



Mr. John McGuinness, T.D.,
Chairman,
Public Accounts Committee,
Leinster House,
Kildare Street,
Dublin 2.

14th February 2012.

Dear Chairman

I refer to recent correspondence received from Ms. E. Lavelle, Secretary to the Public Accounts Committee (Copy of letter from Mr Noel Wardick to the Chairman, Deputy John Mc Guinness) and the attached letter to the Chairman from Ms. Jenny Bulbulia—both of which take issue with my evidence to the Public Accounts Committee at its hearing on 19th January 2012. I wish to address both letters in this response.

Firstly by way of context, let me explain that I joined the Irish Red Cross in early 2011. Our Chairman, Mr David O'Callaghan, was appointed in September 2010 and my colleague Ronan Ryan, Head of Fundraising- who also gave evidence on the day, joined the Society in January 2011. None of us were involved with the Society through the period up to Autumn 2010.

On his appointment, one of the first actions taken by our Chairman was to commission an investigation into the events surrounding the Tipperary Bank account incident. This was conducted by a Group of three individuals, independent of the Board of the Society and chaired by the former CEO of the Irish League of Credit Unions, Mr Liam O'Dwyer. They reviewed the records of the Society, conducted interviews and issued their findings within weeks. Those findings were published and are a matter of record. They found that "the Tipperary Branch in no way attempted to hide or retain the Tsunami monies", but that the incident pointed to serious shortcomings in financial oversight and governance. They made a series of recommendations to ensure that these failings were remedied and that the governance of the Society was strengthened.

I was appointed two months after this investigation was concluded and the report was published. I was tasked by the Board with ensuring that those recommendations were implemented, that the governance structures were radically overhauled and that the Society was put back on a positive and progressive course for the future. That has been my focus for the past twelve months and I believe the reports provided and the evidence given to the Committee has demonstrated that great strides have been made in this respect. I have not concerned myself through that time with the events that preceded my appointment, other than to ensure that I had properly and comprehensively responded to the recommendations of the Investigation Team and fully addressed all the weaknesses that had been exposed.

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The invitation to appear before the Public Accounts Committee was welcome in two respects. It afforded the Society the opportunity to address groundless allegations that some of its current practices relating to its accounts, property portfolio or management of donors money did not meet the appropriate standards. It also afforded the opportunity to publicly acknowledge the failings of the past and to speak to the substantial body of work that has been completed to ensure that such a situation will not arise again. While we are a private and independent organisation, we fully appreciate our obligations to reassure the Irish taxpayer and the broader public that we are meeting all the standards that would be expected of us and that we are conducting the affairs of the Society in a manner that meets best practice for the voluntary sector. It was with this mindset that we gladly accepted your invitation to the hearing on January 19th last.

The hearing did get into governance and other matters and we were properly scrutinised on each of these issues. I believe that we dealt with each of these candidly and comprehensively and I am confident that the members of the Committee will have been reassured that we are managing the affairs of the Society in a proper fashion. I stand over everything that has been said in that respect and will robustly defend our position against any suggestion to the contrary.

However I have to say that I, or my colleagues, were not prepared for some of the very forensic questioning relating to the precise detail of events surrounding the Tipperary Bank account incident through the period from 2005 to 2009. We were not part of those events and have no first-hand experience of them. I have read the reports and reviewed the records, but with an emphasis on their implications for proper governance and supervisory systems more than anything else. I am very conscious of the incomplete nature of some of the records of the time and the many conflicting accounts of these events that have been provided to me. I am not in a position to offer a definitive account of those events, nor indeed were any of my colleagues on the day. I consider that the Investigation Team has properly reviewed these materials, conducted formal interviews and formed a judgement on what happened—I have no reason to revisit this and do not see it as my place to do so. I am very aware that some individuals do not accept the findings of the Investigation team, and I do not find that surprising ... in my experience this is always a feature of any such investigation process.

I have to say that for these reasons I was uncomfortable in dealing with questions relating to the Tipperary account. In responding to them I felt it appropriate to draw only on the formal records of the Society, or the conclusions of the Investigation Team. If I have offered any evidence that is inconsistent with these, I apologise for this but have done so only out of unfamiliarity and not with any intention to mislead. I have pointedly not drawn on the many conflicting and varied accounts of these events that have been provided to me by different individuals in the course of the past twelve months. The Committee will be aware of some of these accounts, but not of many others. Some of these accounts are irreconcilable and most cannot be verified or validated by reference to the records of the Society. I did not think it appropriate to reference any of these, for to do so would put weight on one account more than another and I have no basis or justification for doing so.

This brings me to the two letters that have been copied to me:-

Ms. Bulbulia references a conversation with me and the Chairman of the Society in which she gave us her account of the events of the time. This came about because we asked to see her as part of a broader consultation with former officers of the Society. During that conversation she made reference to Governance matters during her period in office. Ms. Bulbulia's account may well be accurate as it relates to the Tipperary bank account, but I have no basis on which to make that judgement. There is nothing in the minutes of the many Governance meetings that were attended by Ms. Bulbulia that refers to the Tipperary bank account and no reference on her part to that account in any other records of the Society. I also have to say that other recollections offered to me by board members and others, are not always consistent with that account. The only indisputable fact is that through all this period and up to November 2009, there is no mention of the Tipperary Account in the minutes of the Central Council meetings, the minutes of the monthly Executive Committee meetings or the minutes of the frequent Finance Working Group meetings. That is the basis for the evidence that I have given.

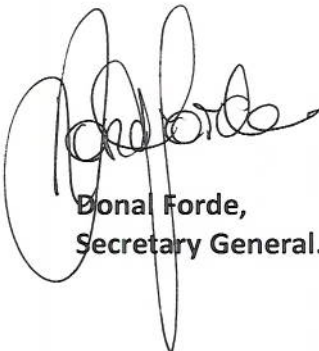
Ms. Bulbulia is correct in pointing to two inaccuracies in my evidence and I apologise for these. As I have earlier explained they are attributable to my unfamiliarity with these events and I did not intend to mislead the Committee. She points out that the Investigation Team concluded that the Finance Department in Head Office was aware of the existence of the Tipperary account in April 2008 and not August 2008 as I stated. She is correct in that and I was mistaken. This is a matter of record, as per the report of the Investigation Team which was published in December 2010. She also points to my evidence that the Banks were approached formally for details of bank accounts and says this is mistaken. In offering this evidence I was thinking of some such requests that I had seen in the Finance Department but I have since discovered that these relate to a much later period. I have checked the files to establish what records exist of contacts with Bank of Ireland through 2007 and 2008 but I can find nothing relevant. Therefore I do not know who contacted the Bank of Ireland or in what way this was done, or indeed at what point in time it was done. In providing follow-up information to the Secretary of the Committee I have offered to contact the Bank and ask them for any help they could provide in clarifying this particular point.

Turning to Mr Wardick's letter, he insists that a former Secretary General was told of the Tipperary Account. This may well be - that Secretary General left the Society in 2008. All I can say with confidence is that there are no letters or correspondence on file from the Head of Finance to the Governance fora or to the Secretary General relating to this matter and no correspondence from the Secretary General to the Governance fora in relation to the Tipperary account. Mr Wardick mentions an e-mail from him to the Secretary General on this matter that may be relevant. However, I am not clear that this throws any light on whether the issue was briefed to the Board. Mr Wardick says that Ms Bulbulia was aware of the Tipperary situation. This is consistent with her account, but it is not true to say that there is written confirmation of this. He also states that other Board members knew about the account. There is no evidence of that (other than the obvious point that Mr Lawlor must have known about the account, but he saw it as an issue that had been resolved)

I have noted Mr Wardick's intention to challenge other aspects of the evidence that I and my colleagues have given. If this relates to the current practices of the Society or the manner in which we have responded to the failings of the past, I will look for the opportunity to respond to any such criticism in very robust terms. However if further criticism only serves to take issue with the findings of the Investigation Team or to dispute the circumstances surrounding the Tipperary Bank account, I can do no more than continue to draw on the formal records of the Society or the public report of the Investigation Team. In such circumstances I would ask the Chairman to ensure that the limited resources of the Irish Red Cross Society are not consumed by such a process. We will respond to any request from you as Chairman of the Public Accounts Committee, but I would ask that you question the merits of such an ongoing exchange, if it only serves to provide a platform for those who disagree with the Investigation findings and who wish to interminably pursue the issue ..and to what end? The Irish Red Cross Society has publicly acknowledged the governance failings that have taken place and apologised for them. We have made great strides in putting a best practice governance framework in place. We know that we have more to do and have noted the reservations of some Committee Members with respect to Board change and rotation. We will also take up Deputy O'Donnell's challenge to reach for the A standard in corporate governance. We want to drive on with the reform and rejuvenation of the Society and put the events of the past behind us. We have five thousand volunteers who deserve that opportunity and who simply want to see the Society grow and develop and continue to support needy communities here at home and abroad.

I am unfamiliar with the protocols of the Public Accounts Committee and expect that this letter would be shared with the other Members. If that is not so could I ask that this be done? I am also happy for you to publish this on your website if you think appropriate.

Yours sincerely



Donal Forde,
Secretary General.

21st January 2012

Mr. John Mc Guinness, TD
Chairman,
Public Accounts Committee,
Leinster House,
Kildare Street,
Dublin 2.



Public Accounts Committee Hearing into Irish Red Cross 19th January 2012

Dear Chairman,

I watched the above hearing live on line and I can only describe my reaction to the statements and answers provided by the Irish Red Cross as one of shock, outrage and disgust.

The extent of misinformation and quite frankly untruths told is staggering. To do so on public record, in our national parliament and before elected representatives is astounding.

I believe great damage has been done to the image and reputation of the Red Cross, its emblem and everything it stands for. Based on what I witnessed at the hearing I greatly fear for the future, the integrity and the welfare of the Irish Red Cross.

Whether the Irish Red Cross representatives believed what they were saying to be accurate and true only they will ever know. Regardless it does not take away from the inaccuracy of very substantial parts of their evidence.

I intend to respond in detail to the statements and answers provided by the Red Cross representatives once the full transcript of the hearing becomes available. I will forward this to the Public Accounts Committee and the Department of Defence as a formal record.

In relation to one issue, however, I will record my view now. It is factually incorrect to say that when the Tipperary account was first discovered in 2008 that the then Head of Finance told nobody and that for a number of years no board member therefore knew about the account's existence and/or discovery. In 2008 when the bank account was discovered at least three senior board members were informed. One of these subsequently resigned over the organisation's failure to investigate the matter as well as other concerns the person had surrounding governance and finance. A fourth, the Vice Chairman who was one of the signatories on the Tipperary bank account, also obviously knew.

In addition to these board members the Secretary General of the Society at the time was immediately informed (2008). I am sure this can easily be verified by the individual who is currently a senior civil servant in the Department of Justice and Defence (he was on secondment to the Irish Red Cross as Secretary General at the time of the bank account's discovery).

As Head of the International Department I was personally informed by the Secretary General of the bank account's discovery circa Sept/Oct 2008. I have email correspondence to the Secretary General in early October 2008 stating that I felt the Vice Chairman should resign over the matter. I can provide a copy of this email if required. I continually called (until my dismissal) for an independent investigation into the account (at senior management meetings, at staff meetings and during numerous private discussions with two separate Secretary Generals).

I would like to take this opportunity to thank you as Chair Deputy Mc Guinness and all members of the Public Accounts Committee (PAC) for investigating the Irish Red Cross and the allegations of misgovernance and financial malpractice. Given the enormous workload on the Committee there are many of us very appreciative that the PAC discussed this issue not only once but on two separate occasions, 13th October 2011 and 19th January 2012.

I think it only correct to note Deputy Kieran O' Donnell for being an excellent Chair on the 19th and for allowing the hearing continue for well over two and a half hours thereby facilitating a rigorous and detailed questioning of the Irish Red Cross. Interventions by Deputies Derek Nolan, Simon Harris and Anne Ferris were also extremely important. In particular, however, I would wish to commend the lead questioner on the 19th, Deputy Eoghan Murphy. His knowledge of the subject matter was detailed and comprehensive and as such must have entailed a considerable investment of time, energy and preparation. In a time when public representatives are seemingly continually and collectively criticised I would want to put on record my own appreciation to all of those on PAC who obviously put significant effort and work into this case.

Yours sincerely,



Noel Wardick

12 Conquer Hill Avenue,
Clontarf,
Dublin 3.

Cc: Minister for Justice and Defence, Mr. Alan Shatter, TD

Mr. John McGuinness, T.D.
Chairman
Public Accounts Committee
Lenister House
Kildare Street
Dublin 2

9th February, 2012



Re.: Irish Red Cross; PAC Hearing of 19th January, 2012

Dear Chairman,


I refer to the above hearing and the comments in particular of Mr Donal Forde, Secretary General of the Irish Red Cross in relation to my letter of resignation from Central Council to the Minister for Defence in 2009. I appreciate that I have no standing before the Committee and therefore make no comment in relation to the totality of the evidence given save where it refers to my resignation and purports to represent my state of knowledge at that time. I hope you consider it appropriate that I write to you in this context.

In his evidence to the Committee on the 19th January 2012, Mr. Forde specifically states:

Mr. Donal Forde: No one in the governance forum of the Red Cross knew at the point of that resignation about the Tipperary account.

Deputy Eoghan Murphy:   In 2009?

Mr. Donal Forde: At that point in 2009.

Deputy Eoghan Murphy:  One year after it had actually been discovered by people working in headquarters.

Mr. Donal Forde: As stated, they did not know.

The resignation refers to my resignation from Central Council in March 2009. The following was my state of knowledge in relation to the Tipperary Bank Account at that time:

- I was told of the existence of the Tipperary bank account in or around March/April 2008 by a consultant who was engaged to assist the Society's finance department.
- I then discussed this matter with the then Acting Secretary General, who was on secondment from the Department of Justice and several Board members. They also had previously been informed of the discovery.
- I requested that the Vice Chairperson be formally asked to account for this matter and that an investigation be launched.
- I was told that this would not be possible because the account was discovered following informal contact with the Bank of Ireland due to a personal contact

that the consultant engaged by the Irish Red Cross had with a bank official and that to use this information in any formal way would compromise the position of the bank official and that the information had been received on a confidential basis. This is at variance with Mr. Forde's evidence that the banks were approached formally in relation to bank accounts at that time. With hindsight I have no way of verifying the accuracy or otherwise of this information but it was the reason that was given to me at that time and I was requested to not take the matter any further.

- I was further told that the money had been requested from the Vice Chairman, Mr. Tony Lawlor and was being forwarded to Head Office and no further action was necessary or would be taken.
- I was further informed that procedures were being put in place to ensure that such an incident could not occur in the future.
- I continued to discuss it on several occasions with the then Acting Secretary General and several Board members but no action was ever taken on foot of it which continued to be a matter of extreme unease for me.
- The Tipperary bank account was only one of a series of major concerns and difficulties that the Board and management were trying to work through at that time.
- I wrote to Mr. Forde following his evidence to the Committee expressing surprise at his evidence, especially in circumstances where I had met with him and Mr. O'Callaghan in 2011 and had informed them of the matters leading to my resignation and other concerns I held.
- Mr. Forde replied stating that his evidence to the Committee was based on a review of all minutes at that time and the report of the internal inquiry. However, this report clearly states that the existence of this account was formally discovered and examined in Head Office in April 2008. This is at variance with Mr. Forde's evidence to the Committee with states that it only came to light in August 2008.

The Tipperary bank account came to light during a very difficult time for the Board when three Board members, including the then Treasurer Mr. Des Kavanagh and the Vice Chairman, Mr Tony Lawlor, had absented themselves from the Board room table following a disagreement as to the manner in which governance reform should proceed. These three board members remained absent from the Board until they stood for re-election in the Spring of 2008. During their absence I attended some meetings of the Finance Committee. I wrote to the then Chairperson on the 16th May, 2008, and copied the letter to the entire Board, indicating my decision not to put myself forward for re-election to the position of Honorary Secretary for a another term in circumstances where there was an absence of mutual respect between myself and the other two Honorary Officers, namely Mr. Des Kavanagh and Mr. Tony Lawlor. In particular in that letter I stated the following:

"I have attended numerous meetings of the Finance Committee since December and have been truly shocked by the lack of transparency and proper process that has been uncovered."

I did not refer specifically to the Tipperary bank account as it was my understanding, as stated above, that to do so formally would compromise the position of the bank official who had uncovered the existence of the account and would run contrary to the basis on which the information was received. I was also aware that the matter was already known at senior management level and by several Board members at that time. Importantly it was also only one of a number of concerns I held in relation to the running of the Society and the conduct of certain Board members at that time.

Although I did not run again for elected office on the Board I remained on Central Council during this time but resigned in March of 2009 by way of the letter to the Minister for Defence that was referred to at your Committee. Mr. Forde is correct to state that my letter of resignation does not specifically refer to the Tipperary bank account. However it did refer to extremely poor governance, and my concern in relation to financial impropriety. I also specifically referred to the white washing of minutes of the Central Council that do not record my address to the Central Council in Spring 2008 following my decision not to put myself forward again for election to the Board and my expressed concern as to financial irregularity and poor governance. I am unaware as to whether this minute was ever subsequently corrected.

For the reasons outlined above, Mr. Forde's evidence is at variance with what I knew and what I had discussed with other Board members and the then Acting Secretary General at the time the existence of the account became known in head Office circa March/April, 2008. This matter was known within governance circles as early as March/April 2008 but was at all times requested to be dealt with in strict confidentiality for the reasons outlined above.

Given the attention that my letter of resignation received before the Committee it might be appropriate that the Department be asked to furnish the Committee with this correspondence including the Department's subsequent correspondence forwarding my letter to the Board? I am aware that this series of correspondence has been the subject of a Freedom of Information request by the media in the past and that the Department decided to release it on the grounds of public interest. Again this is all documented within the Department. It was following this FOI request that articles appeared in the media relating to the Tipperary bank account and concerns surrounding poor governance.

I hope the above clarifies my state of knowledge in relation to this matter when I tendered my resignation to the Minister.

Yours sincerely,

Jenny Bulbulia

cc. Mr Donal Forde, Secretary General of the Irish Red Cross.