

## **Memorandum of Understanding**

**between**

**Minister for Transport, Tourism and Sport and Football Association of Ireland**

This Memorandum of Understanding (MOU) establishes an agreement between the Government of Ireland and the Football Association of Ireland (FAI) in respect of restoration of funding and the provision of additional funding support to the FAI for the period 2020-2023.

This MOU sets out broadly the terms upon which funding support can be provided and will be underpinned by a series of relevant documents which will set out in detail the terms under which funding is to be provided.

### **Objective**

This MOU establishes the framework for the restoration of funding from the Government of Ireland to the FAI, the provision of additional funding over the period 2020-2023 and the responsibilities of each party.

### **Commencement**

This agreement is effective when signed by the Government of Ireland and the FAI.

### **Background**

The Football Association of Ireland (FAI) is recognised by the Government of Ireland as the National Governing Body for association football (soccer) in Ireland. The Government of Ireland, through the Department of Transport, Tourism and Sport and statutory agency Sport Ireland, has a long-standing funding partnership with the FAI for the development of soccer in Ireland. Annual funding agreements exist between Sport Ireland and the FAI in respect of current funding support for FAI programmes. A number of Memoranda of Understanding exist between the Department of Transport, Tourism and Sport and the FAI in respect of grant funding awarded under the Sports Capital Programmes administered by that Department.

Following admissions that the FAI had failed to adhere to conditions for grant funding in 2017, the Department of Transport, Tourism and Sport and Sport Ireland decided in April 2019 to suspend and withhold funding to the FAI. Since then, Sport Ireland has provided technical support and guidance to the FAI to address corporate governance and financial issues in the Association, including support for a Governance Review by the Institute of Public Administration which made recommendations to address these shortcomings. Sport Ireland also commissioned a forensic audit by KOSI Corporation of the FAI, the final report of which has been provided to the FAI with a series of recommendations to strengthen the Association's financial control environment.

In December 2019, the FAI published its financial statements for 2018 as well as revised financial statements for 2016 and 2017 which revealed a significant deterioration in the Association's finances. The FAI approached the Government of Ireland and sought both the restoration of funding

and additional funding support over the period 2020-2023. The FAI appointed Mr Roy Barrett as the first independent Chairperson of its Board on 8 January 2020, as well as two independent directors, which was a key milestone in the governance reform process outlined in the Governance Review recommendations.

The FAI Chairperson has put forward a proposal for a multi-partner financial support package to address the current crisis. This will involve a significant contribution of additional funding from UEFA, the regional football federation for Europe, as well as favourable terms of business offered by Bank of Ireland, the FAI's banker. The FAI Board acknowledges that the additional funding to be provided by the Government of Ireland is dependent on these other parties honouring the commitments as set out in the Chairperson's proposal.

### **Conditions to be accepted by the FAI**

Before any restoration of existing Government funding, or any increase in Government funding can be made, and in addition to honouring its existing conditions for the receipt of Sport Ireland funding, the Chairperson of the FAI, Mr Roy Barrett, indicated that the FAI Board is prepared to accept the following conditions:

#### *Constitutional and Council Reform*

- Conduct a formal review of, and make recommendations regarding, the FAI constitution, Council and AGM. The review will be commenced immediately and completed by mid-2021, in consultation with Sport Ireland and overseen by the Governance Oversight Group, which will consider amongst other issues the definition of membership, entitlement and future composition, role and function of the Council, if any, and the role of the AGM. Implementation of all of the recommendations must be completed by the end of June 2022.
- In accordance with Recommendation 66 of the Governance Review Group report, review and agree a process for the change to Council membership taking into account and acknowledging the service of current members with a view to retiring Council members with greater than 10 years' service by July 2020.
- Amend the Rulebook of the Association to state that past Board Members are, with immediate effect, ineligible for membership of FAI Board Committees.

#### *Corporate Governance*

- Fully implement the Governance Review Group recommendations by the end of 2020.
- Amend the Association's Rulebook and Memorandum and Articles of Association by July 2020 to provide that 6 of the 12 Board Members (including the independent Chairperson) will be independent directors.
- Expedite Recommendation 8 of the Governance Review Group Report and, by September 2020, appoint a person to lead, drive and take responsibility for the corporate governance reform agenda and establish a new Governance Oversight Group (as provided for in FAI Rule

15.3<sup>1</sup>), to be chaired by Sport Ireland, comprised of FAI Board representatives (one independent director and one ordinary director) and Sport Ireland representatives to oversee progress on implementation of Governance Review recommendations and oversee implementation of governance reforms over the lifetime of this agreement.

- The Governance Oversight Group will formally meet at least once per annum with senior officials of the Department of Transport, Tourism and Sport to review the progress of FAI reform and the implementation of this Memorandum of Understanding.
- Ensure that quarterly progress reports to be provided to Sport Ireland are formally approved by the Board of the FAI prior to submission.
- In accordance with Recommendation 63 of the Governance Review Group report, the FAI should establish an Assessment Panel (further composition to be agreed with Sport Ireland but this will include external representation) to consider and assess the particular skills and competencies of those nominated for FAI Board membership as football representatives, against the specific criteria to ensure all candidates are suitably qualified to oversee the governance and accountability framework required.
- In accordance with Recommendations 53 and 62 of the Governance Review Group report, all future chairpersons of the FAI should be independent and appointed through an independent process agreed with Sport Ireland.
- A revised travel and match ticketing (home and away) policy to be approved by the Board and agreed with the Governance Oversight Group.
- Conduct a Review of Board Effectiveness and provide the results and report of same to Sport Ireland. Thereafter, commission an independent review of Board Effectiveness every 3 years.
- Adopt the Governance Code for Sport by the date of the FAI AGM in 2021.
- Commit to the target of 40% female membership of the FAI Board, Council and all committees by the end of 2023.

#### *Financial and Internal Controls*

- Fully implement the high risk recommendations set out in the KOSI audit as a priority and no later than by 30 June 2020.
- Fully implement all KOSI audit recommendations by 31 December 2020.
- Immediately develop a risk management policy and prioritise the implementation of a comprehensive risk management system across the whole organisation, in accordance with Recommendation 15 of the Governance Review Group report. The Risk Management Framework, as approved by the Board of the FAI will be submitted to Sport Ireland along with annual confirmation of the monitoring of its overall effectiveness.
- Immediately establish an Audit, Risk & Compliance committee in accordance with Recommendation 23 of the Governance Review Group report.
- Immediately make arrangements for the establishment and resourcing of an internal audit function, in accordance with Recommendation 24 of the Governance Review Group report.

---

<sup>1</sup> Rule 15.3 of the Association states: The Council shall empower the Board and its Committees to appoint Resource Groups, where necessary – such groups shall deal with specific projects and issues and may be purely temporary in nature.

- Establishment of a Liaison Group with Sport Ireland to meet quarterly to oversee implementation of a detailed plan, with specific timelines to be prepared and agreed.
- Ensure progress reports are formally approved by the Board of the FAI prior to submission to Sport Ireland Liaison Group.
- Ensure quarterly updates are supplied by the Sport Ireland-FAI financial management liaison group to the Minister for Transport, Tourism and Sport on progress until all recommendations have been implemented.
- Provide Sport Ireland with quarterly financial reports for the Association's entire operations.
- Provide the following to Sport Ireland annually:
  - an overall rolling 3-year financial strategy for the Association;
  - the annual Income & Expenditure budget, annual cash flow forecast and annual capital budget;
  - The FAI's governance manual, as approved by the Board, following its annual review.
- Provide reports to Sport Ireland that allow for the monitoring and oversight of the financial and cash flow position on a quarterly basis, and report corrective actions as approved by the Board as necessary.
- Ensure the FAI Chairperson provides a comprehensive Annual Report to Sport Ireland regarding the system of internal control (similar in format to the statement required of State Bodies).
- Conduct annual reviews of the effectiveness of the system of internal control which will be reported by the FAI Chairperson to Sport Ireland (similar in format to State Body requirements).
- Commission independent expert advice on asset disposal and options to increase revenue generation, where appropriate, and to share this advice with the Minister for Transport, Tourism and Sport.
- Commit to settling at the earliest opportunity all outstanding liabilities to players, clubs, leagues and other stakeholders including appearance fees, prizemoney, programme funding and funds committed for capital works.

#### *Human Resources*

- Commit to protect all low to middle-income earners employed at the FAI from compulsory redundancy for a period of 18 months, albeit this overriding principle should not constrain any essential restructuring within the organisation, but is envisaged only in exceptional circumstances.
- Commit to provide to Sport Ireland, details of remuneration of all staff, including high performance coaches, in line with Department of Public Expenditure and Reform Circular 13/2014.
- Provide assurances that no public funding will be used for any purposes other than those approved by Sport Ireland, including any part of the men's high performance programme.
- Commit to the undertaking of an open and transparent public recruitment process (with appropriate Sport Ireland involvement, to be agreed by Sport Ireland) for a new Chief Executive Officer (and Deputy CEO if a permanent Deputy CEO is envisaged).
- Provide a firm commitment that remuneration of the Chief Executive will be in line with government pay guidelines (i.e. no greater than the remuneration of officers in the grade of Secretary General).

- Agree to appoint a majority of independent Directors to the FAI's remuneration committee which will conduct a full review of executive remuneration before the end of 2020 and make recommendations to the FAI Board.

#### *Development of Irish Soccer*

- Develop a new strategic plan for a period of between 3 – 5 years in compliance with good governance practice and aligned to the National Sports Policy 2018-2027.
- Submit strategic performance reports to Sport Ireland twice annually which outline achievement against strategic priorities, objectives and targets within the strategic plan, and a review of expected outputs, outcomes and key performance indicators
- Engage with clubs and players from the League of Ireland and Women's National League to draft a 5-year strategy to develop the Leagues and commit appropriate funding and other resources to implement this development strategy, recognising their national importance to the development of Irish football.
- Commit to support clubs in leveraging all sources of capital funding to improve League of Ireland grounds throughout the country and, resources permitting, to contribute to match funding required.

#### *Acknowledgement of support*

- The FAI acknowledges that the grant from Sport Ireland being provided to the FAI under this Memorandum of Understanding shall only operate for so long as Government funding is made available to Sport Ireland for this specific purpose, will cease when and if Government funding for this specific purpose ceases, that there is no responsibility on Sport Ireland to continue funding the FAI in that event, and that no such request will be made by the FAI to Sport Ireland.
- The FAI recognise the unique and one-off nature of the funding commitment outlined in this Memorandum of Understanding and agree that no request will be made by the FAI to the Government of Ireland and/or Sport Ireland to replicate or extend the funding process outlined in this Memorandum beyond its term i.e. 31 December 2023.

The offer of the Chairperson should in no way be regarded as a binding commitment in the context of a contractual agreement between the Government of Ireland or the Department of Transport, Tourism and Sport and the FAI. The precise terms for the new funding agreement(s) will be set out in relevant legal documents underpinning these agreements.

#### **Offer of Government Support**

The Minister for Transport, Tourism and Sport, Shane Ross, T.D. indicated that the Government is prepared to offer the following support to the FAI:

- I. Restore Sport Ireland funding to the FAI's football development programmes, as agreed with Sport Ireland, in the sum of €2.9million annually, commencing in 2020;
- II. Provide additional funding of €2.9million per annum to Sport Ireland for the FAI's football development programmes, to bring the total funding to €5.8million per annum for the period 2020-2023. €0.8m of the €5.8m will be dedicated to programmes that underpin the development of the League of Ireland and Women's National League (i.e. additional to funding that is already provided by the FAI to these national leagues);

- III. Lift the suspension on Sport Ireland funds, as agreed with Sport Ireland, to enable the FAI to access other funds, e.g. Women in Sport funding;
- IV. Lift the suspension on FAI drawdown of funds allocated from the Sports Capital Programme and Large Scale Sports Infrastructure Fund;
- V. In recognition of the importance of the continued operation of the Aviva Stadium, the Government will provide a repayable grant to the FAI in the sum of €7.6338million, (paid in three instalments of €2.5446 million, directly to New Stadium DAC (trading as Aviva Stadium) on behalf of the FAI in each of the years 2020, 2021 and 2022,) towards the licence fee payable to New Stadium DAC. This grant will be repayable from 2024 on a schedule to be agreed between the parties and set out in a subsequent agreement.

The offer of the Minister should in no way be regarded as a binding commitment in the context of a contractual agreement between the Government of Ireland or the Department of Transport, Tourism and Sport and the FAI. The precise terms for the new funding agreement(s) will be set out in relevant legal documents underpinning these agreements.

This MOU will be underpinned by a series of relevant legal documents which will set out in detail the terms under which funding is to be provided.

Representatives of (i) the Bank of Ireland, Mr. Tom Hayes and (ii) the Union of European Football Associations (UEFA), Mr. Denis Lasari, were present at the signing of this Memorandum of Understanding.

---

Shane Ross, T.D.

Minister for Transport, Tourism and Sport

---

Roy Barrett

Chairperson, Football Association of Ireland

30 January 2020