Aid funds in Uganda that had been uncovered by the Auditor General there. A team of auditors from the Department's independent Evaluation and Audit Unit was sent to investigate, and their report was subsequently made public. A key finding of that investigation was that this had been a very sophisticated and 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 needed to be strengthened.

This led to my request early last year for the conduct by the Department's Evaluation and Audit Unit of a full review of all internal control and risk management systems across the bilateral aid programme, to ensure that risks were being identified and managed appropriately. This was a very major undertaking and I can report that this has been completed in all nine Key Priority Countries. All of the recommendations made in the report of these audits have been accepted by management. As you are aware, this report and the management response have been published online, in compliance with good practice. The report was positive overall, but highlighted a number of areas where improvements were necessary to strengthen further our systems of management and financial control. I am pleased to report that actions have already been taken by us to strengthen our systems.

I am also pleased to note that the final report into the misappropriation in Uganda has been published on our website. I can advise the Committee that the report concludes that all of the recommendations have either been fully met or that satisfactory progress has been made in addressing the issues. The report also includes an assessment of systems and

internal controls now in place in our mission in Uganda and concludes that these are good and appropriate for the programme.

I should also mention that during the first half of this year our aid programme is undergoing a searching Peer Review by the OECD Development Assistance Committee. This arises approximately every 5 years and provides a valuable international benchmarked and independent assessment of the programme against best international practice. It also serves as a mechanism of public accountability and institutional learning. The result of this review will be published later this year and I know the Committee will have a great interest in its findings.

Mr Chairman, it is absolutely right that our aid programme, which is paid for by the Irish people programme, is subject to intense scrutiny and oversight, both internally and externally. Your work is central to this oversight. This level of examination enables our aid programme to continue to make a real and tangible difference to the lives of millions of the poorest people in the world.

Mr. Chairman,

I will do my best, assisted by my colleagues, to respond to the questions posed by the members of the Committee.