

DÁIL ÉIREANN

AN COMHCHOISTE UM IOMPAR, TURASÓIREACHT AGUS SPÓRT

JOINT COMMITTEE ON TRANSPORT, TOURISM AND SPORT

Dé Máirt, 16 Aibreán 2019

Tuesday, 16 April 2019

The Joint Committee met at 12.30 p.m.

MEMBERS PRESENT:

Deputy Ruth Coppinger,	Senator Mark Daly,
Deputy Imelda Munster,	Senator Frank Feighan,
Deputy Catherine Murphy,	Senator John O'Mahony,
Deputy Kevin O'Keeffe,	Senator Pádraig Ó Céidigh.
Deputy Noel Rock,	
Deputy Robert Troy,	

In attendance: Deputy Jonathan O'Brien.

DEPUTY FERGUS O'DOWD IN THE CHAIR.

Business of Joint Committee

Chairman: Before we commence, I remind members to turn off their mobile phones as they interfere with the recording equipment. I propose we now go into private session. Is that agreed? Agreed.

The joint committee went into private session at 12.39 p.m. and resumed in public session at 1.39 p.m.

Governance and Funding of Football Association of Ireland: Discussion

Chairman: Before we commence, I again remind members to turn off their mobile phones as they interfere with the recording equipment. The purpose of today's meeting is to consider all issues related to governance of, and funding to, the Football Association of Ireland, FAI. I welcome the Minister for Transport, Tourism and Sport, Deputy Shane Ross, the Minister of State, Deputy Brendan Griffin, and officials from the Department of Transport, Tourism and Sport: Mr. Kenneth Spratt, assistant secretary, Mr. Peter Hogan, principal officer, and Ms Betty Griffin, assistant principal officer. From Sport Ireland, I welcome Mr. John Treacy, chief executive, Mr. Kieran Mulvey, chairman, Ms Mary Dorgan, chair of the audit and risk committee and board member, and Mr. Colm McGinty, director of strategic programmes.

I draw the attention of witnesses to the fact that by virtue of section 17(2)(l) of the Defamation Act 2009, they are protected by absolute privilege in respect of their evidence to the committee. However, if they are directed by the committee 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 long-standing parliamentary practice to the effect that they should not comment on, criticise or make charges against a person outside the Houses or an official either by name or in such a way as to make him or her identifiable.

The Minister, Minister of State and Mr. John Treacy will make opening statements, and after that there will be a period of questions and answers of ten minutes for each member. I will tell members when nine minutes have elapsed. I presume because we are taking the Minister, his Department and Sport Ireland together, that members will direct their questions at whomever the appropriate person is. The interaction will then take place. I call the Minister to make his opening presentation.

Minister for Transport, Tourism and Sport (Deputy Shane Ross): I am joined today by the Minister of State, Deputy Brendan Griffin, who will also make an opening statement. I thank the committee for its tireless work on this matter and for the light it has shone on serious issues within the FAI. Investigative journalists have also played a commendable role, particularly Mark Tighe, whom I wish to thank. I apologise to the committee for failing to provide my opening statement in advance as requested. As I am sure members will appreciate, this has been a very fluid situation, including significant developments as late as this morning, which would have overtaken any script provided earlier.

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I regret that there has been a cloud over Irish sport, especially Irish soccer, since 17 March, St. Patrick's Day, when news broke about the loan of €100,000 to the FAI by its then chief executive, John Delaney. On 19 March, we wrote to Sport Ireland, directing it to engage with the FAI to clarify matters of concern. Since then, there has been intensive activity between the FAI, Sport Ireland and my Department. The decision of the board of Sport Ireland to withhold and suspend funding to the FAI was an extraordinary moment for Irish sport. I do not have to remind the committee of the scale and reach of the FAI. This is an organisation with more than 200 employees, and an annual turnover of close to €60 million. It is also an organisation with several thousand clubs, the national governing body, NGB, for the most popular team sport in Ireland by participation rate. While it may not be among our native sports, soccer is a sport which is at the heart of Irish life and culture.

It would be remiss of me not to mention the importance of due process and natural justice when dealing with these matters. While members of the committee are unfettered, the response by the officials of my Department, Sport Ireland, the Minister of State, and by me must be considered and appropriate. Having said that, I watched the FAI's engagement with the committee and I have monitored developments since then. Last week's appearance and events over the weekend have been very disappointing. Yesterday's announcement that the former CEO had voluntarily stepped aside pending an "independent" investigation fell far short of expectations.

While it is the case that due process is hugely important, the committee will not be surprised that I have become increasingly concerned with these developments. Here we have a clear case of the FAI admitting it failed to abide by the conditions for receipt of State funding. We had a shambolic appearance by the FAI at this committee last week at which even the most basic questions, for whatever reasons, went unanswered. Concerns remain around a financial transaction, basic levels of corporate governance, the creation of the new executive vice president role, issues of a substantial nature being considered by the Office of the Director of Corporate Enforcement and other developments which would suggest that all is far from well.

The Minister of State, Deputy Griffin, and I have made our serious concerns known. We have impressed upon Sport Ireland the need for root and branch reform of corporate governance. Over the weekend, I also spoke publicly about the need for strong corporate governance as a precondition for ongoing State funding, including capital works. As late as last night, we reiterated to Sport Ireland the need for regime change.

As a result of the ongoing pressure, I am pleased to confirm to the committee that in the past few hours, the FAI has written to me, indicating decisive action is being taken. I will now read the FAI's letter into the record of the meeting:

Dear Minister,

I would like to first of all apologise to you and your colleagues for any embarrassment caused through the association's engagement with the Oireachtas committee in relation to recent controversies. I can assure you no disrespect was intended by me or the association in relation to our engagement at the committee. Whilst I am acutely aware that our "response" to date has caused considerable frustration and has not appeased public demands for action, I have a responsibility to ensure that we act legally and follow due process in relation to both employment matters and our engagement with the Office of the Director of Corporate Enforcement.

Since the controversies first arose, the board of the association formed a sub-committee

to progress all issues involved and this sub-committee has been working hard to try to ensure all matters are fully investigated and that progress is made. The need to reform governance structures is recognised and it is intended that we will put in place both structures and processes that meet best practice from both a corporate and sporting body perspective. We have already taken significant action in this regard.

We have commissioned Mazars to undertake an in-depth review of all the matters of concern. This is a fully independent exercise which will be carried out to the highest professional standards and will be forensic in its approach. We are pursuing all steps, with legal advice, in relation to ensuring that all matters that arise from this review are actioned as appropriate.

The processes that have been put in place are significant and will have far-reaching effect. They will, of necessity, however, take some time, having due regard to the need for detailed examination and to respect the rights of all individuals who may be involved.

In relation to the board structure, we have engaged with Sport Ireland in relation to both the membership of and terms of reference for a new governance group which will, among other issues, bring forward proposals for the restructuring of the board and other governance requirements.

We have asked that this group commence work immediately and bring forward recommendations as speedily as possible. It is our intention that recommendations in relation to restructuring the board will be brought to the membership for their consideration and adoption at our annual general meeting in July (or at an extraordinary general meeting, if the work of the group facilitates an earlier date). At that point, when a new structure has been put in place, it is the intention that the existing board will step down to allow for a new board to be constituted in the best interests of football.

It is our considered view that it is imperative that the board would be allowed to facilitate the management of these processes to conclusion and this will address, in a very real way, all of the concerns that have been raised in recent weeks. It also provides that this resolution is managed in conformity with UEFA and FIFA statutes regarding governance.

In the interest of all players, coaches, volunteers, fans, employees, sponsors and Government stakeholders, we are utterly committed to ensuring that the FAI moves to a position where trust and confidence is restored. I hope that this letter will provide some assurance in that regard.

Yours sincerely,

Donal Conway,

President [of the FAI]

I welcome the fact that the Football Association of Ireland is engaging with Sport Ireland in a process and that they have now indicated that the board will step down. I believe that an emergency general meeting should be called before the July date as soon as the active investigations have been concluded to facilitate a transition to a new board by way of transparent elections. Given the ever growing lack of public confidence in the FAI, this move is to be welcomed and it is hopefully the first step on the road to rebuilding trust in this important national governing body of sport.

Considering the issues over which most of this board has presided, and the fact of those issues being obvious even before the various investigations have started, it is clearly time for a regime change. As regards Government funding, I welcome the swift and decisive action of the board of Sport Ireland to suspend and withhold the funding. I can add that there will be no further Government funding for the FAI until we see real change and reform in the association's corporate governance and until we have received credible answers. With regard to future allocations under the sports capital programme and the large scale sport infrastructure fund, I will be closely monitoring developments on corporate governance and the conditions that must be met before Sport Ireland's funding to the association is reinstated. In this regard, no new capital payments will be made by my Department to the FAI until I am satisfied with the new measures put in place.

I am pleased that the FAI will work with Mazars to overhaul the association's governance. It is well known that I have great difficulty with organisations conducting internal reviews and investigations so I welcome the invitation by the FAI to Sport Ireland to input to the terms of reference of the Mazars exercise. I trust that the FAI will continue to liaise with Sport Ireland throughout this challenging process and in implementing any changes recommended therein.

As Minister, I have responsibility for a considerable number of appointments to State boards and I am well aware of the importance of appointing individuals with a broad range of skills and experience, especially financial and legal expertise in this context. The FAI should take meaningful steps to improve the process for the election of its board and implement any recommendations with regard to the appointment of independent directors.

As we have heard, Irish football includes a broad range of stakeholders extending far beyond the FAI headquarters at the National Sports Campus. On the new board it would be appropriate to include representatives of the players - male and female - supporters, coaches, volunteers and leagues.

It has been abundantly clear in recent weeks that there is an immense frustration throughout grassroots soccer in Ireland. We have seen protests at recent international matches and at League of Ireland fixtures. Every committee member has received a vast number of letters and emails from volunteers and supporters across the country who are furious with the leadership of the association and the way it has responded to the recent controversy. Many have highlighted other issues that are important for the future of soccer in Ireland, such as youth development, participation of women and girls as well as the challenges faced by League of Ireland clubs. It is now time to convene a stakeholders' forum to allow representatives from every level of football in Ireland, including the international teams, the schoolboy leagues, the local community clubs and those playing in the League of Ireland Premier Division, to come together to shape the future for their association and their sport. This is quite the crisis for the FAI but it is also an opportunity to develop an inclusive vision for the development of soccer in Ireland. The Minister of State with responsibility for sport, Deputy Griffin, and I will facilitate that long overdue conversation. I would welcome the committee's observations and any questions committee members have.

Chairman: Thank you, Minister. Before I call the Minister of State at the Department of Transport, Tourism and Sport, Deputy Brendan Griffin, I think it is appropriate that I would welcome the regime change in the FAI to which you referred in your letter. It is important. It is also important that the Minister would hold a stakeholders' forum that is as broad and as representative as possible to ensure what everyone wants, which is the best soccer teams at local, regional, national and international level that we can possibly have. That is very positive news.

I invite the Minister of State, Deputy Griffin, to make his opening statement.

Minister of State at the Department of Transport, Tourism and Sport (Deputy Brendan Griffin): I am a long-standing supporter of Irish soccer and of the teams that have represented our country on the world stage. The current situation is extraordinary. There has been friction for a long time in the Football Association of Ireland and many have been critical of the association's leadership. The League of Ireland has had particular challenges and there have been calls for more investment from the association and more support for clubs and players. At the same time, great progress has been made in respect of grassroots soccer. The inclusive nature of Irish soccer is remarkable, with teams and competitions for all regardless of gender, level of ability, ethnicity, socioeconomic background or age. I have been greatly impressed by the ambition of the FAI to hold international competitions, including next year's UEFA Euro 2020 games at the Aviva Stadium.

As the Minister said, the questions being asked by members of this committee and Sport Ireland are being asked by soccer supporters throughout the country. We understand that individuals are entitled to be treated fairly and to due process. Nobody wishes to see a trial by media of people who have worked hard for their sport over many years. However, I am incredibly disappointed by the lack of answers from the FAI. As the members will be aware, those of us elected to Dáil and Seanad Éireann have a responsibility to the people of Ireland to ensure that public funds are used wisely and carefully to deliver real outcomes across all programmes. When discussing an organisation such as the FAI, whose public funding represents a modest proportion of its total income, there are limits to what we can do. I share the frustration of members of the committee. Nobody who witnessed last Wednesday's meeting with the representatives of the FAI could feel differently.

There is an obligation on the Government to use any levers of influence it has to ensure that the FAI provides Sport Ireland, its members and all supporters of Irish soccer with a full explanation of the circumstances of the 2017 loan and with assurances that failures in oversight and governance have been addressed. The Department's sports capital programme is one such lever. The vast majority of capital grants go directly to sports clubs and organisations throughout the country. There is no suggestion that we would penalise local soccer clubs for issues in their national association. However, national governing bodies of sport may also apply and the FAI has been directly allocated a total of €130,000 under the programme since 2016. All payments under the sports capital programme are made retrospectively following receipt of, *inter alia*, proof of payment of the relevant invoices and a signed certificate of compliance with the terms and conditions of the programme.

The national sports policy, which we published last July, provided for a large scale sport infrastructure fund, LSSIF, with at least €100 million available over the coming years. The fund was launched in November 2018 and closes for applications tomorrow. It is confined to national governing bodies of sport and local authorities, all of which received letters inviting them to make applications. The new fund has generated great interest and I expect it will take a number of months to have all applications assessed by our officials and recommendations made on allocations. As the Minister indicated, no new capital payments will be made by our Department to the FAI until we are satisfied that it has given us a full and complete account of the 2017 loan, we have seen the outcome of the governance review, meaningful change has been implemented on the basis of the findings of that review and until all other relevant conditions have been complied with. The sports capital programmes are a very important resource for the Irish sporting sector and I am sure this will also be true of the new large scale sport infrastruc-

ture fund. In the interests of fairness to all applicants we must insist that the FAI addresses these serious concerns before any payments to that organisation can be considered.

Finally, I remind the FAI and its board that there are further risks for the association if it fails to address satisfactorily the questions and concerns which have been outlined. If we conclude after a due process that there are lingering doubts about governance and that appropriate recommendations for improvement are not being implemented, the risks for the FAI would be considerable. As matters stand, the FAI board has problems and it has time to address them. I hope it uses that time wisely.

Chairman: I will shortly ask Mr. John Treacy, chief executive of Sport Ireland, to make his opening statement. The people outside these Houses might not be aware that it has come to our notice that proper books of accounts are not being kept by the Football Association of Ireland, FAI, and that form H4 was filed in the Companies Registration Office yesterday with an effective date of 12 April. That will inform people watching or listening to these proceedings of exactly what is going on. I ask Mr. John Treacy to make his opening statement.

Mr. John Treacy: I thank the Chairman. I am joined today by my colleagues, Kieran Mulvey, chairman, Mary Dorgan, who is chair of our audit and risk committee, and Colm McGinty, director of strategic programmes.

Sport Ireland appeared before this committee on Wednesday, 3 April, where we gave a comprehensive account of our dealings with the Football Association of Ireland, including our funding to the organisation and the control mechanisms and management arrangements relating to this grant funding. Today, we will take the opportunity to provide the committee with an update on developments since Sport Ireland last appeared, including the significant decision of the board of Sport Ireland to suspend and withhold funding to the FAI.

Before continuing, I would like to give Sport Ireland's view on the meeting of the committee with representatives of the FAI on Tuesday last. Sport Ireland had the expectation that the FAI would engage with this committee in an open and transparent manner on all relevant issues and answer the committee's key questions as directly and straightforwardly as possible. The FAI delegation chose not to answer important questions, which was extremely disappointing. Nevertheless, through the committee hearing, Sport Ireland learned some information that we did not previously know from correspondence and meetings with the FAI. This new information gives an insight into the corporate governance practices in operation within the FAI.

We now understand the following. Not only was Sport Ireland not notified of a material deterioration in the FAI financial position in 2017, it appears that the board of the FAI was similarly not notified. That such a serious financial situation existed and was not reported to the FAI board is concerning from an internal financial control and general governance perspective.

The events of 2017, as described by the FAI, give rise to serious concerns on the FAI board's application of its governance and oversight role as required under Sport Ireland's terms and conditions of grant approval. As a State body that invests substantial funds in the FAI, Sport Ireland is also very concerned about the FAI's adherence to appropriate internal financial and management control procedures during this period.

Following the meeting of 3 April of this committee, Sport Ireland again wrote to the president of the FAI on 4 April seeking a response on behalf of the board of the FAI. A copy of this letter has been provided to the committee. On the afternoon of Friday, 5 April, I received a call

from the president of the FAI seeking a meeting with them that evening. Sport Ireland agreed and a constructive meeting with the president and two members of the board of the FAI took place at Sport Ireland offices that evening, with Sport Ireland represented by the chairman, myself as the chief executive, and Colm McGinty.

At that meeting, the president of the FAI provided to Sport Ireland a written response to our letter of 4 April. A copy of this letter has also been provided to the committee. At the meeting, the contents of the letter were discussed at length and the following actions agreed: the outcome of the Grant Thornton ongoing internal review of the association's book will be provided to Sport Ireland; the terms of reference of the review by Mazars will be provided to Sport Ireland once they are finalised; Sport Ireland will be consulted by Mazars as part of the review process; Mazars' full and final report will be provided to us in a timely manner; the review by consultants Jonathan Hall Associates will be provided to Sport Ireland; and the FAI will discuss the composition of the new governance review group with Sport Ireland.

Sport Ireland issued a formal response to this letter on Thursday, 11 April. A copy of this letter has been provided to the committee.

As outlined to the committee on 3 April, the Sport Ireland Act confers considerable authority in Sport Ireland. That is reinforced by our responsibility in investing substantial amounts of public funding into sport. As a statutory agency, we seek to develop strong sporting organisations and recognise the considerable public interest in a successful Irish sports sector. That said, we are also mindful of the limits of Sport Ireland's legal powers and we respect the autonomy of the national governing bodies of sport.

Sport Ireland is responsible for the investment of public money in sport and, subsequently, oversight and accountability of this investment. All procedures and interactions with the national governing bodies reflect this responsibility.

At our meeting on Tuesday, 9 April, the board of Sport Ireland unanimously made the decision to suspend and withhold funding to the FAI. This decision followed a lengthy discussion by the board on the €100,000 loan and related matters. The suspension and withholding of funding to the NGB is not a decision that the board of Sport Ireland takes lightly. It is typically an intervention of last resort, and is only ever used very reluctantly. Sport Ireland is acutely aware that this action causes uncertainty and disruption to the delivery of very important strategic programmes. However, Sport Ireland is ultimately responsible for the security and accountability of approximately €2.9 million in public funding invested in the FAI.

In the course of the board's discussion, it was noted that in the FAI's written opening statement submitted to this committee ahead of last week's hearing, the association acknowledged that clause 4.3 of the further reporting section of Sport Ireland's terms and conditions of grant approval was not met. This relates to 2017, whereby the FAI did not notify Sport Ireland of any material deterioration in its financial position. Notwithstanding some positive steps taken by the FAI in the preceding days, it has been acknowledged by the association that it was in breach of clause 4.3. For the committee's reference, clause 4.3 states: "In addition each organisation undertakes to notify Sport Ireland in writing without delay in the event of any material deterioration in its financial position or of any other matter which may jeopardise the organisation's overall financial viability and/or its ability to comply with its commitments in the Approved Submission, and thereafter to provide Sport Ireland with such information and documentation as Sport Ireland may request in connection with the relevant matter and any steps being taken to rectify it."

In light of this clear acknowledgement, the board of Sport Ireland made the decision to suspend and withhold funding to the FAI in accordance with clause 1.1 of Sport Ireland's terms and conditions of grant approval. In making this significant decision, the board of Sport Ireland is aware that 50% of the youth field sport funding has been paid to the FAI in 2019. The next payment to the FAI is due in the third quarter of this year. The board of Sport Ireland, in its deliberations to suspend and withhold funding outlined above, was of the clear view that this interim period should be used by the FAI to take whatever actions are required to enable Sport Ireland to restore funding.

On the limited number of occasions in the past when Sport Ireland has had concerns about governance and financial controls and has acted to suspend and withhold funding to a sporting body, I will outline the process followed. First, an audit of the sporting body's governance and financial control is undertaken. Second, a liaison process is established with the sporting body to closely monitor, verify and support the NGB's implementation of the audit recommendations to verify compliance with the terms and conditions of grant approval. Third, the liaison process is overseen by Sport Ireland's audit and risk committee, with periodic updates and recommendations made to the board. Fourth, grant funding is withheld until sufficient progress has been made on implementing the audit recommendations, and governance and financial control issues have been progressed. Fifth, once progress is made on implementing the audit recommendations, and assurance is received of the effectiveness of governance and financial controls, staggered payments are generally made to the NGB in question.

Sport Ireland will follow this established process with the FAI, as it has in the past with other NGBs when similar situations have arisen. Sport Ireland's audit and risk committee will meet on 18 April and will discuss the specific requirements, from a governance and financial control perspective that will be required of the FAI. The audit and risk committee is also scheduled to meet again in May and will review FAI progress. The executive of Sport Ireland, with the oversight of our audit and risk committee and the board, will continue to liaise with and meet with the FAI to progress all important matters. The board of Sport Ireland has agreed to review the decision when it is satisfied that the FAI has addressed its current governance and financial issues. Important steps in that regard include but are not limited to the completion of the Mazars review and adoption of its recommendations by the FAI, as well as the completion of the Grant Thornton review and adoption of corrective actions by the FAI.

Depending on what emerges from the Mazars and Grant Thornton reviews, we will also consider a full audit of the FAI by Sport Ireland's appointed auditors, as per Sport Ireland's terms and conditions of grant approval. Last night we agreed with the FAI that a full audit would be carried out. The scope will be defined by Sport Ireland's audit and risk committee. It will be set with reference to our satisfaction with the scope and findings of the Mazars review. In the light of the acknowledgement by the FAI that there was a breach of the terms and conditions, the audit will be as broad and extensive as necessary to satisfy Sport Ireland that the FAI is compliant with our terms and conditions of grant approval, including that its internal financial controls and management, as well as its general governance, are of sufficient standard in order to restore funding. The specific mechanisms to satisfy Sport Ireland on the effectiveness of the FAI's governance and systems of internal financial control will be proportionate to the significant level of Sport Ireland's investment in the organisation. Our specific requirements will be informed by the response of the FAI during the liaison process.

Sport Ireland is also cognisant of the FAI's engagement with the Office of the Director of Corporate Enforcement in its particular inquiries which we understand are substantial. We will

continue to observe this process closely and with keen interest.

On the next steps to be taken, Sport Ireland has accepted the FAI's offer of engagement on the composition of its new governance review group, to include a majority of external members, as well as to assist in identifying its external chairperson. Sport Ireland has identified a potential candidate, Aidan Horan, a director of the Institute of Public Administration. It has been agreed with the FAI that he will take up the role. The terms of reference of the group will be agreed with Sport Ireland and finalised by the group once it is established.

Noting the FAI board's ability to appoint an independent person-----

Senator Pádraig Ó Céidigh: I apologise for interrupting, but does the committee have this information on the external chairperson?

Chairman: Is this additional information not contained in the opening statement?

Mr. John Treacy: We had a meeting with the FAI last night.

Senator Pádraig Ó Céidigh: We have not been given this information. This is different from the statement submitted to the committee.

Mr. John Treacy: It is just that one little piece of information. We had a meeting with the FAI last night which finished at 7 p.m.

Chairman: With respect for the members, we would like to receive copies of the additional content Mr. Treacy has given. Will his staff arrange for that to be done?

Mr. John Treacy: Yes.

Noting the FAI board's ability to appoint an independent person to the sub-committee which is examining these matters, Sport Ireland will also nominate a person with relevant experience to sit on the committee.

In the light of our role as a development agency, Sport Ireland will also seek to expedite the level of additional governance support, training and assistance which can be provided for all national governing bodies, NGBs. It will include a chairpersons network to bring together NGB chairpersons for the consideration and discussion of topics of mutual interest, to share ideas and learning, as well as to inform the development of good public governance. This is in accordance with actions already identified and being progressed in the Government's national sports policy.

Sport Ireland is aware that the Minister for Transport, Tourism and Sport, as well as the Minister of State, will also have additional questions for and requirements to make of the FAI. Sport Ireland has no role in the sports capital programme beyond what applies to the provision of large-scale national projects on the Sport Ireland Campus. In that regard, it will liaise with the Minister for Transport, Tourism and Sport before any decision is taken to restore funding to the FAI.

The board of Sport Ireland has agreed to keep the FAI's progress in dealing with all relevant issues under review at each and every board meeting. Sport Ireland will continue to provide non-financial assistance and guidance for the FAI which may be helpful in advancing matters.

Sport Ireland with representatives of the FAI last night. An update on the meeting will be

given to the committee today.

Chairman: Before I open this to the floor, I want to ask about the additional information Sport Ireland is to give us and which is being copied now. For clarity, with regard to the pieces that are new, I have just one question. Is Mr. Treacy saying, on page 5, that there was an agreement last night for a full audit? His statement says that he would consider it rather than actually do it. Will he explain that?

Mr. John Treacy: We have limited powers under our Act in terms of full audit. We can only follow the money, which is the €5 million, as we explained to the committee at our previous meeting. It was agreed with the FAI that we would carry out a full audit - a deep dive.

Chairman: Would that be a forensic audit?

Mr. John Treacy: It will be as extensive as we need it to be.

Chairman: That is not the question I am asking.

Mr. John Treacy: I will add to that. The piece that became apparent to us yesterday is that the Mazars review will be a full investigation into the issues that have come into the public domain, and that will be forensic in nature, as outlined in the FAI's letter. We have also said that we will also bear in mind the findings of the Mazars report when we are conducting our own audit.

Chairman: On a point of information, if I am reading it correctly, the FAI is saying that it will have an in-depth review. I do not see the word "forensic". We want this to be forensic in its approach.

Mr. John Treacy: It will be forensic, if needed.

Chairman: Surely it is needed. That is the point.

Mr. John Treacy: The Mazars piece will be forensic in nature, as outlined. We have said that we will review where that is at and our audit will also be forensic in nature, if we need it to be.

Chairman: However, it will not be forensic initially. We move to the next round of questions. I want to make sure members are happy the additional information is being circulated. I express my concern that we are only getting it now. We held people to task last week for introducing full statements, and this is additional information that we should have had before this meeting commenced. I call Deputy Catherine Murphy.

Deputy Catherine Murphy: I welcome Mr. Treacy. In the first instance, people who are interested in and love the sport will be both embarrassed by and angry over what has transpired in recent months, but they will probably not be surprised because there has been a problem for a very long time. Did Mr. Treacy know about the letter to the Companies Registration Office, CRO, or of the submission of the form H4 to the CRO in advance of meeting the FAI last night?

Mr. John Treacy: No.

Deputy Catherine Murphy: Does that change the dynamic in that I presume the Office of the Director of Corporate Enforcement, ODCE, will now get involved and it will itself do an audit?

Mr. John Treacy: Yes, it will.

Deputy Catherine Murphy: That will be as extensive as it is required to be. Will Sport Ireland engage with the ODCE in this regard?

Mr. John Treacy: Yes, we will.

Deputy Catherine Murphy: Obviously, there could be very significant penalties.

Mr. John Treacy: We will engage with the ODCE if we are required to do it.

Deputy Catherine Murphy: Does Mr. Treacy have any idea of the timeline associated with that?

Mr. John Treacy: We only read about it this morning.

Deputy Catherine Murphy: Obviously, that could end up in the criminal code.

Mr. John Treacy: Yes.

Deputy Catherine Murphy: Once it gets into that area, we are precluded, but we have been notified about it at this stage. The very fact there is Government funding allocated to an organisation like the FAI gives it legitimacy across the board and, in fact, it could have a bearing on other income streams as a consequence. This is very important in terms of not doing more damage than needs to be done. Mr. Treacy might come back to us and let us know exactly what the timeline is, how the ODCE will get involved, how that will play out, and how it can be managed. Where Sport Ireland has outlined the conditions for the restoration of future funding, that changes that quite considerably.

Mr. John Treacy: It does, yes.

Deputy Catherine Murphy: Does Sport Ireland need more powers, as a consequence of this matter?

Mr. John Treacy: We said the last time when we were in here that we did not want to be a regulatory body. We are a development agency and if that dynamic changes then things will change. In terms of the power of audit, we follow the money to save money. For larger organisations, our funding is €3 million out of a budget of €50 million. We are limited by that.

Deputy Catherine Murphy: We might need to consider that matter again when the dust has settled on this issue.

Mr. John Treacy: Yes.

Deputy Catherine Murphy: I hope that will not be so far into the future that huge long-term damage will be done. There was a previous experience with the Olympic Council of Ireland, OCI, and money was withheld. How long did it take for the money to be restored?

Mr. John Treacy: It took the best part of nine months for the OCI to put corporate structures in place. Sometimes it takes a long time to put all of the structures in place. The FAI is not at that stage yet and must hold an annual general meeting, AGM. The OCI held an AGM fairly quickly and had new board members in place. The OCI is a good model in terms of what needs to happen.

Deputy Catherine Murphy: I have reminded myself of some of the main findings of the Moran report on the debacle. The report stated, about Pat Hickey, that:

“his style of leadership was characterised by strong personal control over decision making ... it was an autocratic style of leadership ... there was an over-dependence on the power of one individual ... The Inquiry had a concern at a possible absence of control in the operation of O.C.I. bank accounts.”

The situation has completely turned around since.

Mr. John Treacy: Yes.

Deputy Catherine Murphy: One of the findings was that best accountancy practices were not followed. Is there a correlation between the two organisations from what the witnesses have seen so far?

Mr. John Treacy: The organisations are very similar with a strong personality leading the organisation. This is probably one of the issues that we have discussed with the FAI in recent times, and I did say it at a meeting a couple of weeks ago that there is an impression out there that the FAI board was following as opposed to leading the organisation, and that was fairly clear. That type of regime needs to be reversed. The board leads any organisation.

Deputy Catherine Murphy: I thank Mr. Treacy. I addressed this issue with the Minister two years ago; ironically, it was in 2017. I stated that the Genesis report, as it was then, 13 years ago sought two independent directors of the board, which could have made a sizeable difference. The Minister agreed with me but it appears nothing was done about it. Does he regret that at this stage?

Deputy Shane Ross: Yes. It would have been far better if something had been done about it.

Deputy Catherine Murphy: You were the Minister.

Deputy Shane Ross: Yes, that is absolutely right. It would have been far better if something had been done about it, of course it would, and if there had been independent members put on the board. The Deputy should not exaggerate my powers as Minister. With the FAI, I do not have control over the board and I do not make appointments to the board. We contribute 5% in grants. What we have done is make representations to the FAI when it made its changes, in accordance with corporate governance, earlier this year to indicate that we were not totally satisfied with what was happening.

Deputy Catherine Murphy: The real leverage is the money. We can see that the dynamic changed when the money was withheld. A sizeable grant was allocated and quite a debate took place between the Department, Sport Ireland and the FAI; I do not begrudge a penny of it as it was totally needed for women's football. There was an opportunity for leverage there to insist on that change. Does the Minister regret that he did not do so? He has said that he does not have much power. However, we can see there is great power when money is withheld.

Deputy Shane Ross: We were constantly making it clear what we thought and what our view was of corporate governance, particularly regarding independence, women and the fact that the longevity of the people on the board was something that worried us. In retrospect we regret a lot of things that happened. That particular payment to which Deputy Catherine Murphy referred was a payment of €195,000, which was made because of the appalling conditions

in which women in sport had to suffer, particularly on the international scene and we are all familiar with that. We gave a direction to Sport Ireland to produce that money after representation was made to us, because it was a very urgent case that was very well publicised and women needed that money.

Deputy Catherine Murphy: The Department could have done more, by insisting on a governance change, the very change that was sought in the Genesis report regarding the independence of members on the board. We got a document from the Department on 10 April 2019, telling us of changes that were likely to happen that would have pushed out changes on the board to 2022 and 2024. That was very tame, moving at the speed of an iceberg. The board member who is the chairperson of a standing committee or national league executive committee and who has served more than ten years on the board may be re-elected for up to four years. Every one of them would have fulfilled that criteria. This problem did not happen on 17 March. There was a very good piece of journalism by Mark Tighe that opened up a window on this, but this has been a problem way before that. The Department for Transport, Tourism and Sport needs to learn a very big lesson about money and power and making changes where something like this appears. I am disappointed that we have come to this point. Some of the fallout could have been avoided if members of the board with the necessary independence had been in place.

I will now refer to the Jonathan Hall report. There is a relationship between what has happened in FAI and what was said about the importance of the then president of the Olympic Council of Ireland Pat Hickey to the OCI and how it was vital to have this person on the OCI. The Olympic Council of Ireland has been transformed. There is an idea that one person is absolutely central to the organisation. It seems to me that the Jonathan Hall report, which I am sure the Minister has read at this report, was written with one thing in mind, namely to deliver a situation where John Delaney could stay as a member of the UEFA Board.

Chairman: The Deputy's time is up. We will get the answer to her question, but there will be a second round.

Deputy Catherine Murphy: Does Mr. Treacy think that is a fair comparison?

Mr. John Treacy: We were not consulted on the Jonathan Hall report. We read about it in the newspaper like everybody else. I think it is a fair comparison. Nobody is indispensable and sometimes an organisation needs to move on and put new people in place to drive it forward. That has been our experience with the renamed Olympic Federation of Ireland, OFI, which is a totally different type of organisation from the then OCI and is now leading from the front. Last week we did an event with OFI where they had the Japanese over to sign an agreement on where the Team Ireland Tokyo training camp is going to be; the ticketing agency was announced where the priority will be to ensure that parents and family members have their tickets; and, the team management was put in place with the OFI which will comprise Sport Ireland Institute people and the Olympic Federation of Ireland people. The Olympic Federation of Ireland has totally and utterly transformed itself in a very short period and is led by people who know corporate governance extremely well. They know what is good, what is right and that is what they are putting in place.

Deputy Noel Rock: To add to what Deputy Catherine Murphy said, I do not believe that any sporting organisation should be a personal fiefdom. Based on what we see and what we know, does the Minister, Deputy Ross, have an understanding as to whether the FAI has accepted Mr. Delaney's offer to step aside? The FAI's statements on this matter have caused some confusion.

Deputy Shane Ross: I have had no indication of that at all. I am not privy to what happened.

Deputy Noel Rock: Given that he met with the FAI yesterday evening, does Mr. Treacy know the situation?

Mr. John Treacy: I do not really know what is going on. I gather that Mr. Delaney has stepped aside on a voluntary basis and is still on the payroll while the investigation by Mazars continues. That is as much as I know.

Deputy Noel Rock: To clarify, Mr. Delaney's offer to step aside has been accepted by the FAI.

Mr. John Treacy: I understand that to be the case.

Deputy Noel Rock: We have received many statements, some of which contradict others. This one was particularly unclear, and as far as I was aware the media were refused answers on that questions last night. I just want to put that on the record.

The statement of the Minister, Deputy Ross, and the letter from the FAI both say that the board of the FAI is stepping down. Is this a part of the normal course of events, as in the members will step down and potentially seek re-election? Is it the Minister's understanding that they will not seek re-election?

Deputy Shane Ross: I received this letter late this morning, and I have not communicated with anybody about it yet. It came as a surprise to me. The contents of the letter are the contents of the letter. I cannot expand on it. My reading of the letter is that the entire board will step down. I cannot shed any light on whether they will offer themselves for re-election.

Deputy Noel Rock: It is interesting that in the written version of the Minister's opening statement there are inverted commas around the word "independent" when it is used in the context of the reviews being undertaken. Why is that? Does the Minister not believe they were truly independent reviews?

Deputy Shane Ross: The investigation was called an independent investigation by those who set it up.

Deputy Noel Rock: Nothing else appears in inverted commas.

Deputy Shane Ross: That is correct.

Deputy Noel Rock: The word "review" is not in inverted commas, only the word "independent".

Deputy Shane Ross: That is correct.

Deputy Noel Rock: Is it the Minister's view that this was a truly independent review within the terms of reference set by the association under investigation?

Deputy Shane Ross: I do not know at this stage whether it is an independent review or not.

Deputy Noel Rock: The Minister cannot say why that word was in inverted commas.

Deputy Shane Ross: It is simply there because it is a quotation of what was said.

Deputy Noel Rock: The other words are not treated as such, but we will park that issue.

Mr. Kieran Mulvey: I might be able to add more to this. I apologise for the delay in getting the name but we were working on this overnight. We will provide the name of the nominated independent chairperson of the corporate review to the Deputies. Yesterday our delegation had an opportunity to look, on a confidential basis, at the Mazars proposal, the terms of reference of which are going to the Office of the Director of Corporate Enforcement for approval. What I saw and read suggests that there will be an extensive investigation which will have senior counsel attached to it. The terms of reference have to be agreed with the Office of the Director of Corporate Enforcement because they relate to matters under company law.

Chairman: Could the Office of the Director of Corporate Enforcement carry out the investigation instead of Mazars?

Mr. Kieran Mulvey: I do not know. I presume there is a conversation going on between both parties as to whether it would be normal. I know that the Office of the Director of Corporate Enforcement usually appoints its own inspectors.

Chairman: Mazars was appointed by the existing board. I am not casting any doubts on the company, but it does not seem to me to be totally transparent.

Deputy Noel Rock: How did those reviews interact exactly? Will the Office of the Director of Corporate Enforcement conduct a separate parallel inquiry or will it now dovetail with the Mazars inquiry?

Mr. Kieran Mulvey: I can understand everyone's confusion because we are trying to get over some of this confusion also.

Deputy Noel Rock: Of course.

Mr. Kieran Mulvey: As we understand it, with regard to Mazars, the phrase "investigation" is within the terms of reference that are currently being discussed with the Office of the Director of Corporate Enforcement. That will also have senior counsel. That is over a wide range of issues, largely relating to financial issues within the Football Association of Ireland, FAI, that have come to our attention in recent days, including as late as last Sunday.

Deputy Noel Rock: I am sorry to cut across Mr. Mulvey, but will that include issues such as those raised in Mark Tighe's report in *The Sunday Times*?

Mr. Kieran Mulvey: Yes, from my understanding of what I have read. I had a cursory read of it. I did not have possession of the document.

Deputy Noel Rock: Would it include board expenses?

Mr. Kieran Mulvey: Those issues will be covered and are listed in the document to be covered. I went through it. I was trying to-----

Deputy Noel Rock: And aspects such as third party payments?

Mr. Kieran Mulvey: -----go through it in the limited time I had, as forensically and as best I could. All of those are certainly listed for investigation.

Deputy Noel Rock: Can I clarify that Mr. Treacy knows the third party payments would be included?

Mr. John Treacy: My understanding is that, yes, they will be included.

Mr. Kieran Mulvey: All third party payments.

Deputy Noel Rock: Okay. That a form H4 is being filed is obviously a significant and serious development. Only two other such forms have been filed with the Companies Registration Office in the past 12 months. This is a matter of great gravity. Has any organisation that is a recipient of grant funding from Sport Ireland had a form H4 filed against it?

Mr. John Treacy: Not that we are aware of. I never heard of it before. We are hearing about this for the first time. We heard about it this morning.

Deputy Noel Rock: It is a significant development in and of itself. Perhaps we will get into that later on. We will not get too deep into company law bearing in mind that I only have one minute remaining.

Chairman: No, you have not. The Deputy is actually two minutes over believe it or not.

Deputy Noel Rock: Can I close on one “yes” or “no” question?

Chairman: I will give the Deputy some latitude because I had asked a question also.

Deputy Noel Rock: I appreciate that. Based on what he has heard and based on what the Chairman has said, is it the Minister, Deputy Ross’s personal and ministerial opinion that there is a need for a full forensic audit of the FAI?

Deputy Shane Ross: I would say there is a very good case for it and I would not oppose it in any way if it was thought to be necessary. There is no reason that should not take place.

Deputy Noel Rock: So that is a “Yes”.

Senator John O’Mahony: I have a question for the Minister and for Mr. John Treacy from Sport Ireland. At the committee last week the FAI said that it wanted to regain trust and proper governance. Everything it has done, however, since these matters became public knowledge is evidence to demonstrate that it is actually doing the opposite to regain trust. I will not go into last week’s meeting: everyone has already commented enough on that. Even at last night’s meeting with Mr. Treacy and Mr. Mulvey the FAI did not refer to the H4 form being filed. From the letter I can see that the complaint was filed on 12 April, which was last Friday. In an answer to a question by me about the Mazars’ report last Wednesday they said that it was for the FAI eyes only and it would not be published. Now, thankfully, Sport Ireland has got assurances in its meeting with the FAI that the report will be published. My point is that the FAI is being brought kicking and screaming to this, and it is ongoing to the present time. I would like comment from Mr. Mulvey and Mr. Treacy on that, especially in relation to the restoration of funds. With everyone the committee has met we are aware there are many innocent parties on the front line who are suffering and who will continue to suffer, but there is no way that funding can be restored in a timely fashion with all that is going on such as the board stepping down and all of the audits that will be required as a result of the H4. I believe that August was mentioned as the time for the second 50% of funding. The witnesses also referred to Sport Ireland’s own audit of the FAI. Has it been decided yet who will do that audit and will it be publicly available when it is done? What is the scope of that audit?

Mr. John Treacy: We went to tender for our audit a few weeks ago and we had no takers. We will now be out looking for auditors to do the work. We agreed last night with the FAI that

the audit will be as extensive as we want it to be, which is definitely a step in the right direction. It was one indication to me that some members of the FAI are trying to do the right thing. It was good to know that the FAI is willing to let us have an extensive audit. We will be doing this as quickly as we can. The Mazars' work, however, needs to start and get going. That is an investigation we will need to bear in mind when we are doing our piece of work but we would like to be seen to get this going, probably in May at some stage. There is a degree of urgency. The Senator is correct that all of these things take time. The nature of the Mazars' work, and what we saw last night in the terms of reference, is very extensive. They were talking about an interim report at six to eight weeks and then a more extensive report. It will be quite a while.

Senator John O'Mahony: In reality will no restoration of funds happen in the next year?

Mr. John Treacy: There is a lot of work to be done over the next three to six months and over the course of the next year. There are a number of steps that can be taken by an FAI board to advance the corporate governance structure. Sport Ireland will get its audit of the FAI done. All of the indications down through the years from the FAI's auditors were that taxpayers' money was expended for the purposes for which it was given. We have that letter for every year from their auditors. Sport Ireland will be doing all of that piece of work.

If there are some assurances - and it is a big "if" - we have a mechanism where we can fund on a monthly basis and account for the money that would be going for a specific position. That is an issue for when all the various bits and pieces have been done, when there is advancement with regard to the corporate governance and when Sport Ireland has an audit completed. We are aware that the work of the Office of the Director of Corporate Enforcement and Mazars will take some time but we will begin to get a flavour. If there is an AGM of the organisation and a new board in place all of these factors play into possibly being in a position where one might be able to make a decision. If, however, we are not ready to make a decision then we will not make a decision. That is the key point.

Senator John O'Mahony: Who will carry out the audit?

Mr. John Treacy: We have not yet identified an auditor.

Senator John O'Mahony: Okay. The Minister, Deputy Ross, clarified at the weekend that the large infrastructural funds could not be allocated until everything is in order. How does that stand now with all of this going on? When had the Minister intended to make announcements on the large-scale structural funds? Does this mean that there will be a total delay on announcements for all sporting organisations, even those that have proper governance? Based on this there is absolutely no way it will all be cleared in the next year. Are properly governed organisations going to be put at risk for large infrastructural developments as a result of this?

Deputy Shane Ross: Let me answer the first question first. Applications for the large-scale infrastructure funds close tomorrow. That will be a six month process. It will be a long and very thorough process, obviously, as there is a lot of money involved. I certainly hope that the corporate governance reforms in the FAI will be adequate at that stage to enable us to look at it as we would have done with any other body that is in good stead. If it is not then we will report back to the committee and let the members know about it. That is what we anticipate being the case. All those applications will be considered on their merit, including the FAI. If it got its corporate governance in order by that stage, it would be fine.

Senator John O'Mahony: The point I am making is that, based on what we have heard,

that will not be possible.

Chairman: I have to be fair to everyone. If the Minister wants to respond, that is fine.

Deputy Shane Ross: I think it will be possible. There is a great difference between applications and the drawdown and payment of grants. They can make applications and no doubt the applications will be in tomorrow. The crucial period will be when the drawdown happens. I would not discourage them from making applications. The issue arises when the drawdown comes, which will be later. I anticipate that if it takes the necessary urgent measures, it will not be penalised in any way.

Senator John O'Mahony: I thank the Chairman for his indulgence.

Chairman: I want to be fair to everybody.

Senator John O'Mahony: I know, but I-----

Chairman: I want to make sure that everybody gets a chance. The Senator is eight minutes into his five minutes.

Deputy Shane Ross: I will clarify this because I do not want there to be ambiguity about it. There will be applications tomorrow, then there will be allocations, and then drawdown. It is a three stage process. I do not anticipate that by the time it comes to drawdown, there will be the sort of problems that the Senator anticipates. I think there would be a problem if a decision was made tomorrow.

Chairman: To be helpful, the Senator has used eight of ten minutes rather than eight of five. If he wants to talk for another two minutes, that will mean he has completed his ten minutes.

Senator John O'Mahony: Could some of these infrastructural projects for the FAI be allocated funding, provided that its governance is in order? Is that what the Minister is saying?

Deputy Shane Ross: It can be allocated. It will not get any funding whatsoever if it is not in good standing. There will be no drawdown.

Chairman: I think there is a precedent where the Olympic Council of Ireland got funding, notwithstanding the problems, when it proved to the Department that it had made certain changes on leadership and other issues. It is not a sacrosanct "No" but a definite "Yes" if the changes are made. It is important that people across the country need not fear this and that if the changes happen, the witnesses can change the way they do business, even though they want it in black and white and for the people to be changed.

Many of these issues revolve around the existing body which will retire at a particular time. How does Mr. Treacy know that all the documents he will seek are secure? How does he invigilate that? Nobody has yet been appointed to do that. Significant trust has been placed by the system in an organisation about which we have substantial queries. A chief executive is to be appointed. Is that by this board or the new board? There is a drift in management and accountability. It is not a case of simply asking the board if it agrees with doing this. The witnesses need to be more determined and there must be certainty about all the information being available.

Mr. John Treacy: There is an interim chief executive in place, with whom we are currently dealing. There are 200 staff in the FAI so there are people to deal with. We met board members

twice. I know some of the board members I met last night want to do the right thing. They want to be transparent. That is what I am seeing and being told. As I said to the Minister, they will step aside or step down when the time comes. They are determined to bring about this reform and take something to an annual general meeting.

Chairman: I am making a different point. It is a question of the security of all the data and information that is being managed by people other than the State or Sport Ireland. What further steps could Sport Ireland take? I do not know company law but a company can often put someone in place to ensure that the process is transparent. I know Mr. Treacy is getting reassurances and that some of people want to do the right thing but the evidence we have here is quite the opposite to last week.

Mr. Kieran Mulvey: We had not thought about that point. This is a due diligence exercise related to a number of issues including financial controls and corporate governance and responsibility; one could probably engage in creating a data room for the repository of necessary documentation, and we will take this up with the FAI.

Chairman: Also a data controller, protocols and procedures.

Mr. Kieran Mulvey: Normally, in due diligence under the Companies Act, a repository called a data room is created for the information.

Mr. John Treacy: Part of Grant Thornton's work was to secure all the documentation. Grant Thornton undertook to do that.

Chairman: It was appointed by the FAI. I do not doubt its professionalism but the evidence provided to it. I call Deputy Troy.

Deputy Robert Troy: Mr. Treacy said the board wants to be seen to be transparent and that it has said so in meetings. Its actions signal the contrary. It has been totally evasive with this committee-----

Mr. John Treacy: I agree.

Deputy Robert Troy: -----and with Sport Ireland. It is not helping itself by any stretch of the imagination. The Minister, Deputy Ross, said that he would not be opposed to a forensic investigation. He is the Minister. Sport Ireland reports to him. If he feels a forensic investigation is warranted, surely he can request it? Does the Minister believe a forensic investigation is warranted into the affairs of the FAI? It is a yes or no question.

Deputy Shane Ross: I will leave that matter to Sport Ireland. If it advises me that it is necessary, I would totally approve of it. I have no objection. I think the most thorough, necessary-----

Deputy Robert Troy: I asked for a yes or no.

Deputy Shane Ross: Yes. I am happy for that.

Deputy Robert Troy: The Minister stated:

Yesterday's announcement that the former CEO had voluntarily stepped aside pending an "independent" investigation fell far short of expectations.

When asked by Deputy Rock why "independent" was in inverted commas and whether he

felt that it was independent, the Minister said that he did not know whether it was or not. Has the Minister confidence that the investigation will be fully independent?

Deputy Shane Ross: I do not know the answer to that question because I do not know what the construction of that particular inquiry is. I do not know the terms of reference at this stage.

Deputy Robert Troy: What will the Minister do to ensure that the investigation is independent?

Deputy Shane Ross: That is a matter which I will leave to Sport Ireland because it is communicating on my behalf with the FAI and is doing an extraordinarily effective job of it.

Deputy Robert Troy: The Minister said that he constantly made known that he was not happy with the board of the FAI *vis-à-vis* the lack of independence, the term limits and the length of service of certain board members. He constantly made it known. How did he constantly make it known considering that, following the extraordinary general meeting, EGM, in February this year, his Department and Minister of State approved the exemptions to existing term limits for certain board members?

Deputy Shane Ross: I will expand on that for the Deputy.

Deputy Robert Troy: I ask the Minister to be tight with his answer.

Deputy Shane Ross: When I became aware of the EGM and what the FAI was doing to comply with the code with which it has agreed to apply, I asked Mr. Kenneth Spratt, who will probably elaborate on this, to get in touch with them and express my personal unease with what it was doing.

Deputy Robert Troy: With due respect to Mr. Spratt, I understand that the exemption needed the Minister's approval.

Deputy Shane Ross: They did not need my approval at all.

Deputy Robert Troy: I read a press statement. The reason approval was given was to ensure continuity and the Minister did not wish to see a brain drain from the organisation.

Deputy Shane Ross: That is not the case.

Deputy Robert Troy: We will come back to the issue later.

Deputy Shane Ross: It is not the case, Deputy, so let us get it right.

Deputy Robert Troy: I can come back to the matter later as I have the statement.

Deputy Shane Ross: The organisation does not need my approval at all. What I can do is express my concern if it is not complying with what I think it should comply with. The organisation does not need my approval for that at all. The leverage I have is-----

Deputy Robert Troy: Was there no approval requirement for the exemption in term limits that was adopted at the AGM in February of this year?

Deputy Shane Ross: None at all. Absolutely none at all, Deputy.

Deputy Robert Troy: Okay. I want to discuss the suspension of funding by Sport Ireland. When Sport Ireland was here almost a fortnight ago there was a resistance to taking this course

of action.

Mr. John Treacy: We were involved in a process. All of those issues are a matter for the board. The first opportunity we had at the board to discuss it was in April so we made that decision very quickly.

Deputy Robert Troy: There was a resistance I would say.

Mr. Kieran Mulvey: No, Deputy.

Deputy Robert Troy: It is my understanding that there was resistance.

Mr. Kieran Mulvey: There was not resistance, Deputy.

Chairman: My apologies but as there is a vote in the Dáil or Seanad we will have to adjourn. I suggest that Deputy Troy finish asking his question and he can continue his questioning when we resume.

Deputy Robert Troy: This is not the first time that funding for the FAI was suspended. It was suspended in November 2004. We had the Genesis report but all of its key recommendations were not implemented. Does Sport Ireland accept that the FAI has shown a lack of respect for it in terms of not complying with its requirements?

Mr. John Treacy: The Deputy will have to ask the FAI.

Deputy Robert Troy: I am asking Mr. Treacy for his opinion on the matter.

Mr. John Treacy: In my opinion we have had good relationships with the FAI over the last number of years. We have continued to do our business. Our programmes are well supported by the FAI. It had been business as normal until this crisis hit.

Deputy Robert Troy: Does Mr. Treacy accept that business as normal was not good enough?

Chairman: I will allow Deputy Troy straight in when we resume but the meeting is suspended until after the Dáil vote.

Sitting suspended at 2.58 p.m. and resumed at 3.23 p.m.

Chairman: I call Deputy Troy, who has five minutes left.

Deputy Robert Troy: Is the Minister, Deputy Ross, happy for the existing board to remain *in situ*, given that this board has been in place and has overseen the practices that led us to where we are today? It continues to be evasive and refuses to answer basic questions about, for example, who signed off on a press release stating the members were all in full knowledge of the €100,000 bridging loan. Is the Minister satisfied that the existing board will remain in place until July?

Deputy Shane Ross: No. I am not happy for them to stay where they are but I am happy that they have declared their intention to step down at the extraordinary general meeting, EGM, which will be called before July.

Deputy Robert Troy: We do not know that the EGM will be called before July.

Deputy Shane Ross: The letter states:

[Re-structuring the] Board will be brought to the membership for their consideration and adoption at our Annual General Meeting in July (or at an Extraordinary General Meeting if the work of the Group facilitates an earlier date). At that point, when a new structure has been put in place, it is the intention-----

Deputy Robert Troy: Yes, but-----

Deputy Shane Ross: Just let me finish this. It continues: “the existing Board”-----

Deputy Robert Troy: I have read the statement.

Deputy Shane Ross: I am answering the Deputy’s question.

Chairman: Hold on. Deputy Troy asked the question and the Minister just has another line to read.

Deputy Robert Troy: I have read the statement.

Chairman: Hold on-----

Deputy Shane Ross: I am answering the Deputy’s question.

Deputy Robert Troy: No, Minister, I have read the statement-----

Chairman: There is no issue about the Deputy asking the question but the Minister has just another line to read from the letter.

Deputy Robert Troy: Chairman, I have read the statement and-----

Chairman: Let the Minister answer.

Deputy Robert Troy: I have just a short point.

Chairman: No. I am not going to cut the Deputy’s time but I just want the Minister to get the complete answer in. I will give the Deputy extra time for his.

Deputy Robert Troy: I thank the Chairman.

Deputy Shane Ross: The FAI email goes on: “At that point, when a new structure has been put in place, it is the intention that the existing Board will step down to allow for a new Board to be constituted in the best interests of football.” That is really a breakthrough and I am very pleased with that. It would be my preference that they were not there today but there has to be someone to start the corporate governance reforms we discussing.

Deputy Robert Troy: I put it to the Minister that they have been *in situ*. These are the people who have not overseen adequate corporate governance for the last years. These are the people who have overseen the procedures that brought the Minister to the committee today, the FAI to the committee last week and Sport Ireland to the committee the week before. Does the Minister have confidence that these people can oversee the needed reforms in the FAI given that they oversaw the problems that have led us to where we are today?

Deputy Shane Ross: I have made it quite clear that I would prefer that they were not there today.

Deputy Robert Troy: Okay. There seems to be a resistance or reservations about conduct-

ing a full, independent audit. Sport Ireland seems to be relying on Mazars and Grant Thornton. Given that Mr. Mulvey said he has had a cursory look at the terms and conditions for the Mazars piece of work how can Sport Ireland be satisfied that the terms and conditions will adequately address the wide ranging issues that pertain to the FAI?

Mr. Kieran Mulvey: I want to be clear that Sport Ireland has no resistance to conducting a forensic audit. It is a moving game - so to speak - and we do have to clarify and be clear on what will be the terms of reference for the Mazars report, what it is to investigate and how it intends to conduct that investigation. It involves the Companies Act, it may involve an existing person in respect of whom certain matters may arise, and legal advice to the FAI is clouding some of these issues and therefore it is not clear and I have to be careful regarding that. I have enough knowledge of employment law to know we need to be careful on that.

There are a few parallel processes, one of which is the Grant Thornton work. We believe this exercise can be completed very quickly because it relates to internal oversight and the €100,000. Mazars will go into more detailed issues - as we understand - that have arisen recently in the media around certain transactional arrangements and third party arrangements. That work will also be going on. It is Sport Ireland's view that there is no point in us duplicating what is being done. We will oversee and conduct oversight. If that includes a forensic audit then it will be done. At the moment my concern is who is auditing the auditors?

Deputy Robert Troy: Exactly. Yes.

Mr. Kieran Mulvey: I give this committee a full reassurance - and the Minister has indicated to us that he does not need to give us a direction on it - that we will do that.

Deputy Robert Troy: The current situation is as follows: an improper financial transaction has not been reported; there has been non-adherence to a basic level of corporate governance; substantial matters are being considered by the Office of the Director of Corporate Enforcement; there is a continual refusal by the existing board to answer basic questions; and the FAI auditors have filed a notice to the Companies Registration Office that proper books of accounts were not being kept. What will it take for Sport Ireland to actually say that an independent forensic examination is needed? Sport Ireland has said that it is still only considering such a measure and will not adjudicate that decision until such time as it knows the terms and conditions of the Mazars work. When will Sport Ireland know terms and conditions for the Mazars work?

Chairman: How long has Mazars been there? Has it been for weeks?

Mr. Kieran Mulvey: I have just given a firm commitment on behalf of Sport Ireland that we will conduct a forensic audit. We will have to engage-----

Deputy Robert Troy: When will it commence?

Mr. Kieran Mulvey: It will commence as soon as we are in a position to appoint auditors. Our chief executive has already indicated that we are having difficulty appointing auditors who will undertake this work for us. We will undertake that work under the normal procurement rules we are required to follow under the Department of Finance and Public Expenditure and Reform regulations, as we always do in regard to this. We do not, however, want to have a situation where Sport Ireland is expending a considerable volume of money in duplicating work that is being done and paid for by the FAI, or work that is being done by the Office of the Director of Corporate Enforcement, ODCE. In front of the Minister I assure the Chairman, the Deputy and the committee members that we do not need the Minister to tell us this. We will

do this.

Chairman: On that point, when I asked earlier the Sport Ireland representative said that Mazars was consulting with the Office of the Director of Corporate Enforcement on the work to be done. Surely it is now time for the ODCE to take over and be proactive, *in situ*, in this situation?

Deputy Robert Troy: The last time Mr. Mulvey was before the committee I asked if the board of Sport Ireland was made aware at any time of potential irregularities within the FAI. Mr. Mulvey said that it was not and that he was unaware. This is despite the fact that there was a well-publicised case in the High Court with a member of the Sport Ireland board that came about - I understand - because of concerns being raised with the FAI. Does Mr. Mulvey consider Sport Ireland to have failed in its duty of oversight of the FAI in the last number of years?

Mr. Kieran Mulvey: Chairman, do I have absolute privilege here?

Chairman: You have yes.

Mr. Kieran Mulvey: I do?

Chairman: Yes.

Mr. Kieran Mulvey: The issue to which the Deputy refers related to certain members of the former Irish Sports Council engaging in corporate practises that were contrary to the code of governance of State bodies. On behalf of the board I took action on that.

Deputy Robert Troy: In relation to concerns-----

Mr. Kieran Mulvey: It was not-----

Deputy Robert Troy: -----around the FAI irregularities-----

Mr. Kieran Mulvey: It was not in regard to the FAI.

Deputy Robert Troy: Does Mr. Mulvey have any regrets around the oversight by Sport Ireland-----

Mr. Kieran Mulvey: No.

Deputy Robert Troy: -----over the last number of years?

Mr. Kieran Mulvey: I do not. I have no evidence of it and I did not have evidence of it. On behalf of Sport Ireland, and with the board's support, I had to stop certain members of the board meeting in concert outside the board of Sport Ireland and deciding who would get grants and what grants they would get. I do not want to go into that. I do not want to name the individuals.

Chairman: I think that is exceptionally clear.

Mr. Kieran Mulvey: The Minister at that time supported me on that matter.

Deputy Ruth Coppinger: Was Kerry on that list?

Mr. Kieran Mulvey: No, Kerry was not on that list. My memory of-----

Deputy Ruth Coppinger: It might be on it now though.

Mr. Kieran Mulvey: I am fed up of Kerry meeting Roscommon all the time in football and beating us.

Senator Frank Feighan: I hear you.

Chairman: And Louth would like to do well in football too if you could fix a few matches: an All-Ireland or even a Meath-Louth game.

Deputy Imelda Munster: On the statement from the FAI board today about the board planning on stepping down what, if anything, would preclude those board members from putting themselves forward for re-election at the following AGM? Will Sport Ireland make it a condition of planning to preclude any former board members from putting themselves forward or that the funding would not be reinstated? Is that to be a condition of funding being reinstated?

Mr. Kieran Mulvey: No, it cannot be. Regrettably it cannot be. We do not have that authority. That is a function under the Companies Act. The only office that is allowed to disbar directors is the Office of the Director of Corporate Enforcement.

Deputy Imelda Munster: Was it under the Companies Act that funding for the former Olympic Council of Ireland was withheld?

Mr. Kieran Mulvey: No.

Deputy Imelda Munster: Is the option not open to Sport Ireland to withhold funding until a new board is elected that does not include former members of the existing board?

Mr. Kieran Mulvey: No. For the reasons I have explained to the Deputy we cannot put in that precondition.

Deputy Imelda Munster: Yes, but Mr. Mulvey said it was as a result of the Companies Act 2014, but how did that come about with the OCI board being fully replaced?

Mr. Kieran Mulvey: As I recall it at the time, the OCI was taking these actions internally. We then received certain instructions in that regard on the funding of the OCI. We funded the OCI to a level that was almost, apart from its own resources, 100% of its funding for office staff, etc. We do not have authority under the Sport Ireland Act 2015 to determine who should be elected, appointed as directors or as representatives within NGBs.

Deputy Imelda Munster: Given the seriousness of all of the issues that have arisen, does Mr. Mulvey believe Sport Ireland's powers need to be extended to include that authority? Is it not time for Sport Ireland to have such powers because otherwise we are looking at the FAI board stepping down and its members being able to put themselves forward for re-election such that nothing will change? I was looking at the FAI's statement and it literally states the board will oversee the investigation. It is actually being allowed to stay *in situ* while the restructuring is taking place. It will recommend that it be allowed to facilitate the management of the processes to their conclusion. That is ridiculous. It is running rings around Sport Ireland. It is hard to credit this could be considered to be a step in the right direction. That is not the case; it is anything but. Is Sport Ireland allowing the FAI to run rings around it?

Mr. Kieran Mulvey: I come back to the powers and authority under the Sport Ireland Act 2015-----

Deputy Imelda Munster: I asked Mr. Mulvey a question about the extension of Sport

Ireland's powers-----

Mr. Kieran Mulvey: I am sorry.

Deputy Imelda Munster: -----in order that it can be effective, in some shape or form, because, as it stands, it does not look as if it is.

Mr. Kieran Mulvey: It is open to the Legislature to amend the Act to give us greater authority within the constraints on our funding.

Deputy Imelda Munster: Will the Minister consider extending the powers provided in the Sport Ireland Act 2015 in order that Sport Ireland will have more powers and to ensure this will not end up being a complete and utter farce, given the seriousness of the issues involved?

Deputy Shane Ross: The answer to that question is yes, of course, I will consider it.

Deputy Imelda Munster: That is good. If those powers could be provided as soon as possible, at least it would stop what will predictably or is likely to happen.

Mr. Kieran Mulvey: We will revisit the conditions attached to funding to look at areas where they need to be strengthened. They are not included in the Act but in regulations that we apply. We certainly have a job to do, given what has emerged. We must ask if they are robust enough and sufficient to ensure we will not see a repeat in the FAI or any other organisation.

Deputy Imelda Munster: As a committee member, I suggest Sport Ireland look at the conditions attached to funding and extending its powers in order that we will not see what I suspect is a possibility at the next annual general meeting of the FAI. We are three weeks into the process and it appears to me that the only investigations being carried out into the FAI are those being carried out by or commissioned by it. I am wondering - I know that other Deputies have asked this question - given the seriousness of the issues involved, why Sport Ireland did not initiate its own investigation in carrying out a forensic audit? I know that Mr. Mulvey said he had no resistance to a forensic audit being carried out, but he also said the investigation would be forensic in nature. That is not the same as a forensic audit. He said it would be as extensive as he would like it to be or would want it to be, but it is still not a forensic audit. We were critical of what he was saying about the terms of reference for the Mazars review. He has said he is unsure, but he thinks it will be similar to a forensic audit. We were critical of the FAI for refusing to give answers and hiding behind the Mazars review and the Grant Thornton review, but it appears that Sport Ireland has been sitting back and leaving the FAI to investigate itself or a commission or others to investigate it and that Sport Ireland has done nothing of that nature. It has not actually stated it will go ahead and commission a forensic audit. Will it confirm that it will do so and when it will be done?

Mr. John Treacy: We are forgetting what the powers of Sport Ireland are. The last time we were here we went through our powers verbatim.

Deputy Imelda Munster: I am sorry to interrupt Mr. Treacy, but the Minister said he would be in favour of having a forensic audit carried out, but that it depended on Sport Ireland. Therefore, it does have the power.

Mr. John Treacy: We do not have that power under the Act.

Deputy Imelda Munster: We need clarity because the Minister said he was favour-----

Mr. John Treacy: I will clarify the matter for the Deputy.

Deputy Imelda Munster: It is a point of clarification.

Chairman: Questions and answers are very important. As there will not be a time penalty, will Mr. Treacy, please, answer the question? The Deputy can keep listening.

Mr. John Treacy: Last night we agreed with the FAI that we would carry out an in-depth audit of it. We are open to suggestions on the kind of audit of the FAI, forensic or whatever else, we should carry out. We will do it without question, if it is required. We know exactly what we need to do, but we needed the FAI to approve this in-depth audit because we do not have the power to do it. It is as simple as that.

Deputy Imelda Munster: Sport Ireland was due to carry out an audit this year. The last one was carried out in 2016. Will Sport Ireland or the Minister confirm that this audit will be different, that it will not be like an ordinary audit and that it will be a forensic audit, given all of what we have witnessed and all of the remaining questions that are unanswered?

Mr. Kieran Mulvey: Yes. I said and reiterate that it will be. One of the other reasons is we were not aware last night that there was a report to the Companies Registration Office. It was our legal advisers who advised us this morning. We would have brought the matter to the attention of the Chairman as soon as we found out about it. To be honest, that event alone changes my mind, as chairman of Sport Ireland. My view is I would have reported it to the board and told the chief executive. I want no more surprises or drip feed of information. I do not want to read about what I need to know and should know and the information I should be granted as chairman of a statutory agency that gives €2.9 million to the FAI, even if it is only 5% of its funding. We have an obligation that will be met. There will be no drip feed of information and no relying on second or third party information. We need to satisfy ourselves and the board of Sport Ireland that everything is being done appropriately and properly within the FAI and within the appropriate time period, whatever it is. I hope it will be done sooner rather than later. We want the development officers to be paid in August. Some 60% of our grant of €2.9 million goes towards paying development officers.

Deputy Imelda Munster: That is why I stress that everybody wants to see those at the top and at the helm in the board being held responsible. We do not want those in the grassroots to suffer because of it. That is why it is important that people be held to account and that the powers of Sport Ireland be extended to ensure that if people are stepping down, they will not be able to put themselves forward at the next AGM and that the situation on the following day will be the same. That is why the Minister needs to extend the powers and remit Sport Ireland to ensure this issue will be nailed on the head once and for all. Is Sport Ireland confident that the FAI is not in breach of the Companies Act 2014 in the expenditure of public funds? I know Mr. Mulvey cannot answer in respect of private funds but in respect of public funds, is he confident?

Mr. Kieran Mulvey: I cannot give an absolute assurance at the moment in regard to the current expenditure until we conduct the audit. For previous years, yes, according to the auditors' report we have received.

Deputy Imelda Munster: Then it is all the more important that Sport Ireland carries out that forensic audit this year. As John Delaney is not a member of the board anymore, will he also be resigning? Did the Minister get any clarification or did Sport Ireland get any in its meeting yesterday? What is going to happen with John Delaney? He is stepping aside temporarily

while the FAI carries out an internal investigation while leaving the door open for him. This again comes back to strengthening and extending the powers of Sport Ireland.

Mr. Kieran Mulvey: My understanding at the moment, from my experience in employment law, and Mr. Treacy can correct me if I am wrong, is that there is the term that an individual is on gardening leave. I assume that is where Mr. Delaney is. I am not party to the arrangement, the deal, that was made between the legal people representing both sides. I am always conscious of not interfering in a third-party contract. I would understand, from what is normally the case, that where there is a question raised regarding an individual's performance, they are put on gardening leave while that investigation takes place.

Chairman: Mr. Mulvey is saying that is involuntary - to be "put".

Mr. Kieran Mulvey: I do not know. What I understand is that a legal agreement was arrived at.

Chairman: I am just asking.

Mr. John Treacy: The statement from the FAI said it was a voluntary stepping aside.

Deputy Imelda Munster: Would Sport Ireland be of the belief, given the board allowed Mr. Delaney to voluntarily step aside, that this also points to the fact the board is totally dysfunctional and cannot stay?

Mr. Kieran Mulvey: The Deputy has to understand that I cannot give her a "Yes" or "No" answer to that because we would be involving ourselves in commentary that may eventually end up in a court of law. An individual's contract and his relationship with his employer is the issue here, and we are not party to that and we do not pay any element of that. That is for them to decide.

Deputy Imelda Munster: Finally, will Sport Ireland give a commitment to the committee-----

Chairman: I am sorry. The Deputy's time is up. I call Deputy Coppinger.

Deputy Ruth Coppinger: I welcome the witnesses back to the committee. The players' association last week said something is rotten in the FAI. If something is rotten, it needs to be completely excised. I am sure the witnesses would agree.

Mr. John Treacy: Yes.

Deputy Ruth Coppinger: Following on from that, I would ask the witnesses two questions. They just answered Deputy Munster by saying that Sport Ireland cannot make John Delaney, the executive vice president, step down. However, there is a moral authority so I am going to ask Sport Ireland and the Minister if they are going to ask the board of the FAI to abolish the role of executive vice president that it created.

Mr. John Treacy: They are in a process at the moment, as I understand it. If we did something like that, we would wind up in a court of law. I believe that.

Deputy Ruth Coppinger: This is a position that was created for one person, with no other candidates.

Mr. John Treacy: Yes, I agree.

Deputy Ruth Coppinger: Does Mr. Treacy not think he needs to ask them to abolish it?

Mr. John Treacy: I think if we did that, we would wind up in the High Court.

Deputy Ruth Coppinger: I will ask the Minister the same question. Will he ask the FAI board, whenever he meets them, and he has not had a chance to meet them since the statements, to relinquish that position of executive vice president that it created?

Deputy Shane Ross: I would echo exactly what Mr. Treacy said. I do not want to end up in the High Court. I do not want to say anything here which would prejudice what is going on, so I am not going to answer that question with a “Yes” or “No”.

Deputy Ruth Coppinger: How would asking them to relinquish a position that they never should have created land the Minister in the High Court? He is the Minister responsible for sport.

Deputy Shane Ross: That does not mean I am immune from being called to the High Court.

Deputy Ruth Coppinger: The second question relates to the board. Everybody seems extremely confident, based on the latest epistle from the FAI board, that they will step down. However, given they have concealed information from Sport Ireland in terms of their financial stability in 2017, and they have concealed information from the public and from all of us, does the Minister not think the board is part of the problem, not the solution? Why, therefore, is the board being left in charge of cleaning up the FAI? I direct that question first to Sport Ireland.

Mr. John Treacy: I will make two points. We were extremely disappointed when we read the statement this morning because it had an opportunity to tell us last night and it did not do so. That was really disappointing in the context of the actions we had taken in recent days to put pieces in place to get it back on an even keel and into calm waters. That is one piece. The trust piece is weakened because of it.

Deputy Ruth Coppinger: Sport Ireland did not have the chance to do so, but will it ask it the next time to step down immediately?

Mr. John Treacy: Yes, I will. We are going through a process with the FAI and need a board with which to deal. We cannot deal in a vacuum. That is the critical issue for us at this time. If everybody was to step down, there would be a vacuum. There is then the question of how long would it take to put new board members in place. There would be a vacuum and we would then be talking about real delays. That is one issue.

The second issue - it really is an important issue that we all need to bear in mind - is that all of the sports organisations would not be long in telling us that they were autonomous organisations. They are all accountable to international bodies which would also not be long in telling us. There has been plenty of experience during the years of countries and governments telling national bodies this. All of these things need to be borne in mind when talking about the issues involved.

Deputy Ruth Coppinger: Does Mr. Treacy agree that it is quite a weak answer to say it would take a little time to set up a new board and that, therefore, we should leave the rotten board in place that has led us to all of the problems in the first place? Would the Minister like to answer that question? Is he going to ask it to step down straightaway?

Deputy Shane Ross: I am very glad that the Deputy asked that question. She asks whether

I believe the board is part of the problem. Yes, absolutely, it is part of the problem and imperative that it step down. What we have-----

Deputy Ruth Coppinger: Now or in July.

Deputy Shane Ross: We have a commitment that it will step down, to which it will be held.

Deputy Ruth Coppinger: A commitment from the FAI does not mean an awful lot, as we found out.

Deputy Shane Ross: What we have is a commitment. The Deputy wants it to step down today, something I would like to see. It was in my initial statement before I received this information today. I would like it to step down and it is my desire that it would step down, but, as Mr. Treacy said, if it was to step down today and we had to put a new board in place, it would take some time to do so and there would be a vacuum which would delay implementation of the corporate governance reforms. I believe it will step down because of the letter it sent to me today. I want it to happen as quickly as possible, before the AGM, not afterwards.

Deputy Ruth Coppinger: I have another few questions. I would have thought having an interim board in place would be better than keeping the current board. Two weeks ago at this committee Sport Ireland stated it was reluctant to impose the ultimate sanction. Obviously, a week later it did impose it. Was it far too slow and cautious? Should it not have been done years ago, given what we all know now? The Minister of State said in a statement there had been long-running friction in the FAI.

Mr. John Treacy: We had to go through a process. The board makes the decision and we needed very good reasons to suspend funding. The FAI admitted that it had not kept to the terms and conditions attached to funding. We knew we could not be challenged when it admitted it.

Deputy Ruth Coppinger: Today the Minister of State said there had long been friction in the FAI. He is right. The dogs in the street have seen the carry-on in the FAI.

Deputy Brendan Griffin: There is friction in many national governing bodies.

Deputy Ruth Coppinger: I would like to finish the question. The reason we were told that the sanction could not be imposed was that the grassroots would suffer and kids would no longer be able to play football. Today the Minister of State tells us that there is no issue and that we would penalise local soccer clubs for problems in their national association. If that is the case, why did it take years for the Ministers - I am not blaming Sport Ireland - to do something about what is going on?

Deputy Brendan Griffin: It very important to point out and reiterate that our primary purpose is to ensure that people who want to play soccer and who want to be active in sport can do so.

Deputy Ruth Coppinger: Why did it take so long to act? Rather than giving us a long-----

Deputy Brendan Griffin: What the Deputy is advocating would hurt those who need our support most.

Deputy Ruth Coppinger: The Minister of State said he did not-----

Deputy Brendan Griffin: Our position is that we want to ensure-----

Deputy Ruth Coppinger: Hang on. In his own statement, the Minister of State says that people will not be hurt by these actions. That is what I am saying.

Deputy Brendan Griffin: I allowed the Deputy to ask the question-----

Chairman: I am sorry but I note to the Minister of State and Deputy Coppinger that we are doing exceptionally well here today. If the Deputy and Minister of State can-----

Deputy Ruth Coppinger: I quoted the Minister of State's statement to him but he is answering about something else.

Chairman: No Deputy or Senator is precluded from asking questions but witnesses must be given the opportunity to answer. If the Minister of State goes on longer than the Deputy expects, she will still get the-----

Deputy Ruth Coppinger: Can I explain what I am asking?

Chairman: Hold on a second. I want to work this out. The Minister of State is answering. The Deputy should let him do so. The Deputy can then ask further questions. There will be no time penalty for the Deputy arising from the answer.

Deputy Brendan Griffin: As the Deputy knows, these revelations came to light recently. The process, which started recently, is of concern to us all. As a result of that, it is important that we use whatever leverage we have to ensure a speedy resolution to the issues.

Deputy Ruth Coppinger: Okay.

Deputy Brendan Griffin: One of the areas in which we have leverage is the sports capital programme. It is critically important, however, that we ensure that the people who are affected by our actions are the people whom we need to affect, rather than those who would ultimately become victims - the people on the ground, the grassroots members who want to play and participate in sports and the volunteers who facilitate that. That is why we need to be very targeted in what we do. As we know, the specifics about which we are talking only came to light recently. I believe we have acted accordingly.

Deputy Ruth Coppinger: The Minister has said "those of us elected to Dáil ... Éireann have a responsibility to the people of Ireland to ensure that public funds are used wisely". Were public funds used wisely by the FAI over the years given what we read regarding expenses, travel and the salary of the ex-CEO, reports which we have not heard the board deny?

Deputy Brendan Griffin: I know that some people want to be judge, jury and executioner but there is a process in place and we need to allow it to continue in order to gather all the facts and establish an answer to that question. We are concerned. That is why we are all here. We want to get the answers to the questions that need to be answered. I am not happy that many of the questions which all of us have, and which soccer supporters around the country have, have not been answered to date, but that is what we are trying to establish.

Deputy Ruth Coppinger: It is established that the ex-CEO salary was, at one point, more than €400,000. It has been reduced dramatically and terribly to €330,000.

Deputy Brendan Griffin: There is an awful lot of information in the public domain. I hope that we will also get the information we do not yet have.

Deputy Ruth Coppinger: I refer to the note from the auditors to Sport Ireland, which said that the FAI is in breach of one or more of the sections of the Companies Act, which is a criminal offence. The Minister of State only found this out today. Are such people fit to oversee a root-and-branch review and overhaul of the FAI?

Mr. John Treacy: We need to be careful. I am sorry to say that, but we do. If we say things like that we will all end up in the wrong place - the High Court. We are dealing with people who are in position within the FAI. They are the only people with whom we can deal at the moment. That is what we are doing. We do not elect these people.

Chairman: In fairness to the question, it is valid. The Deputy is asking about the board to which the note refers. She is not implying anything about the people. It is a fair question.

Deputy Ruth Coppinger: I am referring to the board that was in place when this was discovered.

Mr. Kieran Mulvey: The FAI has a council of 60 people. As I understand it, these people are the real legislative and governing authority within the association. They elect the management board and the officers. It is up to them to act if they so wish. As Mr. Treacy said earlier, we have to deal with the people who are in place at the moment. If the view is they have questions to answer, and obviously they do, we can only deal with them and hopefully work with them to achieve a solution if necessary. We have already indicated that we have been disappointed with the performance to date. Certain assurances have been given this morning and last night. I can assure the committee that I have been in the business of industrial relations and dispute negotiation, nationally and internationally, for a long time. I do not think the word "stupid" has been written on my forehead at any point. If I find that this committee is not dealing with us in an upright, forward and transparent manner, I will have several things to say to the Chairman of this committee and to the Minister about whether we are making any progress.

Deputy Ruth Coppinger: With regard to Sport Ireland I note that we have had issues with the Football Association of Ireland, FAI, with boxing and with the Olympic Council of Ireland, as it then was. In response to a previous question, the witnesses said there were similarities with the Olympic Council of Ireland in that strong personalities are at the helm of these organisations. Would Sport Ireland's representatives agree that personal aggrandisement and nest-feathering by the strong personalities at the helm also seem to be features of these organisations?

Mr. John Treacy: Those characteristics would seem to make sense.

Mr. Kieran Mulvey: There is a lot of hubris around.

Deputy Ruth Coppinger: As such, can the witnesses imagine how frustrating it is for members of the public to hear that the best that this committee and this Minister can do is to put one of those people on gardening leave? We are told that is enough and we cannot do anything about this. Can the witnesses imagine how frustrating that is?

Mr. John Treacy: Yes, we can imagine that.

Deputy Ruth Coppinger: My last question is about the new board. I know nothing about the person concerned and it is no reflection on that person. Do the witnesses not agree that it is now time for a complete change in how the boards of sporting organisations are run? For example, should the boards not include representatives of the players, the supporters and the public, that is, the people who go out on a Saturday and drive their children to matches?

Mr. John Treacy: I will be clear. That is exactly what the governance review that has been set up will be looking at; who will be representative of the new FAI in the future. It will be looking at representation and who will be the appropriate people. Very importantly, it will also consider the appropriate skills. We face this issue this in a lot of sports. Boards are not tracksuits. They are made up of people who know what good corporate governance is. The failing of some sporting organisations is that board members sometimes come up through the ranks and through branches. When they come to Sport Ireland for training they do not have the appropriate skills. As such we are starting all over again with new board members. That is the nature of sport. A lot of board members are drawn from various representative organisations and different branches. That is the limitation of sporting organisations.

Chairman: The Minister wants to contribute. Before he does so, I note that a couple of members have suggested we should suspend for about 15 or 20 minutes after this. Witnesses are entitled to a break as well, not that they have asked for it.

Deputy Shane Ross: I commend Deputy Coppinger on saying that representatives of supporters, fans, coaches, volunteers, leagues and players should be on the board. That is absolutely essential. One of the glaring problems in the FAI is that there appears to be a very well-heeled and powerful elite at the top. However, football is about the people the Deputy has mentioned, namely, the supporters and the players. In my opening statement, I stated absolutely categorically that their voices should not be confined to committees or a low level. In my view they should have places on the board of the body that runs football. Let us not be equivocal about it. The Deputy is right.

Deputy Ruth Coppinger: Will the Minister change the regulations?

Deputy Shane Ross: I am not the one to change them, but I will make that suggestion and do everything I can to see that it happens.

Chairman: One issue arises, but we may not be able to get the answer today. I understand Deloitte was obliged to tell the FAI when it assumed there were issues with its keeping of accounts. It then had up to seven days to tell the Director of Corporate Enforcement. Both we and the Minister need to know when Deloitte told the FAI. When did it form that opinion? While I am not saying it has happened, it could be the case that in the meetings we had it already knew that this was going on. Why did it not tell the Minister last night? It does not make sense.

Sitting suspended at 4.05 p.m. and resumed at 4.35 p.m.

Senator Pádraig Ó Céidigh: I want to focus a little on the past but primarily on the future and my questions are primarily for Sport Ireland, to Mr. Treacy and Mr. Mulvey; either can answer them. Is Sport Ireland satisfied that no other situations in any way similar to the FAI or the Olympic Council of Ireland, OCI, occurred in the past? The OCI was before this committee about 18 months ago or more. Is Sport Ireland satisfied that this will not occur again?

Mr. John Treacy: In terms of a corporate governance issue like this, we hope not. What I always say is that we are dealing with a sector where we have to do our best on corporate governance but one never knows what is around the corner. In any given time, we could be dealing with three or four issues with the governing bodies. These issues normally do not hit the media and we deal with them quietly in the background. I would never say never, however, in any of these issues.

Senator Pádraig Ó Céidigh: Sport Ireland is satisfied that, with what is happening cur-

rently in the carrying out of audits and so on, we are not going to have any other issue like this, looking back.

Mr. John Treacy: Looking back, we are-----

Senator Pádraig Ó Céidigh: I am asking if Sport Ireland is in a position to stand over the audits it does and has done on corporate governance.

Mr. John Treacy: We can stand over the audits we do on corporate governance.

Senator Pádraig Ó Céidigh: Sport Ireland can stand over those. Mr. Treacy mentioned that in the opening statement he made to us on 3 April.

Mr. John Treacy: We can stand over all of those audits. Yes. We are happy with those.

Senator Pádraig Ó Céidigh: In relation to not just the FAI but other organisations that Sport Ireland has funded?

Mr. John Treacy: Yes.

Senator Pádraig Ó Céidigh: That is important, quite frankly, because that helps us with a level playing field on this. What has Sport Ireland learned in three to five key areas from this experience?

Mr. John Treacy: The learnings for every sporting organisation and ourselves is that there has to be robust corporate governance and there has to be a balance of power. That is the key piece here, namely, a balance of power where the board directs and controls the organisation and the chief executive implements. It was very clear that that balance was wrong within the FAI and the OCI. That is a critical piece. If that balance is wrong, one does not have the accountability, and that is a critical piece.

Senator Pádraig Ó Céidigh: I accept that. Am I right to say that Sport Ireland only discovered this in relation to the FAI recently and in relation to the OCI after the ticketing scandal? In other words, the audits did not show these issues.

Mr. John Treacy: The audits did not show those particular issues.

Senator Pádraig Ó Céidigh: Does Mr. Treacy not think that the audit process and procedures should be changed?

Mr. John Treacy: What we did with the FAI was to follow the money, which is to follow our money, which is 5% or 10% of the funding. That is the only piece that we can do currently. With all the other sporting organisations, save the three main field sports, we can do an in-depth audit because we provide over 50% or 60% of the funding. In these other sports, our percentage of funding is a lot less.

Senator Pádraig Ó Céidigh: Maybe I am misinterpreting this-----

Mr. Kieran Mulvey: If I may just add, regarding the learnings of it, apart from ourselves and what we may have to do, and I was responding earlier to Deputy Munster about strengthening our conditionality on grants and how they would be done, I have been involved in public service organisations for a long time and I was general secretary of trade unions in Ireland, but I have always had a problem about oversight of credit cards and of discretionary expenditure. I have always insisted where I am that they are limited and that there is oversight of them.

Senator Pádraig Ó Céidigh: Absolutely.

Mr. Kieran Mulvey: I did not use a credit card myself in any of the organisations I was in because, unfortunately, they get muddled if it is not done right. The second thing which we will learn from this is that this will strengthen what we have been trying to do on the journey around corporate governance. Many sporting bodies, in light of what has happened here over recent weeks, will be, and I hope they will be, looking at their own organisations and asking whether they have appropriate oversight over their finances and whether they are getting sufficient reporting from their executives and full-time body. In Sport Ireland every financial decision we make on funding, auditors, contracts or whatever else is approved by the board on substantive documentation. It is one thing on which I insist. There is a separate vote on expenditure in Sport Ireland. That will help us when we may have to say to some sports organisations that we are not happy or that matters have come to our attention.

The other issue for us in respect of corporate governance is trying to ensure the balance that is necessary between policy and oversight by the board and the functionality of chief executives or officers. That is important. We work very well with our own chief executive, with whom we have an understanding. We go through things elaborately and he informs if he is or is not happy with it. Sometimes there is a healthy or an unhealthy tension within organisations.

Senator Pádraig Ó Céidigh: There are a lot of learnings Sport Ireland can take from this in order to strengthen its role to make it more or as relevant as it should be. It has a number of terms and conditions attached to grant approval. Section 4.3 talks about material deterioration. If it wishes, Sport Ireland can appoint external auditors. It can also monitor trends and issues development. It has compliance requirements to be met and there is a full section or booklet on the code of governance in this area. There is an amount of material provided from an operational perspective.

I could not agree with the chairman, Mr. Mulvey, more that the FAI is a separate legal entity from Sport Ireland. It is certainly not answerable to us as an Oireachtas committee. It does not seem to be answerable to others also. By a long shot, I am not speaking about Sport Ireland in that respect. I have a big concern - the Minister mentioned it earlier in his deliberations - that a vacuum will be created. That would not be good for the grassroots or the FAI. All of us around the table want to have a healthy and vibrant FAI and soccer organisation in this country. What process and transition does Sport Ireland see as necessary to ensure continuity on the right track?

Mr. John Treacy: There is the corporate governance work that will be done in the next six months and which will be led by someone who lives corporate governance every day of the week and who will be appointed by us. They will agree to the terms of reference, look at what has been happening and what systems that will need to put in place within the FAI for the future. That piece is critical and the building blocks will be put in place. When the new board of the FAI has been put in place, we will ensure its members will have the opportunity to avail of training within Sport Ireland. That is one of the things we will be asking it to do and we will be making it a condition in order that they will know what their responsibilities are as board members.

Senator Pádraig Ó Céidigh: Would Sport Ireland consider requesting them to obtain an independent certificate of corporate compliance, as happens in the case of an audit certificate, for example? It is something else that could be done, but it would be totally up to Sport Ireland.

I remember asking the question two weeks ago as to whether there were red flags in the

past. Sport Ireland stated there had been none in the case of the FAI. I came across an article on Google by Paul Melia who worked for the *Irish Independent* at the time, in August 2013, in which it was stated a major split had emerged in the Irish Sports Council in a row centred on the FAI. Can Mr. Mulvey elaborate on it? I do not want to read through it but it is apparently about three board members of the FAI raising concerns and how correspondence shows the growing frustration among those three board members regarding the information being provided to the board by the FAI. Did that come up at board meetings?

Mr. Kieran Mulvey: That referred to a certain circumstance in 2011, on which I replied to Deputy Troy's question.

Senator Pádraig Ó Céidigh: It was not about the FAI?

Mr. Kieran Mulvey: It was not exclusively about the FAI.

Senator Pádraig Ó Céidigh: This article is not fully accurate then?

Mr. Kieran Mulvey: I would say it is not fully accurate. There were other issues but I would not like to suggest it is inaccurate either.

Senator Pádraig Ó Céidigh: Can Mr. Mulvey give me more on that?

Mr. Kieran Mulvey: I really do not want to go into it.

Senator Pádraig Ó Céidigh: Maybe Mr. Mulvey cannot, for legal reasons.

Mr. Kieran Mulvey: Yes. There was a confidentiality agreement signed with members of the board and I do not wish to go into that because there are individuals involved who still are employed in the sports sector and are prominent in public life.

Chairman: That is okay.

Senator Pádraig Ó Céidigh: I accept that, but does Mr. Mulvey accept that there have been issues in the past between the FAI and the Irish Sports Council, as it was then?

Mr. Kieran Mulvey: It was not so much between the FAI but was about securing understandings from the FAI that the funding we gave them was secure from any other credit demand that might be made on the FAI at that stage, and that our funds were secure. We got legal advice at the time from the chief executive and reported it to the board.

Senator Pádraig Ó Céidigh: There is another article by Emmet Malone from Saturday, 24 August 2013 that claimed the FAI had written to the then Minister for Transport, Tourism and Sport, Deputy Varadkar, asking him to initiate an investigation into the actions of its former executives, in an attempt to have the Irish Sports Council conduct such an inquiry.

Mr. Kieran Mulvey: Yes, that related to the same incident.

Senator Pádraig Ó Céidigh: It is the same incident. Can Mr. Mulvey give us an outline of what happened without being put on the spot from a legal point of view? Was that satisfactorily resolved?

Mr. Kieran Mulvey: It was.

Senator Pádraig Ó Céidigh: It is not still outstanding?

Mr. Kieran Mulvey: No, it is not outstanding. It was completed at the time, the individuals involved and Sport Ireland came to amicable conclusion, and we all moved on.

Senator Pádraig Ó Céidigh: Tá an t-am thuas. Go raibh maith agat.

Deputy Kevin O’Keeffe: Go raibh maith agat. In 2016, the then Minister of State with responsibility for sport, Deputy O’Donovan, initiated the governance code for community, voluntary, and charitable organisations. Governing bodies which receive funding from Sport Ireland are obviously required to be compliant and any organisation with more than 11 employees had to be compliant by 1 January 2019. Has the FAI been signed up to that?

Deputy Brendan Griffin: As of the end of March, 24 Sport Ireland-supported bodies have fully adopted the code. Some 20 of those are national governing bodies, three are local sports partnerships and there is one other. Another 56 Sport Ireland-supported bodies, comprising 42 national governing bodies, six local sports partnerships and eight others are on their way to adopting the code. The FAI is one of those national governing bodies that is on its way to adopting the code at present.

Deputy Kevin O’Keeffe: The Minister of State suggested it is on the way. Is there much outstanding information?

Deputy Brendan Griffin: The understanding is, and Sport Ireland could inform the Deputy further, that there is a governance committee, which is tasked with overseeing that and adopting the code.

Deputy Kevin O’Keeffe: Earlier, the witnesses from Sport Ireland mentioned that they spoke to the FAI in regards to the ongoing Mazars audit. Last week during Mr. Donal Conway’s deliberations, he introduced a statement that was produced at the behest of Grant Thornton, explaining the situation of the financial transaction. Was that discussed any further in respect of the Grant Thornton document?

Mr. John Treacy: We have seen the Grant Thornton document and we now understand what the Grant Thornton review was doing. It was looking at the financial procedures and helping the executive within the FAI to ensure there were processes in place. Any issue it had around the €100,000 was passed on to Mazars for its full investigation. That is my understanding.

Chairman: I have been informed that the Minister of State, Deputy Griffin, has to be in the Dáil at 5 p.m. and that the Minister, Deputy Ross, has to be in the Seanad at 4.55 p.m. In view of the importance of the issues here, I ask that they arrange for ministerial colleagues to take their business so that we can continue here. I cannot think of anything more important than hearing the answers to the questions the Minister is being asked.

Deputy Shane Ross: The Noise Regulation (Dublin Airport) Bill 2018 is to be dealt with. Nobody else can take it because the Minister of State, Deputy Griffin, is my junior.

Chairman: If there is a speech involved, someone else can read it. I am not being-----

Deputy Shane Ross: No, I cannot-----

Chairman: I am just being factual. There is nothing more important than this.

Deputy Shane Ross: I am dealing with Committee and Report Stages, which will have to-----

Chairman: Perhaps both Houses could agree on this. If the Minister's colleague is not available, perhaps the matter could be adjourned until later this evening. That is my view, and I expect that it is the view of the committee.

Deputy Shane Ross: I can continue for a while because the Seanad is voting. I will be on alert as soon as the vote is over.

Senator Frank Feighan: I am next to speak, and have only one quick question, so the Minister will be able to make it to the Dáil on time.

Deputy Kevin O'Keeffe: Sport Ireland, when it appeared before this committee two weeks ago, was happy enough with the delivery of the State funding provided to the FAI for distribution to development officers and others. Is it still happy that the money was given to the appropriate people?

Mr. Kieran Mulvey: Yes. We are as certain as we can be around that. However, the 2019 funding will now be dealt with by the new audit that we have committed to undertaking. That money goes exclusively to the development of the sport at youth level. A sizeable chunk of that €2.9 million goes to development officers. We believe it is great value and that the taxpayer gets great value from it. The FAI put a considerable amount of money - another €13 million - into that programme.

Deputy Kevin O'Keeffe: Every three years Sport Ireland does an audit of the sports organisations that have applied for funding. In 2016, an audit was carried out for the FAI. In the leaks during the weekend there was mention of an extraordinary item of €60,000 being spent from the FAI account. Would the Sport Ireland auditors have seen that? Would they have been made aware of it?

Mr. Kieran Mulvey: We were not made aware of that. The item the Deputy referred to appeared in *The Sunday Times*, I believe. We do not audit the FAI's other funding, including the funding it receives from UEFA, from match receipts or from other Departments or local authorities. We only monitor the money we provide. My understanding is that that item of expenditure was taken from one of the other 24 accounts it had.

Deputy Kevin O'Keeffe: That brings me back to the previous question on the governance code. I know the governance code is not signed up to as of yet, but it is in motion. Has accountability and the operation of the organisation been looked at from that perspective?

Mr. Kieran Mulvey: It sounds a bit religious, but in terms of the governance code, the FAI was described as being on a journey. This year, 2019, is a period for learning. The code will be put into effect in 2020, and reporting will begin in 2021. All charitable voluntary sports organisations are moving from what was originally the Dóchas code to the new statutory code. Time has been provided in which the organisations can migrate to the statutory requirements for reporting adherence and supervision.

Deputy Kevin O'Keeffe: To clarify, Sport Ireland had communication from its legal advisers to the effect that there could be a breach and a complaint made by the auditors. Two weeks ago I asked whether the accounts were qualified or whether the auditors had raised an issue. Will Sport Ireland find out from the Companies Registration Office, CRO, what the complaints are? If Sport Ireland is aware of the complaint, what exactly are the issues being complained of?

Mr. Kieran Mulvey: I believe the Companies Registration Office will put that information on its website within the next day or two. We are going to have to find out in the meantime who made the requirement. We understand it may have been the FAI's auditors.

Deputy Kevin O'Keeffe: It was the FAI's auditors.

Deputy Kevin O'Keeffe: We did not know about that until this morning.

Chairman: That is a disgrace, because Sport Ireland should have been told. Sport Ireland has been treated with contempt throughout this.

Deputy Kevin O'Keeffe: The suspension of funding was mentioned, and I accept that wholeheartedly, but I am concerned that the sports capitation grants are not suspended as well. There are many innocent clubs throughout the country. The Minister will know all about hidden rural Ireland. Many of these clubs apply for sports capitation grants without being *au fait* with what is going on in Dublin. They are now thought of as guilty by association, and I am concerned that fear is spreading through small soccer clubs throughout the country. They are doing their best to stand on their own, but they are now being subjected to a type of punishment.

Deputy Brendan Griffin: I emphasised very specifically that it is not our intention to punish individual soccer clubs. On the contrary, our intention is to ensure that soccer clubs get the support they need to develop their facilities and to develop in every other way as well. I specifically emphasised that we do not want to punish individual local soccer clubs. At present the sports capital programme for 2018 is being administered. It is hoped the equipment-only element of that programme will be completed and ready for allocation in a few weeks. There have been 635 applications under that section. By the autumn we hope to have the remaining applications under that scheme dealt with. There were 2,337 applications in total from throughout the country, which is a large number to process. However, we hope to have those available in autumn. We said that the association itself can apply directly under the sports capital programme and under the large-scale sporting infrastructure fund. While we are not proposing that we prevent allocations being made, we said that we would prevent payments from being made in the event that the progress we want to see on governance and other issues is not made. I want it to go out loud and clear from this committee that we do not want to see people at grassroots level, including the front line, the volunteers and the participants, affected under the sports capital programme over this issue. We want to continue to support those people.

Deputy Kevin O'Keeffe: The Department has a pot of €100 million for the large-scale sports infrastructure grants. Have all applications been accepted despite the controversies going on?

Deputy Brendan Griffin: Tomorrow is the closing date for applications.

Deputy Kevin O'Keeffe: Will all applications be accepted irrespective of the controversies going on? For example, in Glanmire, my own backyard, there are proposals for a youth academy. Will that be accepted?

Mr. Kieran Mulvey: The clubs apply in their own right for the sports capital grant. They do not apply corporately. GAA clubs, cricket clubs, athletics clubs and swimming clubs can all apply.

Chairman: It is not administered by the FAI.

Mr. Kieran Mulvey: No. Clubs apply in their own right and are required to meet strict criteria on funding, lease, landholding and security, and that there is no lien on any land, club or building. It is quite a rigorous process.

Deputy Brendan Griffin: The assessment phase for the large-scale sporting infrastructure fund will take at least six months. After that we hope the allocations will be made. The average time for drawdown under the regular sports capital programme is two years. We could be talking about quite a lengthy period of time before actual payments are made.

Deputy Kevin O’Keeffe: Is the answer that the application will be accepted?

Deputy Brendan Griffin: Yes.

Deputy Kevin O’Keeffe: Much has been made about the age of board members. Does Sport Ireland see itself as having been in existence for a long period? The delegation from Sport Ireland has been part of this and the previous structure for between 12 and 15 years, with which I have no problem. I am delighted to see that the delegates are doing their job.

Mr. Kieran Mulvey: I am a very youthful 67 year old and have only just received the free travel pass. I was chairman of the Irish Sports Council for three or four years before it was abolished, as was the National Sports Campus. The Government nominated me for reappointment to the new body and this committee approved my appointment. In 2020 Mr. Treacy and I will step down from our respective positions.

Chairman: I accept that the Minister and the Minister of State have other appointments, but perhaps members might like to ask them a question before they leave. It is unfortunate that they must leave. As I have received a new note, I ask members to, please, bear with me. I appreciate that the Minister is trying to get somebody to help him. I am in the hands of the committee. The order of speakers is Senator Feighan, Senator Mark Daly and Deputy Jonathan O’Brien. I am conscious that the Ministers may have to leave before they get to answer any question.

Senator Frank Feighan: I will ask one quick question.

Chairman: That is no problem. It will mean that the Minister can leave earlier. We can manage that.

Senator Frank Feighan: The Minister can tell me if my question has been asked before.

Deputy Shane Ross: Yes, of course.

Senator Frank Feighan: The Minister said it was an opportune time to convene a stakeholders forum of representatives on international teams. How will the forum work?

Deputy Shane Ross: It is an aspiration, but we hope Sport Ireland and the committee that is being set up on corporate governance will get together - Sport Ireland will have a large input - to set up a completely new system for electing a board. There are obvious defects in how the board of the FAI is elected. I hope and I am sure they will be able to set up a new system, whereby the voices of supporters, players and various other elements in sport will be directly represented on the board of the FAI. We do not exactly know how it will work, but we are determined that those voices should be heard. It is absolutely vital that the volunteers and those who benefit so much and have a large stake in soccer be represented on the board. They have not been properly represented before and we are determined to ensure it will happen.

Senator John O'Mahony: The Minister said in his statement that an EGM should be called before the July date to facilitate the current board to be restored or step down and allow a new board to be elected. The FAI stated in its statement to the Minister that that might not happen until July. However, the rules of the FAI stipulate that members can call an EGM, if they so wish. If the FAI, even at this late stage, wants to change direction and be proactive, rather than reactive, it has the facility within its own rules to call an EGM in the next couple of weeks. Will the Minister call on the FAI to do so to get the process in motion? Otherwise, as I said at the beginning of the meeting, there is no way this issue will be cleared up in time to allow grants to be restored in the next year. That is my view. I ask the Minister to comment on the matter.

Deputy Shane Ross: I would welcome it if the members called an extraordinary general meeting to achieve it.

Chairman: One cannot make them do so.

Senator John O'Mahony: Do we all agree that it should happen?

Chairman: Yes, we do.

Deputy Shane Ross: Yes, absolutely.

Chairman: There are a number of members offering. I said Senator Mark Daly would be next, but in view of the fact that the Ministers will be leaving, I suggest members ask their questions first and then the Senator can comment. Does he agree or does he want to ask his questions now? It is up to him.

Senator Frank Feighan: I was only asked to give one minute of my ten.

Chairman: I understand, but I also understand the problem the Ministers have. Senator Mark Daly can ask his question and will be followed by Deputy Munster.

Deputy Imelda Munster: My colleague was before me.

Chairman: I just want to make sure the Minister will be here to answer the questions.

Senator Mark Daly: I have a short question for the Minister. I will then direct the rest of my questions at the boys.

Chairman: Then it will be Deputy Jonathan O'Brien's turn.

Senator Mark Daly: We have had the Olympic Council of Ireland scandal and the boxing scandal and now we have the soccer scandal. We had an entirely different scandal in Swim Ireland. Sport Ireland has asked for more powers. When will the Minister give them to it? When will he introduce legislation to stop these things from happening? All we are doing is reacting to scandal after scandal. Mr. Mulvey made the point very well when he asked who audited the auditors. We have a report produced by Jonathan Hall Associates that states everything is hunky-dory and that all that is needed is another vice president. What is even more extraordinary is that last week we were told by the president of the football association that it had seen the one-page document from Grant Thornton that stated that while the €100,000 loan was a bit odd, it was grand. That is what Grant Thornton was alleged to have stated. That is a problem because Grant Thornton will now conduct the review, yet last week it did not state the matter should go before the Companies Registration Office. It did not raise any possible problem, yet it has still been asked to conduct the review.

Chairman: The problem is Grant Thornton is not the auditor.

Senator Mark Daly: Yesterday did the Football Association of Ireland state in any way, shape or form that it had a problem with its auditors?

Mr. John Treacy: No, absolutely not.

Senator Mark Daly: I am sorry if the delegates have already answered my question. To be clear, they did not make any assertion, but according to company law, they would have-----

Chairman: I remind the Senator that this is a time for members to ask the Minister questions. I assure him that I will come back to him when it is time to ask Sport Ireland questions.

Deputy Jonathan O'Brien: Does the Minister have to leave now?

Chairman: I urge members to ask questions.

Senator Mark Daly: Can I come back in directly?

Chairman: Yes, of course.

Senator Frank Feighan: No, the Senator will not.

Chairman: I am the Chairman.

Senator Frank Feighan: I know.

Chairman: The next speaker is Senator Feighan.

Senator Frank Feighan: I have been here since 12.30 p.m.

Chairman: That is what I tried to tell the Senator.

Senator Frank Feighan: I was due to speak next. I used one minute of my time to ask the Minister a question in order to allow him to leave.

Chairman: I am sorry; the Senator is next on the list.

Senator Frank Feighan: Yes.

Chairman: The Senator has already asked the Minister a question. There are three members who want to ask the Minister a question. I will then return to the Senator based on rotation. I want to ensure everybody will have an opportunity to question the Minister.

Senator Frank Feighan: That is fine.

Chairman: That is why I have reminded Senator Mark Daly that this is the time to ask the Minister questions. I do not want to deprive anybody.

Senator Mark Daly: Is Senator Feighan resuming his questions to Sport Ireland?

Chairman: Yes, he is.

Senator Mark Daly: That is fine.

Deputy Shane Ross: I will answer the question asked by Senator Mark Daly. I have said

I will consider and bring forward legislation, but I have not given a commitment in that regard.

Senator Mark Daly: The Minister has been asked for it.

Deputy Shane Ross: Will the Senator, please, not interrupt me when I am in the middle of a sentence?

Senator Mark Daly: We have been here for four hours.

Chairman: Please let the Minister reply.

Senator Mark Daly: We have a football scandal. Previously we had a scandal with the Olympic Council of Ireland and the same issue in boxing, yet all the Minister is saying, "I will consider it." Is this not the day for him to say, "I will do it"?

Deputy Shane Ross: When I was asked the question earlier, what I said was I would consider providing extra powers. I think that is what the Senator is referring to. Legislation is not the cure to anything. As the Senator is a legislator, he could bring forward legislation. I would be very happy to consider any legislation he would bring forward to deal with this issue if he got constructive-----

Senator Mark Daly: You are the Minister.

Deputy Shane Ross: The Senator could also introduce legislation.

Senator Mark Daly: Excuse me, you are the Minister.

Deputy Shane Ross: Yes, that is correct.

Senator Mark Daly: Is the Minister asking me to be Minister for Sport?

Deputy Shane Ross: Has the Senator ever introduced legislation?

Senator Mark Daly: I have brought forward legislation.

Deputy Shane Ross: I would welcome the Senator's input.

Senator Mark Daly: I remind the Minister that last week he gave me a reply on an issue related to driving licences that had nothing to do with the legislation. I will not take over his job but ask him to do it. He has been asked to provide extra powers.

Chairman: To ensure certainty on the issue, I will quote from the Sport Ireland Act 2015. Section 9 which deals with additional functions states: "After consulting with Sport Ireland, the Minister may, by order, assign to Sport Ireland such additional functions connected with the functions for the time being of Sport Ireland as the Minister considers appropriate for the achievement of its purposes". Therefore, the Minister already has the power to do so.

Deputy Shane Ross: Yes.

Chairman: That is clear.

Deputy Ruth Coppinger: Therefore, we do not need new legislation.

Chairman: The provision is included in black and white.

Senator Mark Daly: It would have been helpful if the Minister had been aware of the legislation before he came here and gave us that answer.

Chairman: The Minister is now aware of it.

Senator Mark Daly: We are talking about specific legislation, the Sport Ireland Act, yet the Minister has asked me, as a legislator, to bring forward further legislation to give him powers he already has. Is that not a bit much? He was supposed to come here with solutions, not problems.

Deputy Shane Ross: Why is there a need for legislation if legislation is already in place? I do not understand the Senator's point.

Senator Mark Daly: The Minister is telling me to introduce legislation when he already has the power. Is he not aware that he already has the power to give Sport Ireland the powers for which it is asking to prevent this from happening again?

Deputy Ruth Coppinger: Sport Ireland does not seem to be asking for powers. It stated earlier that it did not want to be the regulator. We need clarity on this issue.

Chairman: There are additional powers we could recommend.

Deputy Ruth Coppinger: Sport Ireland could. Do we need a new organisation because Sport Ireland wants to promote, rather than regulate, sport?

Chairman: If it would be helpful, we could produce a report on this issue and make recommendations and ensure there was a significant follow through on them.

Deputy Ruth Coppinger: Okay.

Chairman: I want to deal with the questions for the Minister. I will then bring in Deputy Jonathan O'Brien.

Deputy Jonathan O'Brien: Is the Minister of State, Deputy Griffin, staying?

Deputy Brendan Griffin: We are trying to find a replacement. I have to be in the Dáil Chamber to take a motion on pre-clearance facilities.

Deputy Jonathan O'Brien: The issue is the Minister and the Minister of State cannot be in the Dáil Chamber at the same time.

Deputy Brendan Griffin: The Minister will be in the Seanad Chamber.

Deputy Jonathan O'Brien: The Minister will be in the Seanad Chamber and the Minister of State will be in the Dáil Chamber.

Deputy Brendan Griffin: One needs a double in these situations.

Deputy Ruth Coppinger: Perhaps the Minister should not be rushing through the Seanad the Aircraft Noise (Dublin Airport) Regulation Bill 2018.

Chairman: Deputy Jonathan O'Brien can put questions to the Minister.

Deputy Jonathan O'Brien: To be honest, I do not have a question for the Minister.

Chairman: That is fair enough. Let me make it clear that I am being fair to everybody.

Deputy Robert Troy: I have a question for the Minister.

Chairman: The Deputy can put his question. I will then call Deputy Coppinger.

Deputy Robert Troy: It was alluded to that Mr. Delaney was on “gardening leave”. As one would expect, he is still in receipt of pay. We know that Sport Ireland has suspended funding to the FAI. It has been reported that the FAI has debts in the region of €28 million on the Aviva and that currently there are three separate consultants’ reports under way, all of which are being paid for by the FAI. Is the Minister concerned that the FAI is facing financial Armageddon?

Deputy Shane Ross: As I do not wish to say anything irresponsible, I will wait for the reports to come through. I have no reason to believe there is anything as dramatic as that going on. I think the FAI has had surpluses for three years. Unless there is something very wrong in the accounts, I presume they are accurate.

Deputy Robert Troy: Is the Minister confident that there are no outstanding financial issues?

Deputy Shane Ross: I am not confident at all, but that is a very long way from saying the FAI is facing financial Armageddon.

Chairman: It is a big bill.

Deputy Jonathan O’Brien: I had a question for Sport Ireland, but I might as well ask the Minister it instead. To the best of my knowledge, the audited accounts of the FAI for 2017 were lodged with the Companies Registration Office in October 2018. Is that correct?

Chairman: The Deputy can put the question to Sport Ireland after the Minister leaves.

Deputy Jonathan O’Brien: Does the Minister know whether the audited accounts for 2017 were lodged with the Companies Registration Office in 2018?

Chairman: I have the report for 2017, but there is no date on it.

Deputy Shane Ross: I do not know, but I can find out for the Deputy.

Deputy Jonathan O’Brien: Okay.

Deputy Shane Ross: It would have been around that time.

Deputy Jonathan O’Brien: Does the Minister not find it strange that we are only now getting a report from the auditors that there is a serious issue with the accounts and practices? They signed off on the 2017 accounts and lodged them in October 2018, yet it is only in the past week that they have raised concerns. The Minister may not wish to answer the following question. Does he believe or is it credible that the auditors were not given the full financial documentation to enable them to carry out a full audit? Is it credible that only following the questions put to the FAI in the past week on all of the information surrounding the €100,000 loan that the cheque stubs and all of the other information were made available to the auditors who then twigged there was a serious issue, which under the law they have an obligation to report, and that that is the reason the H4 form only went in yesterday, effective from last Friday, only two days after the information had come into the public domain at the committee meeting on Wednesday, 10 April? Is that a credible assessment of the situation?

Deputy Shane Ross: I think the Deputy is right, but I do not want to attribute blame and will not do so because that would be absolutely wrong. It is an extraordinary situation we are facing. It is quite stunning that there is such a long time gap. The timing is bizarre. I wish to ask Sport Ireland a question

Chairman: To add to Deputy Jonathan O'Brien's question, will the Minister report to the committee on the facts when he can do so?

Deputy Shane Ross: I will inquire and report to the committee, in so far as I can do so.

Deputy Ruth Coppinger: Given that the crisis in the FAI has been raging for two weeks at least, the Minister should know whether he will introduce new legislation. He should have thought about it. Given that he flew to Brazil and was given the run-around by Mr. Pat Hickey and that we are being given the run-around by Mr. John Delaney, this is not new. As Minister for Transport, Tourism and Sport, he should have thought whether legislative change was needed.

The second part of the question is whether the Minister thinks it is correct that the taxpayer should be funding organisations that allow their CEOs to have lavish salaries and expenses? The taxpayer is plugging a hole and at the other end of the ship there is also a massive hole. There is a serious question in that regard.

To recap, do we need new legislation and are we going to continue to fund organisations which have these practices in place?

Chairman: Could it be arranged for the payments to chief executives of organisations not to go above a certain amount? It is a very important point.

Deputy Shane Ross: Let me answer Deputy Coppinger's point. The taxpayer's funds are ring-fenced; they do not go towards the payment of salaries.

Deputy Ruth Coppinger: They do not go towards the payment of salaries, but the point I am making-----

Deputy Shane Ross: Will the Deputy, please, let me answer her question?

Deputy Ruth Coppinger: The Minister is not answering it.

Deputy Shane Ross: It is absolutely clear that the funds are ring-fenced. They do not go towards the payment of the salary of anybody. That is clear.

Deputy Ruth Coppinger: We know.

Deputy Shane Ross: The Deputy was asking me about taxpayer's funding. It goes towards programmes. As the Minister of State, Deputy Griffin, said, we are determined to ensure no one who benefits from the programmes will suffer, for good reasons I am sure the Deputy will share with me. That is very important.

Chairman: The point Deputy Coppinger is making should be a *sine qua non*, in other words, there should be no moneys paid, unless salaries are within a certain predetermined range.

Deputy Ruth Coppinger: Yes. Mr. Delaney was being paid more than the Taoiseach.

Chairman: Absolutely.

Deputy Ruth Coppinger: And getting taxpayer's money at the same time.

Chairman: That is a very reasonable question.

Deputy Shane Ross: It is. We do not have control.

Chairman: The point Deputy Coppinger is making is one does not pay money if an organisation is out of control.

Deputy Ruth Coppinger: There could be other sports bodies that need the money more. If the FAI is going to continue to allow the CEO and others earn salaries at those levels, what I am suggesting is perfectly reasonable. Everybody outside this room is asking that question.

Deputy Shane Ross: If the Deputy wants me to hurt programmes which will hurt the participants who are mostly children, I am not going to do it.

Deputy Ruth Coppinger: Chairman-----

Deputy Shane Ross: What I am going to do is suggest to the Deputy that I would be much happier - it is beyond my control - if the next chief executive was paid a lot less.

Deputy Ruth Coppinger: Let me make a brief comment. It has been made clear by the Minister of State, Deputy Griffin, that there is no need for children to suffer. This threat is being used erroneously. There is a separate fund that the Minister could set up to allow clubs to apply for funding.

Deputy Brendan Griffin: We are not threatening clubs.

Deputy Ruth Coppinger: I am sorry, I am addressing the Minister who has just said children will suffer-----

Deputy Brendan Griffin: The Deputy referred to me and threats.

Deputy Ruth Coppinger: The Minister and the Minister of State are contradicting each other.

Deputy Brendan Griffin: I went to great lengths to emphasise we were absolutely not threatening local clubs. We are not threatening the grassroots. On the contrary, my focus, certainly in my time in the Department, has been on trying to roll out as much funding as possible to the grassroots, so much so that the last sports capital programme was the first under which every valid applicant received funding. We want to try to achieve this as much as possible in the future, but the Deputy is misrepresenting what is being said, which is very irresponsible of her.

Deputy Ruth Coppinger: The Minister and the Minister of State are making contradictory statements. They are deliberately not answering the questions I am asking.

Deputy Brendan Griffin: The Deputy is misrepresenting completely what we are saying.

Deputy Ruth Coppinger: As threatening clubs has been used to prevent action, they should stop saying it.

Deputy Kevin O'Keefe took the Chair.

Senator Frank Feighan: As somebody who has been a Member for 17 years and a junior

member of the committee, I have allowed my time to be shared to allow members to put questions to the Minister and the Minister of State before they leave. I would now like to come in and use my ten minutes as I have been here since 12.30 p.m.

Acting Chairman (Deputy Kevin O’Keeffe): To put a question to the Minister.

Senator Frank Feighan: No. My question is for Sport Ireland.

Acting Chairman (Deputy Kevin O’Keeffe): I think Senator Mark Daly has a question for the Minister.

Senator Mark Daly: I have a question for the Minister on that clear point which was also raised by Deputy Coppinger. If we continue to say chief executives of sports organisations are using the money in their accounts to meet lavish expenses, for the payment of rent and other things, it is related to the fact that the taxpayer is plugging the hole. If they were not spending the money to fly to Rio de Janeiro, stay in five star hotels and pay rent on their own places, the taxpayer would not have to plug the hole in providing money for specific soccer training programmes for children. If funding was not being misappropriated in a way that was extravagant, there would not be a problem. There is no problem with people travelling to represent the country at various events, as they should, but as we can see, it is spending to excess. That is the point we are all making. The issue with which we are struggling is that after all of this, not just in the FAI but also boxing and the Olympic Games only three years ago, we still do not have a proposal from the Department of Transport, Tourism and Sport on how to stop it. The Minister said he would look at the question as it related to soccer, yet we know what happened at the Olympic Games and still have nothing. It is the Minister’s Department, not ours. Will he come back to it with the changes he is proposing to stop this from happening again in order that we will not have to discuss it here in the future?

Acting Chairman (Deputy Kevin O’Keeffe): Does the Minister want to make a comment?

Deputy Shane Ross: I have already said I will consider it.

Senator Mark Daly: That is all the Minister can say, that he will consider it.

Deputy Shane Ross: I have answered the question.

Deputy Imelda Munster: What we need to know with absolute certainty, given all that has happened, is if the Minister will consider bringing forward legislation that will make it a condition of funding or the reinstating of funding that the board step down. That is the power that we need to have. The Minister said he would consider providing extra powers, but if legislation is required, will he do it in terms of corporate governance, which is what this is about? It is about the governance of the board of the FAI. For example, if the FAI was found to be in breach of the Companies Act, would he consider it to be sufficient to bring forward legislation to state funding would be withheld until such time as the board was replaced because that is the issue? It seems to be a case of “as you were” for the FAI board as there is no accountability. I say this on the basis of my observations today. What we have discovered so far is that Sport Ireland is toothless and, in many aspects, has been played. The Minister has also been played. He came and read a letter that gave the impression that the board would step down some time soon. That might never happen because there is nothing to stop its members from putting themselves forward for re-election at the annual general meeting. The biggest issue is the board. It is something of which we, as a committee, should start to take control and we could start by holding hearings and producing a report with an eye on legislation being brought forward. We

could invite clubs, players and fans-----

Acting Chairman (Deputy Kevin O’Keeffe): I am conscious of the time.

Deputy Imelda Munster: -----in order to give the Minister and Sport Ireland the powers they need to ensure corporate accountability. It is clear from what we have seen today that they do not have it and that without it we are back to square one. Will the Minister consider bringing forward legislation to give Sport Ireland the power to state it will withhold funding until such time as the board steps down and also that it is deemed to be in breach of the Companies Act? That is what we need and what everybody wants to see.

Deputy Fergus O’Dowd took the Chair.

Deputy Shane Ross: I think I have replied to that question already. It is not a case of “as you were”. Things have changed dramatically since yesterday. We have a declaration from the board and the president of the FAI that when a new structure has been put in place - he has put a date of July or before on it - it is the intention that the existing board will step down to allow for a new board to be constituted in the best interests of football. That is not a case of “as you were”. It is a long way from where we were yesterday and a week, two weeks or three weeks ago. I welcome that statement.

Deputy Imelda Munster: Does the Minister trust them to adhere to it?

Deputy Shane Ross: Please, I am trying to answer the Deputy’s question. I believe it is something she ought to welcome also. If she wants to say she does not believe it, she is entitled to do so, but I anticipate it happening. It is the result of an enormous amount of pressure which has been put on it, rightly, by a large number of bodies and people, including the Deputy, on which I congratulate her. It is not the final result, but it is a result and progress. We are beginning to see the beginning of the end for the old FAI, which is something I welcome. I am sorry, but I am due in the Seanad to take the next item.

Deputy Kevin O’Keeffe: I have a brief question. Has the Minister or any of his officials made overtures to the governing bodies, UEFA and FIFA, to highlight the concerns expressed in this state about the issue?

Deputy Shane Ross: I have made no representations. I have had no contact with either of them at any stage. I do not intend to interfere with the process.

Chairman: The time for questions to the Minister and the Minister of State has concluded and they may leave. We may want them to come back with all of the facts.

Deputy Imelda Munster: I am not fully confident that the Minister will bring forward any legislation with teeth, so to speak, to correct the wrongs done and ensure corporate accountability. The Chairman was not present when I said that, as a committee, we should start to hold hearings and invite in supporters, clubs, etc-----

Chairman: I absolutely agree.

Deputy Imelda Munster: -----in an effort to bridge the legislative gap in order that we will have corporate governance and that funding can be withheld. From what we heard today, the Minister and Sport Ireland are toothless and have been played.

Chairman: On that point, Sport Ireland and the Department should be able to assist us on

best practice in other countries, the changes needed, how they can prevent these issues from arising again and the penalties that should be imposed. If there is a dearth in terms of corporate enforcement, the books are not being kept properly and Sport Ireland is not told about these matters, it is absolutely unacceptable. A question arises about auditors who did not audit the books. If they were assigned audits and engaged in due diligence, the issues would not have arisen or would have been discovered. I agree absolutely with Deputy Munster.

Deputy Imelda Munster: May I make the point Deputy Coppinger-----

Senator Frank Feighan: Half an hour ago I agreed to share my time to allow members in for five minutes.

Chairman: I agree.

Senator Frank Feighan: I drove from Belfast to be here for 12.30 p.m. and still have not been able to contribute. I am a long-standing member of the committee and would like to contribute.

Deputy Imelda Munster: May I finish my point?

Senator Frank Feighan: I shared my time, but members are coming back in with more questions. The Chairman is not giving a Government member fair play.

Chairman: I am very sorry that that is what the Senator believes. He was lucky to be appointed by the former Taoiseach. I was elected by the people and challenge him on what he said. How dare he say it?

Deputy Imelda Munster: May I finish my point?

Senator Frank Feighan: I will not even respond to that, but I deserve an apology.

Chairman: I deserve one, too.

Senator Frank Feighan: I deserve an apology.

Chairman: The Senator should calm down.

Deputy Jonathan O'Brien: Neither the Chairman nor the Senator is a member of the Government.

Chairman: The Senator has nine minutes.

Deputy Imelda Munster: May I finish my point? Just before I was interrupted-----

Chairman: God Almighty, Senator Feighan has the floor.

Deputy Imelda Munster: As I was interrupted mid-point, may I finish my point?

Chairman: For God's sake, get on with it. Everybody needs to move on.

Deputy Imelda Munster: Another minute will not matter too much to the Senator if he is here.

Deputy Coppinger said Sport Ireland was not interested in being the regulator. I do not know whether the Chairman said what he said purposely, but he referred to Sports Ireland in

finding a way-----

Chairman: No, I did not do it purposely at all.

Deputy Imelda Munster: I meant the committee. If its members are not interested in regulating, we should not go down the road of allowing Sport Ireland to come up with ideas for legislation and empowerment from a corporate governance point of view. As a committee, we should take charge. It is clear the Minister has not displayed any intention to correct the situation.

Senator Mark Daly: I have a number of questions about the specifics. At the meeting last night the delegates were not told that the auditors were coming or that they were going to file the paperwork with the Companies Registration Office and that there might be issues of concern with the accounts. Were the delegates given the original terms of reference for the Mazars report?

Mr. John Treacy: They did not tell us that their auditors had filed with the office at the time. We found out this morning from our legal representatives who provided the information in an email. When we received that information, we called the chairman of the committee and provided it for him. We had only heard about it a couple of hours earlier.

Senator Mark Daly: My concern is the terms of reference. We were told last week about Grant Thornton. It has terms of reference from the FAI, as does Mazars. Are they going to allow Sport Ireland to write the terms of reference for this review, or are they going to do so and then tell the delegates about them?

Mr. John Treacy: They showed us terms of reference that they had developed with Mazars during the course of a meeting. They were very detailed. They called it an investigation. Senior counsel then had an input. Areas to be examined were identified. They were the areas covered in the Sunday newspapers.

Senator Mark Daly: My concern is associated with the information we were given last week by the FAI president when the FAI representatives were here. We were told that Grant Thornton was quite happy with the information we were getting on the loan of €100,000 and its payment. My concern which goes back to what Mr. Mulvey said is based on the question of who is auditing the auditors. We had the exact same problem with the banks. Auditors were signing off on accounts wholesale, yet it was always the taxpayer who was picking up the tab when the auditors said they had got it wrong. In this instance, it is simply unacceptable. It is up to the delegates to decide whether they are satisfied that Grant Thornton and Mazars are going to do the job, even though they are being paid by the FAI and although the terms of reference are being written by it. Sport Ireland is in charge and should write the terms of reference and, if it has to do so, pay the cheque. The problem is that we have had information drip-fed to us, from the FAI and others, that is now questionable. Those concerned are reviewing themselves because they provided information for us that is of concern.

Mr. Kieran Mulvey: The issues raised are the ones about which we are concerned. We had this engagement with the FAI last night. One of the difficulties was that the timeline kept changing because there were other issues in which the FAI was involved in an alternative hotel. They are known to us all. We were shown the terms of reference for the Mazars review and our team - the four of us present - examined them. They are extensive and appear to us to be rigorous, but we have not completed our discussions thereon. As I understand it, those concerned

have not completed their discussions with the Office of Corporate Enforcement, as I was led to believe last night.

Let me refer to a point raised earlier, particularly by Deputy Munster. Given what happened last night and the matter about which we were not told, we have had to take the view that whatever Mazars or Grant Thornton does, we will have to be assured, as the State agency involved and given all that has gone on, that we can conduct our own independent audit, forensic or otherwise. It would have to be forensic - if we want to use that term - in respect of what they are reviewing and involved in. As has been said here, we have to accept that we cannot rely on the information provided anymore. The committee has also experienced this. We will have to be satisfied, through our own auditor, appointed by us, with the information being provided by the other auditors. It is like some of the phrases used earlier such as “fair play” and “playing the ball”. I was wondering where we were for a while.

Senator Mark Daly: Essentially, Sport Ireland is going to audit the auditors.

Mr. Kieran Mulvey: We are going to have to do so and give our auditors rigorous instructions in that regard in order that we will not be made fools of and that we will not make fools of committee members when we come to report back to them.

Deputy Jonathan O’Brien: The bizarre point in all of this is that we do not even know whether the auditors were given full information by the board to enable them to carry out the first audit. Sport Ireland’s auditors could be auditing a flawed audit, for all committee members know. I do not have too many questions because those who need to answer the questions were here last Wednesday when they refused to do so. They did themselves no good and sport in general a real disservice. Their actions since the meeting do not inspire me with confidence that they will change direction and do what is right. I do not know where it goes from here for Sport Ireland because there are a couple of things I know that they cannot do but which need to be done. For instance, there is a need for a forensic audit of the FAI accounts. Nobody can force this to be done - not Sport Ireland and not the Minister - regardless of what anyone at this committee says. That is a fact. The only people who can do it are the members of the FAI board. They are the only individuals who can decide to have a forensic audit. Am I correct?

Chairman: To be helpful, the Minister has the power. He may “assign to Sport Ireland such additional functions connected with the functions for the time being of Sport Ireland as the Minister considers appropriate for the achievement of its purposes”. That might be the vehicle to use.

Senator Mark Daly: I do not know whether he can do that.

Chairman: Let us find out.

Deputy Jonathan O’Brien: It is my understanding he can give the additional powers required to carry out functions regarding the expenditure of public money, but we are talking about an organisation that needs a forensic audit throughout. I do not believe the Minister has the power to give Sport Ireland, nor does Sport Ireland have the power to insist on the type of forensic audit in question being carried out. Perhaps Mr. Mulvey or Mr. Tracey can correct me. Is my point fair?

Mr. Kieran Mulvey: The Deputy is correct legally. Yesterday evening we clearly indicated our position to the FAI and obtained its agreement to conduct the kind of audit we wanted to conduct. We needed its agreement because legally we did not have the power. I believe, how-

ever, these circumstances transcend nice legalities. The public interest is at stake in dealing with an issue that involves one of our most prominent sports organisations which competes domestically and internationally. Like the Olympic Federation of Ireland, our international reputation is at stake and we must take a far more extensive view, an umbrella view. One of the reasons, as I said earlier in this context, is that if we do not do it, who will? It cannot be left in abeyance.

Mr. John Treacy: We will feed back to the FAI, if it is not watching the proceedings today, what the demands of the committee are. Without a shadow of doubt, we will push out the boat as far as we can with the FAI. The committee can take that as a given.

Deputy Jonathan O'Brien: I am becoming increasingly frustrated. Last Wednesday an individual who was two weeks in the job was under more pressure at this committee than somebody who had previously held the position for about 15 years in the FAI. That shows the level of dysfunction in the system. We now have a situation where two board members are gone and a further eight have indicated that they will step down, but the individual at the centre of all of the controversy is only stepping aside. We are going around in circles. There are certain individuals who have the power to bring this matter to a conclusion, Mr. John Delaney being the prime individual. He needs to step aside and resign - end of story. If there are issues with the board being able to fire him from his position, they are for it to resolve.

There are so many questions, but the delegates do not have the answers. For example, has Mr. Delaney even signed a new contract of employment as executive vice president? Do we even know that?

Mr. John Treacy: We do not know.

Deputy Jonathan O'Brien: Did he receive a severance package when he stepped down as CEO?

Mr. John Treacy: We asked that question and the answer was "No".

Deputy Jonathan O'Brien: He did not receive a severance package.

Mr. Kieran Mulvey: We asked that specific question and we were told, "No, he did not receive a severance package."

Chairman: They said that at the meeting last week.

Deputy Robert Troy: Is he drawing a pension having held the position of CEO?

Mr. Kieran Mulvey: He is only 51 years old. I do not know if he is.

Deputy Jonathan O'Brien: I wish to ask the representatives of Sport Ireland the same question I asked the Minister. It relates to the FAI accounts for 2017 which were submitted in October 2018 and signed off on by the auditors. Do they not find it strange that it took until last week for the auditors to realise there was an issue which needed to be brought to the attention of the Companies Registration Office? Would it be a fair assessment that, perhaps, they were not given all of the relevant information? In the representatives' opinion, will the two reviews being undertaken by Grant Thornton Ireland and Mazars be able to determine whether the board gave all of the relevant financial documentation to the auditors to enable them to sign off on accurate accounts?

Mr. Kieran Mulvey: The answer to the first part of the Deputy's question is yes, we find it extraordinary. To answer the second part of the Deputy's question, I am expecting, given what I have seen and further engagement, Mazars to get to the bottom of the matter in the context of being the auditors brought in on foot of the questions raised. However, we will have to interrogate Mazars also, given that the objective of this exercise is to ensure full transparency in the transactions of the FAI in the context of the issues that have arisen.

Deputy Jonathan O'Brien: Is Sport Ireland feeding into the terms of reference for the Mazars report?

Mr. Kieran Mulvey: Yes, we are giving a view on them.

Deputy Jonathan O'Brien: One of the views which I respectfully suggest be given to the FAI is that all documentation be given to Mazars, including cheque stubs.

Chairman: If I am correct, I have called everybody in the order we agreed to before we started. I attempted to ensure the Minister was asked all of the questions he could be asked before he left. I believe I have been fair to everybody.

Deputy Kevin O'Keeffe: I have one last question.

Chairman: Give me one moment. I want to finish in the fairest way possible. The charge made against me about being political is not true. The person who raised all of this was Deputy Catherine Murphy. We made sure she was the lead. There is nothing fairer than that, as months ago she insisted on having this meeting. I want to try to finish fairly for everybody. As everybody has spoken, I suggest we give five minutes to each member. Deputy O'Keeffe has an outstanding question. Does he wish to make it part of his five minute contribution?

Deputy Kevin O'Keeffe: Am I going first?

Chairman: No, we will start with Deputy Catherine Murphy.

Deputy Catherine Murphy: I wish to flag some matters regarding the Mazars report. One of the big issues is that the 5% of funding coming through Sport Ireland is public money. We have a responsibility to hold Sport Ireland to account for it. There is also public money when it comes to merchandising, ticketing and so forth. A constant and understandable criticism is that the AGM is a closed affair. That must change from this year and the issue must be included in the list. There have to be safeguards to ensure the elections will be open and fair. It must be crafted properly in advance of the AGM.

There is no mention of other skills. There might be a need to look at the other skill sets required to make this a modern organisation that has the capacity to deal with things. It may well be that the nature of the offices requires certain credentials in terms of skill sets or at least a mix of skill sets.

We received a reply from the FAI in which it stated €430,000 was contained in note 20 of the 2016 financial statements. I looked at its accounts for the four years 2014 to 2018. I live a pretty sad life. Essentially, it looks as if some of it was copied and pasted. For example, for related parties there is the same figure each year, which does not look right. I ask that the matter be examined.

The other important issue is that there was an absence of people who felt they could come forward in terms of whistleblowing, perhaps in the belief there would be a consequence for their

club if they raised something. That culture has to change. There will have to be something specific about it in the Mazars report. Internal whistleblowing is very important if one is to change the culture. I ask the representatives to ensure that issue will be addressed in the Mazars report to the extent it can be.

I understand the FAI council can remove the board. It can call an EGM. It is possible to do so. It was very much bypassed in the Jonathan Hall Associates report. It was a new position that was set up, but it had no hand, act or part in it. When I asked about it last week, I was told that it had not been consulted and did not need to be. That is plain wrong. The representatives have said there has been only one CEO. The lines of responsibility will have to be very well defined.

Who will pay for the audit the delegates will have to organise? I know that Sport Ireland does it every three years, but this one will be more extensive. It will be Sport Ireland, but are there sufficient funds to carry out this type of audit?

Mr. John Treacy: There is.

Mr. Kieran Mulvey: If there is not, I will be asking Mr. Ken Spratt for a percentage from the Minister's side. However, there is. We want to keep control and will pay.

Deputy Catherine Murphy: Several people have said-----

Chairman: Four minutes have passed. The Deputy has one more minute.

Deputy Catherine Murphy: My last point is that several reports have been produced. The Mazars report appears to be a very extensive piece of work. There are also the Grant Thornton Ireland and Jonathan Hall Associates reports. There is oodles of legal advice. It was certainly available yesterday. A lot of money has been spent on that legal advice that should have been spent on sport. Other organisations should learn a lesson from this. Trying to retrofit a solution is costly if things are not done right. If the blame for this can be placed anywhere, it has to be placed on the board of the FAI. It should have had control of this matter. Does Mr. Treacy agree?

Mr. John Treacy: Absolutely.

Deputy Noel Rock: I thank the delegates for coming. I appreciate their taking the time and the frankness of their answers. Are there minutes for last night's meeting? Do we have a list of attendees?

Mr. John Treacy: We have a list of attendees.

Deputy Noel Rock: Are there minutes for the minutes?

Mr. John Treacy: Yes, there are.

Deputy Noel Rock: Can they be supplied to the committee?

Mr. John Treacy: Yes, we will supply them to the committee later in the week.

Deputy Noel Rock: That would be appreciated. Did Mr. Treacy see draft terms of reference for the report to be undertaken by Mazars?

Mr. John Treacy: Yes, I did.

Deputy Noel Rock: Can they be supplied to the committee?

Mr. Kieran Mulvey: No, we do not have a copy.

Deputy Noel Rock: The delegates have seen the terms of reference, but they do not have a copy of them.

Mr. Kieran Mulvey: The FAI made a particular point of allowing us to see and read the terms of reference.

Deputy Noel Rock: But not to keep a copy.

Mr. Kieran Mulvey: We then handed back the document because the FAI was in discussions with the Office of the Director of Corporate Enforcement, ODCE. To be honest, given what I saw and read, my view is that is where it should reside.

Deputy Noel Rock: Mr. Mulvey would rather not have a copy of the terms of reference. Does that mean that the ODCE-----

Mr. Kieran Mulvey: We do not have the authority. It is a matter that is more appropriate to the ODCE because it relates to company law and transactions that need to be reported in audit reports. There may or may not be appropriate explanations, but that is not our area of expertise.

Deputy Noel Rock: I accept that answer. In the previous round of answers it was stated credit card transactions would be examined. Is there a timescale for that examination? We know that Mr. Mark Tighe who reported *The Sunday Times* story looked at six months of transactions and expenditure of €40,000. Will a longer timescale be looked at?

Mr. John Treacy: The terms of reference for the Mazars report stated there would be an interim report in six to eight weeks.

Deputy Noel Rock: That is fine.

Mr. John Treacy: We consider that it will take some time.

Deputy Noel Rock: Please forgive me for phrasing my question incorrectly. I was referring to the years that were being examined, rather than to delivery of the report.

Mr. John Treacy: I do not recall.

Mr. Kieran Mulvey: I do not recall the years that are being examined.

Deputy Noel Rock: That is fine.

Chairman: Is it more than one year?

Mr. Kieran Mulvey: I think it is. We just had sight of it and I was trying to-----

Chairman: The delegates are putting a lot of faith in the Mazars report, yet they do not have a copy of the terms of reference that they were shown.

Mr. Kieran Mulvey: Not yet.

Chairman: I am not doubting the integrity of their position, but the delegates do not know what years are being examined and do not have a copy of the terms of reference. That is an

important point.

Mr. John Treacy: It has to be agreed with us.

Mr. Kieran Mulvey: It is still under discussion.

Chairman: When will the terms of reference be provided? I am sorry for interrupting Deputy Rock.

Mr. Kieran Mulvey: I expect them to be provided in the next two or three days.

Deputy Noel Rock: Can the committee also receive a copy of the terms of reference when they are provided for the delegates?

Mr. John Treacy: We should be able to do that.

Deputy Noel Rock: While the delegates might not accept that certain line items in the terms of reference are within their purview-----

Mr. John Treacy: If that is Deputy Rock's wish, we will make it clear.

Deputy Noel Rock: The broader point at which I am trying to drive is that while certain line items in the terms of reference may not be within the expertise of Sports Ireland or its purview, I see it as valuable that Sport Ireland will at least have a copy of the terms of reference, get to sign off on them and that that is the agreed process. I also believe there would be no harm in the committee seeing the line items.

By the time Sport Ireland met the FAI yesterday, two board members had stepped aside. Why did all of the board members who were aware of the breach of company law not step aside? A list was placed before the committee based on my answers last week. The names included the interim CEO who admitted she was aware of it in passing. Why did such people not step aside? Why did the honorary treasurer who was not aware step aside?

Mr. John Treacy: We do not know the answer to that question. We know that two people resigned. We imagine they might have signed off on other things in the past, but we are not sure.

Deputy Noel Rock: It seems to be an avenue that is worth pursuing.

Mr. John Treacy: Yes, it does.

Deputy Noel Rock: Returning to the story by Mr. Tighe in *The Sunday Times*, there is a reference in the fourth paragraph to third party payments, something we discussed in passing earlier. Will the payments be an avenue of inquiry in any forensic audit or review undertaken by Mazars?

Mr. John Treacy: Yes, they were clearly included in the terms of reference we read.

Mr. Kieran Mulvey: They are included. There is a reference in the terms of reference to third party transactions.

Deputy Noel Rock: That is good. The delegates will understand why I believe that is significant.

Mr. Kieran Mulvey: Mr. Tighe might tell us in the meantime what the payments were.

Deputy Noel Rock: Indeed he might, but I do not want to call him before the committee.

Chairman: In fairness, he is not a witness before the committee.

Deputy Noel Rock: Will Sport Ireland give the committee an indicative timeline? The delegates will understand there are many moving parts and many reviews taking place, many of which are happening in parallel. The delegates answered an earlier question by referring to a period of six to eight weeks. I imagine that at some stage a document might be compiled stating Mazars had reported on a certain date, that the ODCE had commenced its investigations on another date, etc.

Mr. John Treacy: I recall from reading the terms of reference that there were a number of modules. My impression was that it would take a while.

Deputy Noel Rock: As the process develops and the delegates get a sense of how long it will take, will they provide the committee with some timeline for what is happening and when it will happen?

Mr. John Treacy: We can ask and then provide the information for the committee.

Deputy Noel Rock: That is appreciated.

Mr. Kieran Mulvey: It is imperative that we make decisions on continued funding for vital programmes. I hope that will help to concentrate wonderfully the minds of those in the FAI in dealing with these matters.

Deputy Noel Rock: I agree entirely.

Chairman: I am sorry for interrupting, but Deputy Troy is next.

Deputy Noel Rock: In closing-----

Chairman: I am just being fair. Deputy Rock has spoken for seven minutes. I have no problem, but I have to let others in.

Deputy Noel Rock: I only need 30 seconds more.

Chairman: Go ahead.

Deputy Noel Rock: Deputy Catherine Murphy made a point about copying and pasting in the accounts. I completely agree. It is an avenue that is worth looking at. According to information from Deloitte, sections 281 and 282 of the Companies Act 2014 have been contravened. Section 392 of the same Act states the company being audited will be notified seven days before the submission is made to the Companies Registration Office-----

Chairman: It is up to seven days, but it can be shorter. I asked that question earlier.

Deputy Noel Rock: My apologies.

Deputy Robert Troy: Did other board members offer their resignation?

Mr. John Treacy: We are not aware of other board members offering their resignation. We only know what we read in the newspapers about another board member thinking of resigning.

Deputy Robert Troy: Sport Ireland met the board of the FAI last night and that board

again withheld key information, as confirmed by the delegates to my colleagues on a number of occasions. That is an indication that the FAI continues to give the two fingers to Sport Ireland and that it is the FAI that is driving the agenda and setting the pace. Even today, at the eleventh hour, it wrote to the Minister for Transport, Tourism and Sport, Deputy Ross. Everything is happening on its terms. The delegates stated they had a cursory look at the terms of reference for the report to be undertaken by Mazars. When will Sport Ireland sign off on them?

Mr. John Treacy: We were told that the FAI would bring the terms of reference to the ODCE first and that it would then bring a copy to us and that we would sign off on them at that point.

Deputy Robert Troy: If the terms of reference do not meet with the approval of Sport Ireland, what course of action will be taken?

Mr. John Treacy: We had a good look at the terms of reference. I thought they were extensive and addressed many of the points raised today. We will also feed some of the other points raised into the terms of reference for the Mazars report.

Mr. Kieran Mulvey: Deputy Catherine Murphy made a point about the review of corporate governance, the AGM and conditions attached to funding. We are more reassured that our person will be chairing it and that we will be nominating an independent director. Technically, we will have a majority on it.

Deputy Robert Troy: Is the review of corporate governance, for which Sport Ireland has appointed an independent director-----

Mr. Kieran Mulvey: Yes.

Deputy Robert Troy: -----to be concluded in advance of the AGM in July or an EGM in advance of it, or is it the case that we are waiting for the Mazars report to be concluded before the board steps down?

Mr. John Treacy: I believe it is the corporate governance piece that needs to be done. It will chart how the board will be selected in the future and the skills that will be looked for. That piece of work is very important in getting it done before the AGM.

Deputy Robert Troy: That is the piece of work-----

Mr. John Treacy: Yes, that is one piece of work that really does need to be done.

Deputy Robert Troy: Is Sport Ireland setting a time limit for when it is to be done? Please forgive me, but the FAI had a corporate governance committee established in January 2017. I accept that there is a lot more attention from the media, political representatives and Sport Ireland, but is there a timeline for when the report will be concluded?

Mr. John Treacy: There will be a timeline because there will be demands for funding and there is nothing like a deadline to focus the mind. Sport Ireland has nominated a chairman. In essence, it will be agreed to with the chairman and the sub-committee and they will get on with their business. They will know exactly what they need to do. Sport Ireland will support the Institute of Public Administration in providing the resources to get it done as quickly as we possibly can.

Deputy Robert Troy: On the terms of reference for the Mazars report, it was said it was

from memory. I am sorry, but I believe that in coming here today it should not be from memory. Sport Ireland should have sought a copy of the terms of reference, even if it was not to be shared with us today, and the delegate could have had it on the desk to refer to it. He could have said, "Yes, that is in it," and so on, instead of saying it was from memory. I have been contacted, as I am sure many others have been, by concerned or former employees, including one former employee of a company that has traded with the FAI for decades. That arrangement has persisted with the FAI for decades by virtue of the fact that backhanders were paid.

Chairman: That is outside our remit in our role as a parliament.

Deputy Robert Troy: What I am questioning is-----

Chairman: The delegates do not have to answer that question because it may identify other issues.

Deputy Robert Troy: I do not think it will identify anything.

Chairman: I am not being-----

Deputy Robert Troy: I accept what the Chairman is saying. I accept that the delegates have no knowledge. I do not for one second insinuate that they do-----

Mr. Kieran Mulvey: I accept that.

Deputy Robert Troy: There are, however, other things-----

Mr. Kieran Mulvey: Fair enough.

Deputy Robert Troy: Thanks to investigative journalism, not to the work done by Sport Ireland, every Sunday we are made aware of what is going on in the FAI. It is a moving ship. How can we have confidence that the terms of reference will encapsulate all of what needs to be encapsulated, *vis-à-vis* the examples I have given?

Chairman: Can Sport Ireland refer the terms of reference to the committee, through the Minister, when they are available?

Mr. John Treacy: We can refer them.

Mr. Kieran Mulvey: Once we receive them.

Mr. John Treacy: We wrote a letter to the FAI. It was the second letter we wrote to it. In it we asked if there were other matters of which it needed to inform us. It did state there were other matters that were being referred to the Office of the Director of Corporate Enforcement. That is what we are talking about.

Deputy Ruth Coppinger: The delegates would rather run a marathon than continue with this malarkey.

Mr. John Treacy: I thought it was a marathon.

Deputy Ruth Coppinger: Exactly. I am similarly surprised that we do not have a little more information. We keep hearing about the Mazars review, yet we do not actually know what is to be reviewed. I have some specific points that I would like Sport Ireland to take back whenever it next meets the FAI.

Last week at this committee Mr. Delaney made a statement and we were not allowed to ask him about these things. He said, for example, that the loan had been repaid to him on 16 June 2017. Coincidentally there was a board meeting three days later when he said “the €100,000 payment did not arise.” I wonder why. Two others on the board, including the chairman, were told about it. Does it not strike the Sport Ireland representatives as incredible that neither of the two board members said anything? In other words, they must have been sworn to secrecy and told not to say anything. Why would the chairman not announce it to the board? This brings us back to corporate governance, from Sport Ireland’s perspective. The board was not told until March, only because of a pending media story. This committee was not told for one month. Representatives of the FAI came to the committee and released a statement on the issue, about which they had known for one month.

Deputy Robert Troy: We still do not know who signed off on it.

Deputy Ruth Coppinger: They still do not know who sent the press release that stated otherwise.

Chairman: It was a magic moment.

Deputy Ruth Coppinger: It is a fact that there are no minutes of the internal finance committee meetings that were attended by the three people who took this decision. Normally, in any organisation in I have ever been involved, a sub-committee reports to the executive or the board, but that does not seem to happen in the FAI. In particular, a finance committee would always report to the executive. It defies belief these practices were taking place. These are key issues.

Mr. Treacy commented on points I had made about the type of board I believed was necessary. I said there should be representatives of players, supporters and the general public. Mr. Treacy said putting people in tracksuits on boards did not necessarily mean that they had the business acumen. In fairness, ordinary people have a lot more capabilities. There is a huge level of educational attainment. I am not for one minute suggesting one just plant somebody on a board. Obviously, board members need certain abilities, but I could think of many football people with the ability and integrity to be on the board.

Mr. John Treacy: Will the Deputy, please, let me answer? With respect, I totally accept that there are a lot of people in tracksuits who have huge ability. However, my experience is that a lot of people who sit on the boards of governing bodies and who have come up through a system do not know about corporate governance. They do not know how a board should operate. That has been the experience Sport Ireland during the years. I just want to make sure that is clear. We want to see people come up through the system who know it extremely well, but they also need to have the skills required. They need to know what their responsibilities are.

Deputy Ruth Coppinger: I appreciate that, but I do not know any ordinary person who is involved in a club who does not know that there are supposed to be minutes of meetings and that a massive shortfall in funds must be reported to the executive. They could not do worse than people who are so-called experts.

I turn to the issue of funding. The Minister seems to be misinterpreting my point, deliberately or otherwise. I was not suggesting public funding was going towards anybody’s lavish salary. We know that it is kept separate, but we have to question the continuation of public funding for organisations that seem to allow executives and various officials ready and profli-

gate access to credit cards, top hotels and lavish salaries. I fully appreciate the massive health and social benefits of sport, but if the FAI and other organisations do not keep it in check, there are plenty of other sports organisations that need the money, including I am sure girls' basketball clubs. Every school has a basketball court. It is often put out that the GAA and soccer-----

Chairman: If the Deputy is saying there is a marking scheme and that there are very low marks in that context-----

Deputy Ruth Coppinger: Exactly.

Chairman: That is a fair point, that the assessment be based on a number of governance issues, including salaries and expenses.

Senator Pádraig Ó Céidigh: I believe the chairman's and the CEO's team will do a very good job in doing soccer in Ireland a great favour. Everybody here is confident in that respect.

To follow on from Deputy Coppinger's point, I am looking at Mr. Delaney's statement on 10 April, in which he said an internal finance committee meeting had been held on Tuesday, 25 April 2017 and that the organisation had been strapped for cash. I am paraphrasing somewhat, but it did not have enough money. The following day Mr. Delaney was in Geneva when he received a call to state the organisation needed €100,000 from him to keep going. This is an organisation that had a turnover of €50 million, as mentioned in the 2017 accounts. We do not yet have the accounts for 2018. Mr. Delaney wrote a cheque for €100,000. The board was not informed until after Mr. Tighe - fair play to him - had contacted the FAI about the matter. That is what they meant the last day. What would have happened if Mr. Delaney did not have the money? What would have happened if he did not have €100,000 to write a cheque? The FAI would have been insolvent and gone. As per agreement, Sport Ireland was not told about the situation. Its hands were tied behind its back. It was incredible. We are talking about an organisation with a turnover of €50 million and it is a case of "give us 100 grand. Yes, no bother, it is going to keep you going." There is no need to go into the related company law issues, but we know that they were substantial.

Sport Ireland made the point clearly the week before last that it was not a regulator. I do not think it should be. That is not its role. UEFA and FIFA would have a significant issue with it because they regulate the sport of soccer worldwide and it could lead to a serious conflict. Sport Ireland has a narrow remit within which it operates, but it can operate and I believe there is the commitment to make it happen. It is really important to reflect on what it has learned from this. What did it do right? What could it have done better? I am saying this to be positive as we cannot dwell on the past. We must learn from it. I am really concerned that there is a vacuum. If it is okay, I suggest we invite back Mr. Treacy and Mr. Mulvey in a couple of months to tell us what has happened in the meantime and about what Sport Ireland is doing to fill the vacuum to help the sport of soccer in Ireland to be world class again.

Deputy Kevin O'Keeffe: We must admit, with reference to the chain of command, that the FAI is functioning. I attended an event held by the Federation of Irish Sport and the Irish Sport Industry awards. As we give out about the FAI, three or four of its supporters' projects were nominated for awards and one or two won. What started out on 17 March as a question about accounting practices and procedures has become a major issue for the sports organisation, rightly so. I must put up my hand and say major changes are needed. How to go about it is for the FAI to decide but with the proper level of pressure exerted by Sport Ireland, the committee and the Department of Transport, Tourism and Sport. We have to rely on the grassroots up

along the line in terms of how it will work. People are critical of directors' performance. It all comes down to implementation of good governance practices.

I come from north Cork, a big farming area. We have a successful co-operative in our backyard. It has a turnover not of €50 million but four or ten times that amount and many of its board members came up through the ranks. Some of them perhaps just went to national or secondary school. With the help of the organisation, they were funded and educated to become directors of a company before they joined the board. We should not lose sight of this. A person does not need to be a lawyer, an accountant or a successful businessman in Dublin to be a board member of any company. We should allow people to become board members, provided they are properly educated or attend training courses. This should be taken on board.

I have one or two questions for Sport Ireland. It made recommendations. Did it also ask Mazars to take on board some of them in the terms of reference? It was stated Sport Ireland had seen the terms of reference.

Mr. Kieran Mulvey: That only occurred late last night, but we must return to a meeting with the FAI about Mazars which was engaged through its legal people with the Office of the Director of Corporate Enforcement. We will have a further engagement with it and have taken careful note of what members of the committee have said they would like to see within them.

Deputy Kevin O'Keeffe: In Sport Ireland's dealings with the FAI does Mr. Mulvey think it bit off too much? The previous year the CEO was commended for getting the Aviva Stadium up and running, but does Mr. Mulvey think the FAI bit off too much of the cake in trying to finance the structure and possibly lost sight of other projects related to the development of football in this country? Does Mr. Mulvey think it has been a pull factor? I will be blunt. Everybody is boasting that the IRFU got its debts in order straightaway, but Sport Ireland must know who plays football and who plays rugby. They are two very different sources of income. The sources of income or earnings are very different when it comes to football and rugby. Perhaps that is where the problem first arose. Perhaps the FAI took too much on board and tried to match the IRFU in developing the Aviva Stadium.

Chairman: I thank the delegates for attending. I also thank the Minister, his Department, the staff of Sport Ireland and all of our colleagues who have worked very hard. I am very impressed by the commitment of everybody to ensuring accountability. However, I have some worries. Who will manage the appointment of the CEO at this time of crisis? Who will sit on the board? Will the old or new board do it? There are significant issues because obviously the person concerned will be driving the organisation in whatever direction he or she decides. Sport Ireland will want to be very careful in that regard.

The Office of the Director of Corporate Enforcement needs to seize control of the process. Notwithstanding its excellence, using Mazars is not the way to go because it is being paid by the FAI and is really a third party. The Office of the Director of Corporate Enforcement ought to have its own team to carry out the business or appoint its own team to do so. As pointed out by Deputy Rock or others, Deloitte has serious questions to answer. It is unacceptable that it passed accounts with which there appears to be an issue. The key point which is probably the most important is that everybody at the meeting last night from the FAI knew that Sport Ireland would find out about Deloitte today. They all knew it, but they did not tell Sport Ireland. What happened in the past few hours before Sport Ireland knew about it? Why did the FAI not tell it? It makes no sense. I am concerned about record keeping and book-keeping. Sport Ireland or the Office of the Director of Corporate Enforcement needs to make sure there will be complete

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accountability. Protocols must be in place before any of the files can be accessed; otherwise I would have grave concerns. This committee has shown that in a democracy, it does work. It worked particularly well today because it was clear that the witnesses were accountable to us. It did not work last week, even though the outcome for those who refused to talk or answer our questions was negative. The ultimate issue for me is the need to reform the committee system. Committees should have more powers, which might mean the holding of another referendum. The power and capacity of committees to compel witnesses to appear or answer questions on serious issues has to be changed. I believe that is what the public wants. This must be framed in a way that provides fairness to all witnesses and ensures due process.

I thank all of the delegates for their attendance and wish everybody a happy Easter.

The joint committee adjourned at 6.20 p.m. until 10 a.m. on Wednesday, 8 May 2019.