



Auditor-General for Australia



2 September 2015

Senator Nick Xenophon
Senator for South Australia
Australian Senate
Parliament House
CANBERRA ACT 2600

Dear Senator Xenophon

Australian bid for football World Cup

You wrote to my predecessor, Mr Ian McPhee AO PSM on 3 June 2015, regarding the provision of financial assistance by the Australian Government to support Football Federation Australia's (FFA) bid for the football World Cup. In particular, you highlighted the issue of a \$500 000 payment made by FFA in 2010 to the Confederation of North, Central America and Caribbean Association Football (CONCACAF), whose former President was Mr Jack Warner.

The ANAO has now conducted a review focused on the reporting and acquittal arrangements for that payment, limited to an analysis of key documents and interviews with relevant Health officials. The ANAO has not conducted an audit or a more general review of governance arrangements relating to Australian Government financial assistance for the FFA World Cup bid, as the review of this payment indicated that a well structured and documented process was implemented for reporting on and acquitting the use of Commonwealth funds. In this context, the reporting and acquittal processes provided the Commonwealth with sufficient visibility over FFA's use of Commonwealth funds, and there was an appropriate level of Commonwealth scrutiny of the expenditure of these funds.

The records examined by the ANAO indicate that the \$500 000 payment was made in September 2010 from an FFA bank account, a bank account which included money provided by the Commonwealth to FFA for purposes relating to the bid. In the course of applying regular acquittal processes in accordance with a funding agreement between the Commonwealth and FFA, Commonwealth officials identified the payment, which was listed in FFA's sixth progress report to the Commonwealth. Health records also indicate that Commonwealth officials followed-up with FFA to clarify the purpose of the payment, and following discussions between Commonwealth and FFA officials, FFA undertook to cover the expenditure from its own resources and submit a revised sixth progress report to the Commonwealth. The revised sixth report indicated that FFA no longer sought to draw on Commonwealth funding for the CONCACAF payment, and the statement of receipts and expenditure attached to the revised report was adjusted downwards by \$500 000. Further, the

FFA payment to CONCACAF was not included in the final report submitted by FFA to the Commonwealth.

Background

A June 2009 funding agreement entered into between the Commonwealth of Australia (represented by the then Department of Health and Ageing) and Football Federation Australia Limited provided for the payment and acquittal of up to \$50 144 600 (GST inclusive) for the purpose of developing and lodging, by 14 May 2010, a bid for Australia to host the FIFA World Cup in 2018 or 2022.

The funding agreement was subsequently administered by the Department of the Prime Minister and Cabinet (PM&C), following the transfer of relevant functions from Health.

Among other things, the funding agreement specified that Commonwealth funding would be:

- made available for the following expenditure items: FFA staff and related costs; consultants; business operations; events; public relations; marketing and advertising; infrastructure planning; travel; the bid book; and community programs; and
- provided in instalments, following receipt and acceptance by the Commonwealth of periodic progress reports (covering specified periods) and a final report.

In its sixth progress report to the Commonwealth (dated 17 December 2010) for the period from 1 August 2010 until 3 December 2010, FFA provided a line-by-line listing of expenditure for the relevant period. The listing included an entry relating to the payment of \$500 000 to CONCACAF on 16 September 2010 for 'HAL Grants'. The payment was not referred to in the body of the progress report, but there was reference to potential development programs in Africa and the Caribbean.

The inclusion of the CONCACAF payment in the sixth progress report led to a round of correspondence and meetings between FFA and Commonwealth officials.

On 18 January 2011 the responsible PM&C Deputy Secretary wrote to FFA's Chief Executive Officer (CEO), observing that the \$500 000 payment to CONCACAF had not been listed in any project plans received to date and no details of the payment had been provided in the progress report. The Deputy Secretary further observed that:

- the only reference to this payment was found in the fine detail of the line-by-line reporting; and
- it was of concern that a payment of such significance was made without specific discussions with the Commonwealth. The Deputy Secretary requested full details of the background, rationale and process leading to the payment, as a matter of urgency.

Commonwealth (PM&C) and FFA officials subsequently met on 25 January 2011. The relevant departmental briefing and file note record that:

- CONCACAF had sought assistance for the development of a multi-purpose facility to host matches, instructors' courses and community programs for the Caribbean region, known as the CONCACAF Centre of Excellence (CCOE);
- FFA acknowledged in its discussion with PM&C that further information about the CCOE project being funded should have been provided in progress report six and it was an oversight on their behalf, which FFA would correct by re-submitting the sixth progress report; and
- FFA advised PM&C that due diligence was undertaken to ensure the project was legitimate and met the FIFA guidelines on funding for community football programs. This included engaging a consultant to review the proposal provided to FFA from CONCACAF.

In a subsequent written response to the PM&C Deputy Secretary dated 7 February 2011, FFA's CEO advised that: with respect to CONCACAF, international football development was an important part of FFA's activities as a member of the global football family as well as being a significant element of FFA's bid and in this context FFA had determined that it would fund its contribution to the CCOE. The CEO further advised that FFA would shortly provide the Commonwealth with a revised sixth progress report reflecting FFA's decision.

A revised sixth progress report dated 16 February 2011, for the period 1 August 2010 to 3 December 2010, was submitted to PM&C. The line-by-line listing of expenditure items no longer included the \$500 000 payment to CONCACAF. The summary statement of receipts and expenditure attached to the revised report was also adjusted downwards by \$500 000.

Further, the \$500 000 payment was not included as an expenditure item in FFA's draft final report to PM&C of 30 June 2011, which included a line-by-line listing of all bid-related expenditure for which FFA had sought Commonwealth funding. The Commonwealth's documentation indicates that a consolidated version of the final report was subsequently provided by PM&C to the Secretary of the Senate Standing Committee on Finance and Public Administration on 6 September 2011.

I trust this information is of assistance. As this matter has been of interest to the wider community, I intend to place our correspondence on the ANAO's website in the next day or so.

Yours sincerely



Grant Hehir
Auditor-General