

OPENING STATEMENT FROM DONAL CONWAY, PRESIDENT OF THE FOOTBALL ASSOCIATION OF IRELAND

JOINT OIREACHTAS COMMITTEE ON TRANSPORT, TOURISM AND SPORT
10 April 2019

INTRODUCTION

Good morning.

I want to start by thanking the Chair and members of the Committee for the invitation to address you this morning. I am joined today by;

- Ms Rea Walshe, interim CEO of the Football Association of Ireland,
- Mr John Delaney, Executive Vice President of the Football Association of Ireland,
- Mr Eddie Murray, Honorary Treasurer, and by
- Mr Paraic Treanor, the Chairperson of the FAI's Legal and Corporate Affairs Committee.

Originally, we were to appear in relation to Governance issues, strategies and challenges facing Irish soccer and related matters.

While the focus may have changed due to events, we remain in a position to discuss any other matters relating to public funds received by the Association and their application. We need to be mindful of our legal obligations, the remit of the Committee

and to respect the privacy and Data Protection rights of our employees and related parties.

Grant Thornton has been engaged by the Board of the FAI to conduct an internal review of the Association's books, records and ledgers. They have been on site at the FAI since yesterday week.

You had also asked for the person filling the position of Corporate Affairs and Licensing Director. As you know, John Delaney has been appointed Executive Vice President, in order to effectively utilise his skills and connections at UEFA and FIFA level. In the view of the board, this will be to the benefit of Irish football. In his place, Rea Walshe has been appointed interim Chief Executive Officer, and the Board thanks her for stepping up to this role at short notice, and at a difficult time. There has been no full time person appointed to Ms Walshe's former role as yet.

SPORT IRELAND

At the outset, I wish to put on record that no disrespect was intended to the Committee or Sport Ireland by the Football Association of Ireland's letter of last week. Sport Ireland has been and is a very important stakeholder for us. Its financial support and advice to us over 20 years has been unstinting and we were honoured to become the first NGB to move onto the Abbotstown Campus. I know we have much work to do to rebuild trust and confidence in the Association and we are committed to achieving this as a Board.

The Association notes the comments made here last week by the Committee and Sport Ireland and acknowledges your concerns. The Board of the FAI met on Wednesday, in a scheduled meeting. The Board regretted that it was not in a position to assist Sport Ireland with answers to its questions before Sport Ireland attended the Committee.

We have met since with Sport Ireland and continue to engage with them. We have emphasised to them that we are moving as fast as we can, being mindful of the complexity of the issues involved, including legal issues and the need to ensure that all statements we make are accurate and our internal and external processes are fair and robust. No disrespect was intended by the lateness of the letter of the 2nd of April to Sport Ireland or its brief contents.

I apologise for this and accept more information would have assisted Sport Ireland and the Committee.

STEPS

The Board is seeking to fully address all concerns and many steps are being taken to do so and to establish the requisite detail for Sport Ireland and your Committee. The Association has established a sub-committee, from amongst its board members, which is working closely with the FAI's external advisers and auditors to urgently address these matters.

There is the option for the Board to appoint an independent person to the sub-committee of the Board. We have spoken to Sport Ireland regarding this. We have also offered to Sport Ireland the opportunity to meet the sub-committee, our finance department staff and Grant Thornton to go through the relevant accounts to assure that all government funding has been properly spent since its last audit.

Global auditing and consulting group Mazars has been commissioned by the sub-committee to conduct an independent and in-depth external review of all matters. The Board has requested that this review be completed as soon as possible.

Pending the review by Mazars and as mentioned earlier the Association has separately and urgently engaged Grant Thornton to conduct an internal review of the Association's books, records and ledgers. As stated, Grant Thornton is on site at FAI HQ for the last eight days

The involvement of Grant Thornton also allows the addressing of queries raised regarding the €100k issue from 2017 to ensure the response to queries is comprehensive and accurate.

The Association recognises and shares the desire for these matters to be addressed as soon as possible, with due regard to the different ongoing processes and legal requirements. The FAI is also engaging with the Office of the Director of Corporate Enforcement in dealing with its inquiries.

GOVERNANCE

You will be aware that the FAI has a governance group which has assisted us in making some changes in compliance with the Governance Code. A number of policies and procedures were approved in 2018 including a code of conduct for Board members, a schedule of reserved functions, a volunteers' policy and a conflict of interest form.

New Government guidelines on terms for board members apply from 2021. The Association held an EGM this year where it voted to limit board members to eight years' service in line with the Government's Governance Code for Community, Voluntary and Charitable organisations.

Minister Griffin said on February 7th that the Government and Sport Ireland were satisfied with the new term limits for FAI Board members. We have also copied the Committee with the Jonathan Hall Associates report.

The Board plans to undertake a root and branch review of the FAI and to strengthen our commitment to reform through the establishment of a new group to review and recommend changes in governance to the Association. We have indicated to Sport Ireland that we will be seeking their input in relation to the composition of this group.

I know you wish to question us on progress in relation to the adoption of the Code so I will not delay now, pending those queries.

We have also advised Sport Ireland that recent public comments made by the FAI did not accurately reflect the Board's level of awareness of the existence of the €100,000 payment to the Association in 2017.

This matter is being considered by the Board sub-committee established in recent weeks.

THE COMMITTEE'S QUESTIONS

I will address the questions you posed to us in your recent correspondence, sequentially.

Firstly the process engaged in by the Football Association of Ireland in order to draw down State funding from Sport Ireland including the annual certification process:

On an annual basis, the FAI submits a Programme of Action to Sport Ireland outlining our plans within Grassroots, Player Development, Coach Education and Football Services Departments.

This sets out all comprehensive programme plans, the key objectives and targets to be achieved and the expected timeline to achieve them. Our Programme of Action also includes our annual budget for these programmes along with planned appointments for the year ahead.

The FAI also submits an end of year update on the previous year's Programme of Action which sets out the actual targets achieved and the actual income and expenditure for the previous year.

We also provide the following documentation:

- Terms and Conditions of Grant Approval for the year ahead
- Anti-Doping Compliance Report
- Update on participation figures
- Update on FAINet, our registered players' database
- Update on our Grassroots Strategic Pillars

These reports are provided to Sport Ireland by the end of January each year.

Sport Ireland review our submissions and revert with any queries which are dealt with in a timely manner.

The grant drawdown process is made by way of a letter from our Financial Director/CEO to the CEO of Sport Ireland. Sport Ireland generally approves our Field Sport Grant during Q2 but it has the ability to release up to 50% of our annual grant before they actually formally approve the annual funding.

After their internal approval process, they will advance us a further 25%.

The final 25% is held until we provide an interim report on activities and budgets, our signed and approved financial statements and an update on proceedings from our AGM in July/August. Any queries if applicable are dealt with and once Sport Ireland are satisfied that the FAI has met all required criteria, the final balance of funding is processed.

The entirety of the Terms and Conditions of Grant Approval including the manner in which the Football Association of Ireland ensures compliance with same:

I have brought a full copy of the Sport Ireland terms and conditions for Grant Approval for the Committee. I don't propose to read into the record every single one but I can if you wish.

I refer to Clause 4.3 of the 'Further Reporting' section of our annual terms and conditions. It requires the Association to notify Sport Ireland in writing in the event of any material deterioration in its financial position.

We acknowledge that certain circumstances arose in April 2017 which were not reported to Sport Ireland. We will work with Sport Ireland in order to establish a process to ensure the FAI are, in future, fully compliant with clause 4.3.

All other clauses within the terms and conditions are met. We have also invited Sport Ireland to satisfy itself on this matter by meeting our colleagues.

The process by which the Financial Statements of the Football Association of Ireland are compiled, including the sign off mechanism, before production to Sport Ireland in accordance with the Financial Reporting obligation contained in the Terms and Conditions of Grant Approval. Further, an explanation as to why particular credit facilities afforded to the Football Association of Ireland were not disclosed as part of this Financial Statement for the relevant year:

FAI uses Sage 200 financial software to manage its financial transactions. Management accounts are prepared on a monthly basis and are reviewed by the Finance Director. Actual versus budget reports are sent to all budget owners on a monthly basis for their review and action.

Monthly management accounts are presented to the Finance Committee and the Board. On a quarterly basis, a full financial business review takes place between the CEO, the finance team and the relevant budget owners to discuss financial performance to date and any necessary action required.

At the year end, reports are exported from Sage 200 and mapped via Excel into financial statements. A final review with the CEO takes place before they are presented to our auditors for their independent review. Our audit committee convenes at least twice during the auditing process. Once this audit is completed, the financial statements are presented to the Board for their approval and sign off. The signed financial statements are submitted to Sport Ireland for their review as per the Terms and Conditions of our annual grant.

Measures are currently being undertaken to review our current processes and recommend controls to ensure full compliance with company law.

Audits carried out by Sport Ireland of the Football Association of Ireland, including the results of any such audit:

Sport Ireland audits tend to take place every three years. There is an audit scheduled to take place this year and the last Sport Ireland audit took place in 2016.

The historical context to the drawdown of Sport Ireland funding including the timing of the drawdown, any requests for early drawdown and co-operation between Sport Ireland and the Football Association of Ireland in relation to such requests:

Sport Ireland has always supported the FAI and understands the cyclical nature of our funding. Generally we would, with the agreement of Sport Ireland, draw down 50% of our annual field sports grant by the end of quarter one, the next 25% would be released once Sport Ireland reviewed our annual January submissions and approved our annual grant internally and the final instalment would be released once Sport Ireland satisfied themselves that we met all the required criteria.

This always takes place after our AGM in July/August each year.

Our programmes commence January 1st each year and a significant amount of our Sport Ireland funding contributes towards the cost of Development Officers and other grassroots administration roles.

Football Association of Ireland's progress in relation to the adoption of the Code of Practice for Good Governance, Voluntary and Charitable Organisations, noting that the Government's National Sports Policy, published in July 2018, tasks Sport Ireland with overseeing a process whereby all NGBs and National Sports Partnerships adopt the Code by end 2021:

A Governance Committee was established in 2017 to ensure implementation of the Code of Practice for Good Governance in Community, Voluntary and Charitable Organisations in Ireland and since its establishment has introduced the following:

1. A Board Induction Process
2. A Code of Conduct for Board Members
3. A Conflict of Interests Form
4. A Schedule of Reserved Functions for the Board
5. A Volunteer Policy
6. Board Meeting Standing Orders

In addition, term limits of eight years for all new Board Members have been introduced and three members of the Board have been appointed to the FAI's Audit Committee.

The Association intends to be fully compliant with the Code by the end of 2021, within the deadline set out in the National Sports Policy.

Communication between the Football Association of Ireland and Sport Ireland, including any statutory requests made by Sport Ireland seeking information of the Football Association of Ireland:

Each of our departments liaise with their counterparts in Sport Ireland. We have developed very good working relationships with Sport Ireland and meet them on a regular basis. They seek our assistance for various initiatives; organisational training, anti-doping, risk register etc.

Statutory requests tend to come through either our Legal or Business Partnerships Departments and are dealt with as appropriate.

Whether the presence of State funding is displacing the use of FAI funds in relation to certain programs, and whether the FAI has the capacity to sustain these programs without State assistance:

State funding is of significant importance to FAI in delivering our grassroots programmes, in keeping with our policy of “Football for All”. This, along with other funding sources through local authorities, has facilitated the growth of our nationwide Development Officer network. We have a network of 57 Development Officers, with a further four in the process of recruitment, the majority of Development Officer roles are co-funded.

This allows us to grow participation numbers nationally and develop new participation programmes targeting our entire population. FAI would not have the capacity to maintain these programmes without the assistance of State funding. Our 2019 Programme of Action budget shows the apportionment of our Sport Ireland grant relative to the actual cost of running these programmes.

For each €1 invested through Sport Ireland funding, the Association matches this with an additional €4, as acknowledged by Sport Ireland.

Sport is a very different business to others. The qualification stage process of football is unique. Financial fluctuations are the norm and cashflow is often irregular.

The disappointment of the failure of the men's senior team to qualify for World Cup 2018 had a major impact on match attendance and, subsequently, cashflow.

I know you wish to question us about whether the presence of State funding is displacing the use of FAI funds and whether the FAI has the capacity to sustain programmes without State assistance. I won't delay now as I know you wish to raise queries on these, except to say we couldn't do what we do without State assistance. Similarly, the activities of the FAI help enable the State to meet some of its policy aims, especially in the areas of health and social inclusion.

I appreciate that Sport Ireland confirmed to you last week that its auditors were satisfied that all monies granted to the FAI were expended in the manner for which they had been provided.

I want to make clear how seriously we take the issues that have emerged in recent weeks. The sub-committee of the Board has been working every day since its establishment on March 26th to plan a way forward, ensure transparency and promote greater trust in our organisation.

There has been much work done in recent years to create a more financially-sustainable organisation. Cash flow management is at the forefront of our financial planning.

I wish to state too that a process will, in time, be put in train to appoint a new CEO, answerable to, but not a member of, the Board, in line with best governance practices. We will use an outside, independent body to assist in this search.

One of the key requirements for the next CEO will be to build on key relationships that already exist with Sport Ireland, the Oireachtas, this Committee and all stakeholders.

THE JONATHAN HALL ASSOCIATES REPORT

Members may be aware that our Association commissioned Jonathan Hall Associates to engage in a review of senior executive roles. The Board had recognized that the workload of the CEO had expanded considerably over recent years and that further

expansion was likely having regard to a number of potential strategic international projects under consideration.

Over the next three to four years, considerable demands will arise from hosting of the Euro 2020 fixtures, the bids being assembled on a North-South basis for the 2023 U21 men's European Championship Finals and the joint UK-Ireland bid for the 2030 World Cup.

It was the Board's view that, coupled with the demands of managing a growing organization, it was neither feasible nor best practice for responsibility for addressing all these challenges to be placed on a single individual.

It was also the Board's view that, in considering how roles might be structured, regard should be had to models in place in other football associations and the unique influencing power and skills which are vested in the person of the former CEO by reference to his 'personal' position as a member of the UEFA Executive Committee.

It was Jonathan Hall Associate review which led to the creation of the position of Executive Vice-President.

THE GOOD WORK OF THE FOOTBALL FAMILY

While I know members will be interested in questioning us about matters that have featured in the media in the last few weeks, I feel it is my duty to also put on the record the recent achievements of the Irish football family- at every level. These shouldn't be

lost in the heat of controversy. I am sure if I didn't these achievements, I would be criticised for not having done in many quarters.

Our national men's team, led by Mick McCarthy, has won its two opening matches in the qualifying rounds of the UEFA European Championships, and sits on top of Group D with six points. As many of you will be aware, Dublin will host four games at the Euro 2020 finals with huge financial benefit to the Irish economy. If Ireland qualify, we are guaranteed two home games at the tournament.

Our national women's team, managed by Colin Bell, will begin their UEFA 2021 European Championships qualifying campaign against Montenegro in September.

Our under 21 men's team, in Stephen Kenny's first match in charge, ran out 3-0 winners against Luxembourg on March 24th.

Tom Mohan's squad recently qualified for this summer's UEFA under 19 finals as winners of their elite qualifying group.

Next month, we host the UEFA under 17 European championships with games to be played in Dublin, Wicklow, Waterford and Longford, with Colin O'Brien's team carrying Irish hopes with them.

Our under 19 and under 17 women's teams have recently enjoyed victories over Serbia and Scotland respectively in their European Championship qualifiers.

On the domestic front, attendances are up by over 11% in the SSE Airtricity League of Ireland with an average increase of 13.5% in the Premier Division and an increase of 42.9% in the first division.

At SSE Airtricity National League level, under 13 football was launched recently and we now operate at under 19, under 17, under 15 and under 13 levels in the League of Ireland.

At grassroots level the latest Sports Monitor report by Sport Ireland confirms football as the biggest participation sport in the country.

Our recent implementation of an online FAInet process already has 213,000 players registered across 86 plus leagues.

We continue to deliver our FAI Strategic Plan 2016 – 2020. We are now in the fourth annual operations plan linked with the strategy, with positive outcomes in 2018 on the targets set. We are well on target towards full implementation by 2020.

The FAI also continues what I would describe as invaluable work in the following areas:

- Our Player Development Plan, under the auspices of High-Performance Director Ruud Dokter, is now into its fourth year with the emphasis on a player focussed model, creating better players for the future.

- Our Emerging Talent Programme helps identify and develop talented young players from under 11 upwards around the country with a view to helping them progress onto the international stage. The regional Emerging Talent network has 10 centres nationwide- and ancillary centres in Dublin- with 1,200 players between boys and girls across 3 separate age groups.
- The FAI in partnership with Education and Training Boards countrywide operates 11 Local Training Initiatives that provide a unique blend of educational and football development for talented young footballers both male and female. The FAI-ETB Player Development programme enables participants to train full time while also availing of a sport themed education course accredited at QQI level 5 (with 400 CAO points available) enabling young players to achieve their academic and sporting potential. Nine of our SSE Airtricity League of Ireland clubs have links with Third Level institutions.
- Our Football for All Programme, the aim of which is the delivery of football opportunities to people who may not ordinarily get a chance to play the 'beautiful game'. This is made up of players from all groups and sporting bodies that cater for people with a disability who want to play football and has approximately 3,800 players participating.
- Our football programme for the homeless and our late-night leagues, many of them in disadvantaged areas, continue to grow.

- We launched the U17 Women's National League with 11 clubs participating. This is a vital step to develop women's football at underage level.
- Last year we launched the Glow Football Programme which has the aim of encouraging young girls to get involved in football, through a fun concept of playing indoor football to music in the dark under ultraviolet light.
- Our FAI Aviva Soccer Sisters programme, now in its 13th year, will see girls between the ages of 6 and 14 attending football camps over the Easter holiday. Already bookings for Easter are at record levels.
- Over 42% of the 37,200 children taking part in this years Spar Primary 5s are female. 1,693 schools were involved. More than 20,000 children from 1,038 schools took part in the 2018 Primary and Post Primary Schools Futsal Programme. Over 35,000 participated in our Sports Direct Summer Soccer Schools in a record 400 camps.
- There were 2,245 participants in 2018 in our school-club link programmes.
- FAI won the diversity and inclusion award at the 2018 Irish Sport Industry Awards organised by the Federation of Irish Sport.

- In 2018 we rolled out the Integration Through Football Project and the Sports Welcomes Refugees Programme, both supported by the Department of Justice and Equality and the European Commission.
- Four new development officers began work with the FAI during 2018 in Kilkenny and Dublin, two of the roles are solely dedicated to women's football and one to inclusion programmes.

These achievements and programmes can only happen thanks to the hard work and dedication of the players, the fans and our staff, and I pay credit to them all today. I also apologise to them that the FAI is the subject of controversy at this moment and I hope a stronger and better Association emerges for them from the turmoil.

This work could also not take place without the vitally important funding we receive from the State. I want to repeat how grateful the Football Association of Ireland is to receive these monies, via Sport Ireland, which go towards programmes like those I have mentioned.

We appreciate, also, that receipt of State funding brings with it a heightened level of public and political scrutiny.

That is as it should be.

Nevertheless, the point should be made at this point that FAI activities are primarily funded via UEFA and FIFA and through commercial and philanthropic sources, not to

mention the various fundraising activities at local level in communities the length and breadth of Ireland.

And it is not a one-way-street.

Football in Ireland, and our work in the FAI, brings with it not just huge social, health and community benefits, but an economic benefit aswell to this country and its economy. Sport Ireland noted last week for every Euro they give us, the FAI spends four more.

This facilitates participation at grassroots level and enables us to reach out to all across the country, to all those who wish to play football and experience some of the excellent personal, health, community and societal benefits involved.

CONCLUSION

Despite our great success on the pitch, and in communities around Ireland, the past few weeks have undoubtedly been a difficult time for Irish football and the FAI.

We are determined as a Board, and I am determined as President, that our sole focus shall once again be to promote football in this country. I hope the processes that we are putting in place in the short term, and the long term processes around governance and reform, will help to restore your faith in the Football Association of Ireland.

We have taken initial steps to modernise our structure and await the Mazars report to ensure that process is completed.

We have listened, we will listen further, and we will learn.

In conclusion, Mr Chairman, there has been much work done by the FAI to create a more financially-sustainable organisation.

I hope by us emerging stronger and more transparent, it will help make the case to Government for more resources for all sports.

Thank you.

ENDS