10 December 2019

Mr Pat Fannin
Committee Secretariat
Committee of Public Accounts

Dear Pat,

I refer to your letter of 6 December 2019 Ref. PAC31-I-1727.

Please find attached a further Report in response to the PAC’s queries. In preparing it I have taken all reasonable steps in the time available to ensure its accuracy.

Should there be any further queries please do not hesitate to contact me.

Yours sincerely,

Peter Finnegan
Clerk of the Dáil and Secretary General
Further Report on the Purchase of a Komori printing press and related matters to the Committee on Public Accounts

Section 1 - Introduction


The report dealt with the procurement, project management, costs and accommodation of the printing equipment purchased by the Houses of the Oireachtas Service in 2018 along with details of staff numbers and salary costs in the Print Facility.

My report was discussed at a meeting of the PAC on 28 November 2019 and subsequently a series of supplementary questions and a transcript of the discussion were forwarded to me by letter dated 3 December 2019.

In response to these matters I have prepared a further report which I now submit to the PAC. In preparing it I have spoken to the principal parties involved in the project to procure the Komori printing press and have had the opportunity to review additional relevant documentation.

The structural modifications in the Print Facility arose from the requirement to ensure that there was sufficient head-height above the Komori printing press to enable staff to undertake certain tasks without risk to their safety, health or welfare. This is a technical matter which is explained in Section 5 of this report.

Having analysed the print production statistics and the financial cost of the Komori printing press I am firmly of the opinion that the business case for purchasing it is still sound.

The annual print production is significant. In 2017 the Print Facility produced 21.23 million print impressions and in 2018 it produced 16.37 million print impressions. The reduction is mainly due to the need to outsource certain printing since July 2018 when one of the Heidelberg printing presses was traded in.

I have set out all the relevant costs related to the purchase of the printing press in Section 9 of my report. It should be noted that the Komori printing press is €246,000 cheaper than the Heidelberg printing presses purchased in 2004.

As Accounting Officer for the Houses of the Oireachtas Commission I must ensure that resources are used properly and value for money is achieved. I take these responsibilities very seriously.

There is absolutely no denying that a series of mistakes were made during the project. These are outlined and explained in this report. However, I am satisfied, that the mistakes arose from human error. They were honest mistakes and made by staff who were seeking to improve the printing services for Members.
Section 2 - Lessons learned

There are important lessons to be learned from this project for the Houses of the Oireachtas Service. In particular, eight key lessons stand out and these will be addressed as a matter of priority:

1. All project teams must include specialist architectural expertise where a project could involve structural modifications and, where appropriate, legal, external subject matter, and health & safety expertise.

2. Business cases must include an estimate of the cost of ancillary works and items.

3. As is the current practice all projects must be assessed by the Technology and Digital Transformation Sub-Committee (TDT) prior to consideration by the Management Board and the Houses of the Oireachtas Commission (note: the TDT is a Sub-Committee of the Management Board).

4. Progress reports on all major projects should be submitted to the TDT, the Management Board and the Houses of the Oireachtas Commission on a quarterly basis.

5. Given the extensive number of upgrading and minor works projects which are undertaken in Leinster House annually, there should be a dedicated architectural service in the Office of Public Works (OPW) which is exclusively assigned to the Houses of the Oireachtas.

6. The relationship between the OPW and the Houses of the Oireachtas Service should be governed by a formal Memorandum of Understanding signed by the Clerk of the Dáil and the Chairman of OPW.

7. A full end-to-end review of project management methodologies should be undertaken in the Houses of the Oireachtas Service in Q1 of 2020.

8. Risk management reporting should be further strengthened. The recently appointed Chief Risk Officer (CRO) should present a report of emerging and materialised risks to the Management Board on a monthly basis. The Audit Committee also has an important oversight role to play in reviewing risk management and risk is a standing item on its agenda. The CRO will continue to report on a quarterly basis to the Audit Committee.
Section 3 - Printing in the Houses of the Oireachtas

There are three types of print production necessary in the Houses of the Oireachtas.

1) The Print Facility which prints a range of documents for Members and some corporate publications came into operation in 2007. It undertakes printing work for Members of both Houses and qualifying parties. It is defined as a secretarial facility to be used by Members solely in connection with their parliamentary duties and by qualifying parties for the purposes of facilitating the parliamentary activities of their elected members. Over 90% of the output from the Print Facility is in respect of Members and political parties with the balance accounted for by corporate publications for the Houses of the Oireachtas Service. In addition, back-up printing support is provided for the Department of Finance in relation to Budget Day.

2) Outsourcing printing is carried out under a drawdown contract. The outsourcing arrangement is in place to ensure that Members’ print requirements can be met within the turnaround times specified under the Service Level Agreement (SLA), particularly when the Print Facility is exceptionally busy and doesn’t have the capacity to meet demand. It was signed on 7 February 2019, is due to expire on 23 November 2020 (unless extended) and was awarded by public tender. As a result of the delay in the installation of the Komori press some printing services have been outsourced since July 2018.

3) Parliamentary Publishing and Printing Services are carried out under contract. The services include printing and electronic publishing of parliamentary and other documents. The documents printed and/or published are Order Papers and Standing Orders for Dáil and Seanad, Bound Volumes of Acts, Dáil and Seanad Debates and Journals, Bills (in various stages), Amendment Lists, Explanatory and Financial Memoranda, Vellum Copies of Bills, electoral writs, the Questions Paper, Seanad Election ballot papers and electoral forms, Dáil and Seanad General Election Handbooks. This contract provides 24/7 publishing and printing services for the Houses of the Oireachtas and ensures legislation is available to the Houses as required at all times. This is a highly specialised service which also requires the capability to upload documents onto the Oireachtas website and to incorporate changes to Irish language versions of documents.

Section 4 – Committees and Groups involved in the Procurement of the printing process

See Appendix C
Section 5 – Explanation of the Safe Working Height

Appendix A contains a diagram prepared by OPW showing the original ceiling height in the Print Facility together with the safe working heights for the Komori printing press. It should be noted that there are a number of different working platforms and walkways on the Komori printing press and each of these has a separate safe working height. I am informed that the lower platform (454 walkway) is where most of the work is done and there is no issue of head-height arising in connection with this. Head-height is only an issue when working on the upper platforms (904 walkway and 1154 walkway).

The key details and calculations are as follows:-

<table>
<thead>
<tr>
<th>Metres</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>i. Print room height</td>
<td>2.500</td>
</tr>
<tr>
<td>ii. Machine height</td>
<td>1.980</td>
</tr>
<tr>
<td>iii. Highest platform height</td>
<td>1.154</td>
</tr>
<tr>
<td>iv. Minimum head clearance</td>
<td>2.100</td>
</tr>
</tbody>
</table>

The required ceiling height (iii + iv) 3.254
Print room height 2.500
Extra height required 0.754

In other words, the extra height required to meet the regulations on safe working height is 0.754m where a staff member is standing on the highest platform.
Section 6 – Procurement Process

When the procurement process for the new printing equipment began, the two main lithographic printing presses in the Print Facility and associated finishing machines were over twelve years old, fully depreciated and costly to maintain.

A business case was initially reviewed by the Business & Strategy Sub-Committee for the Management Committee and the Houses of the Oireachtas Commission in November 2017. The business case sought approval to upgrade the printing presses and associated finishing machines. A sum of €1.5m (incl. VAT @ 23%) was approved by both the aforementioned bodies.

The project team for the acquisition of the printing press and ancillary equipment comprised the Head of Communications, Print Manager and Print Supervisor. The team was supported by the Oireachtas Procurement Unit and included external procurement consultancy as required.

The following were the key dates in the procurement process:

- The process began with a market soundings exercise held on 15 August 2017 with five companies attending. This was advertised on eTenders and the Official Journal of the European Union (OJEU) on 13 July 2017.
- An indicative quote was sourced in October 2017 from the existing supplier to ascertain the estimated cost of the printing equipment for inclusion in the business case.
- The Request for Tender (RFT) was developed by the Print Facility in consultation with the Procurement Unit, an external Procurement Consultant and Legal Consultant to ensure compliance with the EU Directive and national regulations.
- The specification, including provision of room dimension, was developed by the Print Facility, following market soundings, and relied upon by both the procurement and legal consultants.
- The procurement was divided into 5 Lots as follows:
  - Lot 1: Plate Making Device
  - Lot 2: Printing Press
  - Lot 3: Folding Machines
  - Lot 4: Guillotines
  - Lot 5: Pile Turner
- Section 2.2.2 of the RFT included the following minimum specification
  ‘The press must be able to fit into a room (L12m W5.8m H2.5m) with an acceptable work area around the press’.
- The RFT was published on eTenders and OJEU on 5 March 2018 which provided for site visits for interested parties with a deadline for receipt of clarifications on the 29 March 2018. One clarification for Lot 2 asked if there was a false ceiling in the room and if it would be possible to achieve a greater height than 2.5 metres as stated in the RFT. The response provided stated that there was a false ceiling in the room and another 35 cms could be achieved.
- The closing date for receipt of tenders was on 5 April 2018.
- Tenders received were evaluated on the 12 April 2018. In relation to Lot 2, only one tender was received in response to the tender request. In its response, Komori confirmed the requirement that 'The press must be able to fit into a room (L12m W5.8m H2.5m) with an acceptable work area around the press'. However, Komori also inserted a note as follows:
"The head room from the Press foot boards to the ceiling is limited". I am advised that this note was missed by the evaluation team.

- A post-clarification meeting with Komori on Lot 2 (4 Colour Printing Press) was held on 19 April 2018. I have checked the minutes for this meeting and there is no reference to Komori or anybody else raising the issue of head-height.

- Komori subsequently sent 7 documents in two emails dated 25 April 2018, including a one-page drawing of the printing press showing the existing ceiling height of 2.5m and the recommended ceiling height of 3.16m (a difference of 0.66m) Appendix B. It should be noted that the email did not refer to the drawing or any concerns regarding head-height. I was advised by a representative of Komori’s Irish agent that it is standard practice to submit such a drawing to a client. An instruction was given on receipt of these documents in the Procurement Unit for them to be placed on the procurement file. I cannot find evidence that these documents were transmitted to the print manager at this time. However, it is important to note that an email with the same drawing was sent directly from Komori to the print manager on 28 May 2018 in connection with the installation of the printing press and again no mention was made in the email of head-height.

- The printing press tender was considered by the Oireachtas Contracts Committee (OCC) on 27 April 2018. This is in line with the terms of reference of the OCC, as only one tender was received in response to the advertisement to tender. Komori UK Limited, as the sole tenderer, was informed on 27 April 2018 that it was the preferred bidder.

- On 21 May 2018 representatives from Komori came to the Print Facility to take measurements for the installation of the machine. The evidence available to me is that the issue of head-height was discussed between the Oireachtas and Komori and those present were satisfied that sufficient height was available particularly since 90% of the operational tasks could be undertaken from the lower platform.

- The contract was formally signed on 31 May 2018. The contract award notice was published on eTenders and OJEU on 18 June 2018.
Section 7 – Review of Print Facility Accommodation.

- On the 30 May 2018 the Facilities Unit in the Houses of the Oireachtas Service contacted the OPW informing them that a new machine had been procured by the Print Facility and that it was planned to take delivery in early September 2018. An outline of the dimensions was provided and the need for temporary removal of door frames to facilitate the delivery was raised. Other works identified were the removal of internal stud partition walls.
- The initial focus was on assessing what was required to facilitate the installation of the machine, including the requirements for clearance around the machine, not just for the safe day to day operation but also clearance that would provide safe access for maintenance.
- In an email dated the 15 August 2018, the OPW Architect stated that having carried out a review of the specifications an issue regarding the head room had been identified.
- The initial consideration of the brief by architects and engineers concluded that the proposed location in Print Room 1 would not be advisable. An alternative print room was proposed which would allow for the clearance needed and allow for a specific site for the works to be isolated. A core requirement was to maintain a working Print Facility during the works. Print Room 2 was chosen. Detailed drawings were then required to confirm appropriate machine placement.
- A significant part of the programme during this period was the arrangement of a survey of the floor in Print Room 2 to confirm the suitability of the loading that the new print machine would present; this involved engagement by OPW of external structural engineers (who had worked on the original Print Facility installation) and a survey which was conducted in January 2019.
- Following the survey, it was confirmed that Print Room 2 was feasible for the loading required. Detailed drawings and plans then commenced for the new location. The M&E (Mechanical and Electrical) works needed were significant. The OPW took the opportunity to carry out additional works on the fabric of the building to include the replacement of the obsolete air conditioning unit. The final plans for the layout of the room were signed off in June 2019.
- Further enabling work was required prior to commencement of the main works in order to re-position the Heidelberg (existing print machine) in line with the final plans. This was completed in July 2019.
- A programme of works was agreed with the contractors and suppliers, and main works commenced in August 2019, the print machine was delivered on 28 September 2019. A period of assembly/installation by the suppliers then followed. In parallel some final works were completed by builders and other contractors and the Print Facility was handed back to the Houses of the Oireachtas on 12 November 2019.
Section 8 – Present Position (10 December 2019)

- The Union representing the staff of the printing facility have sought details in relation to both Health and Safety and Workflow Safety Assessments prior to staff commencing training on the new equipment.
- The OPW fire engineer will visit the Print Facility on 11 December 2019 to assess the Fire Safety of the completed works. Receipt of a positive assessment will allow the Oireachtas Services Health and Safety consultant to complete his Health and Safety risk assessment for the facility.
- Health and Safety certification of the Komori press, ancillary equipment and an overall workflow assessment of the Print Facility is also in progress and it is hoped that these will be finalised by the end of next week.
- The next phase will be to commence the planned training of printer staff on the new Komori printing press with the suppliers engineers who will be on site for the duration of the training.
- It is anticipated that the comprehensive training will take 2-3 weeks. After the training is completed, the supplier will be in a position to finalise the commissioning process for the new machine. Thereafter, the printing machine will be ready for production.
Section 9 – Costs associated with the purchase and installation of the print equipment

Houses of the Oireachtas Service

Print Facility Equipment

<table>
<thead>
<tr>
<th>Print Equipment</th>
<th>Cost €</th>
<th>VAT (23%) €</th>
<th>Total €</th>
</tr>
</thead>
<tbody>
<tr>
<td>Plate making device</td>
<td>105,000</td>
<td>24,150</td>
<td>129,150</td>
</tr>
<tr>
<td>Printing Press (€848,000 less €40,000 trade-in)</td>
<td>808,000</td>
<td>185,840</td>
<td>993,840</td>
</tr>
<tr>
<td>Folding machines (€107,000 less €7,000 trade-in)</td>
<td>100,000</td>
<td>23,000</td>
<td>123,000</td>
</tr>
<tr>
<td>Guillotines (€72,000 less €8,500 trade-in)</td>
<td>63,500</td>
<td>14,605</td>
<td>78,105</td>
</tr>
<tr>
<td>Pile Turner</td>
<td>37,000</td>
<td>8,510</td>
<td>45,510</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>€1,113,500</td>
<td>€256,105</td>
<td>€1,369,605</td>
</tr>
</tbody>
</table>

Building costs directly associated with the installation of the printer.

<table>
<thead>
<tr>
<th>General upgrading works</th>
<th>Cost €</th>
<th>VAT (13.5%) €</th>
<th>Total €</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building works</td>
<td>100,000</td>
<td>13,500</td>
<td>113,500</td>
</tr>
<tr>
<td>Electrical</td>
<td>126,000</td>
<td>17,010</td>
<td>143,010</td>
</tr>
<tr>
<td>Mechanical</td>
<td>41,000</td>
<td>5,535</td>
<td>46,535</td>
</tr>
<tr>
<td>External Civil &amp; Structural Engineering fee</td>
<td></td>
<td></td>
<td>11,408</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td></td>
<td>€314,453</td>
</tr>
</tbody>
</table>

Storage of printing press

| Storage 0-6 months, no charge   | €12,000| €2,760       | €14,760 |
| Storage April 2019 – September 2019 |     |               |        |

Outsourcing costs (estimated) directly associated with the delay in installation of the printer.

| Estimated outsourcing costs (2018 and 2019 Outsourcing costs less €16,000) (VAT inclusive) | €100,000 |

Total costs to be funded by the Houses of the Oireachtas is €1,798,818 (inclusive of VAT)
Office of Public Works (OPW)

The OPW undertook some additional necessary works (not connected with the head-height issue) in the Print Facility. The costs associated with these works, which will be funded by the OPW, are detailed below:

<table>
<thead>
<tr>
<th>General upgrading works</th>
<th>Cost (€)</th>
<th>VAT (13.5%) (€)</th>
<th>Total (€)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building</td>
<td>27,000</td>
<td>3,645</td>
<td>30,645</td>
</tr>
<tr>
<td>Electrical</td>
<td>30,000</td>
<td>4,050</td>
<td>34,050</td>
</tr>
<tr>
<td>Air Conditioning</td>
<td>138,000</td>
<td>18,630</td>
<td>156,630</td>
</tr>
<tr>
<td><strong>TOTALS</strong></td>
<td><strong>€195,000</strong></td>
<td><strong>€26,325</strong></td>
<td><strong>€221,325</strong></td>
</tr>
</tbody>
</table>

Printing Press Comparative Costs of Heidelberg (purchased in 2004) v Komori

<table>
<thead>
<tr>
<th>Equipment</th>
<th>Cost (€)</th>
<th>VAT (23%) (€)</th>
<th>Total (€)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004 Heidelberg (2 x 4 colour offset and 2 x 2 colour offset)</td>
<td>1,008,000</td>
<td>232,000</td>
<td>1,240,000</td>
</tr>
<tr>
<td>2019 Komori (B2 fully automatic)</td>
<td>808,000</td>
<td>186,000</td>
<td>994,000</td>
</tr>
<tr>
<td><strong>Difference in equipment costs</strong></td>
<td></td>
<td></td>
<td><strong>€246,000</strong></td>
</tr>
</tbody>
</table>
Section 10 - Appropriation Account, Public Accounts Committee and Houses of the Oireachtas Commission

Following discussion with the Audit Team from the Office of the Comptroller and Auditor General during the audit of the Appropriation Accounts 2018 the following note was inserted in the 2018 account:

"included in prepayments 2018 are capital equipment costs amounting to €1.793m, which, while purchased in 2018 will not be fully commissioned until 2019, as detailed below:

Print Equipment - €1.169m – a delay in delivery and installing the printing equipment was due to a requirement (not originally anticipated) to upgrade the print room to meet health and safety standards which will be completed in July 2019."

As I stated in my report on 28 November 2019, I was advised in advance of my appearance that the estimated costs of the works in the Print Facility was €230,000. This figure was contained in a written briefing note which was provided to me a few days beforehand. The first time this cost emerged was during a meeting on general operational matters with a senior management colleague in early May 2019.

I have reviewed the transcript of my evidence to the PAC on 11 July 2019. The focus of the discussion was on the costs incurred in 2018. The particular issue of concern at the time was the outturn of sub-head 1(e) and the components thereof. Later there was a brief exchange in relation to pre-payments in Note 2.5 but at no stage was the upgrading of the print room raised and the questions then moved on to deferred liabilities. Had I been asked about this issue on 11 July 2019, I would only have been in a position to give the Committee an estimate of the cost of the works and a very high-level description of them. I would not have been able to provide any of the detail that is now available. Subsequently in late August 2019, on foot of a request for cost update from the Houses of the Oireachtas Service, the OPW advised that the overall cost of the works (i.e. the Oireachtas and OPW elements) was in the order of €390,000. This figure was sent to me for information by a senior management colleague on 28 August 2019.

The structural modifications to the Print Facility along with the legacy works were subsumed into the OPW programme of works for 2019. As all the final accounts for the works have yet to be settled it will be 2020 before the OPW is reimbursed by the Houses of the Oireachtas Service. The cost of the works therefore will be accounted for in the 2020 appropriation account.

Projects contained in the OPW general programme of works for Leinster House are not and never have been the subject of oral or written reports to the Houses of the Oireachtas Commission. Therefore, the question of briefing the Commission or submitting a formal report on the structural modifications did not arise. The works to the Print Facility were dealt with as part of my normal functions as Secretary General. By way of information, it should be noted that the Houses of the Oireachtas pay a significant sum annually to the OPW in respect of the general programme of works e.g. in 2018 the sum paid was €1.3m. None of these works are brought to the attention of the Houses of the Oireachtas Commission nor is there ever a requirement to do so.

The Houses of the Oireachtas Commission was briefed in detail on the procurement of the Komori printing press at its meeting on 10 December 2019.
Committees and Groups involved in the Procurement of the printing process

**Project Team:**
- Project Manager – Print Manager
- Project Sponsor – Head of Communications
- Print Facility Staff – Print Supervisor

**Business & Strategy sub Committee - Membership on 12 & 18 October 2017**
- PO Superintendent of the Houses – Chairperson
- PO Head of Communications
- PO Committees
- PO Office of the Parliamentary Legal Advisor OPLA
- PO Library & Research
- PO Head of Finance & Office of the Commission & Secretary General OCSG
- Priorh Aisritheoir
- AP OCSG

**Management Committee - Membership on 6 November 2017:**
- Clerk of the Dáil and Secretary General, Chairperson
- Assistant Secretary, Corporate and Members' Services Division
- Clerk-Assistant and Assistant Secretary, Parliamentary Services Division
- Assistant Secretary, Director of the Parliamentary Budget Office
- Clerk of the Seanad
- PO & Chair of the Systems sub-Committee
- PO & Chair of the Business & Strategy sub-Committee
- PO & Chair of the People and Finance sub-Committee
- External Member

**Houses of the Oireachtas Commission - Membership on 14 November 2017:**
- Ceann Comhairle, Chairperson
- Cathaoirleach of the Seanad, Deputy Chairperson
- 4 Deputies, 3 Senators, Rep of the Minister for Public Expenditure & Reform, Secretary General.

**Procurement Evaluation Team - 12 April 2018**
- Project Manager – Print Manager
- Print Facility – Print Supervisor
- Project Sponsor - Head of Communications
- Procurement Unit Representative - HEO
- External Procurement Consultant

**Post-closing clarification meeting with Komori - 19 April 2018**
- Project Manager – Print Manager
- Project Sponsor - Head of Communications
- Procurement Unit Representatives - AP & HEO
- External Procurement Consultant
- Komori Managing Director, Komori Project Engineer, Komori Agent

**Oireachtas Contracts Committee - Membership on 27th April 2018**
- PO Committees, Chairperson
- AP ICT Unit
- AP Debates Office
- HEO Library & Research Services
- HEO Finance Unit
- HEO Journal Office
- Secretariat Procurement Unit