

REPORT TO SPECIALCOUNCIL MEETING ON 11 JULY 2022 ON THE OUTCOME OF THE EXTERNAL REVIEW OF THE ACQUISITION OF FIVE HOUSES AT AN CRANLNA, BUNCRANA.

1. Introduction and Background

The Council acquired five houses at An Crannla in Buncrana after they had been leased by the Council for ten years and occupied by five families. The acquisition process started during 2019 and was completed in early 2021. The houses contained a certain level of deleterious materials in the blockwork walls and that was known early on and verified by specialised testing. There has been significant negative commentary over the past year after the acquisition was completed from a small number of elected members around the acquisition, and it has been alleged that there was corruption involved in the purchase.

Naturally and in line with all our responsibilities and obligations, the Council takes any allegations of corruption very seriously. The Council will seek the relevant supporting evidence, pursue the direction that the evidence leads and take all steps in line with our policies and procedures. That is what is expected of a public body serving the people of the County.

The purpose of this report to Council is to specifically deal with the issue of the external review into the acquisition of the five houses in Buncrana.

2. Previous Reports to Council and decision to seek an External Review.

The Council had internally reviewed the allegations made and addressed the issue of acquisition of the five houses previously and had provided detailed reports and documentation to Council on 16th July 2021 and 6th October 2021. In addition, it was reported on at the Housing Strategic Policy Committee.

Notwithstanding those internal reports, comments continued to be made and I indicated at the Council Meeting on 21 February 2022, that while we did not see any evidence of corruption, we would have an external review carried out by an outside company and that an update would then be brought to the elected members.

I have advised that this external review being undertaken by the Council through an external and qualified company would not replace or impact upon

any other review being carried out by any other party that may wish to do so. The Council will cooperate fully with any such reviews, if required.

3. External Review.

The external review was conducted by a qualified private company named BDO Ireland (BDO) following a competitive procurement process. BDO engaged John T Garrett & Associates, Consulting Engineers, to assist them with the review.

The reviewers were given access to all files and met the relevant staff. They conducted a series of one to one interviews with the staff. Staff cooperated fully with the review process, which was carried out in a thorough and forensic manner and involved robust professional engagement.

I advised members on 6 July 2022 that the review had been concluded, and I provided a copy of the report to all members along with the tender documents which incorporates the scope / terms of reference *“to review the process followed by Donegal County Council (the Council) in connection with the purchase of five houses at the An Crannla estate in Bunrana (namely houses 1 to 5)”*.

The full External Report prepared by BDO and the Scope/Terms of Reference for the Procurement are attached here to this Report to Council.

The key findings / conclusions contained in the BDO Report can be summarised below.

Allegations of corruption.

- 1) *‘BDO has not identified any documentary evidence of corruption, systemic corruption or corrupt behaviour from our review of the Council’s files’ and ‘is satisfied that there is documentary evidence that demonstrates there was appropriate segregation of duties at each stage of the leasing, inspection, approval and conveyance processes’.*

Allegations of cover up / concealing of evidence of the status of the properties.

- 2) *BDO is satisfied from their review of Council files ‘that there has been no attempt to cover up or conceal evidence of the status of the properties on the Council’s files, as all documentation referred to in this report has been made available to BDO’.*

- 3) In relation to the structural condition of the properties, and correspondence at conveyance stage, BDO has *'reviewed the correspondence between the Council and its conveyance solicitor and is satisfied that the query response was further contextualised and included references to "some level of cracking" and a "potential risk of further degradation with freeze/thaw action'.*

Technical considerations & due diligence.

- 4) BDO is *'satisfied that there was consideration given as to the likely need for repairs following the geological tests undertaken by a recognised specialist geologist before a decision could be taken on whether the houses could be purchased'.*
- 5) John T Garrett & Associates, Consulting Engineers is of the view *'that the Council's rationale at the time for the purchase of the five houses can be mapped to the categorisations (building grouping) and remediation options set out in IS 465'* and *'is of the view that the Council's rationale at the time for the purchase of the five houses can be mapped to the categorisations (building grouping) and remediation options set out in IS 465,'* and *'notes that Option 5 remediation' (i.e. the lowest remediation option within IS 465) '... has not been necessary to date, and it is not known at what point any of the above options may become necessary in the next few years'.*
- 6) BDO is *'satisfied that property valuations were carried out by an independent estate agent licensed by the Property Services Regulatory Authority.'*

Correspondence with Department of Housing.

- 7) BDO find *'that the written notification to the Department on the condition of the five houses could have been qualified and/or could have included the details of the geological tests the Council had carried out in 2019. BDO notes that in respect of new build houses which commenced being purchased by the Council in 2021, such information is being provided to the Department.'*

It is clear from the Report that there has been no corruption, systemic corruption, no attempt to conceal or cover up the fact that the houses had Mica, and that appropriate segregation of duties and internal controls were in place throughout the leasing and acquisition process.

4. Impact on Staff

Many of our staff involved in this purchase process have been subjected to repeated and unwanted verbal attacks at meetings, and abuse, threats and allegations by e-mail and social media. This has occurred over a sustained period and has been done without any regard for the reputations of the individuals affected, the right to their good names and without due process or basic fair procedures of any kind whatsoever.

It is now clear from an independent report from a professional reputable firm with significant expertise in such matters, that the allegations made in respect of the purchase of the five houses at An Crannla are without foundation, and the independent report therefore fully and independently exonerates staff involved in the acquisition of the houses.

Staff cooperated fully with the review process, which was carried out in a thorough and forensic manner and involved robust professional engagement. It is important to state unequivocally that the reputation and good names of individual staff have been fully upheld, and I would like to commend the staff involved for their continued professionalism including their engagement with this process, which was undoubtedly extremely difficult and stressful on a personal level for the individuals concerned.

The level of public scrutiny and ongoing commentary on this matter has been of a nature that public servants would never expect in their day to day work. The stress and hurt is also felt by the family members of the individuals affected.

5. Impact on Tenants

It is acknowledged that these houses are the homes of five families. They had already lived in these homes for 10 years as part of a Council lease. The Council was thinking of these families and how their housing need could be met when it extended the lease and acquired the homes. These families have been the subject of much media coverage and unwanted scrutiny over this past 12 months. It is hoped that this unwanted attention for those families will now stop.

6. Summary

The Council is satisfied with the external review carried out by BDO and their Consulting Engineer. The Council is pleased that BDO as a competent and reputable firm in this area of work, so clearly and unequivocally stated that they found no evidence of corruption or wrongdoing. The Council staff have been fully vindicated and their good names and reputation have been upheld. The five homes which continue to be lived in by five families have been purchased in line with normal procedures.

Yours sincerely,



John G. McLaughlin
Chief Executive

Attachments:

1. BDO Report
2. Scope/Terms of Reference from Procurement