

Joint Committee on Transport, Tourism & Sport

17th July 2019

Opening Statement by John Treacy (Chief Executive, Sport Ireland)

1. Introduction

I am joined today by Chairman of Sport Ireland, Kieran Mulvey, and the independent Chair of the Governance Review Group and a Director of the Institute of Public Administration, Aidan Horan.

Aidan will separately make an opening statement in relation to the work of the Governance Review Group and its report, which was furnished to members of the Committee on June 21st in advance of its publication.

Sport Ireland has attended this Committee on two occasions in recent months where matters pertaining to Governance in the Football Association of Ireland were discussed at length. Today I will take the opportunity to give Sport Ireland's perspective on the recent developments towards reform and look at the next steps in relation to the adoption of the reform proposals and ultimately the conditions by which restoration of Sport Ireland funding may take place.

2. Governance Review Group Report

The Board of Sport Ireland welcomes the report of the Governance Review Group. The report provides a clear and comprehensive pathway for the fundamental reform of governance within the Football Association of Ireland, and a pathway for the FAI to emerge from its current difficulties.

The report is a significant piece of work and draws on the expertise and experience of the various group members, particularly in the areas of corporate governance, financial management, change management and football administration.

The report is detailed and explicit in its recommendations. It gives serious consideration to the input of many stakeholders, as well the outputs from Football Stakeholder Forum, hosted by Ministers Ross and Griffin, and attended by the Chairman and some members of this Committee.

What is clear from the discussion at that forum and the large number of submissions received from members of the public and the football community is that a palpable appetite for change exists. Indeed, the recommendations in the report have been widely welcomed and the commentary following the publication has been overwhelmingly positive.

While Sport Ireland is a key funder of the Football Association of Ireland, it is important to acknowledge the significant roles played by both international partners UEFA and FIFA from a governance and funding perspective. It is therefore welcome that the Group consulted with both UEFA and FIFA as part of this process and benchmarked its proposals against the principles and regulations of both, as well as other international football federations. **In this regard, Sport Ireland was pleased to hear that the outcome of the Group's work has been endorsed by UEFA and FIFA. This is an important development and sends a clear message to stakeholders at all levels of the game, from grassroots to professional, that these recommendation need to be implemented in the best interests of the game.**

The report clearly and appropriately identifies the collective responsibility of the new Board of the FAI in leading and directing the organisation's activities. It will be up to the new Board of the FAI to show leadership in the implementation of these critical, yet achievable, recommendations. It is the view of the Sport Ireland that the timely implementation of these reforms is essential to the restoration of public trust and confidence in the FAI.

A new outlook is needed and is necessary if real change and reform is to be realised. We now have a timely opportunity to commence the process of change. The urgency arises from the need to provide the public, football community and stakeholders with assurance that there is a determination in the FAI to enact necessary reforms. The adoption and implementation of the recommendations of the review is only a starting point; the actions and steps which will follow will take a period of time.

While the report has been widely welcomed, one challenge facing the Board of the FAI is reassuring all of its constituents that the 78 recommendations included in the report of the Governance Review Group are in the best interests of the organisation and the game of football here in Ireland.

There have been media reports in recent weeks in relation to some reservations expressed by some affiliates of the FAI regarding the proposed composition of the new Board. It is natural for reluctance to change and reform to exist among some groups when bringing about any change process. We respect the autonomy of such groups however, it is of vital importance that they reflect on the current situation, as well as the implications and practicalities of the recommended committee structure and where their respective input and expertise are best suited. One particular aspect worth highlighting is the establishment of the new Football Management Committee. This is essentially the new Football Board for the FAI and will oversee the business of football. The Football Management Committee will be the forum where all matters pertaining the game of football at all levels will be discussed.

It is also important to note that the Governance Review Group report recommends appointing an interim Board for a period of one year. The Board must show leadership; its role in this regard is clearly outlined in the report and the skillsets required by members of the Board to carry out its role and ensure the future successful governance and management of the FAI are detailed. These include, among others, legal, governance, financial, risk management etc. The report further states: “the necessity for the presence of these skills and experience on the Board is reflective of the requirement on the part of the Board to oversee the management and strategic development of a significant organisation...”

Sport Ireland notes that the FAI has been conducting roadshows around in the country to discuss the recommendations with key constituents and this is to be welcomed. It is hoped that these discussions will lead to a better understanding the proposals and also the reason why these changes need to happen.

3. Implementation Oversight Group

The Board of Sport Ireland views the adoption of the recommendations of the report by the FAI as absolutely essential.

As part of the implementation of the Governance Review Group report recommendations the FAI has appointed an implementation oversight group which will review the recommendations in conjunction with the FAI rule book and constitution. The first task for this group will be to draw up an action plan with associated timelines.

The FAI has invited Sport Ireland to appoint two representatives to the Oversight Group. Sport Ireland has nominated Joe O’Leary, who was a member of the Governance Review Group, and

experienced consultant, business psychologist and facilitator Angelo McNeive – a biography of Angelo has been appended to this opening statement. Both representatives will bring a huge degree of expertise to the table, and have the range of skills required for the Group. The FAI have welcomed these additions to the Group.

As a joint commissioner of the Governance Review Group report and the statutory agency with responsibility for the development of sport, Sport Ireland will pay close attention to the work of the Implementation Group and will seek periodic updates on its progress as part of an ongoing liaison process by our Audit & Risk Committee.

4. KOSI Corporation Ltd Audit

As the Committee will be aware, in May of this year Sport Ireland appointed KOSI Corporation Ltd to carry out an extensive independent audit of the Football Association of Ireland. The KOSI audit, which commenced in late May, is an exercise commissioned entirely independently of the FAI and one that will address key issues that Sport Ireland considers require examination at this point. The KOSI team is made up of senior auditors, including a forensic accountant.

The audit is independently assessing the expenditure of Sport Ireland grant funding in accordance with the FAI's approved submissions. It is also examining in detail the FAI's wider financial administration & internal control environment, including assessing the FAI's fitness to handle public funds.

Broadly, this will include, but is not limited to:

- Assessing the compliance of the FAI with respect to the Terms and Conditions set out by Sport Ireland in relation to the award of grants, between 2015 and 2018
- A consideration of good practice requirements and expected financial controls and how the FAI match-up against these requirements.
- An assessment of the financial control framework within the FAI, and the FAI's fitness to handle public funds.
- As assessment on the FAI's overall financial/cash position and overdraft facilities to meet its financial obligations.
- Assessment of the existence and effectiveness of the FAI's Financial Policies and Procedures pertaining to current practices within the FAI.

- Reviews to include sample testing to be undertaken.

It is anticipated that KOSI will deliver its report in September, in accordance with the original timeline agreed.

5. Future Funding of the Football Association of Ireland

The Board of Sport Ireland at its meeting April 9th of this year decided to suspend and withhold future funding to the Football Association of Ireland in accordance with Clause 1.1 of Sport Ireland's Terms and Conditions of Grant Approval.

This suspension and withholding of funding remains in place, and the Board of Sport Ireland continues to review this decision at each of its meetings.

There are a number of factors that the Board of Sport Ireland feel are of particular relevance to the restoration of funding, including, but not limited to:

- The adoption of the recommendations of the Governance Review Group and the establishment of new governance structures
- The completion of the KOSI audit and adoption of recommendations
- As in previous years, the FAI Financial Statements for 2018 will also be presented to Sport Ireland. Sport Ireland's Financial Controller analyses the Financial Statements submitted by the FAI and highlights any concerns, potential risks or questions that may arise. We would expect that the FAI would address any queries or concerns arising from that analysis.
- Sport Ireland is aware of an ongoing investigation into matters relating to the Football Association of Ireland by the Office of the Director of Corporate Enforcement (ODCE). Sport Ireland understands that the ODCE investigation is serious and will be very substantial.

The Board of Sport Ireland will continue to monitor these items as they develop and progress. A decision to restore funding will only be considered when the structures, controls and governance arrangements in place within the FAI are appropriate. The Board must also be satisfied that the FAI are equipped to ensure ongoing compliance with the Terms and Conditions of Grant Approval.

6. Update of Sport Ireland Terms & Conditions of Grant Approval, Governance Developments and Supports

Sport Ireland places a high premium on good governance, and encourages high standards in governance from all funded bodies. As a development agency, it is our aim to provide leadership in this area, empowering sport organisations to take responsibility for their own governance and meet the challenges that they face.

Sport Ireland has reflected on the FAI issues, listened to the comments of the members for the Joint Oireachtas Committee and discussed matters with the Department of Transport, Tourism and Sport.

Since Sport Ireland's attendance at this Committee on April 3rd, there have been a number of significant and pertinent changes in relation to Sport Ireland's oversight relationship with funded bodies and supports provided to those bodies.

At its meetings on May 28th and July 4th, the Board of Sport Ireland approved revised Terms and Conditions of Grant Approval for all Sport Ireland funded organisations to come into effect for 2020 funding.

Key amendments to the Terms and Conditions include:

1. Strengthening the audit clause to explicitly confer full audit, inspection and investigative rights on Sport Ireland for every funded body. The right to audit, inspection and/or investigation may also extend to any matter of concern to Sport Ireland that arises in respect of the organisation and not just relating to the use made by the organisation of the Sport Ireland grant funding.
2. Making it an explicit condition of funding that Sport Ireland appointed auditors are entitled to request and receive all the information and explanations they require for the proper performance of their job.
3. Making it a condition of funding for all National Governing Bodies of sport and Local Sports Partnerships to provide details of the full remuneration packages for their Chief Executive's (or equivalent positions) to Sport Ireland.
4. Sport Ireland will need to be provided with **independent verification** that each organisation is fully compliant with the Code of Practice for Good Governance of Community, Voluntary and Charitable Organisations in Ireland by the end of 2021.

Failure to cooperate fully with any audit, inspection and/or investigation on a timely basis will entitle Sport Ireland to suspend/withhold grant funding and/or claim repayment of any grants previously advanced by Sport Ireland.

The Board of Sport Ireland is satisfied that these measures are appropriate and necessary in light of the recent learnings from the FAI situation. We are confident that the additions will further strengthen Sport Ireland's authority in respect of overseeing public funds.

Good governance does not just live on paper, but is mutually dependent on behaviours and attitudes. While formal terms & conditions play an important role in safeguarding public funding, they have a limited role in promoting and embedding good governance within organisations.

This is why Sport Ireland takes a multi-faceted approach to ensuring good governance is prevalent throughout the sector, which includes encouragement and training & education to complement the outlined terms & conditions.

The Government's National Sports Policy, published in July 2018, tasks Sport Ireland with overseeing a process whereby all National Governing Bodies for Sport and Local Sports Partnerships adopt the Code by the end of 2021 (Action 31).

Since we last attended this Committee, Sport Ireland has taken over the Governance Code for Community, Voluntary and Charitable Organisations as a Governance Code for Sport. This follows the decision of the Governance Code Working Group to retire the Code.

From previous meetings, the Committee will be aware of the numerous training & development opportunities and interventions available to funded organisations through Sport Ireland's Organisational Development & Change Unit. The Organisational Development & Change Unit has been tasked with stepping-up its output in building the capacity and enhancing the **volunteer** leadership capability of the sporting sector, through strengthening governance, enhanced training and development of Boards.

7. FAI EGM & AGM

The FAI will hold an EGM on July 20th to facilitate the implementation of the first phase of the Governance Review Group Report's recommendations prior to the annual general meeting, which will take place on Saturday, July 27th. The recommendations in the report of the Governance Review Group outline a pathway, which will secure the sustainable future of Irish football.

Sport Ireland respects the independence and autonomy of all funded organisations, including the FAI, and the right of their membership to make decisions on leadership and governance structures. What is required now is reflection and determined action for the betterment of football across Ireland.

8. International Recognition for Irish Athletics

Finally, I would like to briefly deal with international recognition for Irish Athletics. We are aware that a delegation appeared before this Committee in recent weeks under the banner of ‘Friends of Irish Athletics’. I would have been aware of this group some years ago, however I, Sport Ireland nor the then Irish Sports Council have received correspondence from this group in many years.

Sport Ireland recognises Athletics Ireland as the independent, autonomous National Governing Body (NGB) for the sport of athletics in Ireland. Athletics Ireland is affiliated to the IAAF which is the world governing body for the sport. Sport Ireland provide funding to Athletics Ireland to supports its programme of activity across the pillars of participation, performance and High Performance.

The IAAF constitution states that “the jurisdiction of members shall be limited to the political boundaries of the Country¹ they represent”. This ruling was passed by the members at the IAAF Congress in 1934. That rule has remained unchanged in the intervening years.

Of the over 60 National Governing Bodies for Sport recognised by Sport Ireland, 47 exist on and all-island basis. Sport Ireland works closely with all National Governing Bodies and Sport Northern Ireland.

Member federations of the IAAF must abide by the constitution of the IAAF. The rules of the IAAF supersede all other federation rules. Member federations must clearly state this in their constitutions. Under International Relationships Article 19 of the Athletics Ireland constitution states “The association recognises, accepts, applies, observes and abides by the current Constitution, rules and regulations of the IAAF as well as by any future amendments.”

Since the establishment of Athletics Ireland in 1999 extraordinary progress has been made in the day-to-day organisation of the sport on the island of Ireland. It can be unequivocally stated that

¹ Note the 2019 IAAF Constitution Definitions section 85;

“Country” means a self-governing geographical area of the world recognised as an independent state by international law and international governmental bodies.

the current relationships between Athletics Ireland/Athletics Northern Ireland (ANI) and Ulster Athletic Council (UAC) are the best in the history of the sport. These relationships are enshrined in a Memorandum of Understanding (MOU) between the three bodies. There is also a separate operational document between the UAC and ANI. A Liaison Committee of equal representation from the three bodies reviews the MOU on a regular basis.

This MOU has also been formally approved by the IAAF. The primary objective of optimising all the athletic resources on the island is working with considerable success.

As evidenced by athletics teams comprising of athletes from North and South demonstrates the pathway which exists where athletes may represent Ireland in international events including European/World/Olympic Games. Sport Ireland or Athletics Ireland are not aware of any current or recent athletes who have expressed dissatisfaction with these current arrangements in relation to the International Recognition of Irish Athletes.

Appendix 1

Angelo McNeive - Biography

Angelo McNeive B.A. (Hons) Psych., MBA, M.Sc. Occ. Psych., Chartered Fellow, CIPD

Angelo is a consultant, business psychologist and facilitator with over 25 years experience in a variety of management, consulting and leadership roles both nationally and internationally, including eighteen years working extensively across the Irish public sector. Angelo's focus areas include Strategy Development, Project Management and Change Management with a particular focus on building organisational capability to execute strategy and implement change.

As a senior management specialist with the Institute of Public Administration he was responsible for developing its strategy formulation and implementation portfolio of advisory, training and facilitation services. He continues to be the lead tutor on the Institute's Professional Diploma in Project Management.

As a consultant psychologist, his international change management experience includes working with world-wide clients in the public sector, energy utilities, financial services and NGO's. This includes advising on and delivering large-scale culture change engagements in the UK, Holland, Norway, Australia, Africa, Canada and the US. Clients in this regard include Aker Solutions, Rio Tinto Alcan; in Australia with Ergon Energy and BHP Mitsubishi Alliance; in the US with Dyno Nobel, Willbros Engineering and Eaton Corporation; in Canada with Finning and in Africa with the Government of Tanzania.