

65th FIFA Congress 2015
28/29 May 2015

Address by the Chairman of the Audit and Compliance Committee

Dear Mr President,
Dear Delegates,
Ladies and Gentlemen

On behalf of the FIFA Audit and Compliance Committee I am addressing the congress to present our report and to ask for approval of the financial report 2014 as presented to you.

In the last almost 4 years FIFA has embarked in a good governance reform process. As of today and in a short period of time, 37 out of the 40 governance reform recommendations made by the Independent Governance Committee have been or are being implemented. This is an important fact to recognise.

Improvements brought about by FIFA's governance reform process include

- the in-depth restructuring of FIFA's judicial bodies
- the introduction of a bicameral ethics committee
- a comprehensive revision of the Code of Ethics with enhance scope, revised definitions for bribery and corruption according to OECD standards
- the introduction of compulsory integrity checks and independence criteria for certain office holders
- a restructuring of FIFA's Audit and Compliance Committee
- and the establishment of a sub-committee for compensation under the auspices of the Audit and Compliance Committee

Another area that has been substantially reviewed is the control of funds for FIFA's development programmes with several new prerequisites for the awarding of funds related to any of these programmes and the corresponding control systems.

And last but not least, it is now the FIFA congress to decide on future venues for the final competition of the FIFA World Cup.

At the Home of FIFA in Zürich a best-practice compliance programme has been implemented. This program shall ensure that everybody acts in accordance with applicable rules such as laws, regulations and standards.

In this context, the Audit and Compliance Committee initiated a review of this Compliance management system as it related to the compliance with anti-bribery and anti-corruption laws and regulations. The focus of this review was on the design, appropriateness and implementation of such a system. KPMG, FIFA's auditors, supported us in this review.

I can report that no significant weaknesses have been discovered. FIFA has implemented a compliance system, which is suitable to identify material non-compliance with its statutes and regulations and that necessary measures can be determined.

In addition, KPMG provided us with recommendations for further improvements, which will be discussed and considered for implementation, in particular to the extent such recommendations relate to corporate governance.

The governance reform process as initially outlined has been completed, but the work never stops. So by no means can we sit back and say "this is it – this topic can be taken off our to-do-list".

And we also need to ensure that governance doesn't stop at the top of the football pyramid. We all need to drive and support the implementation of transparent and accountable structures, process and instruments at the confederation and national levels.

In a letter dated 20 November 2014, both chairmen of the two chambers of the FIFA Ethics Committee wrote to the chairman of the Audit and Compliance Committee to ask him to make the necessary report to the Executive Committee about the inquiry report into the 2018/2022 FIFA World Cup, so that the Executive Committee could meet its duties as the management body of FIFA.

At the end of December 2014 and in my functions as the Chairman, I therefore provided to the Executive Committee an extensive report on the inquiry report into the 2018/2022 World Cup bidding process prepared by the investigatory chamber of the FIFA's Ethics Committee.

My report recommended to the Executive Committee that the Ethics Committee publish the report on the inquiry into the bidding process in an appropriate way and that such publication should occur after the cases against individuals have been concluded. The Executive Committee unanimously supported my recommendation. In addition, and on recommendation of the Ethics Committee this report was handed over to the Office of the Attorney General of Switzerland last November to ensure full transparency and cooperation with the relevant authorities.

Furthermore, the Executive Committee took note of my report and the enclosed two independent experts' opinion, notably that.....*“given the findings of the inquiry report of the chairman and deputy chairman of the investigatory chamber of the Ethics Committee, the members of the Executive Committee do not have to revoke the host decisions taken on 2 December 2010.”*

The Executive Committee also welcomed the recommendations of the Ethics Committee, supported by the Chairman of the Audit and Compliance Committee, regarding future bidding regulations and process, with the aim now being to focus on the 2026 World Cup.

As part of the governance reform process FIFA has also introduced a new Code of Conduct, with 11 core principles.

Why am I mentioning this? In light of the recent developments this seems obvious to me.

FIFA has taken the lead in self-regulation and delivered an impressive list of material changes to its governance.

However, to embed these changes in the organisation and across the entire football pyramid requires more than the introduction of a set of instruments. It requires also the recognition that the culture needs to evolve in order to ensure that these changes become part of a new DNA how the organisation operates.

The culture of an organisation goes to the individual level, to the ethical and moral beliefs that guide the behaviour of each of us.

In order to support change, we need also a culture that censures inappropriate behaviour, a culture that enforces rules vigorously, fairly and responsively.

The objective of such a culture change is to eliminate improper conduct and tacit acceptance of weaknesses in our conduct.

The right culture is shaped by all leaders at all levels of the football pyramid. It is there “tone-at-the-top” that ensure it is embedded at all levels of the organisation.

This “tone” must be honest, it must reflect the intention to reform any practice that may allow misconduct to occur and it must be communicated with sincerity of both words and actions.

If you are in doubt about your behaviour ask yourself the following questions:

- Is my conduct legal and compliant with FIFA’s policies and regulations?
- Will my conduct allow the organisation to maintain the trust of all its stakeholders?
- Would my family and friends think that my conduct was ethical?
- Would I be comfortable if my conduct appeared in the media?
- Would I be comfortable if someone treated me the same way?

We all must live up to our responsibility to comply with ethical, legal standards and our own internal rules and regulations in order to protect the game of football and FIFA’s reputation, because the world has dramatically changed.

Today, it is life under the magnifying glass for companies, institutions and their leaders. No ethical lapse, moral shortcoming or other misstep – real or perceived – goes unnoticed thanks to the convergence through globalisation, instantaneous news, digital messaging and online journalism that magnifies any wrong-doing or error.

Let me now come back to the formal part of my report to you:

FIFA's financial report fulfils very high standards and in particular adheres to accepted international accounting standards. A novelty introduced in the Financial Report 2013 and further enhanced in 2014 is a comprehensive governance report, which is an integral part of FIFA's financial reporting standard and process also going forward.

In our function as the Audit and Compliance Committee of FIFA, we have assessed the consolidated financial statements of the Fédération Internationale de Football Association for the period from 1 January 2014 to 31 December 2014.

We confirm that we fulfil the independence criteria as defined in article 36 of the FIFA Statutes. According to article 36 of the FIFA Statutes, it is our responsibility to ensure the completeness and reliability of the financial accounting and to review the consolidated financial statements and the external auditors' report. We have assessed the 2014 financial statements through:

- *Examination of the audit reports of the external auditors;*
- *Examination of the 2014 Comprehensive Auditor's Report to the Executive Committee;*
- *Discussion of the financial statements during the meetings of the Audit and Compliance Committee held on 17 March 2014, 6 June 2014 and 16 December 2014 in the presence of the Deputy Secretary General and the external auditors.*

We have also assessed the accounting principles used, significant estimates made and the overall presentation of the financial statements. We believe that our assessment provides a reasonable basis for our opinion. Furthermore, we confirm that we have had unrestricted and complete access to all the relevant documents and information necessary for our assessment.

On this basis, we recommend that the FIFA Congress approve the consolidated financial statements for 2014.

Thank you very much.