

14 Bellebue Avenue
Glenageary
Co Dublin

Mr John McGuinness T.D.
Chairman, Public Accounts Committee
Dáil Éireann
Dublin 2

Tuesday, 7 February 2012

Dear Chairman,

GOAL and Irish Aid funding

The most recent media publicity concerning the **governance** of GOAL; the absence of adequate **public accountability**; the diminishing capacity of GOAL to raise sufficient **public voluntary donations** (*unrestricted income*); **inadequate documentation** available to a Department of Foreign Affairs and Trade internal audit team and the **partial management response** in the second half of 2011 to their preliminary audit findings combined with a history of **high staff turnover** is deeply troubling. This publicity follows the resignation of a senior counsel as Chairman of GOAL in December after a tenure lasting less than four months and other high-profile board resignations.

Grants accounted for €161.4 million, 75% of the total cash income of €213 million of GOAL between 2007 and 2010. The ratio of the Irish taxpayers' component (*restricted income*) was extraordinarily high in the context of Irish Aid requiring GOAL to provide €25 in cash from public voluntary donations (*unrestricted income*) for every €75 cash provided by the State under MAPs II, – a sum equivalent, in practice, to over €5 million per annum. GOAL achieved a contribution ratio of 14% in 2010 and 8% in 2009. While the annual sum provided by taxpayers' under MAPS II declined by 4% from 2007 to 2010, the expenditure provided directly by GOAL declined by 55% in this period.

An externally commissioned audit in 2005 described how *'the objectives and priorities of GOAL have been influenced by the values of its chief executive to a greater extent than perhaps applies in other NGOs – notwithstanding the existence of an institutional structure typical of a more substantial NGO'*. It also cautioned that *'one should not underestimate the febrile nature of this relationship'* (between GOAL and those providing taxpayers' money.)

The 2011 internal audit raises questions of confidence in the **longer-term sustainability** of GOAL, including **structures** and systems of **accountability** for public funds. This audit, which took four months to complete and six months for the management of GOAL to respond to its preliminary findings, found *'little evidence of effective Board engagement'*, no specific board terms of reference, an unclear and unstable senior management structure and the capacity of GOAL to be compliant in providing 25% of the cash towards the MAPs II programmes it is involved with to have diminished materially as a consequence of the low level of GOAL's own unrestricted funds.

Despite this serious constraint, this audit report states that the directors have a policy *'where restricted funds remain unspent for a period of three years following the year of their receipt, GOAL's Board may decide to transfer such funds that they consider surplus to requirements to*

unrestricted funds'. Are Irish taxpayers' to conclude that, at the whim of a board of directors, income from them supposedly restricted to a dedicated purpose, is to become 'unrestricted income' to be used as part of a matching obligation, without any evident intervention by the Department of Foreign Affairs and Trade to say '**yes**', or '**no**'? What does the Public Accounts Committee have to say about €2,969,000 being converted from restricted to unrestricted income of GOAL in 2008 under this policy, thus elevating an already high burden and risk on taxpayers'? Is the Public Accounts Committee satisfied that GOAL could in 2009 withhold €4.3 million (*65% of its total unrestricted income that year*) so as to replenish reserves, while being contemporaneously in a position to meet all day-to-day expenses as these became due?

If the Department of Foreign Affairs and Trade is not represented on this board of directors, why is this so? A venture capital company would not provide this scale of funding without very close board oversight, even participation, to ensure that fundamental policy priorities are fully executed and all compliance issues are in order. A report in the *Irish Independent* on 6 February which speculates that '**the Government has threatened to withdraw State support from the charity GOAL unless it addresses corporate governance concerns**' is no substitute for competent, rigorous and thorough oversight which has the *imprimatur* of the Accounting Officer / Secretary-General of the Department.

Despite a prolonged history of controversy, the latest Chairman of GOAL, who was appointed last December, stated this week, that "**what I am saying is what is happening in GOAL now**". He continued that no one in the organisation that he knew of was **currently** on an annual salary of €100,000, or more. This perspective seems to be somewhat self-serving rather than illuminating or transparent.

GOAL has been a participant in the Irish Aid Multi-Annual Programme since 2003 but the authorities were hesitant in committing multi-annual funding between 2003 and 2005 and made three annual tranches available instead. It would be in the public interest if, in the light of this lapse of confidence and subsequent history, the Public Accounts Committee were to insist that the audited accounts of GOAL from 2003 onwards, incorporating a level of detail that is sufficiently informative, were in the public domain and that the remuneration and expenses attributable to those in leadership was stated clearly and unambiguously in each set of audited annual accounts.

The Irish Aid programme is now being funded by **debt**, not income. It is most noteworthy that the 2005 or 2011 audits did not refer directly to the adequacy of **public accountability** and **transparency** from the perspective of taxpayers' and two years have elapsed since the last audit was completed – but controversy rages unabated. The **annual reports of Irish Aid** would be more informative if it were to list the **recipients** of its funds and the cumulative amount each receives, not merely provide a geographical, country-specific and sector synopsis of how funds are dispersed.

Finally, could the Public Accounts Committee insist on a much more robust standard of public accountability, transparency, governance and sustainable viability by **all non-commercial recipients** of proportionately **large sums of taxpayers' money**? The public domain in this context includes the corporate publications component of a sponsoring Department's web site and the web site of the entity concerned. This should indicate that accounting officers' have timely oversight of how taxpayers' money is spent – despite the independent nature of the corporate relationship.

Yours sincerely,


Myles Duffy