

# DÁIL ÉIREANN

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## AN COISTE UM CHUNTAIS PHOIBLÍ

## COMMITTEE OF PUBLIC ACCOUNTS

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*Déardaoin, 4 Bealtaine 2017*

*Thursday, 4 May 2017*

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The Committee met at 9 a.m.

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### MEMBERS PRESENT:

Deputy Bobby Aylward,	Deputy Alan Farrell,
Deputy Peter Burke,	Deputy Marc MacSharry,
Deputy Shane Cassells,	Deputy Mary Lou McDonald,
Deputy Catherine Connolly,	Deputy Catherine Murphy,
Deputy David Cullinane,	Deputy Noel Rock.

DEPUTY ALAN KELLY IN THE CHAIR.

**Business of Committee**

**Mr. Seamus McCarthy** (*An tArd Reachtaire Cuntas agus Ciste*) called and examined.

**Vice Chairman:** We are joined by the Comptroller and Auditor General, Mr. Seamus McCarthy, permanent witness to the committee, who is accompanied today by Mr. Mark Brady, deputy director of audit. Before proceeding, I would like to offer the collective condolences of the committee to the Chairman, Deputy Fleming, and his family on the death of his mother. Our thoughts are with them at this time. With the agreement of the committee, I propose that the clerk write to the Deputy on behalf of members expressing our sympathy. Is that agreed? Agreed.

Are the minutes of the meeting of 13 April agreed? Agreed. Are there any matters arising from the minutes?

**Deputy Catherine Connolly:** Will we be dealing with the health board issue later in terms of correspondence?

**Vice Chairman:** We will be dealing with all correspondence.

**Deputy Catherine Connolly:** Does the Health Service Executive come under the heading of correspondence?

**Vice Chairman:** Yes.

**Deputy Catherine Connolly:** On the previous presentations from Caranua, under what heading will the outstanding items from it and the university be addressed?

**Vice Chairman:** They will also be addressed under the correspondence heading.

**Deputy Catherine Connolly:** Thank you.

**Vice Chairman:** There are three categories of correspondence for today's meeting. We will deal first with category A correspondence. No. 449A is briefing documents dated 28 April from Bord na gCon in advance of today's meeting, to be noted and published. Is that agreed? Agreed.

No. 450A (i) to (iv) is briefing documents dated 28 April from the Garda Commissioner's office in advance of today's meeting, to be noted and published. Is that agreed? Agreed.

No. 452A is opening statements dated 2 May from Dr. Seán Brady, interim chief executive officer, Bord na gCon, to be noted and published. Is that agreed? Agreed. Correspondence, No. 457A, which is the opening statement from the Garda Commissioner, was only received late yesterday afternoon. I hope everybody has had an opportunity to review it.

We will now move to category B correspondence, which is correspondence from Accounting Officers and-or Ministers and follow ups to previous meetings. No. 431B (i) and (ii) and 437B are correspondence dated 18 April and 20 April from Professor Don Barry, president of the University of Limerick, providing follow up information subsequent to UL's appearance before the committee regarding sabbaticals and money paid to Revenue, a breakdown of non-Irish students, a note on the number of facilitators employed and on complaints giving rise to reports and-or settlements. Also included are details on gender breakdown among staff. Is it agreed

to note and publish this correspondence? Agreed. There are a number of follow-up items in the correspondence today on our engagement with the third level sector. It may be appropriate to set aside some time, possibly on 18 May, to discuss further how the committee might wish to proceed. Given the volume of correspondence, it would take up a good proportion of this meeting if we were to go through it today. Is it agreed to set aside time on 18 May to deal with that correspondence?

**Deputy Catherine Connolly:** Is there a free slot on 18 May?

**Vice Chairman:** We are considering leaving the 18 May slot open for discussion of a number of items that we need to address in detail, including any issues not concluded today. Is that agreed?

**Deputy David Cullinane:** We would need to put some structure to that meeting. There is a great deal of correspondence to be dealt with but there were key themes that we all had agreed on that need to be addressed.

**Vice Chairman:** The clerk and his team will review the matter with a view to providing structure for the meeting on 18 May at next week's meeting.

**Deputy David Cullinane:** Can we put forward proposals?

**Vice Chairman:** Yes. As I said, the volume of correspondence we have received will require a significant amount of time to deal with. We should not try to deal piecemeal with it now.

No. 435B (i) to (vii) is correspondence dated 13 April from Professor Patrick O Shea, president of University College Cork providing follow-up information subsequent to UCC's appearance before the committee. Topics covered include intellectual property policy, acquisition of Irish Management Institute, staff travel costs, student financial supports and legal costs, to be noted and published. Is that agreed? Agreed.

No. 436B (i) to (ii) is correspondence dated 21 April from Ms Ann Campbell, president of Dundalk Institute of Technology, providing follow-up information subsequent to DKIT's appearance before the committee on gender breakdown among staff, to be noted and published. Is that agreed? Agreed. No. 437B (i) to (ii) is correspondence dated 20 April from Professor Don Barry, president of University of Limerick, providing follow-up information subsequent to UL's appearance before the committee on gender breakdown across different parts of the college to be noted and published. Is that agreed? Agreed.

No. 438B (i) to (ii) is correspondence dated 24 April 2017 from Mr. Alan Doyle of the National Treatment Purchase Fund, providing follow-up information to our meeting with the HSE and Department of Health on 9 March 2017. A note is included on the role of the fund, how rates are determined, the appeals process and the dispute resolution process, to be noted and published. Is that agreed? Agreed.

No. 444B is correspondence dated 26 April from Professor Brian Norton, president of Dublin Institute of Technology, providing follow-up information subsequent to DIT's appearance before the committee on the breakdown between full and part-time staff, losses incurred by DIT on library subscription service, the €3 million paid to BIMM to deliver BA in commercial modern music, a note on gender breakdown and a note on the implications of a two-year delay to the Grangegorman project, to be noted and published. Is that agreed? Agreed.

No. 445B (i) to (xxiii) is correspondence dated 26 April from Professor Willie Donnelly, president of Waterford Institute of Technology, providing follow-up information subsequent to WIT's appearance before the committee on gender breakdown, Company Registration Office files and a report on FeedHenry, to be noted and published. Is that agreed? Agreed.

We now move to category C correspondence from or in relation to private individuals and any other correspondence. No. 426C (i) to (ii) is correspondence dated 18 March 2017 from an individual regarding the best use of public money on social housing and South Dublin County Council. Matters in relation to local authority policy decisions do not fall within the remit of the committee. I propose we write to the individual informing her of this. Is that agreed? Agreed. Members can take note of this and raise it in another forum if they so wish.

No. 428C (i) to (iii) is correspondence from a firm of solicitors dated 12 April about a client who is seeking to address the committee on the Grace commission of inquiry and the standard of her care by the Health Service Executive. While the client maintains that the issues she raises are not covered by the commission of investigation, the terms of reference state that the commission shall exercise discretion in the scope and intensity of the investigation it considers necessary and appropriate. I think, therefore, that the best way of dealing with this, with the correspondent's permission, is to forward this letter with a note from the committee requesting that commission give consideration to the matters raised. Is that agreed or do members have an alternative proposal?

**Deputy David Cullinane:** Am I correct that this is correspondence from one of the whistleblowers?

**Vice Chairman:** Yes.

**Deputy David Cullinane:** She has requested, through her solicitors, that she be allowed to appear before the committee - as a witness.

**Vice Chairman:** Yes.

**Deputy David Cullinane:** She maintains that some of the issues may not be covered under the commission of inquiry. However, as the commission can broaden its investigations, the secretariat believes this matter can be covered by it. Is that what is being said?

**Vice Chairman:** Yes.

**Deputy David Cullinane:** The issues as I understand them from the correspondence relate to procurement, which strictly may not get the examination they may need under the scope of a commission of investigation. The whistleblowers in this case have been very brave by coming forward. They have done the State and the victims of abuse a service. If they feel they have something to offer the committee, we should show them courtesy of inviting them. All witnesses, in terms of their appearance here, have to be treated the same as anybody else. Whistleblowers have done so much to give us information in the first place that partly led to the commission of investigation. We should afford them the opportunity to come before the committee.

**Deputy Catherine Murphy:** My understanding is that the whistleblower disputes some of what has been put on record, which could make it easier for us to get the position. One could cross-reference with the HSE. There are leftovers from the previous meeting with the HSE. We would have to make sure to narrow the focus of the meeting but I strongly favour inviting the whistleblower in in that context.

**Deputy David Cullinane:** One of the issues was the funding for the service providers and strong disagreement as to the level of interaction between the HSE at a local or national level and the service providers. There is strong disagreement between the director general of the HSE and the service providers. That is a money issue.

**Vice Chairman:** Absolutely. I share the Deputy's concerns.

**Deputy Catherine Connolly:** We have to be careful. I am positive about this but we have to be careful because we have received many letters asking for witnesses to appear before us disputing various issues, particularly about the universities. That should not be the focus of the committee and, therefore, we need to look at a principle in this regard. There are exceptions to every principle and this is a particularly savage case, which would not be captured. We need to examine this specifically. We should wait until we discuss this with Mr. O'Brien because he has to come back to us in respect of the issues that have been mentioned. I raised three issues that have nothing to do with the commission of investigation, including public procurement and freedom of information. We cannot have a situation where a witness comes in and then Mr. O'Brien-----

**Vice Chairman:** I share the Deputy's concerns. This is delicate.

**Deputy Catherine Connolly:** Let us discuss this with Mr. O'Brien when he comes in and then consider the position of the witness who is seeking to appear.

**Vice Chairman:** There are a few issues. First, if we agree to this person coming in, given the parallel investigation by the commission, the meeting would have to be held in private session. Second, there is a chronology. As Deputy Connolly said, are we better to wait for Mr. O'Brien to come in and then make a decision on whether we bring in this individual afterwards? This is also probably a need for the committee to liaise with the commission on this issue before we make a decision.

**Deputy Catherine Murphy:** That is in some ways the opposite of what we need. I have no difficulty with a meeting being held in private session. I understand the crossover but if we are going to have the whistleblower in, the information should be provided in advance of Mr. O'Brien coming back in rather than after he has been in.

**Deputy Catherine Connolly:** I am waiting for clarification from Mr. O'Brien on those outstanding issues. I thought we were going to get it today. I am reserving my position on a private meeting. I do not know why we would.

**Mr. Seamus McCarthy:** Obviously I do not take a view one way or the other but I was at the committee meeting. There is a precedent of a whistleblower coming to the committee but it was held in private. It was in respect of Sergeant McCabe.

**Deputy David Cullinane:** It is our committee and one should have regard to precedent but my understanding of this is this individual wants to come before the committee in public. That is what this person is requesting and that is a matter for us to decide. There are issues that will not be covered by the commission of investigation. The services provider issues, for example, relate to finance and funding and they can, and should be, dealt with by this committee. That is our function and for that reason, if we agree that the whistleblower should come in, it should not be a private meeting. That would be problematic for us and the witness if we agree this.

**Vice Chairman:** Presumably, we will have to get legal advice on whether a meeting should

be public or private and we will have to take cognisance of that. Will we come back to this issue next week? Perhaps by then we will have correspondence from Mr. O'Brien. That would be helpful. I will ask the clerk to the committee and his staff to liaise with Mr. O'Brien and say that we need it before next week. In that scenario, we would be able to make a more complete decision.

**Deputy Catherine Connolly:** Has Mr. O'Brien not come back to us in the meantime?

**Vice Chairman:** No. It is not in this list of correspondence. There is other correspondence but not in respect of this issue.

The next correspondence is No. 429C, dated 15 April 2017, from an individual entitled "Treason and Betrayal by Public Servants" raising matters in regard to NAMA and the Angela Kerins High Court case. Is it agreed to note the correspondence? Agreed.

Nos. 430C, 433C, 442C(i) and (ii) and 443C(i) and (ii)], dated 11 April, 19 April, 25 April and 26 April, respectively, from Shannon Protection Alliance referring to the Kennedy report on the proposed pipeline from the Shannon to Dublin. This is a proposed project by Irish Water, which I know well, and the matter has been looked at by the Joint Committee on Housing, Planning, Community and Local Government. As it is not within our remit, I propose that the clerk to the committee forward the items to that committee for consideration. Is that agreed? Agreed.

No. 432C, dated 19 April 2017, is from an individual raising issues relating to flood defence in Cork city and the need for a cost-benefit analysis. I propose we forward a copy of the letter with appropriate redaction to the OPW for a response. Is that agreed? Agreed.

Nos. 434C(i) and (ii) are correspondence received from the chairman of NAMA regarding the committee's report on Project Eagle. We need to give this some consideration but as we have a busy agenda today, I propose we hold it over for a week. Is that agreed? Agreed.

No. 439C is correspondence from the Courts Service dated 24 April 2017 requesting a change in our proposed meeting with it which we had scheduled for 15 June. Is it agreed to note this and return to it when we discuss our work programme? Agreed.

No. 440C is correspondence from an individual dated 24 April 2017 in respect of issues at Howth Harbour. We had correspondence on this matter some months ago from the same individual. Though not entirely clear, the matter appears to be under investigation by the Ombudsman and we should probably await the outcome of that. I suggest we note the correspondence and ask the clerk to the committee to make contact with the individual to see if he can get the correspondent to clarify the matter raised. Is that agreed? Agreed.

Nos. 441C(i) to (iii) are correspondence dated 25 April from an individual raising concerns regarding testimony given to the committee when it met Caranua on 13 April. The correspondent raises questions about the powers of Caranua to breach confidentiality by writing to suppliers for receipts in respect of applicants who had received services. The person has written to the committee and made direct contact with Caranua on the matter. It appears Caranua is suspending the practice until independent legal advice is received. I propose that we write to Caranua and ask to be updated on the matter. I also propose we write to the individual who has acted as a concerned citizen in this matter and brought it to our attention. Is that agreed? Agreed

No. 446C is correspondence dated 26 April regarding the use of taxpayers money and the Air Corps. This is noted. Correspondence items 447C(i) to (ix) dated 6 March from an indi-

vidual are in respect of an allegation of fraud at Teagasc. This individual has been in contact with the committee before on this matter. The last committee wrote to Teagasc. The clerk is in the process of reviewing the documentation to see if there is anything further that the Committee of Public Accounts might consider, and will revert to the committee next week. We will note the item for the moment.

**Deputy Bobby Aylward:** We have all received correspondence from this person. Is this matter ongoing? Why does it keep coming back up? Why has the question not been answered?

**Vice Chairman:** According to the clerk, this is going back to 2009 and concerns opportunities for promotion. It has been to the rights commission, the Labour Court and a number of other arenas. I think the person is-----

**Deputy Bobby Aylward:** Obsessed.

**Vice Chairman:** The person has issues that he feels-----

**Deputy Bobby Aylward:** Would it be under our remit to investigate that?

**Vice Chairman:** There is the process of the Labour Court and there is an ombudsman. I think the clerk has spoken to the correspondent on the phone. If there is new evidence based on this correspondence, the clerk will make a decision and come back to us next week. I am sorry - the clerk will make a recommendation. The use of language here is very important.

Correspondence item 448C dated 28 April from the chairman of the company Flow East is in respect of NAMA and the sale of the Savarin portfolio in the Czech Republic. The correspondent has raised a number of further items subsequent to NAMA's response to his initial letter, which we had forwarded to NAMA. I propose that we forward this item to NAMA also for further response to the specific issues raised. Is that agreed? Agreed. The individual also wants to meet the committee but given the work programme, I do not think that will be feasible.

Correspondence item 451C dated 27 April from Deputy David Cullinane, who has just stepped out, is in respect of the practice by boards to refer matters to the Standards in Public Office Commission, SIPO, rather than to make formal complaints. We will note it as the Deputy is not here and we might return to it next week.

Correspondence items 453C and 454C dated 29 April and 2 May from Deputies Alan Kelly and David Cullinane are in respect of witnesses to be invited to our meeting with the Garda Commissioner this afternoon. We will note these.

Correspondence item 455C dated 28 April from Deputy Cullinane is in respect of further questions for the HSE about evidence given to this committee pertaining to the Grace case. Is it agreed to forward these questions to the HSE and to first ask the clerk to look at their phrasing in consultation with the Deputy, who is not here? Agreed.

Correspondence item 456C dated 28 April is from Deputy Cullinane in respect of further questions for NUIG following its appearance before the committee. Is it agreed to forward the questions to NUIG? Agreed.

We will move on to statements and accounts received since the last meeting. I am bringing them up on the screen.

**Deputy Catherine Connolly:** At what stage can we come back to Caranua and the out-

standing items?

**Vice Chairman:** We will do it in any other business before we go into Bord na gCon. On financial statements and accounts received, there are only four this week. The Gathering Project 2013 is a clear audit opinion; the Dublin Regional Tourism Organisation is a clear audit opinion; and Dublin Institute of Technology is a clear audit opinion, although the audit noted that the institute made payments totalling €3.4 million to 36 suppliers in the year in respect of goods and services that were not subject to competitive public procurement. The National Gallery of Ireland was a clear audit opinion except for non-compliance with financial reporting standard No. 102 in respect of heritage assets. The statement of financial position does not include the cost or value of heritage assets acquired since 1 January 2011. Does the Comptroller and Auditor General want to comment?

**Mr. Seamus McCarthy:** I would simply draw attention to this. There is an expectation that value is put on the balance sheet in respect of any heritage assets that are acquired since 2011. It was a change made in 2011. The National Gallery has not gone along with that on the basis that the bulk of its stock of heritage items is not included on the balance sheet and that, effectively, it is not material relative to the stock. I am just drawing attention to it as it is a technical non-compliance with the accounting standard.

**Vice Chairman:** Are there any further comments? We will move on to the work programme, which is coming up on the screen. With regard to the HSE's appearance, the Chairman has suggested that we delay this meeting slightly if possible to deal with 2016 accounts, which are due for publication shortly. We have scheduled 15 June for them and can deal with that matter on the same day. Given the discussion we are going to have next week on the topic we discussed earlier, there are two dates free. We also have to be cognisant that today's meeting is going to be quite comprehensive and long. We may have to come back to one of today's items on one of those dates for an hour or two.

**Deputy Bobby Aylward:** The two issues today are very important. Should we have the two of them in the one day? I know the schedule is tight.

**Vice Chairman:** I agree totally.

**Deputy Bobby Aylward:** The second one in the afternoon is very important but we all have to concentrate on the Bord na gCon session as well. It is a bit much for the committee to take on the two of them in the one day.

**Vice Chairman:** The clerk has informed me that this was the only day on which each of the organisations could come in. I share the Deputy's view completely. These are two items in which I have taken a huge interest.

**Deputy Bobby Aylward:** We all have.

**Vice Chairman:** Today's work schedule is going to be incredibly long and very detailed. These two items are greatly important and difficult. There is a possibility that one or both sessions could overrun. We have votes at 12.45 p.m. It is now 9.40 a.m. We have to keep those other dates free so that we will be able to bring them back in for an hour or two to conclude should we run over time today.

**Deputy Bobby Aylward:** It would not be a problem if there was something we could write off in half an hour or an hour but both these topics need to be investigated. Taxpayers' money



is involved and they are serious issues in the media and everywhere.

**Vice Chairman:** Both of these issues are very serious and each would take a full day's meeting normally.

**Deputy Bobby Aylward:** That is my point.

**Vice Chairman:** We have to proceed as planned today. There is a high possibility that we may not conclude one or both of the items and may have to return to them on one of the two dates that are available. If we do, we do, and that is just it. In fairness, next week we will also be able to deal with the issue we discussed earlier in respect of the Grace case. We will have to fit that in as well if we make a decision to deal with it. Is that in order? Agreed.

We will move on to any other business, and I also have a couple of items I want to talk about in private session. I call Deputy Connolly.

**Deputy Catherine Connolly:** With all the correspondence that has come in about the universities, it is good that we have decided to examine it next week. There were outstanding items relating to Caranua. I do not know why the responses have not come in. It is very difficult to keep up with what we asked. There was the question of the five reports that it commissioned and the cost of the five reports. That was the first one. There is also a huge issue about rent. They were about to sign an agreement in May with the money coming out of the pool, but I read with absolute horror that it amounts to €0.75 million. The Secretary General of the Department of Education assured us he was going to look at that. Have we heard anything back? Have they gone ahead and signed it? The third issue is the review of Caranua. Where are we at with that? I am overwhelmed with correspondence - I am sure other Deputies are too - from people dissatisfied with the service. I am not happy at all with this and I was certainly not happy with what was said on the day, but that is another day's work. The main issue at the moment is the rent. If they sign a lease for rent, there are huge implications for the fund. The review and the outstanding five - I do not know why the follow-up information was not in the post the next day.

**Vice Chairman:** I will ask the clerk to chase up those issues as a matter of priority. All members have received correspondence on the issue.

**Deputy Catherine Connolly:** I propose that the committee does something on the rent issue. The Secretary General of the Department of Education and Skills stated he would examine the matter, of which he did not seem to be aware. However, from correspondence I have subsequently received, he must be aware of it because it appears - I do not know what correspondence I am getting - the Department-----

**Vice Chairman:** May we-----

**Deputy Catherine Connolly:** There is confusion. I would be most unhappy if the Department proceeded to sign a rent agreement.

**Deputy Marc MacSharry:** I support Deputy Connolly's position.

**Vice Chairman:** I also agree with her on this.

**Deputy David Cullinane:** On some of the issues raised, of which Caranua was one, we have Accounting Officers appearing before the committee, members do their job in putting questions, identifying failures in processes and procedures and so forth and the Accounting Officers may agree or disagree with our views. The difficulty outlined in respect of Caranua is

one example of where an issue is raised and it appears to be the end of the matter. Should the committee not do a report, even a short one, which provides a synopsis of the issues raised and circulate it to the relevant Accounting Officers and Ministers? It appears that many of the Accounting Officers appear before us for a couple of hours, may or may not be chastised and then go out the door. When we see them again a couple of months later, however, the same issues arise.

**Vice Chairman:** A classic example of this was the appearance a couple of months ago of representatives of Bord na gCon and the Department of Agriculture, Food and the Marine when questions were asked.

**Deputy David Cullinane:** We receive a great deal of correspondence on foot of which I ask Departments and agencies to send us information. I am referring to cases where we identify breaches in legislation and financial controls, failures in policy and other issues. While the Accounting Officers do not have to agree with our views on these issues, what does the committee do on foot of these meetings? We do not send a note to Accounting Officers, heads of Department or Ministers. I am not sure we are really-----

**Vice Chairman:** -----getting to the nuts and bolts of the matter.

**Deputy David Cullinane:** -----achieving anything.

**Mr. Seamus McCarthy:** The overall accountability cycle starts obviously with an audit or report from me. The committee examines that report and the process was - certainly conventionally - that there would be a report on the hearing. Findings would be expressed by the committee. If there were recommendations of the committee, they would be included in a report which goes to the Dáil. Thereafter, the Minister for Public Expenditure and Reform would be required to respond to the committee's report. Formerly, that would involve a process where his Department would contact the agency or other Department and get the response and that would be communicated back to the committee in what is called the minute of the Minister.

**Deputy David Cullinane:** How many reports have been done by this committee that have been sent to the Dáil?

**Vice Chairman:** Just one, on Project Eagle.

**Deputy David Cullinane:** Is that a resource issue? Is it the case that the secretariat simply does not have the resources to do these reports?

**Vice Chairman:** The clerk has notified me that the secretariat is seeking to secure further resources.

**Deputy David Cullinane:** That matter needs to be prioritised because if that is the process or if it was the practice in the past, we are going through the motions here by holding a large number of meetings and discussions. If, at the end of the process, we do not follow up on the matters discussed, there is a problem.

**Deputy Marc MacSharry:** Is a decision on resources awaited from the Oireachtas Commission?

**Vice Chairman:** The Chair has been pressing this matter and is awaiting a decision.

**Deputy Marc MacSharry:** Is it being pressed with the Oireachtas Commission or Depart-

ment of Public Expenditure and Reform?

**Vice Chairman:** The Oireachtas Commission.

**Deputy Marc MacSharry:** Perhaps those of us who have colleagues on the Oireachtas Commission could have a word with them and see if-----

**Vice Chairman:** I was just about to make the same point.

**Deputy David Cullinane:** I propose that the committee write to the Oireachtas Commission.

**Vice Chairman:** To sum, Deputy Cullinane has made a good point that there is an issue with resources. The Chairman has been chasing up this matter, on which Deputy MacSharry has made the good suggestion that the committee write to the Oireachtas Commission. I will instruct the clerk to do so in the coming days. Members should also ask colleagues who are members of the Oireachtas Commission to support our request when it arrives on their desks. Is that agreed? Agreed. Once this has been done, we will be able to follow up on the issues that have been raised, which will be helpful to all members.

**Deputy Catherine Connolly:** On Caranua, what specific-----

**Vice Chairman:** I am coming to that. On Caranua, Deputy Connolly suggested that we write to the Secretary General of the Department of Education and Skills, particularly on the issue of rent. I agree and we should outline the issues the Deputy raises and seek immediate responses before the meeting next week. We want and must deal with these matters at next week's meeting. We also note that the Secretary General, at our previous meeting with him, indicated he would revert to the committee but has not done so. We need this information in order that we can deal with it. We will also write to Caranua raising a number of issues and ask it for an immediate response.

**Deputy Catherine Connolly:** We specifically asked for information on the cost of four or five reports.

**Vice Chairman:** We will document all of these matters and request that all the information is provided to us prior to next week's meeting.

**Deputy Catherine Connolly:** Can we share our concern in respect of rent that we do not want a lease signed?

**Vice Chairman:** Is that agreed? Agreed. We will make that point in the correspondence because we are not satisfied.

In two weeks, we will deal with all the issues related to the third level colleges. Our discussions with the colleges have left a major legacy which we are due to address in two weeks. Based on the decision we make next week following correspondence and discussion, we will deal with the issue that has arisen in respect of the whistleblower in the case of Grace. We will also have follow-up issues arising from the correspondence with Caranua by next week. Is that agreed? Agreed.

**Deputy Catherine Connolly:** I understand NUIG responded to the committee. It appears it did.

**Deputy Marc MacSharry:** Following the appearance of representatives of the Department of Housing, Planning, Community and Local Government at which a number of members raised issues connected with a particular transaction as a case in point, I requested of the Secretary General that the local authority audit committee carry out an audit of the transaction in question. When I asked him if he could instruct the head of the audit committee, whose name I cannot remember off-hand, to do this he stated he could not issue an instruction but could request that the committee audit this particular transaction. I ask that we check whether the Secretary General has made this request and, if so, what response he has received and whether the transaction will be audited.

**Vice Chairman:** We will write to the Secretary General on the issue. I suggest we discuss a couple of issues in private session before calling the witnesses.

*The committee went into private session at 9.47 a.m., suspended at 9.49 a.m. and resumed in public session at 9.53 a.m.*

### **Bord na gCon: Financial Statements 2015**

**Mr. Phil Meany** (*Chairman, Bord na gCon*) and **Dr. Seán Brady** (*Interim CEO, Bord na gCon*) called and examined.

**Vice Chairman:** Please note that there will be two parts to today's meeting. The second session will deal with the 2015 appropriation accounts, specifically the internal audit of financial procedures in the Garda College as per Vote 20 - Garda Síochána. This session, however, will deal with Bord na gCon's financial statements for 2015. For clarification, Bord na gCon is accountable to the Committee of Public Accounts for its finances but not for its regulatory functions, which are within the remit of the agriculture committee. We are here to examine the financial accounts.

From Bord na gCon, we are joined by Mr. Phil Meany, chairman, Dr. Seán Brady, interim chief executive officer, Mr. Michael Murnane, chief financial officer, and Mr. Colin Walsh, director of commercial operations. They and their colleagues are welcome.

I remind members, witnesses and those in the Public Gallery that all mobile phones must be switched off. I advise the witnesses that, by virtue of section 17(2)(l) of the Defamation Act 2009, witnesses are protected by absolute privilege in respect of their evidence to the committee. If they are directed by it to cease giving evidence on a particular matter and they continue to do so, they are entitled thereafter only to a qualified privilege in respect of their evidence. They are directed that only evidence connected with the subject matter of these proceedings is to be given and they are asked to respect the parliamentary practice to the effect that, where possible, they should not criticise or make charges against any person, persons or entity by name or in such a way as to make him, her or it identifiable.

Members are reminded of the provisions of Standing Order 186 that the committee shall also refrain from inquiring into the merits of a policy or policies of the Government or a Minister of the Government or the merits of the objectives of such policy. Members are also reminded of the long-standing ruling of the Chair to the effect that they should not comment on, criticise or make charges against a person outside the House or an official either by name or in such a way as to make him or her identifiable.

I call on the Comptroller and Auditor General to make his opening statement.

**Mr. Seamus McCarthy:** As members know, Bord na gCon was established to provide a statutory basis for the control, regulation and development of the greyhound industry. It operates racing activities through 11 subsidiary companies and licenses greyhound racing at other privately owned tracks. With effect from 2015, it has also operated catering and beverage services at its tracks. Those services were previously outsourced. At a previous meeting, the Chairman asked for a diagram explaining the group. It is on screen now. I have tried to indicate what comprises the group and the extent of my audit, which includes the head organisation and a company called Abargrove, which provides the catering services and operates the Newbridge track. The ten other subsidiary companies operate greyhound tracks that are run by Bord na gCon. A number of other tracks are privately owned but have received grant assistance from Bord na gCon.

Overall, the Bord na gCon group achieved a surplus for 2015 of €438,000. Its accumulated revenue reserves amounted to just €46,000 as at the end of that year. Bord na gCon received State funding of €13.6 million in 2015, which was sourced from the Horse and Greyhound Racing Fund. The 2015 surplus from racing activities was €617,000. This included a net profit of €1.9 million from tote betting on turnover of €19.6 million. Excluding betting, track activities resulted in a net loss of €1.3 million in the year. Bord na gCon paid out €6.5 million in prize money in 2015, towards which dog owners and sponsors contributed €1.9 million. General administration costs in the year amounted to €9.2 million.

The audit report on the 2015 financial statements drew attention to note No. 24, which disclosed the basis on which the board was satisfied that it was able to prepare the accounts on a going concern basis. Some members will recall that I reported on the acquisition of land and the development of a racetrack and new corporate headquarters at Greenpark in Limerick, which was completed in 2010. Since then, Bord na gCon has been carrying a high level of borrowing related to that development, as shown in the diagram that is now on screen. The lighter coloured bar is the borrowing level. In the same period, there has been a significant erosion of the group's operating surplus. Hence, the need for the note on the going concern basis.

**Vice Chairman:** I thank the Comptroller and Auditor General. I call on Mr. Meaney to make his comments.

**Mr. Phil Meaney:** Good morning. The Irish Greyhound Board, IGB, is reporting an operating profit before interest, depreciation and taxation of €2.3 million for the 12 months to 31 December 2015. The comparable figure in 2014 was €700,000. The IGB also reduced its long-standing debt by €1.35 million in 2015 and has since reduced it by a further €700,000. The generation of surplus allowed the board to increase race grants by 20% since the start of 2016. Average attendance per meeting in 2015 was up 4% on the prior period, average gate income increased by 3% and average tote spend per customer was up 2% on the previous year. The 2015 accounts show improvements under some metrics, but these do not disguise the difficulties the greyhound industry faces. That said, the industry in Ireland is worth defending. The economist, Jim Power, estimated the direct and indirect employment in the industry at approximately 10,000 staff in 2011. The IGB employs almost 800 full-time and part-time staff. The industry supplies the raw materials in the form of greyhounds to greyhound racing internationally. A total of 83% of greyhounds racing in the UK in 2016 were bred in Ireland.

The IGB's difficulties are not unique. The industry globally is facing many challenges, notably as a result of the migration of wagering from track to technology platforms which

has impacted on live attendances at race meetings. With the closure of Wimbledon stadium recently, London, for example, now has no greyhound track, from a high of 33. In the United States, there are only ten tracks operating full time. In Australia, the industry is under huge pressure and, therefore, the notion that Ireland would somehow be unaffected by the reasons which have contributed to the nationwide decline is a nonsense. Ireland, *per capita*, still has the highest number of stadia in the world, which is a reflection of the strength of the industry. The number of stadia in the Republic, IGB and private, is 16. There are 24 stadia run by the Greyhound Board of Great Britain, GBGB, in the entire UK. The IGB's remit is to manage the industry against the background of current market realities and, critically, to deal with a crippling, systemic overhang of debt. That debt stood at €20.3 million at the end of 2016, compared with a turnover of €31 million, excluding Exchequer funding. It may also be of interest that the current board has reduced the debt by €2 million and is the first board to pay down debt.

All these difficulties to which I have referred were known to Indecon consultants when they were commissioned by the then Minister in 2014 to carry out what is regarded as the most comprehensive review of the industry ever undertaken. It is important to state that everyone in the industry - ourselves and critics of the board included - were extremely pleased that such a review would be undertaken. The difference between us at this point is that the board has accepted the Indecon conclusions and recommendations, which were also accepted by then Minister, and has sought to implement them. It is important to state also that Indecon also felt strongly that if the appropriate actions were taken, as laid out in its review, then the industry had a viable future. One of the key recommendations was that an asset disposal programme would be adopted to include the sale of Harold's Cross, which was then, and still is, the asset most likely to yield significant value. Notwithstanding the Indecon report and the support of Government for the recommendation, the decision to close Harold's Cross was something the board of the IGB agonised long and hard about. Harold's Cross was an iconic stadium of great importance to our Dublin colleagues who have a huge emotional attachment to it. We acknowledge that the closure is a blow to the greyhound fraternity in Dublin.

I assure the committee that we will bend over backwards to ensure that Harold's Cross racing finds a welcoming, respectful home in Shelbourne Park stadium. The decision to sell Harold's Cross is not solely predicated on its potential value to the IGB or its contribution to the resolution of the debt issue but is also based on the fact that it is two miles from Shelbourne Park, which is twice its size and operates for a limited period every week, as indeed does Harold's Cross. It does not make commercial sense. The effective closure of the IGB's national arena for the past ten weeks by those opposed to the closure of Harold's Cross Stadium is clearly not sustainable. In addition to the loss of €300,000 that has been incurred by the IGB, the disruption of racing has cost owners and trainers €250,000 in prize money. The IGB cannot haemorrhage money in this way and unless there is a resolution, and I have to make this clear, the end game is the cessation of all racing nationally. The easy option for the board is to kick the issue of debt further down the road and to pretend that it does not exist or that it can be magicked away. We were appointed to do a job and we will face up to our responsibilities, even if our decision to do so is unpopular. It is important also to understand that the debt issue is not some abstract problem or an accountancy issue. It is an issue that grievously inhibits the capacity of the board to invest in the industry, protect its national footprint, encourage new ownership and breeding, address issues around the industry demographic, reach out to the leisure market and exploit the opportunities of online wagering.

We want a vibrant and rejuvenated greyhound industry with the highest standards in animal welfare and integrity, that is celebrated as uniquely Irish, embraced by all, thereby securing its

place as a major national sport, and has a place for all participants, including breeders, owners, professional trainers and those involved full-time and part-time. We want an industry that delivers a world-class racing product in a rejuvenated stadium network delivering that best visitor experience for leisure customers and racing fans while distributing racing across all technology platforms. We want to make Shelbourne Park a state-of-the-art stadium to rival others in the capital, such as the Aviva Stadium and Croke Park, and to allow it to operate as many nights as possible and attract new corporate and leisure audiences as well as having premium facilities for our owners, trainers and greyhounds. There is also a requirement to upgrade other stadia if we are serious about expecting those other than the diehard greyhound racing constituency to attend our events. We need to invest further in information technology to ensure we continue to exploit the opportunities the migration to online wagering and the constantly evolving technology

platforms in all their forms present.

Prize money needs to be increased, as does ownership, especially through syndication. On welfare, we need to build on what we have been doing in recent years and ensure full traceability for dogs. By any objective yardstick, the IGB has made huge strides in the area of regulation and integrity in recent years and we wish to keep that momentum going. We want to develop a clear pathway into the industry for those who wish to participate, with a range of support options, including training and professional development. All these areas require capital for investment. We do not have access to it and are trading at the maximum of our banking limits. We can have access to capital by sticking with the decision to close Harold's Cross and to realise the value of the asset, pay down debt and reinvest in the industry.

As an organisation, are we doing as well as we possibly can? No. There are still operational and structural weaknesses we need to sort out, but we have made progress, and I am happy that we have considerable skills represented at board and executive level across finance and business, veterinary, regulation and law to ensure we continue the progress that has been made and perform better in future. The members of this delegation are more conscious than anyone of the backdrop to this appearance before the committee. There is no doubt we are at a critical stage in the life of the greyhound industry. Our ambition is to deliver a commercial, well-regulated greyhound racing and breeding industry, enabling the delivery of a customer-centred, highly exciting and value-led entertainment experience. That requires difficult decisions to be made now.

**Vice Chairman:** I will call our lead speaker for this session, which is Deputy Peter Burke. He will be followed by Deputy Bobby Aylward. As is custom, the lead speaker will have at least 20 minutes and the second speaker will have 15 minutes to question the witnesses while all other members will have ten minutes. This will ensure everybody will have an opportunity to contribute and ask questions in order that we can have the best meeting possible. We will go around on this issue as many times as we have to in order that we can get the answers we feel are necessary.

**Deputy Peter Burke:** I welcome the witnesses from Bord na gCon, including the acting chief executive officer. I thank Mr. Meaney for his opening statement. With regard to the management of the greyhound industry, it is clear the sector is at a crossroads. In the context of the current board, the committee must assess the results presented in the 2015 annual report and how the board has driven matters in respect those results. My concern is that the board's judgment has been called into question on a number of occasions in recent years. First, on a question I posed to Department of Agriculture, Food and the Marine officials, the 2015 accounts did

not appear on the IGB website until February 2017, which, I suggest, is not in the interests of transparency and fairness. Second, with regard to the reduction in prize money, while it is said the IGB has a cash surplus, at what cost is this to the industry in terms of shrinkage? We are talking about reduced prize money and increased tote retention, which essentially means less value for the punter attending the track. While this may be a short-term gain for the IGB, it will have significant consequences in the future.

On Enterprise Targeting Solutions, it was openly admitted by the board at a previous meeting of the Committee of Public Accounts that it had not done its homework in checking out the company before the sponsorship contract was signed. Legal fees rose substantially in 2015 to €1.443 million, having been €587,000 in 2014, and there have been a number of high-profile incidents surrounding that. It is very important that greyhound racing is marketed correctly. We have seen the issues surrounding the logistics of the closure of Harold's Cross and how that was carried out. I am aware that a number of families had aimed to attend on St. Valentine's night and had booked out the restaurant. If we are spending money on marketing, that gives a terrible view of the industry and how we go about our business in terms of the capacity to make decisions.

The first point I want to focus on in the 2015 annual report is wages. Prize money and the overall turnover of the sector are decreasing but the one thing that is definitely not decreasing is wages. I know the catering section was taken over. It is stated on page 39 of the report that €867,791 is the direct and operational cost and that food and beverage staff-related costs were €2.778 million. Is that €2.778 million exclusively in respect of the 57 employees who were taken on?

**Dr. Seán Brady:** I will deal with Deputy Burke's comments about lateness. On behalf of the organisation, we apologise to the committee, the Department and the Comptroller and Auditor General for the lateness last year. Processes have been put in place this year by our CFO, Mr. Michael Murnane, and additional resources have been put into that area. By now, broadly speaking, all the field work on the audit for 2016 is-----

**Vice Chairman:** What caused the delay?

**Dr. Seán Brady:** May I finish my point?

**Vice Chairman:** Yes, but why were they late? Dr. Brady may finish his point.

**Dr. Seán Brady:** Mr. Murnane has put in processes and additional resources in the finance area so that, by 1 May, we had a goal that all the field work would be done on the audit. There are one or two big issues still to be resolved but our hope and expectation is that the 2016 audit will be completed much earlier this year.

**Deputy Peter Burke:** It was disappointing for an organisation that was getting €261,000 per week in taxpayers' money, although I know some of the contributions come from industry. To focus on page 39 of the annual report, is the €2.778 million in respect of the 57 staff who were taken on?

**Mr. Michael Murnane:** That is 57 full-time equivalent staff. That full-time equivalent staff figure would represent 268 part-time staff and 15 full-time staff. Therefore, in total, there are 283 members of staff, not 57.

**Deputy Peter Burke:** Let me rephrase the question. Is that figure in respect of the 57 full-



time equivalents?

**Mr. Michael Murnane:** Yes, that €2.778 million is the cost of payroll for Events & Hospitality Services, EHS - the food division.

**Deputy Peter Burke:** That would be a full-time equivalent cost of approximately €48,000.

**Mr. Michael Murnane:** Yes, if we break it down by the number of employees, it is in the region of €9,000 to €10,000 per employee.

**Deputy Peter Burke:** My big concern is in regard to the number of casual staff within the industry. To take the proposals in the departmental circular, whereby one has to disclose all salaries in excess of €60,000, a concern for me is that, in 2015, 11 board members of Bord na gCon received not far off €1.2 million. That is 11 members of staff. Is that sustainable in an industry which, from the figures, seems to be almost collapsing? Has it increased?

**Dr. Seán Brady:** On the remuneration, it is a complex industry and we need talented people to work in it. The remuneration committee of the board decides the salaries of people but, based on my knowledge of working in other industries, I would not see this number of people as unusual in light of the amount of business transacted by the organisation. We have fantastic staff in the business who work very hard but, in a business of this nature, we need good leadership. I think the success of the business is built around having good management.

**Deputy Peter Burke:** Irrespective of that, I think it very concerning that almost 10% of the Bord na gCon wage bill is potentially going to 11 people. I want to know if that increased in 2016 or 2017.

**Mr. Michael Murnane:** There has been no wage inflation in Bord na gCon since 2008. None of the people the Deputy referred to received any wage increases in 2015 or 2016.

**Deputy Peter Burke:** The number of meetings and the amount of prize money are decreasing. We are selling our assets, as has been highlighted in the past 48 hours. To be fair, the defined benefit current service costs at note 8 in the annual report can be taken out because those are not full-time equivalents who are carrying out their duties at present. However, in 2015, €10.3 million was paid for 240 full-time equivalents. Given that many of these are casual staff, such as those on the gate, and not in highly-skilled jobs, why is the wage cost so high? I have to make a judgment on the 2014 report as to whether the board members are managing this industry correctly. I would like that explained better.

**Mr. Michael Murnane:** The only thing I can offer Deputy Burke by way of explanation is that it is a very labour-intensive industry and labour continues to be one of the largest costs. To offer some comparison, EHS, the food service, brought 283 jobs to the IGB. Excluding those jobs, we can compare like for like. At the end of 2015 and into 2016 we had, on average, 476 posts in the IGB between full-time and part-time posts. That has fallen from 607 posts in 2008. It is a wide industry that covers 16 different tracks - it used to be 17 - and there is a huge geographic spread. There are many jobs that can only be supplied by a certain person at a particular point in time. The Deputy must keep in mind that we operate racing in Lifford, Cork and Waterford.

**Deputy Peter Burke:** Has there been any decrease in wage costs from this implementation?

**Mr. Michael Murnane:** No, and there has been no wage inflation in the IGB since 2008. The Deputy identified the largest payroll increase, namely, the defined benefit scheme.

**Deputy Peter Burke:** By any metric, the wages being paid do not look sustainable.

**Mr. Michael Murnane:** Although it is a large payroll cost, the Deputy must accept that this is a labour-intensive industry. Eight, nine or ten races are being run per night. If one runs 12, one will not need extra employees. If one runs six, the same number of employees will be required.

**Deputy Peter Burke:** Is Mr. Murnane happy with the 11 board members getting €1.2 million?

**Mr. Michael Murnane:** I will refer to the CEO's answer in that it is subject to scrutiny by him and the remuneration committee.

**Deputy Peter Burke:** I am very concerned. If other areas are falling, we cannot make an industry sustainable if we are not leading by example. That is an important element, but it does not seem to be the case in this context. Why did the legal costs almost double?

**Mr. Michael Murnane:** In 2015, Bord na gCon settled a long-standing regulation case relating to the 2010 derby final. The total cost of that case, including the IGB's legal costs in the High Court, was in the region of €900,000.

**Deputy Peter Burke:** There have been a number of media reports documenting how the board exercises its judgment in taking cases to court. Its record has been called into question. Would Mr. Murnane like to comment?

**Mr. Michael Murnane:** I will not comment on behalf of the board, but the €900,000 was strongly recommended by our legal team in the field.

**Deputy Peter Burke:** Ignore that one. What about other cases?

**Mr. Michael Murnane:** Our legal fees have been a challenge. Since joining the board a number of years ago, though, they have not been repeating. Once a case is dealt with, it is done. The repetition is not materialising.

**Deputy Peter Burke:** I am concerned by that and am not fully convinced. Regarding the Indecon report's recommendations on strengthening the board of directors and management, does the board now include someone who is experienced in marketing?

**Mr. Phil Meaney:** After the Indecon report, a number of changes were made to the board. We now have strong legal, veterinary, financial and banking experience. We do not have anyone on the board who is dedicated to marketing, but one of our finance people-----

**Deputy Peter Burke:** Is that why the IGB closed Harold's Cross on St. Valentine's night?

**Mr. Phil Meaney:** No. I will let the CEO deal with that. On St. Valentine's-----

**Deputy Peter Burke:** The Indecon report was clear, in that a large part of the board had to be concerned with marketing. The 2016 Indecon report recommended increasing the size of the board if someone with that skill set needed to be included. Why is there no one who is dedicated to marketing?

**Mr. Phil Meaney:** There is a simple answer to that - it requires primary legislation. That legislation has passed Committee Stage. I am sorry. It is actually being processed, and we hope that it will be on the Statute Book by the end of the year.

**Deputy Peter Burke:** Unfortunately, time is not on our side. The pace seems slow. Has the board appointed a risk officer yet?

**Dr. Seán Brady:** Yes.

**Deputy Peter Burke:** Is the recommendation that non-executive board members should no longer serve on subsidiary boards being implemented?

**Mr. Michael Murnane:** Yes.

**Mr. Phil Meaney:** May I return to the Deputy's previous point? We cannot be held responsible for the primary legislation. We have co-operated with the Department in every way in that regard and are more than happy to see the board's members increase from seven to nine. It is not that we are in any way obstructing the process. I would like that to be noted.

**Deputy Peter Burke:** My concern is that the report, which is a cornerstone of the industry, made recommendations, so I would have expected marketing to be a cornerstone in the future strategy for greyhound racing, but it looks like that situation has not been resolved.

**Mr. Michael Murnane:** There were 27 recommendations in the Indecon report. Four have not been completed.

**Deputy Peter Burke:** This is recommendation No. 1.

**Mr. Michael Murnane:** There are four outstanding in total. The first is on additional board appointments, the second is on independent appointments to the control committee and the control appeals committee, the third is on Bord na gCon and the Irish Coursing Club independently serving exclusion orders - the latter is awaiting primary legislation - and the fourth is on additional prize money to be provided when debts are reduced and surpluses are generated.

**Deputy Peter Burke:** Is the board working to a plan? It is trying to implement Indecon's recommendations. A farmer who gets into trouble might sell pieces of land to try to keep the holding going. The IGB is selling one of its income-generating assets, but the process is not transparent because no one in the public or among elected representatives knows what is happening. Has the IGB a plan in place to make the industry sustainable?

**Mr. Phil Meaney:** Yes. We had a strategy plan for 2012 to 2017 and must now put in place a plan for the next five years.

**Deputy Peter Burke:** Does the board not have one in place yet?

**Mr. Phil Meaney:** No. We just started working on it. Dr. Brady is our interim CEO, but we have advertised to fill that position. By the end of the year, we will have a strategy plan completed. We had a definite plan, but we also had a number of serious issues that existed when I joined. We recognised them. Implementing the plan was difficult because of the debt overhang, but we are now in a position to move forward.

**Deputy Peter Burke:** The graph does not lie. I do not doubt what Mr. Meaney is saying about the debt and I appreciate that aspect, but I must judge the board and how it has dealt with

that situation. I must examine its judgment on some of the key issues I have mentioned. I am concerned about them.

Regarding the commercial arrangement with the tracks in Youghal, Tralee and Mullingar, is it a five-year contract?

**Mr. Phil Meaney:** Yes.

**Deputy Peter Burke:** How much is it expected to generate?

**Mr. Michael Murnane:** That deal was entered into on 6 February 2016, although we had hoped that it would come into operation in 2015. It involves 1,500 races, and we anticipate that it will generate €476,000 in revenue for the three tracks annually.

**Deputy Peter Burke:** Each or altogether?

**Mr. Michael Murnane:** For the three.

**Deputy Peter Burke:** Will that be distributed between them equally?

**Mr. Michael Murnane:** It will depend on the number of races, but one can say that it will be an equal split between the three.

**Deputy Peter Burke:** I wondered why the IGB could not answer that when asked via parliamentary question.

**Mr. Michael Murnane:** From our perspective, the deal that we have arranged with SIS includes a non-disclosure agreement for commercial sensitivity purposes. We are precluded from advising what each meeting or track will earn.

**Deputy Peter Burke:** The days of a semi-State body that is getting significant funding from the State entering into non-disclosure agreements are coming to a close. I do not have time to go through everything, but the Harold's Cross situation and how the board was dealt with and procedures were carried out left much to be desired.

**Mr. Michael Murnane:** The Deputy must appreciate that we are working in a commercial environment. We understand the requirement for us to be open and transparent and we endeavour to be so as much as possible, but we are working with an independent company that sets requirements about what it is willing to disclose. Since March, we have entered into an extra arrangement with that company that will generate a further €500,000. That will be a fee per race based on what the company is being paid in the UK. There are fewer restrictions on disclosures in such arrangements, but for the initial arrangement, we had to discuss the matter with our customers and ensure they were satisfied.

**Deputy Peter Burke:** Even if it is not done via parliamentary question, it is important the board communicates with an elected representative who asks questions. The board may have concerns about commercial sensitivities. However, I take the view that given the amount of funding and the exposure in terms of debt, these things should be upfront.

Reference was made to the plan for assets disposal. I understand four assets were referenced in the Indecon report: the site at Meelick; the head office in Henry Street, Limerick; Cork; and Harold's Cross. Of those four, how many have now been sold?

**Mr. Michael Murnane:** Henry Street is sold. Meelick is not sold.

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**Deputy Peter Burke:** Why?

**Mr. Michael Murnane:** It is a difficult site to sell.

**Deputy Peter Burke:** Would it be as difficult as Harold's Cross?

**Mr. Michael Murnane:** It would be more difficult. The site is really challenged with regard to flooding. It is in a flood zone. The value is halved-----

**Deputy Peter Burke:** How much did that site cost?

**Mr. Michael Murnane:** The cost was €1.5 million.

**Deputy Peter Burke:** Under whose stewardship was that purchased?

**Mr. Michael Murnane:** It was in the time of the board before this one. It was purchased in 2005.

**Deputy Peter Burke:** Have we any idea what it is worth now?

**Mr. Michael Murnane:** It is worth €100,000.

**Deputy Peter Burke:** What was the zoning when it was purchased? It is beside the Shannon. Is that correct?

**Mr. Michael Murnane:** It is on Meelick. It is on the old Shannon road out of Limerick. It is near the Two Mile Inn.

**Deputy Peter Burke:** Has someone taken responsibility for that?

**Mr. Michael Murnane:** That purchase was the subject of a report by the Comptroller and Auditor General in 2014. No responsibility has been taken as of yet.

**Deputy Peter Burke:** Have any members of that board continued on the board since that purchase was made?

**Mr. Michael Murnane:** No.

**Deputy Peter Burke:** What is the position regarding the asset in Cork?

**Mr. Michael Murnane:** There is an issue over a compulsory purchase order. It relates to the widening of a roundabout in Cork. We are working through that process.

**Deputy Peter Burke:** What is the value on that? Is there an estimate?

**Mr. Michael Murnane:** It is hard to put an estimate on it because we are not too sure yet about how the CPO will affect it or how much land it will take in off the CPO. Cork was never earmarked for material money anyway.

**Deputy Peter Burke:** How much did the board get for the site in Limerick? The board paid down debt in 2015 with it. Is that correct?

**Mr. Michael Murnane:** We got €750,000 for Limerick.

**Deputy Catherine Connolly:** How much?

**Mr. Michael Murnane:** We got €750,000 for Limerick.

**Deputy Peter Burke:** It turns up again, with all the wages and so on. We see issues with Meelick. Obviously, Bord na gCon is prioritising Harold's Cross because it is seen as a cash generator. Do we know how much of the debt of Bord na gCon that could potentially alleviate?

**Mr. Michael Murnane:** I am not aware of that information.

**Deputy Peter Burke:** We are not allowed to know that either. Is that the case?

**Dr. Seán Brady:** At this point in the transaction relating to Harold's Cross, arrangements have been entered into with the Department of Education and Skills. The question was answered last night in the Dáil by the Minister. Appropriate disclosures will be made when the process is further along the road.

**Deputy Peter Burke:** We are talking about discharging one of the income generators, but it is rather difficult for us to judge the extent of the contribution it will make to the sustainability of the industry or whether it will be significant.

**Dr. Seán Brady:** We have been informed by our property advisers that we are receiving what they describe as an acceptable price for the property. However, there are several steps yet to be taken to conclude the process, including ministerial approval.

**Deputy Peter Burke:** I understand that is the final step. Has the board adhered to best practice and robust procedures in the context of an asset of a semi-State body that is being put up for sale?

**Dr. Seán Brady:** We have followed Circular 17/2016 of the Department of Public Expenditure and Reform. It deals with the policy for property acquisition and for the disposal of surplus property by State entities. The circular is dated 28 June 2016.

**Deputy Peter Burke:** We cannot get a proportion or estimate of what debt it may relieve. Is that the case? I presume Bord na gCon has been in negotiation with the bank on the matter. Is that the case?

**Mr. Pat Creed:** I will take that question. I am keen to go back and cover several points. I will cover that particular point at the end, if that is okay. I am a new board member. This board has been in operation for 16 months. In the past 16 months we have had to resolve the three high court cases. They have been resolved. We have resolved the defined benefit scheme. We reduced the balance sheet liability by €5 million in 2016. We have introduced several statutory instruments relating to regulation of drugs and remedies. We have purchased a new laboratory machine in Limerick. Considerable work has been done in the 16 months, despite what others might say. The bank debt is the big thing we need to resolve. The bank debt will be resolved in the coming months. It will reduce the debt substantially. I do not want to go any further than that.

It is important to say that the State got into trouble. The first thing the State had to do was to sort out its finances. One cannot build a house on a poor surface. Many businesses throughout the country go into trouble. Had they not attained financial stability, they would not be trading today. The IGB is no different. It has an overhanging debt that it cannot repay. It is generating circa €3 million per annum on the basis of earnings before interest, taxes, depreciation and amortisation. We cannot build a future business if we do not have a stable business to build from.

At the end of this process, it will be a stable business. It will be able to reinvest in some of the capital issues necessary. We will be able to refurbish our national stadium in Shelbourne Park. More important, we will be able to give money back to breeders, owners and trainers. That is not a bad achievement for 16 months given the legacy debt that we inherited in December 2015.

**Vice Chairman:** For the information of committee members who cannot see the name plate, that was Mr. Pat Creed.

**Deputy Marc MacSharry:** What is his role on the board?

**Vice Chairman:** What is Mr. Creed's official title on the board? He is a board member. Is that correct?

**Mr. Pat Creed:** Yes.

**Deputy Peter Burke:** When we compare it to the country, the critical difference is that the country put in place several incentives in key areas to try to kick-start the economy. I do not see the board putting any incentives into ground racing. I see the board cutting prize money. I see the board taking a larger share of the tote retention. In other words, what I see happening is that the board is saying that it is returning a profit, but it is at a massive cost to the industry. That is where I have a major concern. Is the board going in too deep here?

**Mr. Michael Murnane:** I will update the Deputy. Prize money has increased in the 2016 accounts by 20%. It has increased by €1.2 million.

**Deputy Peter Burke:** It is stated on page 19 that total prize money and incentives come to €6.67 million but the figure was €7.5 million in 2014.

**Mr. Michael Murnane:** Is the Deputy referring to page 19?

**Deputy Peter Burke:** Yes.

**Mr. Michael Murnane:** That is the prize money that went into the industry from Bord na gCon. Let us move to page 25.

**Deputy Peter Burke:** Bord na gCon is cutting the prize money that it is putting into the industry.

**Mr. Michael Murnane:** The prize money was cut. The prize money was reduced in mid-2014 in the context of the losses relating to 2014.

**Deputy Peter Burke:** Can Mr. Murnane explain why this figure has been reduced?

**Mr. Michael Murnane:** That was a carryover. The prize money was increased in 2013 by 20%. In 2014 the results did not show any commercial increase in spite of the increase in prize money. It was obvious during 2014 that Bord na gCon would face a substantial loss. The board took the reluctant decision mid-year to reduce prize money. In addition, one of the recommendations from Indecon was to recalibrate the number of races and reduce the number of loss-making race nights. That was completed in 2015. Since we had fewer race meetings and fewer races, there was a reduction in prize money. The business stabilised in 2015. The board was in a position to offer a 25% increase in ordinary race nights. These are graded races and there is a wider spread.

**Deputy Peter Burke:** Is Bord na gCon cutting race numbers?

**Mr. Michael Murnane:** No, not in 2016. Last year the number of races increased by approximately 460.

**Deputy Peter Burke:** Earlier, I referred to a figure of €6.6 million that was down from €7.543 million. What is that reflective of? I am missing the point.

**Mr. Michael Murnane:** There are three contributory factors. I will provide an update for the Deputy. The figure is made up of contributions from Bord na gCon of €4.5 million. Contributions from the greyhound owners came to €1.1 million. That is what they pay in entry fees.

**Deputy Peter Burke:** What was the contribution from Bord na gCon in 2014?

**Mr. Michael Murnane:** It was €5.3 million.

**Deputy Peter Burke:** What was the reason for that figure going down?

**Mr. Michael Murnane:** It related to the recalibration of races. The number of race meetings was reduced by 800 since 2014.

**Deputy Peter Burke:** The number of race meetings was reduced. Is that correct?

**Mr. Michael Murnane:** The races were reduced in 2015, as I said, as part of the Indecon process. Moreover, the board had to take the reluctant decision to reduce the prize money by 20% in 2014.

**Deputy Peter Burke:** Either it is decreasing or increasing. I am getting confused.

**Mr. Michael Murnane:** The prize money has increased from 1 January 2016 by 25%.

**Deputy Peter Burke:** How far advanced are we in having figures for 2016?

**Mr. Michael Murnane:** It is my wish and intention that I will present a set for the annual report to be signed by the board by the end of June.

**Deputy Peter Burke:** We will not have to wait another couple of years for that?

**Mr. Michael Murnane:** Definitely not.

**Vice Chairman:** I am sure that Deputy Burke has lots more questions. He will be able to come in a second time.

**Deputy Peter Burke:** Yes, on pension issues.

**Vice Chairman:** Before Deputy Aylward comes in, I neglected to welcome Mr. Brendan Gleeson who represents the Department of Agriculture, Food and the Marine in this area and has been before us previously, and also senior inspector, Mr. Gerry Greally, also from the Department. Questions may be directed to the two representatives from the Department also. I have a number of clarification points following on from Deputy Burke's question but I will let Deputy Aylward come in first.

**Deputy Bobby Aylward:** I welcome the board. This is the first time since becoming a member of the Committee of Public Accounts that I have been contacted by so many people with disquiet over the management of the Irish Greyhound Board. In recent days, I have taken more phone calls, from my own constituency and beyond, from ordinary people within the industry - breeders, owners and trainers - to convey how disappointed and worried they are



about the situation they find themselves in and the future of greyhound breeding and racing in the country.

What is the make-up of the board? Who appoints it and what way are they appointed? Can we get an explanation of its structure?

**Mr. Phil Meaney:** At the moment, there are six board members and a chairman. I was appointed by the Minister of the day, through an interview process, as was another board member. The other five board members have been appointed through the Public Appointments Service, PAS. They were either appointed or reappointed in December 2016.

**Deputy Bobby Aylward:** My understanding of the Public Appointments Service is that it gets so many names and then it makes a recommendation to the Minister who then appoints from the recommendations. Is that correct?

**Mr. Phil Meaney:** My understanding is that the PAS recommended ten people who it felt were suitable for board positions. The Minister or Ministers selected five out of the ten.

**Deputy Bobby Aylward:** Are they experienced people with knowledge of greyhound breeding and racing? Has that been looked at? Would Mr. Meaney say that the board comprises experienced people with the capability to run the greyhound business and who have the professionalism to run it?

**Mr. Phil Meaney:** I am not taking from any previous board, but I have stated many times that since December 2016 that I am serving with people of exceptional business acumen and quality.

**Deputy Bobby Aylward:** Are we talking about the business of running the greyhound industry or the survival of the greyhound business?

**Mr. Phil Meaney:** All aspects. If he will allow me to use his name, my colleague, Pat Creed, is the CEO of Bank of Ireland Finance in his day job but he is a greyhound owner and has been for many years.

**Vice Chairman:** How long is Mr. Creed on the board?

**Mr. Pat Creed:** Since December 2015.

**Mr. Phil Meaney:** Sorry, I was mistaken. It was December 2015 that the five members were appointed. As an example, Pat Creed is a highly successful businessman, but he is also a greyhound owner. Six of the seven board members are greyhound owners.

**Deputy Bobby Aylward:** What is the term of service?

**Mr. Phil Meaney:** Under the new legislation, it will be confined to two terms of three years for board members and two terms of five years for the chairman.

**Vice Chairman:** For clarity, Mr. Creed would not have been on the board for most of 2015. He joined in the last month of the year. Is that correct?

**Mr. Phil Meaney:** He came on in December.

**Vice Chairman:** He has nothing to do with these figures and these accounts, as in he was not on the board then.

**Deputy Bobby Aylward:** Mr. Meaney was making the point ----

**Vice Chairman:** He was not on the board.

**Mr. Phil Meaney:** He was not on the board.

**Deputy Bobby Aylward:** Was anyone appointed for a period more than two terms, in breach of guidelines, that is, more than the two three-year periods, which would be six years?

**Mr. Phil Meaney:** There is no legislation that I am aware of that confines members to serve two terms only.

**Deputy Bobby Aylward:** I thought that Mr. Meaney said a moment ago that it was.

**Mr. Phil Meaney:** No, that is part of the new legislation that came out of the Indecon report.

**Deputy Bobby Aylward:** In that case, are there members there longer than six years continuously?

**Mr. Phil Meaney:** Yes.

**Deputy Bobby Aylward:** How many?

**Mr. Phil Meaney:** One.

**Deputy Bobby Aylward:** That is not normal practice for someone to stay that length of time, is it?

**Mr. Phil Meaney:** It is not unprecedented.

**Deputy Bobby Aylward:** Does Mr. Meaney think that it is good practice? I mean no disrespect to the person involved because I do not know who it is.

**Mr. Phil Meaney:** Appointments to the board is outside our remit. We are not self-appointed.

**Deputy Bobby Aylward:** Are they political appointments?

**Mr. Phil Meaney:** The last five came through the PAS and I do not think that the PAS would like to think they were political appointments. They went before a panel of people who produced ten names, and I do not know who the other five were.

**Vice Chairman:** For clarity, how long is that board member serving?

**Mr. Phil Meaney:** He is on his third term.

**Vice Chairman:** How many years?

**Mr. Phil Meaney:** I believe nine years.

**Deputy Bobby Aylward:** I wanted to clarify that. Modern day boards do not allow people to stay for that length of time and they move on to allow fresh blood and fresh people. Again, I mean no disrespect to the person involved.

Who appoints the executive?

**Mr. Phil Meaney:** The board appoints the CEO and the CEO appoints his team.

**Deputy Bobby Aylward:** So the CEO is appointed by the board and CEO appoints the rest down the line through the normal process of interviews, experience and so on.

**Mr. Phil Meaney:** It would not be unusual for the CEO of the day to invite in one or two board members in the final stages.

**Deputy Bobby Aylward:** Why are the 2015 accounts only coming before the Comptroller and Auditor General now, a year and five months behind? Why are they not up to date and why did it take that length of time? Will 2016 not become available for another two years again?

**Mr. Phil Meaney:** I will hand over to Mr Murnane for the 2015 accounts. On the 2016 accounts, to try to have more transparency, we issued interim accounts on the last day of March with an interim statement. Effectively, our accounts for 2016 have been public since the end of March 2017. Mr. Murnane has indicated that he hopes the audit will be complete by the end of June for 2016. I do not see any delay about the 2016 accounts.

**Deputy Bobby Aylward:** It was raised here with the Comptroller and Auditor General and he said he was waiting on Bord na gCon to present them and it looked as though Bord na gCon had been pushed to present them rather than presenting them voluntarily. I am only asking these questions.

**Dr. Seán Brady:** In 2016, Mr. Murnane received additional financial resources and put a new process in the business. It is expected that that process will lead to accounts. All the field work that has been completed on 1 May and the expectation is that the accounts will be delivered to the Comptroller and Auditor General by the end of June. There are some issues still to be resolved. I would not want to make that an absolute hard date but good progress is being made with the 2016 accounts.

**Deputy Bobby Aylward:** I want to ask about the disquiet and the complaints I have heard from ordinary dog breeders and so on. Will the witnesses comment on why they might be so angry and why there is so much disquiet? Will the witnesses, as a board or executive, give a reason that feeling exists and why there is so much noise and disquiet about what is happening and unhappiness about the direction in which the greyhound board is going and the future of the greyhound industry? Can we have an account on that generally before moving on?

**Mr. Phil Meaney:** I accept that there is negative comment. In my opening statement, I highlighted that as a board, we have had to make tough decisions. People find it very hard to accept tough decisions. It is often hard to make tough decisions but we had a job to do. When I came on board we had a €2.5 million IOU there from 2005 that had to be paid to Dundalk Stadium, which is a private stadium. We had to pay that in 2012. It was a legally binding agreement. We had to put a small investment in Clonmel and the Youghal track. Three High Court cases that were there before my time had to be dealt with. We had a serious deficit in our defined benefit pension scheme, as had everybody who had a defined benefit pension scheme. They were the kind of issues that had to be dealt with. We did not have the kind of money we wanted to invest in marketing, IT and prize money. That plus the tough decision to sell Harold's Cross brought the board adverse publicity. I would love to be starting off as chairman of the board now compared with when I started off six years ago. It is a clean business now. It will effectively have no debts and will be in a very good position going forward. It has taken a lot of hard decisions to get there.

**Deputy Bobby Aylward:** The industry seems to have suffered. The ordinary breeder seems to have suffered while this was happening. Many people have left and are leaving the greyhound industry. If we do not put money back into it and revitalise it, we will not have an industry.

**Mr. Phil Meaney:** It is our intention to reinvest in the industry earlier rather than later. The first thing we would like to do in conjunction with the executive is give out prize money and give our stadia, which have been starved of investment over the past five or six years, a bit of a face lift. We need to invest in IT, marketing and promotion. We believe we will build the business back up again quite quickly.

**Deputy Bobby Aylward:** I wish to discuss Harold's Cross, about which there is a big debate at the moment. As we were coming in today, we saw a group protesting outside. A presentation was arranged by the Chairman a couple of weeks ago in the Dáil which was attended by many of us. It was said at that meeting that there was no problem. People who were at the meeting said that if they were in control, they would handle it a certain way and keep Harold's Cross going. Is Bord na gCon happy with the sale of Harold's Cross? I presume the deal is done. I know Deputy Burke asked about that. The deal is done so Bord na gCon has made a deal with the Department of Education and Skills on the sale of Harold's Cross. It cannot disclose how much money is involved. Will it reduce Bord na gCon's debt? If so, will it reduce by a lot or a percentage? Will Bord na gCon be viable after this?

**Dr. Seán Brady:** We have accepted an offer from the Department of Education and Skills through the Circular 17/2016 route. Having received that, there are a number of steps to take to bring the matter to a conclusion. Over the coming two months, we hope that we will get there and be able to bring that to finality.

**Deputy Bobby Aylward:** In hindsight, is Dr. Brady happy that Bord na gCon invested so much in Limerick and had to sacrifice Harold's Cross to pay for it? Harold's Cross was Bord na gCon's third biggest income generator. According to figures I have, it was a profitable stadium that was making money. It is like selling the silver to pay for gold.

**Dr. Seán Brady:** When I joined the organisation, we looked at what kind of commercial state the organisation was in. My role as defined by the board was to act in the best long-term interests of the industry. Debt was a massive burden. It was like a dark shadow over the organisation. I know Deputy Burke spoke about farmers selling bits of land. I come from the country and am familiar with that but the reality was that apart from Shelbourne Park, the only asset that Bord na gCon could turn into significant money to alleviate its banking problem was the sale of Harold's Cross.

**Deputy Bobby Aylward:** Was Harold's Cross sacrificed?

**Dr. Seán Brady:** One could use those words but the organisation does not have a viable future until the debt burden is removed. It has to operate with financial stability because if it does not have that, it will have no future. As the chairman outlined in his earlier statement, there are many people who are very dependent on this industry for a livelihood and entertainment. A total of 800 people work in this business.

**Deputy Bobby Aylward:** In hindsight, do the witnesses think Bord na gCon handled this sale, if one calls it that, well? I am told that the board of Harold's Cross was not even notified. I was told that a week before, some of the witnesses met the director of the stadium and guar-

anted that Bord na gCon would keep it open for another 12 months. The following Monday, there were padlocks on the gates and a lot of stuff was removed that Monday morning so that it could not be viable or workable. Is that the way to treat people or a board? Is it right to do so without consultation? It seems to be a dictatorship rather than consultation.

**Mr. Pat Creed:** I will return to the sale of Harold's Cross. The sale is the future for the greyhound industry because it means that this legacy debt, which has killed the industry, will be resolved once and for all. The second thing I would say is that from a commercial point of view, I know of no business that has two properties a couple of miles apart - Shelbourne Park and Harold's Cross - that are closed four or five nights a week. They are two premises that are closed four or five nights a week when they are right beside each other. If this was a commercial organisation, they would be merged and that is what the plan for Dublin is. I will let Dr. Brady take the question about Harold's Cross.

**Vice Chairman:** A phone is switched on. Is it off? We needed that break.

**Dr. Seán Brady:** I thank the Vice Chairman for giving it to me.

**Deputy Bobby Aylward:** Time for reflection.

**Dr. Seán Brady:** There is no need for reflection on Harold's Cross in my world. As Deputy Aylward outlined, we met the Dublin Greyhound Owners and Breeders Association in Naas. We laid out the picture to the association with absolute clarity that Harold's Cross would be sold and that the sale was needed to solve the debt problem. That was made very clear to the people at the meeting on that day.

Subsequently, having discussed it with the chairman, an offer was made to allow racing to continue at Harold's Cross until the end of the year. The Dublin Greyhound Owners and Breeders Association wanted that commitment in writing and would not take my word for it. We said that because of the bank, we could not issue a letter to anyone about the future. We communicated to the association that this was the case. The board met. There was the threat of a picket at Shelbourne Park the next Saturday night. The board discussed the matter and we then made a final offer to the Dublin Greyhound Owners and Breeders Association that if it would accept our word, we would guarantee it racing to the end of the year. The association did not accept our offer. It was made clear to the association that non-acceptance of this offer and continuing picketing of Shelbourne Park would lead to the closure of Harold's Cross. Looking back on it, there were things Bord na gCon could have done better but-----

**Vice Chairman:** Such as?

**Dr. Seán Brady:** Can I finish?

**Vice Chairman:** Yes, but I am entitled to ask for clarification. I am the Chair. What could Bord na gCon have done better?

**Dr. Seán Brady:** I will answer that when I finish my point.

**Vice Chairman:** No problem, please do.

**Deputy David Cullinane:** With respect, the witnesses are here to answer questions.

**Dr. Seán Brady:** Can I finish?

**Deputy Bobby Aylward:** Could Dr. Brady answer my question first?

**Dr. Seán Brady:** That is what I am trying to do.

**Deputy David Cullinane:** With respect, it is common practice that members, particularly the Chair, can interject and seek clarification. The Chair deserves respect. If a question is put, it should be answered.

**Dr. Seán Brady:** Which question should I answer - Deputy Aylward's question or the Vice Chairman's?

**Vice Chairman:** Dr. Brady should answer Deputy Aylward's question. He can come to mine at the end. We might go back to Deputy Aylward. I was only looking for clarity.

**Dr. Seán Brady:** We had planned an awards night bringing together all of the people involved in the industry. We were informed that this event would be picketed. The event was cancelled. Racing at Shelbourne Park did not stop that night. When that information was presented to the board, a decision was made by the board to cease racing in Harold's Cross. The executive did risk analysis on this and, as part of it, we were advised by the property people that vacant possession was very important in realising value. There have been protests in other areas in this country so, based on a risk analysis, we decided to close Harold's Cross immediately. We did that job immediately after the board decision. The board made its decision at 9.45 and we proceeded to do it then.

I and the IGB regret absolutely the inconvenience to many genuine greyhound people in Dublin. As the chairman said earlier, we will bend over backwards. We accept that people who were part of the infrastructure of Harold's Cross were discommoded and we are sorry about that.

**Vice Chairman:** Dr. Brady said he may have done things differently. What would he have done differently?

**Dr. Seán Brady:** One thing we would have definitely done differently is that we would have had some involvement by the board of Harold's Cross in the decision-making.

**Deputy Bobby Aylward:** The least Dr. Brady could say is that the IGB was disrespectful to the board of Harold's Cross.

**Dr. Seán Brady:** Perhaps Deputy Aylward can say that. If I could just explain, the decision to cease racing was a matter for the IGB board. A meeting was arranged with the board afterwards. I accept Deputy Aylward's point of view.

**Deputy Bobby Aylward:** From what I hear, they were told and the padlocks were put on gates to the stadium. Material was removed so that racing could not continue. The board had been there for years and was running the third biggest track in the country and all of a sudden it was gone. In any event, we have gone through it and I wish to move on.

Given the protests that are taking place at Shelbourne Park, what are the IGB's plans to alleviate the situation and to try to bring everyone on board? I believe the losses are approximately €100,000 a week and that has serious consequences for the board for next year's estimates. What are the IGB's plans to sort out the entire problem?

**Dr. Seán Brady:** The gravity of the situation is very apparent to the IGB. There was a call

by the former Taoiseach, Brian Cowen, and Ivan Yates to enter mediation between the two parties with the assistance of Kieran Mulvey. Two meetings were held with Mr. Mulvey but he was not able to broker a solution. Informal contacts have been going on ever since and also with Mr. Mulvey. I spoke to Mr. Mulvey on Monday to see if he would get involved in the process again. We need a solution and we will do anything we can to find one.

**Deputy Bobby Aylward:** Damage is being done to the industry while this is going on, financially, in terms of breeding and every other way across the board. We depend on the English market a lot and there is much disquiet while the situation is ongoing. It must be brought to a conclusion sooner rather than later or permanent damage will be done.

**Dr. Seán Brady:** I completely accept the Deputy's point of view.

**Deputy Bobby Aylward:** We will move on to other mundane matters. I understand that the IGB funding allocation increased significantly, by approximately €2.75 million, from 2014 to 2015. However, the allocation of prize money to greyhound owners was reduced by €800,000. It seems that total prize money paid in 2015 was €6.67 million, which is down almost 50% on what was paid in 2007. That is a 50% reduction in the funding that was keeping the greyhound industry going. It is prize money which allowed people to remain viable. Could the IGB explain the steady reduction in prize money paid to owners, particularly from the period between 2014 and 2015? Has the money paid to owners increased in 2016, which I mentioned already? Is it expected that the prize money allocation will increase this year and in the future? Prize money is the bread for the industry and the ordinary Joe Soap on the ground.

**Mr. Michael Murnane:** I can confirm to the Deputy that prize money has increased by 25% with the average race grant.

**Deputy Bobby Aylward:** Does Mr. Murnane accept there is a 50% reduction based on the figures I outlined from 2007 to 2015? That is a massive amount.

**Mr. Michael Murnane:** There is an inference that the IGB had the money but that we refused to pay it out. That is not the case. In that timeframe-----

**Deputy Bobby Aylward:** The IGB was hitting the people that depended on it - the meat and bone of the industry - by reducing the prize money by 50%. Should the IGB not have looked elsewhere to cut costs without affecting the prize money? I was in contact with people who depend on the prize money. One breeder who is a genuine man and who has been involved in the industry all his life has approximately 15 bitches and runs a few dogs. He was getting a few bob and was able to survive but in five or six years, that changed and he is now hardly able to keep going. I am only talking about one individual.

**Mr. Michael Murnane:** I understand what the Deputy is saying. I am a country boy myself so I know exactly where he is coming from but one can only pay out what one makes. In the timeframe in question, the horse and greyhound fund was reduced to €4.4 million. In 2014 the horse and greyhound fund stood at €10.8 million. In 2007 it was close to €14.5 million. The number of races has fallen as well. There was a cumulative fall of 7,700 races and nearly 5,000 of those date to the years 2009 to 2011. I mentioned previously that Indecon recommended that we should reduce race meetings where nights were loss making.

Another contributor to prize money is sponsorship and that has fallen by €1.3 million in that timeframe. A total of €1.2 million of the drop was between 2008 and 2010. We have been there and we do not want to go back to those times. Another part of it is that €4.2 million of operat-

ing surpluses of the IGB had to be retained to pay bank interest of €3.5 million and €750,000 in bank repayments. That is a massive figure. A total of €4.2 million had to be set aside to pay interest on a loan.

**Deputy Bobby Aylward:** Mr. Murnane agrees with what I am saying, namely, that the money that was given as prize money went into servicing the debt. That is where the money went instead of going to the owners.

**Mr. Michael Murnane:** That might explain where the board is going in respect of trying to sell the assets because €4.2 million is a hell of an amount of money to be going in respect of bank debt and interest.

**Deputy Bobby Aylward:** Deputy Burke mentioned the cost of legal fees and I cannot avoid bringing it up as well. There was an increase of 250%. That was massive money at a time when the IGB was under pressure financially. An increase of 250% sounds incredible.

**Mr. Michael Murnane:** As I explained to Deputy Burke, between the settlement, the IGB costs and all the other costs that go with it the cost of the case was in the region of €900,000. That followed another expenditure of nearly €100,000 in legal fees in the previous year and the year prior to that.

**Deputy Bobby Aylward:** Why were the legal cases taken? Was it due to bad management?

**Mr. Michael Murnane:** I am not a solicitor so I am not in a position to comment. One can follow the best legal advices but it takes two parties to reach a settlement and the settlement was reached on the steps of the High Court in October 2015.

**Deputy Bobby Aylward:** Will the legal fees be that high going forward?

**Mr. Michael Murnane:** No. As I said to Deputy Burke, the legal fees are not a recurring expense. My experience in recent years is that there was a problem and we resolved it. We are trying to ensure it will not recur again. We are a self-regulatory body so there will always be an undercurrent of legal fees in respect of the IGB but not of the value that was there in 2015 when there was a total of €1.4 million in legal and professional fees. That is just not sustainable.

**Deputy Bobby Aylward:** I want to move on as my time is getting short.

**Vice Chairman:** Deputy Aylward should ask his last two questions and he can come back in later.

**Deputy Bobby Aylward:** I have a lot more than two questions but I know I will not reach them all.

**Vice Chairman:** We will be going around to members a second time.

**Deputy Bobby Aylward:** I will ask one or two more questions if that is okay. The Joint Committee on Agriculture, Food and the Marine previously recommended that IGB should provide a detailed update on its progress towards achieving the financial targets which underpin the strategic business plan for 2003 to 2017, which is a 14-year period. Based on the recent policy changes following a recommendation by the Indecon review, has the IGB submitted an update to the agriculture committee on progress towards achieving these financial targets?

**Mr. Michael Murnane:** As I said, we offer our-----



**Deputy Bobby Aylward:** Has the board gone to the agriculture committee with that plan?

**Mr. Michael Murnane:** I am not aware of a report that has gone to them. We do regularly update our financials and where we are in respect of the plan and where we are with Indecon. We do submit that information to the Department. We send monthly and quarterly accounts to the Department and we offer the Department updates in respect of how we are getting on with Indecon. As regards whether that report went back to the agriculture committee, I just simply do not know.

**Deputy Bobby Aylward:** Should the witnesses not know that as an executive?

**Mr. Michael Murnane:** We should know that but I do not----

**Deputy Bobby Aylward:** Should someone here not be able to answer that question? It is a matter of a business plan.

**Mr. Michael Murnane:** I do not have the answer.

**Vice Chairman:** Is there anybody here who can answer that question? In our time on this committee, nobody has ever come in and been unable to answer a question like that.

**Deputy Bobby Aylward:** It sounds very negative if nobody is able to answer or even attempt to answer.

**Mr. Phil Meaney:** As I said earlier, we have a strategic plan that expires this year.

**Vice Chairman:** Can you answer the specific question?

**Mr. Phil Meaney:** I understand the specific question is whether we have a plan going forward. Yes, we have-----

**Deputy Bobby Aylward:** Which Bord na gCon told the agriculture committee it would produce.

**Mr. Phil Meaney:** I do not know that. What I am saying is that we have a plan now. I think I might have misunderstood the question. We have a plan which is tied into the sale of Harold's Cross and getting our finances in order. There are a number of variations-----

**Deputy Bobby Aylward:** That does not sound much like a business plan. That is just getting out of the immediate debt problem.

**Mr. Phil Meaney:** That is where we are and as I said we are in the process of starting a five-year strategic plan that we have continually put in place.

**Vice Chairman:** Just for clarity, the Deputy has asked a very specific question based on the statement to the agriculture committee. Can we have a clear answer? Either there is a plan and it is published or there is not, or else nobody knows about it.

**Deputy Bobby Aylward:** If they cannot tell me now, can the witnesses inform us in writing?

**Mr. Michael Murnane:** Our business plan was updated with Indecon and that is published on our website. What the Deputy referred to was an update on that plan, if I understand him correctly, to the agriculture committee. I just do not know.

**Vice Chairman:** This is incredible. What do you mean you do not know? It is either a “Yes” or a “No”.

**Mr. Michael Murnane:** I cannot answer “Yes” or “No” because I was not aware of the outstanding request.

**Deputy Bobby Aylward:** Bord na gCon is subject to the agriculture committee and to the Department of agriculture. It is the Department that gives it the money and the board must come back to the Department when it requests something. Bord na gCon gave a commitment according to what I have in front of me. I just want to know if it went back to the committee with that plan, or if there is any such thing as a business plan as has been said here. I took this at face value. I took this down yesterday evening and researched it.

**Mr. Pat Creed:** We have a business plan and I outlined it earlier. The business plan we had yesterday evening is different from Monday morning because our financial situation has dramatically changed. The Deputy is right. A new business plan is now required.

**Vice Chairman:** Deputy Creed - sorry, Mr. Creed, I am giving you an elevation because of where you are sitting - with all due respect, there is a specific question pertaining to a commitment given at the agriculture committee, to which the representatives here do not know the answer.

**Deputy Bobby Aylward:** I find it unbelievable that they do not even realise - they went in front of the agriculture committee and gave a commitment and now they do not even know about it. That is what I have here and I took it all from the agriculture committee. Anyway, we will move on.

**Vice Chairman:** Mr. Gleeson may want to save his fellow witnesses.

**Deputy Bobby Aylward:** Mr. Gleeson might be able to put some meat on the bone here.

**Deputy David Cullinane:** Before Mr. Gleeson comes in, from what I have heard so far I find it incredible that there is so much confusion between answers given by witnesses from the same organisation. That sets off alarm bells for me but I will get a chance to come in.

**Vice Chairman:** You can come in in a minute, Deputy. I share your concern.

**Mr. Brendan Gleeson:** I am not sure I can add clarity but I will try. There is a business plan from 2012 to 2017. The landscape has changed utterly since then. We did receive alternative figures in 2015, a kind of update in light of proposals to sell Harold’s Cross. As a condition of the provision of funding this year, we have asked for a comprehensive business plan to be prepared in 2017. The original one was to expire anyway in 2017. The reality is that between 2014 and now, there has been a roadmap outlined for the development of the sector and its preservation, to be frank, and that has been the Indecon report. The board has an action plan for the implementation of Indecon. In terms of what the agriculture committee asked for, I am not sure what Deputy Aylward is reading from but the convention is that a committee would request somebody to come in and present to it on business proposals.

**Vice Chairman:** It is not that long ago, though.

**Mr. Brendan Gleeson:** I am sure that the board would be prepared to do that if requested.

**Deputy Bobby Aylward:** The Department of agriculture is the paymaster which gives out

the money. Is Mr. Gleeson happy with the Irish Greyhound Board's performance and the way it is running its business? Is he happy to sign off on giving them money every year, and is he happy with this business plan? Is he happy with the way the procedures are going or has he question marks over the €14.5 million that is being spent and that he is responsible for giving to Bord na gCon? I think we asked Mr. Gleeson this ourselves when he was in front of us. I do not think I was satisfied with the answer he gave either. I am talking about oversight now.

**Mr. Brendan Gleeson:** The answer I will give now is the same as the one I gave then. Nobody is happy with the financial performance of the sector over the last several years. I do not think anybody is. I do not think the board is.

**Vice Chairman:** He asked a very specific question. Are you happy, as the officer in the Department - I know the Secretary General is the Accounting Officer - are you happy to sign off on the funding that taxpayers give to this organisation, given the evidence today and what you have already stated? Last time you were in here you said in evidence that you meet them once a year.

**Mr. Brendan Gleeson:** That is me personally, Deputy. There is a lot of interaction. There is a division that deals with this and there is a lot of interaction with Bord na gCon on a weekly basis. There are two formal governance meetings every year. There is a significant degree of interaction between the Department and the board. I said this the last time I was here and it remains the case. I am not happy with the financial performance of the sector but there is a role----

**Vice Chairman:** Are you happy with the financial performance of Bord na gCon? Answer the question please.

**Mr. Brendan Gleeson:** I am going to answer the question. The position is that the board inherited an almost impossible situation. I certainly-----

**Deputy Bobby Aylward:** Was the Department not in charge of the old board as well? If it was a bad board-----

**Mr. Brendan Gleeson:** If the Deputy wants to go back to Limerick and that, some of the early decisions in Limerick were made as early as 2005. It was a different board and a different Department. That is just factually correct. There is no doubt that some of those decisions laid the seeds for great financial difficulties which were exacerbated by a recession from 2008 on. An investment was made at the wrong time - I suppose that is the reality of what happened.

The board has inherited a difficult situation and is trying to navigate its way through it. I do not believe there are any easy solutions here. They are doing a very difficult job in difficult circumstances.

**Deputy Bobby Aylward:** There is a lot of taxpayers' money involved and we are here to make sure it is being spent properly and everything is accountable and above board. That is our job here and all we are trying to do is clarify that money is being spent right and going in the right direction. As part of the oversight, the Department should be making sure of that.

**Mr. Brendan Gleeson:** Part of the difficulty, and a factor in the perfectly legitimate issues that are being raised here, is that when one does not have money, one has to make difficult decisions. The fact is that there is a very significant debt which is costing a lot to service. As far as I am aware, between €2 million and €3 million was involved in covering the interest and bank debt over the last two years. That is money that could otherwise have gone into prize money,

breeders' incentives, investments in stadia. This thing is a bit of a self-fulfilling prophesy. I cannot say I am happy with the situation but I am quite sure that the board and the interim chief executive would say exactly the same thing.

**Vice Chairman:** I wish to raise a matter for clarification and then I will let Deputy Aylward conclude. Mr. Gleeson said that there are historical issues here, a previous board, a change of Departments and so on. Obviously, the issue of the decision to build the site in Limerick is a critical component of this and we all understand that. That is probably one thing we all agree on, but there are many more bigger issues than that as well. Perhaps Mr. Greally will answer the following question. There was a request from the Department of Agriculture, Food and the Marine to the Department of Public Expenditure and Reform to extend the contract of the previous chief executive, who was the decision-maker regarding the building of the Limerick site. If there were concerns about this, why did the Department of Agriculture, Food and the Marine write to the Department of Public Expenditure and Reform requesting an extension of the contract of the CEO who made the decision to build the Limerick site in the first place?

**Mr. Brendan Gleeson:** That is a fair question.

**Vice Chairman:** I think Mr. Greally might want to answer it as well.

**Mr. Brendan Gleeson:** I will take it if the Vice Chairman does not mind. It is a fair question-----

**Vice Chairman:** Thanks.

**Mr. Brendan Gleeson:** -----but it is not the CEO who made the decision to build the Limerick site. It is the board that makes those decisions.

**Vice Chairman:** Yes, but the CEO is obviously party to the decision.

**Mr. Brendan Gleeson:** Of course, and the CEO would have made recommendations, and there was a case made at the time-----

**Vice Chairman:** I refer to the CEO at the time when the industry was collapsing.

**Mr. Brendan Gleeson:** I accept that, and that is having come through a very difficult time and a difficult recession. However, at the time, a case was made by the board for the extension of the contract of the CEO based on the submission of a business plan and on the need for continuity. I believe that this individual had particular expertise in some of the proposals for the IT element of online services and commingling. That was the basis of the submission made and it was on that basis that we agreed to an extension. Ultimately, the CEO did not accept the post and was not appointed.

**Vice Chairman:** Yes, but it does sound strange, given the evidence given today by Mr. Gleeson regarding the fact that there are board legacy issues, which is not something I respect, and that it is a matter of a previous board, that it was the same Department that asked for the contract of the CEO of that previous board to be extended based on the CEO's performance.

**Mr. Brendan Gleeson:** We asked for the extension based on a submission made by the board, which at the time we felt had some merit and was-----

**Vice Chairman:** It is consistent with the evidence given previously by the Department of Agriculture, Food and the Marine and given today by the Department regarding a hands-off

approach. It is also a policy *volte-face*. Regarding the review that was conducted in 2010 of the national State assets and liabilities, did the Department not say that a disposal of assets regarding Bord na gCon would have a very negative impact on the industry? The Department of Agriculture, Food and the Marine in 2010 felt any asset sale would be negative for the industry but presumably now supports it.

**Mr. Brendan Gleeson:** I cannot be held accountable-----

**Vice Chairman:** I am not asking-----

**Mr. Brendan Gleeson:** -----for what somebody said in 2010, which is a long time ago. The landscape has changed since then.

**Vice Chairman:** The same CEO is in place.

**Mr. Brendan Gleeson:** We had an objective person look at this situation and there is no ideology at play here. Nobody wants to dispose of assets if it is avoidable, but we asked for an independent company to take an objective look at the sector because we knew there were financial problems. They took a view and made a series of recommendations about improving the financial situation and governance and regulation, and that report was broadly accepted by Ministers at the time it was produced, in 2014.

**Vice Chairman:** I will let Deputy Aylward contribute presently. I will quote from the Department:

€90m has been invested in bringing stadia up to a high standard; it is highly unlikely this investment would be recovered on the open market.

Despite this, we have had a decision in the past 48 hours.

**Deputy Bobby Aylward:** I have one last question, for now anyway. I refer to the Indecon report again. The Oireachtas Committee on Agriculture, Food and the Marine recommended that the Irish Greyhound Board facilitate meetings with industrial representatives of stakeholders such as the Irish Greyhound Owners and Breeders Federation. That is one of the complaints I have heard recently. The board and executive are completely ignoring the stakeholders. I have been told they will not meet them, converse with them or tell them what is going on. Here is a recommendation from the Indecon report and from the Committee on Agriculture, Food and the Marine that the board discuss with them the future of the plan that is put forward. Despite this, since January last year, when this recommendation came from the Committee on Agriculture, Food and the Marine, the board has never met them and has completely ignored them. That is what I am being told and I want clarification on that.

**Mr. Phil Meaney:** That is completely inaccurate.

**Deputy Bobby Aylward:** Someone must be telling me something different then.

**Mr. Phil Meaney:** In December 2015, we set up a forum. By way of a small bit of background, the industry is very splintered. A number of the greyhound owners and breeders associations, GOBAs, around the country are not affiliated to the national GOBA. There are several other bodies: to a name a few, Greyhound Racing Integrity Ireland, GRII, the Phoenix Group and others. It had become impossible to meet everybody. I go to the races three or four nights a week and I am available to talk to anyone.

**Deputy Bobby Aylward:** Will Mr. Meaney say whether the board has met any of the groups over the past 12 months? Will he give me an example?

**Mr. Phil Meaney:** Will the Deputy allow me to finish, please? As a board, in agreement with the executive, we decided to set up a forum where we would invite two members from each of the different groups to come to Limerick and we would meet them. Whatever we had to divvy out, we would give them the background and be very open and very transparent. We had one such forum in December and either two or three last year. I discussed this with the Minister of State who has responsibility for the greyhound industry. He thought it was an excellent idea-----

**Vice Chairman:** I ask Mr. Meaney to name him for clarity and in order that everyone knows who he is talking about.

**Deputy Bobby Aylward:** Deputy Doyle, is it?

**Vice Chairman:** Is it the Minister of State, Deputy Doyle?

**Mr. Phil Meaney:** Yes. The board discussed it with him. He was very supportive of that idea to the extent that he came along one night and made himself available for four hours to meet the different components of the industry. When I got involved in this industry, the one thing I wanted to do, with the board and the executives, was unite the industry. It has been an impossible task. The idea was that by putting this in place, we would get in all the different colours and all the people with different ideas, but it does not seem to have worked.

**Deputy Bobby Aylward:** How often does the forum meet? Of all the different groups, how many turned up?

**Mr. Phil Meaney:** I think we had one meeting at which we met all the groups individually over a 12 hour period in December 2015, and we had either two or three meetings last year. Not all the groups turned up. About 75% of the groups invited turned up.

**Deputy Bobby Aylward:** Did any good come out of it? Was the Indecon report discussed? Were the points of view of the representatives who were there taken on board?

**Mr. Phil Meaney:** Yes, and I felt that the forum had the capacity to be a success, but the problem was, and the problem remains, that different groups have different agendas. Sometimes they are completely opposed to one another. The biggest individual problem was that we could not get the industry going in the one direction.

**Vice Chairman:** Deputy Aylward will be able to contribute further. I assure him we will go around this circle a number of times. Just before Deputy Cullinane asks his question, I want to note a few matters on which we will need clarity because we have not yet had clarity. Any time a Deputy asks a question that is not answered, we will note it. The witnesses can answer further in their contributions in a while.

Regarding legal costs, has the board changed legal suppliers in the recent past? Are there any outstanding legal cases? Deputy Burke asked a question about the pension fund. By how much is it underfunded? I understand €800,000 was given towards it. Was that all fully put in recently? Has there been a full section 50 consultation with the staff and, if so, was it done in the appropriate way? We spoke earlier about staffing. Were there any staff appointments recently at any level and, if so, were they advertised in open competition? Is there an organisa-

tional review ongoing at the moment? There was no chief financial officer in Bord na gCon for a number of years. The witnesses might outline why this was the case and the consequences of same. I call Deputy Cullinane.

**Deputy Catherine Murphy:** Is there a rota?

**Vice Chairman:** Yes, we have a full rota of speakers. Members will speak in the following order: Deputy Cullinane, Deputy MacSharry, Deputy Catherine Murphy, Deputy Cassells and Deputy Connolly. If there are no other speakers, I will then contribute.

**Deputy David Cullinane:** As there is a large team from Bord na gCon present, only some of whom were introduced, I would like to know to whom I am speaking. Will Mr. Meaney introduce everyone who is attending on behalf of his organisation?

**Mr. Phil Meaney:** Sorry about that. We have Mr. Colin Walsh, commercial director of the executive, Mr. Michael Murnane, chief financial officer and executive member, Dr. Seán Brady, interim CEO, Mr. Pat Creed, Mr. Frank Nyhan and Mr. Colm Gaynor, board members, and Mr. Joe Lewins, director of Tote.

**Deputy David Cullinane:** How many members of the board are here?

**Mr. Phil Meaney:** Four.

**Deputy David Cullinane:** Is that four of six board members in addition to the chairman?

**Mr. Phil Meaney:** It is four of the seven members.

**Deputy David Cullinane:** I have no agenda. The job of members is to evaluate materials we are given in preparation for meetings of the committee. We examine annual accounts - we will examine the opening statements made by the Comptroller and Auditor General and Mr. Meaney - and then do research on the organisations involved and the issues raised at our meetings. That is the basis upon which questions are asked. I hope Mr. Meaney, his colleagues and members understand that. I will first make an observation rather than ask a question. I found the performance so far to be shambolic and disjointed. The level of planning for this meeting leaves a lot to be desired on the part of members of the board, which raises concerns for me. I am giving my opinion, which the witnesses do not have to accept.

I will move on to questions. In all the material I have read, I have noted mismanagement, poor decision making, bad judgment and incompetence for which nobody has been held to account. Mr. Gleeson, one of the board members and some of the other witnesses responded to questions by making statements to the effect that they could not be held to account, the landscape was changing or something happened before their time. We heard excuse after excuse, with nobody taking responsibility for anything as far as I can see. Somebody else, the people who came before, were blamed.

My first question is directed at Mr. Meaney, although I will also put questions to other witnesses. I am frustrated by the presentations given and the complete lack of acceptance of any wrongdoing, mismanagement or poor decision making. I believe it was Dr. Brady who referred to good leadership and management, a statement I will return to in a few minutes. Can Mr. Meaney tell me that there was no evidence of mismanagement, poor decision making, bad judgment or incompetence by the board or the previous board of the organisation?

**Mr. Phil Meaney:** Through the Chair, I will not comment on the previous board.

**Deputy David Cullinane:** Mr. Meaney is the chairman of the organisation. Somebody has to comment on the performance of the organisation. If Mr. Meaney is not prepared to do so, I will address Dr. Brady. It is not good enough for someone to state before the Committee of Public Accounts that he cannot give an opinion on what happened before his time. Mr. Meaney can give an opinion.

**Mr. Phil Meaney:** I can give an opinion if the Deputy wants me to.

**Deputy David Cullinane:** I am asking Mr. Meaney's opinion.

**Mr. Phil Meaney:** As I say, it can only be an opinion. I was not there. I was not part of that board.

**Deputy David Cullinane:** I was not there either and I have an opinion. I am asking for Mr. Meaney's opinion, as the current chair of the board.

**Mr. Phil Meaney:** The only opinion I will give, with the benefit of hindsight, is that the building of the Limerick stadium put huge financial pressure on the organisation. To move on from that, since I came in myself and the board-----

**Vice Chairman:** For clarity, on what date did Mr. Meaney join the board?

**Mr. Phil Meaney:** On 13 April 2011.

**Vice Chairman:** Mr. Meaney had no part in contracts or anything else related to Limerick greyhound stadium.

**Mr. Phil Meaney:** No.

**Vice Chairman:** There was no signing off of any work or anything else.

**Deputy David Cullinane:** I remind the witnesses that many of them spent a long time commenting on the actions of the previous board when giving answers. They cannot have it both ways. I am asking Mr. Meaney for his opinion, after which I want to hear Dr. Brady's opinion, on the current and previous boards. In Mr. Meaney's view, were there instances of mismanagement, poor decision making, bad judgment and incompetence either by the current or previous board? I ask Mr. Meaney to answer that question directly before I come to Dr. Brady.

**Mr. Phil Meaney:** I would probably not say here that we are a perfect board. As I said in our opening remarks, the man that never made a mistake never made anything. As far as I am concerned, we have managed the business to the best of our ability. We have put in a huge effort. I told the committee the problems that were there when we came in. We cannot magic them away. The problems were there and we had to deal with them. We had to deal with an outstanding IOU of €2.5 million to-----

**Deputy David Cullinane:** With respect to Mr. Meaney, that is not the question I asked. We know there were problems. As he well knows, problems do not self-generate but are created by people and organisations. Were the problems Mr. Meaney stated he inherited a product of mismanagement, poor decision making, bad judgment or incompetence?

**Mr. Phil Meaney:** That is a difficult question. There was a combination of issues. Probably the biggest single issue was that decisions were made when the economy was at its highest. The economy collapsed and certainly, with the benefit of hindsight, one would question some of the



decisions. I cannot specifically say to the Deputy that any of the decisions that we have made - while I have the utmost of sympathy for Harold's Cross and the Dublin greyhound owners and breeders, my belief it that it is the correct decision but only history will write whether it was the right decision or the wrong decision.

**Deputy David Cullinane:** I ask Dr. Brady to answer the question and give his opinion. These issues are not funny; they are serious. I am looking for respect from the witnesses. I want them to respect the committee and the work we are doing.

**Vice Chairman:** Will Dr. Brady answer the question, please?

**Dr. Seán Brady:** I am appointed by the board so it is not in my remit to judge the board or anything. I am the chief executive and I am paid by the board to do the job so I do not think it is appropriate for me to make any comment on the board.

**Deputy David Cullinane:** What is Dr. Brady's function in Bord na gCon?

**Dr. Seán Brady:** I am the interim CEO.

**Deputy David Cullinane:** I know Dr. Brady is the CEO. What is his function as CEO?

**Dr. Seán Brady:** It is to manage and lead the staff in the organisation.

**Deputy David Cullinane:** It is to manage and lead the staff in the organisation. When I ask Dr. Brady for his opinion on mismanagement, he states he cannot answer the question. He can answer the question because if he is the manager, he can tell me whether, in his opinion, there were issues of mismanagement, poor decision making, bad judgment and incompetence. If he is not in a position to answer that question, quite simply, he should not be the CEO of the organisation, interim or otherwise. I ask him again to answer the question that was put. Is he the Accounting Officer?

**Vice Chairman:** Dr. Brady, for clarity, you can answer the question the Deputy asked but you do not have to make reference to the board. You can answer as to whether you agree with the sentiments, as expressed, regarding mismanagement and so forth in relation in how the organisation, as opposed to the board, was or is performing.

**Dr. Seán Brady:** I thank the Chairman for that clarity. I have worked in a number of businesses in my career, most of which had good and bad patches. I would not describe the Irish Greyhound Board as a perfect organisation. There is room for improvement but I see in the organisation very committed, hardworking staff who are very committed to their jobs. They work very hard and deliver a product to the people who come into the-----

**Vice Chairman:** I ask Dr. Brady to answer the question, please.

**Deputy David Cullinane:** In Dr. Brady's role as CEO has he seen examples of mismanagement, poor decision making, bad judgment or incompetence, either by the current or previous board or the organisation?

**Vice Chairman:** We will confine the question to the organisation. Dr. Brady should answer the question as specified.

**Deputy David Cullinane:** I am talking about the full organisation.

**Vice Chairman:** The executive.

**Dr. Seán Brady:** As businesses go, the organisation has made some mistakes. The management team has made mistakes and I have made mistakes since I joined the organisation, as I told the Vice Chairman earlier. I would not agree with the use of the term “incompetence”. People in the organisation are very committed to doing the best they can.

**Deputy David Cullinane:** My next question is for Mr. Gleeson. The Department has a responsibility in respect of protecting taxpayers’ money and ensuring that there is no mismanagement, poor decision-making, bad judgement or incompetence in organisations funded by the taxpayer and for which it is responsible. I will evaluate whether that is the case in a few minutes but I am trying to get into the heads of the people who are present before doing so. What is Mr. Gleeson’s opinion?

**Mr. Brendan Gleeson:** The events relating to Limerick were the subject of a special report from the Comptroller and Auditor General. I do not think any of those words were used in that report. Clearly, mistakes were made in the context of the construction of Limerick and the Department fully accepted the Comptroller and Auditor General’s report. I think that is the most I can say.

**Deputy David Cullinane:** I will get to some of the issues. I will start with the site near Meelick that was dealt with earlier. Did Mr. Murnane answer the questions on that?

**Mr. Michael Murnane:** Yes.

**Deputy David Cullinane:** How much was it bought for?

**Mr. Michael Murnane:** It was bought for €1.5 million.

**Deputy David Cullinane:** What was it bought for?

**Mr. Michael Murnane:** The construction of the track in Limerick.

**Deputy David Cullinane:** What is its current status?

**Mr. Michael Murnane:** It is zoned for agriculture.

**Deputy David Cullinane:** What is it worth?

**Mr. Michael Murnane:** It is worth in the region of €100,000.

**Deputy David Cullinane:** How much of a loss is that?

**Mr. Michael Murnane:** One could say it is €1.5 million.

**Deputy David Cullinane:** Almost €1.5 million. Is that good judgment?

**Mr. Michael Murnane:** After the site was bought, it was subsequently discovered that it did not have direct access to the road network - the Shannon road - at that point.

**Deputy David Cullinane:** So there was due diligence?

**Mr. Michael Murnane:** I can only work off what I can read but it appears that the site was bought without clarification.

**Deputy David Cullinane:** Who signed off on the site being bought?

**Mr. Michael Murnane:** I think-----

**Deputy David Cullinane:** Would the board have signed off on it?

**Mr. Michael Murnane:** The board authorised the figure of €1.4 million in respect of it.

**Deputy David Cullinane:** Is Mr. Murnane telling me that the board signed off on it without full knowledge?

**Mr. Michael Murnane:** That appears to be the case based on the-----

**Deputy David Cullinane:** It is either-----

**Mr. Michael Murnane:** It is based on the report from the Comptroller and Auditor General.

**Deputy David Cullinane:** I am not asking about the Comptroller and Auditor General.

**Mr. Michael Murnane:** We are relying on minutes and historical documentation here.

**Deputy David Cullinane:** I am not asking the Comptroller and Auditor General. I am asking Mr. Murnane. I am looking for a straightforward answer. Either the board had the full information or it did not. It is not a grey area, it is black and white. Did the board have the full information to equip it to make a decision to sign off on €1.5 million?

**Mr. Michael Murnane:** In my view and based on what we have seen, it appears that the board did not have full information about that site.

**Deputy David Cullinane:** So we cannot say whether it was bad judgment but there was certainly incompetence on the part of somebody because the full information was not given to the board. Would Mr. Murnane agree with that?

**Mr. Michael Murnane:** In respect of the €1.4 million, there was incomplete information.

**Deputy David Cullinane:** I would label that incompetence. I would see €1.4 million as a very significant amount of money so I would see it as incompetence. I will move to the sale of Harold's Cross. Will Mr. Meaney reread the fourth paragraph on page 2 of his opening statement, starting with the decision to sell Harold's Cross?

**Mr. Phil Meaney:** I will. It states:

The decision to sell Harold's Cross is not solely predicated on its potential value to the IGB or its contribution to the resolution of the debt issue but is also based on the fact that it is two miles from Shelbourne Park, which is twice its size and operates for a limited period every week, as indeed does Harold's Cross. It does not make commercial sense.

**Deputy David Cullinane:** What does not make commercial sense?

**Mr. Phil Meaney:** It does not make commercial sense to have two stadia two miles from each other. The lights go off in one to let the other operate.

**Deputy David Cullinane:** Did it make commercial sense to sell Harold's Cross?

**Mr. Phil Meaney:** Absolutely.

**Deputy David Cullinane:** Could I get Mr. Meaney to turn to the-----

**Mr. Phil Meaney:** The board would not have made that decision if it did not feel it was the correct decision.

**Deputy David Cullinane:** Mr. Meaney spoke earlier about tough decisions.

**Mr. Phil Meaney:** I spoke about tough decisions.

**Deputy David Cullinane:** There is a difference between tough decisions and the right decisions. Our job is to investigate, examine and interrogate decisions that were made. We can then pass judgment on whether they were the right decisions. I am not saying this was the wrong decision but it is my job to examine. That is all we are going to do so we will examine whether it was the right decision or at least we will put questions. If Mr. Meaney has a copy of the 2015 annual report, could he turn to page 45?

**Mr. Phil Meaney:** Before we move on to that, I would like to add that good commercial decisions are still often difficult.

**Deputy David Cullinane:** I accept that. Could Mr. Meaney turn to page 45 of the 2015 annual report? Are we on the same page?

**Mr. Phil Meaney:** Yes.

**Deputy David Cullinane:** We can see the tote profit and the track profit and loss in each of the different tracks. What is Abargrove Ltd?

**Mr. Phil Meaney:** That is the food and beverage side of our business.

**Deputy David Cullinane:** The food and beverage side of it. The profit is €64,000 while the loss is €307,912. Is that correct? Am I reading it right? Does Mr. Murnane want to take this part?

**Mr. Michael Murnane:** Yes, the Deputy is reading that right.

**Deputy David Cullinane:** So what is the loss?

**Mr. Michael Murnane:** Predominantly, that is the track operating loss from operating a greyhound track.

**Deputy David Cullinane:** But it is a loss?

**Mr. Michael Murnane:** It is a loss.

**Deputy David Cullinane:** Cork Greyhound Race Company limited has a profit of €310,015 and a loss of €221,522 - a profit of approximately €90,000. Is that right?

**Mr. Michael Murnane:** That is about right.

**Deputy David Cullinane:** Galway Greyhound Stadium limited has a profit of €169,850 and a loss of €233,645 - an overall loss. Is that right?

**Mr. Michael Murnane:** That is right.

**Deputy David Cullinane:** The Kingdom Greyhound Racing Company limited has a profit of €130,000 and a loss of €135,000 so, again, there is a loss.

**Mr. Michael Murnane:** Yes.

**Deputy David Cullinane:** Shelbourne Greyhound Stadium has a profit of €725,000 and a loss of €174,000 so there is a significant profit there. The final three - Waterford, Youghal and Mullingar - all had losses.

**Mr. Michael Murnane:** Yes.

**Deputy David Cullinane:** In the case of Youghal, the loss was very significant.

**Mr. Michael Murnane:** Yes.

**Deputy David Cullinane:** Where is Harold's Cross - the Dublin Greyhound and Sports Association - in that? What was its profit?

**Mr. Michael Murnane:** The profit from the tote was €331,000 while the track loss was €53,000.

**Deputy David Cullinane:** And the loss?

**Mr. Michael Murnane:** The track loss was €54,000.

**Deputy David Cullinane:** So what was the profit?

**Mr. Michael Murnane:** The profit was €280,000.

**Deputy David Cullinane:** I am looking at a loss relating to food and beverages and losses on the part of Galway Greyhound Stadium limited, the Kingdom Greyhound Racing Company limited, Limerick Greyhound Racing Track limited, Waterford Greyhound Race Company (1953) limited, Youghal Greyhound Race Company limited and Mullingar Greyhound Racing Company limited. One of the only profit-making companies is the one that was sold. I go back to the statement that this makes commercial sense. Can Mr. Meaney illuminate that for me?

**Mr. Phil Meaney:** Absolutely. As we explained earlier, the market is not big enough to run the two tracks except for about four or five nights-----

**Deputy David Cullinane:** Is it making a loss or a profit?

**Mr. Phil Meaney:** Let me answer.

**Vice Chairman:** Answer the question please.

**Deputy David Cullinane:** I am asking Mr. Meaney whether it was making a loss or profit? Mr. Meaney is talking about two venues. I am looking at the annual report for 2015 in respect of Shelbourne Park and Harold's Cross.

**Mr. Phil Meaney:** The question Deputy Cullinane asked was very specific and concerned whether closing Harold's Cross was a good decision commercially. That is the question Deputy Cullinane asked me.

**Deputy David Cullinane:** Yes.

**Mr. Phil Meaney:** I am explaining to the Deputy; I am answering the Deputy's question. As for the two tracks, as my colleague, Mr. Pat Creed, explained earlier, if there were shops two miles from each other, it would not make commercial sense to operate the two. The market is

not big enough to operate the two tracks on similar nights and we alternate them.

**Deputy David Cullinane:** I accept it is Mr. Meaney's view that this made commercial sense and he is giving his justification. Mr. Meaney's justification is that it does not make commercial sense to have Shelbourne and Harold's Cross operating so close to each other.

**Mr. Phil Meaney:** On the same night, I am saying.

**Deputy David Cullinane:** That is irrelevant. Let me put the question, please.

**Mr. Phil Meaney:** The Deputy either gives me an opportunity to answer the question.

**Deputy David Cullinane:** If I can put the question, please, Mr. Meaney. If he can show a bit of patience please, I will make my point. I put to Mr. Meaney - I am only working off the 2015 accounts - that what I see is a very significant profit for Shelbourne and a very significant profit for Harold's Cross. How can Mr. Meaney reconcile very significant profits being made by the two tracks with his statement that it is impossible or not viable for the two of them to go hand in hand or side by side? Can Mr. Meaney explain that to me?

**Mr. Phil Meaney:** The simplest way I will put it to Deputy Cullinane, because he will not allow me to give him the background to the matter, is-----

**Vice Chairman:** Sorry, Deputy Cullinane asked a specific question.

**Deputy David Cullinane:** Mr. Meaney can take up all the time in the world he wants to answer the question now.

**Vice Chairman:** Mr. Meaney, you can take time to elaborate but just answer the question by the end of it.

**Mr. Phil Meaney:** Thank you, Chairman. I will be brief because there is no point in being anything else. The profitability of the two tracks, in my opinion, will be greater when we are operating one because it will operate on all the nights with a stadium that has exactly double the capacity.

**Deputy David Cullinane:** Does Mr. Meaney understand how the Committee of Public Accounts works? Does he understand what our function is here?

**Mr. Phil Meaney:** I hope I do, yes.

**Deputy David Cullinane:** Can Mr. Meaney give me his understanding of that?

**Mr. Phil Meaney:** The committee is responsible for taxpayers' money.

**Deputy David Cullinane:** Mr. Meaney is the chairperson of an organisation that is funded through the taxpayer.

**Mr. Phil Meaney:** Correct.

**Deputy David Cullinane:** When Mr. Meaney is asked a question - I do not want to hear from any witness who comes before the Committee of Public Accounts that he or she will be brief because there is no point in being anything else - he is here as the chair of an organisation that is funded by taxpayers' money to answer questions.

**Mr. Phil Meaney:** I apologise.

**Deputy David Cullinane:** Mr. Meaney can have as much time as he possibly needs. At times there will be a need for us to interject, but Mr. Meaney has as much time as he needs. Mr. Meaney and his colleagues needs to understand they are here to answer questions.

**Mr. Phil Meaney:** Okay, apologies.

**Deputy David Cullinane:** Obviously, we will not agree on the commercial viability of both Shelbourne and Harold's Cross. I am only putting on the record the figures for both and the profit that both made, and then people can make up their own minds.

What I am interested in then is the decision by the Department of Education and Skills to buy the property in the first place, and also that Dr. Brady, when asked earlier how much the organisation will get, was not in a position to give us the information, and I fear the dreaded words "commercial sensitivity" coming as well. How many purchasers are there in the game here? How many people are involved? Is there more than one bidder here or is it already a done deal between the organisation and the Department of Education and Skills?

**Dr. Seán Brady:** The organisation received an offer from the Department of Education and Skills on Monday.

**Vice Chairman:** Is there a phone on? Perhaps Dr. Brady should put the phone with his colleagues behind him in case he cannot turn it off.

**Dr. Seán Brady:** Sorry, I have it on silent.

**Vice Chairman:** It has to be off. That is what I requested at the beginning.

**Dr. Seán Brady:** Apologies.

**Vice Chairman:** My phone is off. Everyone's phone should be off. Can we have everyone's phone off, please? Dr. Brady may go ahead.

**Dr. Seán Brady:** Apologies.

**Vice Chairman:** Okay.

**Deputy David Cullinane:** Will I repeat the question?

**Dr. Seán Brady:** Please.

**Deputy David Cullinane:** Why is Dr. Brady not in a position to tell us how much the organisation will be getting from the Department of Education and Skills?

**Dr. Seán Brady:** At this point in time, there are a number of steps to go through the process. We have received advice from our property advisers, Savills, that the price that has been offered is an acceptable price but there are a number of steps still to take in the process which will happen over the coming weeks. When those steps are completed, we will be able to make it a matter of public record.

**Deputy David Cullinane:** What has been in the public domain is €15 million.

**Vice Chairman:** A question please, Deputy. It will come around again.

**Deputy David Cullinane:** Can Dr. Brady verify that, one way or the other?

**Dr. Seán Brady:** No.

**Deputy David Cullinane:** Was it sold on the open market?

**Dr. Seán Brady:** The process, as I explained to Deputy Burke earlier, is quite simple. On 23 March, the board agreed that the property be put up for sale. I informed the Department who owns us, the Department of Agriculture, Food and the Marine that the board had made this decision. The Department of Agriculture, Food and the Marine drew my attention to Circular 17/2016 and asked me to allow the Department of Education and Skills to look at the site.

**Deputy David Cullinane:** Was there an open market sale? The answer is “No”.

**Dr. Seán Brady:** We followed-----

**Deputy David Cullinane:** Was there a tendering process? These are straightforward questions and I cannot understand why there is a hesitance in answering them. Either there was a tendering process or there was not. Is it that Dr. Brady does not know or does not want to answer the question? Can Mr. Murnane answer the question?

**Dr. Seán Brady:** Can I answer?

**Deputy David Cullinane:** If Dr. Brady does, I am waiting.

**Dr. Seán Brady:** Give me a chance.

**Vice Chairman:** Let the witness answer the question.

**Dr. Seán Brady:** We received instructions from the Department of Agriculture, Food and the Marine, based on Circular 17/2016, about the policy for property acquisition and for disposal of surplus property, which was signed on 28 June by the Department of Public Expenditure and Reform. We entered that process. To my knowledge, the Department of Education and Skills looked at the property and the Valuation Office made a value on it. Arising out of that process, on Monday last I received an offer from the Department of Education and Skills for the property. The board of the IGB met and considered the offer, and got advice from Savills, our property advisers, that this offer was acceptable. There are a number of steps to be completed in the process which will be completed over the coming weeks and months.

**Deputy David Cullinane:** There was no tendering process, no open market sale. That is clear. What zoning is on the land?

**Mr. Michael Murnane:** The zoning is Z9, which is open space, recreational use.

**Deputy David Cullinane:** Recreational use and open space. Is the Department of Education and Skills opening sports fields-----

**Mr. Michael Murnane:** And for community development.

**Deputy David Cullinane:** -----or what are the Department’s plans for it? Is this being sold with rezoning rights attached or anything like that, as it is the Department of Education and Skills purchasing it?

**Dr. Seán Brady:** From my discussions with the Department of Education and Skills, the intention is to build a school or schools on the site.



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**Deputy David Cullinane:** Is it possible - perhaps the Department official can answer this - to build schools on that site with the current zoning?

**Mr. Brendan Gleeson:** I cannot answer that. That is a question for the Department of Education and Skills. To come back to the question of putting-----

**Deputy David Cullinane:** Why? Is it that Mr. Gleeson does not know if it is the correct zoning or not?

**Mr. Brendan Gleeson:** I presume, if it is zoned for amenity, that it would require some rezoning to construct two schools.

**Deputy David Cullinane:** It would require rezoning. Mr. Gleeson does know then.

**Mr. Brendan Gleeson:** I did not say I did not know.

To come back to the question, and only for the purpose of clarification, there is a convention - it is a circular - that if one State organisation wishes to purchase an asset from another State organisation, if the Department of Education and Skills, for example, wants to buy a site from Bord na gCon or any other organisation for the purposes of building schools, there is a process defined by the Department of Public Expenditure and Reform that involves obtaining a valuation from the Valuation Office which is binding on both parties. The reason for that rule, I guess, is that there is a desire to avoid a situation where a public body would have to enter into a bidding war with private developers in the context of providing a public asset. That is the reason the rule is there and the process that the chief executive has described is consistent with that circular and consistent with that rule.

**Deputy David Cullinane:** I find that answer almost unbelievable. It is not about a bidding war. One puts something on the open market and there are potential bidders and there is what is called competitive tension in order to get the best possible return for an organisation. That is the purpose, it is not to create a bidding war or to encourage one but it is done to get the best possible return. The reason I asked this is because there could be a perception that the Department of education buying this is a sort of state bailout of an organisation that has clearly failed. The Department of education comes in and writes a cheque for €15 million, wipes out a lot of the debt, every one is happy and, as usual, no one is held to account for the failures, mismanagement, poor judgment and everything else. There is no point in asking that of the witnesses because they obviously will not agree, but it is a question that needs to be put. When asking that question, I want to hear from the Secretary General of the Department of education as to why the Department was interested in these lands, who alerted it to it, what are its plans, what is it paying for it and all those issues. I want to hear from the Department too and maybe we can come back to that at another time. Deputy Cullinane can come back to that.

**Mr. Colin Walsh:** I am not sure about the protocol but I need to step out because I need some sugar.

**Vice Chairman:** No problem. Do the witnesses wish to take a break?

**Deputy Bobby Aylward:** We can take a break for five minutes.

**Vice Chairman:** We will take a break for strictly five minutes. We do not want people coming in the doors all the time.

*Sitting suspended at 12.05 p.m. and resumed at 12.10 p.m.*

**Vice Chairman:** We recommence in public session. I point out that the members in the Gallery are here by special permission and no member in the Gallery should approach a witness in any way. I need to make clear to everybody in the Gallery that they have to conduct themselves in a manner appropriate to the meeting. Please take note of what I have said.

We move on to further questions. I call Deputy Marc MacSharry.

**Deputy Marc MacSharry:** At the outset, I thank the gentlemen for coming. None of this is personal so no matter how robust it gets, they should not take it personally. We routinely interrupt each other by way of getting to the answers, as Deputy Cullinane said, so they should not take it personally.

Would it be the opinion of the board that, to serve on a board, a level of product knowledge specific to the industry is necessary?

**Mr. Phil Meaney:** Sorry. Will the Deputy repeat the question?

**Deputy Marc MacSharry:** Would it be the opinion of the board that a level of product knowledge related to the activities of that board is an essential prerequisite of competence to serve?

**Mr. Phil Meaney:** I believe it would be.

**Deputy Marc MacSharry:** Would everybody have that?

**Mr. Phil Meaney:** Six of the seven.

**Deputy Marc MacSharry:** Which individual does not have that product knowledge?

**Mr. Phil Meaney:** My colleague, Dr. Gaynor, does not keep greyhounds.

**Deputy Marc MacSharry:** Everybody else does.

**Mr. Phil Meaney:** Yes, in some shape or form, through syndication, family members or otherwise. Under the Act we are not allowed to have greyhounds in our own ownership.

**Deputy Marc MacSharry:** They are not allowed.

**Mr. Phil Meaney:** No.

**Deputy Marc MacSharry:** Therefore, everybody used to have them but they do not have them any longer because they are-----

**Mr. Phil Meaney:** They have them in their wife's name or in somebody else's name.

**Deputy Marc MacSharry:** That removes the conflict, does it? Was Dr. Gaynor the person Mr. Meaney inadvertently said was responsible for gambling, which he mentioned earlier?

**Mr. Phil Meaney:** No, Dr. Gaynor is seated on this side of me.

**Deputy Marc MacSharry:** I see. Has Dr. Brady had dogs, even in his wife's name or his children's names?

**Dr. Seán Brady:** Until December, I did not have a dog, I do not have a dog and I am very unlikely to have a dog in the future.

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**Deputy Marc MacSharry:** Does Dr. Brady feel that-----

**Vice Chairman:** That is very clear.

**Deputy David Cullinane:** It is a great advertisement for the organisation.

**Deputy Marc MacSharry:** Does Dr. Brady feel that, in any way, this impedes his level of understanding of the industry as a whole?

**Dr. Seán Brady:** I have a talented team who work very hard in the business and they compensate for my lack of knowledge of the greyhound sector. I have been-----

**Deputy Marc MacSharry:** I get the point and sorry for interrupting. As I said, it is not personal. In his own determination, what does Dr. Brady bring to the table that the other six do not have and that is a unique requirement regarding the objectives, ambitions and needs of the board and the executive?

**Dr. Seán Brady:** I am not on the board.

**Deputy Marc MacSharry:** Dr. Brady is CEO and is on the executive.

**Dr. Seán Brady:** Yes, I think the chairman would be best to answer that question.

**Deputy Marc MacSharry:** It is regarding Dr. Brady, who is interim CEO. Notwithstanding any view of his performance, I am just asking what he feels, having never owned a dog and not being likely to ever own a dog, that he is bringing to the executive table that is of unique benefit. What is the USB for Dr. Seán Brady in terms of being interim CEO of Bord na gCon?

**Dr. Seán Brady:** I have wide experience of business. I have worked in a number of companies ranging from the dairy sector through to the malt sector and the sugar sector, and back to the dairy sector again in regard to marketing Ornua, where I was interim CEO. So I bring a breadth of experience. Also, I come from the country, so I am comfortable having a chat with a dog owner in a golf caddy with two or three dogs in it. I have had many conversations with owners in Limerick Greyhound Stadium. I bring a business perspective to the organisation. There are some advantages, perhaps, in a chief executive not being immersed in the organisation in the sense that I can bring an objective view to things - although I am unsure.

**Mr. Pat Creed:** I will answer that. I am a chief executive currently and I would actually disagree with the suggestion. I do not think one needs to have industry knowledge. I think one needs to acquire industry knowledge when one takes over. However, I do not believe one needs industry knowledge to become a chief executive. It might actually be dangerous. There can be groupthink and inside-think. My view is that a person can be the chief executive but would need to learn about the industry on taking up the job. However, I would not agree that a person needs industry knowledge at the point of taking on the job.

**Deputy Marc MacSharry:** Mr. Creed has raised that issue. The Chairman can tell me if this is an unfair question. We can use a different analogy if it is. If I was the chief executive of Bord na gCon and I was applying for the job of chief executive of Bank of Ireland Finance, would I be appropriate for the role?

**Mr. Pat Creed:** I would not be offering the job so I would not be exactly sure that I would be assessing the Deputy. However, from an objective-----

**Deputy Marc MacSharry:** Mr. Creed gave a judgment on the appropriateness of a person to serve as chief executive of whatever.

**Mr. Pat Creed:** Let us suppose I looked across the organisation I work for. The amount of people who have joined the organisation in the past three years and who have come from diverse organisations far outside of banking is extraordinary. That is mainly down to where the banking world is going in respect of technology and mobile technology and so on. I believe industries will only thrive if they take advantage of new technologies. That will bring diverse candidates to the table.

**Deputy Marc MacSharry:** Again, let us stick to the banking analogy raised by Mr. Creed. Richie Boucher, for example, did not come from the dairy industry. He came from financial services.

**Mr. Pat Creed:** That is true.

**Deputy Marc MacSharry:** The practice would tend to be that-----

**Mr. Pat Creed:** That tends to be the practice.

**Deputy Marc MacSharry:** Mr. Creed's personal opinion is that it does not have to be that way.

**Mr. Pat Creed:** The reason I intervened was to say I do not believe a person has to have dog experience to be chief executive of Bord na gCon. However, I believe a person would have to acquire it pretty rapidly.

**Deputy Marc MacSharry:** Has Dr. Brady acquired it?

**Dr. Seán Brady:** I am learning fast. There are many aspects to the business. There is the actual racing that people have every night. I see the processes. There are processes in business that are transferable to all businesses. One challenge we have in the business is getting races run on time and getting due process around that. There is a regulatory aspect. I have experience of regulation in the dairy sector where I worked for several years. I have experience in the malt sector as well. I have experience of marketing through my roles. I have a wide range - perhaps wide is the wrong word-----

**Deputy Marc MacSharry:** Dr. Brady referred to marketing. The chairman of the board said there was no one with marketing experience at the moment.

**Mr. Phil Meaney:** I said there was no one specifically. The question was in the context of the board rather than the executive. We have many people with marketing experience on the executive.

**Deputy Marc MacSharry:** They are simply implementing the decisions of the board.

**Mr. Phil Meaney:** It does not work exactly like that.

**Deputy Marc MacSharry:** What way does it work?

**Mr. Phil Meaney:** The executive puts forward plans and proposals to the board. We advise the executive on strategy and the best way forward for the industry.

Mr. Creed is chief executive of Bank of Ireland Finance, as Deputy MacSharry has sug-

gested. However, it is well accepted that he has considerable knowledge and experience in marketing and promotion.

**Deputy Marc MacSharry:** I was not questioning Mr. Creed's ability to be on the board. I was simply asking whether there was a view that to have adequate competence, a certain level of knowledge was required. Mr. Creed said that he did not believe so. Dr. Brady said that his other expertise was adequate and that he is learning fast. I was simply wondering about that on a personal level.

Earlier, Mr. Creed made a reference in an interjection to support another answer. I am paraphrasing but I gather he said that he knows of no businesses operating within several miles of each other whose premises were empty three or four nights per week. Is that what he said?

**Mr. Pat Creed:** Yes.

**Deputy Marc MacSharry:** How does Mr. Creed feel that Naas, the Curragh and Punchestown have managed it?

**Mr. Pat Creed:** First of all, it is a different sector. Second, they do not have the level of debt that we have. Let us go back to Deputy Cullinane's question. The presumption was that the profit in Harold's Cross was going to disappear when we moved to Shelbourne Park.

**Deputy Marc MacSharry:** I am not questioning for Deputy Cullinane and it is not a follow-on from his question. I am simply asking because Mr. Creed said he knew of no business in that situation. I probably picked the most similar business in existence and offered it as an example that is 30 miles away. Three very successful racing facilities exist. From Punchestown to Naas is barely three or four miles. With the benefit of the motorway, the run from the Curragh to Naas and Punchestown is probably closer and easier to navigate than the route between Shelbourne Park and Harold's Cross. It is a reasonable, given that 1.1 million people live in the greater Dublin area and far fewer people live in the County Kildare area, to question the business criteria used to justify the statement made by Mr. Creed.

**Mr. Pat Creed:** First, the Curragh is separate to Punchestown and Naas. The Curragh only hosts flat racing, so it is a different track. Punchestown and Naas probably have similarities because they run steeplechases. I will reiterate the point I was trying to make. If we did not have the level of debt overhanging, then it might be a separate discussion. The issue is that we have a substantial debt. We have two stadiums. One is closed five nights per week. The other is closed four nights per week. By merging them into one operation in Dublin we are alleviating the debt burden and maximising the cost efficiency by having staff move to one location. The decision is based on the criteria of where we are today as distinct from if it was a debt-free organisation.

**Deputy Marc MacSharry:** What percentage of the focus of the board and the executive is on debt management, as opposed to business development?

**Mr. Pat Creed:** There has been a high focus since I joined the board.

**Deputy Marc MacSharry:** Does high mean 10% in proportion to other things? Could it be 5% or 75%?

**Mr. Pat Creed:** No, it is not. We meet more often than I had presumed we would meet. It is not a question of once a month. It is probably once per week, if not a couple of times per week.

Our focus at the beginning was to resolve some of the legacy legal issues. Then, it moved on to solving all the other issues we discussed earlier. We spend a good deal of time talking about regulation. We spend a good deal of time talking about drugs.

**Vice Chairman:** For clarity, Mr. Creed, are you saying your board meets once or twice per week? Is that correct?

**Mr. Pat Creed:** In recent months we have met as often as that, yes. We are in the middle of a crisis, Vice Chairman. Shelbourne Park is closed. No income is coming into the place. Our two premier tracks are in Dublin. Our telephones are ringing off our ears from trainers and owners.

**Vice Chairman:** I just wanted to know for clarity.

**Deputy Marc MacSharry:** Let us change the focus a little. I put it to the representatives of Bord na gCon that Horse Racing Ireland took a decision to trade out of the difficulties. It did so successfully and now it has surpassed Bord na gCon in terms of Tote returns and profitability and so on. The point made by Mr. Creed in terms of two facilities for the same scenario, I respectfully suggest, has more of a banking and raw commercial focus than a focus on the culture and spirit associated with supporting a sport.

Mr. Creed used the banking analogy, so I will stick with that. Bank branches close. People are replaced by machines and telephones but sport is a little different. It requires facilities. I put it to the delegation that, by closing one of the main or flagship facilities, Bord na gCon is impeding its ability to trade out of the difficulties and grow the industry in terms of the capacity available to it in future.

**Mr. Pat Creed:** We have not got the capacity, based on current numbers, to grow our way out of the debt burden just by doing it that way. We need a substantial reduction of the debt. It has not been said already, but it needs to be said: the option was, we would sell it or the bank would sell it. It was better that we sold it.

**Deputy Marc MacSharry:** What bank was involved?

**Mr. Pat Creed:** Allied Irish Banks.

**Deputy Marc MacSharry:** As established earlier, there was an absence of an up-to-date strategy. Is it fair to say that the strategy in place is obsolete because of other matters?

**Mr. Pat Creed:** Yes.

**Deputy Marc MacSharry:** The focus now is on debt management, which is reasonable, but in the absence of a growth or trading strategy. Is it reasonable to state that?

**Mr. Phil Meaney:** As I am sure the Deputy is well aware, there was originally three horse racing tracks in Dublin, namely, Baldoyle, the Phoenix Park and Leopardstown. Today, there is only one facility. It is a fantastic facility, which I should have mentioned in the context of my remarks about the Aviva Stadium and Croke Park. The IGB and the greyhound industry should aspire to having a facility like Leopardstown. The strategy to which we have been working is due to expire and so we need to put a new strategic plan in place. As pointed out by Mr. Creed, the landscape has changed a great deal in the last 48 hours and, as such, that plan will need to be very different to what was originally proposed.

**Dr. Seán Brady:** The Indecon plan, which forms the basis of the current strategic plan, is due to expire at the end of this year. In accordance with normal business practice we will need to commence work on a new five-year plan in the latter half of this year and to also commence work on budgets for the coming year, which are approved by the board. Work is under way within the IGB in terms of short and long-term strategic planning.

Mr. Walsh, our commercial director, might like to comment on marketing issues.

**Deputy Marc MacSharry:** Perhaps Mr. Walsh is the appropriate person to answer the following question. What plans are being put in place to grow the business and to increase prize money, attendances and so on between now and this time next year and what is the target growth percentage, notwithstanding that a new strategic plan will have to be put in place when the current one expires, which I accept is due to circumstances outside of the control of the IGB?

**Mr. Colin Walsh:** As mentioned by the CEO, we produce annual marketing plans. By way of information those plans are linked to the trading budgets of individual business units, for which clear objectives and strategies are set. We break down our customer base by customer type, by month and we track very carefully. We have monthly support and activation plans, which include radio advertising, and a full suite of digital activity to support those plans. In terms of strategy, the focus is, as it has been for the past two years, on increasing awareness around attendance, tote and food and beverage revenue across the stadium network. This is driven by direct and targeted sales and marketing activity across individual stadium brands and the Go Greyhound Racing brand. In response to the Deputy's question, the growth target for this year is in the region of 2% across the IGB stadium network.

**Deputy Marc MacSharry:** The agency cannot be accused of being recklessly ambitious.

**Mr. Colin Walsh:** Maybe so, but not when one considers where the industry has come from over the course of the last ten years. For example, between 2008 and 2012 attendance figures dropped by 561,000. The biggest drop in attendance, at 374,000, occurred in 2008-09. There has been a huge resizing of the industry.

**Vice Chairman:** What was the reason for the drop in attendance, which does not correlate to any other industry?

**Mr. Colin Walsh:** This industry is a discretionary activity.

**Vice Chairman:** So, too, is horse racing.

**Mr. Colin Walsh:** Disposable income plays a huge part in people's involvement, participation and attendance at the dogs for social events. During the course of the last ten years the Irish greyhound industry, the operations of the stadia, the participants in the industry, whether they own, breed, train dogs or attend as fans, were not immune to the crash that occurred in the industry. In terms of the pattern of decline, the largest decline occurred in the period up to 2012-13. In the intervening years, from 2014 to 2016, we have managed to stabilise the attendances and the revenues. Gate income for the first time in 2016 has stabilised and attendances stabilised over the 2014-15 period. In 2015, average gate attendances increased by 4% to 5% on what they were in 2014. We have achieved a marginal growth in 2016 of between 1% and 2% across the network.

From a marketing point of view, from 2014 onwards we have been building and upgrading

the digital infrastructure and commercial competence of the organisation. Previously, the tools to deal with a changing consumer base did not exist. This year is the tenth anniversary of the iPhone, such that we have experienced a mobile and smart technology revolution in the past number of years. We have embraced that and built up an infrastructure and digital marketing strategy. As I said, we have upgraded all of the facilities and this is beginning to bear fruit. Our pre-book business has increased by 9% and our online revenue has increased for 23% - for the first time, it has passed €1 million. The organisation has had to adjust.

**Deputy Marc MacSharry:** I get the picture. There is activity going on but no strategy.

**Mr. Colin Walsh:** Sorry, Deputy. We have a marketing strategy which is clearly defined.

**Deputy Marc MacSharry:** I was quoting what your chairman said earlier.

**Mr. Colin Walsh:** From a marketing perspective, we have a very clearly defined marketing strategy, which is based around-----

**Vice Chairman:** Can Mr. Walsh share a copy of the strategy with us?

**Mr. Colin Walsh:** I can tell the committee what it is.

**Vice Chairman:** To save time, it would be helpful if Mr. Walsh would forward it on to the committee.

**Deputy Marc MacSharry:** Am I correct that the board decision to sell was taken on 23 March?

**Dr. Seán Brady:** Yes.

**Deputy Marc MacSharry:** To inform its decision, was a valuation sought from Savills in advance?

**Dr. Seán Brady:** Savills provided advice on how to market and sell it.

**Deputy Marc MacSharry:** Did it advise the agency to adhere to the circular referred to earlier by Mr. Gleeson?

**Dr. Seán Brady:** No. It advised that people from Northern Ireland and Ireland had been in touch and that there was a significant amount of interest in the site. At that point in time-----

**Deputy Marc MacSharry:** Did they give a valuation? I am sorry if I am pushing Mr. Walsh a little but my allocated time is running out.

**Dr. Seán Brady:** They gave a view on what could be achieved. I am not an auctioneer.

**Deputy Marc MacSharry:** Funnily enough, I am. Normally, auctioneers advise that they believe it could make between X and Y. If they are required to provide a valuation in writing for, say, a bank, it will be more precise. Was a valuation given to the seven members of the board by Savills to the effect that it believed between A and B could be achieved?

**Dr. Seán Brady:** They gave a view but it was a conditional view on what the property might make.

**Deputy Marc MacSharry:** Can Dr. Brady tell us the valuation?



**Dr. Seán Brady:** Not at this point, Deputy.

**Deputy Marc MacSharry:** Will Dr. Brady be able to give us that information at some point? Will it be publicly available.

**Deputy Bobby Aylward:** It is in the public interest.

**Dr. Seán Brady:** I will revert to the Deputy on the valuation.

**Deputy Marc MacSharry:** Okay. This is all the same thread. I am sorry for going on. Dr. Brady mentioned that Savills said there was substantial interest from Northern Ireland and elsewhere. Is that not what he said?

**Dr. Seán Brady:** No. Well-----

**Deputy Marc MacSharry:** Does Dr. Brady want to change the record?

**Dr. Seán Brady:** Slightly-----

**Deputy Marc MacSharry:** He wants to change the record of what he said. That is okay.

**Dr. Seán Brady:** There was substantial interest, including from Northern Ireland.

**Deputy Marc MacSharry:** We know the Department of Education and Skills down here does not operate in Northern Ireland. That means there was at least a second party interested in the site. As part of my next question, I would like a quick clarification from Mr. Gleeson. There is a departmental circular which governs the disposal of assets to the Department of Education and Skills if it is interested. It is a circular; it is not a statutory instrument. Is that not correct?

**Mr. Brendan Gleeson:** That is correct.

**Deputy Marc MacSharry:** The clerk or perhaps Mr. Gleeson can correct me if I am wrong. Circulars are routinely followed because they are the practice but sometimes they are not followed. Is that not correct?

**Mr. Brendan Gleeson:** In the case of a sale as sensitive as this, it is important that some guideline be followed. The purpose of that circular is to ensure value for the taxpayer. It is a Department of Public Expenditure and Reform circular, not a Department of Agriculture, Food and the Marine circular. One might, for example, have very good value for one public organisation at the expense of another organisation. The purpose of this circular is to agree ground rules for such sales and the ground rule is that the Valuation Office values the property and that is binding on both parties.

**Deputy Marc MacSharry:** We got a view. I assume that for Dr. Brady, the word “view” means evaluation by the board. At least, I very much hope so in respect of the decision it made on 23 March. I wish to put on the record that Dr. Brady is going to come back to us with clarification as to what that valuation was. We have established from Mr. Gleeson that this was a circular - the practice, therefore, not founded in legislation or law, to determine that it had to be followed in terms of governing a sale to the Department. We have also established that Savills had at least one other interested party, including in Northern Ireland. Am I wrong in anything I have just said?

**Dr. Seán Brady:** There was more than one interested party; there were several from the South.

**Deputy Marc MacSharry:** Better still. Then there was a closed sale process to the Department of Education and Skills governed by a circular enshrined as the practice, not the law, the legislation or necessarily the advice of Savills itself. I ask Dr. Brady whether that is reasonable.

**Dr. Seán Brady:** I think we should take two steps back. When the board made the decision on 23 March to sell the property, I informed the Department of Agriculture, Food and the Marine.

**Deputy Marc MacSharry:** Go on.

**Deputy Bobby Aylward:** He is looking for the Vice Chairman's blessing.

**Dr. Seán Brady:** On 23 March, the board made a decision to sell the property, following which I advised the Department of Agriculture, Food and the Marine of the decision of the board. The Department of Agriculture, Food and the Marine then asked me not to let the property go on the open market until the regulation I quoted - I have forgotten the name of it-----

**Deputy Marc MacSharry:** It is not a regulation; it is a circular.

**Dr. Seán Brady:** I apologise.

**Deputy Marc MacSharry:** It is not a statutory instrument and is not provided for in legislation. That is very important for the public watching this on the Internet. In that request from the Department, which the board clearly accepted, the board removed the "several" others, to quote Dr. Brady, from the party, as it were, or from the process.

**Dr. Seán Brady:** As representative of the IGB in those discussions with the Department of Education and Skills, it was made clear that any offer from the Department of Education and Skills had to be one that made sense to the organisation and would be considered and perhaps approved by the board.

**Deputy Marc MacSharry:** Others can continue with this thread because I have taken some time. My very last question is whether it is possible to successfully manage the team when one has lost the dressing room.

**Dr. Seán Brady:** I do not agree with the second part of the Deputy's question. I do not think I have lost the dressing room of the IGB.

**Deputy Marc MacSharry:** I do not know who the people outside the gates here protesting are then.

**Dr. Seán Brady:** As our chairman said earlier, change is very difficult for people. People have had ways of life. I have spoken to some of the people on the pickets. They had a way of life and a way of doing things. I respect their right and their wish to object to what we did and I am sorry for the inconvenience that has been caused to them and the inconvenience and pain the sale has brought to the industry. However, at the same time, the creation of a viable future for the industry means that the board had to take decisions and I believe that things will get better in IGB now. There is an absolute need for financial stability and, equally, a need for everyone in the greyhound industry to come together and pull like dogs for its future success. We need to unite.

**Vice Chairman:** Before calling Deputy Murphy, I wish to return to Mr. Walsh. In the years that were referenced in his contribution, turnover prize money, track attendance, sponsorship,

ownership, breeding and bookmaker and Tote income all collapsed. Attendances fell from 1.28 million to just under 650,000 between 2007 and 2015. However, if one looks at the Tote in 2006 for horse racing versus dog racing, there is not much of a difference but for some reason, in the horse racing industry, which is run very differently to the greyhound industry, the Tote has come through the recession but has not for the greyhound industry, which I think says an awful lot.

**Mr. Colin Walsh:** May I respond to that?

**Vice Chairman:** Yes.

**Mr. Colin Walsh:** Regarding the business model that operates in IGB stadia or stadiums generally, we operate 52 weeks of the year at night-time throughout the week and on weekends, so it is a different model to that in the horse racing industry. Regarding the comparison, the narrative that has been around is how the IGB Tote has not been operating or functioning to the same level as the HRI Tote and the horse Tote. However, if one is going to adopt that narrative, one should have a direct comparison of like for like. The on-Tote revenues for horse racing and greyhound racing have continued to operate in very challenging betting environments since 2007, with a decline in Tote revenues of 67.9% at domestic horse tracks and 66% at greyhound tracks. Therefore, when one compares on-track Tote performance, there is a very similar level of decline. HRI has managed to offset the on-track decline with an exceptional performance in international markets, which would include the US, South Africa, Canada, France, Germany and Italy. Of those markets, IGB is only allowed to operate in the US. It is precluded legally from trading in terms of Tote, and the US performance in 2016 is up 42%-----

**Vice Chairman:** I understand what Mr. Walsh is saying. It still does not add up, to be honest. I call Deputy Murphy.

**Deputy Catherine Murphy:** I will try to keep my question short and I would appreciate short responses because, as the witnesses can see, we have very limited time. How much of the €20 million debt relates to Limerick?

**Mr. Michael Murnane:** A sum of €12.5 million.

**Deputy Catherine Murphy:** How much of it relates to Harold's Cross?

**Mr. Michael Murnane:** We are trying to refinance an overdraft, but the answer is none directly.

**Deputy Catherine Murphy:** Limerick was a bit of a disaster, to say the least. Did only one person make the decision on Limerick? Was the person in Limerick? The CEO, for example, would have been the key person involved in that and then the board would have taken the lead from that. Was that the case?

**Mr. Phil Meaney:** My understanding is that the board made that decision and the CEO and his team implemented it.

**Deputy Catherine Murphy:** Where is that CEO now?

**Mr. Phil Meaney:** He is no longer in the organisation.

**Deputy Catherine Murphy:** Until when was he in the organisation?

**Mr. Michael Murnane:** January 2014.

**Deputy Catherine Murphy:** Did that contract expire and was it renewed afterwards?

**Mr. Phil Meaney:** The contract expired in 2014.

**Deputy Catherine Murphy:** The board renewed the contract.

**Mr. Phil Meaney:** No. We applied to have his contract extended for two years and it was granted but he did not accept it.

**Deputy Catherine Murphy:** Why would Bord na gCon have wanted to extend the contract?

**Mr. Phil Meaney:** It was because at that particular time there was a plan in place. Being the CEO of the organisation, he was the main architect of the plan and the board felt he was best equipped to deliver it.

**Deputy Catherine Murphy:** Would he have had any involvement in the Meelick site?

**Mr. Phil Meaney:** I do not think so. From memory, I believe he was not with the organisation. The Meelick site was bought in 2005, which would have pre-dated the CEO we are discussing.

**Deputy Catherine Murphy:** Would Mr. Meaney have supported the extension of his contract?

**Mr. Phil Meaney:** I did for the reasons I gave the Deputy. I felt that he was best equipped to deliver a plan, the making of which he had been very much involved in.

**Deputy Catherine Murphy:** Going back to the issue of Limerick, specifically page 45 that was referred to earlier, looking at the 2015 accounts, the loss for the Limerick site was not just a capital loss. There was also a very sizeable operational loss. It was the biggest loss of all the facilities. What would it take to make that stadium run at a profit and is it possible?

**Mr. Phil Meaney:** It is possible. Very simply, we signed three agreements with SIS in 2016. We signed one in the early part of 2017 and a contract similar to that would put the Limerick stadium in the black.

**Deputy Catherine Murphy:** I want to go back to the €12 million in Limerick. Does this figure include the €1.6 million on the accounts as a loss for the site that is now worth €100,000?

**Mr. Michael Murnane:** Is that the Meelick site?

**Deputy Catherine Murphy:** Yes.

**Mr. Michael Murnane:** It transpired that there was no loan drawn at that stage so it would have been part of the joint accumulation of the overdraft that was refinanced in 2015.

**Deputy Catherine Murphy:** So the stadium is one part and the overdraft is another.

**Mr. Michael Murnane:** Yes. The Meelick site is separate.

**Deputy Catherine Murphy:** One could add €1.6 million to the-----

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**Mr. Michael Murnane:** To the loan.

**Deputy Catherine Murphy:** So it is actually more than that. What would the timeline be for an operational break-even point for the Limerick stadium?

**Mr. Phil Meaney:** The Deputy should not hold me to this but I hope it would be within the next 12 to 18 months. As we develop the SIS arrangement, it will make a huge difference.

**Deputy Catherine Murphy:** It looks like a very big ask when we consider that the Harold's Cross stadium is already making profit. It looks like a very big ask to turn that around in Limerick.

**Vice Chairman:** Dr. Brady wishes to comment.

**Dr. Seán Brady:** In my view we have a duty and an obligation to turn the Limerick stadium into a profitable stadium. It will be enormously challenging but there are two factors in the industry of which we must be cognisant. There is a great history of greyhound rearing and-----

**Deputy Catherine Murphy:** I do not need the history of it. I just want to deal with the accounts. I have very little time. With regard to the board, many people who appear in front of the committee, which is certainly a challenging environment, will see year zero as the previous board. We have been told that this is a new board. How many people on the new board served on previous boards?

**Mr. Phil Meaney:** Is that IGB boards?

**Deputy Catherine Murphy:** Yes.

**Mr. Phil Meaney:** In December 2015, two people were appointed for the first time. Three members who were appointed in December 2015 had served on a previous board.

**Deputy Catherine Murphy:** Had those three people served on just one previous board or on others also?

**Mr. Phil Meaney:** One person had served on two previous boards. We established this earlier.

**Deputy Catherine Murphy:** Is the term for three years?

**Mr. Phil Meaney:** Under the new legislation the proposal is to restrict board members to two periods of three years, but at present there is no legislation that I am aware of that covers the limits to periods served by board members.

**Deputy Catherine Murphy:** Am I right in saying that one person has been appointed for the third time?

**Mr. Phil Meaney:** Yes.

**Deputy Catherine Murphy:** That goes against the recommendation.

**Mr. Phil Meaney:** That recommendation has not come into-----

**Deputy Catherine Murphy:** But Bord na gCon is not taking it on good faith.

**Mr. Phil Meaney:** That, as I say, was prior to this legislation being written.

**Deputy Catherine Murphy:** Mr. Creed made the point that if Bord na gCon did not sell the Harold's Cross stadium, which was not making a loss, then the bank was going to sell it. Did the bank pick this asset out and tell the board that it was to be sold? What are the circumstances of that decision?

**Mr. Pat Creed:** The Indecon report recommended the sale of Harold's Cross. It was the bank's understanding that this is what was going to happen. We had a trigger event on 9 December. The €12.5 million was due for repayment. Obviously we were not in a position to make that repayment. On that date our facilities became on demand. Our banking facilities are currently on demand. The bank needed its money back and the asset had to be sold.

**Deputy Catherine Murphy:** I want to go into a few other aspects of the ongoing operation. In the witnesses' opening statements we were told that, "The IGB's difficulties are not unique. The industry globally is facing many challenges, notably as a result of the migration of wagering from track to technology platforms which has impacted on live attendances at race meetings." This movement would have been known and has been happening for some time. Were these challenges taken into account when Limerick stadium was being considered? Will the representatives indicate what would be a sustainable number of greyhound tracks? We have a very detailed chart in the presentations that compares numbers with the UK in respect of population size. The attendances at greyhound meetings run to in excess of three million annually. There is an income for prize money. What is sustainable?

**Mr. Phil Meaney:** At the moment this board believes that the footprint that exists, after the sale of Harold's Cross, is sustainable.

**Deputy Catherine Murphy:** Mr. Meaney is saying that they are all sustainable. Can I ask-----

**Vice Chairman:** I am sorry to interrupt the Deputy. She may finish her question but we will have the Dáil vote shortly. I also need to speak to the witnesses.

**Deputy Catherine Murphy:** Operating costs in 2014 show that winnings paid from the tote were around €15 million and a similar amount in 2015. The operating costs, however, went from €8.9 million to €12.3 million. How did that happen? It is a very big jump, about one third of an increase in one year.

**Mr. Michael Murnane:** Deputy Murphy is referring to figures from page 25. The main reason for the increase in the operating costs was the inclusion of the payroll costs and the operating costs of the food services business. There are notes to do with those. If the Deputy looks at page 39, those figures are broken down in detail. The tote operating costs are €1.5 million in 2014 and €1.547 in 2015, so they are similar.

**Vice Chairman:** We will resume with Deputy Murphy. The session must be suspended for voting time in the Dáil Chamber. It will take around 35 or 40 minutes. The committee will have another session with the Garda Commissioner and An Garda Síochána at 2.30 p.m. I propose that we return to this issue on Thursday, 18 May 2017. Is that agreed? Agreed. When we return on 18 May, the initial speakers will be Deputies Catherine Murphy, Shane Cassells, Catherine Connolly and Alan Kelly.

*The witnesses withdrew.*

*Sitting suspended at 1 p.m. and resumed at 2.30 p.m.*

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## **2015 Annual Report of the Comptroller and Auditor General and Appropriation Accounts**

### **Vote 20 - Garda Síochána - Internal Audit Report on Garda College, Templemore**

**Ms Nóirín O'Sullivan** (*Commissioner, An Garda Síochána*) called and examined.

**Vice Chairman:** Everybody is very welcome to the meeting. I ask everybody to turn off their mobile phones. That would be appreciated.

In the first session today we looked at the Bord na gCon financial statements for 2015. In this session we will be looking at the 2015 appropriation accounts, Vote 20 for the Garda Síochána, dealing specifically with the internal audit of financial procedures in the Garda College in Templemore. We will confine discussion in the meeting to that matter today. We will deal with the rest of the Vote on 13 July when the Commissioner will be before the committee again. That is a very good date as it is my birthday so I look forward to that. Discussion is confined to a very specific issue and members might bear that in mind. I ask members to co-operate with that direction in their dealings today.

From An Garda Síochána we are joined by Commissioner Nóirín O'Sullivan; Mr. Kenneth Ruane, head of legal affairs; Mr. John Barrett, executive director of human resources and people development; Mr. Joseph Nugent, chief administrative officer, Deputy Commissioner Dónall Ó Cualáin, with responsibility for governance and strategy; Mr. Niall Kelly, head of internal audit and; Mr. Michael Culhane, executive director of finance and services.

From the Department of Justice and Equality we are joined by Mr. John O'Callaghan, assistant secretary of the policing division; Ms Anne Barry and Mr. Paul McDonald, and from the Department of Public Expenditure and Reform we are joined by Mr. John Burke. The witnesses are all very welcome.

I advise the witnesses that by virtue of section 17(2)(1) of the Defamation Act 2009, witnesses are protected by absolute privilege in respect of their evidence to this committee. If they are directed by the committee to cease giving evidence in relation to a particular matter and they continue to so do, they are entitled thereafter only to a qualified privilege in respect of their evidence. They are directed that only evidence connected with the subject matter of these proceedings is to be given and they are asked to respect the parliamentary practice to the effect that, where possible, they should not criticise nor make charges against any person, persons or entity, by name or in such a way as to make him, her or it identifiable.

I will first call on the Comptroller and Auditor General to make an opening statement. He is accompanied by Ms Mary Henry, deputy director of audit.

**Mr. Seamus McCarthy:** In line with the committee's focus today on the internal audit report in relation to aspects of financial management at the Garda College in Templemore, I do not propose to comment in relation to the Vote 20 appropriation account per se. The statement on internal financial control in the 2015 appropriation account for Vote 20 - An Garda Síochána, includes a disclosure that a number of features of the provision of ancillary services in the Garda College were not compliant with standard public governance procedures, and that an examination by An Garda Síochána's internal audit was ongoing.

The internal audit report finds that on a number of occasions over the past decade issues had arisen within An Garda Síochána about certain financial procedures at the college. These issues were not communicated to my office until 31 May 2016 when the head of the Garda's internal audit, Mr. Niall Kelly, notified us of the concerns. That was after the 2015 appropriation account had been submitted to me for audit, and while the audit was under way. Mr. Kelly informed us that he planned to undertake an internal audit of the college's affairs, and that duly commenced on 22 June 2016. On 29 August 2016, internal audit informed us that an interim report had been drafted, and that significant issues had been identified that required further investigation. Because we did not have a report or the detail of the findings at that stage, we asked the Accounting Officer to amend the 2015 statement on internal financial control to disclose the non-compliance with corporate governance standards, and advised that an investigation was ongoing. I signed off on the audit on 5 September 2016.

A copy of the interim report executive summary was provided to my office on 13 September 2016. We were provided with the final report on the internal audit on 22 March 2017. We are examining the information and concerns outlined in the internal audit report and will be examining relevant records as part of the audit of the 2016 appropriation account to identify the implications for Vote 20 and other Votes, if relevant. I plan to report my conclusions on the matter in September when I publish the 2016 report on the accounts of the public services.

**Vice Chairman:** I thank the Comptroller and Auditor General and call on the Garda Commissioner, Ms Nóirín O'Sullivan, to make her opening statement.

**Ms Nóirín O'Sullivan:** The financial processes and procedures the Garda internal audit unit uncovered in the interim report on the Garda College were not fit for purpose and are unacceptable by corporate governance standards. Many of the issues identified have their roots in the 1980s before the Garda Commissioner became the Accounting Officer. While attempts were made to address some of these issues, they were not sufficient and did not go far enough. While some practices, as identified in the interim audit report, should not have happened and are certainly well short of modern financial procedures and controls and public sector governance and financial procedures, it should be noted that the report has found the majority of expenditure at the Garda College is managed to a high standard and compliant with the Garda finance code. It is also important to provide reassurance that the Garda College continues to provide high quality training.

As Accounting Officer, I take my statutory responsibility for how An Garda Síochána spends taxpayer's money very seriously. It is vital that it be spent efficiently and effectively and in the best interests of the people, the State and An Garda Síochána. That is why on receipt of the draft interim internal audit report in September 2016 the Garda executive immediately accepted its findings and commenced implementation of the recommendations. We are actively seeking to ensure the issues raised in the recently published report will be addressed as quickly as possible by putting strong financial and administrative controls in place in the Garda College.

When the matters raised at the Garda College came to the attention of the Garda executive in July 2015, they were of grave concern. It was directed that a high level steering group, to include representatives from the Department of Justice and Equality, be established immediately. Between July 2015 and March 2016, the steering group actioned a number of initiatives, including closing bank accounts and seeking legal advice to resolve some of the complex issues associated with unwinding the existing systems and governance arrangements.

In March 2016 the Garda internal audit unit was appointed to examine all of the issues



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involved. It produced a draft interim report in September 2016, including a total of 19 recommendations. Given the seriousness of the issues identified, all of the recommendations were accepted immediately. At the time all interested parties were also invited to make submissions. The report was finalised and accepted by the Garda audit committee in March 2017 and published by An Garda Síochána. The March 2017 report and its recommendations have been accepted fully by the executive.

Since September 2016, activity has been focused on implementation of the report's recommendations. In that time we have also sought the advice of independent external governance experts. I will outline some of the actions taken to date.

Responsibility for college administration, including revised financial procedures, has now been assigned to an acting interim principal administrator. The administrator is a civilian Garda member at principal officer level who has not previously worked at the Garda College and who has experience of public financial procedures. The administrator is heading an interim administration team in the Garda College.

A new operational structure for administrative functions and ancillary services in the Garda College has been designed and we are seeking approval from the Policing Authority to recruit personnel with the appropriate financial and administrative skills. External accountants have been appointed to provide specialist accounting services and advice on the implementation of the recommendations made in the interim audit report.

The number of bank accounts identified in the interim audit report in the Garda College has been reduced to six. We are in the process of closing down the remaining accounts in line with the recommendations of the report.

We are working with the Office of Public Works to ensure all interests in the lands are in State ownership. We are working with the Office of Government Procurement to prepare tenders for the provision of food and ancillary services in the Garda College. The Institute of Public Administration is to provide training for appropriate Garda staff and members on public financial procedures and standards.

A dedicated project team has been put in place to ensure the interim audit report's recommendations will be fully implemented. The project team reports to the steering committee chaired by the chief administrative officer, Mr. Nugent. It includes a representative from the Department of Justice and Equality. Regular updates on progress are provided for the head of internal audit, the Garda audit committee, the Department of Justice and Equality and the Policing Authority. An assistant commissioner has been tasked with conducting a preliminary examination to establish whether there are other matters that require further inquiry and, if so, to make recommendations on the appropriate approach to be adopted.

The practices identified in the interim audit report are unacceptable. We are actively implementing the report's recommendations. As I have said publicly on other matters, An Garda Síochána uncovered these deficiencies and we are working closely with the Department of Justice and Equality, the Policing Authority, the Garda audit committee, the Office of Public Works and the Comptroller and Auditor General to ensure they cannot happen again.

**Vice Chairman:** The lead speaker in the first session is Deputy David Cullinane. The second speaker will be Deputy Catherine Murphy who will be followed by Deputy Alan Farrell.

**Deputy David Cullinane:** I welcome the Garda Commissioner and her team. Will she

explain her involvement with the Garda College historically and the different supervisory roles she played? Will she give us that information first because it would be useful for us to have it?

**Vice Chairman:** It is to set a context. The Commissioner obviously went there, but after that did she have any role before becoming Commissioner?

**Ms Nóirín O’Sullivan:** As the Vice Chairman said, I was in the Garda College as a recruit for six months in 1981. In 2000, on promotion to the rank of superintendent, I spent a period there in charge of specialist training, which meant detective, firearms and other specialist training.

**Deputy David Cullinane:** Did the Commissioner have any role in the area of human resources? Did she have an oversight role in the Garda College?

**Ms Nóirín O’Sullivan:** As an assistant commissioner from October 2008 until roughly April 2009 I was involved in the area of human resources.

**Deputy David Cullinane:** Did that involve an oversight role in the Garda College?

**Ms Nóirín O’Sullivan:** Yes; it came within my area of responsibility.

**Deputy David Cullinane:** It did.

**Ms Nóirín O’Sullivan:** In that six month period, yes.

**Deputy David Cullinane:** The Commissioner has obviously read the internal audit report.

**Ms Nóirín O’Sullivan:** Yes.

**Deputy David Cullinane:** The Commissioner used the word “unacceptable”. On page 3 of the executive summary it is stated the GIAS, the Garda internal audit section, “can provide no assurance that the internal management control systems in place to manage the finances at the Garda College are adequate”. It also states there was “No assurance that the financial controls at the Garda College are compliant with Public Financial Procedures” and that there was “No assurance that the financial controls at the Garda College are compliant with the Garda Finance Code”. There was limited assurance in other areas. Is it more than unacceptable that, of all organisations, the corporate body that is An Garda Síochána is not able to provide an assurance for auditors or that the auditors are not able to provide an assurance for the public that the organisation is in compliance with public financial procedures, the Garda finance code and good practice and good financial controls?

**Ms Nóirín O’Sullivan:** As I said in my opening statement, it is absolutely unacceptable. The complexity of these issues has rightly been highlighted in the internal audit report. They have their genesis in the 1980s and the Walsh report. The practices evolved over time. I can get Mr. Kelly or Mr. Culhane to speak about the issues involved. What is important is-----

**Deputy David Cullinane:** I will stick with the Commissioner first to get her view.

**Ms Nóirín O’Sullivan:** Absolutely.

**Deputy David Cullinane:** If I need their assistance, I will ask for it.

**Ms Nóirín O’Sullivan:** We are talking about a proportion of the Vote. The assurances around normal practices at the college are reasonable and highlighted in point No. 4 on page

3 of the interim audit report. However, it is absolutely unacceptable that no assurances can be provided in respect of the remaining portion. They are practices that evolved over a four decades. They are certainly not in line with public financial management procedures in place today and most certainly not in line with existing corporate governance standards.

**Deputy David Cullinane:** I have read the report several times. Would it be fair to say there was a litany of failures, that there were sloppy practices, maladministration and mistakes made across the board? Would that be a fair assessment?

**Ms Nóirín O’Sullivan:** We have to be mindful that it is an interim audit report and that the work of Mr. Kelly and his team is continuing. What has been found is a combination of financial irregularities, practices that are not acceptable by today’s standards and that evolved over time.

**Deputy David Cullinane:** I am just trying to establish whether we can get agreement before I proceed. When I say that there were failures, the Commissioner accepts that. I used the words “sloppy practices”. If the Commissioner wants to use different words she can do so but my view is that there were sloppy practices, maladministration and completely unacceptable financial controls in place. Would that be a fair assessment based on a lay person’s observations having read the internal audit report?

**Ms Nóirín O’Sullivan:** In terms of the internal audit report, a lot of the records are not available. To be fair to the audit team and given the time that was allocated for conducting the audit, it was very difficult to find records that go back over 40 years. Extensive work was done in an attempt to identify where those records were and to identify what the exact issues were but I absolutely agree that they are unacceptable standards by-----

**Deputy David Cullinane:** I would prefer if the Commissioner answered the question that was put. I did not ask about records that we are not aware of or that we have not seen. I am asking the Commissioner to comment on records that the internal audit team did have. On the basis of the records that they did have, they published their report. I put it to the Commissioner that the report highlights a litany of failures, sloppy practices and maladministration. Can we all accept, as a starting point, that this is the case?

**Ms Nóirín O’Sullivan:** We have accepted it. As I said in my opening statement, the practices were unacceptable and they remain so. They were unacceptable at the time and we are putting in place procedures to regularise them and make sure they are correct.

**Deputy David Cullinane:** We will get to that later. I am interested in the relationship between the corporate body that is An Garda Síochána and good practice. An awful lot has been said - as I am sure the Commissioner is well aware - in recent times about the culture in An Garda Síochána. There is a perception, with which the Commissioner may not agree, that when there is wrongdoing, failures or sloppy practices, the *modus operandi* or the instinct of the corporate body that is An Garda Síochána is to close ranks, defend wrongdoing, ignore issues and frustrate the work of people within the force who want to do the right thing. I put it to the Commissioner that such is the perception out there. I ask her to give me her opinion on that perception, of which I am sure she is aware.

**Ms Nóirín O’Sullivan:** Yes, it is something of which I am very aware. On 9 June 2016, when we published our modernisation and renewal programme, one key issue we identified was the need to reform the culture of An Garda Síochána. It is more than just an aspiration in

a document; it is something that we commenced going all the way back to 2014 when I took up the position of interim Garda Commissioner. The Deputy will have seen from this and from other issues that part of the changing of that culture is to make sure that we identify the issues, make them known publicly and that we are prepared to open up the organisation to constructive criticism. We also have to have the courage and bravery to empower our people to actually identify where mistakes have happened, where there are less-than-good practices or weak practices and to make sure that we do not just identify those but that we actually do something about them and go about fixing them. That is what we are doing in this case.

**Deputy David Cullinane:** We will put that to the test now by determining whether issues were ignored and whether the work of people who wanted to bring these issues to the attention of the appropriate individuals was frustrated. I want to put that to the test and examine that because before one can reform any organisation, there must be an acceptance that there was serious wrongdoing and that the culture was not right.

In terms of the report itself, I am interested in following the timeframe. It took an awfully long time for the internal audit unit to publish its report, given when this issue first surfaced in the organisation. Page 12 of the internal audit report makes reference to concerns that were first expressed about the finances in the college in an incomplete and unfinished audit report which was conducted by the Garda internal audit section in 2006, a year before it was restructured. Why was that report incomplete and unfinished? Who was responsible for that report? Is the person responsible for that report in the room? I ask the Commissioner to answer those questions.

**Ms Nóirín O'Sullivan:** I can ask Mr. Kelly, who examined the reports, to answer those questions.

**Mr. Niall Kelly:** I moved to An Garda Síochána in June 2007. The report I found on the files was from the year before I started in An Garda Síochána. There was an internal audit unit in An Garda Síochána from 2001, as far as I know, but it was staffed entirely by uniformed gardaí who did not have the requisite professional experience. I came on board as an established head of internal audit. My previous job was head of internal audit in the then Department of Communications, Energy and Natural Resources. I restructured the unit, brought professional staff on board and trained them-----

**Deputy David Cullinane:** It was not Mr. Kelly who was responsible. I asked why the report was incomplete and Mr. Kelly has said that the expertise was not there to do it. Who carried out the audit? Who was the author of that report?

**Mr. Niall Kelly:** There was a team there in the past. I am not aware of who, specifically, was the author. I found-----

**Deputy David Cullinane:** Can this committee be furnished with a copy of that report?

**Mr. Niall Kelly:** That report was in files when I came to the unit. Concerns were raised as a result of that.

**Vice Chairman:** In terms of providing clarity, who wrote it?

**Mr. Niall Kelly:** The Garda internal audit unit, before my time. I am not sure who was in that unit.

**Deputy David Cullinane:** Mr. Kelly does not know the name, but it was not him. Can we have a copy of that report?

**Mr. Niall Kelly:** I am sure we can get a copy of it for the committee.

**Deputy David Cullinane:** That 2006 report was incomplete but it was not until 2008 that a report was completed by the finance directorate which concluded as follows: "Our examination and review have uncovered discrepancies in compliance ... and exposes the organisation to substantial risk in terms of internal controls". The issue has been highlighted and a report was prepared stating there was substantial risk to the organisation, to the corporate body. What was done then? The 2008 report was not forwarded to the Garda internal audit section and was only discovered as part of the more recent audit by the internal audit unit. In that context, my question is who authored the 2008? Is that person in the room?

**Ms Nóirín O'Sullivan:** No, the person is not in the room.

**Deputy David Cullinane:** Who is it?

**Ms Nóirín O'Sullivan:** It is a member of the executive director of finance's staff.

**Deputy David Cullinane:** Why is that person not here?

**Ms Nóirín O'Sullivan:** The person is not here but can be made available to a future meeting of the committee.

**Deputy David Cullinane:** I would have thought that the person who was the author of one of the substantial reports would have been here today. We asked that people who were relevant to this internal audit would be here.

**Ms Nóirín O'Sullivan:** The people who have access to the report are all here to discuss its contents.

**Deputy David Cullinane:** Can the Commissioner tell me why the report was not forwarded on to the Garda internal audit section?

**Ms Nóirín O'Sullivan:** It was forwarded on to the Commissioner by the chief administrative officer. I can get my colleagues to come in here again-----

**Deputy David Cullinane:** That is not the question I asked, with respect. I hope that I get answers to the questions that I put. What I asked was why the report was not given to the Garda internal audit section.

**Vice Chairman:** I ask the Commissioner to answer the questions that are asked, please.

**Deputy David Cullinane:** That is the critique in the latest report, that the 2008 report was not given to the appropriate auditing committee of An Garda Síochána. Why was it not given?

**Ms Nóirín O'Sullivan:** The investigation that Mr. Kelly is conducting as part of the internal audit is continuing. We are endeavouring to identify the whole chain of correspondence and the decision making around that.

**Deputy David Cullinane:** Is it that the Commissioner does not know ? I am trying to establish if the Commissioner knows why the 2008 report was not given to the Garda internal audit section. Who made the decision not to forward that report to the appropriate body?

**Ms Nóirín O'Sullivan:** What we do know is that report was forwarded to the Commissioner of the day. The Commissioner accepted the recommendations, which were forwarded by the chief administrative officer-----

**Deputy David Cullinane:** That is not what I asked.

**Ms Nóirín O'Sullivan:** -----and they were sent for implementation.

**Vice Chairman:** I have to ask the Commissioner to answer the question.

**Ms Nóirín O'Sullivan:** Will the Deputy repeat the question?

**Deputy David Cullinane:** For the third time, why was the 2008 finance directorate's report not given to the Garda internal audit section and who made the decision not to give it to the section? If the Commissioner had the report, was it his or her decision?

**Ms Nóirín O'Sullivan:** It is not clear from the correspondence that we have available to us. I can get Mr. Kelly or Mr. Culhane to elaborate, or indeed, the chief administrative officer, who has reviewed all of the papers, but it is my understanding that it is not evident from the material available who made that decision.

**Deputy David Cullinane:** Okay.

**Vice Chairman:** I am sorry for interjecting but for the purposes of clarity, is the Commissioner saying that regarding the 2008 report, which obviously should have been forwarded, the analysis to date has failed to discover why it was not forwarded?

**Ms Nóirín O'Sullivan:** There is no doubt it should have been forwarded to the GIAS. We have not been able to identify from the correspondence available to us.

**Vice Chairman:** We have been able to identify that it got up as far as the Commissioner.

**Ms Nóirín O'Sullivan:** Yes.

**Deputy David Cullinane:** Who in An Garda Síochána was responsible for making sure it was submitted to the GIAS in 2008?

**Ms Nóirín O'Sullivan:** The then deputy strategy and change manager-----

**Deputy David Cullinane:** Is that person in the room?

**Ms Nóirín O'Sullivan:** No.

**Mr. Dónall Ó Cualáin:** I currently hold that position.

**Deputy David Cullinane:** But not at the time.

**Mr. Dónall Ó Cualáin:** Not at all.

**Vice Chairman:** Is the person still in the force?

**Ms Nóirín O'Sullivan:** No.

**Deputy David Cullinane:** That person obviously then made the decision not to forward it on.

**Ms Nóirín O’Sullivan:** We do not know that and it is not clear from the documentation we have.

**Deputy David Cullinane:** We know he or she did not send it on. Obviously, there was a reason it was not sent on.

**Ms Nóirín O’Sullivan:** We do not have any evidence to say why this was not done.

**Deputy David Cullinane:** We will move on. What I am trying to get to is why it took so long from 2006 to 2016 to reach some conclusion on this matter. We are still at 2008. We know a report was done that was not sent to the GIAS. In a note to the Commissioner on 25 April 2008 - this is still page 12 of the internal audit - the then chief administrative officer advised that the audit committee be advised at its next meeting in June of the issues revealed and measures to correct them; that person’s opinion was not to brief the audit committee; and at that juncture, it could be regarded by the external members of the committee as a significant breach of trust. On page 13, it continues there is no record of such a briefing in the minutes of the June 2008 meeting or any subsequent meeting of the audit committee.

Again, this was a brief and note sent to the Garda Commissioner. Why was that not done? Why was it not sent on to the appropriate meeting? Why was it not an item on the agenda for that meeting? Who made the decision not to send it? Who was responsible for briefing the committee?

**Ms Nóirín O’Sullivan:** It is one of the questions we have asked Mr. Niall Kelly to continue in his audit, namely, to identify whether has anyone asked or examined the minutes of the previous audit meetings going back to 2008 to see if there is any reference or record.

**Deputy David Cullinane:** Who was the chief administrative officer in 2008? Is that person in the room?

**Ms Nóirín O’Sullivan:** No, he is not.

**Deputy David Cullinane:** There are an awful lot of people not in the room who should be here.

**Vice Chairman:** Is he still with the force?

**Ms Nóirín O’Sullivan:** No, he is not still serving. It is important to remember the context. We are talking about a period of time in which several people have retired.

**Vice Chairman:** That is understood.

**Deputy David Cullinane:** That is part of the problem, namely, that it took us so long to get here. Maybe if the organisation had been swifter, we would have been able to put questions to the people who were in charge.

In any event, it was not done. Again, there were issues that were to be taken to the audit committee that were not. The Commissioner at the time would have been briefed that not to do so would represent a significant breach of trust, yet it was not done. Again, we do not know why the Commissioner is saying that is being examined as well.

There is no record of such a briefing in June 2008. Then in his report the chief administrative officer advises that the director of finance be authorised to conduct a full and comprehen-

sive audit of all the financial activities in the college. On page 13, the report goes on to say the GIAS was not informed of this proposed audit. Who made the decision not to inform the GIAS?

**Ms Nóirín O'Sullivan:** Again, to the best of my knowledge, it is not evident from the papers we have available to us at this time. Mr. Niall Kelly's audit is continuing.

**Deputy David Cullinane:** Again, it was not done. Was any pressure exerted on any of these individuals not to forward any of these reports or communications either to the audit committee or the GIAS?

**Ms Nóirín O'Sullivan:** I have not been aware that any evidence has been identified in the course of the interim audit to suggest that is the case.

**Deputy David Cullinane:** Then the chief administrative officer also advised that the Comptroller and Auditor General be advised. Was his office informed at that time?

**Mr. Seamus McCarthy:** We have no record of being advised of any of those kinds of concerns at that time.

**Deputy David Cullinane:** We are still in 2008. Not only was the GIAS not informed but the Garda internal audit, the committee and the Comptroller and Auditor General were not informed. I am just trying to following a pattern as to whether people were doing their job.

**Vice Chairman:** It seems astonishing that no records can be found on the decision-making - or non-decision-making - processes. Was that a culture at the time? This issue is in the public domain and everyone knows it has been going on for some time. However, consistently in response to the Deputy's questions, there does not seem to be any records as regards decision-making. How does an organisation like An Garda Síochána operate in that manner? If there are records, they cannot be found. If that is the record, then it is even more disturbing.

**Ms Nóirín O'Sullivan:** I can let Mr. Niall Kelly answer the question because, in fairness, he conducted the investigation. I am not aware and I do not want to comment on the efforts or the extent of the searches that went on to get the documentation. It may well be that there is documentation available which will be recovered in the remainder of the ongoing audit.

**Vice Chairman:** There does not seem to be an iota to date.

**Mr. Niall Kelly:** There is documentation in place that states that the 2008 report went to the Commissioner. There is correspondence from the Commissioner to the chief administrative officer instructing the officer to do certain things, including to give the report to internal audit and to the Comptroller and Auditor General.

**Deputy David Cullinane:** Was that done?

**Mr. Niall Kelly:** I did not find any evidence that it was done.

**Deputy David Cullinane:** Is that acceptable?

**Ms Nóirín O'Sullivan:** No. As I said from the outset in my opening address, it is unacceptable.

**Deputy David Cullinane:** When we conclude, will we find out if any of these people were held to account? Accountability is something that seems to be lacking as well.



The report has 12 specific recommendations from the financial directorate but only two were implemented. Of the six points agreed in correspondence between the Commissioner and the chief administrative officer, none of them was implemented. Given that this was a direction given by the Commissioner, does that then represent a breakdown in the chain of command? Would it be reasonable to surmise that was the case?

**Mr. Joseph Nugent:** If I can be helpful here, in 2010 there is a record that the individual recommendations were considered. Some of the recommendations were accepted and some were not. That is what the record shows. The reasons for that are not entirely clear but that is what the record shows.

**Deputy David Cullinane:** Will Mr. Joseph Nugent turn to page 14 of the internal audit report and read the second paragraph? That does not seem to join with the answer he gave. Will he please read it for me, starting from the word “however”?

**Mr. Joseph Nugent:** Of the 12 recommendations, only two were implemented. I am not disputing this.

**Deputy David Cullinane:** Just read it for me first.

**Mr. Joseph Nugent:** Apologies.

However, of the 12 specific recommendations from the finance directorate report 2008, only two were implemented. Of the six points agreed in correspondence between the Commissioner and the chief administrative officer, none was implemented.

**Deputy David Cullinane:** Now that is the point. Was there a breakdown in the chain of command if that is the case? Is it reasonable to surmise if that was the case? Was there a reluctance to accept improvements needed to be made or changes should be carried out? Did it suggest any of that to Mr. Joseph Nugent?

**Mr. Joseph Nugent:** What the record showed to me was that the recommendations were not accepted in some instances. I agree it is unacceptable. However, the 12 recommendations were looked at. There were questions asked about some of the recommendations and the two referenced there were implemented.

**Deputy David Cullinane:** It goes on. Unfortunately, for all of us it gets worse. On page 14, it states that on 2 March 2011, the GIAS reported to the Garda Commissioner on financial controls in 2010. It stated the GIAS could provide no assurance in regard to financial controls, that the GIAS sought to conduct an audit of the financial controls but was told work was being done by the finance directorate and because of that, it removed a paragraph from its own report. It then sought access to this report several times from the finance directorate. It stated that despite requests for access to this report, the GIAS was told it was still in draft even though it had been given to college management.

Again, there seems to be an ongoing attempt to frustrate the work of the GIAS. It was seeking this draft report and it could not get it. Is that the Commissioner’s understanding of what happened?

**Ms Nóirín O’Sullivan:** That is what is written in the report.

**Deputy David Cullinane:** Is the finance directorate a person or an entity?

**Ms Nóirín O’Sullivan:** It is a section within An Garda Síochána.

**Deputy David Cullinane:** Is there a head of section?

**Ms Nóirín O’Sullivan:** Yes, there is.

**Deputy David Cullinane:** Is the person who was the head at that time in the room?

**Ms Nóirín O’Sullivan:** Yes, they are.

**Deputy David Cullinane:** Who is it?

**Ms Nóirín O’Sullivan:** Mr. Culhane.

**Deputy David Cullinane:** Will Mr. Culhane answer that question then, please?

**Mr. Michael Culhane:** I am sorry, but will the Deputy repeat the question?

**Deputy David Cullinane:** If Mr. Culhane turns to page 14 of the report, he can see the two paragraphs which state, “GIAS can provide no assurance in regard to the financial controls in place”. Reference is also made to “serious issues of concern”. The report also states that at that stage, in 2008, “we sought to conduct an audit of the financial controls in the Garda College but we were informed that the Finance Directorate were updating the financial systems in the College and advised that we await the outcome of this work.” The last line states, “We have sought access to this report on several occasions since but have been told that it is still in draft, a version of the report has however been provided to Management in the College.” The GIAS sought the draft several times and never got it. Did Mr. Culhane make the decision not to give it that draft?

**Mr. Michael Culhane:** No, it is normal practice when we are drafting a report that it would go to the management in the college so that they could comment upon the report that would have been written to ensure the accuracy of the report and in terms of the progress that they were making on the recommendations included in the report of 2008.

**Deputy David Cullinane:** That is fine but if internal audit was looking for a copy of the draft report as well, what was wrong with giving it one? As I am sure Mr. Culhane is aware that the issues date back to 2006, I imagine that the GIAS was anxious to do its job. It sought a copy of the report. Did Mr. Culhane make a decision, for whatever reason, not to give that draft report to the GIAS when it requested it?

**Mr. Michael Culhane:** No, I did not make that decision. I report up the line to the chief administrative officer.

**Deputy David Cullinane:** Who made the decision?

**Mr. Michael Culhane:** I am not aware of who made the decision not to give the copy of the report to internal audit.

**Deputy David Cullinane:** Does Mr. Culhane not know who made the decision? There seems to be a very sloppy chain of command-----

**Vice Chairman:** There seems to be a pattern.

**Deputy David Cullinane:** -----which is very worrying in the light of the fact that this is An

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Garda Síochána. I asked who was the head of the finance directorate. I was told Mr. Culhane was.

**Mr. Michael Culhane:** It was me, yes.

**Deputy David Cullinane:** Therefore, somebody else up the chain of command such as the Commissioner might be able to help me.

**Ms Nóirín O'Sullivan:** Yes. The director of finance, Mr. Culhane, reports to the chief administrative officer. Another person was in the position but the role is now occupied by Mr. Nugent.

**Vice Chairman:** When did that person leave?

**Ms Nóirín O'Sullivan:** From memory, I think it was 2010.

**Vice Chairman:** Okay.

**Ms Nóirín O'Sullivan:** On page 15 of the report, the Deputy will see that, on 4 March 2011, the report from the executive director of finance was forwarded to the head of internal audit unit.

**Deputy David Cullinane:** Yes, it was after that time. I want to move on and we can seek clarification as much we can at the end on the questions. On 6 July 2015, the executive director of human resources and people development delivered a report to the CEO entitled Summary of Issues Arising from the Reports and Discussions Held at the Garda College. I understand the purpose of the report was to prepare the CEO so that person could brief the Garda audit committee. Who was the executive director at the time?

**Ms Nóirín O'Sullivan:** Mr. Barrett.

**Deputy David Cullinane:** Mr. Barrett. Was the report commissioned or done so that the Garda audit committee could be briefed? Was the Garda audit committee briefed?

**Mr. John Barrett:** No, I learned at the end of the month that it had not been. The intention was that it would be briefed at its meeting on 15 July.

**Deputy David Cullinane:** Was it briefed?

**Mr. John Barrett:** No. I understand it was not on that occasion.

**Deputy David Cullinane:** Who made the decision not to brief?

**Mr. John Barrett:** I do not know.

**Deputy David Cullinane:** Does anyone in the room know who made the decision not to brief?

**Mr. John Barrett:** My report was given to my line manager, Cyril Dunne, who is a member of that committee and who had expressed to me his intention to brief the committee.

**Deputy David Cullinane:** Is Mr. Dunne in the room?

**Ms Nóirín O'Sullivan:** No.

**Deputy David Cullinane:** Is he the person who made the decision not to give the report?

**Mr. John Barrett:** I can only assume so.

**Vice Chairman:** For the sake of clarity, Mr. Barrett compiled the report and he gave it to the chief administration officer to give to the audit committee.

**Mr. John Barrett:** He had commissioned it on the basis that the meeting was coming up and what he wanted to do was synthesise the reports of 2008 and 2010-----

**Vice Chairman:** That is understandable.

**Mr. John Barrett:** -----and have the issues broken out.

**Deputy David Cullinane:** I have questions about breaches in law which I will deal with very quickly but the final issue in respect of the report is that it was not just that meeting, it was raised again in September only under order of business, which is extraordinary.

**Mr. Dónall Ó Cualáin:** The matter was not brought to the July meeting. That was a decision that Mr. Dunne made at the time. It was a significant report with lots in it. I do not know why he did not bring it to the committee.

**Deputy David Cullinane:** I am referring to the meeting of 30 September.

**Mr. Dónall Ó Cualáin:** But he did bring it to the meeting of 30 September. It was not just for mention. There was a significant amount of detail given to the committee on that date.

**Deputy David Cullinane:** I am reading from the internal audit itself where it says that it was mentioned under any other business and that copies of the report were not circulated to the committee members. Given that it was a serious report, is Mr. Ó Cualáin seriously telling me that it merited being raised under any other business?

**Mr. Dónall Ó Cualáin:** No, I am not, but what I can tell the Deputy is that I am aware that it received a lot of time at that meeting.

**Deputy David Cullinane:** Can Mr. Ó Cualáin see on page 16 where it says that at the audit committee meeting on 30 September the chief administrative officer gave an oral account of some of the issues under any other business? It is stated the report was not circulated to the committee.

**Mr. Dónall Ó Cualáin:** Yes, the report was not circulated. That is correct, but a detailed oral account was given.

**Vice Chairman:** Why was the report not circulated?

**Mr. Dónall Ó Cualáin:** I cannot answer that question.

**Vice Chairman:** Was it normal? Again, there is a pattern here. I ask Deputy Cullinane to allow me in for a moment. There is no documentation, no minutes, no notes. It is lucky that it was brought up under any other business. We should be thankful.

**Ms Nóirín O'Sullivan:** Perhaps I might be helpful. This matter was brought to my attention on 30 July and what was immediately evident from the correspondence I received from Deputy Commissioner Ó Cualáin-----

**Deputy Catherine Connolly:** It was 30 July in which year?

**Ms Nóirín O'Sullivan:** In 2015. What was evident was that it required a lot of work to be done to identify what the issues were. A group was immediately set up, chaired by the then chief administrative officer and including representatives from the Department of Justice and Equality, to identify the issues and to be able to get a complete picture of what we were dealing with here and to address some of the issues which we are now trying to address here also. On the retirement of the chief administrative officer, that group was taken over on an interim basis by the deputy commissioner and then, subsequently, by the chief administrative officer. A lot of work was going on at that time.

**Vice Chairman:** It seems extraordinary that the pattern has continued and that a report as significant as this was not circulated.

**Deputy David Cullinane:** I want to move on to the breaches in law very quickly but before I do, I wish to state that we need copies of all the reports-----

**Vice Chairman:** Will Mr. Barrett indicate if there is a copy of the report?

**Deputy David Cullinane:** May I finish first?

**Vice Chairman:** I am sorry. The Deputy should go ahead.

**Deputy David Cullinane:** It is not just copies of reports but also any correspondence between the Commissioner and all of the different individuals who are cited where there was an exchange of papers and reports and minutes of meetings that took place. Mr. Ó Cualáin said there was an extensive discussion at the committee meeting.

**Mr. Dónall Ó Cualáin:** I was not there but from reading the minutes, it would appear there was extensive discussion.

**Deputy David Cullinane:** We need all of those minutes, correspondence and copies of the reports.

**Vice Chairman:** Do we have a copy of the report of 2015 that Mr. Barrett put together?

**Mr. John Barrett:** I have copies if you want one.

**Vice Chairman:** Will Mr. Barrett circulate some copies?

**Mr. John Barrett:** Surely.

**Vice Chairman:** They should be given to the clerk. That would be helpful.

**Deputy David Cullinane:** The final issue I want to raise relates to breaches in law. I am sure the Commissioner will accept that legislation is put in place for people to follow, implement and abide by and that any breach of legislation is essentially a breach in law. Is that the case? If one does not follow legislation it is potentially a breach in law.

**Ms Nóirín O'Sullivan:** Potentially, yes.

**Deputy David Cullinane:** Potentially, yes. On page 4 of the report it is stated that "the issues identified in this report are serious and present considerable risk to the organisation and should be dealt with in an open and transparent manner." On page 6 it is stated that Garda HRM

would have to remind staff who are directors of Garda College Sports Field Company limited of their legal obligations to provide appropriate legal support to help them retrospectively report to SIPO. The Commissioner will see that it says that superintendents, possibly a chief superintendent, and others who had legal responsibilities in respect of SIPO failed to make declarations that needed to be made. Is that not correct?

**Ms Nóirín O'Sullivan:** That is what the report states.

**Deputy David Cullinane:** That is what the report states. Would that represent a breach in law?

**Ms Nóirín O'Sullivan:** What I said in my opening address is that, further to the audit being conducted and continuing by Mr. Kelly, we also have an assistant commissioner examining the content of the interim audit report to identify if there are any further matters required.

**Deputy David Cullinane:** On page 17 it is stated An Garda Síochána did not have the authority to enter into an arrangement in terms of the Dromad farm because that was in contravention of section 29(3) of the Garda Síochána Act. That provision prohibits An Garda Síochána from entering into contracts relating to land. It states that money raised was to be transferred to the Office of Public Works. Page 20 states section 29(3) of the Garda Síochána Act 2005 prohibits gardaí from being involved in land contracts and that the legal standing of the Garda college management as directors was questionable. Page 21 states that Garda members, including superintendents, did not make declarations that they should have made. There is a litany of breaches, potentially, in law.

This is my final question to the Commissioner. This report is serious - the Commissioner has accepted that. It seems there was an attempt by people within the Garda Síochána College to frustrate the work of the Garda internal audit service. That is how I see it, because it took a long time - this goes back to 2006 - to get reports, papers and documents that should have been given to internal audit but that were not given. We had breaches in law as well. I have not even got to any of the issues relating to the bank accounts, including the laundry account, the bar account and the restaurant account. Other members will go through the detail in terms of how all the money was spent in ways in which it should not have been spent.

Several breaches of legislation are documented in the internal audit. How can the Garda Commissioner be satisfied that the law was not broken by members of the force in terms of any of these issues? How can the Garda Commissioner be certain that there was no criminal wrongdoing?

**Ms Nóirín O'Sullivan:** What I have said is that as well as the ongoing audit that is being conducted by Mr. Kelly, an assistant commissioner is looking at the content of the other report and what has been found today. It is evident that a couple of things need clarity. The company we are talking about was established in 1993. To be fair to Mr. Kelly and the team, they did not have time to go back to 1993 to see what led to the establishment of that company and who was aware of the establishment of that company. Moreover, the legislation in place at the time was a different form of legislation. That is one thing.

**Vice Chairman:** When did the Commissioner first become aware of that company?

**Ms Nóirín O'Sullivan:** In 2015.

**Vice Chairman:** That was the first time. Is that correct?

**Ms Nóirín O’Sullivan:** Yes, as part of the ongoing work that Mr. Kelly and the chief administrative officer were doing.

Second, there is a perception that An Garda Síochána bought a farm. The fact is the land was acquired. There was a requirement by An Garda Síochána for land that needed to be acquired to develop a tactical training facility within the environs of Templemore, because of the development of An Garda Síochána.

**Deputy David Cullinane:** The point I was making was that the internal audit cites breaches in legislation time and again. I was not looking for excuses around whether people own farms. What I am saying is that this is the report I am working from. Over and over, the report I have cited documents, potentially, several breaches of different Acts by members of An Garda Síochána. Who examines that? Who investigates that? Who ensures that there was no criminal wrongdoing by anyone in An Garda Síochána in respect of any potential breaches in law? Whose job is it to ensure that is done?

**Ms Nóirín O’Sullivan:** I am keen to assist the committee. It is important we are clear. The land acquired on behalf of An Garda Síochána was acquired by the OPW. As I said in the opening remarks in respect of the actions we are taking, we are working with the OPW to look at that and to establish exactly how that happened. We are also looking at, with the OPW-----

**Vice Chairman:** Was An Garda Síochána receiving rent for something it did not own?

**Ms Nóirín O’Sullivan:** We have to be very clear. Even since the interim audit report was finalised, other documentation has been found to indicate that the initial rents were given to the OPW by the leaseholders.

**Deputy David Cullinane:** I think I am reading this correctly. Perhaps the Comptroller and Auditor General can confirm the point. With respect, the report states that €126,000 needs to be transferred from the An Garda Síochána Vote to the OPW because the money was collected. We now know that much of that money was spent on things like donations and gifts to members of An Garda Síochána. Essentially, what is happening here is that the taxpayer is footing the bill. The taxpayer has to pay the €126,000. The money will be given from the Garda Vote to the OPW, but much of that money was spent on insurance, gifts, bars and restaurants. Again, the taxpayer is going to foot the bill. Is that not what has happened here? Much of that money is spent. It is gone. If the money is transferred from the Vote of An Garda Síochána, the taxpayer will be footing the bill and we will not get it back from the people who spent the money. Is that acceptable? Is that what is happening here?

**Ms Nóirín O’Sullivan:** As I said in the opening address, we are continuing to work to implement the recommendations. As the chief administrative officer has outlined, this includes ensuring that we regularise the accounts and the accounting practices in place. There is no question that the money will be transferred to the OPW.

**Vice Chairman:** I think “regularise” is a great word. Many things are hidden behind the word “regularise”. Deputy Murphy is next. Deputy Cullinane, you will have another chance.

**Deputy Catherine Murphy:** Page 7 of the report describes Templemore as a modern university campus. It goes on to say the Garda Síochána College provides education and training programmes and interventions, ranging from MA, BA, BSc, police leadership, higher diploma, certificates in firearms, driver training, and public order courses. Therefore, this is an educational establishment.

The Garda is acutely aware of the importance of training. Page 4 tells us that the Garda staff assigned to administrative roles in the college had no training or experience of administration and had no knowledge of public financial procedures. It is pretty shocking stuff, especially in the context of the college as a training and educational campus. Someone obviously appointed the people to do the work. We cannot blame people who do not have training. The Garda has to provide the training. However, someone decided to appoint them. Is there a consequence? Is the person who made that appointment still there? Is there a consequence for anyone in that regard?

**Ms Nóirín O’Sullivan:** The Walsh report on training, which led to the development of the college into the training and education facility described by Deputy Murphy, goes back to the 1980s. Deputy Murphy has rightly identified something that we have identified for a long time: it is not appropriate for Garda members who are trained police officers to be carrying out these types of functions or for them to be put into these functions without the appropriate training. That is why we have moved on to working with the Policing Authority and the Department of Public Expenditure and Reform to get properly skilled and suitably qualified civilian members into those roles. That is why we have gone on to address it in the interim by putting in a principal officer with the appropriate level of skill to implement the revised recommendations. It is quite inappropriate otherwise.

I do not think any other organisation of the size and scale of An Garda Síochána that provides such a vital function and that requires such training would be expected to put members in place who are not qualified. However, that was the reality at the time because there was a moratorium on recruiting properly and suitably skilled professional civilians. Now that the moratorium has been lifted, we are moving to address it.

**Deputy Catherine Murphy:** Are there consequences for anyone?

**Ms Nóirín O’Sullivan:** Again, when the audit report is completed we will look back and see. We are talking about structures that were put in place in the 1980s.

**Deputy Catherine Murphy:** Standards in public office obligations are relevant. Those of us who are elected to the House are in fear of the standards in public office obligations and are aware of being in compliance with that office. I would have thought every public servant and garda was acutely aware of the responsibility. There are many failings. How seriously was the requirement to be in compliance with the standards in public office obligations taken in An Garda Síochána?

**Mr. Joseph Nugent:** I can answer that question. I have met with the directors of the company involved. It is fair to say they were not aware. I am not excusing it. I am saying they were not aware of their obligations. The committee will see that as part of the recommendations we have agreed to work with those involved in respect of providing advice in that area.

Across my time in the public service I have certainly seen circumstances where individuals have become directors as a result of taking positions in an organisation. In this case, that would appear to have led people to believe certain things about how they should fulfil their requirements. Clearly, it is not correct. I have spoken to the directors about their responsibilities in that regard.

**Deputy Catherine Murphy:** Is this part of Garda training now?

**Mr. Joseph Nugent:** I will come back to that point again. The whole principle here relates



to this company. The intention is that this company will be taken off the stage. That is the priority in this regard. As the Commissioner has said, it was established in the 1980s, long before the position of the An Garda Síochána Accounting Officer was established. It was put there for a particular reason. The Deputy might not like my saying it, but we do not know why this was or the specific rationale for it.

**Vice Chairman:** The Commissioner said that she first became aware of it in 2015. I understand that but surely a significant number of people actually knew about it.

**Ms Nóirín O'Sullivan:** That is what the continuation of the audit will identify, hopefully.

**Vice Chairman:** Many assistant commissioners must have had responsibility for Templemore. That is the way line management works. I represent Templemore so obviously I know it quite well. Surely each of those officers must have known about this company? How could they not know? How could they not know that this existed? Where did they think that the money was going? Did no one, in 25 or 30 years, ever ask the question?

**Mr. Dónall Ó Cualáin:** Questions were asked, and they would have been aware that there was a company, the Sportsfield Company-----

**Vice Chairman:** The current Commissioner did not know until 2015.

**Mr. Dónall Ó Cualáin:** People who served there, who were on staff-----

**Vice Chairman:** I understand that but the assistant commissioner who was in charge would know.

**Mr. Dónall Ó Cualáin:** They would not have to know what was going on, I contend.

**Deputy Catherine Murphy:** I would like to return the date in July 2015 when the Commissioner became aware of all of this. I know from the Comptroller and Auditor General's statement on Vote 20 that it does not appear to have been notified to the Comptroller and Auditor General until 31 May 2016. Why is that?

**Ms Nóirín O'Sullivan:** Work was ongoing to establish the facts of the whole situation in order that a report could be compiled to set out what had gone on all the way back to 2006 when the initial report was made that Mr. Kelly had identified. As soon as the internal audit work was ongoing, the Comptroller and Auditor General's office was informed.

**Deputy Catherine Murphy:** Would it not have been prudent to immediately inform the Comptroller and Auditor General?

**Ms Nóirín O'Sullivan:** It may well have been but the group that was working on this was identifying what were all of the issues and then once the audit work commenced, the Comptroller and Auditor General's office were informed.

**Deputy Catherine Murphy:** That is very unsatisfactory. When anything like that arises there should be an immediate process of notification, because that is where the oversight is. On page 11 of the report we are told that accumulated funds made by the college restaurant and shop were transferred to Sportsfield Company Limited or invested in various investment accounts. It seems to have been quite a generator of income. If we turn to page 27 there appears to be money transferred into the account to keep the restaurant going when the moratorium was fully in place, but there seems to be money going into that account even in years when it

was making a surplus. Was it just an account that money went through and then went to the Sportsfield account?

**Mr. Joseph Nugent:** I believe it is the other way around. The money would have been going into the restaurant facility and from there into Sportsfield, where it was needed. My colleague, Mr. Kelly, might know better.

**Mr. Niall Kelly:** That would generally be the case. If we read the report there seems to have been movement of funds between all of these accounts, the bar, restaurant and shop accounts, but they were the generators of the funds and that money was passed to the Sportsfield Company Limited to develop the sports facilities and other expenditures.

**Mr. Joseph Nugent:** This company was established in 1983. We do not know why it was established but clearly it was established for a particular purpose, which was to become involved in the development of sporting facilities. The financial regime that was put in place around that was put in place for a particular purpose. Clearly, when one looks at the movement of moneys, especially during the period of accelerated recruitment, large surpluses became available. I am not saying that this is right or wrong but that is what happened. Clearly that is at issue in terms of-----

**Deputy Catherine Murphy:** It is an interim report and it is quite obvious that we are going to have to see a lot more than this interim report. It is prompting questions rather than answering many of the obvious questions. Are the accounts related to the boat club subjected to internal audit?

**Mr. Niall Kelly:** The boat club is completely separate to An Garda Síochána. We do not have a remit to audit that.

**Deputy Catherine Murphy:** Some €100,000 is transferred into a company that is separate from An Garda Síochána from funds that come into the restaurant - because of surpluses made in the restaurant - from public funds. Is that right?

**Mr. Niall Kelly:** That is correct, yes.

**Deputy Catherine Murphy:** That was not picked up?

**Mr. Niall Kelly:** It is in the report.

**Deputy Catherine Murphy:** It was not picked up earlier.

**Mr. Dónall Ó Cualáin:** The boat club is a Garda boat club. It was set up for Garda members. It is a separate club, as are all the other sports clubs.

**Vice Chairman:** The witnesses are both members of An Garda Síochána. Is there another word for the transfer of €100,000 into a private entity that has not been accounted for?

**Mr. Dónall Ó Cualáin:** It was not just the Garda boat club. There were many other sporting clubs that also benefitted from the transfer of funds from this fund in the college. It appears that the whole purpose of this company when it was set up was to develop sporting facilities for the student body.

**Deputy Catherine Murphy:** That is a separate issue entirely. This money was allocated to cover the cost of the restaurant and facilities for members that were training in the college

and it was capable of making a surplus. That surplus went into the restaurant account and from there into the Sportsfield Company, and from the Sportsfield Company to the boat club. The boat club happened to include the person who assigned it and who said it was given for the right reason. The witness said at the beginning that this was unacceptable, but when one starts trying to work out the narrative, it is very hard to get around the idea that this was members of An Garda Síochána, the people who enforce law.

**Vice Chairman:** Is that legal?

**Ms Nóirín O'Sullivan:** To establish whether-----

**Vice Chairman:** Is that legal, in the Commissioner's opinion?

**Ms Nóirín O'Sullivan:** In order to be able to establish whether there is a suspicion of something illegal happening, we have to have all of the materials available to consider. That is why an assistant commissioner has been appointed to review the content of the report and establish if further inquiry is warranted.

**Vice Chairman:** Okay.

**Deputy Catherine Murphy:** They were a law unto themselves as to how much of this was handled. It is put down to inexperience and lack of training but somebody had to be supervising it. Is there any suspicion that contracts could have been used as favours? Is there any follow-up on aspects like that following this initial interim report?

**Ms Nóirín O'Sullivan:** I have asked the people who have conducted the audit to date if there is anyone in the line management stream - all the way from the chief administrative officer, Mr Barrett, all the way down, or Mr. Kelly, who conducted the audit report - who has reasonable grounds to suspect that a crime has been committed at this point. I have been informed that there are no such grounds. However, we have not stopped there. I have asked an assistant commissioner to examine the content of the interim audit report.

**Vice Chairman:** To clarify, do all the witnesses agree with that statement?

**Mr. John Barrett:** It is too early to say on several fronts. In total the audit took ten weeks. The matters being dealt with went back a considerable period of years. There are several matters which are going to be followed up on by Mr. Niall Kelly and the team and we will be in a better position to report at that point. A series of open issues will elucidate the answer to that question.

**Vice Chairman:** Mr. Barrett does not agree with that statement.

**Mr. John Barrett:** I am offering a conditional response. I am neither agreeing or disagreeing. More information is required. I have a bit part in this. I took a look at two reports, from 2008 and 2010. I was alarmed and on foot of that, I reported.

**Vice Chairman:** We will get back to Mr. Barrett.

**Deputy Catherine Murphy:** On page 19 the report states:

It is noted however that the then Head of Legal Affairs on 11th September 2009 in a letter to the then Chief Administrative Officer advises on the Garda College Sportsfield Company Ltd that the separate identity in law can be assumed. No such legal identity exists for

the Garda College Restaurant or the Garda College Shop which were never incorporated.

They were dealing with the staff issues. It then states that Exchequer funds were transferred to a private company outside the control of the Garda. It is the same point as the boat club. The report then poses the question: who authorised these transfers? That is why this is an interim report. Does the Commissioner know at this stage?

**Ms Nóirín O’Sullivan:** No and as the Deputy said, this is an interim report and Mr. Barrett makes a valid point. We cannot identify what all the issues are without the audit report being completed and without the work Mr. Kelly is doing being completed. I am sure that will answer some of the further questions.

**Deputy Catherine Murphy:** What is the timeline for the completion of the report?

**Mr. Niall Kelly:** What is presented in this report is an overview across all the issues over the past six or seven years. I intend to look at specific areas and go deeper and longer in respect to specific areas from this report. There will be several reports on specific areas.

**Deputy Catherine Murphy:** They will be done in parallel. Page 23 relates to the bar accounts. The second last paragraph states:

At a meeting with the accountant, he indicated that he had done some of the preliminary work on these accounts but he would be reluctant to give an audit opinion on the accounts from 2010 onwards...As this work is awaiting completion, the accounts or records of the college bar were not audited from 2010 to 2013.

Is an audit under way on those? Will that be subject to an internal audit?

**Mr. Niall Kelly:** It may be. Effectively between 2010 and 2013, there was not a lot of activity in the bar in that there were very few students during that period. It is something that we will think about and will probably delve into further.

**Deputy Catherine Murphy:** The credit union seems to have gifted the restaurant a considerable amount during the moratorium to keep the restaurant going. There are four sums of €100,000 each on different dates. The Central Bank has a regulatory role in respect of credit unions. Is the bank engaged with St. Raphael’s Garda credit union? Has it examined any of this?

**Ms Nóirín O’Sullivan:** St. Raphael’s Garda credit union is an independent entity and, therefore, it does not come under An Garda Síochána.

**Deputy Catherine Murphy:** But it is referred to in this report.

**Mr. Joseph Nugent:** Without being certain on this, it is possible that what we are talking about is return on investments. That particular transfer may be related to that. I cannot confirm that but it is possible.

**Deputy Catherine Murphy:** It is money that went to the restaurant, which comes under An Garda Síochána. The miraculous keeping of the restaurant open would have been made possible by these transfers. I am sure they had to show up somewhere because there was a receipt there that there has to be an explanation for.

**Mr. Joseph Nugent:** On the bank account transfers from the credit union to the restaurant

account, my point is that this may well have been - it is something that will have to be looked at more forensically - surplus funds that had been invested in the credit union and were being returned to the restaurant. As we get into the moratorium where the restaurant activity has diminished, the process of funding it was through the surpluses that had been accumulated. It is possible that what we are seeing here is the return of other moneys that had just been in investment accounts at that time.

**Mr. Niall Kelly:** For clarification, the money that was moved into the credit union was surpluses from the restaurant account that had been made during the boom and then were being moved back again when the receipts in the restaurant were low and it was losing money.

**Deputy Catherine Murphy:** With regard to the EU funds, the report shows some double counting and money had to be repaid. Has that been fully repaid? Is that an issue outside Templemore? Is that the only body in receipt of EU funding under the Garda?

**Mr. Niall Kelly:** Some other programmes might be funded from EU sources but the majority of the EU-funded programmes have a connection with Templemore in some way or other.

**Deputy Catherine Murphy:** Is there any suspicion of double counting elsewhere in respect of European funds?

**Mr. Niall Kelly:** I am not aware of any.

**Deputy Catherine Murphy:** With regard to the sportsfield account, we are told that the holding of directorships is prohibited for land. Has that been fully resolved or are there conveying issues? How is it being worked out?

**Mr. Joseph Nugent:** There have been discussions at two levels - first, with the OPW in respect of these issues and, second, following a recent discussion with the directors of sportsfield, we have agreed that all the lands in which sportsfield has an interest will be in State control, in other words, in the control of the OPW. We just need to work out the process. The issue is about process rather than about whether it is happening or not.

**Vice Chairman:** Is Mr. Nugent sure all lands can be transferred?

**Mr. Joseph Nugent:** The directors have said they wish to divest themselves of any interest in lands. That is what-----

**Vice Chairman:** Is Mr. Nugent certain that they will be able to do that?

**Mr. Joseph Nugent:** Not at this point, one way or the other, but I am confident that the directors believe and wish-----

**Vice Chairman:** Wishing and being able are two totally different things.

**Mr. Joseph Nugent:** Their desire is that in accordance with the recommendation in the report, all the lands would return to State control.

**Vice Chairman:** I suspect they will not.

**Ms Nóirín O'Sullivan:** I would like to confirm there is no dispute. The land belongs to the State. It is important to provide assurance to the committee. My understanding very clearly from both the audit report and from my briefings is that nobody is suggesting that anybody other than the State owns the land. There is no question about the title of the land. This funding

model developed from the time the college transferred to Tipperary in the 1960s. There is an important context there. A funding model was developed which certainly by today's standards would not be acceptable. The Commissioner was not then the Accounting Officer and, therefore, several other parties were cited in respect of this model, which was put in place over time, and because of that model, different practices developed. Going back to the Vice Chairman's question, it is important that we get to understand this. As a trained investigator, I always look for the evidence trail. We have to establish the facts. As of this moment, as has been identified by the committee, the facts have not been fully established and, therefore, we are not in a position to assess what is there.

**Deputy Mary Lou McDonald:** We need some clarity. I did not hear anybody raise the issue of title or ownership of the land. The issue is entering into a leasing arrangement through which revenue was generated and the legality of that, how that happened and so on. With all due respect, it would be more beneficial if the Commissioner answered the questions that are put.

**Deputy David Cullinane:** I am also troubled by the Commissioner's comments. There have been several references to the information in the report not having been properly tested, which could suggest the Commissioner does not accept the internal audit report.

**Vice Chairman:** In fairness, Deputy Catherine Murphy needs to conclude.

**Deputy Catherine Murphy:** I have a number of other questions but I would like to hear the issue I raised addressed. I did not mention ownership and I did not hear anybody else mention it either. The report does not dispute ownership. It is the directorships and the mechanism used that is at issue.

**Ms Nóirín O'Sullivan:** That is a separate issue. As I said, the chief administrative officer is actively working on resolving those issues. We are confident that they will be resolved.

**Deputy Catherine Murphy:** Of the 19 recommendations contained in the interim report, progress is being made on some of them. What is outstanding and what is the timeline?

**Mr. Joseph Nugent:** Eight of them have been implemented in full. I am happy to have the head of internal audit confirm that. In terms of the remainder, we are in the process of formalising them. I would like to see the majority of them dealt with by the middle of this year, but the chairman has raised some complicators that will make that difficult. However, that is the target we have set for ourselves to achieve. The purpose of the target is to ensure they are delivered. While we are going to try to deliver on that target, there is concern that the matter will not be resolved. We continue to work on all the outstanding issues and we have provided the committee with the current progress on each of the individual recommendations.

**Deputy Alan Farrell:** I welcome the witnesses. The Commissioner referenced in her opening remarks that this has been ongoing since the 1980s. It is easy for all of us on this side of the room and others in the public domain to question the manner in which moneys were spent by the Garda training college and how it was run. We can agree that it was in 2006 that it was first identified that there was a problem in terms of whether the college was compliant with accountancy rules inflicted upon all agencies of the State by various Departments. In regard to the unfinished audit report presented in 2006, which I understand referenced finance directorate reports, the interim report states "which uncovered discrepancies in compliance with public finance procedures". Why in the Commissioner's view did it take nine years for the Garda to

do something about it?

Mr. Kelly mentioned that he commenced his employment with An Garda Síochána in 2008.

**Mr. Niall Kelly:** It was 2007.

**Deputy Alan Farrell:** His role in the initial phases of his employment was, I assume, to establish the department-section and put in place necessary procedures.

**Mr. Niall Kelly:** Yes.

**Deputy Alan Farrell:** Taking into consideration the constraints within An Garda Síochána post the commencement of his employment, it was probably very difficult for him to get the personnel to support him in that role. Am I correct in saying that from a professional standpoint he was a one-man operation?

**Mr. Niall Kelly:** No. The staff complement is 11 but we have never actually had 11 staff.

**Deputy Alan Farrell:** Please explain.

**Mr. Niall Kelly:** We started hiring people and then the embargo hit so we never achieved a full staff complement. When the embargo was lifted more staff were recruited. The current complement of staff is eight.

**Deputy Alan Farrell:** Do all those individuals have competent qualifications and-or experience?

**Mr. Niall Kelly:** There are two qualified accountants within that staff and two assistant principal officers, all of whom are experienced and have received training through courses in the Institute of Public Administration, IPA and the Institute of Internal Auditors.

**Deputy Alan Farrell:** Given all that expertise is now within the section, from 2006, when the first unfinished audit raised issues, to 2008 when, through the finance directorate report, other issues were raised, why was it only determined in 2016 that these issues were of such gravity that political decisions, and decisions of the chief administrative officer of the organisation, were required to allow Mr. Kelly to carry out an audit of the activities in Templemore?

**Mr. Niall Kelly:** I was asking questions in 2008 and 2009 but I was not getting answers. In March 2011, in relation to the 2010 accounts, I got assurances that issues were being addressed. What happened in 2011 was that effectively the college closed and there was very little activity. Between 2011 and 2014, if I had gone to audit I probably would not have found anything because effectively we were doing nothing. In 2014-2015 these issues started arising again. In 2016, we were brought in to do the audit.

**Deputy Alan Farrell:** I thank Mr. Kelly. There was a brief moment earlier when many Deputies weighed in on the issue of land. Mr. Nugent opened that door, whether intentionally or otherwise I do not know. When we were talking about the farm, Mr. Nugent used the word “transfer” in relation to, presumably, Office of Public Works, OPW, purchased land. The Commissioner mentioned at the beginning of this discussion that rents were paid directly to, I think, the OPW, but that stopped and they ended in the various entities within Templemore. Mr. Nugent said that happened to “some” rather than “all” the lands. I am not specifically referring to the farm. In regard to Sports Field Company Limited land, it was stated that the members of that company wish to divest themselves of the ownership of land. Does that include all lands

- as I said, I am not just referring to the farm - included in the limited entity that is the Sports Field company?

**Mr. Joseph Nugent:** The directors of Sports Field have confirmed that to me.

**Deputy Alan Farrell:** Therefore, every square inch-----

**Mr. Joseph Nugent:** It includes any interests in relation to land which it has a right to give up. The company is saying that it has no interest in the land and it is happy that its interests would transfer to the Office of Public Works.

**Deputy Alan Farrell:** Mr. Kelly has been in his current role since 2007. Has he unearthed any documentation - Mr. Barrett weighed in on this matter earlier - which would lead him to believe there has been any illegal activity, criminal or otherwise, in respect of Exchequer funding, be that in the accounts of private organisations under the control of members of An Garda Síochána or in accounts that are directly in the control of An Garda Síochána?

**Mr. Niall Kelly:** Have I uncovered illegal practices? No. In regard to Deputy Cullinane's opening remarks regarding maladministration, however, yes, and failures to implement recommendations of previous reports, yes. I think the Deputy said sloppy practices; I would say maybe irregular practices, but at this point there is no evidence of illegality having been uncovered.

**Deputy Alan Farrell:** If funds were transferred to various entities and used for keeping the restaurant going, paying additional staff or perhaps keeping the bar open during the period when the training element in Templemore was no more, would that fall under what Mr. Kelly defines as maladministration from an accountancy perspective?

**Mr. Niall Kelly:** I would think so, yes.

**Deputy Alan Farrell:** Mr. Ruane-----

**Vice Chairman:** I seek clarity on a matter. Earlier Mr. Kelly talked about his audit team. How many people are on that audit team?

**Mr. Niall Kelly:** There are currently eight.

**Vice Chairman:** Is that for the whole of An Garda Síochána?

**Mr. Niall Kelly:** It is for the whole of An Garda Síochána.

**Vice Chairman:** How much is your total budget?

**Mr. Niall Kelly:** My budget for-----

**Vice Chairman:** What is the Garda budget - €1.7 billion or something?

**Mr. Niall Kelly:** It is €1.6 billion.

**Vice Chairman:** It is €1.6 billion. What is the approved complement of the audit team?

**Mr. Niall Kelly:** I should have 11; I have eight at the moment.

**Vice Chairman:** We are going through one of the biggest issues we have ever seen affecting the Garda. The audit team is meant to be 11. The Commissioner has said that obviously this is a critical issue and that they are going to get to bottom of it. We have seen that there is a lack of



documentation. We have seen that there is a very tight team of only eight people. Why is the complement of 11 not bigger?

**Ms Nóirín O’Sullivan:** Perhaps I might assist in discussions with Mr. Kelly and indeed the CAO. We have recently approved the increase in the strength, but it is extremely difficult for us to get civilian staff. We have a number of layers that we must go through. We have recently approved an increase in the strength beyond the 11 up to 12 and, indeed, in recent discussions up to 16 to allow the work get completed. The chief administrative officer is working very closely with the Policing Authority trying to expedite getting the staff.

**Vice Chairman:** I thank the Commissioner. It seems extraordinary that in May 2017 it is eight, given what has transpired and given that the Commissioner has been aware of this since 2015.

**Deputy Alan Farrell:** We have just been discussing the maladministration of public funds. Has Mr. Kelly at any point sought legal advices as to whether he might come across something in the future? Mr. Barrett was very specific in his terminology, which is appreciated, in terms of his view in saying, “No, nothing has happened.” Has Mr. Kelly sought any advices from Mr. Ruane or others in regard to the steps he has to take in order to ensure that no money had been used for any purposes other than the purpose intended?

**Mr. Niall Kelly:** I will answer that question. Mr. Ken Ruane has been crucial to the actual writing of this report. Right through the report and the audit work, we have sought his advice on a range of issues and we will continue to do that in the work that we plan to do into the future.

**Deputy Alan Farrell:** Has the Commissioner sought to ensure from a legal perspective or has she asked that question or instructed Mr. Ruane to provide or procure legal advices in that regard?

**Ms Nóirín O’Sullivan:** If the issue arises, certainly, Mr. Ruane is in a position to provide advices and indeed we have provision there that we can seek external advices if the need arises.

**Deputy Alan Farrell:** Collectively at this point Mr. Kelly has not unearthed any criminal or illegal activity, but he is not done. That is effectively the answer.

**Mr. Niall Kelly:** Yes.

**Deputy Alan Farrell:** One specific incident is very glaring. It is probably quite small money, but it is very troubling given that An Garda Síochána did it. The Garda Vote provides for Templemore a sum of money, as I understand it, for laundry services and-or supplementary food in the canteen or the mess, whatever they refer to it as. For a period of time the college in Templemore was charging for the laundry service which led to large sums of money being accrued, which in turn led to money being transferred all over the place up to and including investment accounts and all the rest of it.

One of the troubling aspects of all of that, apart from it being unacceptable either from an accounting perspective or from a moral one, is that the moneys that were then transferred to the sports field then ended up being transferred in the amount of €100,000 to the Garda Boat Club. As stated in the interim report, the Garda Boat Club is a private organisation. The report was very specific about who is in it. It states that it is run by current and former staff and their families. I have no problem with that. I looked it up online and see it was established in 1954. The website lists the committee, captains and all the rest of it. It is a fairly open and transparent

organisation from its public perspective.

However, €100,000 was sent to a private institution and those who run it are not auditable or answerable to the Commissioner or anybody else for that matter. The biggest issue I have with that is that those are public funds in a private organisation. There is a term for that and it begins with an “e”. I looked up the definition of that.

**Vice Chairman:** Embezzlement.

**Deputy Alan Farrell:** Embezzlement. I have no doubt in my mind - or at least I hope so - that individuals using that money were using it for gardaí, former gardaí and all the rest of it. The bottom line is that it is public money. Its source is profits in various organisations, rent being procured - to which I will return in a minute - from a site owned by the State with the money originally being paid directly into the Garda accounts, but subsequently not - as the Commissioner identified. Who controls the limited organisation that is the boat club? Has the €100,000 been returned? I believe that was transferred between 2000 and 2003. Assume the answer is “No” and that it was spent.

We are discussing whether any illegal activity has taken place and when I raise something that is in the Garda’s own report, the witnesses cannot guarantee me that anything. We do not know that that €100,000 went to the personal enrichment of current or former gardaí, family members or anybody else for that matter because it went to a private organisation. None of the witnesses can answer that question, which is very disappointing. It is contained in a Garda interim auditors report. This is the Committee of Public Accounts. The witnesses have answered questions over which they cannot stand because they do not know. I do not know if there is a question in there that the witnesses can answer - or even a remark.

**Mr. Joseph Nugent:** We have used the word “irregular” and that is where we need to stay at the moment. The assistant commissioner, Mr. O’Driscoll, is undertaking this fact-finding piece to establish whether further investigations are required. I would be more comfortable-----

**Vice Chairman:** Does Mr. Nugent have a time period for it?

**Mr. Joseph Nugent:** It will be within the next few weeks and I mean weeks. I am talking about-----

**Vice Chairman:** Will it be before the end of June?

**Mr. Joseph Nugent:** Yes.

**Vice Chairman:** Before the end of June we will be able to distinguish between the words “irregular” and “illegal”.

**Mr. Joseph Nugent:** I was distinguishing between the words “irregular” and “embezzlement”. That is all I was trying to-----

**Vice Chairman:** They are close; they are first cousins.

**Mr. Joseph Nugent:** All I am saying that is where we are. In relation to the Deputy’s comment, we will make sure that in advance of our appearance the next day, the AC’s report will be made available to the committee.

**Ms Nóirín O’Sullivan:** I would just like to make a point because I am conscious of the

caution the Vice Chairman gave to everybody beforehand. As he quite rightly said and to be fair to individuals who are not present and to be fair to individuals who may well be able to be identified from the content of the interim audit report, I must emphasise that it is an interim audit report. To be fair and for the purpose of clarity, this is an interim audit report. If at any stage we had identified or had suspicion of any illegality from the content of what we have at the moment, that would be dealt with in a different way.

**Vice Chairman:** Fine.

**Ms Nóirín O’Sullivan:** At the moment that has not been identified.

**Deputy Alan Farrell:** Of all people in this room, I understand Standing Orders very well in terms of that matter.

**Vice Chairman:** We all can.

**Deputy Alan Farrell:** The Vice Chairman can also. I am not casting aspersions on any individual, especially not those who the audit report identifies as being members of the boating club. I am just saying that if it is not in controller view as the accounting officer, where is it? I think Mr. Fachtna Murphy was Commissioner in 2010. I looked up the definition and I can ask Mr. Ruane and-or Mr. Kelly to define embezzlement in the context of accountancy but we all know what it means. It does not necessarily infer certain things. It means “misappropriation of funds placed in one’s trust or belonging to one’s employer” and that is exactly what we are talking about. That is the definition of embezzlement in the Collins online dictionary.

**Vice Chairman:** Last question.

**Deputy Alan Farrell:** : I will conclude at this point. I have a number of questions about the funding that was being provided to An Garda Síochána at Templemore through one of its entities from the farm – the rent that was being paid, which I think was €25,000. The Commissioner opened the door with regard to the fact that some of that money was being paid directly to the OPW. For whatever reason, and perhaps the Commissioner knows and could identify it, when did that money stopped being paid to the OPW and why did the OPW not ask why it was not getting the €25,000 per year it was supposed to get? I am not sure whether the Commissioner can answer that question. Where did the money go in terms of the intended recipient? I know it ended up in the restaurant account, the sports field account or one of those accounts. Did nobody ask any questions? How did it happen that this sum of money on an accumulated basis was sent around all sorts of different organisations? Was Mr. Kelly aware of where the rent paid from that farm was going bearing in mind when that farm was purchased? What did he do to highlight the fact that the money was or was not being sent to the appropriate accounts and-or offset against the Vote budget passed by these Houses? I will start with the Commissioner and come back to Mr. Kelly.

**Mr. Joseph Nugent:** The Deputy is asking a fundamental question. I will provide some history first. We have recently established records which show an auctioneer in the Templemore area sending rent on the land to the Commissioner of Public Works in 2007. In his report, Mr. Kelly confirmed that the specific part of the OPW did not have records associated with that receipt. The next period we have is the return of the next set of lands. We understand there was a subsequent lease. We do not know why that happened and why money was sent to the Commissioner of Public Works in 2007 and then stopped. We do not know why that did not raise a red flag. In Mr. Kelly’s report, we have not been able to discover the records on the OPW’s

side in respect of that matter. That is a difficulty for us at the moment. It is not easy for us to provide all the information Deputy Farrell is looking for.

**Ms Nóirín O’Sullivan:** The important part is the determination to get to the bottom of it. As we said from the outset, there are other parties outside An Garda Síochána involved in this and because of the very complex and convoluted arrangements that were in place across the OPW and various Government Departments, we have to go outside our availability of documentation to fill in some of the gaps.

**Vice Chairman:** Is An Garda Síochána getting full co-operation from agencies like the OPW?

**Ms Nóirín O’Sullivan:** I am absolutely certain we will.

**Mr. Niall Kelly:** It is important that I answer the very specific question asked by Deputy Farrell. The answer is “No”. I was not aware until I started the audit in respect of these transfers of moneys.

**Deputy Alan Farrell:** Can I ask one small question?

**Vice Chairman:** Very quickly.

**Deputy Alan Farrell:** Will the Commissioner tell me whether it is within An Garda Síochána’s Vote, budget or authority to bring in individuals if it cannot find or hire them for Mr. Kelly? Can it bring in personnel?

**Ms Nóirín O’Sullivan:** We must go through a procedure and process. If I explain it because I know that it gets-----

**Deputy Alan Farrell:** I think this might be one of those occasions where the Commissioner has to do that.

**Ms Nóirín O’Sullivan:** For example, we have identified a number of civilian positions we want to fill, including the internal audit positions in Mr. Kelly’s unit. We must first get sanction from the Department of Justice and Equality which must get sanction from the Department of Public Expenditure and Reform. We must also engage with the Policing Authority around the job descriptions, role profiles, etc. There is then a series of sequences. Mr. Nugent is working very closely with the Policing Authority in an effort to identify not just the internal audit positions but the other civilian positions. Deputy Catherine Murphy identifies a really important thing. For years, An Garda Síochána has had to work on what I would call a 1940s architecture trying to modernise an organisation. The practices are not good enough. As members of An Garda Síochána, we are all trained police officers. We are not trained administrators. Deputy Catherine Murphy asked a question about training which I do not think I completed. In respect of the assurances we need to give to the committee, the Deputy asked a specific question. The Institute of Public Administration is training all of our people in proper financial management procedures and this will continue as part of the ongoing training requirements bringing people up to date with best governance practices.

**Vice Chairman:** I respect the processes An Garda Síochána is going through but I suppose the real question is why it did not start a couple of years ago.

**Deputy Marc MacSharry:** I thank the Commissioner and the rest of the witnesses. I was a bit late and the Commissioner was in midstream delivering her opening statement so I probably

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missed some of the introductions. There are 16 people in the room. We will not go through them all but could Mr. Barrett give me his title and role?

**Mr. John Barrett:** I am the executive director of human resources and people development.

**Deputy Marc MacSharry:** Within the Garda?

**Mr. John Barrett:** Yes.

**Deputy Marc MacSharry:** Since when?

**Mr. John Barrett:** Since 3 October 2015.

**Vice Chairman:** If any phones are switched on, can they be turned off?

**Deputy Marc MacSharry:** As mine is in airplane mode, it could not be mine. Mr. Kelly is the head of audit and was the head of audit for one of the Departments previously.

**Mr. Niall Kelly:** I was.

**Deputy Marc MacSharry:** We have the deputy commissioner, the Commissioner and the chief administrative officer for the entirety of An Garda Síochána.

**Mr. Joseph Nugent:** Since August 2016.

**Deputy Marc MacSharry:** Does the deputy commissioner have specific authority for the college?

**Mr. Dónall Ó Cualáin:** No, I do not. It used to be assigned to my side of the house. There was a reorganisation of our chart arising out of the modernisation and renewal programme and this now sits under-----

**Vice Chairman:** When did that change take place?

**Mr. Dónall Ó Cualáin:** We introduced the new set up in September last year. Prior to that, training would have fitted under that side of the house.

**Deputy Marc MacSharry:** Will Mr. Ruane tell me his title and role?

**Mr. Kenneth Ruane:** I am head of legal services.

**Deputy Marc MacSharry:** Mr. Ruane is effectively a lawyer.

**Mr. Kenneth Ruane:** I am. I am a qualified solicitor.

**Deputy Marc MacSharry:** Is Mr. Ruane based in Phoenix Park?

**Mr. Kenneth Ruane:** Yes.

**Deputy Marc MacSharry:** What is Mr. Culhane's title and role?

**Mr. Michael Culhane:** I am executive director of finance and services.

**Deputy Marc MacSharry:** Therefore, Mr. Culhane is not a member of the force? Listening to the evidence, we seem a highlighting of problems in 2006. It came up a different places. Mr. Kelly said that at one stage, the Commissioner wrote to the then head of administration to

say that An Garda Síochána had to deal with it and send it to the Garda Síochána Inspectorate and the Comptroller and Auditor General. We all seem to have established that this did not happen. We do not know why that happened and who to blame pending ongoing investigations by Mr. Kelly and Mr Barrett. Is that a fair assessment of where we are so far?

**Mr. John Barrett:** Yes. It is a qualified “Yes”.

**Deputy Marc MacSharry:** I like Mr. Barrett’s qualifications for now. We do not know that yet. The Commissioner said that she is asking whether there are reasonable grounds to support the contention that a crime has been committed. She said that her view, which was demonstrated to Mr. Barrett, was “No”. Mr. Barrett has said that it is neither “Yes” or “No” pending further investigations. Is that also the case?

**Mr. John Barrett:** Yes. Without interrupting, I would say that the standard of criminality is a much higher bar than what would be regarded as appropriate governance and due and proper probative administration.

**Deputy Marc MacSharry:** Of course.

**Mr. John Barrett:** There are people better qualified than me to make a judgment on the criminality.

**Deputy Marc MacSharry:** Okay.

**Mr. John Barrett:** The concerns that are exercising my mind revolve around the appropriate standards for accounting and administration in the Garda college.

**Deputy Marc MacSharry:** Of course, which would be the same for my business or-----

**Mr. John Barrett:** Yes.

**Deputy Marc MacSharry:** That much was clear. We will not know whether other more prescriptive acts such as embezzlement come into play until much later date, if at all. In Mr. Barrett’s experience, and in the knowledge he is only there since 2015, does he think the balance of probability, notwithstanding the fact he likes to qualify his answers, which is okay for now because we need to get more information-----

**Mr. John Barrett:** Sure.

**Deputy Marc MacSharry:** -----is that somewhere between 2006 and the Commissioner writing to whomever to have this pass the Garda internal audit service and the Comptroller and Auditor General, somebody somewhere yet to be named, or nameable even, took the view to sit on this because it made the Garda look bad?

**Mr. John Barrett:** I cannot really offer any valuable view on this until the point it came to my attention, which was in June 2015. I inquired about a certain mid-year set of numbers in the Garda college relating to overtime and how we were managing. On foot of that, certain numbers were given to me that did not make a lot of sense and then I made some further inquiries. On foot of that I became aware of the 2008 report of the finance directorate and I read it. My response at that point in time was to call the then chief administrative officer and discuss it with him. I made certain he got a copy of this and we discussed it together.

**Deputy Marc MacSharry:** Just so we are clear, that is not-----

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**Mr. John Barrett:** That is not this gentleman, no. It was a gentleman called Cyril Dunne.

**Deputy Marc MacSharry:** Right.

**Mr. John Barrett:** Then we became aware of a 2010 report following on from the 2008 report and we sat and discussed that. That was the tail end of June 2015. Mr. Dunne asked me to write a summary report at that point, a synopsis of the issues arising in both reports. That is what I did and that is the document of 6 July 2015.

**Deputy Marc MacSharry:** Which we have asked Mr. Barrett to circulate and which he will do electronically.

**Mr. John Barrett:** That will come.

**Deputy Marc MacSharry:** Okay.

**Mr. John Barrett:** That is the point at which I entered the fray, and much like the newbies in the room I am looking backwards seeking to get context.

**Deputy Marc MacSharry:** I understand, but if we had to make an interim qualified judgment based on information available to us now, without pointing the finger at any individual, and even in the knowledge that individual may never be in a position to be named because the investigation may just not turn up who it was, would it appear, in Mr. Barrett experience, that somebody somewhere took the view and said, "let us sit on this because it could make us look bad"?

**Mr. John Barrett:** The Deputy asked the question in the context of the balance of probabilities. I think the history speaks for itself, quite frankly. This thing was visible for a period long before my becoming aware of it.

**Deputy Marc MacSharry:** Indeed, there is no finger of blame on Mr. Barrett.

**Mr. John Barrett:** I understand that.

**Deputy Marc MacSharry:** I am just simply using the benefit of Mr. Barrett's expertise to draw a conclusion of my own.

**Vice Chairman:** The Deputy might let Mr. Barrett-----

**Mr. John Barrett:** I must give a context because I am a relatively new public servant and I am conscious that I am meeting the elected representatives. My background is in the private sector, with 25 years in US multinational firms. I come at this without all the nuances of the public service. My reading of these documents may be different from others in the organisation for a lengthy period of time. Earlier, I used the word "alarmed", which I was, simply because in the world in which I previously lived matters like this would be corrected much more expeditiously. I did not really have the necessary understanding and, to a significant degree, we are dependent on what remains to be done by Mr. Kelly.

**Deputy Marc MacSharry:** Being a new civil servant, does Mr. Barrett have a sense that sometimes within the Civil Service generally the default position is "we are right and they are wrong".

**Mr. John Barrett:** The Deputy is putting words in my mouth.

**Deputy Marc MacSharry:** No, I am not. It is a question.

**Mr. John Barrett:** It is a question.

**Deputy Marc MacSharry:** Therefore, “No” is an answer just as much as “Yes”.

**Mr. John Barrett:** Sure. Let me answer the question in the context of this particular information. I read it in its totality. It touched on what I consider to be a number of governance issues, leaving aside all issues of criminality and fundamental accounting issues, and I raised them because, quite frankly, in their totality they addressed what I would consider to be fundamental issues in the way in which we account for public funds.

**Deputy Marc MacSharry:** What percentage of the Commissioner’s time and that of her senior management, including deputy commissioners and assistant commissioners, is at this time devoted to non-core policing activity?

**Ms Nóirín O’Sullivan:** I suppose it depends on what the Deputy defines as core policing activity.

**Deputy Marc MacSharry:** I suppose catching the bad guys.

**Ms Nóirín O’Sullivan:** We have significant challenges from a volume crime, organised crime and terrorism perspective, so a considerable portion of my time is dedicated to doing this. A considerable portion of my time is also dedicated to managing and putting in place the modernisation and reform necessary to provide governance assurances throughout the organisation, so it is mixed.

**Deputy Marc MacSharry:** Will the Commissioner make a stab at the percentage breakdown? Is 50% of her time taken up with managing legacy structural deficiencies and 50% focused on catching the bad guys, including complex international terrorism co-operation and the day-to-day criminality we all know of?

**Ms Nóirín O’Sullivan:** The role of An Garda Síochána and my role as Commissioner of An Garda Síochána is to ensure we provide a service to the public. Part of this is keeping communities safe. It is my job to ensure the necessary structures and practices are in place, so the threats posed by organised crime, terrorism and volume crime, and public safety issues that impact on everybody’s day-to-day living priorities are priorities for An Garda Síochána. I am also very focused on ensuring we deal with a number of issues that are historic in nature but nevertheless identify where there are weak practices and bad practices in the organisation. In doing that we also identify good practice and we make sure we shine a light on both. There are good practices we have identified, and we make sure we put things in place to bring these forward. Very important, in the context of the issues we are discussing here today, is where we identify issues such as we have identified here, we bring them to the fore and we make sure they are addressed, as in this case. It is very important that we provide assurances to the committee and, by extension, to the public that actually we are not being remiss in doing this. As soon as we became aware of these issues in 2015 they were immediately addressed, and we are actively engaging to ensure the recommendations highlighted in Mr. Kelly’s report, albeit an interim report, are being fully implemented. I have no doubt that as Mr. Kelly’s work continues other issues will be identified, and we will also address these and deal with them. I would like to provide assurances to the committee that we take this extraordinarily seriously. The executive team is making sure all the issues are being addressed, but we have line managers who do the day-to-day business in this regard.



**Deputy Marc MacSharry:** The Commissioner knows the question I am asking. Would she be better sitting down with all the chief superintendents and the assistant commissioners to deal with core policing matters such as traffic management, terrorism and Border controls? She is in here probably as often as the CEO of the HSE. Would it be better if she did not have to do any of these things? I asked for a proportionate breakdown. I do not consider this the Commissioner's core business, as a layman in the street, but it is taking up a lot of time. I am just trying to get a picture, for the people reading the transcript or watching this, of what proportion of the Commissioner's time is dedicated to firefighting, for want of a better expression, based on legacy structural deficiencies?

**Ms Nóirín O'Sullivan:** A significant portion of my time.

**Deputy Marc MacSharry:** Would it be fair to say it would be better if the Commissioner did not have to do this?

**Ms Nóirín O'Sullivan:** No, to be fair what I would say is that as Accounting Officer I have a duty to account here to the Committee of Public Accounts. I have a duty to make sure I provide assurances on the governance of the organisation and I also have to balance this with my duty to ensure that we provide safety and a safe environment for our communities.

**Deputy Marc MacSharry:** How many uniformed gardaí are carrying out work that, to quote the Commissioner from earlier in terms of the legacy issues, in real terms is not their core business or is not core to the training provided to them in Templemore or through on the job continuous professional development training?

**Ms Nóirín O'Sullivan:** I am delighted the Deputy has asked this question because it is something on which we have been working very hard. Going back over the years, we identified a number of positions we wanted to civilianise for the very reasons Deputy Murphy said, and get suitably qualified professional civilian members into the organisation to do this work. Recently I tasked the deputy commissioner with this. It has taken us an extraordinary length of time, despite the fact we have a HR section which is headed up by a civilian manager. It is taking us a long time to get a workforce plan in place to do exactly what the Deputy has identified, to gauge specifically the number of people. I tasked the deputy commissioner with conducting a census across the organisation to identify that. I will now ask him to talk specifically to that issue.

**Mr. Dónall Ó Cualáin:** That piece of work started in February and we picked one day where we looked at our databases to see where all personnel were assigned on that particular day on the system. That did not necessarily mean this was where they were. For some reason or another they may have been temporarily transferred to another duty or they may have been taken off the front line to perform some vital and critical administrative function in the absence of civilian staff to do that particular work. At this early stage the data are just coming in and are being cleaned in respect of going in to each of our divisions and districts, working with that original spreadsheet and then finding out exactly what everyone was doing on that day. We hope to be able to present, in the next week or so, a detailed breakdown of what we would call the low-hanging fruit. This would be the people who could immediately be transferred to the front line if we get civilian help in to replace them because they are doing vital work for us. That runs to at least 200 personnel at this juncture but there is still more work to be done on this.

There is another tranche of people who are doing administration work, but they may be on restricted duties because of sickness or health issues. It is important for the organisation to

make sure those personnel are used and that we get best value for money out of those people, who want to come to work. We must put them in a position that will not put their health in danger.

There is another cohort of people who would traditionally have been assigned to offices. Consider, for example, a district superintendent's office in the country. Traditionally a Garda clerk would have been assigned to that superintendent. We have to ask if this is still the position and do we still need a garda doing that work. More in-depth work must be done on this issue because there are many views around it such as the view that a Garda perspective is needed in that role. If we have civilians coming in at the bottom rung, they can work their way through the organisation and there is no reason why, in time, those positions could not also be civilianised. It is not going to happen overnight, it will be a challenge but we can see that it can be done in phases.

**Ms Nóirín O'Sullivan:** That process looks at the people we have in place currently, but in our restructuring of the organisation we have also identified where we want to employ additional civilian staff. I will give a real live current example. Tomorrow we will be working with the Policing Authority, which has taken over responsibility in this area, to short-list for the head of a strategic transformation office. This post is at executive director level and is the equivalent of assistant commissioner. We have also identified other senior civilian positions.

**Deputy Marc MacSharry:** I do not mean to cut the Commissioner off but can she indicate how many?

**Mr. Dónall Ó Cualáin:** At the moment there are-----

**Deputy Marc MacSharry:** I know that the process is not finished but the witnesses mentioned a figure of 200.

**Mr. Dónall Ó Cualáin:** There are 200 personnel who could be moved to the front line immediately if we got the civilian help to replace them.

**Deputy Marc MacSharry:** That just leaves the people who might be ill or whatever who have to be kept?

**Mr. Dónall Ó Cualáin:** Yes. There could be another 800 who have already been identified by the Policing Authority who are in receipt of clerical allowance. This would indicate that they are in offices and these would be the people who traditionally took up the role of clerk.

**Deputy Marc MacSharry:** Is that around 5% to 7%?

**Mr. Dónall Ó Cualáin:** It is about 1,000. We are currently at a strength of 13.5% of the uniformed personnel.

**Deputy Marc MacSharry:** I am nearly finished now. With regard to the members of An Garda Síochána who have gone off of their own accord to study law or other things, is there a practice within the force to tap into that resource? If a garda had been assigned to Pearse Street Garda Station, had studied law and was called to the Bar, is he or she being kept on the beat or is it recognised that the garda has expertise and use could be made of that person? Is this done in respect of gardaí who may have studied accountancy to put them, for example, into a role to assist Mr. Kelly? Is there a practice or procedure along those lines?

**Ms Nóirín O'Sullivan:** Yes. Over the years there was a practice that recognised people

who had certain qualifications. The moratorium on recruitment, especially on civilian recruitment, meant we were not able to get civilian staff in all the way back to 1996. By necessity, members of An Garda Síochána who had specific qualifications or who had skilled themselves up in certain areas were brought in to fill critical gaps in the organisation. Working with the Policing Authority, we are now making sure we identify the skill sets we require in the organisation and then we look to hire suitably qualified professional civilians.

**Deputy Marc MacSharry:** When the Commissioner is finished this body of work to put personnel out on to the front line in the mainstream policing, as the public might judge it, are the resources to recruit the necessary civilian staff into these roles? In the absence of these resources, can the Commissioner be confident about that in her role as Accounting Officer?

**Ms Nóirín O’Sullivan:** I would be very confident if we were to get the proper structure we have identified for the organisation. As I said to Deputies Cullinane and McDonald earlier, we are running a 21st century organisation on an 1940s architecture. We identified a structure we want to change and we have identified the positions and types of skill sets we need to change and modernise the organisation. I would be very happy if we could fill those positions much more speedily than we currently manage to do.

**Deputy Marc MacSharry:** Is the Commissioner’s answer to the resources query “I do not know”?

**Ms Nóirín O’Sullivan:** I do know. I know that if we had additional, suitably qualified, professional staff at a much speedier rate-----

**Deputy Marc MacSharry:** I know, but are the resources being made available to An Garda Síochána to back that up?

**Ms Nóirín O’Sullivan:** It takes a long time.

**Vice Chairman:** As an executive summary, would the Commissioner be in a better position to be a better Accounting Officer if she had those resources?

**Ms Nóirín O’Sullivan:** It would certainly help my job on many fronts if I was to have professionally skilled resources in a number of areas.

**Deputy Marc MacSharry:** In terms of the Vote of €1.503 billion in 2015 - it is a bit higher now - is the Government saying to An Garda Síochána that when it gets the job done with the 200 or 300 people, it will give it resources to recruit the required professional staff? Has the Commissioner been given that undertaking?

**Mr. Joseph Nugent:** It was a Government decision to provide for the recruitment of 500 civilian staff this year. We have capacity but the issue is time.

**Deputy Marc MacSharry:** I thank the witnesses.

**Vice Chairman:** I thank the witnesses. We will return to that when the representatives are back in front of us. I am sure they are looking forward to it.

**Deputy Catherine Connolly:** Tá sé beagáinín deireanach san oíche céad míle fáilte a chur roimh na finnétithe, ach tá céad míle fáilte rompu. Tá sé deas ceathrar ban a fheiceáil, i gcodarsnacht le Bord na gCon inniu nuair nach raibh bean le feiceáil. Is rud maith é sin.

By the looks of things we are not getting to the appropriation account at all. Will we get a chance to come back to it?

**Vice Chairman:** Yes, on 13 July.

**Deputy Catherine Connolly:** I welcome the witnesses to the committee. It is a very worthwhile exercise. I believe that most people want to respect the Garda and want to work with it. In my time as a local councillor our biggest problem was getting Governments to realise that more resources should be put into An Garda Síochána in order that it could work with us and we could see community gardaí on the ground. I wish I was going through this account with the representatives today and asking them about community policing and the Garda stations throughout the country, especially in Galway, but unfortunately this interim report is taking up our time. It is most unfortunate. I look forward to the day when we can get back to working with the Garda. I preface my questions to the witnesses by saying that I cycled to the bus station on Tuesday and I had a light on the front and back of my bike.

When this report came out, the Commissioner was quoted in the media in January - please tell me if I am wrong:

Garda Commissioner Nóirín O'Sullivan has said there was no misuse of public funds in the management of the Garda College in Templemore. Speaking on RTÉ's Today with Sean O'Rourke, she was asked about an audit that uncovered financial irregularities ... [The Commissioner said] "My information and what I'm advised is that there is no misappropriation of money or misuse of public monies. I think that's very important. It is accounting practices that by today's standards would not be acceptable, but it does span back and they are legacy issues."

After what we have been through here today and after the report, which I am sure the Commissioner has read, does the Commissioner still stand by that?

**Ms Nóirín O'Sullivan:** I have read it and discussed it in detail with Mr. Niall Kelly, our head of internal audit. On the basis on what we have discussed today, there were certainly irregularities in the movement of money and the way money was used between accounts.

**Deputy Catherine Connolly:** When the Commissioner made this comment in January, was it not premature as we do not know whether there has been misappropriation of funds? Is that not right?

**Ms Nóirín O'Sullivan:** As we have identified today, we have not uncovered any evidence to identify misappropriation.

**Deputy Catherine Connolly:** I am not going that road of saying that either. The issue I am putting to Ms O'Sullivan is the question of trust in the Garda Síochána. When this information was published, the Commissioner's immediate comment was there was no misappropriation of money and no misuse of public moneys. Was that not, at the very least, premature?

**Ms Nóirín O'Sullivan:** That was following my discussions. Having had discussions with the Garda head of internal audit who had prepared the report, I asked whether there was evidence of any misappropriation of money and the answer was "No". There are certainly irregularities around the use and the movement of money.

**Deputy Catherine Connolly:** In respect of Ms O'Sullivan's two quotes, I put it to her that

it was premature at the very least and if we want to build confidence, that was not a response at that point. A response at that point would be, “Jesus, look at what is emerging here”. The report is damning in my opinion on any level and yet the Commissioner went on Sean O’Rourke’s programme to reassure the nation. That is my opinion and she is disagreeing with me. Second, the Commissioner minimised the importance of what happened by referring to it as accounting practices and legacy issues, and unacceptable practices now as opposed to the time it happened. Is that not incorrect as well?

**Ms Nóirín O’Sullivan:** I was speaking in the context of responding to a specific question. What I have said today and what I said then is that it is absolutely unacceptable by today’s standards.

**Deputy Catherine Connolly:** No. Will the Commissioner please listen to me? She may disagree with my understanding of what she did. She minimised what happened by saying that it is not acceptable by today’s standards. This report shows that it was not acceptable by the standards operative at the point in time it happened? Is that not right?

**Ms Nóirín O’Sullivan:** I agree with the Deputy. I do not want to be at odds with Deputy Connolly so let me clarify further. We are not disagreeing and at no stage did I try or attempt to - and it was not my intention to attempt to minimise the issue.

**Deputy Catherine Connolly:** Okay.

**Ms Nóirín O’Sullivan:** The issue was extremely grave and that is why in July 2015 when it was brought to my attention I immediately took action on it.

**Deputy Catherine Connolly:** The Commissioner has had her chance. Ms O’Sullivan may disagree with me but I have listened to the proceedings, I have read the statement and I have read a previous briefing statement that we got yesterday as well. It seems to me that the Commissioner minimised the situation when she should not have. That is not a way to build confidence. I see the Commissioner is disagreeing with me, but that is okay.

**Ms Nóirín O’Sullivan:** It was never my intention to minimise it.

**Deputy Catherine Connolly:** All right. Let us look at the report of February 2017. It has already been pointed out by my colleague that the instinctive reaction of a Commissioner, not to mention any other obligations on an officeholder, should have been to bring it to the attention of the Comptroller and Auditor General at the point when she became aware of it in July 2015.

**Ms Nóirín O’Sullivan:** I think there are learning opportunities in everything. I think what I would do now certainly would be to involve the Comptroller and Auditor General from an earlier point. At that stage it was not clear whether the Comptroller and Auditor General had been informed - and we now know that the Comptroller and Auditor General had not been informed. Part of the work that was initiated in July 2015 was to establish exactly who had been told about what.

**Deputy Catherine Connolly:** I do not agree with the Commissioner. In view of all of the scandals with the Garda Síochána there was an extra onus on the Commissioner at that point to involve an outside agency of the highest integrity to look at it. Looking at this now, it looks like the Garda were trying to find out the extent of it and trying to contain it rather than accepting it was a complete mess that had continued from 2006. A report on it from 2006 was not completed and the report on it in 2008 was absolutely damning. Does Ms O’Sullivan accept

that the report in 2008 was damning?

**Ms Nóirín O'Sullivan:** Absolutely, as I say Deputy it is completely unacceptable.

**Deputy Catherine Connolly:** Let me pose the questions for one moment. If I am being unfair to Ms O'Sullivan, the Chair can tell me.

**Vice Chairman:** The Deputy is fine.

**Deputy Catherine Connolly:** There was a damning in 2008, which Deputy David Cullinane went through forensically on the fact that it was not followed up, which I will revert to. It was a damning report stating that what happened was non-compliant with the regulations at that time, with everything from the Garda Síochána Act 2005 to the obligations under the ethics legislation. Does Ms O'Sullivan accept that?

**Ms Nóirín O'Sullivan:** Yes, but may I clarify something? I had not seen the 2008 report in 2015.

**Deputy Catherine Connolly:** No, but Ms O'Sullivan saw the interim report that we are discussing.

**Ms Nóirín O'Sullivan:** No, I did not.

**Deputy Catherine Connolly:** Did the Commissioner see in the report in July?

**Vice Chairman:** For clarity, did the Commissioner see Mr. Barrett's report?

**Ms Nóirín O'Sullivan:** No, I did not. I want to be clear on that. I did not see Mr. Barrett's report in July.

**Vice Chairman:** Was Ms O'Sullivan briefed about Mr. Barrett's report in July?

**Ms Nóirín O'Sullivan:** I was given a brief, and I mean very brief, that issues had been identified. I was not- - - -

**Vice Chairman:** By whom? Who told Ms O'Sullivan?

**Ms Nóirín O'Sullivan:** I was told by the deputy commissioner, who sent me a report from the head of legal affairs. It did not contain Mr. Barrett's report. I think we need to be clear.

**Vice Chairman:** But he told Ms O'Sullivan there were serious issues.

**Ms Nóirín O'Sullivan:** What I was told was that a number of issues had been identified in the college but I was not told the nature and extent of the issues at that time.

**Deputy Catherine Connolly:** When did the Commissioner read the report we have?

**Ms Nóirín O'Sullivan:** In September 2016.

**Deputy Catherine Connolly:** Did Ms O'Sullivan read the whole report?

**Ms Nóirín O'Sullivan:** At that stage it was in draft form.

**Deputy Catherine Connolly:** Yes, but it did not change, did it?

**Ms Nóirín O'Sullivan:** No.

**Deputy Catherine Connolly:** I have forgotten my train of thought. The Chair might give me back my train of thought.

**Mr. Joseph Nugent:** The report that was presented in September 2016 was a draft and it was circulated to those who may have had an interest in the report to establish whether they felt there were certain matters that needed to be addressed. That process took until March 2017 for completion. I hear what the Deputy is saying but one could not be certain at that point, in September, that it might or might not change.

**Deputy Catherine Connolly:** Let me approach it from a different angle. This is the training college, a third level institution, is that not correct?

**Ms Nóirín O'Sullivan:** Yes.

**Deputy Catherine Connolly:** There would have been the most serious obligations on it. We are training young gardaí for their role as a trusted member of An Garda Síochána who will deal with domestic violence, serious crime and so on. We want to have faith in An Garda Síochána and be able to call on them. They are being trained in the centre in Templemore where these practices are looked on as normal. Has that not the most serious implications for the gardaí that we are turning out and did it not?

**Ms Nóirín O'Sullivan:** As I said in my opening address, the assurances that we can provide to the committee is that we are addressing the issues. The further assurance that we can provide to the committee - and I think this is important - because the Deputy quite rightly identified the importance of the Garda College, the Garda College is a very important and integral part of An Garda Síochána.

Mr. Kelly has identified in his report at point No. 4 that the vast majority - I do not want anybody to interpret my comment as minimising or diminishing it - but the reality is that Mr. Kelly can provide us with reasonable assurances that the staff costs, the management of vehicles, the Garda College imprest account are managed to a high standard and are compliant with the Garda finance code. What we are talking about here is very serious and very grave but it is a portion of the activity at the Garda College.

**Deputy Catherine Connolly:** Mr. Kelly makes four points and Ms O'Sullivan is picking the last point, where only reasonable assurance can be given. In respect of the previous three points, Mr. Kelly can give no assurance in two instances and limited assurance in the third. Ms O'Sullivan instanced the fourth point, where only reasonable assurance can be given.

Let us go back, is it correct that there are 50 accounts?

**Ms Nóirín O'Sullivan:** Not any longer.

**Deputy Catherine Connolly:** We are talking about a period when young gardaí were being trained. There were 50 accounts and it has been identified - Ms O'Sullivan said they would not have had training at that time but they will have training now. In the course of the report, it states the number of accounts that were opened by gardaí who had no training in finance, for example, investment accounts and all sorts of accounts.

**Mr. Joseph Nugent:** We believe they would have been given some advice regarding the establishment of that. There was an engagement between the Department and An Garda Síochána because some of these accounts go back for very many years.

**Deputy Catherine Connolly:** It has been said repeatedly, in addition to minimising what happened, that this is a legacy issue. The company was not set up until 1993, so let us stop talking about a time earlier than 1993. This audit looks at a period from 2009 onwards. We are not looking at issues prior to that because there are very few records and that is something that is ongoing about which Mr. Kelly presumably will revert to us. We are looking at the period from 2009 onwards. We are looking at a company that was formed in 1992 and 1993 not way back in the 1960s, 1970s or 1980s. During that period of time, we were attesting gardaí and yet the witnesses from the Garda Síochána are saying that the gardaí had little training in financial matters. Let us look at page dealing with St. Raphael's credit union, which also lists temporary investment accounts. Look at the list. It includes Bank of Ireland temporary investment accounts, a Zurich investment policy and so on. There is a huge number of bank accounts. There is Royal mutual investment, New Ireland Assurance and so on. All these accounts have been open. I understand gardaí cannot open accounts without the permission of the Minister for Justice and Equality. Is that correct?

**Mr. Joseph Nugent:** That is correct.

**Deputy Catherine Connolly:** Okay. Was permission given for all of these accounts by the Minister for Justice and Equality, whoever he or she was?

**Mr. Niall Kelly:** I did not find it in my audit.

**Deputy Catherine Connolly:** Therefore, there is a breach. We will look at ethics and disclosure, and perhaps Mr. Kelly can help me, because he has set out all this in his report. I refer to page 21. Under the provisions of the Ethics in Public Office Act 1995, officeholders over a certain grade must make certain disclosures and this includes gardaí of the rank of superintendent and above. The second paragraph states that Garda members, including superintendents and chief superintendents, have acted as directors of An Garda Síochána sportsfield since its incorporation in 1993. There is clearly a breach of the Act there.

**Mr. Joseph Nugent:** To step back-----

**Deputy Catherine Connolly:** To step forward might be-----

**Mr. Joseph Nugent:** To step back to 1993, they are directors from 1993, prior to the Act itself.

**Deputy Catherine Connolly:** That is right, but after that-----

**Mr. Joseph Nugent:** My point is that it appears that what happened was a rolling process of people becoming involved. To refer to Mr. Niall Kelly's report, it states there is no evidence of Standards in Public Office Commission, SIPO, lodgements.

**Deputy Catherine Connolly:** Wait just one second. This Act came in in 1995. The company was formed in 1993. The company is still in existence. What disclosures have been made in that period of time since that legislation?

**Mr. Niall Kelly:** The annual accounts were presented and the requirements under the Companies Registration Office rules were kept up to date up to 2014. I did not see them in 2015, but perhaps they had not been completed when I did the audit last year in 2016.

**Deputy Catherine Connolly:** Were conflicts of interest ever disclosed?



**Mr. Joseph Nugent:** Not that I am aware of. In my conversation with the directors, they have indicated - I am not saying this is right or wrong - that they believed that, as they were not in receipt of payment for their directorship, this meant a return was not required. I am not saying that is right or wrong. I am saying that is what they said to me about their position.

**Deputy Catherine Connolly:** I do not-----

**Mr. Joseph Nugent:** I am just offering what I have been told. That is my point.

**Deputy Catherine Connolly:** Going back to why this was not followed up in 2008, we had serious concerns raised in 2006 about obligations. Serious concerns were raised in 2008. It goes so far and no further. I understand the Commissioner endorsed it. Who was the Commissioner at that point in 2008?

**Ms Nóirín O'Sullivan:** The Commissioner was Mr. Fachtna Murphy.

**Deputy Catherine Connolly:** I understand he said these were serious concerns, and then it went back. Nothing happened. We were given a briefing document yesterday about this matter. There is a gap. What were told in the document that we were supplied is that in 2008, An Garda Síochána's finance directorate concluded that there were major concerns. The then Commissioner, Mr. Fachtna Murphy, agreed with the recommendation of the chief administrative officer that a full and comprehensive audit of all financial activities in the college should be undertaken. In September 2009, who was the deputy commissioner with responsibility for the Garda college?

**Ms Nóirín O'Sullivan:** The deputy commissioner was Mr. Nacie Rice.

**Deputy Catherine Connolly:** Deputy Commissioner Rice offered a view to the then Commissioner. How did he offer that view? Was it in writing?

**Mr. Joseph Nugent:** Yes.

**Deputy Catherine Connolly:** Is there a copy of it?

**Mr. Joseph Nugent:** Yes.

**Deputy Catherine Connolly:** Can we have a copy of it, please?

**Mr. Joseph Nugent:** Yes.

**Deputy Catherine Connolly:** We will continue with what he said. He offered the view to the then Commissioner that as the State had not provided money to develop and improve the social and sporting culture of Garda students, the companies and committees identified in the 2008 report were formed as the only means to develop and improve the social and sporting culture of the college. He goes on to say that he further offered the view that there was no suggestion that any funds generated were used for other purposes and that the moneys collected in these funds were contributed either directly or indirectly by members who use the Garda college. We will come back to this deputy commissioner who was in charge of the Garda college which was training young gardaí. This was his view. He offered the strong belief that any surplus money did not belong to the State and could not be used except for the welfare and development of facilities for members at the Garda college. Was that offered in a written report?

**Mr. Joseph Nugent:** That is correct.

**Deputy Catherine Connolly:** Deputy Commissioner Rice was of the view that this money belonged to the Garda, had nothing to do with the State and was none of its business, and that Governments had failed to fund and resource the Garda; therefore, it was using the money.

**Mr. Joseph Nugent:** I think rather than try to put words into the deputy commissioner's mouth, I would rather stick to this, which is a direct lift from the copy of the report, which we can-----

**Deputy Catherine Connolly:** I am quoting directly from what-----

**Mr. Joseph Nugent:** I accept that but what I am saying, on the Deputy's question, is that I do not want to go beyond what is said there.

**Deputy Catherine Connolly:** Is it a fair conclusion for me to draw that there was a man of a very high rank disagreeing with the Commissioner and saying he was in charge of the college and that this money belonged to An Garda, despite that it had come from the Government originally?

**Ms Nóirín O'Sullivan:** Yes. It was a funding model. Although I do not wish to go back, I cannot form a view on the deputy commissioner's view. I do not know what led him to arrive at that view. What we can say is that the documentation we have, as the chief administrative officer provided when compiling this briefing, is a direct lift from the report. That is what we can say. We cannot say what was in his mind at the time.

**Deputy Catherine Connolly:** Am I over the top when I read this and draw the conclusion that it explains why nothing was done between 2008 and a few years later? This is the very reason, because the man in charge of the college said, "Fleck off, this is our money", that is, this money is from the Government, through the Vote system.

**Mr. Joseph Nugent:** I would not be happy to come to that conclusion.

**Deputy Catherine Connolly:** Perhaps Mr. Nugent will help me to come to the proper conclusion.

**Mr. Joseph Nugent:** All I can do is quote directly from the report, which I have said we will make available to the committee. That is what was written in the report. As the Commissioner has said-----

**Vice Chairman:** For the purposes of clarity, to which report is Mr. Nugent referring?

**Mr. Joseph Nugent:** There is a piece of internal correspondence which we have where that strong belief and the material that is referenced there-----

**Vice Chairman:** Who wrote it?

**Mr. Joseph Nugent:** It was written by Deputy Commissioner Rice.

**Vice Chairman:** Okay.

**Mr. Joseph Nugent:** As the Deputy has asked, we will make that available, but I would not like to explain why he came to that conclusion, the basis for that or even go beyond what the implications of that would be. All I can do is point to that particular document.

**Deputy Catherine Connolly:** Is Deputy Commissioner Rice still with the force?

**Mr. Joseph Nugent:** No.

**Deputy Catherine Connolly:** That is not in Mr. Niall Kelly's report. He skips a section and says, "the next significant step", and it is not that. Will he explain that to me?

**Mr. Niall Kelly:** Yes. I did not find that correspondence in the course of my audit work. I think Mr. Nugent has discovered it relatively recently. I did not see it.

**Deputy Catherine Connolly:** If we look at page 13 of Mr. Kelly's report, in response on 8 May, the then Commissioner agreed, and I have set that out. We move forward. The next significant step is on 10 March. That is a huge gap.

**Mr. Niall Kelly:** Yes.

**Deputy Catherine Connolly:** Was Mr. Kelly not aware of Deputy Commissioner Rice's opinion?

**Mr. Niall Kelly:** No, I was not.

**Deputy Catherine Connolly:** Even though he was in charge of the college?

**Mr. Niall Kelly:** Even though he was in charge of the college.

**Deputy Catherine Connolly:** Can anybody explain that big gap?

**Ms Nóirín O'Sullivan:** All we can speak to are the documents which the chief administrative officer recently identified, which set out a view.

**Deputy Catherine Connolly:** If Mr. Kelly had been aware of this, would he have included it in his report?

**Mr. Niall Kelly:** Yes.

**Deputy Catherine Connolly:** Has he read it since?

**Mr. Niall Kelly:** I have briefly seen it. I have not seen all the correspondence.

**Deputy Catherine Connolly:** Why not? Why has he not seen this?

**Mr. Joseph Nugent:** It was not withheld.

**Mr. Niall Kelly:** It became known to me only this week in discussions to prepare for this meeting.

**Deputy Catherine Connolly:** We have an interim audit. The reason that it is interim is because there are further serious questions. Is that not right?

**Mr. Niall Kelly:** Yes.

**Deputy Catherine Connolly:** There is a big gap. As I mentioned, Deputy David Cullinane went through this forensically. I will finish this question as otherwise I will lose my train of thought. Mr. Kelly went through it forensically and then stopped. When I look back over it, however, I find a big gap. The Garda Commissioner says she is taking this seriously, while the head of the college, a deputy commissioner, says it is their money. There is a big gap. Mr. Kelly has produced a serious report, on which I compliment him. He only became aware of

this issue this week.

**Mr. Niall Kelly:** I was only aware of that correspondence this week.

**Vice Chairman:** How did Mr. Kelly become aware of it?

**Mr. Niall Kelly:** In discussions with Mr. Nugent and the Commissioner in preparing for this meeting.

**Mr. Joseph Nugent:** I only became aware of the correspondence very recently also.

**Deputy David Cullinane:** Why was the Garda Commissioner in communication with Mr. Kelly and Mr. Nugent in preparing for this meeting? That indicates that witnesses were having discussions about what they might say before they came into a meeting of the Committee of Public Accounts. Why would the Commissioner be in discussion with Mr. Kelly and Mr. Nugent?

**Ms Nóirín O'Sullivan:** Because we were preparing for the meeting and issues such as this had been identified since. As Mr. Kelly said, this is an interim audit report; therefore, there is work going on all of the time. That is why the briefing document was sent by Mr. Nugent to the committee. That correspondence that Mr. Nugent has identified had only come to our attention since the completion of Mr. Kelly's report.

**Vice Chairman:** For the purposes of clarity, when did Mr. Nugent become aware of it?

**Mr. Niall Kelly:** I cannot give an exact date, but it was very recently.

**Vice Chairman:** When did the Commissioner become aware of it?

**Ms Nóirín O'Sullivan:** Yesterday.

**Vice Chairman:** Yesterday.

**Ms Nóirín O'Sullivan:** Yes.

**Vice Chairman:** Mr. Kelly became aware of it yesterday also.

**Mr. Niall Kelly:** It was probably the day before yesterday.

**Vice Chairman:** Mr. Kelly said he had become aware of it in discussions with Mr. Nugent and the Commissioner.

**Mr. Niall Kelly:** Yes.

**Vice Chairman:** If the Commissioner only became aware of it yesterday, how did Mr. Kelly become aware of it two days ago in a meeting with the Commissioner?

**Mr. Niall Kelly:** I think I was talking to Mr. Nugent.

**Vice Chairman:** There is a contradiction. While it is only one day, there is a contradiction.

**Mr. Niall Kelly:** We have had a lot of discussions about this. I cannot definitively say it was yesterday or the day before that I first became aware of it, but I did become aware of it in conversations with Mr. Nugent.

**Deputy Catherine Connolly:** We will go back to confidence agus, trí Ghaeilge, ag cothú muiníne i measc an phobail. Ní féidir muinín a chothú i measc an phobail agus na finnétithe ag freagairt mar seo. It is impossible to say we have confidence in the Garda if this is what is happening even now. This issue dates back to 2006. We have the Commissioner's initial statement which I have quoted minimising the issue and saying it was a legacy issue. Then the position changes when we realise it is a very serious and ongoing issue and the internal audit had to continue. Then we have Mr. Barrett telling us it would not have happened in his previous life. It is very serious. How could it happen that this matter was not acted on in 2006 or 2008? Yesterday and the day before the witnesses suddenly became aware that the very high ranking garda in charge had a completely different view from that of the Commissioner. Does the Commissioner understand why my mouth is open?

**Ms Nóirín O'Sullivan:** Absolutely. It is unfortunate and I apologise if I have created a perception that I am minimising this issue. I most certainly am not and want to provide the Deputy and the committee with assurances. I take the issue extremely seriously. In order to provide assurances-----

**Deputy Catherine Connolly:** I do not want assurances; I want the facts and documents. We will then draw our own conclusions. The reason the Commissioner is here is that assurances were given in the past and they have not been acted on. That is why we are here with Mr. Kelly's report.

**Ms Nóirín O'Sullivan:** I tried to highlight it in my opening address as succinctly as possible and I am very happy to go through it with the committee. As I say, in order to provide assurances and maintain the levels of confidence the public and the committee can have in us, we have put a high level steering group together to implement all of Mr. Kelly's recommendations which are being implemented very effectively. We are reporting on a regular basis to the Policing Authority which is also aware of what is going on, the Comptroller and Auditor General and our own audit committee and making sure everybody is sighted on these issues. I apologise to the Deputy if she has the perception that I am minimising the issue - far from it.

**Deputy Catherine Connolly:** I am not asking for an apology. Our role is to hold people to account. We do not want to do this and it would be easier if we did not have to do so, as we say repeatedly when asking questions.

On the leasing out of the farm, I think I was told the acreage, but I have forgotten what it was. How many acres of land are involved?

**Mr. John Barrett:** It is 254 acres.

**Deputy Catherine Connolly:** They were leased out.

**Mr. John Barrett:** It is OPW land.

**Deputy Catherine Connolly:** I understand that. What I want to get to is the leasing out, the cost, who valued the land and how the decision was made on the price.

**Mr. Joseph Nugent:** The records we have-----

**Deputy Catherine Connolly:** I am talking about the lease and getting the money back.

**Mr. Joseph Nugent:** There is an initial lease where money transfers to the OPW.

**Deputy Catherine Connolly:** I heard all of that.

**Mr. Joseph Nugent:** The valuation is included.

**Deputy Catherine Connolly:** It does not change after that.

**Mr. Joseph Nugent:** I believe-----

**Deputy Catherine Connolly:** There should be no beliefs now. Has it been checked?

**Mr. Joseph Nugent:** I will come back and confirm it.

**Deputy Catherine Connolly:** We do not know if the land was leased out at value for money. We do not know if that is the cost of leasing out land. Is that right? I cannot put this in context.

**Mr. Joseph Nugent:** As I said, the initial lease was with the Office of Public Works. That is what I can confirm.

**Vice Chairman:** As we all need a break at this stage, I propose we suspend the sitting for a short period. A number of Deputies wish to ask further questions. When the meeting resumes, the first speaker will be Deputy Peter Burke who will be followed by Deputy Mary Lou McDonald. I will then ask a number of questions, after which Deputies who have indicated that they wish to contribute a second time may do so.

*Sitting suspended at 5.05 p.m. and resumed at 5.25 p.m.*

**Vice Chairman:** Next to ask his questions is Deputy Peter Burke.

**Deputy Peter Burke:** Like previous speakers, I acknowledge the good work the Garda does, often in very challenging circumstances. Obviously, it is unfortunate that we are here discussing a report of this nature. It is very important that An Garda Síochána does not suffer any irregularities, that it is transparent and that it is seen to be so. We must ensure we try to mitigate as much as possible the reputational damage done to the force. The report before us is shocking.

On foot of that, the first question I want to ask concerns risk management procedures. I note on page 16 of the interim audit report that “[t]here was a requirement from 2004 onwards from the Department of Finance for all Votes to have Risk Management Procedures in place” and that this happened from 2010 through Garda management. That is obviously a huge delay. We were giving out earlier about Bord na gCon’s delay in its process, but this is not something one would expect in such an advanced force as An Garda Síochána. The final line of the same paragraph reads: “Despite these issues being identified as risks by the Finance Directorate, they were not included in the Garda College Risk Register, the Finance Directorate Risk Register or the Corporate Risk Register.” Has this been rectified?

**Mr. Dónall Ó Cualáin:** Yes. Since the last day of March this year, we have launched a new risk framework which has been worked on over the past year and a half. Our corporate risk register currently includes matters pertaining to finance and the management of finance. This is a new system which will be cascaded throughout the organisation over the coming weeks, and we hope by year end that we will have a top-down, bottom-up approach to risk management right down to district level. That is what we hope to achieve this year.

**Deputy Peter Burke:** My concern in this regard is that the requirement was set out in 2004. This is approximately 13 years late. We are not talking about the dark ages when we talk about 2004. We are talking about a very modern setting. Why was there such a delay in getting around to implementing these issues that are set out by policy?

**Mr. Dónall Ó Cualáin:** As the Deputy stated, the first risk register approach was introduced in An Garda Síochána in 2010. It was brand new to the organisation at that stage and took much time to get bedded in. We did have teething problems with it. We had issues about raising the awareness and establishing it as part of the culture of the organisation, and it was not fit for purpose as such. It was seen as maybe a tick-box exercise, so we needed to renew it, which is what has happened over the past 18 months. We have put much energy and work into it. The system will be tested this year, and we will work very closely with our internal audit and the audit committee, which has seen the system. We made a presentation to the committee at a recent meeting, and it is very happy with it. It looks fit for purpose but it still has to be tested.

**Deputy Peter Burke:** However, for a modern police force, does Mr. Ó Cualáin think that delay is acceptable? How can I have confidence that the Garda is able to respond to changes that were required and will be required into the future? Is the Garda able to respond to these changes now?

**Ms Nóirín O'Sullivan:** Yes, we are. Again, it is very difficult for us to explain what happened before 2014, but that year, on my taking up the position of interim Commissioner and, as such, becoming interim Accounting Officer, I initiated a review of the risk management procedures that were in place. The deputy commissioner led out on it. During that period, working with governance experts, the IPA and others, we have been making sure our risk management practices are up to best practice standards. The new revised procedures that have been put in place have been presented to the audit committee to make sure it is happy with them. My understanding is that the Policing Authority has also been informed of the revised procedures, and we will keep them under review. As I mentioned to Deputy Murphy earlier, we are all engaged with the IPA in providing training to all our managers, both Garda and civilian members, to make sure they are aware of the current practices and governance arrangements.

**Deputy Peter Burke:** I will move on. Regarding the report, which cites 50 different accounts, we have a number of what are termed irregular practices, which have been mentioned in the discussion; a number of large irregular transfers, some complex in nature, the exact purpose of which is hard to detail; and a situation whereby we see various entities in respect of which transparency is not present. Could Mr. Kelly say if the private auditor mentioned in relation to the bar and other areas throughout the report been engaged in many other areas of the Garda college, or was it only the bar?

**Mr. Niall Kelly:** Is this in regard to page 23?

**Deputy Peter Burke:** Yes, page 23.

**Mr. Niall Kelly:** Does the Deputy mean where is mention of auditors and auditors qualifying the accounts in 2009?

**Deputy Peter Burke:** Yes. And he is mentioned earlier in another entity. From a common sense perspective, it seems very strange that an auditor would furnish an opinion saying that books of account have been kept except for the cash records. As anyone knows, in a bar, cash is the most important thing and that there be controls to ensure its safeguarding and that it is

accounted for correctly. It seems very strange. I note in the paragraph after that, that Mr. Kelly had discussions with him in relation to that. Can Mr. Kelly expand on those discussions?

**Mr. Niall Kelly:** I do not think I should because that is his opinion. He is a professional and he has come to that opinion. I have accepted that opinion from him.

**Deputy Peter Burke:** Does Mr. Kelly think that opinion is reasonable.

**Mr. Niall Kelly:** I do not think it is acceptable. He clearly has called it as he saw it and that is his audit opinion.

**Deputy Peter Burke:** For anyone with common sense reading it, it is immediately apparent how off the wall that is.

**Mr. Niall Kelly:** Yes.

**Deputy Peter Burke:** Has he been engaged by the Garda college for any other entities?

**Vice Chairman:** There is a laptop talking to us. I do not know if anyone has control over it but could someone do something. Please continue Deputy Burke.

**Mr. Niall Kelly:** I am not sure what work he has done for the college but I have seen his name on a number of different things so I think he has done work for the college in other areas.

**Deputy Peter Burke:** That would concern me greatly.

**Mr. Niall Kelly:** I would concur with the Deputy. That audit finding speaks for itself.

**Deputy Peter Burke:** There have been a number of transfers. Looking at the restaurant area, in a year and a half there was €400,000 in transfers to keep it going during periods when numbers were not present. The bar amassed €417,000 in that current account. We are saying that from 2009, there were no accounts present. Does Mr. Kelly think that is a very serious aspect that he cites in the report?

**Mr. Niall Kelly:** I agree.

**Deputy Peter Burke:** In Mr. Kelly's knowledge, as an internal auditor, where in the chain of command of An Garda Síochána should this issue be highlighted? What are the checks and balances there? What are the internal controls within An Garda Síochána that would highlight this anomaly? If I was looking at a bar with €400,000 sitting in its current account, with years passing - even though activity had dropped with the moratorium there was still significant money there - and no accounts presented. Then an opinion was issued which stated that proper accounts had been kept, yet major assumptions had been made about cash. Where should the checks and balances lie?

**Mr. Niall Kelly:** Clearly that set of audits was presented to the management in the college which was administering the bar and so on. It did not go to the audit committee, it did not come to internal audit back in 2009, I think.

**Deputy Peter Burke:** Would it do so now?

**Mr. Niall Kelly:** We are changing the arrangements in the college so these are no longer separate entities in any way, shape or form. Therefore they would be part of the normal Garda procedures and subject to audit from the Garda internal audit section rather than hiring in audi-



tors to work on them.

**Deputy Peter Burke:** Has that changed now? Has that been enacted?

**Mr. Niall Kelly:** Yes it has.

**Mr. Joseph Nugent:** Just to confirm a couple of things. One of the bars has closed, so that was one of the actions taken. The bar is not open at the moment, it is currently closed. Second, the administrator in place in the college has sight over and access to all income and expenditure associated with the shop and the restaurant, as the two other entities which are referenced here. If the Deputy was asking me for assurance, I would be able to provide that.

**Deputy Peter Burke:** On the explanations for those transfers, we are all clear of the skills-gap in administration cited by An Garda Síochána, but we are not talking about a time in the dark ages. It is clear that common sense should apply in issues like this. Ignorance is no defence. I need assurance from the Commissioner on the changes that have happened in An Garda Síochána, that these issues would be reported immediately to the appropriate structures and identified and immediate safeguards would be put in place to ensure they do not happen again. It is very easy to point to a lack of skills or administration, but a lot of these issues are common sense issues, that an ordinary individual would realise that they were wrong.

**Ms Nóirín O'Sullivan:** Yes, we can provide assurances to the Deputy about the structures we have put in place in the college today. I have asked for assurances from the chief administrative officer and the line management in the college to assure me that any issues arising can be brought to our attention immediately and actioned immediately. It is one thing to bring it to our attention but that appropriate actions are taken. Outside the college, we have put in revised governance arrangements throughout the organisation to provide us with those assurances including strengthening our finance control measures. The deputy commissioner, in conjunction with the chief administrative officer, is leading out on those issues.

**Deputy Peter Burke:** On the bar accounts, could Mr. Kelly say what type of entity it was? How was it recorded? What was audited?

**Mr. Niall Kelly:** I did not audit those accounts.

**Deputy Peter Burke:** Mr. Kelly reviewed them.

**Mr. Niall Kelly:** I have reviewed the audit opinions.

**Deputy Peter Burke:** Has Mr. Kelly reviewed the actual accounts?

**Mr. Niall Kelly:** I have not reviewed the accounts. I have accepted the audit opinion presented by the external auditor.

**Deputy Peter Burke:** Which is clearly off the wall.

**Mr. Niall Kelly:** Which is clearly off the wall.

**Deputy Peter Burke:** So how did Mr. Kelly accept it then?

**Mr. Niall Kelly:** What I am saying is I accept their opinion. That audit opinion that says they cannot stand over the cash in a bar is ----

**Deputy Peter Burke:** I am missing what Mr. Kelly is saying. Has Mr. Kelly seen the ac-

counts?

**Mr. Niall Kelly:** I have seen the audits of those accounts.

**Deputy Peter Burke:** But seeing those audits would be seeing the accounts? Is Mr. Kelly just looking at a page where there is an audit report or is he looking at a complete set of accounts whereby all the figures are backed up and there are notes and so on. Could Mr. Kelly tell me exactly what he was seeing?

**Mr. Niall Kelly:** What I am saying is I have reviewed the audited accounts prepared by Mr. Fitzgerald. As I said, the qualified audit opinion says a multitude and I am not going to add to that.

**Deputy Peter Burke:** If Mr. Kelly has seen the accounts, my question was what structure is this bar recorded on?

**Mr. Niall Kelly:** In one way, it is irrelevant at this stage because it is closed.

**Deputy Peter Burke:** This report is for €112 million of taxpayers money over a time, and I can see a bar that has amassed almost half a million euro in cash in a bank account. This is very relevant, believe you me. I need to know what structure it was under. Are we talking about an income and expenditure account on Microsoft Excel or a set of accounts? What structure are we talking about?

**Mr. Niall Kelly:** I would think it was probably more of an income and expenditure account. It was run as a social club rather than a business. The concerns expressed are in the auditor's opinion.

**Deputy Peter Burke:** I am worried about the fact that business and community people face controls in running their businesses and they face the full rigours of the law if they do not follow them. We need to protect the reputation of An Garda Síochána and we cannot allow these practices to go on. Mr. Kelly needs to give as much information about what went wrong as he can, even though this is only an interim report. He needs to state what the structure was and what accountancy procedures were in place. Why were some moneys paid through statements and not invoices? Cash was paid out of the bar but if an auditor has to make assumptions about cash, he is saying there may be bills paid for which he cannot account.

**Mr. Niall Kelly:** In my report, I have highlighted that this is clearly irregular and not acceptable and the Commissioner has also said that. I am not hiding anything and have quoted the serious opinion of the local accountant in Templemore who audited the accounts. I am not going to re-audit them as there is no necessity to do that.

**Deputy Peter Burke:** I disagree with Mr. Kelly. One cannot accept the opinion of a person if it is wrong. We have to clearly find out what happened. A local GAA club would have better records than we have here. We are talking about An Garda Síochána.

**Ms Nóirín O'Sullivan:** As Mr. Kelly said, we were very unhappy at these unacceptable practices so we took the decision to close the bar and regularise all the practices around it. The Chairman said that regularised can mean a lot of things so I would be happy to use another word but we are actively implementing all the recommendations of Mr. Kelly's report to ensure all the issues are addressed.

**Deputy Peter Burke:** I would hope that An Garda Síochána would already have taken

action if there had been incorrect behaviour among gardaí. Can Ms O'Sullivan give me an assurance on that point?

**Ms Nóirín O'Sullivan:** Yes. When the report is complete, it will be examined to see if any matters warrant further examination or investigation and they will be addressed.

**Deputy Mary Lou McDonald:** The guests will be very welcome when they come back in July. When they come, they should have answers. I have sat and listened very patiently and I am none the wiser than I was at the beginning of the meeting. Far from a skill gap emerging, I see incredible dexterity and a very deliberate system to funnel moneys in particular directions. This shows remarkable skill and does not happen by accident. I am sure the Commissioner would not claim it does. The systems were consciously put in place and were in place for a very long time. Regardless of whether people understood or cared about the seriousness of what they were involved in, they demonstrated remarkable ingenuity and determination.

Mr. Kelly said he had been in position since 2007. Is that correct?

**Mr. Niall Kelly:** Yes.

**Deputy Mary Lou McDonald:** He said he was asking questions in 2008 and 2009. Can he briefly say what the nature of those questions was?

**Mr. Niall Kelly:** As I said in my report, I was seeking to conduct audits in the college. I was informed that the financial procedures were being changed, that it would not be worth my while doing them at that time and that I would be better waiting until afterwards. I started the audits and found out that other people were auditing at the same time so I stopped. I wanted to let them finish and see what was going on at a later stage.

**Deputy Mary Lou McDonald:** Mr. Kelly also said that he was asking questions but not getting answers. Who was obstructing his work at that time?

**Mr. Niall Kelly:** I will give an example. The 2008 McGee report on the financial directorate was not forwarded to me, though I sought a copy of it.

**Deputy Mary Lou McDonald:** From whom did Mr. Kelly seek a copy?

**Mr. Niall Kelly:** I sought a copy from senior management, in this case the chief superintendent, in the college.

**Deputy Mary Lou McDonald:** Mr. Kelly sought it but it was not furnished.

**Mr. Niall Kelly:** Yes.

**Deputy Mary Lou McDonald:** What did Mr. Kelly do about that?

**Mr. Niall Kelly:** In 2011-----

**Deputy Mary Lou McDonald:** Please do not jump by three years, it disorientates me.

**Mr. Niall Kelly:** Sorry.

**Deputy Mary Lou McDonald:** Mr. Kelly was looking for this in 2008.

**Mr. Niall Kelly:** It was 2008-2009.

**Deputy Mary Lou McDonald:** I want to know what he did in 2008.

**Mr. Niall Kelly:** In 2008 and 2009 I was looking for copies of that report but I did not get them.

**Deputy Mary Lou McDonald:** Mr. Kelly is the head of the audit function.

**Mr. Niall Kelly:** I am.

**Deputy Mary Lou McDonald:** His independence is absolutely central and the co-operation of the Garda Síochána is taken as read. Nobody has any authority to tell him that they will not furnish to him the material he requires. Is that the case?

**Mr. Niall Kelly:** Yes. They should not do that.

**Deputy Mary Lou McDonald:** Was anybody disciplined or taken to task for this? Was the superintendent challenged for refusing to provide Mr. Kelly with the material he legitimately required?

**Mr. Niall Kelly:** I am not aware of this having happened.

**Deputy Mary Lou McDonald:** Who is Mr. Kelly's boss?

**Mr. Niall Kelly:** My boss is the deputy commissioner, Mr. Dónall Ó Cualáin. I also have a direct link to the Commissioner.

**Deputy Mary Lou McDonald:** The deputy commissioner, Mr. Ó Cualáin, was not in place at the time.

**Mr. Dónall Ó Cualáin:** I was not.

**Deputy Mary Lou McDonald:** Did Mr. Kelly make a complaint to whoever was in the job at the time that he was being obstructed?

**Mr. Niall Kelly:** I certainly brought the issue up.

**Deputy Mary Lou McDonald:** I have no reason to question Mr. Kelly's professional competence but he should not have to pause on that question. If he was aware that a report had been prepared, he was the auditor and the buck stops with him. He had an obligation to pursue that matter through his line manager and to ensure that he got whatever figures he needed.

**Mr. Niall Kelly:** Yes.

**Deputy Mary Lou McDonald:** I regard that as a failing on his part as auditor. Mr. Kelly was asking questions in 2008 and 2009 but was obstructed. Did he stop asking questions?

**Mr. Niall Kelly:** No, I did not.

**Deputy Mary Lou McDonald:** Did he stop asking questions through 2010, 2011, etc?

**Mr. Niall Kelly:** Yes, and I have documented them in this report, on page 14.

**Deputy Mary Lou McDonald:** Of whom was Mr. Kelly asking questions?

**Deputy David Cullinane:** Which report was this?

**Mr. Niall Kelly:** It is on page 14. On 2 March 2011, in a report to the Garda Commissioner in respect of financial controls in 2010, I state that GIS could provide no assurance in regard to the financial controls in place in the Garda College, Templemore.

**Deputy Mary Lou McDonald:** Okay.

**Mr. Niall Kelly:** The reasons relate to the issues the Deputy has brought up, namely, my attempts to get reports.

**Deputy David Cullinane:** Was that paragraph not deleted?

**Mr. Niall Kelly:** It was deleted from the final version of the report.

**Deputy Mary Lou McDonald:** Why was it deleted?

**Mr. Niall Kelly:** I am coming to that.

**Deputy Mary Lou McDonald:** Mr. Kelly needs to be succinct.

**Mr. Niall Kelly:** I will be. On 2 March 2011, I forwarded that first draft of the report to the Garda Commissioner. On 4 March, I received a note from the chief administrative officer headed "urgent". Attached was a note from the then Commissioner saying that a report should be furnished to Mr. Kelly. That report was a summarised version of the earlier report, the finance directorate report. I think it was Mr. Culhane who wrote that summarised version.

**Deputy Mary Lou McDonald:** That is extraordinary. It is an extraordinarily muddled, long-winded, awkward, crazy account of how one would go about one's business, as an organisation or as an auditor. That is the dog ate my homework type of excuse. The witness is seeking information, and he is not seeking it without due cause-----

**Mr. Niall Kelly:** Yes.

**Deputy Mary Lou McDonald:** -----not least because it was his job to do it. He is not getting it and he is all around the houses for a period of years. Of course, he could not verify what was going on in the college because he does not have the basis to do it. There are memoranda and communications flying left, right and centre. What strikes me is that while all these little diversionary skirmishes are taking place, the facts are not got at. I have a terrible suspicion, and I do not wish to say it was an orchestrated thing, that not just were people blocking and diverting but that others were perhaps looking the other way. Will Mr. Kelly, as the head of audit, reassure me that he at no stage looked the other way and that he genuinely pursued the full facts of what was going on with determination?

**Mr. Niall Kelly:** Absolutely. The Deputy will have to let me respond. This was brought to the attention of the audit committee. In hindsight, I would say that, probably, I should not have taken the assurances that were provided to me. I brought this issue to the highest level. I went to the Commissioner about it. I addressed it to the deputy commissioner. I received a report back saying that the issues were being addressed, and I say in my report-----

**Deputy Mary Lou McDonald:** Who was the Commissioner at the time? Was it Mr. Murphy?

**Mr. Niall Kelly:** Yes, it was Commissioner Murphy.

**Deputy Mary Lou McDonald:** Mr. Kelly got an assurance from the then Commission-

er-----

**Mr. Niall Kelly:** That these things were-----

**Deputy Mary Lou McDonald:** He said, “Relax, Niall, everything is fine. These matters are being attended to.”

**Mr. Niall Kelly:** Yes, absolutely.

**Deputy Mary Lou McDonald:** Was that not very misleading of the then Commissioner?

**Mr. Niall Kelly:** I cannot go into his thought processes.

**Deputy Mary Lou McDonald:** I am not inviting Mr. Kelly to-----

**Mr. Niall Kelly:** I am not going to go there.

**Deputy Mary Lou McDonald:** -----go into any thought processes. However, Mr. Kelly got an assurance-----

**Mr. Niall Kelly:** I got an assurance.

**Deputy Mary Lou McDonald:** -----at the time which was not worth the paper it was written on or the breath with which it was expressed.

**Mr. Niall Kelly:** In hindsight, yes, one could say that.

**Ms Nóirín O’Sullivan:** To correct the record, we must be specific about the date Mr. Kelly is discussing. Was that in 2011?

**Mr. Niall Kelly:** Yes.

**Ms Nóirín O’Sullivan:** The Commissioner then was Mr. Callinan.

**Deputy Mary Lou McDonald:** I thank Ms O’Sullivan for the clarification of the identity. The net point remains the same. When did Mr. Barrett come on the scene? Was it 2014?

**Vice Chairman:** If anybody needs to leave the room, they can notify the clerk.

**Deputy Mary Lou McDonald:** I do not wish to be accused of oppressive questioning.

**Mr. John Barrett:** It was 3 October 2014.

**Deputy Mary Lou McDonald:** Having listened to all of this, it strikes me that it was only when Mr. Barrett came in from the real world, as it were, that we start to see things changing. It appears to me from reviewing it, and we cannot be conclusive because there is more work to be done, that one only sees the step change at that point.

**Ms Nóirín O’Sullivan:** Well-----

**Deputy Mary Lou McDonald:** I will come to the Commissioner in a moment. I do not wish to be rude. Mr. Barrett arrived and surveyed the scene. He set out earlier all of the things that happened - the 2008 report and the subsequent report. Mr. Cyril Dunne was the then CAO.

**Mr. John Barrett:** Yes.

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**Deputy Mary Lou McDonald:** Did he ask Mr. Barrett to do a synthesis or did Mr. Barrett suggest to him that this work needed to be done?

**Mr. John Barrett:** The running order here is that, in June 2015, I began asking a series of questions about overtime expenditure in the college. We were coming up to the half year. The answers were unsatisfactory in some respects. In the course of that I discovered that essentially we had a private entity operating our restaurant. Up to that point in time I had no knowledge of this.

**Deputy Mary Lou McDonald:** Who did the witness ask the questions of and who gave him unsatisfactory answers?

**Mr. John Barrett:** They were the finance staff in the college who I had addressed on spending issues and how controls were operating.

**Deputy Mary Lou McDonald:** The witness was not happy with what he was hearing.

**Mr. John Barrett:** No. I get a monthly report from the finance director, so I knew we were overspending. That was the basis of it. Then I worked with Superintendent McCabe-----

**Deputy Mary Lou McDonald:** Who is in charge of that finance directorate?

**Mr. John Barrett:** It ultimately rolls up to Michael Culhane.

**Deputy Mary Lou McDonald:** Thank you.

**Mr. John Barrett:** It began a series of inquiries. I began to work with the administrator in the college, Superintendent McCabe, who is with us today, and I came to understand that, effectively, there was a series of activities going on in the college that were outside the line command. For example, the restaurant, which I had assumed was part of the established Civil Service and was an in-house operation was separate and distinct. That was the beginning of a series of questions.

**Deputy Mary Lou McDonald:** Was it in that questioning process that the witness discovered the 2008 report which he was not conscious of prior to that?

**Mr. John Barrett:** I was totally unaware of any of the historical background until that time. I got the 2008 report. Then I was told there was a 2010 report.

**Deputy Mary Lou McDonald:** Who told the witness about the 2010 report?

**Mr. John Barrett:** The running order is important. I got the 2008 report and I rang Mr. Cyril Dunne and said that I had this and that he must have a copy.

**Vice Chairman:** What date was that?

**Mr. John Barrett:** I have the chronology. It was in the last week of June 2015. I asked the author of the 2008 report to give a copy to Mr. Dunne if he did not have it already in his office.

**Deputy Mary Lou McDonald:** Okay.

**Mr. John Barrett:** He did. Mr. Dunne and I discussed it. We had a meeting in the college on Tuesday, 30 June. On foot of that, I got a request from Mr. Dunne to go and synthesise. We had discovered the 2010 report at that meeting or around that time, and he asked me to put a

note together detailing the issues arising from the two reports.

**Deputy Mary Lou McDonald:** Mr. Culhane had overseen this 2008 report.

**Mr. Michael Culhane:** Yes, the 2008 report. I also did an update on the 2010 report.

**Deputy Mary Lou McDonald:** To whom did Mr. Culhane send it?

**Mr. Michael Culhane:** That would have gone to the chief administrative officer.

**Deputy Mary Lou McDonald:** So Mr. Dunne had it.

**Mr. John Barrett:** In 2008 it was John Leamy, his predecessor.

**Deputy Mary Lou McDonald:** The CAO in position had both of those. I thank Mr. Culhane. Mr. Barrett then did his work and synthesised these findings. He has seen Mr. Kelly's work now. Does Mr. Barrett believe he was on the right track?

**Mr. John Barrett:** I believe I was.

**Deputy Mary Lou McDonald:** Mr. Barrett's work was subsequently verified by Mr. Kelly's work. Then the CAO at the time-----

**Mr. John Barrett:** Mr. Dunne.

**Deputy Mary Lou McDonald:** -----said to Mr. Barrett that he would brief the audit committee.

**Mr. John Barrett:** That was the purpose of the synthesis.

**Deputy Mary Lou McDonald:** Okay. However, that did not happen.

**Mr. John Barrett:** I discovered that on 27 July. He told me that he had not briefed the audit committee.

**Deputy Mary Lou McDonald:** Did he give Mr. Barrett an explanation for that?

**Mr. John Barrett:** No. It happened in the course of a conversation around the issues arising in the college.

**Deputy Mary Lou McDonald:** What did the witness make of that?

**Mr. John Barrett:** I was disappointed, frankly. I had put a weekend into putting it together with some urgency.

**Deputy Mary Lou McDonald:** What does the Commissioner make of that? Was she in position as Garda Commissioner at that stage?

**Ms Nóirín O'Sullivan:** I was interim Garda Commissioner.

**Deputy Mary Lou McDonald:** Nonetheless, Ms O'Sullivan was the woman in charge.

**Ms Nóirín O'Sullivan:** Yes.

**Deputy Mary Lou McDonald:** Was Ms O'Sullivan aware that this synthesis work had happened, that the audit committee was to be briefed and that it had not been briefed? What



was her knowledge of that?

**Ms Nóirín O'Sullivan:** I was aware from a report I had received from Deputy Commissioner Ó Cualáin that the head of legal affairs had prepared on the basis of-----

**Deputy Mary Lou McDonald:** I ask the Commissioner to, please, tell us when she became aware that the synthesis work had happened.

**Ms Nóirín O'Sullivan:** The first I became aware of this issue officially was when I received a report from the deputy commissioner who-----

**Vice Chairman:** The Commissioners has already said that. She said there was a brief report.

**Ms Nóirín O'Sullivan:** No, there was a report with a recommendation from the head of legal affairs who had had conversations-----

**Vice Chairman:** What was the date?

**Ms Nóirín O'Sullivan:** It was 28 July. My recollection is that it was received in my office around 30 July, but we can clarify the date. Prior to that, I believe on 27 July, there was a very brief conversation in a room after a meeting in Templemore at which Mr. Barrett had raised certain issues, specifically to do with some work he was doing, when I was present with the two deputy commissioners and the chief administrative officer.

**Vice Chairman:** How brief was it?

**Ms Nóirín O'Sullivan:** My recollection is that it was very brief.

**Vice Chairman:** How brief - five minutes, ten minutes?

**Ms Nóirín O'Sullivan:** I do not know, but from recollection and memory, it was brief.

**Deputy Mary Lou McDonald:** Does that tally with the recollection of Mr. Barrett?

**Mr. John Barrett:** The meeting lasted over two hours.

**Deputy Mary Lou McDonald:** The meeting lasted two hours.

**Mr. John Barrett:** It did. It is included in the minutes.

**Deputy Mary Lou McDonald:** Mr. Barrett has minutes of the meeting? Can the committee have them?

**Mr. John Barrett:** It is included in the text of the document for which I think the Vice Chairman has already asked.

**Vice Chairman:** It will be circulated electronically to everyone.

**Deputy Mary Lou McDonald:** Two hours is not brief, is it?

**Ms Nóirín O'Sullivan:** My memory is that it was a brief meeting after a very long meeting in the Garda College. On the issues related to the college, there was an undertaking given that a report would be forwarded.

**Deputy Mary Lou McDonald:** We need clarity because in nobody's language is a two-

hour exchange brief. Mr. Barrett seems to be quite sure in his recollection and says he has minutes and documentary evidence to support the fact that it was a two-hour meeting.

**Ms Nóirín O'Sullivan:** I can only give my recollection. I am quite happy to look at Mr. Barrett's minutes that he references because I have not seen them. It is very important that we see the minutes but also-----

**Deputy Mary Lou McDonald:** I suggest, unless this is totally irregular on my part, that we suspend the sitting for five minutes to allow the Commissioner to view the documentation that I believe Mr. Barrett has with him. We cannot sit here wondering if it was a five-minute or a two-hour meeting. With the indulgence of other members, I suggest-----

**Vice Chairman:** Let me make a brief suggestion. If Mr. Barrett has the documentation with him, he could give it to the Commissioner. I will let her look at it for two minutes while we remain in session because I do not want to break up the meeting again.

**Deputy Mary Lou McDonald:** I am happy enough with that suggestion.

**Ms Nóirín O'Sullivan:** While Mr. Barrett is preparing it, what I am very, very clear on is that, on receipt of the report from the deputy commissioner, as was agreed, it was immediately actioned that the chief administrative officer, Mr. Dunne, would set up a group to look at what the issues were.

**Deputy Mary Lou McDonald:** Before the Commissioner looks at the documentation, she went to Mr. Dunne to ask why it was that he had not briefed the audit committee in the way suggested to Mr. Barrett? Did she approach him to query it?

**Ms Nóirín O'Sullivan:** My understanding is Mr. Dunne briefed the audit committee at its September meeting.

**Deputy Mary Lou McDonald:** There was an undertaking given to do so in July. We have heard testimony that Mr. Barrett worked through the weekend to carry out the work. At his request, he was to bring the matters forward, but he did not. He has told us that he was very disappointed. What exactly was going on? Did the Commissioner ask him?

**Ms Nóirín O'Sullivan:** No, I did not. The first I became aware of the issue was on 27 July. On 28 July the deputy commissioner prepared a report based on Mr. Ruane's report that he had sent to the deputy commissioner and we immediately put together a group comprising representatives of the Department of Justice and Equality to look at the issues. There is something very important that needs clarification. We are talking about something in isolation. The Deputy has mentioned on a number of occasions the 2008 report.

**Deputy Mary Lou McDonald:** No, I am sorry. The Commissioner may come back in at the end and rehearse the general scope, if she so wishes, but we are dealing with a very specific issue and I want specific clarification. We need to clear up the question of whether it was a five-minute or a two-hour exchange because one version is correct and the other incorrect. In my view, the Commissioner has not given a credible explanation as to why she did not ask Mr. Dunne what was going on in dealing with these matters.

**Ms Nóirín O'Sullivan:** I had discussions with Mr. Dunne and the two deputy commissioners and it was agreed that we would put together a group to be chaired by Mr Dunne and comprising representatives of-----

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**Deputy Mary Lou McDonald:** That is fine. In the course of that exchange what explanation did Mr. Dunne give at that stage for not briefing the audit committee?

**Ms Nóirín O'Sullivan:** He did not give any explanation because there was to be a group to be established-----

**Deputy Mary Lou McDonald:** No, I do not accept that.

**Ms Nóirín O'Sullivan:** With respect, the 2008 report is relevant here because Mr. Barrett, quite rightly, has highlighted that he identified a 2008 report compiled by Mr. Magee. There was also a 2010 report identified.

**Deputy Mary Lou McDonald:** We are aware of that.

**Ms Nóirín O'Sullivan:** What is very important and what was very important - I cannot speak for everybody else but it was in my mind - was that we needed to understand the context of what precisely had happened between 2008 and 2010. What I now know from the work done and the documents we have seen is that there was very extensive - that is, evidence on a file - consultation with the Department of Justice and Equality at a very high level in the intervening years to actually address some of the issues identified in the 2008 report.

**Deputy Mary Lou McDonald:** That still does not answer the question. Would the Commissioner like to have a look at the documentation?

**Vice Chairman:** I want to give the Commissioner time to read it because we need clarification. Before she does that, she keeps referring to the date of 27 July and the fact that she had a brief exchange. Was it said to her in passing or was it mentioned in a document?

**Ms Nóirín O'Sullivan:** No, it was not a document. My memory is - I can only go on my memory-----

**Vice Chairman:** Fine; we all have to do that.

**Ms Nóirín O'Sullivan:** My memory is that after a long meeting in the Garda College, accompanied by the chief administrative officer and two deputy commissioners, I was in the reception room having tea. Mr. Barrett arrived into the room and spoke about the issues raised in the-----

**Vice Chairman:** I think the Commissioner needs to read the document. We will give her a few moments to do so.

**Deputy Mary Lou McDonald:** We will need silence.

**Vice Chairman:** Whenever she is ready, she can read it. I want to be fair to her.

**Ms Nóirín O'Sullivan:** I ask the deputy commissioner who was also present to read the account because I do not presume that he has seen it.

**Vice Chairman:** That is no problem. Let us give him a copy. We will be able to ask Mr. Barrett about it afterwards.

**Deputy Mary Lou McDonald:** We will have another moment of silence and reflection. We do that here.

**Vice Chairman:** Is Mr. Ó Cualáin okay?

**Mr. Dónall Ó Cualáin:** Yes.

**Vice Chairman:** For the sake of clarity, who wrote the minutes?

**Mr. John Barrett:** I did.

**Vice Chairman:** The Commissioner might answer Deputy McDonald's question.

**Deputy Catherine Connolly:** To clarify, these are not minutes as such. They are a record.

**Mr. John Barrett:** It is a letter to Mr. Cyril Dunne. Dated 20 September 2015, it was FAO Mr. Dunne, CAO, on the perspectives and the lessons to be learned from the interim report of Mr. Justice Nial Fennelly with respect to the approach being taken in addressing financial and administrative irregularities at the Garda College in Templemore. That is the footer on each page.

**Vice Chairman:** Okay.

**Deputy Bobby Aylward:** It is important that we should have seen that before asking questions.

**Deputy Catherine Connolly:** Yes.

**Deputy Bobby Aylward:** We cannot do that now.

**Deputy Mary Lou McDonald:** The difficulty is that we did not have Mr. Barrett's letter. It will be distributed.

**Vice Chairman:** Yes.

**Deputy Mary Lou McDonald:** This anomaly has arisen and we need clarity on it.

**Ms Nóirín O'Sullivan:** I note that the document that I have just read is not actually a minute of a meeting. It is entitled, "A Critical Inflection Point". As Mr. Barrett said, this was prepared in September. The meeting that I referred to and that I recall took place on 27 July.

**Deputy Mary Lou McDonald:** The witnesses are agreed that they are talking about the same meeting. Is Mr. Barrett resiling from his position-----

**Mr. John Barrett:** Not at all.

**Deputy Mary Lou McDonald:** -----or is it still his view that it was a two-hour meeting?

**Mr. John Barrett:** When the committee has the document, it will speak eloquently for itself. It is a letter to Mr. Dunne. It reflects on a number of issues and, in particular, draws attention to what I called the inflection point. It mentions how the meeting at the Garda College on 27 July was important in many respects and goes on from there.

**Deputy Mary Lou McDonald:** That is the meeting to which Mr. Barrett referred. We are not in a position to reconcile two diametrically contradictory accounts of the duration of that meeting. Obviously, Mr. Barrett felt that it was a-----

**Mr. John Barrett:** The time is in the document. I make a reference to when the meeting

began.

**Deputy Mary Lou McDonald:** At what time?

**Mr. John Barrett:** I will give the Deputy the details. They are in the document. The meeting started at 5.20 p.m. It even details the order in which people came into the room, believe it or not. The meeting at the Garda College on Monday, 27 July was important in many respects. It began at 5.20 p.m.

**Deputy Mary Lou McDonald:** I thank Mr. Barrett.

**Deputy Catherine Connolly:** Could Mr. Barrett share the rest of the document? We do not have it. Could it be read into the record? Is it long?

**Mr. John Barrett:** Yes. It is approximately six pages long.

**Vice Chairman:** No.

**Mr. John Barrett:** I left the meeting at 7.37 p.m. and was the first to leave.

**Deputy Mary Lou McDonald:** That was nearly two and a quarter hours, if my maths are not bad. This is problematic. I accept that the work is not complete, but we are reading the contours of what has been presented and it seems that these matters were not raised with the Commissioner as a side issue or a “by the by”. She was deeply informed, briefed and so on.

**Ms Nóirín O’Sullivan:** There is no dispute that I was informed and briefed. On 28 July, the then acting deputy commissioner sent me a note that had the report from the head of legal affairs. It contained sufficient detail that, on 30 July, I wrote back to the deputy commissioner and agreed that the committee would-----

**Deputy Mary Lou McDonald:** We will come to that, but it does not address the point that there is a clash of evidence.

**Vice Chairman:** The Deputy will get another chance. She might conclude. I will allow her back in.

**Deputy Mary Lou McDonald:** I have two more important points. Before I move on, what is Mr. Ó Cualáin’s recollection of the meeting’s duration, or does he have one?

**Mr. Dónall Ó Cualáin:** I just know that it was a very long day in the college.

**Deputy Mary Lou McDonald:** Was it a long meeting or a five-minute one?

**Mr. Dónall Ó Cualáin:** It was a long day in the college.

**Deputy Mary Lou McDonald:** I am not asking about that.

**Mr. Dónall Ó Cualáin:** I understand, but I do not know how long that aspect of the-----

**Deputy Mary Lou McDonald:** Mr. Ó Cualáin does not remember how long the meeting was.

**Mr. Dónall Ó Cualáin:** I know that there was a meeting. I could not give any estimate.

**Deputy Mary Lou McDonald:** Mr. Ó Cualáin does not recall-----

**Mr. Dónall Ó Cualáin:** I cannot recall, but I-----

**Deputy Mary Lou McDonald:** My goodness. The witnesses are officers of the law and trained detectives. I am shocked that their recollection is so faulty.

**Mr. Dónall Ó Cualáin:** I can check my notes. This is about a meeting that happened at the end of a very long day.

**Deputy Mary Lou McDonald:** I thank Mr. Ó Cualáin. I have a final question for Mr. Ruane.

**Ms Nóirín O’Sullivan:** It might be important to note that my memory is that it was not a formal meeting. After a very long meeting in the Garda College,-----

**Vice Chairman:** We will get back to that.

**Ms Nóirín O’Sullivan:** -----we were having some tea in the reception.

**Deputy Mary Lou McDonald:** Will Mr. Ruane briefly describe for the committee his role in this? It has been described as crucial, no less. He is the legal adviser to the Garda Commissioner. Is that correct?

**Mr. Kenneth Ruane:** Yes.

**Deputy Mary Lou McDonald:** Can he advise the committee of his role and interactions in the midst of the situation? Can he advise us of what an “S41” is? Can he advise us of the nature of the advice that he gave to the Commissioner and when he gave it?

**Mr. Kenneth Ruane:** My professional applications obligate me to provide advices. Those advices are privileged and that privilege rests with my client, but I will be as helpful as I can with the Deputy’s questions. First, section 41 is a section of the Act-----

**Deputy Mary Lou McDonald:** The Garda Síochána Act.

**Mr. Kenneth Ruane:** The Garda Síochána Act 2005. The section puts certain obligations to report matters to the Minister for Justice and Equality and, after the section was amended, to the Policing Authority. Originally, section 41 just pertained to the Minister. There are circumstances in which the Commissioner could consider forwarding a report to the Minister.

**Deputy Mary Lou McDonald:** In the circumstances that emerged in July, synthesis happened and the Commissioner was briefed on serious matters. If Mr. Ruane cannot answer that, perhaps the Commissioner might. Was advice given to her under section 41 to inform the Minister to make a report elsewhere? Did the Commissioner take that advice?

**Ms Nóirín O’Sullivan:** Advice was not given to me under section 41. Section 41 of the Garda Síochána Act is a provision under which matters can be informed to the Minister. I received a report from the deputy commissioner, Mr. Ó Cualáin, which attached a report from the head of legal. As Mr. Ruane stated, there is client confidentiality and privilege attaching, but I have no difficulty in saying what I did on receipt of the report. We had had discussions at the executive level about setting up this committee, making sure that all of the individuals that needed to be informed about this were informed and that we got an holistic view of precisely what we were talking about. We then decided that the group would be established and would include representatives from the Department of Justice and Equality so that everyone would

be completely sighted and *au fait* with what we were doing, that being, trying to find out the context of this. The Magee report was in 2008. We wanted to know who had knowledge and sight of this. It is important to say that, in the funding arrangements that were put in place in the college, the Departments of Justice and Equality and Finance extensively advised on those structures. We were trying to establish what we were dealing with and, more importantly, what needed to be done.

**Deputy Mary Lou McDonald:** I am sorry, but is Ms O'Sullivan saying that the Department of Justice and Equality advised the kinds of structure that were in place in Templemore and knew all about this creative accounting model?

**Ms Nóirín O'Sullivan:** My understanding is that the funding arrangement for the Garda College from the Walsh report onwards was done. Bearing in mind that-----

**Vice Chairman:** Remind us of the date of the Walsh report.

**Ms Nóirín O'Sullivan:** It was 1988.

**Vice Chairman:** Is Ms O'Sullivan saying that the Department had been aware of the funding arrangements in Templemore since 1988?

**Ms Nóirín O'Sullivan:** I cannot comment on behalf of the Department, but-----

**Vice Chairman:** Of course, but that is what Ms O'Sullivan is presuming.

**Ms Nóirín O'Sullivan:** -----what I can say is that, prior to the Commissioner becoming Accounting Officer in 2006, the Accounting Officer for An Garda Síochána was the Secretary General of the Department of Justice and Equality.

**Deputy Mary Lou McDonald:** I thank Ms O'Sullivan for that.

**Vice Chairman:** I need Deputy McDonald to conclude briefly.

**Deputy Mary Lou McDonald:** Did Ms O'Sullivan's legal adviser give her advice under section 41 to inform the Minister for Justice and Equality?

**Ms Nóirín O'Sullivan:** Yes. The legal adviser gave me his opinion-----

**Deputy Mary Lou McDonald:** Which was?

**Ms Nóirín O'Sullivan:** -----that this may warrant a report under section 41. I felt at the time that we did not have sufficient information. We put together an immediate group, comprising representatives of the Department of Justice and Equality, to get to the bottom of the matter.

**Deputy Mary Lou McDonald:** I am assuming that Mr. Ruane is a most competent and proficient individual. That is why he is in the job and is the Commissioner's legal adviser. He gives the witness this advice on a matter in which she has said there was unacceptable behaviour and on a system that brought with it absolutely jeopardy in terms of the standing and reputation of An Garda Síochána. I think the witness would accept that. Her legal adviser advises her under the Act that this is a matter that ought to be reported to the Minister for Justice and Equality, and she disregards that advice. That is quite something.

**Ms Nóirín O'Sullivan:** I did not disregard the advice. What I did was consider what we were aware of at that particular point in time.

**Deputy Mary Lou McDonald:** How many reports had been done at that point in time?

**Ms Nóirín O'Sullivan:** I will be very clear. There was a 2008 report compiled by Mr. Ma-gee. There was a 2010 report. Bear in mind that these reports were not attached to what I had received. It was very important that in order for us to be fully informed and to be in a position to fully inform the Minister, and knowing that there had been a prior relationship over a number of years with the Department of Justice and Equality, we had to have an holistic view of exactly what had happened and what had been done. As evidenced in the interim audit report, which has now been completed by Mr. Kelly, we are still not in a position to provide all of those answers.

**Deputy Mary Lou McDonald:** So the witness stalled. When did she tell the Minister of these happenings?

**Ms Nóirín O'Sullivan:** When Mr. Kelly's report was-----

**Deputy Mary Lou McDonald:** Remind the committee what date that was.

**Ms Nóirín O'Sullivan:** I want to be very clear. At all times, the group that was established comprised of representatives from the Department of Justice and Equality.

**Deputy Mary Lou McDonald:** But the witness, as Garda Commissioner, failed to inform the Minister despite having advice to that effect. What date did she inform the Minister of these happenings in Templemore?

**Ms Nóirín O'Sullivan:** I will have to check that. I do not have that information here. My recollection is that when the audit report was completed, it was sent to the Minister as a draft interim report around September 2016.

**Vice Chairman:** We will come back to Deputy McDonald. I am sure she has loads more questions.

**Deputy Mary Lou McDonald:** Sure.

**Vice Chairman:** I might interject myself. I thank Deputy Aylward, who was out briefly and was on the list ahead of me.

**Deputy Bobby Aylward:** I will let the Vice Chairman go ahead. He heard more than I did.

**Vice Chairman:** Thank you. I could not compete with Deputy Aylward, to be fair. I have a few general questions. I will ask a couple of these questions of every witness. Witnesses may feel free if they need to come forward to the microphone.

The Garda Commissioner said that she was told briefly about this before the meeting on 27 July. Was 27 July the first date on which she heard about this?

**Ms Nóirín O'Sullivan:** Yes.

**Vice Chairman:** Okay. Is she aware of my contribution to the Dáil with regard to the issues in Templemore on 12 April?

**Ms Nóirín O'Sullivan:** No, I do not believe so.

**Vice Chairman:** Are any of the witnesses? Okay. That is fine. I just wanted to ask that



for reasons of clarity. When did Mr. Barrett first become aware of the issues from the 2008 and 2010 reports?

**Mr. John Barrett:** I received a copy of the report probably around the last week in June. I drew it to the immediate attention of Mr. Cyril Dunne. I asked the author of the report to deliver a copy to Mr. Dunne in the event that he did not have a copy in his office in order that he and I could talk about the same text.

**Vice Chairman:** In June 2015.

**Mr. John Barrett:** Yes.

**Vice Chairman:** Okay. Were any of the witnesses here today, including Department officials, aware of the issues relating to the 2008 and 2010 reports before June 2015? Remember that I am asking every single person, so if anyone needs to step up to microphone, please do so. Was anyone aware of any issues? Okay. I will rephrase my question. Had any witness any suspicions of financial irregularities in Templemore before June 2015? This is for the record of the Committee of Public Accounts. No. Okay. I just wanted to get that on the record.

**Mr. Kenneth Ruane:** Perhaps I could interject. At certain points, certain limited issues prior to that had been referred for legal advice. However, the entire context of matters was brought together by Mr. Barrett.

**Vice Chairman:** Fair enough. For information, were the issues brought to the witness's attention individual items or-----

**Mr. Kenneth Ruane:** Yes.

**Vice Chairman:** Were any of them brought to the witness's attention by anyone in this room?

**Mr. Kenneth Ruane:** Not by any individual in this room.

**Mr. Niall Kelly:** I will interject as well on the question-----

**Vice Chairman:** I think a lot of people are reflecting on my question.

**Mr. Niall Kelly:** One has to have a little bit of thought on it. Pages 14 and 15 of my report detail what I knew or the attempts I was making to gain information. As discussed with Deputy McDonald, they outline my seeking information, being uneasy about issues, bringing my concerns to the Garda Commissioner at the time and being provided with assurances and a summary report from Mr. Culhane. At that stage, I accepted the assurances provided. After that date, the college effectively closed down. From 2011 onwards to 2014 and 2015, there was very little activity in the college.

**Vice Chairman:** Before 2011, was the information that was provided to the witness provided by anyone in this room?

**Mr. Niall Kelly:** The problem was that information was not provided to me, but I had concerns. That was my issue. I was aware that there were reports out there that I was not aware of that I thought should have been brought to internal audit.

**Vice Chairman:** For emphasis, I will repeat what the witness has said there. He was aware that there were reports out there that he was not being made aware of.

**Mr. Niall Kelly:** Yes.

**Vice Chairman:** Let us just think about that. How did the witness become aware of something that he knew existed and that he had looked for but was not given?

**Mr. Niall Kelly:** Because I was told-----

**Vice Chairman:** Who told the witness?

**Mr. Niall Kelly:** I think it was probably the management of the college when I was seeking to conclude-----

**Vice Chairman:** I respect that this is going back a few years, to be fair to the witness.

**Mr. Niall Kelly:** Yes. I think it may have been the finance directorate as well. It was engaged in work in the college and I was informed to hang on until that work was concluded before I could have a look at the new system.

**Vice Chairman:** So all of the witness's requests for this information about these reports, the 2008 report in particular, fell on deaf ears.

**Mr. Niall Kelly:** Yes.

**Vice Chairman:** Did he make numerous requests for it?

**Mr. Niall Kelly:** Yes.

**Vice Chairman:** Four or five?

**Mr. Niall Kelly:** I would say so, yes.

**Vice Chairman:** Is that not incredible?

**Ms Nóirín O'Sullivan:** What we have done, which I think is important-----

**Vice Chairman:** I am not asking the witness to talk about what she has done and, in fairness, she was not Garda Commissioner at the time. However, is it not incredible that the internal auditor of An Garda Síochána on multiple occasions asked for a report - one he knew existed as he had been told about it - on the financial irregularities in Templemore College and, on multiple occasions, the processes in An Garda Síochána refused to give him that information? What does the Garda Commissioner think of that?

**Ms Nóirín O'Sullivan:** I am sure that the Vice Chairman will appreciate that I cannot speak for my predecessors or for previous officeholders.

**Vice Chairman:** I am not asking the witness to speak for them. Does she think that the internal auditor should have been provided with the information?

**Ms Nóirín O'Sullivan:** Yes, I do. What I can tell the Vice Chairman, and Mr. Kelly knows this, is that we have made all of the reports available to us available to Mr. Kelly.

**Vice Chairman:** Okay. That is fine.

**Mr. Joseph Nugent:** Apologies for interrupting for a second. Ms Reddy, who works in my office as a staff officer, wants to say that she would have been aware of the report in 2008. I

know that she is technically not a witness, but she has just passed me a note there.

**Vice Chairman:** I might ask Ms Reddy when she was made aware of it.

**Ms Helena Reddy:** I was in the CAO's office since May 2008.

**Vice Chairman:** Ms Reddy is just aware of it.

**Ms Helena Reddy:** Yes.

**Vice Chairman:** So she was aware that there was a report.

**Ms Helena Reddy:** Yes.

**Vice Chairman:** That is fine. No problem. I thank Ms Reddy for coming forward. I respect and appreciate the fact that she has done so.

**Mr. Michael Culhane:** Could I just interject as well, if the Vice Chairman does not mind-----

**Vice Chairman:** There are a lot of people who are having very reflective thoughts all of a sudden.

**Deputy Mary Lou McDonald:** Eureka.

**Vice Chairman:** This is a very interesting period in time. Go on.

**Mr. Michael Culhane:** In terms of the 2008 report, that was done under my auspices. I assigned staff to the Garda college to undertake that report. I had the report, which I obviously then sent on to the chief administrative officer. I also did an update in 2010 on what progress had been made on various actions taken by the chief superintendent. That is stated in Mr. Kelly's report as well.

**Vice Chairman:** Mr. Culhane is the chief financial officer. How long is he in that position?

**Mr. Michael Culhane:** More than eight years now. However, I have been employed by An Garda Síochána since 2000.

**Vice Chairman:** What role was Mr. Culhane in previously?

**Mr. Michael Culhane:** I was director of finance prior to that.

**Vice Chairman:** What is the difference?

**Mr. Michael Culhane:** It was a promotion in terms of seniority and so on.

**Vice Chairman:** As such, Mr. Culhane has been aware of these issues for years. Does it concern him as chief financial officer of An Garda Síochána that while he had supplied information and people regarding the conduct of these reports, absolutely nothing happened with them from 2008 to 2016?

**Mr. Michael Culhane:** Well, in terms of-----

**Vice Chairman:** From his perspective in his role, did he make efforts to ensure these were being acted on?

**Mr. Michael Culhane:** Yes. The 2008 report was obviously forwarded to the chief administrative officer at the time and certain actions were then taken. Over the period of time then, other actions were taken to address some of the issues raised in the report.

**Vice Chairman:** What actions were taken?

**Mr. Michael Culhane:** The closure of the bank accounts and the liquidating of investments.

**Vice Chairman:** Is that 2008?

**Mr. Michael Culhane:** Sorry, no. The 2010 report stated that 13 bank accounts had been closed.

**Deputy Catherine Connolly:** The answer was that action was taken in 2008 following the 2008 report. Mr. Culhane said action was taken after the 2008 report.

**Mr. Michael Culhane:** I would have passed the report on to the chief administrative officer to whom I reported and there was then a communication between the chief administrative officer and the Commissioner at the time. As has already been discussed, the Commissioner at the time accepted the recommendations in the report. There was an approval procedure there for the recommendations in the report. The report would then have been referred to the chief superintendent in the college to take various actions. During that period of time of, I think, 2008 to 2010, various actions were taken to address some of the recommendations in the report. I do not believe it was all of the recommendations.

**Deputy David Cullinane:** At page 14 of the report it says that of the six points agreed in correspondence between the Commissioner and the CAO, none was implemented. That is on page 14 of the report.

**Mr. Michael Culhane:** It does say then in the report that of the recommendations-----

**Deputy David Cullinane:** Can Mr. Culhane turn to page 14 of the report where he will see that?

**Vice Chairman:** That is exactly what I was about to point out.

**Deputy David Cullinane:** It says that of the six points agreed in correspondence between the Commissioner and the chief administration officer, CAO, none was implemented.

**Vice Chairman:** How can Mr. Culhane stand over his statement that actions were taken when that is contradicted by the report itself?

**Mr. Michael Culhane:** If the members look at the bullet points above that, it states that 13 bank accounts were closed, the new college administrator role was established and new processes were put in place and reviewed at weekly performance accountability framework, PAF, meetings.

**Deputy David Cullinane:** Yes, but in terms of the note that was given to the Commissioner, he accepted the recommendations. The logic was that they would be implemented but none of them was. Mr. Culhane referenced the note between the Commissioner and the CAO. He brought that up. It made, as we know, six recommendations and six points were raised. The internal audit report shows, and it may be that Mr. Kelly can enlighten us, that none of those recommendations was implemented. Does Mr. Culhane accept that?

**Mr. Michael Culhane:** I accept that in terms, maybe, of the six core points. However, there was some action taken in closing bank accounts.

**Vice Chairman:** Before Mr. Nugent comes in, Mr. Culhane made a very interesting point there. He said there were weekly PAF meetings on this.

**Mr. Michael Culhane:** I am just reading the report. I was not in attendance at those meetings.

**Vice Chairman:** I know, but there were weekly meetings about the 2008 report. Were there?

**Mr. Michael Culhane:** I am just reading the contents of the report.

**Vice Chairman:** Surely, Mr. Culhane would have been aware of it as chief financial officer.

**Mr. Michael Culhane:** No. The college was administered under the chief superintendent of the time. I would not attend those meetings.

**Vice Chairman:** I did not say Mr. Culhane had attended them but he was aware meetings were taking place.

**Mr. Michael Culhane:** I was not.

**Vice Chairman:** As such, Mr. Culhane was not aware that any progress was being made on a weekly or monthly basis from 2008 onwards in addressing the issues which were so glaringly obvious to him as chief financial officer.

**Mr. Michael Culhane:** There was an update in 2010, which encapsulated some of those actions that had been taken in the interim.

**Vice Chairman:** Does Mr. Culhane feel the response post-2008 under his role as chief financial officer was appropriate?

**Mr. Michael Culhane:** I highlighted the issues and I can only offer advice as well.

**Vice Chairman:** In other words, the executive summary for Mr. Culhane is he did his job, he pushed it up the line and nothing happened.

**Mr. Michael Culhane:** Certain actions were taken. At the time, the structure of the college was set up in such a fashion in terms of how it was funded through the weekly stipend for each student. That was the structure then. As for the bodies set up like the restaurant and the shop, they were managed externally to the Vote. They were not part of the Vote structure at the time.

**Vice Chairman:** I understand that. I have a final question. Was Mr. Culhane happy regarding the issues that arose in the 2008 report as chief financial officer and the actions taken? He was aware because he assigned the staff and all of that, as he said earlier. Was he happy with the way in which those actions were implemented? It is a “Yes” or “No” answer.

**Mr. Michael Culhane:** “No” is the answer.

**Vice Chairman:** I appreciate Mr. Culhane’s honesty.

**Deputy David Cullinane:** Can I be helpful to the Vice Chairman? Page 4 of the report states that college management responded in March 2010 rejecting many of the recommenda-

tions of the finance directorate's report. It goes on to say that some of the issues were addressed by the college management but the structural issues in college governance were not addressed and, over the years, some of the improvements in financial controls were reversed. Whatever improvements were made, some were actually reversed. Far from being in a position to be helpful and to implement recommendations, the report says college management rejected many of the recommendations of Mr. Culhane's report. Is that correct?

**Mr. Michael Culhane:** Yes.

**Deputy David Cullinane:** On the rejection of those recommendations, what course of action did Mr. Culhane take?

**Mr. Michael Culhane:** I report to the chief administrative officer. I can only lay down the report. If my recommendations or advice are not accepted, I cannot force them to implement the recommendations.

**Deputy David Cullinane:** Everyone who has been asked has said "We passed it on to somebody else" and somebody else is not in the room. We do not know what the person who is not in the room did with it. That is the pattern that seems to be evident from all of the responses.

**Vice Chairman:** In fairness, Mr. Culhane is saying he put it up the line, he was not happy with the way it was dealt with, as he said on the record of the committee, and the actions were not implemented. Not only were they not implemented but some of them were actually reversed according to the audit.

**Mr. Michael Culhane:** I accept that but the management of the college was not part of my brief.

**Vice Chairman:** There was a subset in between. Mr. Nugent, briefly.

**Mr. Joseph Nugent:** For the assistance of the committee, I am happy to make a copy of the correspondence referenced by Mr. Kelly in the audit report of 2010 which is from the chief superintendent of the college and which comments on each of the individual recommendations and what has happened with it. I will happily make that available.

**Vice Chairman:** My next question is to the Department of Justice and Equality. I asked earlier if anyone was aware before June 2015. I note the Department was not aware.

**Mr. John O'Callaghan:** That is correct although-----

**Vice Chairman:** The Department of Justice and Equality was unaware of any financial irregularities in Templemore before June 2015.

**Mr. John O'Callaghan:** That is correct. Having said that, I have seen a letter in the last number of days, namely, the instruction from the Commissioner to the CAO with the six recommendations which were not implemented, which had on its margins a record of the Commissioner having mentioned it to the Secretary General at the time. In so far as I have seen any evidence to suggest it, that was in the last week or so.

**Vice Chairman:** Yes, but there was not previously. I understand that Mr. O'Callaghan is only representing the Department of Justice and Equality today and cannot be holistic. I must declare for absolute transparency that I am from the town as Mr. O'Callaghan and I know him. The Department was not aware of the financial irregularities in Templemore training college in

June 2015.

**Mr. John O’Callaghan:** That is my understanding, yes.

**Vice Chairman:** That is absolutely unbelievable. I am sorry. I respect that it is the answer. It is not a reflection on Mr. O’Callaghan. The idea, however, that since 1960, as well as since 1983 and the Walsh report which the Commissioner referenced herself, the Department had no idea there were financial irregularities in Templemore is, frankly, incredible.

I will move to some specific questions and I need Mr. Barrett in the room. He had left but while he is composing himself, does Mr. O’Callaghan or do his colleagues, such as Ms Barry or Mr. McDonald, wish to make a contribution? If there is anything they feel should be addressed in a different way, they need to say it now.

**Mr. John O’Callaghan:** Could I clarify an issue?

**Vice Chairman:** Of course. I am not trying to catch you out.

**Mr. John O’Callaghan:** I know. The Vice Chairman asked about irregularities and I will answer the question. The Department, as far as I am aware, was not aware of irregularities in the college. In terms of the structure of the finances of the college and how it was set up and arranged, it was done at a time when the Department had responsibility for the Garda Vote and the Secretary General of the Department was the Accounting Officer. I am not saying the Department did not know in 1992 when the arrangements were put in place what had been put in place. It clearly did as it had responsibility for that. It presumed that things worked as intended. I have seen nothing to suggest the Department knew at any time until 2015 of irregularities.

**Vice Chairman:** Have you any date in 2015? I will not get the witness to stick to it and he can come back to us later.

**Mr. John O’Callaghan:** Roughly speaking, it was October 2015.

**Vice Chairman:** I will not hold you to that as, to be fair, you are working from memory. I respect that.

**Ms Nóirín O’Sullivan:** May I add to Mr. O’Callaghan’s comments? We have found on a file indications that there were after the 2008 report conversations or meetings with the then Garda Commissioner, the then chief administrative officer and the then Secretary General of the Department. Again, I cannot speak for the people that had them. It is important in the context of our discussion that there are indications on the file that external advices were sought in terms of how to address those matters.

**Vice Chairman:** To be helpful, would the Garda Commissioner mind providing whatever evidence she finds with us in the next week or so? I know she is doing a bit of a trawl so I appreciate it.

**Ms Nóirín O’Sullivan:** Yes, and it has all been made available to Mr. Kelly and the completion of his-----

**Vice Chairman:** That specific information is important for this committee to draw a connection as to whether the Department had awareness of this. I respect that the representatives here are not long in the Department in some cases and there is no inference involving them at all. They cannot have complete knowledge of what happened before their arrival. The informa-

tion would be helpful to this committee as there are some questions we must ask. We have the information from 2006 and the 2008 report, and that is probably the first time the issues were encapsulated. We also have the 2010 report. From evidence today we find these reports went to a certain level in An Garda Síochána but never made it to the internal auditor. Is that a fair summary? If anybody has a contradiction, they should speak up now.

**Mr. Niall Kelly:** The inception of the 2006 report was discovered by me. The 2008 and 2010 reports did not go to me until I start auditing last year in June.

**Vice Chairman:** When did the Commissioner find out about the 2008 report?

**Ms Nóirín O'Sullivan:** That was 2015.

**Vice Chairman:** It was July.

**Ms Nóirín O'Sullivan:** It was 2015.

**Vice Chairman:** It was the same date you found out about the other issues. It was July 2015.

**Ms Nóirín O'Sullivan:** It was 27 or 28 July.

**Vice Chairman:** Fine. Who was on the audit committee during these years? Could we have a flavour of who sat on those committees from 2008 to 2016?

**Ms Nóirín O'Sullivan:** I will have to get those names for the Chairman.

**Vice Chairman:** Will you provide us with a copy of who was on the audit committees from 2006 to 2016, inclusive, please?

**Ms Nóirín O'Sullivan:** Yes.

**Mr. Joseph Nugent:** Is that 2006 to 2016?

**Vice Chairman:** Yes. I am anxious to see who was on those committees. It would clearly have been made up of Garda personnel.

**Ms Nóirín O'Sullivan:** No.

**Vice Chairman:** Sorry?

**Ms Nóirín O'Sullivan:** It would have been made up of independent members of the audit committee.

**Vice Chairman:** Yes.

**Ms Nóirín O'Sullivan:** Somebody could correct me but my understanding is that going back to 2005, individuals were nominated by the Department.

**Vice Chairman:** Yes, they would have been nominated by the Department. Sorry, I meant to say that. It has been a long day. We have heard from Mr. Barrett that he briefed the head of administration.

**Mr. John Barrett:** It was on 6 July.



**Vice Chairman:** In fairness to Mr. Barrett, he seems to have dates and times off the top of his head. He briefed the head of administration. It was his understanding that the head of administration was going to brief the audit committee but he never did so. Is that correct?

**Mr. John Barrett:** That is correct. The purpose of him asking me to write the synthesis of the two reports was such that he could take it to the audit committee on 15 July.

**Vice Chairman:** It did not happen.

**Mr. John Barrett:** I only learned that after the fact.

**Vice Chairman:** Are you aware of when it did happen?

**Mr. John Barrett:** I learned yesterday there was an element in the September meeting. My understanding prior to yesterday was that it was November. That is neither here nor there.

**Vice Chairman:** How did you learn that yesterday?

**Mr. John Barrett:** In a conversation.

**Vice Chairman:** With whom?

**Mr. John Barrett:** With Deputy Commissioner Ó Cualáin.

**Vice Chairman:** In what context did you have a conversation with him yesterday?

**Mr. John Barrett:** It was in the context of-----

**Vice Chairman:** Preparing for this.

**Mr. John Barrett:** Yes. I was making certain I had the context.

**Vice Chairman:** For the information of everyone else in the committee, meetings took place among the Garda personnel to prepare for this meeting. I am not saying there is anything wrong with that.

**Ms Nóirín O'Sullivan:** Yes.

**Mr. John Barrett:** With respect, this is a 16,000-person, €1.7 billion organisation.

**Vice Chairman:** I understand that. I am not-----

**Mr. John Barrett:** There is a lot of material.

**Vice Chairman:** I agree. I am not casting any aspersions at all. Mr. Ruane gave advice that the Garda Commissioner has now spoken about relating to section 41 of the Garda Síochána Act 2005.

**Mr. Kenneth Ruane:** Yes.

**Vice Chairman:** In what context did you give that advice?

**Mr. Kenneth Ruane:** Mr. Barrett had approached me and we had a number of discussions. He brought to my attention the McGee report while indicating there was a further report - the Nolan report - on the way to him. Mr. Barrett effectively brought all the components together, which raised serious and significant concerns at the time.

**Vice Chairman:** You felt it necessary to notify the Garda Commissioner, as her legal adviser, that it was necessary under section 41 of the Garda Síochána Act 2005 that she should notify the Minister.

**Mr. Kenneth Ruane:** Certainly, the Garda Commissioner has given that indication. I would give advice that it is certainly a matter to be considered. Ultimately, it is a decision-----

**Vice Chairman:** What was your recommendation?

**Mr. Kenneth Ruane:** Perhaps the Garda Commissioner might be happy to answer that?

**Ms Nóirín O'Sullivan:** We are conscious of client confidentiality.

**Vice Chairman:** It was waived, at least a bit, earlier.

**Ms Nóirín O'Sullivan:** No. I want to be very clear that I absolutely uphold the legal professional privilege.

**Vice Chairman:** Fair enough. You said you were happy to say why you did it.

**Ms Nóirín O'Sullivan:** No, I said I was happy to say what I did.

**Vice Chairman:** Okay, fine.

**Ms Nóirín O'Sullivan:** I got the report from the deputy commissioner attaching the report of Mr. Ruane. I considered the matter and discussed it with the executive. I was happy with the steps we identified to be taken. It was clear that there was a 2008 report and a 2010 report. My understanding is that at that stage, no further investigations had been done. A number of issues were raised in those reports and we needed to understand what had been done with them. We needed to understand precisely who knew what, what had been done and that we would be in a position to be fully informed and fully inform the Minister. I also took the decision that we needed to have representatives from all the relevant sections in that group, along with the Department of Justice and Equality representatives.

**Vice Chairman:** In fairness, you said that before. I respect Mr. Ruane's role and the protection of privilege. Would it be normal for the Garda Commissioner to, effectively, disregard legal advice?

**Ms Nóirín O'Sullivan:** I did not disregard it, I considered it very carefully.

**Vice Chairman:** Would it be normal for Ms O'Sullivan not to take the action-----

**Ms Nóirín O'Sullivan:** I always consider legal advice very, very seriously.

**Vice Chairman:** The upshot here was that the Minister was not informed.

**Ms Nóirín O'Sullivan:** We set up a group comprising officials from the Department-----

**Vice Chairman:** But the Minister was not informed.

**Ms Nóirín O'Sullivan:** -----to ensure the provision under section 41. It is clear that the Department had previous knowledge of this matter.

**Vice Chairman:** It is clear?

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**Ms Nóirín O'Sullivan:** It is clear.

**Vice Chairman:** Does the witness realise that she is contradicting what the Department-----

**Ms Nóirín O'Sullivan:** To clarify, it is clear that the Department had knowledge going back to 1988, though I am not sure of the exact date. There were indications, prior to the Commissioner becoming Accounting Officer, that the Department had an involvement in the structure put in place for a funding model for the Garda College.

**Vice Chairman:** The witness said she supplied documents in regard to recent times also.

**Ms Nóirín O'Sullivan:** Yes. Therefore, the appropriate thing to do at that time was to follow the recommendations made by the deputy commissioner, who informed me that he did not feel that we were in possession of sufficient information and further work had to be done.

**Vice Chairman:** The upshot was that the witness did not inform the Minister?

**Ms Nóirín O'Sullivan:** The Minister was informed on completion of Mr. Kelly's internal audit report.

**Vice Chairman:** The upshot was that the witness chose not to inform the Minister. That is a fact.

**Ms Nóirín O'Sullivan:** No, I did inform the Minister. The Minister was informed when Mr. Kelly completed his interim audit report-----

**Vice Chairman:** What was the gap?

**Ms Nóirín O'Sullivan:** -----in September 2016.

**Vice Chairman:** What is the difference in timeframe? How long was the gap between the Commissioner receiving correspondence from Mr. Ruane and informing the Minister?

**Ms Nóirín O'Sullivan:** The group of representatives was established. There were a number of meetings of that group attended by representatives of the Department of Justice and Equality at which all issues were discussed. Mr. Kelly initiated his audit in March 2016. The interim audit report was completed in September 2016 and was immediately forwarded to the Department.

**Vice Chairman:** Could the witness please answer my question? Is that ten months or 11 months?

**Ms Nóirín O'Sullivan:** September 2016.

**Vice Chairman:** When did Mr. Barrett meet Mr. Howard to go through the issues in regard to Mr. Barrett's report?

**Mr. John Barrett:** I met him on 2 June-----

**Vice Chairman:** The witness might explain who Mr. Howard is.

**Mr. John Barrett:** Mr. Howard is the outgoing chairman of the statutory audit committee.

**Vice Chairman:** On what date did the witness meet him?

**Mr. John Barrett:** He rang me on 31 May.

**Vice Chairman:** What was the context of that call?

**Mr. John Barrett:** He wanted to meet with me.

**Vice Chairman:** Why?

**Mr. John Barrett:** Because he had received my report of 6 July 2015 from Mr. Kelly.

**Vice Chairman:** What was his response when he met the witness?

**Mr. John Barrett:** The document I have provided to the committee contains a very lengthy note of that meeting and issues discussed.

**Vice Chairman:** Can the witness give us a flavour of it?

**Mr. John Barrett:** He asked to meet me having received a copy of my note from 6 July of the previous year. I met with him. We were to meet at 3 p.m. but he was delayed and we met some time after 3 p.m. At that meeting, he said there were certain things he was unaware of. We talked until well after 6 p.m.

**Vice Chairman:** Would it be fair to say he was shocked by what he heard?

**Mr. John Barrett:** Yes. He asked to have a series of discussions with me.

**Vice Chairman:** And did he have a series of discussions with the witness?

**Mr. John Barrett:** No.

**Vice Chairman:** Did he ever subsequently speak to the witness about this topic?

**Mr. John Barrett:** I have not spoken to him since.

**Vice Chairman:** Considering that Mr. Howard was shocked, does the witness find that amazing?

**Mr. John Barrett:** Yes.

**Vice Chairman:** He showed huge interest in it and the meeting went on for a long time, probably longer than the witness had projected.

**Mr. John Barrett:** Yes, it was a lengthy meeting.

**Vice Chairman:** How long was it?

**Mr. John Barrett:** Around two and a half hours.

**Vice Chairman:** Mr. Howard never spoke to the witness again even though he said he would?

**Mr. John Barrett:** No, he did not.

**Vice Chairman:** Did Mr. Howard take any action as a result of the meeting?

**Mr. John Barrett:** Did he take any action-----

**Vice Chairman:** Is the witness aware whether Mr. Howard took any action consequent upon that meeting?

**Mr. John Barrett:** I do not know. I have not spoken to him since and I do not know what he did after the meeting. Matters progressed and-----

**Vice Chairman:** What date was that meeting?

**Mr. John Barrett:** 2 June 2016.

**Vice Chairman:** There was a gap of 11 months between the Commissioner being told and the head of external audit speaking to you?

**Mr. John Barrett:** That is correct.

**Vice Chairman:** When did the head of external audit find out about Mr. Barrett's report?

**Mr. John Barrett:** I do not know. However, yesterday I learned from Deputy Commissioner Ó Cualáin that there was a briefing at the audit meeting in September.

**Vice Chairman:** Do the Commissioner or the auditor know when Mr. Howard, as external auditor, was made aware of this issue?

**Mr. Niall Kelly:** I started auditing in May 2016. At that stage I received information on foot of which I recommended that Mr. Howard talk to Mr. Barrett. That meeting took place because I recommended it.

**Vice Chairman:** What date was that?

**Mr. Niall Kelly:** I cannot remember exactly. It was in May or June 2016.

**Vice Chairman:** We can therefore assume that Mr. Howard was not aware-----

**Ms Nóirín O'Sullivan:** No, Vice Chairman, again-----

**Vice Chairman:** Perhaps Ms O'Sullivan might clarify that.

**Ms Nóirín O'Sullivan:** The deputy commissioner might be best able to answer this question.

**Mr. Dónall Ó Cualáin:** I only have a record. I was not on the audit committee at that time.

**Vice Chairman:** That is fair enough. Perhaps Mr. Ó Cualáin can give us some information nonetheless.

**Mr. Dónall Ó Cualáin:** I joined the committee in January. On 30 September 2015 there was an audit committee meeting, the minute of which shows that Mr. Cyril Dunne gave an oral briefing to the committee. He did not supply any reports. He gave an oral briefing on the issues which were raised at that time. He outlined the action he was taking and was going to pursue over the following months. The committee agreed that it would keep the issue on the agenda and look for updates.

**Vice Chairman:** What date was that?

**Mr. Dónall Ó Cualáin:** 30 September 2015.

**Vice Chairman:** He was aware in September 2015?

**Mr. Dónall Ó Cualáin:** He was aware that there were issues. I was not at the meeting so cannot say exactly what-----

**Vice Chairman:** Did Mr. Howard have Mr. Barrett's report?

**Mr. Dónall Ó Cualáin:** There is no record of any report being given to the-----

**Vice Chairman:** Does Mr. Barrett know if Mr. Howard had his report?

**Mr. John Barrett:** Mr. Howard did not receive the report at that meeting. He received it from Mr. Niall Kelly. That gave rise to his call to me on 31 May.

**Vice Chairman:** On what date did Mr. Howard ring Mr. Barrett?

**Mr. John Barrett:** 31 May. I was in Donegal.

**Vice Chairman:** I ask the clerk to write to Mr. Howard to seek clarification of when he found out about Mr. Barrett's report. That would be helpful. Does Mr. Barrett agree?

**Mr. John Barrett:** Mr. Howard will deal with the matter as I have.

**Vice Chairman:** During the meeting of 27 July, which went on for between five minutes and two hours and 20 minutes, was anything said to Mr. Barrett which put him in a difficult situation or made him feel nervous about his position?

**Mr. John Barrett:** No. I do not get nervous about my position.

**Vice Chairman:** We can see that.

**Mr. John Barrett:** The matters were dealt with at length. I wrote a detailed note. It is focused on the Fennelly report. The interim Fennelly report was issued.

**Vice Chairman:** That is correct.

**Mr. John Barrett:** I believed that my staff should read it and they all did so. On 20 September, having read the interim report, I wrote to Mr. Cyril Dunne pointing out that there were lessons to be learned from it. That is where I recount the events of 27 July and draw certain conclusions from it.

**Vice Chairman:** In that meeting, was it inferred to Mr. Barrett that caution needed to be taken with the report and to whom it be issued? Previous reports from 2008 and 2010 did not see the light of day. Rather, they went through the channels of management in the Garda. Was there any inference in that meeting that Mr. Barrett had to be very careful with this document?

**Mr. John Barrett:** From the beginning of my involvement, I have believed that this is a serious matter. I did not leave the meeting thinking any differently.

**Vice Chairman:** Okay.

**Ms Nóirín O'Sullivan:** Perhaps I could assist. I was present at the meeting, as were the chief administrative officer and the two deputy commissioners. I assure the committee that under no circumstance would I attempt or allow anyone else to attempt to push this report down the road or anything else. We saw the gravity of these issues as soon as they were brought to

our attention. Action was immediately taken by the chief administrative officer-----

**Vice Chairman:** Based on today's evidence, I do not share the Commissioner's view.

**Ms Nóirín O'Sullivan:** The fact is that we took immediate actions-----

**Vice Chairman:** This is the Committee of Public Accounts and we will make a judgment on this, with respect to you, Commissioner, and to all other witnesses. I realise I am giving myself some leverage - sorry about that.

**Deputy Catherine Connolly:** Can you indicate when we are going to stop, Vice Chairman? It has been a long day. In fairness to all of us, we started at 9 a.m. this morning.

**Vice Chairman:** A number of people want to speak again. We will try to keep it tight.

**Deputy Alan Farrell:** I withdraw my request.

**Vice Chairman:** We will try to keep it short. The committee can make a decision to conclude soon and invite the witnesses back in.

**Deputy Bobby Aylward:** When will we finish? How long will it take?

**Vice Chairman:** Alternatively, we have a date of 25 May, when we can finish this off.

**Deputy Catherine Connolly:** I think we should go back to 25 May. We are all exhausted.

**Vice Chairman:** I will make a suggestion to the committee. Obviously, it depends on when we conclude this. We could make an arrangement if we do not have this concluded by 7.30 p.m. or 8 p.m.

**Ms Nóirín O'Sullivan:** I wish to indicate that there is a Policing Authority meeting scheduled for 25 May.

**Deputy Bobby Aylward:** Will another hour finish it?

**Deputy David Cullinane:** Those of us who want to come back in should be able to do so. There are people who want to come back in.

**Vice Chairman:** Deputy Cullinane and Deputy Aylward have indicated.

**Deputy Bobby Aylward:** I have not been in at all.

**Vice Chairman:** Deputy Aylward is first. Deputy Cullinane is next. Deputy Farrell has withdrawn his request. Deputy Connolly will be next again. Deputy McDonald, do you want to come in?

**Deputy Mary Lou McDonald:** No, I will leave my further questions for another day.

**Vice Chairman:** It is up to committee members now.

**Deputy Bobby Aylward:** We should finish it.

**Vice Chairman:** I lost my train of thought. Where was I?

**Deputy Catherine Connolly:** I will not be able to wait until 8 p.m. I think it is a wrong decision, but I respect the majority. We are exhausted. Are we going to resume this on some

other day that is convenient to everyone? It is an impossible task. We have been sitting since 9 a.m. to discuss two different things.

**Vice Chairman:** We could set aside part of this and come back to it on 13 July as part of Vote 20. We could set aside part of that as well.

**Deputy Bobby Aylward:** Three speakers are left. We should do it in a half an hour.

**Vice Chairman:** We will try our best.

**Deputy Mary Lou McDonald:** I think that is the right thing to do. We have indicated that a number of documents and correspondence are required. In fairness, we can only finish it when we have reflected on all of them. I assume that when the witnesses return, the audit work will be completed, Mr. Kelly's process will be completed and we will get some conclusions.

**Vice Chairman:** We will try to conclude and then assess it again in a few minutes.

**Mr. Niall Kelly:** I will not be concluded by July. There is a lot of work here. Several different reports will be required.

**Deputy Bobby Aylward:** Let us try to finish this evening anyway.

**Vice Chairman:** We will keep going and we will assess it again in 20 minutes.

**Deputy Bobby Aylward:** If we have to bring the witnesses back in future, we will do that.

**Vice Chairman:** That is my ruling. We will assess it in a few minutes.

Commissioner, I presume you have confidence in everyone who works for you.

**Ms Nóirín O'Sullivan:** Absolutely.

**Vice Chairman:** Subsequent to the 27 July meeting, was there any organisational change with regard to the reporting structures relating to anyone in this room?

**Ms Nóirín O'Sullivan:** Prior to what time?

**Vice Chairman:** After 27 July.

**Ms Nóirín O'Sullivan:** I would have to go back. We put in organisational-----

**Vice Chairman:** Let me ask Mr. Barrett. Did your reporting structure change subsequent to 27 July, Mr. Barrett?

**Mr. John Barrett:** No, my reporting structure remained the same.

**Vice Chairman:** Did the way in which you interacted with the Commissioner and others change post 27 July?

**Mr. John Barrett:** No, it did not.

**Vice Chairman:** My next question relates to Mr. Ruane or anyone else here who is a witness. At any point subsequent to 27 July, did you believe that your role within the organisation had changed in any way?

**Mr. John Barrett:** Are you asking me, Vice Chairman?



**Vice Chairman:** Yes. At any point did any of the witnesses in this room take the view that they were being left out of work for which they were responsible or that they were isolated in any way?

**Mr. John Barrett:** There was a change to the organisation in the sense that the parts of the organisation that were reporting to me were moved. That happened, but I continued to report to the office of the chief administrative officer.

**Vice Chairman:** Will you explain to the committee what happened there, Mr. Barrett?

**Mr. John Barrett:** As part of the reorganisation referred to by the Deputy a series of changes were made. This happens in organisations periodically. Two pieces of the world that were part of my original brief when I joined, the internal affairs area and Garda professional standards, were move to governance. That was part of the September change.

**Vice Chairman:** Were you happy with those changes? Did you take the view that the changes were necessary?

**Mr. John Barrett:** I have to say I think it is a retrograde step from a number of perspectives, because I think the facility to make change comes through those offices. This is the case for human resources and discipline, in particular. They have always been tightly coupled in any organisation I have ever worked for.

**Vice Chairman:** You thought it was a retrograde step. Is that correct?

**Mr. John Barrett:** In that respect, absolutely.

**Vice Chairman:** Did your role change in any way, Mr. Ruane?

**Mr. Kenneth Ruane:** My role has stayed the same. There was an issue about a proposal to amend reporting structures, but that was subsequently.

**Vice Chairman:** What was that proposal?

**Mr. Kenneth Ruane:** There was a proposal in respect of my office reporting to an assistant commissioner as opposed to a deputy commissioner. However, I wish to make it absolutely clear that was in the context of the modernisation and renewable programme. I am not making any connection with anything else.

**Ms Nóirín O'Sullivan:** Maybe I can be helpful, because-----

**Vice Chairman:** One second, Commissioner; I will give you a chance. Go ahead, Mr. Ruane.

**Mr. Kenneth Ruane:** Under the modernisation and renewable programme. there was an issue in terms of a proposal to change my reporting structure, but that has been clarified to my satisfaction.

**Vice Chairman:** So there was no change. Commissioner, let us consider of Mr. Barrett's evidence on the areas that reported to him. He found the structure to be the best way of doing things. He thought it was best practice and that the change was a retrograde step. I presume it was ultimately your decision, Commissioner. Why did that happen?

**Ms Nóirín O'Sullivan:** It was a decision taken. I want to be very clear on this. In 2014-----

**Vice Chairman:** It was September.

**Ms Nóirín O'Sullivan:** Excuse me.

**Vice Chairman:** I am asking a question. It was in September. Is that correct?

**Ms Nóirín O'Sullivan:** No, with respect. In 2014, we commenced a programme of modernisation and reform. Again, with respect, I have no issue dealing with this at the committee. I am conscious of the hour of the evening. I am very happy to talk to the committee at any stage about the reform programme that we are implementing. In 2014 we identified-----

**Vice Chairman:** Sorry, will you finish? You were making an inference there. What was it?

**Ms Nóirín O'Sullivan:** Yes, in 2014-----

**Vice Chairman:** What was your inference?

**Ms Nóirín O'Sullivan:** My inference is that I want to explain something to the committee. I am very happy to do so. I do not want to take up the whole evening explaining what we are doing.

**Vice Chairman:** Your thinking is going a certain way, Commissioner. The reason for my line of questioning is that Mr. Barrett made a report in July 2015. His role changed in September 2015.

**Ms Nóirín O'Sullivan:** I wish to explain. In 2014, even before Mr. Barrett came into the organisation, there was a Government commitment to reform. We fully accepted the recommendations of the Garda Inspectorate reports - all of them - including the report in 2015. As part of the process a number of recommendations were made and we accepted them.

I mentioned this earlier in speaking to some of the Deputies. We are running a 21st century organisation on a 1940s corporate architecture.

**Vice Chairman:** You have said that repeatedly.

**Ms Nóirín O'Sullivan:** We were changing it. We commenced that change in 2014. We put in place a revised organisational structure. In line with what happens in other organisations, in particular, in other policing organisations, one of the recommendations of the Garda Inspectorate report was that there would be a deputy commissioner for governance and strategy. We put that in place. We also put in place a governance structure and realigned functions. It has absolutely nothing to do with Mr. Barrett's report of July 2015 – nothing.

**Vice Chairman:** Okay, my last question is to the members of the force, in particular. Obviously, none of you were aware of anything before June 2015. I presume that on no occasion any of you enjoyed any benefits or hospitality or anything relating to Templemore during your time in the force that would have raised any issues with you. Is that the case?

**Mr. Dónall Ó Cualáin:** No.

**Ms Nóirín O'Sullivan:** No.

**Vice Chairman:** That is fine. I may come back in at the very end. Deputy Aylward, thank you for your patience.

**Deputy Bobby Aylward:** I will be concise and brief, because I missed much of the afternoon. I was in the Dáil speaking during Oral Questions and Topical Issues. It happened to come up that way. I have no wish to go over ground that has already been covered or questions that have already been asked, because it would only amount to repetition at this hour of the evening.

First, I will make an observation. From what I have heard and from the evidence I have read, the financial controls at Templemore Garda training college were completely out of control. There was no control. As far as oversight and corporate governance is concerned there was no control, from what I have heard. I think it is a poor reflection on everyone to note that this was happening for decades. The figures I have heard suggest this was the case since 1982, but nothing happened until 2015, really. It is unbelievable, in this modern day and age, that such time elapsed and people or individuals were allowed to carry on as if they owned the place.

As many as 13 bank accounts have been closed down. What type of business has 13 bank accounts? How many bank accounts did Templemore college have in total? What type of bank accounts were they? Who used them? It sounds to me like the accounts were used to operate a slush fund. Proper governance would never allow such behaviour. What were the bank accounts used for? Were there 30, 40 or more bank accounts?

**Mr. Jim Nugent:** There was in the order of 50 accounts, as revealed by the interim audit. Some of them were investment accounts. Some of them related to specific sports type committees. The details can be found in Appendix 1 on page 41 of the report, the ones we described.

**Deputy Bobby Aylward:** Smurfit's would not have as many accounts.

**Ms Nóirín O'Sullivan:** As the Deputy has said, and as I said in my opening address, and I know he could not be here for it, there is no doubt that the issues that have been identified in the interim audit report are completely and totally unacceptable, and they were not fit for purpose. We are implementing all of the recommendations of the audit report. A number of them have already been implemented, including closing down a number of those bank accounts. That process is continuing, to finalise it.

**Deputy Bobby Aylward:** Does the Commissioner find it incredible that no-one copped on to this matter for 20 or 30 years? Is she surprised that it happened under everyone's nose without people realising that it was happening?

Have moneys or finances, either individually or collectively, been mislaid or, to be nice, misappropriated? Has that been established? Were any of the accounts used for personal reasons or collectively used for personal use?

**Mr. Jim Nugent:** No.

**Deputy Bobby Aylward:** Has the situation been established? Will the matter be established when Mr. Kelly compiles his full report?

**Mr. Jim Nugent:** We have no evidence of that at the moment.

**Deputy Bobby Aylward:** At the moment?

**Mr. Jim Nugent:** I think a forensic examination of the accounts would be helpful.

**Deputy Bobby Aylward:** Being a politician I will ask about more mundane matters, which

will be a change for the witnesses. I have been asked to inquire about the following. The local people of Templemore had arrangements with the college, seemingly for years, to avail of the swimming facilities, playing facilities, and have GAA access, etc. Has the arrangement ceased while the report is being compiled?

**Vice Chairman:** I did not ask the Deputy to ask the question.

**Deputy Bobby Aylward:** I am a Deputy who represents Carlow-Kilkenny, not Tipperary. Perhaps the local Deputies should buck up.

**Vice Chairman:** Do not worry, Deputy. I was going to raise the matter.

**Deputy Bobby Aylward:** What are the current arrangements? The option has ceased for the moment. The local people availed of the facilities for years. The college had a good relationship with the townspeople and people from the surrounding areas but they have been excluded all of a sudden. The local people depended on the college for facilities. The college is a public facility that has been paid for by taxpayers' money. People can no longer use the swimming pool, access playing facilities and the GAA can no longer access the facilities. The cessation of the arrangement is a strong attack on the long established and strong relationship that existed between the Garda and the people in the community. Has that relationship been sacrificed because of this matter that we are discussing?

**Ms Nóirín O'Sullivan:** I am glad the Deputy asked that question. Over the years, since the Garda College moved to Templemore, the relationship with the local community has grown from strength to strength. It is a very important relationship that we very much value, as we do with communities around the country. It is very important because, over the years, the college made its excellent facilities available to the community. The arrangement built very strong bonds and links that we greatly benefitted from over the years. We were very happy to make our contribution to the community and, indeed, the development of the area.

Regulation has changed considerably since the arrangement existed. We have had to close down a number of the facilities on which the chief administrative officer can talk. Again, we have to look and see how we can rebuild the opportunities to use those facilities because we are very committed to doing so. Regulation and governance has changed considerably and we have to look at how we are going to revise those arrangements. I call on Mr. Nugent to comment.

**Vice Chairman:** Before Mr. Nugent interjects, I was going to say the following earlier.

**Deputy Bobby Aylward:** I apologise to the Vice Chairman for stealing his thunder.

**Vice Chairman:** That is fine. I thought it would be more appropriate to say the following at the end of this session but I will mention it now because the Deputy raised the matter.

I represent Templemore. I know that the people of Templemore are of huge value to the Garda College and *vice versa*. Simply put, the facilities exist. The facilities are not being used by the Garda for obvious purposes. The community, which has worked with and facilitated the college in many ways, should have access to the facilities. In the spirit of partnership will the Garda please consider allowing the community to use the facilities in the future? The organisation may have to get its ducks in a row to do so. All of a sudden a ladies GAA team can no longer use a pitch and a swimming and loads of other facilities are no longer available. People in the community do not have the same standard of facilities as the college. The local people have facilitated the college and made sacrifices in their own little way.

**Mr. Jim Nugent:** Deputy, absolutely. Getting one's ducks in a row is a very well worded plea. There is no process. We are not saying we will exclude people permanently but we need to sort out new administrative arrangements around the operation of those facilities. The services had previously been provided, I mean our licensing regime, by the OPW. As part of our discussions around that, this is a process that we need to take on. We need to sort it out. There is a broader piece around communications with the community and I think we can do better. It is something that we are interested in.

**Vice Chairman:** Mr. Nugent has been very honest for saying so.

**Deputy Bobby Aylward:** I recommend the same as the Vice Chairman. The facilities already exist but they are not being used properly now. It is always a good thing to maintain a good relationship between the Garda and local people. I urge the Garda to re-open the facilities or make them available again to the local community as soon as possible.

**Ms Nóirín O'Sullivan:** Absolutely. As the chief administrative officer has outlined. One of our concerns is communication with the local community. The local people have greatly contributed to the college over the years and to the whole fabric of the community, broadly. We plan on having some type of a town hall meeting because there is a lot of fear and trepidation that not alone the facilities but the local economy and community will be impacted in some way. We want to meet people to get that.

**Deputy Bobby Aylward:** I told the Vice Chairman that I would be concise.

**Vice Chairman:** I thank the Deputy. Before Deputy Cullinane commences I urge everyone to be concise in the next round of questioning as Deputy Connolly wishes to comment.

I thank the Commissioner for her comments, which are critically important. I welcome what she said about a meeting and agree that people feel nervous with everything that has happened. The college has a lot of facilities, which must be shared in an appropriate manner. I presume Mr. Nugent will be the person to deal with this matter. I understand that the Garda must get its ducks in a row and I know Mr. Nugent will do so as quickly as possible. We are talking about swimming pools, playing fields and access to the athletics club. Let us call a spade a spade and not avoid talking about the elephant in the room. We are talking about a golf club that has been established for a substantial period. I would appreciate if all of these issues were sorted out quickly.

I call Deputy Cullinane.

**Deputy David Cullinane:** Today has been a long one for or us all as we have spent almost five hours in discussions and it seems a long time since I asked my questions. At the time I talked about the internal audit report being comprised of a litany of failures and used the term sloppy practice. Mr. Kelly used the terms irregular practice and maladministration, which I think we can accept.

Earlier I asked questions about the culture of the force. What is the culture in An Garda Síochána when these types of issues come to light? How does the corporate body of An Garda Síochána deal with them? Are they dealt with in an appropriate manner? After almost five hours of questioning and getting answers I am satisfied that the culture is not to root out wrongdoing and ensure the appropriate people have the appropriate information, and it certainly did not happen in this case. That is my opinion.

The Commissioner can comment at the end but I have a couple of questions for Mr. Kelly. Following on from Teachta McDonald's line of questioning earlier, I commend the fact that the Garda internal audit section, GIAS, did eventually publish a report. It is the reason we are here because we now are in a position to see exactly what happened. Does Mr. Kelly accept that it took a long time for the internal audit division to reach that point?

**Mr. Niall Kelly:** I would accept that, yes.

**Deputy David Cullinane:** Why did it take such a long time?

**Mr. Niall Kelly:** I indicated earlier, and it is documented in my report on page 14, that information was withheld from me and from the auditor.

**Deputy David Cullinane:** Does Mr. Kelly believe the information was purposely withheld?

**Mr. Niall Kelly:** It could have been. I do not know why people do things. It is hard to speculate why people made decisions or whatever five or six years ago. It could have been.

**Deputy David Cullinane:** In Mr. Kelly's experience of audit-----

**Mr. Niall Kelly:** Yes.

**Deputy David Cullinane:** -----and the world of auditing-----

**Mr. Niall Kelly:** Yes.

**Deputy David Cullinane:** -----the reason an organisation or an individual in an organisation identify potential wrongdoings, sloppy practices and so on and pass information to auditors, the Office of the Comptroller and Auditor General and the Department is because the organisation or individual wants a spotlight to be shone on the issue.

**Mr. Niall Kelly:** Absolutely.

**Deputy David Cullinane:** A reason they would not do it generally is they do not want a spotlight shone on the issue.

**Mr. Niall Kelly:** I absolutely concur with the Deputy's conclusions.

**Deputy David Cullinane:** That was the problem. This is a question for the Comptroller and Auditor General as well. I acknowledge this is a difficult question for him to answer but, in his professional opinion, at what point should the Office of the Comptroller and Auditor General have been informed of the issues we are aware of and which we have spent almost five hours discussing?

**Mr. Seamus McCarthy:** Based on the information in the report, 2006, or certainly at the latest, 2008 I would have expected to have been aware of the issues.

**Deputy David Cullinane:** However, that did not happen in 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015 and 2016.

**Mr. Seamus McCarthy:** No.

**Deputy David Cullinane:** That raises questions. Mr. Kelly sought reports, which he did not receive. I have been fair to him regarding the work he and his office did, but there are also

questions to be answered and issues to which we must return regarding the follow-up when they did not receive information. Earlier, he said that when he sought the 2008 report and did not get it and a few years went by, he brought it to the attention of his superior, which was Mr. Ó Cualáin's predecessor. Is that correct?

**Mr. Niall Kelly:** That is right.

**Deputy David Cullinane:** How was that communicated?

**Mr. Niall Kelly:** Verbally.

**Deputy David Cullinane:** Is it acceptable that there is no paper trail and that he did not put this in writing, given the seriousness of this?

**Mr. Niall Kelly:** It could have been put in writing. I cannot say that I definitely wrote to him but I certainly-----

**Deputy David Cullinane:** Why did Mr. Kelly not put it in writing?

**Mr. Niall Kelly:** I do not know whether I did or I did not at this stage.

**Deputy David Cullinane:** Can Mr. Kelly find out?

**Mr. Niall Kelly:** Yes, I can find out.

**Deputy David Cullinane:** Page 14 of the report refers to the Garda Commissioner and 2 March 2011 and contains a paragraph which says "no assurances were given". That paragraph was removed and deleted and Mr. Kelly said this was because he was given assurances.

**Mr. Niall Kelly:** I was provided with a summarised report from Mr. Culhane and assurances that the issues were being dealt with.

**Deputy David Cullinane:** Did Mr. Culhane give the assurances to Mr. Kelly?

**Mr. Michael Culhane:** I did not give them directly to Mr. Kelly. It went to the CAO showing the progress that had been made on some of the issues.

**Deputy David Cullinane:** However, the assurances were given by Mr. Culhane. The CAO was the conduit but the assurances were given by Mr. Culhane.

**Mr. Michael Culhane:** I did not give assurances. I gave an update on the report.

**Deputy David Cullinane:** However, Mr. Kelly saw this as assurances because he said he deleted the paragraph because of assurances that were given.

**Mr. Niall Kelly:** Yes. I had conversations with the audit committee.

**Deputy David Cullinane:** Who gave Mr. Kelly the assurances he talked about?

**Mr. Niall Kelly:** I got the report. I spoke to the CAO at the time. I spoke to the chairman of the audit committee at the time. It had gone to the Commissioner. The note had come back from the Commissioner, in the margins of the letter back from the Commissioner, that this report should be provided to me. I had highlighted my issues to the highest level in the organisation. Ultimately, my role is an advisory role.

**Deputy David Cullinane:** Everyone is passing the buck.

**Mr. Niall Kelly:** I am not passing the-----

**Deputy David Cullinane:** I do not say Mr. Kelly is here. He deleted a vital paragraph based on assurances that action was being taken. Who gave him those assurances?

**Mr. Niall Kelly:** The CAO primarily.

**Deputy David Cullinane:** Who did he get them from?

**Mr. Niall Kelly:** From Mr. Culhane.

**Deputy David Cullinane:** That is what I am trying to establish exactly. Mr. Kelly's view now is that those assurances were not worth the paper they were written on. Would that be a fair-----

**Mr. Niall Kelly:** That would be true. I would also say that it was a mistake on my part to delete that paragraph.

**Deputy David Cullinane:** Mr. Kelly is brave enough to accept that he made a mistake.

**Mr. Niall Kelly:** Absolutely.

**Deputy David Cullinane:** I commend him on that. Does he feel he was duped?

**Mr. Niall Kelly:** I do.

**Deputy David Cullinane:** Does he regret that he was duped in that way?

**Mr. Niall Kelly:** Yes.

**Deputy David Cullinane:** Who does he believe duped him? Perhaps he should name of-fices rather than individuals.

**Mr. Niall Kelly:** I think that is an unfair question to ask. It could be a range of people.

**Vice Chairman:** In the interest of fairness, does Mr. Kelly feel it was multiple people or one person?

**Mr. Niall Kelly:** Reference was made to culture. There was a different culture at that stage. There was a culture of circling the wagons and I got caught trying to bang into the wagons.

**Deputy David Cullinane:** Does Mr. Kelly agree that the culture of An Garda Síochána up to 2015 was to circle the wagons rather than to accept there was wrongdoing and correct it? Would that be his view as head of internal audit?

**Mr. Niall Kelly:** Speaking now, having gone through the past five years and writing this report, that is the only conclusion I can come to.

**Deputy David Cullinane:** I will turn to Mr. Barrett. I was trying to establish in my head how all this was eventually unlocked and what was the key that got us to a point where in 2016 we had a report. He may not like me saying this but he deserves tremendous credit for the work he did.



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**Mr. John Barrett:** I do not accept that at all.

**Deputy David Cullinane:** Mr. Barrett does not have to accept it but I am saying it.

**Mr. John Barrett:** Let me push back on that because this is important. There is a clear role. It is incumbent on public servants to stand up and call the truth as they find it. That is all I did. I am not asking for bouquets.

**Deputy David Cullinane:** I am not giving him one, but I am acknowledging that this is one of the few instances where this happened. Mr. Barrett prepared a report in 2015 that was to be given to the Comptroller and Auditor General

**Mr. John Barrett:** On 6 July.

**Deputy David Cullinane:** We have gone through this. That was done to be brought to the attention of the audit committee. Was Mr. Barrett disappointed?

**Mr. John Barrett:** Yes. I have answered some of these questions.

**Deputy David Cullinane:** Does he feel he was also frustrated in-----

**Mr. John Barrett:** There are four or five meetings of the audit committee a year. I clearly put a weekend into that in the month of July to discover at the end of the month that it had gone nowhere.

**Deputy David Cullinane:** At the meeting of 30 September, it was raised under the order of business. A copy of the report was not submitted in advance to the members and there was an oral presentation. Was that the appropriate way to deal with it?

**Mr. John Barrett:** I learned of that yesterday. I can make no comment on it other than the fact the only corroboration I have in my calendar is when Michael Howard, who was the chairman of the audit committee, came to see me for that one meeting on 2 June 2016, 11 months after. He came equipped with a report he got from Mr. Kelly and he seemed to have had that for only a brief period. Whether it was done orally or whether there was a big discussion, I cannot say. I do not attend those meetings. Mr. Kelly can vouch for when he gave it to Mr. Howard, and that was ten months later or whatever.

**Deputy David Cullinane:** Was Mr. Howard head of the committee?

**Mr. John Barrett:** He was chairman of the statutory audit committee.

**Deputy David Cullinane:** There is a pattern of a lack of action being taken over a long period and we are going to have to get as much documentation as we can. My final question is for the Commissioner. I have a different world view from her. I see things a little differently because I have listened to every answer she has given. When legislation is put in place, it applies to everybody. I have responsibilities as a politician under the standards in public office, SIPO, legislation and under all Acts passed by Parliament. I am one of those who is privileged to be in a position to put those laws in place. We are all obliged to implement those laws and abide by them. Instances have been illuminated in this report where bank accounts were opened without the permission of a Minister, members of An Garda Síochána were directors of companies they should not been directors of, and land owned by the OPW was leased and the money generated used to pay for services that it should not been used for. It is wholly unsatisfactory that there is a recommendation that €128,000 derived from the Dromad Farm leasing arrangement be paid

back to the OPW. The taxpayer will foot the bill but, interestingly, I have discovered that the repayments to the OPW started in 2014. Why did they start in 2014? What triggered that?

**Ms Nóirín O'Sullivan:** I can ask the CAO to deal with that.

**Mr. Joseph Nugent:** We had discussions with the OPW around the issues that-----

**Vice Chairman:** Nobody knew anything about financial irregularities before July 2015.

**Mr. Joseph Nugent:** We will have to-----

**Vice Chairman:** How was the Garda repaying the OPW if nobody knew anything before July 2015?

**Mr. Joseph Nugent:** I think we need to get more information on this. We will come back on this issue.

**Deputy David Cullinane:** With respect, we need to get more information on almost everything. It seems to me that if this happened in 2014, there must have been an acknowledgement within the corporate entity - either An Garda Síochána or the Garda college - that there were issues that it needed to start addressing by beginning to make payments back to the OPW. I want to know what triggered that. Why did that happen in 2014?

**Ms Nóirín O'Sullivan:** We will-----

**Deputy David Cullinane:** I want the Commissioner to answer another question when she comes in. Given that most of the €128,000 that has to be repaid has been spent in areas where it should not have been spent, why is it acceptable for the taxpayer to have to foot the bill and that is the end of it as far as I can see? How can the Commissioner see that as acceptable?

**Ms Nóirín O'Sullivan:** I do not see it as acceptable. I have made that very clear from the outset. If I have not, I am quite willing to repeat it again. The practices that happened in the Garda college should not have happened. They were not acceptable. We have stepped up to implement it. I would like to come back to something. The Deputy said he would give me an opportunity to finish at the end.

**Deputy David Cullinane:** Yes.

**Ms Nóirín O'Sullivan:** He spoke about the culture of the organisation.

**Deputy David Cullinane:** Yes.

**Ms Nóirín O'Sullivan:** I want to be very clear. As I said at the outset, we identified the need for cultural reform of An Garda Síochána as a key tenet of our modernisation programme. It is much more than just a modernisation programme. One does not change culture overnight. It takes a very long time. I can tell the Deputy and the committee that we have undertaken a programme of work to change the culture. Our aim is to empower people to raise the issues we are talking about here, to identify what the issues are, to have the courage and the confidence to speak up about them - to shine a light on them, to use the Deputy's phrase - and then to be able to do something about it and work with other stakeholders-----

**Deputy David Cullinane:** I have to say with respect to the Commissioner that words mean nothing if they are not backed up by actions.

**Ms Nóirín O’Sullivan:** Well, Deputy-----

**Deputy David Cullinane:** It is quite clear that there was a circling of the wagons. Does the Commissioner accept this report?

**Ms Nóirín O’Sullivan:** Deputy-----

**Deputy David Cullinane:** Does she accept the findings of the report?

**Ms Nóirín O’Sullivan:** I will come to that. I want to clarify something the Deputy said earlier. I absolutely accept the findings of the interim audit report and have done so from the time I got the draft report and had my conversation with Mr. Kelly.

**Deputy David Cullinane:** Does the Commissioner understand in accepting those findings that they include multiple breaches of legislation by An Garda Síochána?

**Ms Nóirín O’Sullivan:** That is why the audit is continuing its work with Mr. Kelly and his team. That is why we have asked an assistant commissioner to examine the content of the report and identify if there are any issues identified.

**Deputy David Cullinane:** Does the Commissioner accept that the law was broken?

**Ms Nóirín O’Sullivan:** With respect, I have asked an assistant commissioner to examine the content of the report to identify whether there are any issues identified in the report that require further examination.

**Deputy David Cullinane:** In Mr. Kelly’s opinion, were there breaches of legislation by serving or former members of An Garda Síochána?

**Mr. Niall Kelly:** It can certainly be said that procurement legislation was breached.

**Deputy David Cullinane:** Are we talking about directors of companies, landholdings, SIPO declarations or other issues?

**Mr. Niall Kelly:** There are areas where this could be said. As I have said, they need to be further investigated.

**Deputy David Cullinane:** Mr. Kelly wrote the report.

**Mr. Niall Kelly:** I wrote the report.

**Deputy David Cullinane:** He cited the Acts that he believes were breached.

**Mr. Niall Kelly:** Yes.

**Deputy David Cullinane:** Mr. Kelly’s view is that there were breaches.

**Mr. Niall Kelly:** There were breaches of the Acts, yes.

**Deputy David Cullinane:** The Commissioner has said she accepts the report. Does she accept Mr. Kelly’s assertion that there were breaches of law?

**Ms Nóirín O’Sullivan:** I accept the report. I think Mr. Kelly has identified to all of us, including the committee here, that there must be a continuation. Another piece of work needs to be done. That work will be completed.

**Vice Chairman:** Okay. I will summarise. Mr. Kelly accepts that there are issues and breaches here. The Commissioner accepts the report.

**Ms Nóirín O'Sullivan:** Yes.

**Vice Chairman:** I am not putting words in the Commissioner's mouth when I say that if she accepts the report written by Mr. Kelly, whose opinion is that the law has been broken, by extension she is accepting what he is saying.

**Ms Nóirín O'Sullivan:** Deputy-----

**Vice Chairman:** I am not putting words in the Commissioner's mouth.

**Ms Nóirín O'Sullivan:** I want to be very clear. The report is not finalised.

**Vice Chairman:** No. I am not saying it is. It is an interim report. The auditor who wrote the report has said in response to numerous questions that it is absolutely his view that certain laws and Acts were broken. He has been very clear in his evidence. The Garda Commissioner has said she accepts his report.

**Ms Nóirín O'Sullivan:** The facts have to be established.

**Vice Chairman:** Hold on a second. The interim audit report by the auditor has been accepted by the Commissioner. The auditor has stated quite clearly on the record of the Committee of Public Accounts that he believes laws and Acts - it is obvious to all of us what they are - have been broken. The Commissioner has accepted the report.

**Ms Nóirín O'Sullivan:** We have accepted the report. We have accepted the recommendations and commenced the implementation.

**Vice Chairman:** I think it is clear for the record of the committee what that means. I call Deputy Connolly.

**Deputy Catherine Connolly:** I have said repeatedly that I think it is too late in the evening. I have to say to the Commissioner that the more I listen, the less I am reassured. I wish I did not have to say that. Mr. Kelly has said he regrets taking out the paragraph. Would that cause concern to the Commissioner?

**Ms Nóirín O'Sullivan:** Yes, it would.

**Deputy Catherine Connolly:** Okay.

**Ms Nóirín O'Sullivan:** I want to be very clear.

**Deputy Catherine Connolly:** I ask the Commissioner to tell me about her concern in relation to Mr. Kelly's regret about taking out the paragraph in question. He made a very strong statement in a paragraph, but he took it out after he had received assurances. He now says he feels he was duped, which is very strong and very honest of him.

**Ms Nóirín O'Sullivan:** Mr. Kelly is here and he can speak for himself. I cannot-----

**Deputy Catherine Connolly:** No. I want the Commissioner to react to the auditor's statement to us that he feels he was duped.

**Ms Nóirín O'Sullivan:** I have made it very clear that I cannot speak for my predecessors

or for previous officeholders.

**Deputy Catherine Connolly:** I am asking the Commissioner to speak for herself.

**Ms Nóirín O’Sullivan:** Speaking for myself, I can-----

**Deputy Catherine Connolly:** The Commissioner has listened today to an auditor explaining that he feels he was duped.

**Ms Nóirín O’Sullivan:** That is unacceptable. I can be clear to the committee about Mr. Kelly as the head of internal audit, the audit committee, the Policing Authority and the lessons learned about the Comptroller and Auditor General. Everybody is being kept visible in relation-----

**Deputy Catherine Connolly:** No, no.

**Ms Nóirín O’Sullivan:** -----to the issues that are identified.

**Deputy Catherine Connolly:** Just one second now. This auditor did his damndest. I have complimented him already. I do not entirely agree with what is being said. I think he did his damndest. What pressure, if any, was put on him? I will come back to Mr. Kelly with that question. He is saying here in public that he took a paragraph out of his very strong report. I might not have time to come back to Mr. Culhane. Double things are being said. On top of that, we have learned from Mr. Nugent about a report from an assistant commissioner way back in 2010 in which the man in charge of Templemore said to the Commissioner “hold on, this is our money”. Is Mr. Nugent going to make that report available to us?

**Mr. Joseph Nugent:** Absolutely.

**Deputy Catherine Connolly:** That is okay. When did Mr. Nugent become aware of it? Was it two days ago?

**Mr. Joseph Nugent:** Yes. I became aware of it in the context of pulling material together.

**Deputy Catherine Connolly:** When did Mr. Nugent become aware of it?

**Mr. Joseph Nugent:** It was probably Thursday or Friday of last week.

**Deputy Catherine Connolly:** Do the witnesses understand the difficulty I have? When we look at it, we go back and we see the gap. Mr. Nugent and Mr. Kelly have only just become aware of it. I understand the Commissioner became aware of it yesterday.

**Ms Nóirín O’Sullivan:** Yes.

**Deputy Catherine Connolly:** This is a major piece of written information in which a deputy commissioner in charge of the college in Templemore said “this is our money, we are not getting enough from the Government”. What is the Commissioner’s reaction to that?

**Ms Nóirín O’Sullivan:** I am at risk of repeating myself. I can only account for myself as Accounting Officer.

**Deputy Catherine Connolly:** Exactly. I am asking the Commissioner for her reaction. She became aware of this document yesterday.

**Ms Nóirín O’Sullivan:** Yes.

**Deputy Catherine Connolly:** How was this piece of vital information not brought to her attention at an earlier stage?

**Ms Nóirín O'Sullivan:** I want to be fair to Mr. Kelly and his team. As Mr. Kelly has highlighted, this is a situation that goes back over decades.

**Deputy Catherine Connolly:** No, no.

**Ms Nóirín O'Sullivan:** There is an enormous amount of material.

**Deputy Catherine Connolly:** Commissioner, please. This is a specific question.

**Ms Nóirín O'Sullivan:** Yes.

**Deputy Catherine Connolly:** The Commissioner has just been made aware of this information. A deputy commissioner-----

**Ms Nóirín O'Sullivan:** The deputy commissioner held the position in question a number of years ago.

**Deputy Catherine Connolly:** It was a written document.

**Ms Nóirín O'Sullivan:** Perhaps I can explain. It might assist the committee. This is an organisation of almost 16,000 people. It is spread right across the country. Mr. Kelly was doing a piece of work in the Garda college over a protracted but very confined period of time. It is evident that material which could assist Mr. Kelly's investigation may be held in other offices, and those-----

**Deputy Catherine Connolly:** At this time of the evening I have to interrupt the Commissioner. We have a deputy commissioner in charge of Templemore who fundamentally disagrees with the Commissioner. It is written out. It is a vital piece in the chronology, is it not?

**Ms Nóirín O'Sullivan:** It is vital, but-----

**Deputy Catherine Connolly:** Okay.

**Ms Nóirín O'Sullivan:** I want to be clear. I do not want to disadvantage the committee in any way. I do not want to feel that I am disadvantaged. The simple reason is I cannot account for the mindset or the view of somebody who is no longer in the organisation and is not here to account for himself.

**Deputy Catherine Connolly:** How can it be that this was not brought to the Commissioner's attention before yesterday?

**Ms Nóirín O'Sullivan:** It was discovered by the chief administrative officer in the last few days.

**Deputy Catherine Connolly:** Could somebody throw some on light on how it was discovered?

**Mr. Joseph Nugent:** I think the problem with this is the vastness of the documents. That is-----

**Deputy Catherine Connolly:** I ask Mr. Nugent to tell me how he discovered it.

**Mr. Joseph Nugent:** As part of the process of compiling material-----

**Vice Chairman:** Was anyone else who is here as a witness aware of it? That might help the Deputy.

**Mr. Joseph Nugent:** The staff of my office discovered the document.

**Deputy Catherine Connolly:** How?

**Mr. Joseph Nugent:** As part of the pulling together of materials for the committee-----

**Deputy Catherine Connolly:** Are there a lot more documents that are relevant?

**Ms Nóirín O’Sullivan:** Yes. We are operating in architecture that is archaic. There are silos of information in lots of places. Part of what we are trying to do is pulling it all together.

**Deputy Catherine Connolly:** I do not accept that whatsoever. The Department of Agriculture, Food and the Marine or the Department of Justice and Equality, whichever it is, has serious questions to answer.

**Vice Chairman:** It is the Department of Justice and Equality.

**Deputy Catherine Connolly:** Yes, it changed. There are serious questions to be answered in terms of permission from the Minister and knowledge. As it is late in the evening, with the permission of the Vice Chairman, I will reserve my position, but I would like to receive the document from Mr. Barrett as I would like to read and be aware of it. I would also like to be able to ask questions about it.

I have a final question for Mr. Kelly. Was he under pressure to withdraw the paragraph?

**Mr. Niall Kelly:** I do not think I was, no. I went as far as I could. I spoke to the CAO and the deputy commissioner at the time.

**Deputy Catherine Connolly:** Who was it?

**Mr. Niall Kelly:** Deputy Commissioner Rice.

**Deputy Catherine Connolly:** Mr. Kelly spoke to Deputy Commissioner Rice at the time.

**Mr. Niall Kelly:** Yes.

**Deputy Catherine Connolly:** Deputy Commissioner Rice had already expressed an opinion that the money belonged to the Garda and nobody else.

**Mr. Niall Kelly:** Yes, absolutely.

**Deputy Catherine Connolly:** Will Mr. Kelly elaborate, please?

**Mr. Niall Kelly:** I was reporting to Deputy Commissioner Rice at the time. The report had come from the CAO’s side. I talked to all of them. I talked to the chairperson of the audit committee and took a balanced view. In hindsight, it might have been the wrong decision.

**Deputy Catherine Connolly:** When did Mr. Kelly talk to Deputy Commissioner Rice?

**Mr. Niall Kelly:** Around that time.

**Deputy Catherine Connolly:** At what time?

**Mr. Niall Kelly:** It was in March 2011, in the period I was concluding my annual report to the Commissioner.

**Deputy Catherine Connolly:** Did Mr. Kelly feel reassured from what the deputy commissioner had told him?

**Mr. Niall Kelly:** The primary source of assurance was the CAO's office.

**Deputy Catherine Connolly:** Was Mr. Ruane the legal adviser all of that time? When did he come in?

**Mr. Kenneth Ruane:** In December 2011.

**Deputy Catherine Connolly:** Therefore, Mr. Ruane was not the adviser who gave the advice on not lifting the veil of the company.

**Mr. Kenneth Ruane:** No.

**Deputy Catherine Connolly:** Mr. Ruane has read it.

**Mr. Kenneth Ruane:** I have read it. It was from a colleague. I did not fully agree with it, but I had to respect the advice given. That is just my view.

**Deputy Catherine Connolly:** On waiving privilege and the advice from Mr. Ruane, I understood the Commissioner had no problem in waiving privilege and talking to us but she subsequently seemed to go back on that.

**Ms Nóirín O'Sullivan:** I have no difficulty in speaking about what I did, but I have to respect the legal professional privilege between a client and a lawyer.

**Deputy Catherine Connolly:** I do not understand that because the Commissioner is the client.

**Ms Nóirín O'Sullivan:** Yes.

**Deputy Catherine Connolly:** Therefore, the Commissioner can waive it, if she wants to do so.

**Ms Nóirín O'Sullivan:** Yes, but I have to uphold and respect the legal professional privilege that applies.

**Deputy Catherine Connolly:** No, the Commissioner can waive it, if she wants to do so. It is not Mr. Ruane's privilege to waive it.

**Ms Nóirín O'Sullivan:** I fully understand that.

**Deputy Catherine Connolly:** The Commissioner can waive it, if she wants to do so, and tell us exactly what was said to her.

**Ms Nóirín O'Sullivan:** My view is I must uphold the legal professional privilege that applies.

**Deputy Catherine Connolly:** Why is that?



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**Ms Nóirín O’Sullivan:** I have no difficulty in telling the committee what I did, but there is an established principle of legal professional privilege-----

**Deputy Catherine Connolly:** I do not understand that, but I am caught for time.

**Vice Chairman:** The Deputy is a barrister.

**Deputy Catherine Connolly:** I am not, but I thank the Vice Chairman for his help. I am here as a Deputy; I am not practising.

**Vice Chairman:** I know that. It was for information.

**Deputy Catherine Connolly:** The Commissioner can waive it. She is the client and can tell us what she was advised.

**Ms Nóirín O’Sullivan:** I would have to take further advice on waiving it.

**Deputy Catherine Connolly:** The Commissioner might come back to us on the matter.

**Vice Chairman:** Before we conclude, I seek clarification. On what date did Mr. Kelly become aware of Mr. Barrett’s document, the report he produced in June-July 2015, or was it May?

**Mr. Niall Kelly:** My recollection, with which perhaps Mr. Barrett might concur, is that it was when I was gathering all of the information available to start the audit in May-June 2016.

**Vice Chairman:** Because it is something that concerns me will the Commissioner confirm in writing to us that between June 2015 and the date on which Mr. Kelly found out about it there was no correspondence, emails or documentation in the organisation which stated the report should not be brought to light, sent on or distributed or that people should not be made aware of it? Will the Commissioner verify in writing to the committee that there is no such correspondence, emails or documents? There are a number of requests for documents and information. There is a huge volume as a result of this meeting and our hard working staff have kept a note of them. The Commissioner has obviously kept a note of them also and we may be corresponding with her to make sure there is a correlation.

In summary, this has been an extraordinary sitting and I thank the witnesses for their time. I do not think I will ever attend a meeting of the Committee of Public Accounts as extraordinary and incredible as this one. Much of the evidence given was contradictory. I do not think there is a unified theme, but that is just my observation. There are massive issues. There are also cultural issues in the organisation which say an awful lot about it. I do not have confidence that the issues are being dealt with properly. I do not have confidence that the issues have been dealt with appropriately in the past two years because of the trawl for information, the way information is being handled and the fact that people who try to have information brought to the very top of the organisation and made public are being thwarted on many levels. We saw it happen in 2006, 2008, 2010 and, it could be argued, up to 2015. As a committee, it is something on which we will have to reflect and I am sure we will have more questions.

We have a date for the consideration of Vote 20 - 13 July - but I understand Mr. Kelly will not have concluded his work. With the agreement of the committee members present, we can use part of the time to get an update on these issues because we will have received a lot of correspondence in the preceding weeks. Is that agreed?

**Deputy Mary Lou McDonald:** It is agreed, but with the precise understanding that when next we meet, we will find answers to the questions outstanding.

**Vice Chairman:** Absolutely. I could not agree more. May we have Mr. Barrett's documentation in the next 24 hours? Much of it hangs on his documentation.

On behalf of the Committee of Public Accounts, I thank all of the witnesses, including the Garda Commissioner and her staff and all those sitting patiently at the back; the representatives of the Department of Justice and Equality and the Comptroller and Auditor General and his staff, for participating in the meeting and the material they supplied to the committee.

*The witnesses withdrew.*

The committee adjourned at 7.50 p.m. until 9 a.m. on Thursday, 11 May 2017.