

Private and Confidential

Joint Committee on Transport, Tourism and Sport

17th July 2019

Statement by Aidan Horan (Chair of the Governance Review Group)

Introduction

On behalf of the Governance Review Group, I would like to thank you for the invitation to meet the committee and for the opportunity to discuss the “Governance Review Group Report for the FAI Board and Sport Ireland” which was published on 21st June last.

Within this opening statement, I propose to provide some details on the group and the work undertaken to deliver the report, our agreed definition of governance, an overview of the main sections of the report and our overall conclusion.

The Group and work programme

The Group comprised five members, three of whom were external members nominated by Sport Ireland and two of whom were nominated by the FAI Board. The FAI nominees were Rea Walshe and Niamh O’Donoghue. The Sport Ireland nominees were Joe O Leary, Moling Ryan and myself.

The group met on a total of 11 occasions over an eight week period and following the agreement to the terms of reference, we finalised a work programme to ensure completion and delivery of the final report by 21st June. We were aware of the seriousness, importance and urgency in delivering on a very detailed terms of reference so that any of the governance reforms recommended and accepted could be adopted by the FAI as part of the July 2019 AGM process.

Our work programme and methodology included examination and review of documents and reports including UEFA and FIFA statutes and regulations, legal, regulatory and governance reports, codes and guidance, research and engagement on governance arrangements and structures in peer football associations, review of submissions, stakeholder forum attendance, direct

engagement including meetings and interviews with key stakeholders. We also reviewed FAI board and committee minutes as well as a range of relevant FAI governance and commercial agreements. As Chair, I would like to confirm to the Committee that all requests for information and material made to the FAI were responded to expeditiously and professionally and there were no instances where information was refused.

The report includes seventy eight recommendations which focus on governance principles, governance arrangements and governance structures within the FAI and which we consider, if implemented as envisaged, will commence the process of rebuilding and restoring confidence, trust and faith in the Association and in how it's governed.

In a review of this nature where the focus is on good governance obligations, norms and standards, the emphasis is necessarily on what has gone wrong, on weaknesses and deficiencies and areas where urgent and significant improvement may be necessary. I would want also to highlight and acknowledge that during the review we were provided with much evidence and commentary by so many people of the great and unsung work done by so many volunteers, mentors, coaches, FAI staff and many others across the country. It is quite clear that people care passionately about football and are invested in the game at so many levels, and they, like us all, want to see a much more successful, vibrant and well-governed FAI. This report is our contribution to this aim.

In my chairman's statement in the report I included what I see as a critical issue, in that the report calls for serious reflection and determined action by those who have the authority and power to support and endorse these recommendations. This report also calls for a serious reflection by those who may see themselves taking on a governance position, to acknowledge the profound duties and expectations that go with these roles.

Definition of Governance

The following working definition of governance was agreed by the group at the outset of the process.

Governance comprises the arrangements put in place to ensure that the Football Association of Ireland fulfils its overall purpose and achieves its intended outcomes for all its stakeholders. Governance is concerned with leadership and direction, structures and authority levels, processes for decision making,

accountability arrangements, risk management, internal controls, culture and related behaviours within the organisation.

Overview of the Report

The report includes sections on the following:

SUBMISSIONS

As part of the review, stakeholders were provided with opportunities to engage with the Group and to make submissions on governance-related matters. A total of 127 submissions were received and all of the submissions were individually reviewed by each member of the Group and this facilitated a wide discussion on views and perspectives provided in the submissions. Stakeholders also had a further opportunity to input at the Department of Transport, Tourism and Sport Irish Football Stakeholder Forum ('the Forum') which was convened on 31 May. The Forum output was collated and provided to the Group on 5 June 2019.

The nature, quality and insightfulness of many of the submissions were of a very high standard and I am pleased to have the opportunity to publicly thank all those who submitted.

We also met many stakeholders groups as listed in Appendix 3 of the final report and this included very constructive meetings with UEFA and FIFA, clubs, players, referees, supporters, Sport Ireland, Departmental officials as well as FAI board members, management and staff.

PRINCIPLES AND RULES

In examining the rules and principles, we relied heavily on the governance principles, regulations, statutes, reports and guidance from UEFA and FIFA as being key authoritative sources in this area as well as on the Code of Practice for Good Governance of Community, Voluntary and Charitable Organisations in Ireland (CVC Code), the UK Corporate Governance Code and the Charities Governance Code as well as the Code of Practice for the Governance of State Bodies.

The Group recommended six principles to be adopted by the Association which we consider are the principles, hallmarks and standards for the Association. These principles should underpin the ethos, approach and philosophy of all those involved in the Association from the basic unit, the club all the way to the Board.

The proposed principles are as follows:

Good Governance, Effective Leadership, Accountability and Transparency, Ethical Behaviour and Integrity, Stakeholder Engagement and Professionalism

As part of our work programme, the Group also undertook an analysis and mapping of the extent of alignment of the FAI rules with the UEFA governance principles. This analysis reaffirms the contention that formal rules play an important but limited role in promoting and embedding good governance. Most of the recommendations relate to how governance should operate at the FAI in addition to related cultural and behavioural considerations and do not require rule changes as such. Simply a better way of doing business.

CORPORATE GOVERNANCE ARRANGEMENTS

Within the section on corporate governance arrangements we focussed on norms, standards, expectations and good practice across 16 key governance areas which were of direct relevance and import to the FAI, as a large enterprise with a high national and international profile and as the national governing body for a sport with the greatest levels of participation across the country.

The 16 areas are as follows: Roles and Responsibilities, Leadership, Strategy planning and implementation, Performance monitoring and reporting, Risk management system, Performance accountability arrangements, Internal control system, Board and sub-board structure (committee) effectiveness, Transparency and disclosure, Capacity and capability of governance and leadership team, Compliance with legal, regulatory and governance obligations, Stakeholder relationships, engagement and management, Ethics, conduct and behaviour, Financial governance, management controls and reporting, Audit and assurance arrangements and Governance obligations in relation to joint ventures, third-party arrangements and funding agreements.

BOARD ROLE AND COMPOSITION

The recommendations in this section are framed so as to better position the Association to deliver on its governance agenda and to reflect the modern structures seen as necessary for the successful governance and management of football associations across the world.

There is a widespread acceptance that the requirements of football administration and the associated governance demands have changed significantly in recent years. The FAI now has a staff complement of 206 and a budget in the order of €50m per annum. Its operations impact on almost every community in Ireland and, thus, have a resonance at local, regional and national levels. The structures in Ireland have changed little to reflect these realities and there is an imperative now to put in place structures which reflect the reality of modern-day football administration and modern-day governance obligations.

To ensure delivery of this multifaceted role the Group recommended that the Board be supported by a number of committees, some of which will support the Board in the business elements of its role and some of which will support the Board in the football elements of its role. These ‘football committees’, while maintaining a direct reporting line to the Board, just as with the ‘business committees’, will also have a separate reporting line to a newly established Football Management Committee (FMC). The FMC will play a key role in the future governance of the FAI and their remit will include oversight and advice on the development, promotion and regulation of football at all levels.

This report has set out very clear recommendations in relation to the composition, memberships, skills and attributes for the new Board and also clear proposals on the composition of Board committees for business matters and football matters. These recommendations will herald a serious and radical overhaul of current Board and committee governance arrangements, with immediate and follow-on implications for Council and the AGM.

Given the nature and extent of the challenge facing the organisation and the issues which will arise and need to be addressed over the coming weeks and months, the Group considers that an Interim Board for a period of 12 months would be most appropriate in the current circumstances.

The implementation of the recommendations of this section of the report, including new governance arrangements and practices, new Board, new committees and greater stakeholder representation will allow for more effective and better functioning governance arrangements.

IMPLEMENTATION

The Group was conscious, from the outset, of the urgency and necessity for change and also of the timelines for resolutions and changes to the rules in relation to the future governance arrangements and structures. As I indicated

earlier, many of the recommendations relating to corporate governance, third parties and the Board role can be implemented speedily and do not require rule changes.

What is required, however, is a fundamental change in approach, culture and attitude as to how good governance is operated within the Association. This change must be led by those who exercise and are entrusted with governance and leadership roles across the FAI, at Council, Board and Committee levels and within the executive management.

The Group identified sixteen immediate implementation priorities which should be endorsed, sponsored and progressed in the coming weeks by the Board of the FAI including the acceptance and endorsement of this report by the FAI Board, the appointment of an Implementation Oversight Group and internal implementation team within the FAI. There also needs to be detailed preparatory work for the AGM and rule changes and comprehensive terms of reference for the new board and committees.

This work has already commenced and detailed draft terms of reference for the committees have been circulated. There is also a very comprehensive draft terms of reference for the Board. This is further evidence of the importance, urgency and seriousness of the work underway to embed good governance by clarifying the roles, responsibilities and accountabilities of those tasked with governance and leadership roles within the FAI.

FINAL OBSERVATIONS

Within the report we identified several important areas and initiatives which we felt merited consideration and these included: The quality, range and diversity of FAI programmes and projects across the country, Staff Forum initiative within the organisation, Supporters' Forum, Executive leads to support the governance structures and harnessing the knowledge, skills and expertise of staff and others, FAI strategy and priorities for the future.

In terms of goodwill for a successful FAI, everyone acknowledges that urgent change is necessary and needs to be expedited and there is a strong hope that the reforms will herald a new beginning.

The group also identified a range of additional areas which require more detailed analysis and consideration with a view to having further proposals and recommendations to be tabled at the July 2020 AGM. These include

membership, AGM, review of the rules and the constitution and the composition and role of Council.

Acknowledgements

In conclusion on behalf of the Group and on my own behalf, I would again like to acknowledge the valuable inputs, assistance and genuine constructive challenge from the individuals and groups we met and to particularly thank all those who made submissions and who contributed to the Stakeholder Forum. The discussions from the meetings and the submissions were carefully considered and reflected upon and did inform our deliberations and our recommendations.

Overall Conclusion

The findings and recommendations in the report point to the requirement for fundamental change and reform to facilitate better governance practices at all levels in the organisation.

This will necessitate greater clarity of roles and responsibilities at all levels in addition to better planning, reporting, oversight and accountability arrangements so that those tasked with governance and leadership are in a position to more effectively carry out their duties whether at Board, Committee, Council or other levels. This may require a further realignment of senior executive and management roles within the organisation to support the new arrangements.

The report findings and recommendations, when considered in their totality, propose a new governance framework including principles, arrangements and structures which will support the Board and the organisation in achieving and observing good governance practices. This was the key task of the Governance Review Group as outlined in our terms of reference.

It is important to re-emphasise that the objective of better governance is to ensure that the FAI will continue to deliver on its very important mandate: the promotion and development of the game for all. Our report is a contribution to this.

I am attaching a copy of appendix 10, the proposed FAI Governance Structures, which might be helpful to the Committee.

Thank you Chairman and I am happy to answer questions or provide any clarifications for you or the committee members.