

# DÁIL ÉIREANN

---

## AN COISTE UM CHUNTAIS PHOIBLÍ

## COMMITTEE OF PUBLIC ACCOUNTS

---

*Déardaoin, 12 Nollaig 2019*

*Thursday, 12 December 2019*

---

The Committee met at 9 a.m.

---

### MEMBERS PRESENT:

Deputy Bobby Aylward,	Deputy Alan Farrell,
Deputy Peter Burke,	Deputy Alan Kelly,
Deputy Shane Cassells,	Deputy Imelda Munster,
Deputy Catherine Connolly,	Deputy Catherine Murphy,
Deputy David Cullinane,	Deputy Kate O'Connell.

DEPUTY SEAN FLEMING IN THE CHAIR.

**Mr. Seamus McCarthy** (*An tArd Reachtaire Cuntas agus Ciste*) called and examined.

### **Business of Committee**

**Chairman:** We are joined today by the Comptroller and Auditor General, Mr. Seamus McCarthy, who is a permanent witness to the committee. He is joined by Mark Brady, deputy director of audit.

No apologies have been received. I propose that we hold over the minutes of the meeting last week to our next meeting. We will deal with anything related at that point.

There is one item I wish to bring up relating to last week's meeting. I will bring it up at this stage. It relates to the national paediatric hospital. As part of our meeting we circulate to all members follow-up items relating to the session. It is not formally part of the minutes but it is a follow-up note for members. I want three other items put onto the list from last week's meeting. We did not get to clarify everything we had intended on the day because of time and everything else.

The first thing is the big issue relating to the design and extras. I want to write to the National Paediatric Hospital Development Board seeking confirmation that the design works are now fully completed, all design work drawings have been given to the builder, and there is no ongoing design work at this stage. If there is, then by definition it could lead to extras. We want to know the position of the paediatric board in respect of managing the builder and all obligations. The builder is on the site building phase 2 at this stage. I want absolute confirmation that the builder has completed all works and that, a year and a half into the project, it has completed the design of the hospital. If it is not completed at this stage, no one can talk about the estimated future cost. Have all drawings and estimates been given to the builder?

We got the report with the figure of €1.433 billion last January or thereabouts. That was the figure at that stage. We want a summary of any changes to the design that have been made since that date. Have all changes been agreed with the builder as feasible? We want an estimate of any design work that was completed since we got the final gross price of €1.433 billion. That is reasonable. We need to know whether the builder is free to build it out or whether is he waiting every month for new designs and different aspects. That matter has to be clarified.

The second matter I wish to clarify is whether there is a confidentiality agreement in the contract. We hear about commercial confidentiality every time we raise an issue. This matter has come up. Is the board bound by any confidentiality agreement? If so, what are the constraints to what it can say? We had quite a discussion at this committee on certain aspects, including inflation. It dawned on me that perhaps there is a confidentiality agreement and there may be limits on what the board can tell us or otherwise. I would be concerned if the largest capital project in the country has a confidentiality agreement and the contract is completed.

**Deputy David Cullinane:** The board told us in the end but it took some time to get there.

**Chairman:** Yes, we should clarify it. I agree. The board mentioned the claims that are put in every month. I gather there is a monthly system. Is that in line with the contract? We mentioned the windows. I think ten or 12 are in now. Will there be a claim for the windows? I am using that as an example since it is the most visible aspect of the building. What if something comes up relating to claims for windows? I am using that example because it is obvious. I am

sure it will take months to complete all the windows and fenestration of the building. Is a claim put in every month for the windows being put in? Is that part of the contract? Should there be a claim for the thing *in toto*? We want to get a feel for how the process is running. I am sorry that they are small points but they are issues that I had meant to mention the previous day. We will include that on the list of items for the paediatric hospital board.

**Deputy Catherine Murphy:** Last week I looked for an updated list. Does the Chairman remember the itemised list we had? I am keen that we get it because while the overall figure may well stay the same, there may be movement within it. It is important that we keep an eye on that.

**Chairman:** We asked about the €1.433 billion. Is the Deputy asking about any movements within the constituent figures?

**Deputy Catherine Murphy:** I am looking for an updated table. We asked the committee to give that to us last week.

**Chairman:** We will check whether it is on the list. We have the list of a dozen points. It might well be on the list. If it is not, we will add it to the list. It is such a big project. Those are the few items that dawned on me as the meeting came to an end. We did not formally put them on the note completely.

We are on to correspondence. The first category is the briefing documents and opening statements for today's meeting with Pobal. We have correspondence items 2616 A and 2630 A. We will note and publish these and discuss them with Pobal shortly.

The next item of correspondence is B, correspondence from Accounting Officers and Ministers following Committee of Public Accounts meetings and other items for publishing. I will say at this stage for people watching that comprehensive correspondence is sent to us by various Departments. We will move through it as promptly as possible. Some of it is significant and merits discussion.

The first item is 2592 B from Mr. Ray Mitchell. We discussed it here the last day. It relates to the Irish Wheelchair Association and the Cuisle holiday resort. We never published it but we will formally publish it as we discussed it the last day.

The next item is 2598 B from Mr. William Beausang, assistant secretary, Department of Education and Skills, dated 29 November. It relates to our request for the Department's position on the Minister appointing an investigator under the relevant legislation to examine matters in the Comptroller and Auditor General Special Report No. 104.

**Deputy David Cullinane:** I wish to take a couple of minutes on this because it is an important issue that we have followed over the course of approximately two years. I was speechless when I read the letter and I want to make a number of recommendations.

I will give some context to the letter. We had a report or examination of the commercialisation of intellectual property from 2009 to 2011 carried out by Peter McLoone on behalf of the Higher Education Authority, HEA. We know that it is an unpublished report. The Attorney General has said that the HEA had operated outside its remit and for that reason the report could not be published. I understand more than 50 people contributed to the process, including whistleblowers who had concerns about the process and, to be fair, others who had an alternative view. Having said that, there was a report but it was not published.

We had asked the Department to use its powers. A Minister could appoint an examiner or investigator and the examiner could look at the functions of the board and the governance, oversight and management of potential conflicts of interest between 2009 and 2011, including Aceno mobile technologies. That would have been covered under the examination. It looks like the Minister had signed off on it and procurement was put in place to allow it to happen. This needs to happen to ensure that we follow this process through fairly for all of those who have come forward and made submissions for the previous report.

Bizarrely, the Department is saying that it met the board of Waterford Institute of Technology on 24 October. The board informed the Department that it is carrying out its own external expert review looking at “governance procedures currently in place”. These are two completely different issues. Whatever is currently in place is great. We know there have been improvements in some areas since the report of the Comptroller and Auditor General. The Accounting Officer accepted many of the recommendations and points in the report. We know improvements have been made in governance of this area since these issues first came to light. An external examination by Waterford Institute of Technology of current arrangements is not the issue here. While that will be of value, it does not in any way supersede, and should not interfere with, the process that looks back at 2009 and 2011. They are two entirely separate processes. I do not see any overlap whatever here.

I will put a question to the Comptroller and Auditor General, although I will not ask him to comment on the response of the Department. The Comptroller and Auditor General has experience of producing reports. Does he see an overlap between the two examinations that will now be done? In other words, if the board is appointing an external contractor to examine current procedures and the Department had an examination done of a different time period, is that an overlap? Would there be a difficulty in conducting the two processes at the same time? Are the two examinations doing two different things? Would the Department’s review, as set out here, do something entirely different from what the external contractor appointed by the board of Waterford Institute of Technology is doing, namely, examining contemporary issues and what is in play at the moment? Are they two separate processes?

**Mr. Seamus McCarthy:** I suppose the key risk that I would see in a situation like this where the same subjects are being looked at but in different time periods is that one would have different standards and different criteria being applied. However, that is then a debate about what is the appropriate set of criteria to examine. Looking at a process that is currently in place and a process that applied a decade ago, it should be capable of being managed in a way that there would not be an unmanageable overlap.

**Deputy David Cullinane:** That is how we should proceed. Other members of the committee may take a different view but I utterly reject the content of the letter and the proposal made by the Department. It is not acceptable. I would also go a bit further than the Comptroller and Auditor General because the two processes are entirely different. A review of what is happening now will not examine anything that happened in 2009 and 2011. The review is looking at what procedures are in place now to oversee potential conflicts of interest when intellectual property is commercialised in the here and now, as opposed to what happened in 2009 and 2011, which is entirely different. That was the basis of the McLoone report, which was never published. We cannot throw whistleblowers under the bus, which is what the Department would be doing here.

The Department’s letter also states that, following the Waterford Institute of Technology external review of what is currently in place, “a decision will be made as to whether it is necessary to re-engage with the HEA”. Of course, that is necessary because two different issues are

being examined. This is a case of kicking the can down the road and conflating issues. It is completely and utterly wrong and it is doing an injustice to all of those who have come forward.

The president of Waterford Institute of Technology has asserted a number of times that much of the commentary in this committee in respect of WIT is unfair. I have rejected that view in the past. I want to be fair to everybody concerned, namely, Waterford Institute of Technology, those who were in place in the research bodies in 2009 and 2011 and those who came forward. The only way to do that is to have a proper independent process appointed by the Minister in which there is a proper examination of the issues. Whatever that report says, it says. All we are interested in are the facts of what happened at that time. That is fair to everybody.

We need to tell the Department there is no overlap and the Minister's recommendation on this review should proceed forthwith. If the Department is not agreeable to that, we should ask Mr. Beausang, who is acting on behalf of the Secretary General who had to recuse himself from dealing with this issue due to a conflict of interest, to appear before the committee in January, if necessary. We will see what his response is but I put Mr. Beausang on notice that I am not happy with the response the committee has received.

**Deputy Catherine Connolly:** I support Deputy Cullinane's position. I would not be as *au fait* with the minutiae as the Deputy but I followed this case when representatives of Waterford Institute of Technology, including its president, appeared before the committee. I had concerns at that time about intellectual property rights and spin-out companies. I know now that there are also spin-in companies. There were issues with the college itself and then bigger issues that we need to look at in the future.

The third paragraph on page 3 of the letter states that the Minister for Education and Skills recently approved a recommendation for a review. He made that recommendation with the usual caution that there should not be any comment on the actions of any individuals. However, a sensible decision was made that "a review should be carried out of the performance of the Governing Body of WIT of its functions concerning the governance, oversight and management of potential conflicts of interest arising in relation to commercialisation activities of TSSG in WIT between 2009 and 2011". That is a sensible, practical decision referring to a specific period of time and looking at governance issues. The letter goes on to state that the terms of the review had been finalised and the Department had initiated a procurement process for a reviewer. This is followed by the caution. However, the next paragraph bears no connection with that paragraph. It starts with the word "Finally", which just does not make sense here. The Minister makes a decision, sets the terms of references, decides the period of time and then the next paragraph states, "Finally, the Department met with representatives of the GB of WIT on 24th October". It goes on to advise that the Chair told the Department of Education and Skills that the board was doing its current review now. Suddenly, the Department rolls over and says that is okay.

**Deputy David Cullinane:** However, there is no review of that period.

**Deputy Catherine Connolly:** I understand that. The review is of the current position. The use of the word "Finally" at that point is disingenuous and wrong and does not mean anything. A follow-on paragraph should have been included explaining that when the Department met the governance board of Waterford Institute of Technology, it decided to give in or that the board's arguments were stronger. It should have given some reason for the Department deciding to give up with regard to its decision to have an independent review. This does not make sense. I doubt the Chairman has ever seen a letter like that. I certainly have not seen one, certainly not with

regard to the two paragraphs I have cited which have no connection with each other.

This has serious implications for the committee in terms of when issues emerge or members have concerns. We took a moderate approach and we did not go overboard. We raised concerns and tried not to personalise the issue. The provocation was not on our part. We could have ended up personalising the issue but we resisted that temptation and tried to stay with the issues. This has serious implications beyond this issue. It also has serious implications for intellectual property rights generally and how the universities and third level institutions are dealing with them and what the State is getting back.

**Chairman:** We will conclude on this issue. I agree with Deputies Cullinane and Connolly. What is clear is the long saga of these so-called spin-out companies-----

**Deputy Catherine Connolly:** And spin-in companies.

**Chairman:** We are informed there is no legal definition of a spin-out company but they have characteristics which help to identify them. These issues occurred in Waterford Institute of Technology between 2009 and 2011. Deputy Cullinane outlined the history of the reports that were to be carried out and that have not been completed for legal reasons. The Higher Education Authority did not have the authority to do so. It is clear, however, that the Department had agreed to examine these matters. According to the letter, the terms of reference for the review had been finalised and the Department had initiated the relevant procurement process to appoint a reviewer. Therefore, the Department had committed money to this process by commencing the procurement process. It was well down the road of doing this. It had decided to do it and had commenced the process of appointing the reviewer. That report will be in relation to 2020. The board is conducting a review, which is fine and good. We welcome that and the board should do that because it should be happy with the current arrangements. However, that has no relevance to what happened in 2009 and 2011. I do not accept the statement in the letter regarding a “clear potential for overlap”. I cannot see for the life of me the overlap between something that happened in 2010 and something that might happen this year or next year. If there is potential for overlap between two different groups looking at a particular topic, they should be able to manage any conflict or overlap. If the Department is saying it is not capable of managing an overlap, I would be very worried about it. We have the Accounting Officer from the Department of Education and Skills in this committee to ensure there is governance right down the system in terms of the €1.7 billion spent on third level education. It went down a road to do this review and, as has been said, it capitulated to the board of Waterford Institute of Technology. We will note and publish this letter but we are sending a copy of it back to Mr. Beausang stating that the view of this committee is that they are to complete the road they had gone down in commencing procurement and that we will hold the Department to account if it walks away from the process it stated it was necessary to do without an adequate explanation. We will ask Mr. Beausang to have a letter confirming that the Department will reconsider the matter in light of this discussion, that both reviews can proceed and that any conflict or overlap will be managed. We want to have that letter for our next meeting in January and if we do not, we will discuss the letter we receive from him at that stage and invite him back in if the Committee of Public Accounts is not satisfied with the response. Is that agreed?

**Deputy Catherine Murphy:** We might ask the Department about its contractual obligation with the reviewer. Is there one? We might also ask if there are terms of reference. That might give us an insight.

**Chairman:** We will ask for the terms of reference it had agreed.

**Deputy Catherine Murphy:** Waterford is not an exception here. The problem is that this is a repeated failure among many of the colleges. It struck us in this committee that in many ways we were doing the work the Department of Education and Skills should have been doing. Permanent oversight, rather than an individual reviewer, is required. Otherwise, this committee will continue to repeat the same piece of work. It is clear that there is conflict between the Higher Education Authority, HEA, and the Department of Education and Skills in terms of remit. If the Department does not want to do it, it should give the HEA the authority and broaden its powers because there is a process failure here.

**Deputy David Cullinane:** Absolutely.

**Deputy Catherine Connolly:** Could we get clarification on spin in and spin out companies? What does that mean?

**Chairman:** We will ask him to clarify that.

**Deputy Catherine Connolly:** They refer to spin in companies.

**Chairman:** They refer to spin-ins also. We might ask him to explain the characteristic of a spin out and a spin in company.

**Deputy Catherine Connolly:** There is a lot of spinning going on.

**Chairman:** It is like bail in and bail out. We used to have the banks bailing in and now they are bailing out, or *vice versa*. There is a spin in and a spin out.

**Mr. Seamus McCarthy:** As I understand it from the explanation given here, a spin out would be where an entity or a unit within the third level institution separates and sets up separately whereas a spin in is where somebody who already exists on the outside comes in and has access to and use of resources and staff of the institution. That is broadly the explanation given in the letter.

**Chairman:** We will ask for a note on that particular point also. I think we have dealt with that and it is clear where we are going on it in January.

The next item of correspondence is 2599 from An Bord Pleanála, referenced 29 November, relating to information requested by our committee. There are three issues dealt with, one of which is the review recommendations in respect of a report that was carried out some years ago. There is a comprehensive report and the actions taken in respect of that previous report. We will note and publish that.

On another item of interest, we asked about the number of material contraventions of local development plans that arose as a result of the An Bord Pleanála decision. They state, which is interesting because it means the Committee of Public Accounts is doing its work, that they do not have any statistical information on this and that they are now making arrangements for statistical recording of planning decisions of An Bord Pleanála which materially contravene the relevant planning authority development plan. They state: "This protocol is being developed with a view to implementation in relation to Board decisions made on or after the 1st of January, 2020 with a view to having a complete data set on this for 2020 which would be included in the Annual Report ...". They are now commencing the process for the first time ever to gather this information. We felt it should have been a basic function but at least they are now doing it now as a result of the matter being raised here.

The other item in that letter is the integrity of the appeals issue where a Deputy commented in the previous meeting on a particular planning matter. Some of the objections were not from people whose names were on the letter. They were fake objections that resulted in an appeal to An Bord Pleanála. They say that they take the person's name in good faith. They ask the applicant to comment on the objections. Essentially, they are putting the onus on the applicant to verify the identity of the objectors to determine if they are bona fide people. If they are satisfied as a result of that process, they have the statutory authority to dismiss or otherwise determining such appeals but they are saying there has been only a very small number of such incidents over the years. I believe there is a weakness in the system in that regard.

**Deputy Catherine Connolly:** I welcome the clarification and I welcome that they will note from now on the number of material contraventions but I want to zone in on the identity issue raised on which they have replied. They state that they have clarified that the board is satisfied that the existing statutory provisions enable it to address these issues and so on. They further state: "In addition, it is the experience of An Bord Pleanála that doubts over the identity and/or the existence of named appellants have arisen only in a very small number of appeals over the years." It is important that An Bord Pleanála clarifies that because there is a certain narrative and we will hear more of that narrative when the planning and development Bill comes before us in January and February relating to serial objectors. It is not my experience on the ground. I believe it is time we began to have discussions around planning based on evidence and facts. That is a beginning in terms of it.

**Deputy Catherine Murphy:** The categorisation of material contraventions is to be welcomed but, in most cases, strategic housing development will bypass the local area plans. We may be getting only a partial look at material contraventions. They do not have to be in compliance with local area plans or county development plans. For example, the national planning framework requires phasing in particular locations. That can be thrown out the window with strategic housing development. We can take it that they are non-compliant as well but they will not feature in that categorisation.

**Chairman:** Will they not feature under strategic infrastructure? Does that not get looked at in terms of the-----

**Deputy Catherine Murphy:** In terms of compliance and non-compliance.

**Chairman:** That is a good point. We will ask them to clarify it. We will talk about the routine ones that go through. They are going to gather statistics on cases where an An Bord Pleanála decision materially contravenes a county development plan or a local development plan. We will write back and acknowledge that that is progress but include that we also want material relating to applications under the strategic infrastructure-----

**Deputy Catherine Murphy:** Strategic housing

**Chairman:** Strategic housing and infrastructure also because there is more to planning than just housing. There are many offices and other big developments also. We will ask them to incorporate a figure on any planning applications that went directly to the board and not through the local authority. I am sure they would look at the development plan anyway and include those figures with this also. That is an improvement.

The next item is correspondence 2620 from An Bord Pleanála, which draws attention to a small error in document 2599 that we have just discussed. We will note and publish both of

those. The correct version is 2620. That is the one we will publish.

The next item is 2600B from Ms Dee Forbes, director general, RTÉ, dated 29 November 2019, providing the update we requested regarding the implementation of the Eversheds Sutherland review on the use of freelancers-contractors. The correspondence also includes a note clarifying the arrangements for the use of contracted individuals as a company contract.

**Deputy David Cullinane:** A number of staff members who have been affected by this have been in communication with me. In fact, even in terms of how this was presented, this was a review of freelance or contract staff. The whole point is they were never freelance or contract staff in their eyes or should not have been. As a number of them have now been offered contracts, it was a vindication of the issues we raised.

To outline the difficulty, a number of staff who have contacted me have been offered what they would describe as very low grades. For example, without naming names, somebody might have been on a contract for seven or eight years. When RTÉ considered what grade and contract to allocate a person, its terms of reference stipulated they would only look at the years of 2017 and 2018 and yet some of these people were on contracts as long ago as 2012 to 2016. Therefore, these people have been put at a disadvantage. They believe that they have been offered grades and salaries that are simply unsustainable for them to work in Dublin. That is the reality for many of them, about which they are very sore. An issue has been corrected but, according to these people, it has been unfairly corrected. Yes, these people have been put on contracts and moved away from freelance contracts they should never have been on but they have been put on low grades, which is unfortunate.

RTÉ does not come under the purview of this committee, which arose when it came before us. We can return to RTÉ again and ask questions on this matter or we can ask the sectoral committee to take up this matter. One way or the other, these staff have issues that must be dealt with by the Oireachtas. If it is a case that we cannot do so because it falls outside of our remit and if the Joint Committee on Communications, Climate Action and Environment is the appropriate committee, we should ask it to consider this matter.

I welcome the fact that it has been acknowledged that people were on contracts they should not have been on. That is a step forward.

**Chairman:** Yes.

**Deputy David Cullinane:** The acknowledgement is a vindication of the questions that people here raised collectively. The manner in which RTÉ has tried to correct this and regularise the situation has not been to the satisfaction of the employees and the terms of reference were too narrow. I am open to being guided by the Chair as to how we proceed from here. I am still being contacted by staff who perhaps assume that we can deal with the issue but if we cannot, then we need to be honest with them and tell them that another committee needs to do so.

**Deputy Catherine Murphy:** The backdating issue has not been addressed and it was specifically raised. This issue was raised in the context of a wider issue beyond RTÉ about bogus self-employment. There are consequences later on in terms of pension rights and things like that, which is why the backdating aspect is quite important.

**Chairman:** At this stage we will note and publish this. Essentially, RTÉ says that as a result of the Eversheds report, 157 individuals were highlighted as in need of further review. They have met those people since the report was done. They have issued contracts of employment in

81 cases, 58 of which have been accepted, 21 are expected to be accepted or rejected between now and the end of the year, and two have not been accepted to date. The issue of backdating has not been mentioned. We will send this matter to our colleagues, as RTÉ fairly regularly appears before the Joint Committee on Communications, Climate and Environment. We will put this matter on the list because this is part of its financial review and that committee is considering the issue as well. We will ask for the issue of backdating to be raised by that committee in its dealings with RTÉ. Is that agreed?

**Deputy David Cullinane:** When RTÉ was here, its initial response was one of there is nothing to see.

**Chairman:** Yes.

**Deputy David Cullinane:** But we persisted that there was an issue. Staff have now been offered contracts, albeit perhaps not the contracts they wanted but they have been offered proper contracts they should have always been on and that came directly from this committee.

**Chairman:** Yes.

**Deputy David Cullinane:** As Deputy Catherine Murphy stated, the backdating aspect has not been resolved. First, we had a wider discussion with the Department of Employment Affairs and Social Protection, I think. It said that bogus self-employment contracts, if offered in the wrong way in the first instance, are illegal.

**Chairman:** Yes.

**Deputy David Cullinane:** The Department was very clear about that. Second, there is a cost to the State and the Exchequer because there is a loss of revenue. Also, the State has to pick up a loss of employment rights that goes with these freelance contracts. There was a value-for-money perspective-----

**Chairman:** Yes.

**Deputy David Cullinane:** -----which we came at but I am happy for the matter to be sent to the sectoral committee.

**Chairman:** We have aired the matter quite a bit. We will ask the secretariat to forward the matter to the other committee for its ongoing consideration.

The next item of correspondence is No. 2603B, from John McKeon, Secretary General, Department of Employment Affairs and Social Protection, dated 2 December 2019, providing information we requested after meeting him on 7 November. He gave a very comprehensive response and I will touch on the topics. He supplied a 42-page document that contains outstanding information. I am saying to the public, and especially to other Accounting Officers, that this is how Accounting Officers should deal with the Committee of Public Accounts when asked questions. Mr. McKeon was given a list of 20 follow-up questions, provided good information on the day, and answered everything that was possible on the day. There was openness and candour from them. We gave them a list of 20 questions and they have come back within a number of weeks with a 42-page response to each of the 20 questions. They are to be admired for doing so. Other Accounting Officers should follow suit because it falls into the point whereby people say that people often get a hard time at these meetings. Witnesses who come prepared and offer information have no trouble at this committee. Other people who do not

have a level of information do not find our meetings as easy but that is our job.

I shall call Deputies Munster and Cullinane to speak but first I shall give people a flavour of the contents of the letter. First, it includes information on the number of fraud cases identified in 2018, and the figures to date for 2019. There were 32 last year and 16 to date.

There is a note on outsourced training and retained courses by Turas Nua and Seetec.

**Deputy David Cullinane:** Can we start with that note because I asked a question on that matter?

**Chairman:** Let me put this document on the record first. I suggest that the Deputy marks the points that he wants to deal with because there might be more than one.

There is a note on the number of people participating in back to work initiatives. They include the figures which add up to about 50,000 people, and that is on page 5. Most of those people are on community employment, rural employment schemes, back to education allowance scheme, and Tús schemes. Whereas there is only about 5,000 people on back to work enterprise allowance schemes, short-term enterprise allowance or the part-time job initiative. It is good to get that information.

There is a profile of the debt written off. A sum of €32 million was written-off in 2010 with, I think, values of under €10,000. There is a detailed schedule there of what was written off by the Department and written off by the Social Insurance Fund - €35 million. We discussed that at the meeting and asked for a breakdown.

We asked about the cost-effectiveness of An Post's banking charges, and to include the difference with standard banking fees. They say that approximately 60% of payments in 2018 were by electronic funds transfer, 40% were where the payee presents to the post office and about 1% were where cheques were issued in the post. There is detailed information.

There is a breakdown of all payments that were made by the Department that directly support families. We were given very detailed information on that.

There are details on prepayments at the year end.

There is further information on the public services card, the contract and everything relating to that.

There is a note on Turas Nua and Seetec. Deputy Cullinane wants to comment on that.

There is a note on the number of refusals that were subsequently appealed and their decisions and they gave a complete breakdown. The appeals office allowed approximately 32% of appeals, partially allowed 2% and made a revised decision in 21% of the cases and in about 37% of cases, the appeals were disallowed by the appeals office. It is roughly 60% where there was some improvement for the applicant and about 40% where the decision of the Department was fully upheld.

There is a note on the requirements for a qualified adult allowance in the context of the State contributory scheme. I raised this issue myself.

While people will find this interesting, I will not read out the note. We asked for a breakdown of the reasons claims are rejected based on the means of the applicant and those rejected

based on a lack of contributions or other reasons. The Department gave the reasons for all of their major schemes as to whether it was means or a lack of information. A full breakdown consisting of three pages was given and it is important that people take a look at that. I know many people will want to read the note in detail.

There is a note on the review of the 94,000 cases by the Department, to include a breakdown by gender. That refers to people who had left the workplace early. The Department gave all of the figures and we mentioned that.

There is a note on the five contracts not subject to competitive procurement. The details have been supplied.

I wish to highlight the note that we received on the school meals schemes, to include the number of eligible schools which did not receive a payment in the first term and an update on the operation of the scheme for 2019 and 2020. If I read it correctly it gives the number of pupils on a county by county basis for the DEIS schools not participating in the school meals programme. There are 3,317 children in DEIS schools which have not put in place the school meals programme. That is dreadful. Those children should be getting those meals. We will ask the Department in the first instance to communicate with the chairman of the board of each of those schools to find out why the children are not getting what they are entitled to in those DEIS schools. In Mayo, there are 408 children entitled to this scheme who are not getting it. That is not acceptable. Some other counties have much fewer. The Mayo figure appears to be the highest.

The Department had a separate initiative for non-DEIS schools and there are 6,455 children eligible in schools to receive the school meals programme and those schools have not yet put that in place. That is approximately 10,000 children entitled to the school meals programme but for some reason the schools are not providing it. We want the Department to follow up on that and contact each of the schools because it is not fair to the children involved and we want a report on that by the end of March. We will give them a couple of months to make progress on that but it is something people should know about.

We mentioned fraud cases earlier and in the interest of balance I always ask for the top five settlements, in this case for 2018, pertaining to the Social Insurance Fund to include the amounts recovered. This refers to employers in respect of redundancy and insolvency payments and in one case the debt was €2.882 million and the Department recovered €2.871 million. There are other cases for €252,000, €258,000, €313,000, and another employer owed €1.069 million but the Department recovered only €227,000. A lot of money has to be recovered from employers as well as individual claimants. We want always to maintain the balance. It also gives a detailed breakdown of the customer debt where the figures were less than €10,000 and which were written off. Some go back to 1984, a long time ago.

There are other items in respect of the back to education allowance and exceptional needs in the housing support which will be relevant to the housing topic. There is also a detailed note on the free travel scheme, the travel pass and the integrated ticketing system. I am just highlighting points. There are 42 pages which I ask people with an interest to study. I have only touched on the topics.

**Deputy Imelda Munster:** On page 3, of section A in respect of the number of fraud cases identified and the public services card, there are two points, namely, failure of a person to complete the registration process and the detection of identity fraud through facial recognition.

Could failure of the person to show up for the process be considered fraud? In some cases people might have got a job before the appointment date. The facial matching process detected 220 cases of suspected fraud over six years. That equates to 0.004% of the overall social welfare budget of €20 billion. I seem to recall in the hoo-ha about the public services card at the time it was announced the Minister said it would stamp out fraud. That seems a minuscule percentage. We recall the billboard campaign that almost demonised people who were unemployed as welfare cheats. Do we know how much was spent on that campaign? Was it more than we got back from the facial recognition fraud detection?

**Chairman:** We touched on that before but we can ask for a clarification because time has passed.

**Deputy Imelda Munster:** It would be interesting to find that out because that was a massive campaign at the time but the figures for fraud detection are minuscule. Did the Department spend more on the campaign than it got back from fraud detection over those years?

**Chairman:** That is to presume that the fraud would not have been detected without the facial recognition. If it is doing its job it should be picking up some of those false claims in any event. We will ask for an update.

**Deputy Imelda Munster:** On page 15, the payment to JobPath contractors of more than €200 million is an obscene amount of money considering that I read somewhere that fewer than 4,000 people held a job for more than 12 months. The Department did not give us a breakdown of the number of people in each year who have kept a job for longer than a year.

**Chairman:** Agreed.

**Deputy Imelda Munster:** It is important in the context that the Department will extend it for another year citing Brexit.

**Deputy David Cullinane:** On that same note, it is an extraordinary sum of money. I had asked questions about whether people were referred more than once, in fact twice, three or, in some cases, four times. I am not saying the Accounting Officer misled us but he was of the view at that meeting that referrals for a third time were very unlikely and I think he used the words almost impossible for a fourth time. I furnished this committee with a response to a parliamentary question from the Minister which showed that there were people referred for a fourth time, and a substantial number for a third time. We asked the clerk to get that information. Is that breakdown in this submission or did it give just the overall amount? We need to go under the bonnet on this.

**Chairman:** I do not see it in this.

**Deputy David Cullinane:** Deputy Munster asked for a breakdown of the numbers who have gone through the scheme, once, twice, three or four times and how long they have been in employment to see are we getting value for money. We all know that job activation schemes are important but it is €200 million. That is a lot of money. If people are being referred a second, third and fourth time it seems there is something wrong. Every time somebody is referred the payment is made. That is how the companies get paid so there is an advantage to the companies to have people referred more than once. These are private companies making an exceptional amount of money from the taxpayer. I am not saying they are doing anything wrong. I would be looking for a much more detailed breakdown of that €206 million.

**Chairman:** At the end of that section on page 16, it states that people who have had a third referral could in theory be brought back again. A total of 750 of those could be called a fourth time, although I am not saying they will be. The document says there are a small number of jobseekers - eight in total - for whom the Department has paid a fourth engagement fee. Eight people have been paid the fourth engagement fee. That figure is at the end of page 16.

**Deputy David Cullinane:** That has moved on from what we were told when representatives were before the committee. It is not so much the fourth referral, because the fourth in itself is extraordinary. I suppose to have only eight would be correct, although there should not be any. Anyway, thousands were in the third category and more again in the second referral category.

**Deputy Catherine Murphy:** I want to pick up on the same table because it jumps out at us. I would have thought there was correlation between the unemployment rate and the number of people going through the schemes. In 2016, when there was a higher rate of unemployment, the cost was €25 million. The unemployment rate began to fall after that. In 2017, the scheme cost €57 million. The unemployment rate fell again in 2018 but the cost was €71 million. To the end of October, the figure is €51 million. It strikes me that there is no relationship between the falling unemployment rate and the amount these companies are getting.

This means there is a smaller cohort of people and there has to be multiple referrals. That matches our experience. It corresponds with what people are telling us. For example, a person may do a year on a Tús scheme, then come back in and be referred again. Then the person goes to sit at a computer and looks at something she could examine at home and there is little intervention. That is what people are telling us. I guess other things can be said on another side but that is certainly what we are routinely being told. There is something out of synchronisation with the unemployment rate and the transfer of funds when we drill down into it. We should match it against the unemployment rate in each of those years.

Another issue is cropping up with the appeals or outcomes of appeals. This is why it is useful to get these tables. Let us consider page 19. There are two areas where I expect the figures to be high. We have live examples by virtue of the fact that we are assisting people when they come to our constituency offices. The domiciliary care payment and the invalidity pension are the two I would examine first. Where the number of reversals of decisions on appeal is high, we have to ask whether the job is being done correctly in the first place or whether there is a waste of money on administration. I tell people applying for the domiciliary care payment that if they get it first time they should treat it as a bonus, but that they should expect to have to appeal it. That has been the experience. This is borne out by the figure of 47% allowed under appeal.

For invalidity pension, a person has to be presumed to be ill for at least a year into the future to be considered. A medic puts that in a letter but it is rejected. Then we see 36% get it on appeal. It may well be that the applicant is not giving enough information, but if that is the case, then the Department needs to up its game in terms of the information sought to make a decision on an application. These schemes require a high level of administration. This imposes a cost on the Department. There is a value for money issue apart from the fact that community welfare officers have to discharge a separate function while something is being decided under appeal.

**Chairman:** In some of these cases, like those referred to by Deputy Murphy, the applicant has gathered more information for the appeal. Perhaps certain information was unavailable to the Department in the first place. I always tell people that if they are going for an appeal, they have to have new information to justify a reversal of the decision. However, that should be

done early in the process rather than people having to go through the Department, go for review and then get a file under freedom of information provisions. I always tell people anytime they get a refusal to put in a freedom of information request. This allows us to see the reason an application has been refused before appealing it. We need to know what the Department is thinking.

It takes several months to get all of that. There is nothing in the document about how long people are waiting. They could be waiting 12 months in some of these cases. That is a big issue as well in terms of how long the process takes. The Deputy's comments are totally correct. If the Department had a better way of getting information earlier, it might obviate the need for so many appeals having in the first place.

**Deputy Catherine Connolly:** I have one question on page 4. I echo the Chairman's comments on the detail given. I thank the Department for giving us all the details. Page 4 relates to Seetec and Turas Nua. There were 500,000 referrals to educational and training interventions as advised by both contractors. The document goes on to say what these are. Predominately, they relate to internal courses delivered about interview skills and CV preparation. However, of this figure, some 31,201 programmes were delivered by providers external to JobPath contractors. There is a breakdown for the two companies, Turas Nua and Seetec. It seems 31,201 programmes were delivered by providers external to JobPath. I am unsure why that is necessary. Is more intensive or specialist training required? Is that an additional sum?

**Chairman:** Yes, we need to clarify that. Whether a person is referred back to the local ETB for a course or goes to a programme that is delivered and paid for by the contractor I do not know, so we need clarification on that point. It is in paragraph 2 on page 4. We will move on. We note that. There is good information. The Department is to be complimented on responding comprehensively to all our questions on the day.

No. 2606 B is from Professor Patrick O'Shea, president, University College Cork, dated 2 December 2019, providing the information regarding non-compliant procurement. We note this and hold it over as part of our work programme for early next year.

No. 2613 B is from Ms Angela Denning, chief executive, Courts Service, dated 4 December, providing follow-up information requested by our meeting on 14 November. The correspondence includes the cost of the development of the Hammond Lane. There is detailed information. There is a reference to temporary use of the site.

Reference is made to the number of people convicted of being in possession of drugs with a minimum value of more than €13,000. Most people thought there was to be a ten-year mandatory prison sentence or a certain minimum sentence for those caught over that value or a certain number of sentences. The document gives the breakdown of the 142 people convicted in this category in 2018. A total of 39 got over five years and four got over ten years while 61 got over three years. It makes the point that of the 142 persons some 98 of those convicted had part of their suspended by the court. That is a matter for the judges but often parts of sentences are suspended. People have asked about the length of sentences. Sometimes the prison term is part of it and the suspended sentence is part of it too.

We asked about the Fines (Payment and Recovery) Act. A chart is highlighted in the document and the Courts Service gives us the figures. The document states the number of fines where the due date has passed as a percentage of the total number of fines imposed in the period before the commencement of the Act was 17%. After the Act was brought in, the figure jumped

to 46%. The value of those payments was 20% before the commencement of the Act. This relates to the where the fines were paid where the due date has passed. The figure is now 50%. The Courts Service is saying that the data suggests more people are waiting longer to address the fine imposed than was the case under the old regime. The document makes the point that the new regime is not speeding up the collection of fines. We will note and publish that.

No. 2614B is from Ms Anne Marie Walshe, tax division, Department of Finance, providing a note on the VAT rate of food supplements. This was raised at our meeting and the matter was clarified by the Chairman of the Revenue Commissioners. There is a note for the public accounts. The figure is now 13.5% confirmed as part of the Finance Act.

**Deputy Catherine Murphy:** Have we moved on from the-----

**Chairman:** Sorry. I will go back to the courts.

**Deputy Catherine Murphy:** There are two issues I want to raise quickly.

**Chairman:** Please do.

**Deputy Catherine Murphy:** First, the family courts have been very much in the news. We have some information now on the Hammond Lane site, but is it giving us any kind of resolution to the gap in funding to develop that site which we asked about? I do not see that we have been given a resolution. It may well be that that is not possible and that it is not a matter for this committee. There is a gap in what is required. Will this site ever be developed if that gap cannot be bridged? Will the family court be built there? If not, there is a site there that is-----

**Chairman:** Does the Deputy want clarification on that point?

**Deputy Catherine Murphy:** Yes.

**Chairman:** We can seek clarification on it.

**Mr. Seamus McCarthy:** It is stated in that correspondence that a review of the project costs and options is ongoing, so there is no resolution or decision yet.

**Deputy Catherine Murphy:** It is not a matter for this committee then.

**Chairman:** The review is still ongoing so it is a matter for the future.

**Deputy Catherine Murphy:** Since the coming into force of the Assisted Decision-Making (Capacity) Act 2015, the number of wards of court continues to be consistent. I know that a new system is being put in place, but the longer that takes to put in place the more this will have to be unpicked. One of the questions I am fairly sure I asked was what the process would be. As for moving people to the new system, would they initially be the people who would present before the court or would they be people involved in the hard cases that already exist? It was not very clear. A parliamentary question might be a way of getting that information, but-----

**Chairman:** The Deputy is asking whether those who are currently wards of court will be dealt with, whether they will be individually examined and their cases decided and whether they will be brought in under the new scheme.

**Deputy Catherine Murphy:** It is quite difficult to get one's head around how long this will take because there is a growing number. I would like to see some information on-----

**Chairman:** The timetable or timescale.

**Deputy Catherine Murphy:** -----the timetable and the crossover.

**Chairman:** We will ask that. The Deputy's question concerns those who are currently in the system being individually assessed. Obviously, they must be individually assessed before they are transferred. The Deputy is asking whether there is a timescale and what resources are in place to deal with this.

**Deputy Catherine Murphy:** How would it be done with new people presenting as opposed to people who are already wards of court?

**Chairman:** What level of medical assessment is taking place? Generally, a medical assessment is required in these cases.

**Deputy Catherine Connolly:** The question has been asked. I asked it on that day and I welcome the fact that the Courts Service has given us the information. I had since got it in any event by means of a parliamentary question. It is unacceptable, though. The Assisted Decision-Making (Capacity) Act was passed by the Dáil in 2015, and here we are four years later and there is absolutely no certainty as far as anyone can see. Regarding the process of making someone a ward of court, which is really the end result, it is all unnecessary. The whole purpose of the Act was to stop that. One can see that the figures have risen but with a little dip, I think. A process is going ahead that we decided, or the previous Dáil decided, was unacceptable after a very long campaign and people suffering and bringing it to the House's attention. The previous Dáil finally did the right thing back in 2015. The current Dáil is going to fall, however, and we will still have not implemented that. This matter has also arisen at meetings of the justice committee as well.

**Chairman:** Does it come under the remit of Tusla if minors are involved? Somebody else might be involved. We will write to the Department.

**Deputy Catherine Connolly:** Under the Act, there is a system and someone has been appointed, but that is as far as-----

**Chairman:** Yes, and there is an office there.

**Deputy Catherine Connolly:** Yes, but the process-----

**Chairman:** That is under the Department of Justice and Equality, is it not? I think it is under that Department separately.

**Deputy Catherine Connolly:** Yes, but even in value-for-money terms it does not make sense. The system that was there was wrong. We decided to have a different system, yet four years later that system is not being implemented. We should write. We have to-----

**Chairman:** We will follow it up with the Courts Service and put a similar request to the Department of Justice and Equality because it comes under that Department.

**Deputy Catherine Connolly:** The courts simply carry out what-----

**Chairman:** Some of the questions we are asking are really for the Department of Justice and Equality as to where it is implementing the matter. We will write to it directly as well.

No. 2614B is correspondence from the Department of Finance confirming the VAT rate for

food supplements. There was quite a discussion on this, but the Finance Bill makes it 13.5%. We know that.

No. 2615B, from Mr. Gerard Dollard, CEO of the Irish Greyhound Board, is correspondence responding to a query regarding tenders for care centres. Mr. Dollard also advises that the Indecon report is completed and that he expects it to be published shortly. He will arrange for copies to be sent to members. There is a note on this and we will note and publish it.

No. 2619B is correspondence from NAMA and is dated 4 December 2019. It provides the information we requested on non-compliant procurement. There is a lot of it now that we are following it. That is all I can say.

No. 2625B, from Mr. Cathal Marley, chairperson and CEO of Irish Water and Ervia, is correspondence providing information requested by the committee on global valuation apportionment together with the latest estimates of the local authority multipliers and estimates of the rates payable to each local authority for 2020. We will note and publish that. People can see the figures. This ties in with the previous item.

**Deputy Shane Cassells:** It ties in with that but it also relates back to my previous point. Some counties have done well out of this and some have been left bereft of funding. I tabled another parliamentary question this week to the Minister asking how this would be addressed in the long term. The Department is working on the short-term situation, with funding streams for some of the affected counties, such as Wicklow, Waterford and so forth. However, this goes back to the central point of the sustainability of the books in the long term. When we raised this matter earlier in the month, the Comptroller and Auditor General stated that there was the chapter on local government. I will look to try to touch on this again in the new year as part of our work programme if we are here long enough to look at it because I would certainly like to revisit it in a substantial way. It is worthy of that.

**Chairman:** We will come to the work programme in a few moments.

No. 2626B, from the NTMA, is correspondence providing an information note in connection with the number of procurements that were non-compliant. We have that list. There is quite a bit here. We will note and publish that and keep it on our schedule.

No. 2627B, from the Secretary General of the Department of Employment Affairs and Social Protection, providing information in respect of the public services card. He gives the details of the information specifically sought under the legislation for the standard authentication framework environment, SAFE, registration process. We will note and publish that, and if-----

**Deputy Catherine Murphy:** It is also worth noting that the Data Protection Commissioner has issued an enforcement or direction against the Department since we were last-----

**Chairman:** When did that happen? I missed that.

**Deputy Catherine Murphy:** Just in the past week or so.

**Chairman:** There will be developments on that matter then, obviously.

No. 2628B is a note from Mr. Paul Quinn, chief procurement officer at the Office of Government Procurement, providing information on the arrangements in place for balancing the requirements for competitive procurement with regional delivery of local demand for products and services that does not prohibit small and medium-sized enterprises from competing. We

will note and publish this and hold it over because when we come back to the procurement issue in the new year, this is one of the seminal documents from which we will work.

No. 2629B is correspondence from the Department of Transport, Tourism and Sport, dated 9 December 2019, providing information requested by the committee regarding the business case for the DART expansion programme. The note states that previous business cases were either for the tunnel only or for the full DART extension programme inclusive of the Phoenix Park tunnel. In line with the public spending code, a comprehensive business case must be prepared for the non-tunnel elements of the DART expansion programme. Demographic factors have changed in recent years. Regarding internal expertise, the note states that a multiskilled team is required for a large infrastructure project and that it is not feasible for a single organisation to retain all the required specialties over the coming period. We will note and publish that. We can see what has been said.

No. 2632B is from Mr. John McCarthy, Secretary General of the Department of Housing, Planning and Local Government, and provides the information we requested on the oversight and governance of Irish Water. We will note and publish that. It is clear. Following our previous discussion, we wrote directly to the Department and there is the reply on the public record. People are free to use that item and follow up on it.

The next item is 2634 B from Ms Anne Graham, chief executive of the National Transport Authority, NTA, dated 9 December 2019, providing the information we requested about the National Transport Authority's income from advertising on bus shelters. In a nutshell, prior to this, Dublin Bus had its contractual arrangements and Bus Éireann had its contractual arrangements. When the NTA came in, it took over responsibility of the bus shelters from those two organisations. It is detailed how that has worked out on page 2. The advertising revenue in 2017 was €5.4 million for the NTA, but it would have passed back €4 million of that to Dublin Bus and €634,000 of it to Bus Éireann, totalling €4.634 million that was passed back. The figures are broadly similar for every year and it looks like the NTA keeps about €1 million of the approximately €5 million to €6 million that comes from that advertising. The NTA says it uses that for the provision of new bus shelters, the replacement of corroded bus shelters, refurbishment and other sustainable projects. That is where the money from advertising on bus shelters goes. We will note and publish this item.

The next item is 2635 B from Mr. Maurice Buckley, chairman of the Office of Public Works, OPW, dated 10 December 2019, providing a response on its involvement in matters related to the new Oireachtas printer.

The next item is 2636 B from Mr. Peter Finnegan, Secretary General, Houses of the Oireachtas Commission, dated 10 December 2019, providing a further report on the purchase of Oireachtas printing equipment and related matters. We asked the OPW and Mr. Finnegan to be on standby for the afternoon if the committee chooses to invite them in. What is the view of the committee? Do we propose to invite them in?

**Deputy Imelda Munster:** I would propose we invite them in. There are a lot of questions to be answered.

**Chairman:** Is there a seconder for that proposal?

**Deputy Catherine Murphy:** Yes, I second the proposal.

**Chairman:** We will not discuss it now. We will discuss it in the afternoon at a provisional

time of 3 p.m. The voting in the Dáil is scheduled for 1.50 p.m. and that will take approximately an hour so it will be 3 p.m. before we are ready to resume. We can put people on notice that they are expected to be here for 3 p.m. I was about to say we will note and publish this but that document has been well publicised and discussed before now. As a formality, we will note and publish it, notwithstanding it has been well publicised before now by various people. We will come back to those two matters at approximately 3 p.m. We note and publish those items.

The next item is 2637 B from the Charities Regulator, providing information on various queries we put to it at our recent meeting. We asked for the following information: a note on any cases involving funds that were not administered in an appropriate manner or used for the purpose for which they were intended, and there is a detailed note on that; a note on the amount of funds that went through each third level educational foundation that were registered as charities, and the figures are printed on page 4, some of which are familiar and they have been referred to in the committee previously; a breakdown of the concerns raised with the regulator, to include the State bodies involved, and there is a full list of the number of concerns received, and out of 686 cases, in 585 cases the concerned person gave a name, whereas in 101 cases the concerned person remained anonymous; a breakdown of the prepayment of €410,000 for IT services and the schedule for that is on page 6; a copy of the organisational structure, which has been provided; a breakdown of the €39.7 million fund being managed by Davy Asset Management, to include details of the 331 groups involved in the fund, including whether they are registered or unregistered charities, and this details the entities that have applied to be registered with the Charities Regulator and it also details the beneficiaries of the registered charities; a note on the relationship between the Charities Regulator and Davy Asset Management, which is a commercial arrangement to manage a fund on behalf of the Charities Regulator; and a point of clarification on the third level education foundations, as detailed on page 15. We will note and publish that. Members are free to follow up on those items in any way they choose. There is a lot of interesting information in that correspondence.

The next item is 2638 B from the Department of Employment Affairs and Social Protection. We have already discussed this in conjunction with the large document from the Department of Employment Affairs and Social Protection we discussed a few moments ago. Essentially, it covers a point that had already been covered. We will note and publish that.

The next item is 2639 B from Mr. John McCarthy, Secretary General of the Department of Housing, Planning and Local Government, providing a response to the committee on the following matters: an up-to-date note on the contributions of Irish Water to the Local Government Fund; the level of funding that will be available for each local authority; details of any Government subvention that will be available; an update on the review of the baselines set for each local authority; and an information note on the arrangements in the Department for monitoring the effects of changes to global valuations on funding of local authorities. The baseline valuation is referred to on the bottom of page 3 and going on to page 4. The correspondence says there was a review of local property tax conducted by the Department of Finance that was submitted to the Committee on Budgetary Oversight, which is considering it. When that review is completed, the review of the baseline will be recommenced and referred to the Committee on Budgetary Oversight. On the local property tax, I understand from the committee that the work is completed.

**Deputy Catherine Murphy:** That is critically important. We have been getting the same response for almost a year. Some of that work was complete at the beginning of this year and it is likely to have significant positive impacts for some parts of the country and it will have

negative impacts. There will be a cost associated with that transition as well. Some of those baselines go back to 2000 and do not take any account of the growth in population in places such as Kildare, Meath, Fingal and the fringes of Cork and Galway cities. That feeds into the matter of Ervia because some of the local authorities are functioning on fumes at this stage.

**Chairman:** To clarify this, there was a group doing a review on the baselines and it made recommendations in August 2018. In the meantime, the Committee on Budgetary Oversight was examining the report on local property tax and I am advised the committee has completed its work. We hope this baseline review will go to the Committee on Budgetary Oversight. The correspondence does not say that but our understanding is the committee has completed its work on the local property tax. It was held over until the Committee on Budgetary Oversight's review of the local property tax-----

**Deputy Catherine Murphy:** That was done ages ago. This is not new.

**Chairman:** Is there nothing new here?

**Deputy Catherine Murphy:** No.

**Chairman:** I call Deputy Cassells and we will come back on that point afterwards. We will ask for a timescale.

**Deputy Catherine Murphy:** If this is an after the general election type postponement because there is-----

**Chairman:** We will ask for a timescale.

**Deputy Shane Cassells:** I want to pick up on a point the Secretary General of the Department of Housing, Planning and Local Government referred to. He said he read the transcript of the committee's discussion and that he interpreted that the main issue was the change in the Irish Water payments. That completely misses the point. In October 2018, there had been a pointed reference to the fact there had been an increase in local government funding and espousing the virtue of same. This year, when the figure dropped by €35 million, there was no reference to that whatsoever apart from one line. I remember that stood out like a sore thumb and I followed that up in the context that this emanated from that change. This goes to the heart of the matter, but the Secretary General's remark misses the point completely.

The subvention has gone off the books and it is akin to the local property tax. When the local property tax was introduced, the requisite amount of Exchequer funding dropped by some €400 million or €500 million in that case as well. The money is coming directly out of the Exchequer funding and county councils are moving towards an ideology of self-financing. That goes to the core of the matter. The interventions by the State are dropping and there is a focus on county councils becoming more reliant on their income strands, whether that be off the back of commercial rates, property owners or service charges. That is the key point. We need to drill that down into where we find the equilibrium and the balance, because to my mind there has been a rapidly decreasing intervention from the central Exchequer in recent decades and that is not allowing local government to perform to the standards it should be doing. That is the heart of the matter and that reference from the Secretary General misses the point completely.

**Chairman:** We need to write back to the Department asking for a timescale on when this is expected to commence and when it would expect to report.

**Deputy Catherine Murphy:** I suspect it is probably a political decision. I concur with the point Deputy Cassells makes that it was really a three-card trick. The expectation was that local property tax would be additional to the Local Government Fund. In fact, what happened is that the local property tax was substituted for it and there was a growth in commercial rates to fill up the shortfall. The Comptroller and Auditor General has referred to the complexity of local government funding, which those of us who have been in local authorities know. I do not think it is appreciated by the public, as there was an expectation that there would be some additionality. That is part of the problem, but it is reinforced by virtue of the fact that new needs are not counted at all, and that is where the baselines come in.

**Chairman:** We will note and publish that and we will ask for a timescale from the Department. That is as much as we can do at this stage. Is that agreed? Agreed.

Next we will deal with category C correspondence. We will deal with No. 2595 C, dated 29 November, which is from an individual who makes some points concerning the Oireachtas printer. Members can read that, and those matters can be discussed in the afternoon. No. 2597 C is dated 29 November and is from an individual about the public services card. The individual makes some corrections to previous correspondence. We agreed to provide details of who was at the meeting when the individual's previous item was considered. He is unhappy with the level of consideration he believes the committee gave to his correspondence. It is important to point out that we have given the matter of the public services card considerable attention to date and we may return to it in the future. Members are free to raise matters referred to in the individual's correspondence if they so wish. We do not publish category C correspondence. We have discussed the matter at length and, no doubt, we will probably come back to it again. Is it agreed that we note this item? Agreed.

No. 2617 C is further correspondence from the individuals who call themselves B and C, dated 5 December 2019, providing a link to an item on social media regarding matters at the University of Limerick. Is it agreed that we note this item? Agreed.

No. 2618 C is from Deputy Alan Kelly, dated 3 December 2019, requesting the committee to make inquiries regarding Cork Institute of Technology. There is a detailed list of approximately 60 specific questions to which he wants replies. I have not read the details, but I think we will have to hold over the matter because the Deputy is not here. I understand the content, but in any event we would want the secretariat to be happy with the format, wording and appropriateness of the phraseology of any letter going out from the Committee of Public Accounts, rather than from an individual Deputy. I do not argue with the points Deputy Kelly raised but we would want a response to meet the norms of committee correspondence. Is it agreed that we hold over this matter because Deputy Kelly is not here? Agreed.

No. 2621 C is from an individual dated 14 November 2019 with further queries regarding wards of court. We wrote to the individual recently providing information that was requested from the Courts Service and providing a link to the transcript because some matters in relation to the wards of court were dealt with during the meeting. We have advised the correspondent that the matter can best be dealt with elsewhere and we do not intend to pursue the matter further. Our discussion on the wards of court today is about transitioning to the new arrangement. As we already know, the Oireachtas Joint Committee on Justice and Equality did publish a report on wards of court which was debated on the floor of the Dáil some time ago. Given those debates that have taken place the Committee of Public Accounts cannot revisit the matter because we are subsidiary to the Dáil not above it. Is it agreed that we note the item? Agreed.

No. 2622 C is from an individual dated 26 November 2019, who is making some points about procurement in the HSE. The individual is advocating for the publication of award notices on foot of contracts as it could encourage SME participation in the tender process. That is a valid point. It probably arises from the person watching our discussion on the national children's hospital last week. We will be returning to procurement matters in the new year. Is it agreed that we note the item? Agreed.

No. 2623 C is from an individual dated 1 December 2019, who is requesting the committee to investigate the disbursement of EU funds by the Irish Aviation Authority, IAA, and alleges that the authority is operating a confidential payroll. However, no details are given. I propose that with the individual's permission, we forward the item to the Department of Transport, Tourism and Sport, as it is a transport issue, to provide a response regarding the disbursement of EU funds. The IAA is a wholly-owned commercial semi-State company. The Minister for Public Expenditure and Reform is the main shareholder in the company. We will progress the matter once the person gives consent to forward the letter, because that is the era we are in now. Is that agreed? Agreed.

No. 2624 C is from an individual dated 4 December 2019, who is making some points regarding the procurement of chaplaincy services in the third level sector. The individual alleges that a number of institutions are not compliant with procurement rules when it comes to chaplaincy contracts. With the individual's permission, I propose we forward the item to the Higher Education Authority, HEA, for a response. We have to go back and get permission to forward the person's details to the HEA for a response. Is that agreed? Agreed.

**Deputy Catherine Connolly:** Are we then going to follow up with the HEA when we get permission from the individual?

**Chairman:** Yes, when we have the permission.

**Deputy Catherine Connolly:** I have read the letter and it is interesting in terms of the 2016 report from the HEA which makes recommendations on value for money and chaplains. The National University of Ireland, Galway, NUIG, features rather largely in the letter.

**Chairman:** We have probably gone through approximately 40 items of correspondence and I did not get to read the last one last night. It is the only one I did not get to read, so I will have to go on what Deputy Connolly says.

**Deputy Catherine Connolly:** The HEA made specific recommendations on reviewing the current system for employing chaplains in various universities. Some universities have changed but others have not. NUIG as I still call it, has not.

**Chairman:** With the consent of the correspondent who raised the matter, we will take it up with the HEA.

Next, we will deal with financial statements and accounts received that were listed on the Dáil Order Paper last week. The first one is from the Health Research Board, which got a clear audit opinion except for the normal reference by the Comptroller and Auditor General that the cost of superannuation entitlements are accounted for as they become payable rather than in the year entitlements are earned, which is standard in the health bodies. The Environmental Protection Agency got a clear audit opinion for its 2018 accounts.

Interestingly, the next one is the regulator of the national lottery. In 2018 it had an income of

€1.5 million. The first thing that strikes me is that its accounts were certified by the Comptroller and Auditor General on 17 June and it has taken almost six months for them to be laid before the Oireachtas. We will write to the Department of Public Expenditure and Reform. The national lottery legislation was sponsored by the then Minister for Public Expenditure and Reform, Deputy Howlin, so it comes under the remit of that Department. We will ask the reason for the delay. Next, is the national lottery fund. I presume that is the prize fund of €494 million that is disbursed. Again, the accounts were certified by the Comptroller and Auditor General on 18 June and it has taken almost six months for them to be laid before the Oireachtas.

I know the matter of the regulator is being discussed by the Joint Committee on Finance, Public Expenditure and Reform, and Taoiseach so we will not get into any unnecessary duplication. The only point I will make is that the National Lottery Act 2013 stated the regulator shall be appointed by the Minister on such terms and conditions, including remuneration, as the Minister may determine. That is in section 7(2). It also states that the accounts are to be submitted not later than four months from the year end for certification by the Comptroller and Auditor General. I take it if Mr. McCarthy had his work done by 17 June that he received the accounts in good time.

**Mr. Seamus McCarthy:** Yes. I believe so.

**Chairman:** It would seem reasonable that the timescale for submitting accounts has been met. Because there is an issue in terms of how the regulator performs its functions, I think we should ask about the process involved in appointing the regulator by the Department. We will write to the Department to ask about two issues: first, to ask the reason it took the regulator of the national lottery and the national lottery fund almost six months to lay the accounts before the Oireachtas and; second, the process of appointing the regulator. All too often, as people have said in the past, regulators are asleep at the wheel. I do not suggest that is the case here, but we must be satisfied as to the process for appointing the regulator and the competence of the regulator. We can hand it over to the other committee then. We will not be holding any hearings on it but it would be remiss of us not to ask the question given that the accounts are before us today.

Next, we have the accounts for the Dublin Institute of Technology, DIT. It is the cessation account for the 16-month period up to the end of December 2018. There was a clear audit opinion. The statement on internal control discloses non-compliant procurement. Who is going to answer that question for us? Has DIT merged with Dublin City University, DCU?

**Mr. Seamus McCarthy:** No, it has merged with the Institute of Technology, Blanchardstown and the Institute of Technology, Tallaght. It is now the Technical University Dublin and that body has responsibility for any follow-up. It prepared the financial statements for the three institutions that merged.

**Chairman:** We will write to Technological University Dublin seeking full and detailed information on the non-compliant procurement of €1.63 million by the then Dublin Institute of Technology.

The Dublin Dental Hospital received a clear audit opinion but a statement on internal control disclosed non-compliant procurement of €677,000. We will write to the hospital seeking a detailed analysis and breakdown of the reasons for that non-compliant public procurement.

The Trade and Business Development Body, which is a North-South body, receives a clear

audit opinion. A statement on internal control discloses that the board is at risk of being unable to meet its quorum due to board vacancies. We will note that.

The next items relate to Kilkenny and Carlow Education and Training Board and An Bord Bia, both of which receive a clear audit opinion.

The next item on the agenda is the work programme. Several items are scheduled for January. Suggestions have been made regarding work to be carried out in the new year if we are still here. We will plan our work programme such that we are not caught when we come back in the new year. The secretariat can make the necessary arrangements. Deputy Cassells will be pleased to hear that our first meeting in the new year will be with the Department of Housing, Planning and Local Government, although that is subject to confirmation. It is scheduled for 16 January. The next meeting will take place on 23 January and involve representatives of the Department of Transport, Tourism and Sport. On 30 January, we will meet representatives of the Department of Education and Skills regarding its appropriation account, Vote 26, chapter 7 - purchase of sites for school provision and special report No. 107 on the delivery of capital projects in the higher education sector. The committee has not yet examined the latter report. We agreed at our most recent meeting that we would have the Office of Public Works, OPW, in on 6 February to deal with chapter 6 - expenditure under a maintenance contract. It has been suggested that we meet the Departments of Children and Youth Affairs, Finance, Public Expenditure and Reform and Communications, Climate Action and Environment, as well as Transport Infrastructure Ireland. I do not think we have had representatives of TII before the committee recently. There are plenty of suggestions for meetings up to February, although the secretariat may have some work to do regarding some of the suggestions.

**Deputy Catherine Murphy:** We should invite NAMA to appear.

**Chairman:** When will the final report will be completed?

**Mr. Seamus McCarthy:** It is on my desk but I have not had time to sign off on it.

**Chairman:** It will be completed in spring. We will not set a date to meet NAMA but I hope we will get to it in spring. We can move ahead with some of the other suggestions in order to have a work programme and if events happen, so be it.

On any other business, there are two issues I wish to highlight as Chairman. Members saw the volume of replies with which we dealt today. I ask the secretariat to ensure that any outstanding departmental replies to requests for information since we returned after the summer recess be obtained for our first meeting in the new year. It has several weeks to do that. Many replies have been received. I am not suggesting there is a problem, but I wish to ensure we receive all replies.

I do not recall whether we received a response from the Minister regarding the periodic report previous to the one we issued a fortnight ago. I ask the secretariat to check whether we received such a reply. There might be a reply outstanding. We do not yet expect a response to our most recent report. If an earlier one is missing, I ask the secretariat to ensure it is obtained before we resume in the new year.

**Deputy Catherine Connolly:** Did the Chair mention the Department of Children and Youth Affairs?

**Chairman:** I did.

**Deputy Catherine Connolly:** It is important that representatives of the Department appear, particularly in light of the chapter of the annual report of the Comptroller and Auditor General dealing with childcare programmes. We will touch on the issue today but we will not go into it in depth.

**Chairman:** Pobal is responsible for the administration of the grant.

**Mr. Seamus McCarthy:** It also carries out compliance testing.

**Deputy Catherine Connolly:** Two recommendations specifically relate to Pobal but the rest relate to the Department.

**Chairman:** We will try to arrange for the Department to appear in early February. If possible, it will appear at the meeting following our engagement with the OPW. We will prioritise it for that meeting.

**Deputy Catherine Murphy:** Is Tusla due to appear?

**Chairman:** Its representatives appeared some time ago. Representatives of the Department itself should appear because there are many issues the origins of which are in the Department. We have listed four or five items for consideration.

On travel arrangements for the committee, at a previous meeting, it was agreed the secretariat would carry out further work regarding proposed travel by committee members in order to examine the Department of Foreign Affairs and Trade humanitarian assistance programme. The clerk to the committee is preparing a breakdown of costs involved. As the committee will not meet again until January and the trip may take place in February, approval by email may be required in order to enable travel arrangements to be made as early as possible. Is it agreed that the secretariat will circulate the breakdown of costs to members and seek agreement thereto such that arrangements can be put in place? I make that proposal on the basis that the committee will have an opportunity at its meeting in January to confirm the specific details on the public record prior to the trip in February. It will allow travel arrangements be put in place during the recess such that there are no hiccups. That is agreed.

**Deputy Catherine Murphy:** All members know how precarious things are. We should not book any trips until-----

**Chairman:** We should get insurance in case the trip has to be cancelled.

**Deputy Catherine Connolly:** The Chairman could reassure us that it will not be necessary to cancel the trip.

**Chairman:** As part of the booking, we will ensure there will be no cost to the Oireachtas if the trip must be cancelled.

The production of our periodic reports is almost up to date. I propose that the secretariat work on producing a periodic report to cover the period up to the end of today's meeting. It should be launched early next year. We should set out a reasonable timetable. The committee will not produce a periodic report for January or February if an election is called before St. Patrick's Day. I suggest that if an election is not called before then, we aim to issue our next periodic report in mid-March. It might not be ready before St. Patrick's Day but it would be ready soon thereafter. If there is an election, so be it. If there is no election, we will be ready to launch a report as soon as possible after St. Patrick's Day. I acknowledge I am putting pressure

on the secretariat but a fundamental part of our work is to follow up on our public meetings and correspondence. There is a couple of months in which to produce the report. We will agree to that general timetable.

*The committee went into private session at 10.50 a.m. and resumed in public session at 11.19 a.m.*

### **Pobal: Financial Statements 2018**

**Ms Anna Shakespeare** (*Chief Executive Officer, Pobal*) called and examined.

**Chairman:** This morning we are dealing with Pobal and its financial statements for 2018. We are joined this morning by Ms Anna Shakespeare, chief executive officer. She is new to the position having joined in August. You are very welcome to your first meeting of the Committee of Public Accounts. Ms Shakespeare is joined by Mr. Jerry Murphy, deputy chief executive, and Mr. Brian Lehane, chief financial officer. They are also joined by Richard Deane and Gerard Sellars. We are also joined by Mr. Paul Geraghty, principal officer, Department of Rural and Community Development, and Mr. Gordon Gaffney, principal officer, Department of Children and Youth Affairs.

I wish to advise members, witnesses and everyone in the Public Gallery that all mobile telephones must be switched off in their entirety or put in airplane mode, as merely setting them to silent mode can still cause interference with the recording system. I advise witnesses that by virtue of section 17(2)(l) of the Defamation Act 2009, they are protected by absolute privilege in respect of their evidence to the committee. If they are directed by the committee to cease giving evidence on a particular matter and continue to do so, they are entitled thereafter only to qualified privilege in respect of their evidence. They are directed that only evidence connected with the subject matter of these proceedings is to be given and are asked to respect the parliamentary practice to the effect that, where possible, they should not criticise or make charges against any person, persons or entity by name or in such a way as to make him, her or it identifiable. Members are reminded of the provisions of Standing Order 186 to the effect that they shall refrain from inquiring into the merits of a policy or policies of the Government or a Minister of the Government or the merits of the objectives of such policies. While we expect witnesses to answer questions asked by the committee clearly and with candour, they can and should expect to be treated fairly and with respect and consideration at all times in accordance with the witness protocol. We will begin by inviting Mr. McCarthy to make his opening statement.

**Mr. Seamus McCarthy:** Thank you Chairman. Pobal is a State-owned not-for-profit company limited by guarantee. The company was originally established in 1992 by agreement with the European Commission to manage an EU grant scheme to support local development. Over time, the functions of Pobal have expanded significantly. It now functions as an agent for a number of Government Departments and EU bodies providing administration, management and support services for around 25 programmes in the areas of social inclusion and equality, inclusive employment and enterprise and early years education and childcare. In 2018, Pobal issued grants totalling around €695 million. As indicated in the figures now on screen, almost 70% of the payments were in relation to childcare programmes funded by the Vote for the Department of Children and Youth Affairs. Other significant areas of grant payment related to community employment schemes funded by the Department of Employment Affairs and Social

Protection and community services grants funded by the Department of Rural and Community Development. Pobal recoups its administration costs under the terms of service agreements with the funding Departments. In 2018, Pobal spent a total of €35.1 million in administration costs and other programme supports. This comprised €21.7 million in respect of payroll and €13.4 million in non-pay costs.

My audit report on the financial statements drew attention to the statement on internal control which disclosed that in 2018 Pobal incurred expenditure to the value of €1.15 million on goods and services, the procurement of which was not compliant with the relevant procedures. This mainly related to ICT and project management services required to deliver the national childcare scheme. I also drew attention in the audit report to Chapter 16 of the Report on the Accounts of the Public Services 2018, which examines the delivery of early learning and childcare funding programmes. This deals with Pobal's role in administering the schemes and in ensuring compliance with scheme conditions. The statement on internal control summarises Pobal's compliance activity in that regard.

**Chairman:** Thank you. I now invite Ms Shakespeare to make her opening statement.

**Ms Anna Shakespeare:** I thank the Chairman and committee members for their invitation to attend this meeting. I am accompanied by Mr. Jerry Murphy, our deputy chief executive who has been with the organisation since 2005, and Mr. Brian Lehane, our chief financial officer who joined Pobal in July 2018. I was appointed as chief executive of Pobal in August this year. I joined Pobal from St. Michael's House where I was chief executive since 2015.

Pobal values the role of this committee and we are here to account for and apply the lessons of this process. Pobal is a not-for-profit, registered charity and a company limited by guarantee without share capital. Pobal's board is appointed by the Government under the aegis of the Department of Rural and Community Development. Established in 1992, Pobal has developed in response to Government priorities over 27 years. On behalf of Government, our work supports valuable services in marginalised communities. Our core role is to deliver an effective programme and grant management service in order to create an inclusive society where Government and communities work together.

In 2018, Pobal managed 25 programmes, primarily for four Government Departments. The areas, groups and communities we support are outlined in the briefing document we submitted to the committee. In managing these programmes in 2018 Pobal disbursed €694.7 million, an increase in expenditure of €79.7 million over 2017. We supported 2,500 community groups and almost 32,000 individuals through the Social Inclusion and Community Activation Programme, SICAP. We channelled funding to 4,832 early learning and care services, supporting approximately 81,899 families with reduced fees through the community subvention programme. We also approved 19,000 participants for the seniors alert scheme.

In 2018 Pobal employed 442 staff in 2018, with 46% based outside Dublin. We operate our programmes efficiently. Our administration spend for 2018 was €29.94 million or 4.10% of budget. Pobal's budget has evolved to deliver programmes of work in line with Government policy and requirements which make a difference to people's lives. Funds disbursed moved from €257 million in 2011 to €695 million in 2018. This reflects changes in Irish society and the Government's commitment to supporting civil society with these changes.

As CEO, my vision for Pobal is to deliver a value for money service for Government and to make a difference for people and communities. The landscape of Irish society has altered

significantly, redefining who we are and how we live. Working with community and voluntary organisations, Pobal aims to build capacity locally and to support sustainable, resilient communities. In a world increasingly fraught with social challenges, the importance of a strong network of natural community supports is a critical component of individual and collective well-being. It enables us to meet the challenges of the future.

Pobal is committed to ensuring our processes deliver verifiable management of taxpayer's money, while offering user friendly and effective support to all stakeholders. Our supports assist community organisations to meet their legislative, governance and financial management requirements. We also provide practical help such as helping hands workshops and managing better guides. Where possible we utilise information technology to reduce the administrative burden on community organisations. We have seen remarkable changes across the early learning and care and the school age childcare sector in Ireland in recent years, including the development of the First 5 strategy and the national childcare scheme, of which Pobal is scheme administrator.

We are proud of our work but we know we do not always get things right. We welcome the oversight of the Comptroller and Auditor General and this committee. This process is important in reminding us of our purpose and in identifying areas for improvement and learning. The committee is aware the Comptroller and Auditor General highlighted two issues in our 2018 annual financial statements. I accept that there is a need for improvement in our procurement processes, with non-compliance on a proportion of expenditure on goods and services in 2018. I take this matter extremely seriously, as does the organisation. A corrective action plan is in place with targets and timelines for completion.

The second note to the accounts relates to Chapter 16 of the 2018 Annual Report of the Comptroller and Auditor General, which examined the administration by Pobal of early learning and childcare funding programmes. Two of the recommendations in the chapter were directed to Pobal. However, we understand this chapter will be considered in greater detail at a future meeting of this committee.

Looking ahead, in 2020 the Department of Rural and Community Development will undertake a periodic critical review of Pobal under the code of practice for the governance of State bodies. This is the first such review under the 2016 code. The Department of Children and Youth Affairs has also indicated it will undertake a major operational review of all its early years programmes and the operating model in the early learning and care sector. We look forward to both reviews and implementing any recommendations for change and improvement. The entire team at Pobal works hard to deliver for the communities from which we come and where we live. It is an important part of our organisational culture that we exist for families and communities who not only need the services and programmes we administer but who also, in real terms, pay for these services. I thank the committee for the opportunity to appear today and my colleagues and I are happy to take any questions members may have.

**Chairman:** Thank you Ms Shakespeare. The first speaker today is Deputy Shane Cassells who has 20 minutes. All other speakers will have ten minutes. I remind everyone that the weekly voting slot in the Dáil is scheduled for 1.45 p.m. This meeting will finish at 1.45 p.m. at the latest, if not before then. We will be dealing with other business in the afternoon so we must finish by 1.45 p.m. at the very latest.

**Deputy Shane Cassells:** I welcome Ms Shakespeare and her team to this meeting. I wish her well in her new role and thank her for the comprehensive briefing documents that were pro-

vided to the committee prior to this meeting. The total amount of money going through Pobal is substantial, amounting to €695 million in 2018. The largest element comprises grants from the Department of Children and Youth Affairs, totalling €506 million. Are all of those monies distributed to programme supports or do some administration and salary costs come out of them? Ms Shakespeare mentioned the administration cost of €29.4 million.

**Ms Anna Shakespeare:** We extract some of our costs from that €506 million.

**Deputy Shane Cassells:** Is that done on a proportional basis in terms of the staff assigned to the early years sector within Pobal or across the board?

**Ms Anna Shakespeare:** We agree a programme of work in the context of our performance delivery agreement and the number of full-time equivalents associated with that programme under the governance of the service level agreement between ourselves and the Department. Indeed our other programmes are delivered in that way. I refer the Deputy to my colleague, Brian Lehane, who might be in a position to provide further detail.

**Deputy Shane Cassells:** I want to get an understanding of Pobal's work because many people may not be aware of it, despite its significant budget. Until 2006 the funding for childcare infrastructure came from the EU under the equal opportunities childcare programme, EOCP. Is that correct?

**Ms Anna Shakespeare:** Yes.

**Deputy Shane Cassells:** That would have been focussed on training, education, employment and assisting people in coming back into the workforce. That changed to the national childcare investment programme around 2006. Is that right?

**Ms Anna Shakespeare:** That is my understanding, yes.

**Deputy Shane Cassells:** Then it moved to Exchequer-based funding. Is that correct?

**Ms Anna Shakespeare:** That is my understanding.

**Deputy Shane Cassells:** At the time there was a rationale for Pobal when it was run under the previous model. Can Ms Shakespeare explain to me the need for Pobal now as the middleman, considering that change in 2006? Could the Department not do this work? We needed the middleman to draw down the EU funding but then we moved to Exchequer-based funding.

**Ms Anna Shakespeare:** I will refer the Deputy to my colleague, Jerry Murphy, who worked in the organisation at that time.

**Mr. Jerry Murphy:** The Deputy is absolutely right to refer back to the long history of our involvement in early years care. Pobal was party to the original investigations around the needs for childcare and much of that started with particular needs in disadvantaged communities but as we moved through that cycle there was a tendency to divide responsibilities so that the more administrative elements of the role came to Pobal. These include significant elements of policy making, design, standard setting and oversight that traditionally lie with the Department but because of the intricacies of managing these flows of moneys to so many individual groups the decision was made that there were advantages in having a specialist organisation with the knowledge and infrastructure to do that. Over many years we have developed staff teams with the experience of the local bodies and how things work, with experience in financial management, compliance and people who are available to interact directly with groups whether in a

support role or dealing with issues such as financial compliance. We also developed a series of expertise around matters such as monitoring and reporting to the Department. We feel we have developed a set of skills distinct from what would normally be within a Department.

**Deputy Shane Cassells:** There is a representative from the Department of Children and Youth Affairs but there is also one from the Department of Rural and Community Development. Am I correct in saying it was the original parent body in 1992? I am trying to understand why Pobal, which was established to manage EU grants, is administering childcare grants now. It had a different sphere. Is that why the Department of Rural and Community Development is here today too?

**Ms Anna Shakespeare:** The Department of Rural and Community Development is our lead Department.

**Deputy Shane Cassells:** That Department is the lead, not the Department of Children and Youth Affairs.

**Ms Anna Shakespeare:** That is correct. In any programme activity with another Department we write to our lead Department for the authority to proceed.

**Deputy Shane Cassells:** On that point, what is the Department of Children and Youth Affairs' interpretation of its relationship with Pobal and the fact that this middleman is implementing the grants for the Department?

**Mr. Gordon Gaffney:** The Department's relationship is on a customer-type basis. There is a strong governance methodology with a service level agreement and an annual programme of works. Pobal is better suited to undertake the type of work because it has an in-depth knowledge of the early years sector. It has strong relationships. We believe there is strong governance in place between us and Pobal. It is fair to say, however, that it has grown out of EU schemes into Exchequer schemes and over the past five years there has been a 141% increase in funding in the scale of the schemes under administration by Pobal. Our Minister is about to undertake a review of systems and structures to consider Pobal and the city and county childcare committees to see if there are improvements that can be made to the system.

**Deputy Shane Cassells:** Is there a review under way?

**Mr. Gordon Gaffney:** A review is about to commence on this very matter.

**Deputy Shane Cassells:** In her briefing document Ms Shakespeare noted that Pobal received over 36,000 queries in 2018, 78% of those are related to the early years and childcare, so that accounts for most of its work. She cites the early childhood care and education, ECCE, scheme, the higher capitation applications.

I note the high profile launch of the new national childcare scheme this week but a woman contacted my office who, during the soft launch, was twice provided with an invalid Chick code. She eventually got the correct code yesterday but here's the rub: she was a mum returning to the workforce, she had applied on 7 November and was commencing work shortly after that but due to the glitch in the system her application was processed only yesterday, 10 December. She now owes her childcare provider a substantial sum for that period but she has been told the payments cannot be backdated. They are in place only from yesterday and she is out of pocket. Can Ms Shakespeare enlighten me please on that?

**Ms Anna Shakespeare:** First, it is unfortunate that an incorrect childcare identifier number was allocated. We express our gratitude to that individual for joining us at the soft launch because that was part of individuals like her assisting us in ironing the glitches out of the system.

**Deputy Shane Cassells:** I know that but unfortunately she is out of pocket for a substantial amount of money through being part of that guinea pig programme. She had a very bad experience as part of it. She is now collateral damage.

**Ms Anna Shakespeare:** As I said, I thank the Deputy's constituent and I understand the very difficult situation she now finds herself in. The income assessment is the foundation of the national childcare scheme.

**Deputy Shane Cassells:** She was told that it would be turned around in ten days. That was on 7 November; 10 December was yesterday.

**Ms Anna Shakespeare:** That is correct. As part of our verification process to ensure proper oversight of the financial controls and that the system was working correctly we have had to do some manual exercises around identifying individuals going through the income assessment. That means we need to connect with the data from the Department of Employment Affairs and Social Protection and from the Revenue Commissioners to calculate the income assessed value of the subsidy that will be awarded to an individual such as the Deputy's constituent. It is regrettable that it has taken a little time to get through that. However, we needed to balance the piece of making sure that, on the one hand, when an individual gets his or her income assessed value, the payment he or she is going to get is absolutely correct because an individual might make, as the Deputy's constituent obviously did, life-changing decisions to go back into the workforce or into education and, on the other hand, it is about balancing the approach to ensure probity in Exchequer spend of money.

**Deputy Shane Cassells:** On the higher capitation whereby the payment per child varies depending of the qualification of the room leader, am I correct that a room leader with a level 5 or 6 qualification would result in a payment of €69 per child?

**Ms Anna Shakespeare:** I will have to confirm that.

**Deputy Shane Cassells:** Where it is a room leader with a degree qualification it would be €80.25 per child. It should be noted, and the Comptroller and Auditor General noted it in his report, that in 2010 just 11% of ECCE room leaders had a degree qualification and the figures available for 2018 show that this has risen to over 50%. That is very positive. Will Ms Shakespeare explain the problems with the payment of higher capitation since September? My office has been contacted by providers since then and the verification process by Pobal in many cases is still ongoing, meaning that the higher capitation is not paid and the providers are out of pocket. They have higher qualified room leaders who must be paid and who command a higher wage. The verification process is still ongoing for many of the people who contacted me. Can Ms Shakespeare explain why the delays are occurring? If there is a change in the opposite direction and the provider goes down from a room leader who has a degree qualification, I presume the provider will owe a refund of moneys. Will she discuss that?

**Ms Anna Shakespeare:** It was agreed between Pobal and the Department of Children and Youth Affairs that an appraisal of the higher capitation applications would commence in early October. The application process opened in August to allow service providers ample time to submit applications. It involves the Pobal employees verifying the qualifications and verifi-

cation of the qualifications of all those individuals. What happened is that when we went to seek the verification of the qualifications of some of the individuals and when the qualification confirmation and verification came back, they went back to the end of the queue so we had to revise our process. I again acknowledge that was a learning point for us. Those individuals subsequently have been moved further up the queue. In some respects that has contributed to the delay in that regard.

**Deputy Shane Cassells:** I appreciate that Ms Shakespeare is new to the post. She referred to that as a learning point but this organisation has been on the go since 1992. We are dealing with a very fragile industry. I attended a briefing with providers last month and many of them have become exasperated as to whether they would even continue in the profession. There are major pressures in counties such as Meath, Kildare and Dublin with even attaining places for children, such is the dearth of places in urban areas, yet providers are at the end of their tether. Despite people's perception of this being an industry flush with cash because of the high fees that are charged, many providers are on the breadline and the delay in the processing of payments, where Ms Shakespeare said people go to the end of the queue, is causing many of them to be on that line. It is coming up to Christmas and it is still not resolved. Will the situation be remedied or will we see it continue in 2020?

**Ms Anna Shakespeare:** Absolutely. I should add that by agreement with the Department of Children and Youth Affairs, an initial preliminary payment was made and a second preliminary payment has been made while we work our way through the higher capitation application verification exercises. My colleague, Mr. Murphy, might wish to add to that.

**Mr. Jerry Murphy:** We are conscious of the fact that, particularly in this instance with early years, we are working with a sector that is always close to the limit. What that means for us is that often we intentionally manage our processes in a way that gives us very little time for things like turnarounds, to ensure that payments are done as quickly as possible. It puts a significant amount of pressure on our side but it is in recognition of the fact that moneys need to flow. While we have been involved in this for a long time, it is reasonably recently that the higher capitation grants were transferred to us. We opened the process early to allow people to make submissions early, but it was always flagged by us that the assessment process would not start until significantly later than that. We are conscious that this was translated by the sector as an expectation that the assessments would begin shortly after the applications were sent in. I know learning points are not as important as delivery, but that was equally a lesson for us.

**Deputy Shane Cassells:** I appreciate that. I have cited two examples - a parent who is out of pocket because of the glitches in the system and, second, the industry providers who are facing financial hardships as well. Both the administration of the scheme by Pobal and the glitches in the system are causing these pressures on a very fragile industry.

Childcare in the early years has been hitting the headlines for all the wrong reasons this year, unfortunately. The Department has to develop a quality service. As part of that, in the annual report the Department outlines its better start programme, which is a national early years quality development service for the early learning and care providers working with children from birth to six years of age. When the controversy with the Hyde & Seek crèches in Dublin was uncovered by RTÉ, I tabled a parliamentary question to the Minister to ask if the early year specialists under the better start programme had visited this crèche. I was told in the reply that the better start programme visited the crèche and that the quality development service assigned an early years specialist to work with this service from November 2015 to September 2016. The early years specialist visited the Hyde & Seek crèche on 13 occasions during this time and made rec-

ommendations to the service on ways to improve quality. There were 13 visits to this service, which was exposed on RTÉ, on ways to improve quality. Was none of the shortcomings that were subsequently exposed by RTÉ highlighted by the early years specialist, who visited it on 13 occasions, to Pobal and what actions were taken?

**Mr. Jerry Murphy:** Our staff were not aware of the issues that were highlighted in the “RTÉ Investigates” programme and did not see any evidence of the child protection issues. Any time our staff are in a situation where they are aware of any such issue, there is an immediate process for passing on that information to Tusla, which is the regulatory agency there. Our supports through the better start programme are related to the learning environment, the mechanisms that are used by individual staff members to ensure they are carrying out their roles properly and the standard of their care service. It is an unfortunate reality that one can work successfully with a series of individuals but there is still the wider context of the management system of a crèche, which was uncovered there.

**Deputy Shane Cassells:** Mr. Murphy’s comment goes to the nub of the issue. Pobal had people going in but they were dealing with the learning environment. There is a plethora of people involved in early years childcare. As Mr. Murphy mentioned, there is Tusla, which has its sphere of work to do. There is Pobal, which has its sphere of work and then there is the Department of Children and Youth Affairs as the overarching body. The Department of Rural and Community Development is involved. The Comptroller and Auditor General when doing reports on local government will say it is complex, but the area of childcare is even more complex in terms of the plethora of people involved, including the Health Service Executive, the Department of Children and Youth Affairs and the Department of Rural and Community Development. There are so many that things fall between the cracks. There were 13 visits to this crèche, but Mr. Murphy said Pobal’s sphere was to deal with the learning environment. A significant amount of money is being spent on the better start early years specialist programme. It is €7.9 million this year. Next year that will rise to €9.7 million, an increase of nearly €2 million. Did no one look at the broader picture rather than looking at the learning environment only and leaving everything else to Tusla? Tusla also looks at certain aspects only. It defies belief. Things get missed when everyone works in silos.

**Ms Anna Shakespeare:** To answer the Deputy’s question, he is right in that the focus of the Better Start programme is supporting the implementation of the national curriculum and Aistear and Síolta in early learning and childcare environments. Better Start staff are clearly instructed to report any child protection or welfare issues they notice. No child welfare or protection issues were identified in their visits to those crèches and locations.

**Deputy Shane Cassells:** Has Pobal re-examined these published reports in respect of anything that could have been looked at during that period?

**Ms Anna Shakespeare:** I am satisfied that no child protection or welfare concerns existed at that time. We will take the point on the organisation retrospectively going over the reports with a fine-tooth comb.

**Deputy Shane Cassells:** On the matter of different stands of funding coming from different agencies, if Pobal is auditing a community childcare centre and looking at money coming from the Department of Children and Youth Affairs, how does it deal with money coming from, for example, the Department of Rural and Community Development for a transport programme? Is everything looked at in silos or in its entirety?

**Mr. Jerry Murphy:** First of all, I will distinguish between the issue of audit versus the issue of verification and compliance visits.

**Deputy Shane Cassells:** Pobal carried out 3,500 such visits last year, as opposed to 17 audits. Am I correct in that? Is that considered a low number of audits? What sparks an actual audit?

**Mr. Jerry Murphy:** The majority of these audits were sparked, to use the Deputy's term, by a contractual commitment of ours under the community services programme. We contract with the Department of Rural and Community Development to conduct audit visits on a set percentage of programmes.

**Deputy Shane Cassells:** In that case, they are not sparked by anything. They are carried out on percentage basis.

**Mr. Jerry Murphy:** Absolutely. The small number which remain - I believe it is seven but I may call on my colleagues in that regard - were conducted because of information given to us which suggested the need for an audit.

**Deputy Shane Cassells:** I will refer to those inspections because there was a significant issue in respect of non-compliance. Am I correct in saying that there was non-compliance in 50% of cases?

**Mr. Jerry Murphy:** To start with, I would clearly distinguish between compliance visits and audits. The compliance visits which happen under the early years programmes consist of Pobal staff looking at record-keeping within each childcare centre to see whether it complies with the rules that are in place for early years education. The main issue found with regard to what the Deputy raised was around attendance records. Under the subsidised schemes, the Department of Children and Youth Affairs pays money based on the attendance of a child at a service. The services charge Pobal for those schemes. Our compliance team checks records to ensure the child's attendance matches what we are being charged for.

**Deputy Shane Cassells:** To return to my original question, if Pobal is looking at a service which receives funding from a number of different strands or Departments, how is that examined?

**Mr. Jerry Murphy:** With regard to that massive work, we look at that small element of records. We do not look at a service's broad financial books.

**Ms Anna Shakespeare:** To go back to the Deputy's earlier question, he has correctly identified the number of interactions between Tusla, Pobal and others. At the heart of this is the major operational review being completed by the Department of Children and Youth Affairs. I understand that part of the drive behind that review is to bring some rationalisation to these interactions.

**Deputy Shane Cassells:** I will ask the witness from the Department of Children and Youth Affairs about the term "rationalisation". Does that mean the Department is moving towards a more streamlined provision? What does that mean?

**Mr. Gordon Gaffney:** We are not going to pre-empt the findings of that review but certainly-----

**Deputy Shane Cassells:** Is the review being carried out internally by staff or is a consul-

tancy involved?

**Mr. Gordon Gaffney:** We are proposing to set up an interdepartmental group with the involvement of staff and a consultant. It has not been formally published yet. We are still working through the planning phase. We hope to see that completed over the coming year.

**Deputy Shane Cassells:** The report will be finished by the end of next year.

**Mr. Gordon Gaffney:** I am sorry. We hope to see it commenced and the bulk of the work completed next year. I cannot say that the report will be finalised by the end of next year.

**Deputy Shane Cassells:** Will the report then go to the Minister, whoever that might be, for a review of the findings?

**Mr. Gordon Gaffney:** We expect it to go to the Minister for review and decision.

**Deputy Imelda Munster:** I also want to raise the issue of delays in the higher capitation payments. I am aware that an apology was issued but no reason or rationale was provided for the delays. I am glad that has been somewhat clarified today. Ms Shakespeare said an appraisal was carried out in October. Did that relate to the delays? How soon can we expect to see an improvement given the problems this issue causes for people?

**Ms Anna Shakespeare:** If I can be of assistance, there may be two issues at play here. The first is that we did, unfortunately, have a financial failure. Some €11.5 million of payments did not issue as a result of an ICT failure. That is one part. The second part relates to the higher capitation payments. I can absolutely confirm that much has been learned from this in respect of timing and the amount of work entailed in verifying the qualifications of providers seeking that additional funding. We have put in place two interim payment plans to ensure the sustainability of those organisations in the interim.

**Deputy Imelda Munster:** How soon can we expect to see improvement in the overall system? It is fair enough that interim payment systems are in place, but when will the overall system be improved so that we can rest assured that this will not happen again?

**Ms Anna Shakespeare:** I expect that there will be further improvements with effect from this month. The implementation platform or payment platform is to be replaced with the national childcare scheme in 2020. We expect to see improvements as that early years platform is implemented further.

**Deputy Imelda Munster:** There is no question of administration resources being insufficient. That does not come into play at all, does it?

**Ms Anna Shakespeare:** Is the Deputy referring to Pobal's resources?

**Deputy Imelda Munster:** Yes.

**Ms Anna Shakespeare:** I am not aware of that issue being brought to our attention.

**Deputy Imelda Munster:** With regard to compliance visits, I was going to ask what exactly is checked but Mr. Murphy said that it is record-keeping and so on. Some figures were given to us in the briefing note. It states that "19 % were deemed major

non-compliant". That is a significant and worrying figure. Will Ms Shakespeare provide some detail in that regard?

**Ms Anna Shakespeare:** As Mr. Murphy has identified, that 19% figure relates to child attendance. The child's registration is linked to his or her attendance at the early learning and care centre.

**Deputy Imelda Munster:** It is strictly down to child attendance, there is nothing else.

**Ms Anna Shakespeare:** Yes. It is in accordance with the registration.

**Deputy Imelda Munster:** Was that introduced on foot of the issue in Galway in 2014 when children were registered as attending a crèche which they did not attend? To the best of my recollection, I believe an overpayment to the tune of €100,000 was made but I stand to be corrected. Were these compliance visits put in place since that case arose or were they carried out prior to that?

**Ms Anna Shakespeare:** These compliance visits relate directly to the programme rules and guidelines published by the Department. These have been refined over time to provide further clarity. Our most recent compliance visits have related to the refined programme rules and guidance

**Deputy Imelda Munster:** Those came in after the issue arose in Galway.

**Ms Anna Shakespeare:** Yes.

**Deputy Imelda Munster:** How are the services to undergo audit chosen? What is the rationale?

**Ms Anna Shakespeare:** It is agreed as part of the programme of work with the Department of Children and Youth Affairs. It is also based on a review of the monetary value and risk profile associated with that spend. There are a number of drivers behind it, if that makes sense.

**Deputy Imelda Munster:** How many on average are carried out each year?

**Ms Anna Shakespeare:** There were 3,400 compliance visits completed in 2018.

**Deputy Imelda Munster:** Okay. Seventeen audits were carried out in 2018. Were there any instances of misuse of public funding that came up in any of those audits?

**Ms Anna Shakespeare:** There were 17 audits. Seven of them were childcare related and were related to non-capital spend, and ten were related to the community services programme, with one of those also relating to dormant accounts funding. I am not aware of any actual or suspected misappropriation. We work alongside providers in improving their governance and their systems. As Deputy Cassells has referenced, it is a developing sector and we would see a part of our role in supporting agencies, improving their governance and improving their compliance over time.

**Deputy Imelda Munster:** Will Ms Shakespeare explain the increase in consultancy costs between 2017 and 2018?

**Ms Anna Shakespeare:** There was an increase of €226,000 in consultancy between 2017 and 2018 and we have done a detailed review of that internally. I will pass that question over to Mr. Lehane, our chief financial officer.

**Mr. Brian Lehane:** There was a big increase, which was related to various projects. A strategic review was undertaken, there was a review in regard to ISO 27001, and a review of the

early years procedures. An employee survey is also part of that figure, and the HP deprivation index was also undertaken in 2018, as well as the charity review. There are various elements making up that figure of €226,000.

**Deputy Imelda Munster:** What were the specific requirements for all of those reviews?

**Mr. Brian Lehane:** One was in regard to the leadership review of Pobal overall, given the growth of the organisation. There was a review of the contracts we have regarding procedures for the early years policies, particularly around compliance. With regard to ISO 27001, we have started a process around getting alignment with ISO 27001 and what we need to do around that aspect. The charity review was around the charity standing of Pobal. As for the employee survey, given the fact that Pobal has grown, we took a review of employees and their views of Pobal.

**Deputy Imelda Munster:** Will Mr. Lehane expand on that last point?

**Mr. Brian Lehane:** What we are trying to do is get the employee excellence through people award, so our first step was to survey the employees of Pobal to get their views on Pobal and how they feel about working with Pobal. We will then move it on to get the excellence through people award.

**Deputy Catherine Connolly:** Cuirim fáilte roimh na finnétithe.

**Ms Anna Shakespeare:** Go raibh maith ag an Teachta.

**Deputy Catherine Connolly:** Is dea-scéal é go bhfuil an méid seo airgid ag Pobal le leithdháileadh ar thograí suntasacha agus tábhachtacha.

I welcome the witnesses. It is a positive story to have this money, so there is a particularly high onus on Pobal to be accountable for itself as an organisation and then to ensure accountability on the ground. My questions come within that. With regard to the bike to work scheme, how many people availed of that?

**Ms Anna Shakespeare:** Within Pobal?

**Deputy Catherine Connolly:** Yes. It is in the accounts and it jumped out at me.

**Ms Anna Shakespeare:** We will have to come back to the Deputy on that as I do not know the number.

**Deputy Catherine Connolly:** It is just out of interest. A bugbear of mine is property being leased continuously. Page 116 of the Pobal accounts gives a list of its offices. Pobal owns no land or buildings and, therefore, it provides the services through a number of rented premises. Is that right?

**Ms Anna Shakespeare:** That is correct.

**Deputy Catherine Connolly:** The accounts deal with total leasing commitments. I will first take the list of properties, which are located throughout the country. Are there two in Galway - one in Clifden and one in Galway city?

**Ms Anna Shakespeare:** That is correct.

**Deputy Catherine Connolly:** They are all rented.

**Ms Anna Shakespeare:** Yes.

**Deputy Catherine Connolly:** Some leases have expired.

**Mr. Brian Lehane:** They have been renewed. That information is out of date. The date for Adelaide Road, which had expired, has gone to 2024, the one for Monaghan has gone to 2028, and Limerick has gone to 2020.

**Deputy Catherine Connolly:** Limerick has gone to 2020 and Adelaide Road has gone to 2024. What are the details? Has the rent increased or decreased?

**Mr. Brian Lehane:** Overall, rent has increased. From 2017 to 2018, there was an increase in rent because, in 2017, we moved into Ormond Quay, so there is a full year's rent in 2018, and 2018 was the first year we moved into Adelaide Road, so our rent overall has increased.

**Deputy Catherine Connolly:** What is the total amount going out on rent every year?

**Mr. Brian Lehane:** The total amount in rent for 2018 was approximately €1.7 million and the balance is made up of service charges of €300,000.

**Deputy Catherine Connolly:** What does that mean?

**Mr. Brian Lehane:** It is basically the service charge we pay to the landlord for the upkeep and maintenance.

**Deputy Catherine Connolly:** Would that be €2 million per year?

**Mr. Brian Lehane:** It was €2 million for 2018.

**Deputy Catherine Connolly:** What was it for 2019?

**Mr. Brian Lehane:** It should be a similar figure for 2019.

**Deputy Catherine Connolly:** Under the heading "Break Clause", it states "None", and there were no break clauses in any of Pobal's leases.

**Mr. Brian Lehane:** No.

**Deputy Catherine Connolly:** Why was that?

**Mr. Brian Lehane:** At the time, they were not included. When they were negotiated, maybe it was felt we did not need a break clause. I do not know the answer as they were negotiated before I joined.

**Mr. Jerry Murphy:** I was there at the time. At the time some of them were negotiated, it was simply not possible to get a break clause, particularly from a Dublin landlord. They had queues of customers and they were not willing to offer that kind of arrangement.

**Deputy Catherine Connolly:** Really? They had queues of customers. In regard to Galway, Letterkenny, Limerick and all of those, had they queues of customers?

**Mr. Jerry Murphy:** The Deputy is right. It is a very different situation there.

**Deputy Catherine Connolly:** It is not, because there is no break clause in any of them.

**Mr. Jerry Murphy:** No.

**Deputy Catherine Connolly:** Maybe it is better or cheaper when there is no break clause. I do not know and I am no expert.

**Mr. Seamus McCarthy:** It usually does have a cost effect. It may be cheaper. That is obviously something one would want to look at in regard to a lease. It strikes me that the note that is presented here would be improved if the duration of the lease was given as well because, obviously, if it is a short-term lease, such as a five-year lease, one would not be looking at a break clause. The extension on Adelaide Road is to 2024, so that is five years, and one would not expect a break clause on such a short lease.

**Deputy Catherine Connolly:** Perhaps the witnesses could come back, through the Chair, to clarify when the leases started. I think of Galway, where we became very aware of the number of rented buildings. I think of one HSE building which was almost €1 million per year. I do not need to exaggerate because it was so high - more than €800,000 or almost €1 million per year for 25 or 30 years, and when they broke it, there was a penalty of €1 million. I am very conscious of rented buildings. Has there ever been a discussion at board level in regard to a permanent building or the purchase or construction of a building?

**Ms Anna Shakespeare:** I am not aware there has been. The nature of Pobal is that we are dependent on programmes of work that are finite of duration and nature and related to a performance delivery agreement and a service arrangement. Therefore, the continuance of Pobal into the future is something the board would definitely be mindful of when investing heavily in assets. It is certainly something we can take back to the board from this committee.

**Deputy Catherine Connolly:** In relation to debts outstanding, I forget which page it was on. I was running in and out. Usually, I have it marked.

**Mr. Seamus McCarthy:** Is it the grants repayable?

**Deputy Catherine Connolly:** Yes.

**Mr. Seamus McCarthy:** It is on page 115. It is at the top of that page.

**Deputy Catherine Connolly:** Pobal estimates that €1.7 million of this closing balance is irrecoverable and the remaining balance then is set out. Is the €1.7 million written off? Are these grants given out that were not used?

**Mr. Brian Lehane:** That is correct. The majority of those grants of €1.7 million go back quite a period of time to the early opportunities childcare programme and the national childcare investment programme. They have not been written off yet but we are liaising with the Department of Children and Youth Affairs regarding those debts.

**Deputy Catherine Connolly:** It looks like they will be written off.

**Mr. Brian Lehane:** Potentially.

**Deputy Catherine Connolly:** Up to one year, there is a debt of €1.3 million that is outstanding for one year. Is that right?

**Mr. Brian Lehane:** That is correct.

**Deputy Catherine Connolly:** More than one year and up to five years, there is €1 million

and more than five years, €2.1 million.

**Mr. Brian Lehane:** Correct.

**Deputy Catherine Connolly:** Is that irrecoverable?

**Mr. Brian Lehane:** In our view, it has gone through our recovery process. A lot of those amounts relate to companies that either have been dissolved or are in liquidation, and I would suspect that the majority, if not all, of that could potentially be deemed irrecoverable.

**Deputy Catherine Connolly:** Where does the fault or the gap lie that such an amount of debt is irrecoverable?

**Mr. Brian Lehane:** I suppose it needs to be looked at in the context of the total funding over the period since 2000 of approximately €2.4 billion. There are various reasons that would happen. Given funding commitments, organisations, as I said, have gone into liquidation. They have been dissolved. We go through a process in Pobal to seek recovery of those funds and at times we are successful in getting them, and at other times we are not.

**Deputy Catherine Connolly:** Are there repayment plans in place for some of those?

**Mr. Brian Lehane:** For some of those, there would be repayment plans in place.

**Deputy Catherine Connolly:** How many?

**Mr. Brian Lehane:** I do not have the full figures in front of me but I can certainly get that. However, there would be repayment plans in place.

**Deputy Catherine Connolly:** Maybe Mr. Lehane could come back with that.

**Mr. Brian Lehane:** Yes.

**Deputy Catherine Connolly:** In relation to chapter 16 of the Comptroller and Auditor General's report, there were a number of recommendations. I refer to delivery of the early learning and childcare programmes. I am focusing on the two recommendations that are directed to Pobal. Has Ms Shakespeare looked at those? Will she tell me where Pobal is with them? I refer to recommendation 16.2, that, in conjunction with the Department, "Pobal should implement a formal risk rating model ...". Recommendation 16.4 is also directly related to Pobal.

Recommendation 16.2 is serious enough, is it not? It refers to a formal risk-rating model, which was not in operation. It states that "Pobal should implement a formal risk rating model and use it to calculate the required level of compliance activity...".

**Ms Anna Shakespeare:** Apologies, I am trying to find it in my folder.

**Deputy Catherine Connolly:** That is okay.

**Ms Anna Shakespeare:** There were two recommendations that specifically related to Pobal.

**Deputy Catherine Connolly:** Recommendations 16.2 and 16.4. One is the risk and the other is in relation to a "reliable methodology".

**Ms Anna Shakespeare:** We have commenced that work with the Department. There is a compliance working group in place.

**Deputy Catherine Connolly:** Since when has it been in place?

**Ms Anna Shakespeare:** That is in place since September.

The second question related to the further works that we have agreed as part of our programme of work. We have commenced a pilot of governance audits relating to an agreed programme of work with the Department of Children and Youth Affairs.

**Deputy Catherine Connolly:** Let me go through those a little. In relation to a risk-rating model, Pobal carries out compliance visits. Is it based on risk assessment? It is good that the compliance is happening but it is not done in a methodical manner. The recommendation is that "Pobal should implement a formal risk rating model and use it to calculate the...compliance activity...". In regard to that relatively recent chapter, is Ms Shakespeare saying one step has been taken and a compliance working group has been set up?

**Ms Anna Shakespeare:** Absolutely.

**Deputy Catherine Connolly:** Was it in September?

**Ms Anna Shakespeare:** In September.

**Deputy Catherine Connolly:** It is December.

**Mr. Gordon Gaffney:** If I could intervene on that, the Department in conjunction with Pobal takes cognisance of risk. Non-compliance is a big problem in the sector. In 2018-2019, we concentrated on those schemes with the highest risk of over-claims and focused their attention on those in order to minimise the level of over-claims that would be occurring had we not undertaken compliance activities in those areas.

**Deputy Catherine Connolly:** I suppose at this point I am only focusing in on the two recommendations, specifically to see where we are with them. Returning to the committee that was set up in September, it is now December. What would have happened in the meantime?

**Mr. Gordon Gaffney:** The base of the national childcare scheme, NCS, has far stronger governance built in from the word go. The scheme has been designed to address weaknesses in previous schemes. Looking at working towards a formal risk-rating methodology is a difficult task and it will take time. With the introduction of NCS, it affords us the opportunity to do that on a proper basis.

In the meantime, compliance visits and compliance activities are targeted towards the areas of the highest risk. Under our formal risk-rated model, it has recognised that those schemes where we are targeting or focusing attention are the ones with the highest level of over claims.

**Deputy Catherine Connolly:** I understand and welcome that. However, it is a specific recommendation. Pobal has accepted the recommendation. What has happened as a result? A committee has been set up with a view to setting up a formal risk-rating model. That will take time.

**Ms Anna Shakespeare:** It is a joint working group with the Department.

**Deputy Catherine Connolly:** How many times have they met?

**Ms Anna Shakespeare:** My understanding is the group has met on two occasions, if not three.

**Deputy Catherine Connolly:** I take it there are minutes of those meetings. At what stage does Ms Shakespeare envisage that the risk-rating model will be set up?

**Ms Anna Shakespeare:** I will have to confirm that to the committee, but at the earliest possible time.

**Mr. Gordon Gaffney:** I presume it would be for the next programme year. That is the most likely time at this stage, but as soon as possible.

**Deputy Catherine Connolly:** What of recommendation 16.4, on the methodology?

**Chairman:** Will Pobal send the committee a note on a possible timescale for that?

**Ms Anna Shakespeare:** I will, indeed.

Under recommendation 16.4, in practical terms, the report states that it was expected to result in audit checks that focus on verifying and improving governance standards. In November this year, the Department of Children and Youth Affairs agreed with Pobal that we would engage with governance reviews or governance audits of some early learning and care providers. It is a pilot programme of governance checks to a sample of a number of community-based services. That has commenced.

**Deputy Catherine Connolly:** That is a good start and there is a pilot project. However, Pobal accepted the recommendation that “Pobal should develop a reliable methodology to enable it to estimate and monitor the underlying level of over-claims...”. When will that methodology be in place?

**Ms Anna Shakespeare:** What we have done in response to the early years chapter from the Comptroller and Auditor General’s report is we have completed an entire assessment of the potential over-claims and reached a figure where the over-payments number has been clarified. We are in the process of recouping a total value of €1.1 million on behalf of the Exchequer that resulted from those over-payments. We have €690,000 still outstanding as part of an agreed repayment process with providers and €400,000 has been received back on behalf of the Exchequer.

**Deputy Catherine Connolly:** That is all very positive but there is an absence of methodology. There is a recommendation that Pobal has it. When will it be in place?

**Ms Anna Shakespeare:** My understanding is that we have a methodology and an approach in integrating and working with providers in an integrated case management system to ensure the sustainability of a provider while understanding that there will be a repayment piece.

**Deputy Catherine Connolly:** Can I cut through this for a moment?

**Ms Anna Shakespeare:** Sorry, Deputy.

**Deputy Catherine Connolly:** Maybe I am being unfair and maybe Mr. Gaffney or Mr. Geraghty will help me. I am looking at the chapter and at two specific recommendations, the first of which is that “Pobal should develop a reliable methodology ...”. Is it perfectly reasonable to ask when that reliable methodology will be in place in relation to the over-payments?

**Mr. Gordon Gaffney:** We are working towards that.

**Deputy Catherine Connolly:** When?

**Mr. Gordon Gaffney:** I will have to get back to the Deputy on that. We take this report very seriously. We are working through since we received this report. As pointed out, the initial pilot phase has happened and we will work through.

**Deputy Catherine Connolly:** When will the pilot phase be completed?

**Mr. Gordon Gaffney:** I understand that it should be completed by the end of the year-----

**Deputy Catherine Connolly:** The end of this year.

**Mr. Gordon Gaffney:** -----but I would need to check and see exactly where we are on that.

**Deputy Catherine Connolly:** We cannot examine the minutiae but only governance and accountability. If recommendations were made and the Department accepts them, that is great and the job is done, but they have not yet been done and there is a little vagueness. I understand that it takes time and that the recommendations were made only recently but there is a certain vagueness in the response on when the items will be dealt with.

**Chairman:** The Department might get the detail of the Vote for us or of where the Vote stands and send it to the committee. It might help us determine the timescale.

**Mr. Gordon Gaffney:** Certainly.

**Deputy Catherine Connolly:** Pobal maps are a wonderful resource, but something has come to my attention and perhaps our guests can clarify it for me. I have asked the school whether I can use its name, and while I am not especially interested in doing so, it does not mind. A school in Galway cannot secure DEIS status, even though on every level it should have it. That is a matter for the Department of Education and Skills, but the decision is made based on Pobal maps, and the level of deprivation in the area and various other criteria. As a result, the school cannot secure DEIS status. Does Pobal just take raw data from the CSO or does it conduct its own analysis on the ground?

**Ms Anna Shakespeare:** I ask Mr. Murphy to answer this question.

**Mr. Jerry Murphy:** Pobal maps and the underlying deprivation index are based on CSO data but there is significant work in identifying the key criteria within those data, which need to be amalgamated into the deprivation index. That identifies a series of the key components that, as a total, point to the reality of the life of an individual community. The schools issue is separate and distinct from us.

**Deputy Catherine Connolly:** I understand that. I have that much information and have not much time but have raised the matter to make a point. The school has written to Pobal on the matter and I can give our guests the details later if they wish.

**Mr. Jerry Murphy:** Yes, please.

**Deputy Catherine Connolly:** The school highlighted, according to its analysis, the level of deprivation, the substantial number of non-national pupils and the language barriers, as well as other barriers. The great weakness for the school is that the Pobal map has put it in a place where it should not be.

**Mr. Jerry Murphy:** What we would always point out, which is central to this, is that Pobal maps define the community who live in an area. A service such as a school can be located out-

side a disadvantaged area but still serve the community. There are instances where advantaged schools are stuck in the middle of disadvantaged communities. There is a distinction between the kids in a school and the community we map. We would like to talk to the school the Deputy mentioned.

**Deputy Catherine Connolly:** Is there a forum whereby the school can engage with Pobal to outline what is happening on the ground as a result of the categorisation? I have met representatives of the school and visited it, as have other Deputies. The categorisation does not reflect what the school experiences or the area. Is there a way that it can engage with Pobal with a view to having the agency take its concerns on board?

**Mr. Jerry Murphy:** If it is about funding that we administer, all our schemes always try to ensure we are available to talk-----

**Deputy Catherine Connolly:** It is not about funding.

**Mr. Jerry Murphy:** Exactly. We will need to talk to the school and maybe communicate with the Department of Education and Skills because-----

**Deputy Catherine Connolly:** It is about the Pobal map, and the indices or criteria used.

**Mr. Jerry Murphy:** In that instance, we need to talk to the Department of Education and Skills about the way it interprets the data there.

**Deputy Catherine Connolly:** I thank our guests. We will revert to them on the matter.

**Chairman:** The Department of Education and Skills will be contacted. To clarify, where are we leaving that topic?

**Ms Anna Shakespeare:** We will undertake to talk to the Department of Education and Skills on the specifics the Deputy raised.

**Chairman:** It is a general issue. The point the Deputy made applies to other locations. A school might have students who are not from deprived areas but it might be located in a deprived area, and *vice versa*.

**Ms Anna Shakespeare:** Yes.

**Mr. Seamus McCarthy:** It may be that the index does not suit the purpose the Department of Education and Skills is trying to serve with its designation of schools. It is a question for the Department to be aware of that and what it means for what it is trying to achieve.

**Chairman:** We will ask Pobal to talk to the Department of Education and Skills and to revert to us then.

**Deputy Catherine Connolly:** Pobal might also engage with the school that wrote to it. It was quite recently.

**Chairman:** The Deputy will provide the details.

**Deputy Catherine Connolly:** Absolutely, although it has written directly to Pobal.

**Deputy Catherine Murphy:** The Deputy's point could be used as an example, given that many of us will be aware of similar cases where the geographical area is too large, and where

there are pockets therein that should conform to the categorisation but do not.

We might separate the services Pobal provides. Having talked to people on the other side who engage with it, although not from the childcare perspective, I note that its services are targeted and focused on outcomes, and that it certainly puts organisations through their paces to ensure there will be good outcomes. That is definitely a positive in Pobal's work on, for example, community employment schemes and community services. Nevertheless, in other countries, the delivery arm of such work is local government, whereas we have a centralised, fragmented system.

As has been noted, a plethora of organisations deal with childcare. There are not only the individual childcare providers but also the State providers. Local authorities provide planning permission and ensure that the ratio of childcare provision in buildings is as is set out in high-level policies. There are also county childcare committees, Tusla and so on. It is fragmented. It is interesting when one hears from somebody on a reception desk at a local authority that if non-Irish nationals ask for services, they expect the services to be delivered at the local authority level but they are not. We should accept that the service is fragmented to begin with. We are not especially good at organisation building.

How are Pobal's staff levels determined? There were 442 members of staff in 2018. In its briefing document, Pobal stated its current challenges have resulted from rapid growth over a short period. What certainty has Pobal about staff? What has been the profile of the staff growth over a couple of years?

**Ms Anna Shakespeare:** Does the Deputy refer to grade?

**Deputy Catherine Murphy:** No, numbers.

**Ms Anna Shakespeare:** For the period 2014 to 2018, inclusive, our staff numbers doubled, which was reflective of the programmes of work we have taken on on behalf of the Department of Children and Youth Affairs primarily. Much of that relates to Better Start, the access and inclusion staffing model, which is about mentoring and quality-supporting community childcare providers around improving and implementing the Síolta and Aistear curricula. Approximately 140 of the staff are related to that during that period.

**Deputy Catherine Murphy:** While the figure will include administrative staff, what are the other disciplines?

**Ms Anna Shakespeare:** Does the Deputy refer to disciplines right across our staff profile?

**Deputy Catherine Murphy:** I refer in particular to those that have resulted from the growth.

**Ms Anna Shakespeare:** It is mostly early years specialists because that is the nature of their work. They need to be able to speak with authority in respect of those childcare, early learning and care services. Some 140 of those staff would come with early childhood education qualifications.

**Deputy Catherine Murphy:** Does Pobal have vacancies?

**Ms Anna Shakespeare:** We have a number of vacancies but we stay on top of matters through our resource allocation or requisition process.

**Deputy Catherine Murphy:** So there is not a big shortage of staff at the moment?

**Ms Anna Shakespeare:** No. One of the bigger challenges we have is that the workforce is primarily female. We build additional staff into the workforce plan to allow for the normal leave requirements that arise in that gender profile.

**Deputy Catherine Murphy:** One of the other challenges Ms Shakespeare describes is the perception of Pobal being overly bureaucratic. Does that come from both the childcare side and the community employment side or is there a difference in that perception or that reality?

**Ms Anna Shakespeare:** Pobal administers the programmes and the grant management in accordance with the programme rules that are defined, as a matter of policy, by the funding Department. While there will be different programme rules and guidance, the principle remains the same in the context of our role in verification, checking compliance, following through with audits or requiring agencies to submit documentation to Pobal to demonstrate the outcomes focus, on the one hand, and probity in respect of Exchequer funding, on the other.

**Deputy Catherine Murphy:** On the compliance checks and reviews and the 3,747 contracts reviewed in 2018, Pobal found that 50% of the contracts that were reviewed were found to be the subject of either moderate or major non-compliance. Almost one in five, or 19%, were non-compliant in a major way. Can Ms Shakespeare describe what major non-compliance looks like?

**Ms Anna Shakespeare:** As we might have referenced in our earlier exchange with Deputy Munster, major non-compliance is the concept of a child being registered with a facility and the consequent non-attendance of that child in that early learning and care facility. Compliance visits are only conducted on funded programmes from the Department of Children and Youth Affairs. The early learning and care sectors are subject to compliance visits.

**Deputy Catherine Murphy:** Are there repeat offenders? Is it a question, for example, that children are enrolled and then do not turn up? Is it up to the provider to then notify Pobal? What happens in such cases?

**Ms Anna Shakespeare:** It is exactly as the Deputy described it. Children are enrolled or registered with the programme and they may not attend. While the compliance visit officers look at a snapshot in time, they are proportionate in their review of that attendance. For example, it is only when it relates to a pattern of non-attendance that it becomes a non-compliance issue. We recognise the fact that family circumstances need to be flexible and that a mother or father might need to take a day off, for example. It is only when that is a sustained pattern in that snapshot period that it then becomes an issue of non-compliance. The registration is amended as a result of the compliance visit and non-compliance is addressed in that context going forward.

**Deputy Catherine Murphy:** In some parts of the country, it will be difficult to find places in childcare facilities and then, for example, somebody signs up to a certain facility and does not send the child to it. The provider can then end up being non-compliant and, at the same time, somebody else requires the place. An element of fair play has to be involved in this. Is there a financial penalty, for example, for people who are non-compliant having signed a child up or is it all on the provider?

**Ms Anna Shakespeare:** It is all on the provider. The money follows the child and the service is funded on the basis of the registration and the subsequent attendance of the child. If the child is not attending, the money does not flow. Before we reach that scenario, we work with

the provider involved to support it to ensure and maximise attendance.

**Deputy Catherine Murphy:** Does anything stand out in the context of certain locations? Is there any profile of deprivation involved? Does anything stand out which suggests other actions need to be taken?

**Ms Anna Shakespeare:** I will pass that question to my colleague, Mr. Jerry Murphy.

**Mr. Jerry Murphy:** Larger providers and the community providers were targeted last year. It is often the community providers, especially those in disadvantaged areas, that have particular difficulty with issue. This is often because they are working in difficult circumstances. It is not that there is a casualness on the provider's side. If, however, a provider is working in an area with a lot of families that face particular challenges etc., as opposed to working in an area where family circumstances are generally more advantaged, it can be difficult. There are patterns and there are real challenges for particular sets of providers, which is why there is flexibility, the importance of which Ms Shakespeare mentioned.

**Deputy Catherine Murphy:** Would Pobal give feedback to the Department on initiatives that might be taken or additional supports that might be required in order that providers do not find themselves in a position of non-compliance?

**Mr. Jerry Murphy:** Yes. Pobal and the Department have worked together, including being co-located in a single office in respect of the development of the national childcare scheme over the past two and a half years. A significant amount of the attention in the development of that scheme has been directed at learning from the existing schemes and amending the rules, the way matters work and the processes to try to bring more business reality to the scheme, including with this issue.

**Deputy Catherine Murphy:** We all accept that margins are tight for providers. I echo some of the points that were made earlier in the context of not having delays and simplifying the process because the overheads of administration can be reduced. It is important to do that in respect of such an important programme. On that programme, primary school teachers will say that the differentiator that used to be noticeable, whereby people could afford to send their children to preschool, is not that noticeable now and they will say there is a strong educational advantage to the programme that is being run.

On the recovery process to which our guests referred, where a grant is repayable, what is involved? The longer a debt stands, the more likely it is that payment will not be made. Some of these debts have stood for up to one year, some for more than one year, some for up to five years and some for more than five years. I suspect that when it goes beyond five years, the chances of getting a repayment are almost nil. What is Pobal's recovery process and what effort does it put into getting early resolutions?

**Ms Anna Shakespeare:** I will talk about the early years sector where early learning, childhood and care providers may have over-claimed on the basis of attendance. We are mindful of the fragile environment in which early learning and care providers are working. We have an integrated case management team that works on an individual basis with each early learning and care provider to agree the repayment. In the current community childcare subvention programme, prior to NCS, and many individuals are choosing to remain on some of those legacy schemes. We have an opportunity, because there is a prepayment in advance, to work with that provider to agree a repayment plan that is proportionate and reasonable in circumstances where

they may have over-claimed. In addition-----

**Deputy Catherine Murphy:** Pobal deducts it.

**Ms Anna Shakespeare:** Yes, we do so in an agreed way with that provider to ensure that at all times the sustainability of learning and care for that community is the priority and that it is not harmed in any way. In addition, where providers find themselves in difficulty with that funding from a sustainability perspective, there is also a sustainability fund to which applications can be made. That goes through an approval process with the Department of Children and Youth Affairs and we go back and work with the provider involved in order to achieve full repayment in respect of the over-claim that may have occurred.

**Deputy Catherine Murphy:** Do the other sectors feature at all in the overpayments?

**Ms Anna Shakespeare:** The funding model is somewhat different in early learning and care. The money follows the child and the registration, whereas it is done a little differently for programmes. I may hand over to Mr. Lehane to address the debt recovery process from a finance perspective.

**Mr. Brian Lehane:** For non-early years, we typically seek to get all the financial statements from these organisations to make sure that they are compliant with the payment of the grants each year. There is also a procedure when grants are not being paid. Three follow-up letters are issued to each of the grantees seeking recovery. Sometimes grantees will respond and we enter into a repayment plan with them. If others do not respond to us, they are put on a debtor management scheme and we feed that back to the Department for further action, whether it is a write-off or legal action.

**Deputy Catherine Murphy:** Does anything in particular stand out? Is there anything substantial or are we talking about relatively small amounts?

**Mr. Brian Lehane:** It varies. There is a substantial amount outstanding for one but the rest are relatively small.

**Deputy Catherine Murphy:** What is the substantial one?

**Mr. Brian Lehane:** I understand it is approximately €400,000. I understand that company is going into liquidation.

**Deputy Catherine Murphy:** Is that a scheme or what is it?

**Mr. Brian Lehane:** I will have to come back to give the Deputy the full details of that, if I could.

**Chairman:** Is it a specific provider?

**Mr. Brian Lehane:** It is a non-early years provider. It is a social inclusion protector.

**Chairman:** Mr. Lehane might send us a note with as much as he can without disclosing the identity.

**Deputy Kate O'Connell:** Surely if one provider owes €400,000, the witnesses can tell the committee who that is in more detail?

**Mr. Brian Lehane:** I do not want to provide wrong information. I want to double-check it.

**Deputy Kate O’Connell:** We want the right information. It seems that there is only one. I could understand if there were 40. One group somewhere has overclaimed by €400,000. I will have my own questions in a minute but it seems that it would be very obvious to the witnesses who that was.

**Chairman:** Can Mr. Lehane give us the name of the scheme or project that it relates to?

**Mr. Brian Lehane:** I cannot recall it straight away but I can come back to the committee on it.

**Chairman:** Could one of Mr. Lehane’s colleagues make a phone call? The letter that goes out says to have a facility to make contact to get further details. Can somebody make a call and come back to us?

**Ms Anna Shakespeare:** We will arrange that immediately.

**Chairman:** That is under way.

**Deputy Catherine Murphy:** Those are the questions that I wanted to ask.

**Chairman:** We will try to get an answer shortly. I thank Deputy Murphy and call Deputy O’Connell.

**Deputy Kate O’Connell:** I thank the witnesses for coming in. My first question relates to the charitable status of community crèches. The witnesses are probably aware that I was going to bring this up because Revenue was in here. I understand that the status is granted because it is an education provider, so it falls under that category. Why do community crèches have charitable status while non-community crèches that engage with, and are compliant with, the early childhood care scheme cannot avail of that? Is there a reason? I understand the not-for-profit element. It seems an unfair advantage. If there was a community crèche down the road and a private operator, it would be unfair for competition. Do the witnesses think that all crèches should be granted charitable status if they want it or that the way that we are going, with community crèches having charitable status, is okay? If there is a profit, do community crèches use surplus money to employ additional staff? Are they eating into their profits and, therefore, having better ratios and better services? Do they provide a better service than the person up the road who is trying to operate a business? It is about fairness in the system. In parts of Dublin, there can be a community crèche that appears to have an advantage over nearby private providers.

**Ms Anna Shakespeare:** I understand the Deputy’s question as being whether Pobal has a view about all crèches being offered the opportunity to have charitable status.

**Deputy Kate O’Connell:** If they provide education-----

**Ms Anna Shakespeare:** With respect, that is a matter for the Charities Regulator.

**Deputy Kate O’Connell:** We had the regulator and Revenue in and they said it was basically Pobal’s responsibility.

**Ms Anna Shakespeare:** When we engage with early year learning and care facilities, we ask them whether they feel they satisfy the criteria to register as a charity, which is primarily driven by their charitable objects as a company, and whether they engage in fundraising activities. That is my understanding of it.

**Deputy Kate O'Connell:** Does Ms Shakespeare see crèches as education providers?

**Ms Anna Shakespeare:** Absolutely. Early learning and early years.

**Deputy Kate O'Connell:** I know that many other people have spoken about these overclaims. It appears to me that children were registered in a particular crèche. They may only have required three days, from Tuesday to Thursday, but the crèche was claiming for five days or a version of that. I have been through the scheme. I have three children and happened to have them when this all came in. Private crèches are very specific about signing forms and when the child will be in. It is very easy to monitor who is in a crèche each week. I do not understand how this situation could emerge. There is €400,000 from this particular group. What is the total outstanding amount owed for overclaims?

**Ms Anna Shakespeare:** The overclaim for the 2018-19 period is €1.1 million.

**Deputy Kate O'Connell:** What was the previous one?

**Ms Anna Shakespeare:** It was €313,000 in 2017-18.

**Deputy Kate O'Connell:** What was it the year before?

**Ms Anna Shakespeare:** I do not have the figure.

**Deputy Kate O'Connell:** What is the outstanding amount on Pobal's books?

**Ms Anna Shakespeare:** The outstanding amount is €690,000 with repayment in process for those providers that overclaimed.

**Deputy Kate O'Connell:** Some €690,000 is left. There is some €1.1 million plus €313,000. Surely Ms Shakespeare knows how much money was overclaimed or fraudulently claimed?

**Ms Anna Shakespeare:** Yes. It is €1.1 million for 2018 and 2019, and €300,000-----

**Deputy Kate O'Connell:** Ms Shakespeare must have the figure, a bit like the guy who owes €400,000. Surely there is a figure for the total overclaimed over the lifetime of the scheme?

**Ms Anna Shakespeare:** The actual overclaim was-----

**Deputy Kate O'Connell:** With some €1.1 million plus €313,000 for the year before, what is the total?

**Mr. Jerry Murphy:** The Department of Children and Youth Affairs may want to speak on this. The Department received advice that the rules that were in place for the year prior to that were not ones which allowed clearly defined levels of overclaims, so we-----

**Deputy Kate O'Connell:** Pobal let them off.

**Mr. Jerry Murphy:** The only overclaims that can be defined are for those two years.

**Deputy Kate O'Connell:** The system allowed it before that.

**Mr. Jerry Murphy:** There was a lack of clarity which would have allowed-----

**Deputy Kate O'Connell:** With respect, if one is claiming for a child for five days and the child is only in for three, there is not much ambiguity about that.

**Mr. Jerry Murphy:** The ambiguity was about the terms used within the rules. It was about attendance in some places but in other places, it was about registration. If a child was registered for five days, some providers would understand that to be acceptable.

**Deputy Kate O'Connell:** Why does Mr. Murphy think there was such a jump in over-claims between 2018 and 2019? How did it treble in a year? Did somebody say that this is a great gig to be involved in, since crèches can be paid for the children without even having to have them in the place? Why did it jump so much?

**Ms Anna Shakespeare:** It related to the type of compliance review and the type of programme that was reviewed for the 2017-18 period. The lesson we learned was that with the agreement of the Department, the community childcare subvention programmes would be targeted in the 2018-19 period with a particular focus on the larger contract holders. The intention was to maximise that review to identify what the overclaims that have been mentioned might amount to.

**Deputy Kate O'Connell:** We do not know the identity of the entity that owes €400,000. Do we have any idea what its turnover might be? What proportion-----

**Mr. Jerry Murphy:** We have information on that. I apologise for the confusion. It was an early years grouping, rather than a non-early years grouping. The total amount was €483,000.

**Deputy Kate O'Connell:** That is basically €500,000.

**Mr. Jerry Murphy:** The name of the grouping was West Clare Early Years. It was a consortium grouping that managed early years provision across west Clare. It had facilities in Kilrush, Kilkee, Kilmihil and elsewhere.

**Deputy Kate O'Connell:** The total for the whole group came to €500,000.

**Mr. Jerry Murphy:** The whole group went at the same time. This followed an audit by-----

**Deputy Kate O'Connell:** Where did the whole group go?

**Mr. Jerry Murphy:** It was dissolved, basically.

**Deputy Kate O'Connell:** Okay.

**Mr. Jerry Murphy:** In the end, it went into liquidation. By the way, there were issues involved here that were referred to the Garda. When Pobal audited the group, it realised that there were significant problems with record-keeping. I need to be careful in this regard because the case was referred to the Garda. There were significant issues with record-keeping. When the board of the group considered these issues, it decided to cease activity and subsequently went into liquidation. This meant that any of the approaches to recovery that we would normally take was simply impossible.

**Deputy Kate O'Connell:** Pobal is not going to get anything back.

**Mr. Jerry Murphy:** No, we will not get anything back.

**Deputy Kate O'Connell:** It should just give it up.

**Mr. Jerry Murphy:** Yes.

**Deputy Kate O’Connell:** There is no point wasting any more money. We handed over €500,000 to a consortium in County Clare to run crèches.

**Mr. Jerry Murphy:** To run a whole series of crèches.

**Deputy Kate O’Connell:** It overclaimed and the system allowed it. We are able to go back on a couple of years only.

**Mr. Jerry Murphy:** No. We cannot go back further than those years. I cannot give the Deputy a guarantee that the problems in these areas did not begin before the years in question. This was a classic case. Obviously, such amounts of money are very significant. I remind the Deputy that the major capital investment that was made by the State in some cases resulted in a significant set of crèches in west Clare that was not previously available. Our role was to engage with local communities and groups to ensure these facilities were brought back into use as quickly as possible. That has resulted in a series of contracts being put in place. New providers in each location are using these facilities and making these services available to the people of west Clare.

**Deputy Kate O’Connell:** Do we know what the turnover of the group in west Clare was in this two-year period? I am trying to find out how significant a proportion of its total turnover the €483,000 accounts for.

**Mr. Jerry Murphy:** In the interests of accuracy, it would probably be better for us to go away, put those figures together and come back to the committee with them rather than attempting to provide them now.

**Deputy Shane Cassells:** Could we get a ballpark figure?

**Deputy Kate O’Connell:** Yes. If its turnover was €1 million, half of it was fraudulently obtained.

**Mr. Jerry Murphy:** I expect that between the five centres, the turnover was significantly more than that. We would not look at the records because it is a series of centres. I think it would be much safer to come back to the committee with an accurate figure.

**Deputy Kate O’Connell:** I think we could do with a very detailed note on how something like this happened. Almost €500,000 that should have been used to help children to be educated has gone missing, essentially. It was overclaimed and was not used for the purpose it was supposed to be used for because the children were not even there. I would like to ask about the other entities that are going to pay back money. How can they pay back money if they are non-profit entities? How are they going to manage the reality of this? My understanding is that there is not much margin in this business for childcare providers that are legitimately claiming for children who actually exist in the crèche. If this money is going to be paid back, how will that be managed by non-profit entities? Is the reality that none of this money will come back?

**Ms Anna Shakespeare:** Some €400,000 has been received back, and a further €690,000 is expected back, from agencies that are in a repayment plan managed through Pobal and its integrated case management function. As I have said, we are very mindful of the need to work with the provider to repay, while balancing that with our duty to ensure the early learning and care facility is sustainable into the future. We work with providers across a number of strands to improve governance and the service. There is a general stream of seven different types of support that we provide to providers when they are in repayment mode. We are very mindful

that we have agreed a sustainability fund with the Department in circumstances in which there are going concerns, or might be going concerns.

**Deputy Kate O'Connell:** I can understand the conundrum here. Pobal really needs the childcare providers. If it had another option, it would not generally deal with the provider that took it for a ride for two years. We need the places because there is a shortage of places. It seems to me that because these operators have the places, they have been let away with it to some extent. The repayment process seems to be quite passive. If this was in the private sector, they would not get away with this sort of carry-on. This is fraudulent, as far as I am concerned. If someone is overclaiming in respect of children who are supposed to be getting a service, that is clearly and obviously fraudulent. I have had to sign forms for children as they have gone in in the morning and as they have come out. When crèches are inspected at any point, the headcount needs to be right. That brings me on to my next question about the 13 inspections that took place before the "Prime Time"-----

**Chairman:** I would like to ask a question about this matter before the Deputy moves on from it. Where in Pobal's accounts is the amount that is due shown?

**Ms Anna Shakespeare:** This relates to the 2018-19 period.

**Chairman:** The accounts in question cover the period up to the end of December 2018.

**Ms Anna Shakespeare:** Yes.

**Chairman:** Where in the 2018 accounts are the amounts that are due to be paid in respect of these overpayments identified?

**Ms Anna Shakespeare:** The identification of those amounts did not occur until 2019. They should feature in our 2019 accounts.

**Chairman:** I have been trying to find this big figure, but I have not found it. Ms Shakespeare is telling me that it is not in the accounts that were laid before the Oireachtas the other day.

**Ms Anna Shakespeare:** I apologise.

**Chairman:** Okay. Let us clarify this point.

**Mr. Brian Lehane:** As the contract is with the DCYA, these refunds would not be-----

**Chairman:** To whom is the money due to be repaid?

**Mr. Brian Lehane:** It is due to be repaid to the DCYA.

**Chairman:** I ask Mr. Lehane to spell that out for the public.

**Mr. Brian Lehane:** Sorry. It is the Department of Children and Youth Affairs.

**Chairman:** The Department of Children and Youth Affairs is owed this money back.

**Mr. Brian Lehane:** Yes.

**Chairman:** Does it come through Pobal at all? Does it come in to Pobal and go on to the Department of Children and Youth Affairs? When the money is being repaid, where does the cheque go? Who gets the cheque?

**Deputy Kate O'Connell:** What bank account are the repayments going into?

**Chairman:** We have been told that there is a repayments system. Is that system with Pobal or with the Department of Children and Youth Affairs?

**Ms Anna Shakespeare:** Perhaps if I can clarify this matter. As I said to another Deputy, the manner in which the payments are recouped involves a reduction in payments going forward.

**Deputy Kate O'Connell:** The money is taken out of the subvention.

**Ms Anna Shakespeare:** Yes.

**Chairman:** It is taken out of the following year's payment.

**Deputy Kate O'Connell:** Ms Shakespeare has said that €400,000 has been recovered and €690,000 has been promised. The total is €1.4 million. All we are missing is €310,000.

**Ms Anna Shakespeare:** Okay. The total for the 2018-19 period is €1.1 million, of which €400,000 has been recouped. My understanding is that the majority of the total of €313,000 for the 2016-17 period has been recouped.

**Chairman:** Okay. Given that Pobal is not in command of the repayments and recoupments, can we get the Department to send us a detailed note about the debt we are talking about?

**Deputy Catherine Murphy:** I would like to add that deductions are being made in cases in which providers are continuing to operate.

**Chairman:** Yes.

**Deputy Catherine Murphy:** What about the providers that are not continuing?

**Deputy Kate O'Connell:** The Deputy is referring to providers that have been liquidated.

**Deputy Catherine Murphy:** They might have been liquidated or they might simply not be continuing in business. What happens in such cases? I understand the process that applies in the cases of providers that are continuing. Surely there are others that fall into another category.

**Deputy Kate O'Connell:** They may have wound down or whatever.

**Ms Anna Shakespeare:** Are the Deputies asking about recouping money from companies that have closed down?

**Chairman:** They are asking about money that is due to be repaid, for example as a consequence of overpayments having been made. It could be due back for a variety of reasons.

**Ms Anna Shakespeare:** The only overpayment arises in relation to early childhood programmes. There is no overpayment which arises in the context of-----

**Deputy Kate O'Connell:** We are talking about overclaims, rather than overpayments.

**Chairman:** Yes.

**Ms Anna Shakespeare:** Apologies. Overclaims do not arise under the other programmes that we manage.

**Chairman:** Could it arise in the Tús or rural employment schemes?

**Mr. Brian Lehane:** If there was a change of circumstances, there might be a little bit to be paid back, but that would be a matter for the Department of Employment Affairs and Social Protection.

**Deputy Kate O’Connell:** What was the total spend on the early childhood scheme in 2018-2019? How much was paid to crèches?

**Mr. Brian Lehane:** It was approximately €500 million.

**Chairman:** I refer Deputy O’Connell to page 103 of the accounts, which sets out a figure of €506 million in that regard. The spend on the early years programme was €484 million. I ask the witnesses to forward a note on the matter to the committee.

**Mr. Gordon Gaffney:** Yes, for the purposes of clarity, because we are getting a bit confused in this sphere. The Department did focus in on the CCS programme. That is where the jump between the two years in overclaims has occurred.

**Deputy Kate O’Connell:** Will Mr. Gaffney repeat that point, please?

**Mr. Gordon Gaffney:** That is where the jump and identification of overclaims occurred.

**Deputy Kate O’Connell:** The overclaims were identified because there was a focus on the scheme for 2018-2019. It is not necessarily the case that in the previous year there was not as much overclaiming, rather it is that the Department did not look into that year as forensically as it did in respect of 2018-2019.

**Mr. Gordon Gaffney:** There was more of a focus on it in 2018-2019, having evidence of which schemes were the riskier schemes. We have already-----

**Deputy Kate O’Connell:** Based on what Mr. Gaffney said, there is a risk, potentially, that the same amount of money was overclaimed in 2017-2018-----

**Mr. Gordon Gaffney:** It is possible.

**Deputy Kate O’Connell:** -----but the Department did not focus on it. The Department decided instead to focus on 2018-2019. Previous to that, the system allowed such practices. What advice was given to suggest that the Department had no recourse pre-2017? From where did that advice come?

**Mr. Gordon Gaffney:** The Chief State Solicitor’s office has reviewed the cases in that instance and the advice is that the scheme rules were not sufficiently robust to proceed.

**Deputy Kate O’Connell:** What happened since 2017 to make the rules more robust?

**Mr. Gordon Gaffney:** The schemes were improved and clarity was brought to bear.

**Chairman:** What does Mr. Gaffney mean when he says “clarity was brought to bear”? I presume there was an amendment of the schemes in order that clarity was brought to bear.

**Deputy Kate O’Connell:** I would imagine the child care services were told they could not claim for children that are not on their books.

**Ms Anna Shakespeare:** The programme rules and guidance under which Pobal operates

were improved and clarified by the Department.

**Chairman:** Did that require a statutory instrument?

**Ms Anna Shakespeare:** No.

**Chairman:** It was done at administrative level rather than statutory level.

**Ms Anna Shakespeare:** Yes. It is the clarification to which Mr. Jerry Murphy spoke earlier.

**Chairman:** To be clear, the flaw was in the administration, not in the statutory framework.

**Ms Anna Shakespeare:** Yes.

**Mr. Seamus McCarthy:** It was a design flaw in the scheme.

**Deputy Kate O'Connell:** It was possible, so it happened.

**Mr. Seamus McCarthy:** In regard to the amounts of money, I would characterise the overclaims that are identified as detected overclaims. The point I was making in the recommendation was around the need for a methodology that would allow for the identification of the underlying level of overclaims. In other words, how much should one go after and design one's compliance work specifically to try to identify where the greatest risks are and what is the best way of trying to identify those. The figure that is known may not be the full total.

**Deputy Kate O'Connell:** That is my point. We are only being made aware of the ones that were chosen for examination. This is a very expensive but brilliant scheme that helps children. However, it is sad that like previous schemes, it is flawed. Given current technology, PPS numbers and so on, it is hard to understand that this could happen and so much money could be taken out of the system. Do we have any information with regard to how the money was being spent or is that a matter for the Garda? Why did the services need the extra money? Is it that these were private companies, as in the case in Clare? Where was the money spent? If it was spent on children, that would be grand. Do we have any information with regard to how it was spent?

**Mr. Jerry Murphy:** Is the Deputy asking about the west Clare incidence?

**Deputy Kate O'Connell:** All of the services involved, but particularly the one in west Clare.

**Mr. Jerry Murphy:** That significant incidence is very different, in our point of view, from the vast majority of other cases. It was passed to the Garda because of concerns we had about where the money went.

**Ms Anna Shakespeare:** To allay some of the concerns the committee might have, the programme of work from a compliance perspective was agreed with the Department at the front end of the academic years going forward such that we could be more preventative in our work around identifying registrations and non-attendance in that context.

**Deputy Kate O'Connell:** Can we expect that in the next set of accounts there will be no overclaims, or relatively none? Has Pobal sufficiently informed the providers that this cannot happen again such that another chunk of money will not be overclaimed?

**Ms Anna Shakespeare:** There is much greater awareness in the sector and a level of unrest

as well associated with that.

**Deputy Kate O’Connell:** In what context is there unrest?

**Ms Anna Shakespeare:** In the context of the repayments and, as mentioned by the Deputy, the regulatory activity in the sector. It is a sector that is under development. We want to make sure that we support it sufficiently because, as rightly mentioned by the Deputy, the children are citizens of Ireland and our future. At the same time, we want to ensure probity for public money and recoument where there has been an attendance and registration differential. One of the flexibilities that will be built into the national childcare scheme makes this much clearer. As we go forward in fully implementing the national childcare scheme across all the early learning and care providers, it builds in a degree of flexibility where mam and dad are not available to drop the child to the crèche or whatever for family reasons and so on. It will also allow for greater oversight and greater compliance as we move forward with that programme.

**Deputy Kate O’Connell:** On the Tús scheme, am I correct that a person can only participate in it for 12 months?

**Ms Anna Shakespeare:** Yes.

**Deputy Kate O’Connell:** I have received a number of representations regarding the scheme. I recently attended an event which was a celebration of the work of Tús. It has been brought to my attention that for many people who engage in this scheme it takes three or four months to familiarise themselves with the work and that on completion of their time on the scheme they tend to end up in jobs in the retail sector, including charitable shops and so on. Many of the participants are people who come from complex situations and have not managed to get employment and are given this pathway to work. However, the scheme expires in 12 months, which is relatively short given it takes participants three or four months to become familiar with the work. I have raised with the Minister for Employment Affairs and Social Protection, Deputy Regina Doherty, a request for the scheme to be extended to 18 months or two years such that participants can remain in it and be more useful or move to another job. The view of Tús and those who take on participants under the scheme is that the period of transition is too short. In many cases they are just settling in when they are moved somewhere else. Is there scope to extend this scheme?

**Mr. Jerry Murphy:** It is a policy issue for the Department-----

**Deputy Kate O’Connell:** I know.

**Mr. Jerry Murphy:** -----even though we administer it. It is a pattern we are seeing as well, particularly now as the economy has improved. The people who avail of many of these schemes have greater depths of need than would have been the case three or four years ago. From our point of view, there is very good reason to review the design of a number of schemes to try to reflect the greater intensity of need among individual participants.

**Deputy Kate O’Connell:** Many of these people just need somebody to hold their hand as they get back into the system. It is regrettable for the person who was long-term unemployed and got this opportunity that there is no scope to extend it.

On mandatory vaccinations, I understand there are constitutional issues around making vaccination mandatory. There does not appear to be a constitutional issue with child care providers insisting that children registered in a scheme must be vaccinated. Have the witnesses had any

discussion with the Department of Health on this issue?

**Ms Anna Shakespeare:** No.

**Deputy Kate O’Connell:** It is an issue that needs to be addressed into the future in light of the recent outbreak of mumps and the measles epidemic. The UK has lost its measles-free status. In the context of the administration of the child care schemes, can we insist that all children registering with a child care provider that is in receipt of State funding must be vaccinated? I do not believe there is a constitutional arising in that regard.

In regard to the 13 inspections that were carried out prior to the “Prime Time Investigates” programme, it is a matter of concern that premises would be inspected and obvious welfare issues would not be identified. Inspectors can sometimes look in the wrong place. Has Pobal updated or changed its inspection regimes to look in the right places? If a certain amount goes into a State scheme, there is an expectation, especially with our history in Ireland, that we would have the most robust child protection and we would not return to anything like the past. It is very disheartening to see many parents so distressed. It is a major decision to go back to work and put one’s child into a crèche. Has Pobal made its inspections more robust and fit for purpose so that it can weed out problems and we do not have another “Prime Time Investigates” incident?

**Ms Anna Shakespeare:** I could answer that in a couple of ways. The Better Start access and inclusion model, AIM, service, which we host on behalf of the Children and Youth Affairs, does not have a statutory basis. It does not run an inspection regime. The inspection regime for early learning and care services is managed and run by Tusla and the Department of Education and Skills. This goes back to the point made by Deputy Cassells about fragmentation and providers’ experience in that context. However, the primary role of the Better Start AIM staff is to support an active implementation of service improvement in the context of early education and care around the Síolta and Aistear curricula. In addition to that, their job is to carry out a classroom-based assessment to identify services that might benefit from additional funding associated with AIM, that is, cases where children with additional support needs might benefit from additional supports. The work of the Better Start AIM staff employed by Pobal is very different from the statutory function undertaken by Tusla and Department of Education and Skills staff. Does that answer the Deputy’s question?

**Deputy Kate O’Connell:** It does. Ms Shakespeare is saying it is their problem, not Pobal’s.

**Deputy Catherine Connolly:** Page 88 of Pobal’s accounts refers to financial irregularities. Does that include the €400,000 referred to by Deputy O’Connell?

**Ms Anna Shakespeare:** It does.

**Deputy Catherine Connolly:** How many cases does that paragraph refer to?

**Ms Anna Shakespeare:** Is Deputy Connolly asking for the number of cases that have been referred to An Garda Síochána in 2018?

**Deputy Catherine Connolly:** Yes.

**Ms Anna Shakespeare:** I will have to come back to the committee to clarify that.

**Deputy Catherine Connolly:** There is a paragraph on financial irregularities. I am asking

for the number of cases. What is the total amount? What is the age profile of these cases? I want the details. There are financial irregularities. Pobal has been in communication with An Garda Síochána. How many cases have there been? What is the value of what is outstanding? This is basic stuff. It is included in the accounts. I am asking Ms Shakespeare to clarify that paragraph from her knowledge.

**Ms Anna Shakespeare:** I cannot answer that question at this point in time.

**Deputy Catherine Connolly:** Can anybody present do so? Can the Department or anyone else answer?

**Ms Anna Shakespeare:** I am afraid we are not in a position to assist the Deputy at this point in time. We will have to come back to the committee. My apologies. Alternatively I can make a call.

**Deputy Catherine Connolly:** This goes back to my initial point. Clearly the systems were not in place. How were these financial irregularities detected, in whatever number of cases there were?

**Ms Anna Shakespeare:** They were detected during audits or verification visits conducted by the compliance, audit and risk staff of Pobal.

**Deputy Catherine Connolly:** Ms Shakespeare can tell me that but she cannot tell me the number of cases.

**Ms Anna Shakespeare:** I cannot say how many cases.

**Deputy Catherine Connolly:** Why not?

**Ms Anna Shakespeare:** Due to a lack of knowledge on my behalf.

**Deputy Catherine Connolly:** That is all right. However, if Ms Shakespeare can tell me the result of audits, she must have some information.

**Ms Anna Shakespeare:** Some 17 audits were completed in 2017. Some of the debtors we are talking about recouping go back further than that.

**Deputy Catherine Connolly:** This is essential information.

**Ms Anna Shakespeare:** I do not disagree.

**Deputy Catherine Connolly:** Does Ms Shakespeare have any idea of the total value? How many cases have been referred to An Garda Síochána?

**Mr. Jerry Murphy:** The one piece of information we can give the Deputy now is that fewer than five cases have been referred to An Garda in the past three years. We will find further details.

**Deputy Catherine Connolly:** What does “fewer than five” mean? Does that mean four and a half?

**Mr. Jerry Murphy:** I apologise. Of course we would much prefer to give details. We are making contact now, and we hope to be able to answer before we break. We will certainly come back immediately after. The Deputy is absolutely right. It is a critical detail that we should be

able to supply.

**Deputy Catherine Connolly:** It is critical that Pobal is learning. Mistakes can be made. Things happen; people do things wrong. However, the question is how often that happened and what has been learned from it. One specific case has been highlighted, with €400,000 at issue. Could the overall figure be €1 million? I am just picking an arbitrary figure.

**Mr. Jerry Murphy:** It may be important to point out that the management carries out financial controls in every case. If we refer an individual case to An Garda, it is because there is something completely outside of our control that we-----

**Deputy Catherine Connolly:** I understand all that but the details are important at this point, if only by way of reassurance. The witnesses cannot enlighten us any further at this point.

**Mr. Jerry Murphy:** We cannot say more about the number of cases that were reported to An Garda Síochána. However it was certainly fewer than five. We can clarify that before we finish today. Financial verification visits were completed. In 2018, some 157 visits were completed in respect of 211 grants, in addition to the 17 audits.

**Deputy Catherine Connolly:** I read all that. We have only a few minutes, so committee members have to read the material and ask our few questions. I am unhappy that the witnesses are not able to elaborate on that paragraph at this point. I ask them to come back and elaborate on the financial irregularities, with a full profile of the amount outstanding, the ages of those involved and what Pobal has learned. Are there other similar cases? These questions should be answered today.

I have a question regarding agency staff. This has come to my attention, not with regard to Pobal but with lots of organisations. Does Pobal employ staff through agencies?

**Ms Anna Shakespeare:** Does the Deputy mean recruitment agencies?

**Deputy Catherine Connolly:** Yes.

**Ms Anna Shakespeare:** We employ a very small number of staff - fewer than three - in this way.

**Deputy Catherine Connolly:** Is the agency paid a fee for placing those employees with Pobal?

**Ms Anna Shakespeare:** Yes. We have also outsourced part of the national childcare scheme, namely the parent call centre, to an agency called Abtran as part of a contract.

**Deputy Catherine Connolly:** Can the witnesses give us details of that?

**Ms Anna Shakespeare:** We can.

**Deputy Catherine Connolly:** Just three staff members are employed through agencies.

**Ms Anna Shakespeare:** Yes.

**Deputy Catherine Connolly:** Is that all? Why did Pobal have to go through an agency for those staff members but not for the rest?

**Ms Anna Shakespeare:** They are typically IT staff. We use a recruitment agency to assist

us in recruiting particular grades of staff that are very hard to recruit in the normal workforce.

**Deputy Catherine Connolly:** Did Pobal go through a procurement process before contracting the recruitment agency?

**Ms Anna Shakespeare:** Absolutely.

**Deputy Catherine Connolly:** I have two final points. I have tabled several parliamentary questions about a report on Pobal's charitable status. The Department may be able to enlighten me. A report was carried out and never published.

**Mr. Gordon Gaffney:** I am terribly sorry but I am unaware of that. I will certainly come back to the Deputy on that.

**Deputy Catherine Connolly:** I am being vague about it because I did not bring the details with me. However, I have tabled several parliamentary questions.

**Ms Anna Shakespeare:** The report is available on Pobal's website.

**Deputy Catherine Connolly:** That is great. My final point concerns the bike to work scheme. How many people avail of that? I refer to page 113, which addresses payroll deductions, the Revenue Commissioners and the bike to work scheme. I am interested to know how many people are using it.

**Deputy Kate O'Connell:** I would like the note we receive after the recess outlining the total value of the irregularities to include the total number of organisations involved. Could we have their geographical locations? Are they predominantly located in a particular part of the country? I would also like to know how many of the 157 visits Ms Shakespeare mentioned found non-compliance. Is it always community crèches that have overclaimed or was there an equal number of cases in the private sector? It would be interesting if these cases were predominantly community crèches. The rules seem to be clear for one group and not for another. That is what I am getting at.

**Deputy Catherine Murphy:** I wish to ask about the call centre. I am aware of that call centre because there are several entities whose calls go through it. What work is done by the call centres?

**Ms Anna Shakespeare:** They handle queries and calls relating to the implementation of the national childcare scheme to assist parents in making an application online for their subsidy for their child or children, as the case might be.

**Deputy Catherine Murphy:** Is it the financial side?

**Ms Anna Shakespeare:** It is a helpline. So it holds the hands, in some circumstances, of parents who wish to make an application and need some of that support.

**Deputy Catherine Murphy:** Does Pobal have them on contract?

**Ms Anna Shakespeare:** Yes.

**Deputy Catherine Murphy:** What is the duration of the contract?

**Ms Anna Shakespeare:** Three plus two in the context of procurement, having procured for it.

**Deputy Catherine Murphy:** Is there a particular element of training?

**Ms Anna Shakespeare:** Yes. There is training to handle the calls, handle complaints and there is also a complaints and appeals process that will be managed as part of that.

**Deputy Catherine Murphy:** Do they manage the appeals process or does Pobal do that?

**Ms Anna Shakespeare:** We manage the appeals process but the appeals will be heard by external independent individuals and we have gone through a recruitment process for that.

**Deputy Catherine Murphy:** Are they part of Pobal's staff?

**Ms Anna Shakespeare:** The appeals officers, as I understand it, will be on a fee-for-service basis so as and when required.

**Deputy Catherine Murphy:** The second preschool year was quickly announced and there was a scaling up issue. Does that kind of a decision present Pobal with extra difficulties in terms of Pobal scaling up along with an announcement being made?

**Ms Anna Shakespeare:** Pobal makes every effort to be the servant of Government in that regard. When a policy decision is made we do our utmost to deliver on it within the shortest timeline possible. I am not going to say that there are not challenges with that but we certainly work with the funding Department to make sure that we are in a position to deliver, as and when required.

**Deputy Catherine Murphy:** Is Pobal likely to be asked in advance? Recently we had this with an organisation that delivers a service or oversight. Essentially, there were teething problems because inadequate consideration was given to what would be required to deliver a service within a defined period. Does engagement take place with Pobal?

**Ms Anna Shakespeare:** There absolutely is engagement, Deputy. As part of the performance delivery agreement and the agreement of the programme of work, for example, with the Department of Children and Youth Affairs, they are very clear with us what their expectation of us will be in 2020. Equally, with our lead Department, the Department of Rural and Community Development, we have an agreed signed programme of work for 2020 relating to the deliverables and what they expect us to deliver for it. That is how we manage our work as best we can. We absolutely aim to be as responsive and agile to Government demand as required.

**Chairman:** Pobal has 442 employees. What is the gender breakdown approximately?

**Deputy Catherine Connolly:** Very good.

**Chairman:** I am asking the Deputy's questions now.

**Ms Anna Shakespeare:** I have the information to hand in my pack. The gender split is 357 women and 129 men as of 30 September.

**Deputy Catherine Connolly:** We are finally getting it right.

**Deputy Kate O'Connell:** But we have too few captains.

**Chairman:** I ask the same question in respect of senior management posts. Pobal has salary scales of over €80,000, €90,000 or €100,000. What is the gender balance of the top eight or ten senior management posts for whichever figure?

**Ms Anna Shakespeare:** There are 11 members of the senior management team, the executive management team, of whom four are women.

**Chairman:** So the majority are in the direct opposite direction when it comes to senior management.

**Ms Anna Shakespeare:** But the chief executive is a woman, Chairman.

**Chairman:** Good. We know that is worth three men on any day. Of the 11 members, are they employees and not board members or anything else?

**Ms Anna Shakespeare:** No, they are employees.

**Chairman:** I heard the ad that started on the radio today. It affects Pobal as a witness has said that Pobal processes the payrolls for Tús, the rural social schemes, etc. We all know that there will be no P60s at the end of year. People on Tús or community employment schemes would not have access to computers on the job. How will they get their details? How does Pobal plan to help them get their payroll year-end information?

**Ms Anna Shakespeare:** I have to ask the chief financial officer about that question. He is in a position to answer that.

**Mr. Brian Lehane:** I am not. Actually, it is a good question and I do not have an answer but I would agree to check for the Chairman.

**Chairman:** I worry about this. We had Revenue here last week.

**Mr. Brian Lehane:** Yes.

**Chairman:** We all know that the crunch is going to come when people will look for P60s come January or February.

**Mr. Brian Lehane:** Yes.

**Chairman:** We know the P60s will no longer be available and 1 million letters will be issued to every employee and pensioner.

**Mr. Brian Lehane:** Yes.

**Chairman:** I have heard the first ads. The Revenue ad advises people to look up myAccount and they will get their details.

**Mr. Brian Lehane:** Yes.

**Chairman:** On the group that Pobal employs - the Tús workers and rural employment scheme employees - the one thing I am sure about is that they do not have access to computers on the job. What arrangements will Pobal put in place to ensure that the employees it pays can access their year-end summary payroll information?

**Ms Anna Shakespeare:** We have been implementing e-slips with the implementing bodies for the period 2018. My understanding is that 86% of them have been using e-slips so the digital slips.

**Chairman:** Is that option available on people's phones or laptops?

**Ms Anna Shakespeare:** Absolutely. The digital age, as the Chairman has said.

**Chairman:** So 14% of the employees have not bothered logging on yet. Is that right?

**Ms Anna Shakespeare:** That is as of 2018. What the picture is absolutely for 2019, I am not 100% clear. Sorry, it is 68% and not 86%. I gave the wrong figure.

**Chairman:** Are one third of the employees freewheeling?

**Ms Anna Shakespeare:** In 2018, there were two thirds that were accessing e-slips.

**Chairman:** I ask the CEO to send us an up-to-date note.

**Ms Anna Shakespeare:** Absolutely.

**Chairman:** I mean in due course when the CEO replies to the other requests.

**Ms Anna Shakespeare:** Yes. Thank you, Chairman.

**Chairman:** I know there will be problems in the new year for so many people. Many of the people in that category of employees are not office based. The Tús and rural employment scheme employees are probably the least able to access a computer facility in the course of their work so I ask employers to help.

**Ms Anna Shakespeare:** Sure, yes.

**Chairman:** The CEO understands my request.

I wish to refer to the legacy capital programmes that are mentioned on page 20 of the briefing note that Pobal sent to us. It states:

Pobal continues to manage contractual commitments under the following programmes:

Early Years Capital from 2012;

National Childcare Investment Programme 2006 to 2011; and

Equality Opportunities Childcare Programme 2000 to 2006.

Some of those schemes have been completely dormant for over a decade. Please send us a note on what Pobal must do with them. Please outline what contractual commitments are still in place in respect of these schemes that have finished 13 years ago.

**Ms Anna Shakespeare:** Around the legacy capital?

**Chairman:** Yes. Does anyone know? Pobal must know approximately. The CEO is only a few weeks in the job and I do not expect her to know all of the answers. Does some of the CEO's colleagues know?

**Mr. Jerry Murphy:** Is that the type of work, Deputy, that we are still involved in?

**Chairman:** I have read Pobal's note on page 20. What does it mean?

**Mr. Jerry Murphy:** If I might give an example, we talked about west Clare earlier and the fact that we had to keep those centres open. One of the tools that we had there was the continued management of the leans that would have been place around some of the early years capital,

grants that had been made to fund some of those centres. There is that. There are elements of ongoing work of that nature. We will come back with a note.

**Chairman:** Send us back a note on each one of the three that have been mentioned. When I see contractual commitments being referred to in respect of schemes that closed over a decade ago I just want to know what it is about-----

**Ms Anna Shakespeare:** Yes.

**Chairman:** -----and the financial commitment. If there is a contractual commitment I need to know what that is about but I need a price tag at the end of each of them. I would expect that it is small but I do not know and that is why I am asking.

Do county childcare committees still exist? Does Pobal deal with them?

**Ms Anna Shakespeare:** They do and there are 30 of them.

**Chairman:** I did not have time to read everything. Reference to the committees did not jump out at me in some of the documents but I am sure they are mentioned somewhere in the 150 pages. What is the role of the childcare committees vis-à-vis Pobal? Please tell me what they do that Pobal cannot or *vice versa*. What is their role?

**Ms Anna Shakespeare:** We fund the community childcare committees on behalf of the Department of Children and Youth Affairs. There are 30 county childcare committees nationally. They will form part of the major operational review referenced by the Department of Children and Youth Affairs.

**Chairman:** Pobal deals directly with the providers so please explain their role.

**Mr. Jerry Murphy:** While we deal directly with the providers, there is a series of supports that are much better dealt with locally. We contract with the county childcare committees and agree a work plan with them. The idea is that they are locally-based groups that are immediately available to childcare centres. In terms of the roll-out of the national childcare scheme, for example, we trained all of the county childcare committees who in turn train all of the local providers. The idea is that if a local provider needs to pick up the phone about an issue, the county childcare committee should be the first point of contact. Issues get escalated to us if they are of a more difficult nature.

**Chairman:** Pobal funds them but it sounds as if they are part of the organisation.

**Ms Anna Shakespeare:** They are agents of the Department of Children and Youth Affairs on the ground, in reality.

**Chairman:** Pobal funds them completely. Is that correct?

**Mr. Jerry Murphy:** We contract them.

**Chairman:** Do they have any other sources of funding?

**Mr. Gordon Gaffney:** As far as I know, all of their funding comes from the Department of Children and Youth Affairs.

**Chairman:** I ask the witnesses to send us a detailed note and breakdown on these committees. I am sure some of them are quite big while others are quite small. People talk about

all of the direct engagement they have with Pobal and I was just wondering where the county childcare committees fit into the picture. I ask for a detailed note on that.

In the context of the ECCE scheme, does Pobal have a role to play with regard to homeless children? How do they get their entitlements under the scheme? Homelessness must pose a particular difficulty.

**Ms Anna Shakespeare:** The role that we play in supporting homeless children is in the context of their registration in an early childhood learning and care facility.

**Chairman:** Obviously registration must be a difficulty if children are moving from hotel to hotel and from one area to another. That must be an issue on somebody's desk.

**Ms Anna Shakespeare:** Yes.

**Mr. Jerry Murphy:** It is an issue and there was a particular sub-programme of the main programme-----

**Chairman:** I do not see it referred to anywhere which is why I am asking.

**Mr. Jerry Murphy:** It is not identified as a programme for us but there is a sub-programme specifically aimed at funding for that group of children.

**Chairman:** I ask that Pobal sends us a note on that.

**Ms Anna Shakespeare:** It is the community childcare programme for refugees and children who are in transitional arrangements.

**Chairman:** What does transitional mean? Does transitional refer to their accommodation?

**Ms Anna Shakespeare:** It means they are homeless or living in temporary accommodation. There is a particular fund there.

**Chairman:** To clarify, Pobal is going to send us a note on both groups.

**Ms Anna Shakespeare:** Yes, absolutely.

**Chairman:** We want a note on people seeking international protection and people who are homeless at the moment. We want to know how they access services. People who are moving from one hotel to another must be very vulnerable.

**Ms Anna Shakespeare:** If I recollect correctly, there were 750 children who received funded services under those two programmes.

**Chairman:** That is good to hear. Ms Shakespeare should say that out loud. It is good to hear that they are accessing services because people would be worried that they are not. That really is good to hear.

I will turn now to page 90 of the accounts. We are dealing here with non-compliance with procurement rules, an issue with which this committee deals all of the time. Reference is made to a sum of €693,000 for software development, €350,000 for ICT business analysis and €105,000 for project management. We want a detailed note on all of those. The headings are included in the accounts but we want detailed information on each of these items. We want to know how the expenditure arose, why it arose, whether the contracts have ceased and where

we are in 2019 in relation to same. The Committee of Public Accounts has been addressing similar issues with every organisation that has come before it in the last six months. We want a detailed note.

**Ms Anna Shakespeare:** Yes and as I said in my briefing note, we have a full corrective action plan in place as well as a compliance improvement plan and revision to documents.

**Chairman:** Yes, Ms Shakespeare said that earlier but we want to get a more detailed note. I am sure she can understand why.

**Ms Anna Shakespeare:** Absolutely, yes.

**Chairman:** Does Pobal have a suggestion box for employees or anything like that?

**Ms Anna Shakespeare:** Yes, we do.

**Chairman:** Can employees get a financial reward if they make suggestions? I am thinking, for example, of people recommending family or friends for employment. Is there any incentive scheme in place that rewards employees?

**Ms Anna Shakespeare:** We have a suggestion box for all employees so that we can hear about how to improve our services and about their experience of working with us. We recently brought to our partnership committee, which is our employee engagement committee, a proposal to incentivise employees below a particular grade to come forward with candidate suggestions. This would be a cost-reduction measure in the context of recruitment agency fees. Obviously the normal rules would apply and the individuals in question would have to go through a thorough and robust recruitment process. The candidates would not have an edge as such and that is made extremely clear to everyone. A small token is given to the individual in the context of incentivising-----

**Chairman:** A small token is given to the person who nominates the candidate. How does that work? If someone nominates a friend for a job, how does it work? To whom does the person make the suggestion?

**Ms Anna Shakespeare:** The suggestion is made to the human resources department.

**Chairman:** Would the human resources department then send out an application to the person nominated?

**Ms Anna Shakespeare:** The person would be invited to submit a curriculum vitae. He or she may or may not make the shortlist.

**Chairman:** What does the small token amount to?

**Ms Anna Shakespeare:** I reviewed the policy a few months ago and-----

**Chairman:** Is it €10, €100 or €1,000?

**Ms Anna Shakespeare:** It is €1,000.

**Chairman:** Wow. That is not too small.

**Ms Anna Shakespeare:** That is only in proposal at this point in time.

**Chairman:** What is that subject to?

**Ms Anna Shakespeare:** It is subject to tax-----

**Mr. Jerry Murphy:** It is subject to tax and to performance. It is paid in two tranches. A sum of €500 is paid on recruitment and after the probation period, the other €500 is paid.

**Chairman:** Is that paid by way of a voucher or is it paid in cash?

**Mr. Jerry Murphy:** It is paid in cash, with the tax deducted.

**Chairman:** With the tax deducted-----

**Mr. Jerry Murphy:** Yes, it is paid in cash, after tax. The sum of €1,000 is the gross amount.

**Chairman:** Has the Comptroller and Auditor General come across similar schemes elsewhere? Would this be normal?

**Mr. Seamus McCarthy:** It is unusual.

**Chairman:** Right. I ask Pobal to send us a note on this policy.

**Ms Anna Shakespeare:** At this stage, it is still a proposal that we have brought to our partnership committee-----

**Chairman:** It probably exists at the moment in some form and Pobal is now formalising it. My interpretation of what I am hearing is I suspect there is a scheme in place that is now being formalised.

**Ms Anna Shakespeare:** It is not in existence at this point in time. It has not been acted upon. It is a proposal that we have reviewed with our partnership committee.

**Chairman:** Who came up with the proposal? I have not heard much about this kind of scheme in the public service. I ask the witnesses to send us a note on same and we will chew on it.

**Ms Anna Shakespeare:** It is with a view to offsetting recruitment costs.

**Chairman:** When there are vacancies at Pobal, are the recruitment advertisements done through an agency? How does Pobal conduct its normal recruitment process? Is it done internally?

**Ms Anna Shakespeare:** We use Irishjobs.ie, publicjobs.ie and sometimes we use a recruitment agency if there is a particular focus on the type of individual that we are trying to attract.

**Chairman:** I ask for a note on how many positions were filled using an agency and the costs involved in comparison with posts filled through the PAS. I ask for a breakdown for staff hired in the last year. I would like to know the mechanism through which they came into Pobal.

**Ms Anna Shakespeare:** Okay.

**Chairman:** That can be sent on to the committee because I would not expect the witnesses to have that information to hand now. Obviously we are also interested in the rates paid to recruitment agencies. I understand that the aforementioned scheme could be a lot cheaper than paying an agency a percentage of an annual salary. I understand that but we need to know what is going on.

**Ms Anna Shakespeare:** May I correct a figure that I gave to Deputy Connolly earlier?

**Chairman:** Of course.

**Ms Anna Shakespeare:** We have seven agency staff, a reduction of three from last year. I am sorry but I had the wrong figure in my head. Seven agency staff are in use at the moment.

**Chairman:** That is not a lot out of 400.

**Ms Anna Shakespeare:** No, it is not.

**Chairman:** I have a question on the seniors alert scheme, about which I am constantly being asked in my own constituency. Pobal refers to the scheme in page 10 of its briefing note. It says that the growth of the seniors alert scheme was very positive, with over 19,000 applications approved in 2018, representing an increase of 163% on 2016 levels and 52% on 2017 levels. It is mentioned again on page 18. Pobal points out that funding is available towards the purchase of equipment including personal alarms and pendants. Is that a wrist alarm and a pendant that hangs from the neck? In the first year the cost of monitoring by a registered monitoring provider is also provided free of charge under the scheme from 1 November, when a range of changes were made to the scheme. I read somewhere else in the briefing note that 10,000 people joined the scheme last year. Who does Pobal deal with in the provision of this service? What companies are involved in the scheme?

**Ms Anna Shakespeare:** We procure services from external assistive technology agencies. We have recently reviewed the scheme with the Department of Rural and Community Development. It is a very important scheme for the Government of Ireland. It ensures that elderly people, particularly in rural communities, can stay at home safely with some assurance that if something happens they can press the button on their alarm or pendant and summon help. Somebody will contact them and will know that there is an issue.

**Chairman:** Is that done by mobile phone or landline? How does it work?

**Ms Anna Shakespeare:** It is done by both.

**Chairman:** How many companies provide it? Is it done on a regional basis?

**Ms Anna Shakespeare:** There are four suppliers at this point. We are re-procuring for that in 2020 by agreement with the Department until 2022, with an option of extending it by a further two years.

**Chairman:** I ask Pobal to send us a note on the current arrangements. Next year is next year. I will not ask our guests to disclose the names.

**Deputy Catherine Connolly:** We will have a library of notes.

**Chairman:** Yes, but it is good information to have. It will add to the public knowledge. We will put it all in the public domain. As we all know, it is amazing how many people watch our meetings. Before the day is out, I will receive emails and phone calls saying we should have asked about something else. Many people, especially senior and retired people, watch our meetings.

**Ms Anna Shakespeare:** Absolutely.

**Chairman:** Pobal might send us a note on the companies. It does not need to breach confi-

dentiality but it might give an indication of how much the scheme costs for each company, who the suppliers are and whether there are guarantees.

**Deputy Catherine Murphy:** Ms Shakespeare spoke about the gender breakdown and the fact that there are additional staff to cover maternity leave. What is the incidence of maternity leave? I am pleased to hear it has been provided for, given that it is a fact of life. If women are to be in the workforce, they have to be provided for. I have no difficulty with maternity leave being provided for. I recently met a group from the HSE and was told that maternity leave staff accounted for approximately one third of its workforce. Is the breakdown for Pobal similar? It might relate to the age profile of the HSE's staff.

**Ms Anna Shakespeare:** Does the Deputy refer to the average number of women on maternity leave?

**Deputy Catherine Murphy:** What proportion of staff are for cover?

**Ms Anna Shakespeare:** I have given the committee the numbers of women versus men. I will need to confirm the figure for how many women go on maternity leave.

**Deputy Catherine Murphy:** If Ms Shakespeare could outline how Pobal plans for that cover, it would be useful. It would be useful to see how one organisation compares with another.

**Ms Anna Shakespeare:** For example, we referenced our access and inclusion model, Better Start, which is primarily female in its gender base. A male member of that team is unusual. We build in a percentage of the staff turnover to support and ensure that the service continues. The maternity leave staff might change location based on the particular profile of individuals on maternity leave at any one time.

As for other employees, with respect, it becomes obvious when an individual has impending maternity leave. We work to ensure there is a service continuity plan with a replacement. As of September 2019, we had 39 staff on maternity leave. I would expect that a high number of those individuals were part of our access and inclusion model, Better Start, based on the profile of the employees, their gender and their relative age profile.

**Chairman:** We will ask Pobal to send a note. When Ms Shakespeare made the point earlier, I was struck by the beautiful way she put it as taking account of employees' gender. I thought that if only the HSE had a similar policy, life would be wonderful. The HSE comes immediately to mind for many reasons, but other organisations, too, could benefit from the template that Pobal has drawn up. I acknowledge that it had to build it into its planning, but it could be useful for other organisations to learn from.

Finally, how many protected disclosures has Pobal received and what is their status? Have they been resolved or are they under external review?

**Ms Anna Shakespeare:** We had no protected disclosures in 2018?

**Chairman:** Is any ongoing?

**Ms Anna Shakespeare:** No.

**Chairman:** Perhaps that is because of the gender balance.

**Ms Anna Shakespeare:** Pobal is a very happy place at which to work.

**Chairman:** It sounds like it. I thank our guests from Pobal and wish them every success in the important role they have. I also thank our guests from the Departments of Rural and Community Development and Children and Youth Affairs and the Comptroller and Auditor General for attending, and for the information they provided and will provide to the committee. The committee will sit again in mid-January and we would like to have all the answers on our desk when we return. It is a reasonable period to allow for all the answers to be provided.

The committee will now suspend until 3 o'clock, when we will meet Mr. Finnegan and representatives of the Office of Public Works regarding the new print facility in Kildare House.

**Ms Anna Shakespeare:** I thank the Chairman and, on behalf of everybody at Pobal, wish all the committee members a merry Christmas.

**Chairman:** I thank Ms Shakespeare.

*The witnesses withdrew.*

*Sitting suspended at 1.45 p.m. and resumed at 3 p.m.*

#### **Purchase of Komori Printing Press and Related Matters: Houses of the Oireachtas Service and Office of Public Works**

**Mr. Peter Finnegan** (*Secretary General, Houses of the Oireachtas Service*) called and examined.

**Chairman:** This afternoon we are meeting with the Houses of the Oireachtas Service and the Office of Public Works regarding the purchase of a Komori printing press and related matters. We received a report two weeks ago from the Accounting Officer in the Houses of Oireachtas Service, Mr. Peter Finnegan, who is also Clerk of the Dáil, on difficulties experienced and a number of significant additional costs incurred following the purchase of a new printing press. We received from Mr. Finnegan a second report, to which we referred this morning under correspondence No. 2636B, on Tuesday with further clarifications. We also discussed and considered the related item of correspondence from the Office of Public Works, No. 2635B.

We are joined this afternoon by the following people: from the Houses of the Oireachtas Service, Mr. Peter Finnegan, Secretary General, and Ms Máirín Devlin, Office of the Commission and Secretary General; from the Office of Public Works Mr. John McMahon, commissioner, heritage and building services, and Mr. Jim O'Sullivan, assistant chief engineer, mechanical and electrical services.

I remind members, witnesses and those in the Public Gallery that all mobile phones must be switched off. That means putting them onto airplane mode as merely putting them onto silent can still interfere with the recording system.

I advise the witnesses that by virtue of section 17(2)(l) of the Defamation Act 2009, they are protected by absolute privilege in respect of their evidence to the committee. If they are directed by the committee to cease giving evidence on a particular matter and they continue to do so, they are entitled thereafter only to a qualified privilege in respect of their evidence. They are directed that only evidence connected with the subject matter of these proceedings is to be

given and they are asked to respect the parliamentary practice to the effect that, where possible, they should not criticise or make charges against any person or entity by name or in such a way as to make him, her or it identifiable.

While we expect witnesses to answer questions asked by the committee clearly and with candour, witnesses can and should expect to be treated fairly and with respect and consideration at all times, in accordance with the witness protocol.

May we have Mr. Finnegan's opening remarks, please?

**Mr. Peter Finnegan:** I thank the Chairman for the invitation. I am in a slightly different position from the position I was in on 11 July in that my knowledge of this matter is many times greater than it was then as a result of three weeks I have spent looking at various documentation and speaking to the relevant parties that were involved in this purchase of the Komori printing press. It is important to put the narrative on the record because it will contextualise some of the questions and may indeed answer some of them.

The story starts with the business cases that were developed for the purchase of the printing equipment and the printing press in 2017. A business case was developed which was put before the management board of the Houses of the Oireachtas. The fundamental reason for buying the Komori printer was twofold: first, the age of the existing machines-----

**Deputy Catherine Murphy:** When things such as the management board are referred to, can the witnesses outline who is involved?

**Mr. Peter Finnegan:** Sure.

**Chairman:** Can Mr. Finnegan tell us who they are and where they are in the structure?

**Mr. Peter Finnegan:** Absolutely. If it is of help, I have that information in the appendix to the report, so members can see that there. The management board is the board of senior managers within the Houses of the Oireachtas. It is chaired by me as Clerk of the Dáil and Secretary General. On the board we have our four assistant secretaries, the Clerk of the Seanad, a representative of our PO group and, finally, one external member. The management board meets monthly and its meetings feed into the commission meetings.

**Chairman:** It is an executive committee, not a parliamentary committee.

**Mr. Peter Finnegan:** It is an executive committee. The Chairman is correct.

The management board received a business case on 6 November. As I said, two main reasons were advanced for the purchase of the Komori printing press. First was the age of the existing equipment. In 2017, the equipment we had on hand at that stage was 12 years old. The equipment was purchased in 2004 and I believe it went into operation in 2005, so we were looking at equipment that was fully depreciated. It was also proving increasingly unreliable so in terms of the maintenance costs we would incur on equipment of that age, we were spending probably about €45,000 per year on maintenance. In addition to that, we were incurring about €20,000 in spare parts when repairs were needed. I am advised by the print manager that it was not an infrequent occurrence to have a mechanic out repairing the two printing presses.

If we look at it purely in cost terms over five years and ask if the argument for buying a printing press stacks up, we note the cost of maintenance and repairs comes in at around €65,000 a year. If we multiply that by five, we are at €325,000. In addition, we were faced with

a decision that if we were to continue with the Heidelberg printing presses, we would have to do a major overhaul of them because of their age. That was expected to cost €170,000. In very round terms, therefore, the cost of retaining the Heidelberg printing press over five years was somewhere of the order of €500,000. When we look at that in the context of the purchase of a new machine, and the new Komori printing press came in at €848,000, we can see the financial sense in terms of moving from the old Heidelberg to the new machine.

The second point to note is the volume of the printing. We have a significant printing operation. Last year, the Oireachtas produced, and I have produced the statistics in the report, of the order of 16 million print impressions. The year before that it was 21 million. If we go back to 2015, we produced 26 million print impressions, so the Oireachtas printing unit is quite a sizeable operation. In the circumstances, we need good, robust, versatile, well-built equipment. That was the reason we went out to tender.

In addition to the printing press, we needed a number of other items of printing equipment. We produced a tender and split it into five lots. The reason we split it into five lots was to maximise competition, and particularly to enable small and medium sized enterprises to compete for the business. That is something we like to do as a matter of policy in the Houses of the Oireachtas Service. The tender was published on 5 March 2018. The records we have obtained show that 12 companies downloaded the tender documentation from eTenders so there was a fair degree of interest, naturally enough, in the contract. That is not surprising, given the expected value.

The site visits during the tender period, which would be a normal activity during tendering, took place on 21 March. At that stage, people could go and look at the print unit. On foot of those site visits, clarifications were received on 29 March. All of those clarifications were answered and the results circulated to all of the parties concerned. The closing date for the tender was 5 April 2018.

In terms of what the request for tenders document sought in respect of the printer, the precise wording was that the tender must be able to fit into a room 12 m by 5.8 m by 2.5 m. The most important measurement is the last one, the 2.5 m, which would have been the ceiling height of the printing unit. We also stipulated that there needed to be an acceptable work area around the press.

When the tenders were subsequently received we got only one tender in, despite the initial level of interest, for the printing press. That came from Komori. In the tender response document, which I reviewed as part of the preparation of the report, Komori ticked the box saying that it met the minimum specification in that the printing press could fit into the room with those dimensions, with an acceptable work area around it. Underneath the box with the minimum specifications a note was included. The words of that note are important. They state that the headroom from the press foot boards to the ceiling is limited.

During the tender period, one of the clarifications received was from Komori. Komori asked the print facility if there was a false ceiling and, if so, if there was a height greater than 2.5 m available. The response they got back from the print facility was that there was a false ceiling and that there was an extra 35 cm available. That increased the available height from 2.5 m to 2.85 m.

To give the members a sense of the Komori printing press, it is a big machine. It is 7.4 m long, 3.2 m wide and 1.98 m in height. I spoke to somebody in the print industry recently about

it and asked him how he would describe this type of machine. This would be a very experienced person in the industry. He said it was a very versatile machine. It is the type of machine one would buy if one is doing short runs, long runs and if one has many different types of print requirement, which is exactly the position we are in. He also said it was a well-built machine. He said that the company he runs has a number of different makes of printing press and that the Komori is the best of the ones he has; that is his personal view. The third comment he made was that it is economical in terms of the purchase price of the press and that it is an economical press to run. The evidence I have received is that it is a good, solid printing press.

The other point to remember about printing is that most commercial printing is a 24-7 type of operation. A printing press like this one gives us greater capacity in that area. At the moment, we run two shifts in the print unit but, going forward, there are other options as well.

Following the submission of the tenders, the evaluation team looked at them. I have listed the members of the evaluation team in an appendix. Would the Chairman like me to read it out for the record?

**Chairman:** Yes.

**Mr. Peter Finnegan:** The evaluation team is the fifth group shown. The project manager, who is basically the head of the evaluation team, is the print manager. We had the print supervisor from the print facility. The project sponsor was a principal officer who is the head of communications. We had a procurement unit representative, and we also had an external procurement consultant who has done a substantial amount of work with the Houses of the Oireachtas over the years.

The evaluation team looked at all of the tenders, including the one on the Komori printing press. As I said in my report, the evidence I got was that they missed the statement on the bottom of the page, which said that the head height was limited. They proceeded to arrange a clarification meeting with Komori, being the single tender, which would be standard practice. Five Oireachtas staff members attended that meeting and three representatives from Komori - the managing director, the project director and the managing director of their Irish agent. A variety of issues were discussed at that meeting. I have looked at the report. Interestingly, head height did not come up at that meeting. At the end of the meeting, it was agreed that Komori would submit various documents by way of clarification. Standard things one would expect in any type of procurement process would be the engineering team, the software support, the organisational chart and so on.

Those papers were submitted on 25 April 2018 and included among them was a drawing, which I think I have included as an appendix to the report. Committee members can see it is a drawing by a professional engineer or draughtsperson. It is Appendix B of the report on the machine. I have spoken to the managing director of Komori's Irish agent who told me the submission of such a drawing would be standard during a procurement process, particularly at that stage. That drawing recommended a minimum ceiling height of 3.16 m. As I said in my report, that drawing was sent to the procurement unit. I cannot find any evidence that it was sent to the print facility. In fact, the issue does not actually turn on that, as will become evident in a minute.

The next stage in the process was for the Oireachtas contracts committee to meet and consider the matter. I have listed the Oireachtas contracts committee at the very bottom of the Appendix C. It is chaired by a principal officer who works in the committee secretariat. It in-

cludes two assistant principal officers, one from the ICT unit and one from the Debates unit. It includes higher executive officers from the Library and Research Service, the Finance unit and the Journal Office and the secretariat is provided by the procurement team. The committee has a role in a number of areas. It is charged under its terms of reference with reviewing contracts where it is proposed for exceptional reasons not to have a competitive process, and this did not apply in this instance, or where only one tender was received in response to an advertisement or invitation to tender and the contract value is in excess of €65,000 exclusive of VAT. This is the heading under which this tender was referred. The third reason, which is not relevant but I will say it for the record, is where it is proposed not to accept the lowest priced tender. The Oireachtas contracts committee considered the tender and signed off on it. That day, Komori was informed by letter that it was the preferred bidder for the contract.

The next important event in the narrative was on 21 May when a team from Komori came in and took measurements. I spoke to the managing director of the Irish agent who was present on that day. His evidence to me was the issue of head height was absolutely discussed but everybody in the room was happy there was sufficient head height to install that printer. He said they then moved on to other technical issues related to the installation of the printer. He also said that one of the reasons they were satisfied with it was that 90% of the work on the printer is done from the very lowest platform and in the case of the lowest platform, head height is not an issue because the 2.1 m clearance can be achieved when standing on the lowest platform. He said in relation to the tasks that must be carried out from higher platforms they can also be done from the lower platform. There was no real concern in the room or no sense that head height was a particular issue. The measurements were done and a number of days later Komori sent in the drawing that was submitted on 25 April to the print facility manager. The drawing was sent in connection with discussions being had on installation. Essentially, this was how the new printing press would be delivered and installed in the Oireachtas printing unit.

The next most significant date is 31 May. On that date the contract was signed. The day before that, the print facility emailed our facilities unit stating it had procured a new printer, that it reckoned certain work needed to be done including removing doorframes, which would be pretty standard, and asking the facilities unit to look at the matter. That process got under way. On 14 August 2018, the OPW came back and said it reckoned more significant work was required because of the head height requirement. The OPW architect at the time had done her own research and came to the view that the height available in the print room was insufficient to meet the various regulations, including machinery directives and building regulations. At that stage, further investigations had to be done and Mr. McMahon will fill in the committee on the detail of these investigations. From the files I have reviewed there appears to have been quite a lot of over and back.

The other thing that is very evident is that in parallel with what was happening in the printing unit we were also working on the historic Leinster House restoration project. There was pressure on the time of architects and engineers and all of that had to be managed as part of the process.

In December, the printing press had been delivered from Japan and it was being held in storage. A decision was made by the project sponsor that we should pay for it because we had the money set aside in our budget for 2018; there were no funds for it earmarked for 2019; 60% of the cost of the press was due anyway on delivery; and the delays in terms of installation were very much down to problems on the Oireachtas side. The project sponsor went to our Office of the Parliamentary Legal Adviser and asked them to draw up an addendum to the contract which

would give the Oireachtas full title over the machine. That was done and the addendum was signed. I received a submission on 12 December from the project sponsor setting out the issue. When I was satisfied as Accounting Officer that there was a legal obligation to pay the money and that the title was secured I authorised the payment.

I should say in relation to the addendum that the expectation at that time was that the printing press would be installed at Easter 2019. It was anticipating somewhere of the order of three months before the printing press was installed. As it turned out, it took considerably longer than that. The works eventually got under way in the middle of July 2019. They were handed back to the print facility on 12 November. In the meantime, the printing press was delivered on 28 September.

That brings the story up to date in terms of the issues initially of concern. I have set out in the report where we are now. It is pretty much as is in the report from two days ago. We are doing our health and safety assessments. We have a health and safety adviser who does a lot of this for us. He is doing that in terms of his workflow and doing some workflow assessments that were raised by the staff. The expectation is that those assessments will be ready by 20 December, which is Friday week. That is the objective. Subject to everything being okay from a health and safety point of view and in terms of workflow, at that point it should be possible, in conjunction with the staff, to start the process of training and operation of the printing press.

As I said in my report at the end of my opening remarks, there is absolutely no doubt that mistakes were made in this project. A series of mistakes were made. My investigations included reviewing documents and speaking to the personnel involved.

In fairness to them, they were very forthcoming. It is difficult for people who find themselves in a situation where they have made a serious error but I commend them on the way they have faced up to it. It is my conclusion that the mistakes that were made were honest mistakes and that is the expression I used in my report. Ultimately, the staff were trying to do their best for Members. They were trying to improve the quality of the services that we provide to Members by upgrading the printing equipment which, as I said, was 12 years old and was going to be very costly to keep on the road. The aim was to replace it with a new, modern, well-built and versatile printing press. That is the narrative. On the building side, I would have to defer to Mr. McMahon if anyone wants to know about the detail of some of the construction works. Essentially, that is the position as I found it when I conducted my investigation and drew up my report.

**Chairman:** I thank Mr. Finnegan for outlining the situation. A number of people have indicated that they want to speak and will be invited to do so in the following order: Deputies Catherine Murphy, Munster, Cullinane, Connolly, Cassells and Farrell. We will try to stick to ten minute slots, rather than having one lead speaker.

**Deputy Catherine Murphy:** The witnesses are very welcome. I should declare at the outset that I am also a member of the Houses of the Oireachtas Commission which had a robust exchange on this issue recently. It is fair to say that as a consequence of that exchange, there will be exceptional reporting so that matters such as this will be brought to the attention of the commission. The issues of insufficient head height in the building and significant additional works having to be carried out to fit the machine in were as much of a surprise to the commission as they were to anyone else.

A number of issues arise relating to procurement. There was a single response to the printer

tender. Was the tender published on a Europe-wide basis? There was only one bid for the printing press contract. Was there more interest in supplying the other machinery that was purchased?

**Mr. Peter Finnegan:** Ultimately we received one tender back in respect of each of the lots that we went out for. We went for five lots in total and were in a single tender situation in respect of each one.

**Deputy Catherine Murphy:** That is very disappointing in the context of competition. How is a tender evaluated when it is the only one?

**Mr. Peter Finnegan:** As I said in my opening remarks, when one is in a single tender situation one does a normal evaluation in terms of requirements and so forth. One asks if the tender meets the requirements. Then, under our governance structure, one submits the tender to the Oireachtas contracts committee. That is the process.

It was unusual to get just two responses. It was advertised in the *Official Journal of the European Union* but that was the level of interest from the market at the time.

**Deputy Catherine Murphy:** Obviously this is of major public concern.

**Mr. Peter Finnegan:** I accept that.

**Deputy Catherine Murphy:** That concern is very understandable because a machine was bought that did not fit. We are trying to get to the point where lessons are learned, responsibility is taken and there are consequences.

In a previous discussion at this committee, reference was made to the fact that the machine in question comes in different shapes. It was suggested that a model of a different shape would not have caused a problem *vis-à-vis* the room height. Is that accurate?

**Mr. Peter Finnegan:** The evidence I have is that in order to print the volume of printing done in the Oireachtas, which is the equivalent of what would be done in a commercial printing works, one needs a machine of the size that was ordered. The people I have spoken to-----

**Deputy Catherine Murphy:** My question is about the actual shape of the machine.

**Mr. Peter Finnegan:** The height is the key issue. My understanding from discussions with various people is that once one gets into that scale of printing, one gets back a machine that has a particular height. The height that we got back is in or around what one would expect.

**Deputy Catherine Murphy:** Does that machine come in a different shape?

**Mr. Peter Finnegan:** No. I am told that it does not.

**Deputy Catherine Murphy:** That has been said.

**Mr. Peter Finnegan:** That is factually incorrect.

**Deputy Catherine Murphy:** If one were to add up the number of people who looked at this, it is puzzling that this issue was not noticed but the sequencing was wrong in the buying process. The sequencing should have been such that architects are brought in first. Is that accepted? What lessons will be learned from this?

**Mr. Peter Finnegan:** That is the very first lesson I have identified in my report. I said that there were a number of lessons that stand out and these will be addressed as a matter of priority. The very first one is that all of the project teams must include specialist architectural expertise where a project could involve structural modifications and where appropriate, legal external subject matter and health and safety expertise. In reality, if this project had been run the way one would have expected, we would have had an architect on the team. Discussions would have taken place at a very early stage and those discussions would have been reflected in the nature of the business case. The business case that was received referred to the purchase of an asset but did not make any reference whatsoever to ancillary works. This was looked at by a range of people within the Oireachtas, not just the project team. At the time, we had a committee that looked at business cases of this nature. That committee examined the business case. The committee in question is the business and strategy committee which was headed by the then Superintendent. It also included the head of communications at principal level, a principal from committees, a principal from the Office of Parliamentary Legal Adviser, a principal from the Oireachtas Library and Research Service, the principal and head of finance of the Office of the Commission and Secretary General, the chief translator and an assistant principal at the Office of the Commission and Secretary General. All of those people looked at it. In actual fact, three or four of the members of that business and strategy sub-committee went over to the printing unit. They went into the rooms where the printer was going to be installed but the issue of height never actually came up. There was no sense at all that height was an issue. When one looks back at the papers and the evidence, one sees that the perspective was that the project involved the purchase of an asset and the complexities around the installation of that asset were not considered at all. It was just assumed that the asset that we were purchasing, the new printing press, could replace the old Heidelberg printing presses. That was how it was at the time.

**Chairman:** Deputy Munster is next.

**Deputy Imelda Munster:** Mr. Finnegan said in his opening remarks that he is on the management board or management committee.

**Mr. Peter Finnegan:** I am, yes.

**Deputy Imelda Munster:** Was he involved from the start?

**Mr. Peter Finnegan:** No, other than when the management board received the business case.

**Deputy Imelda Munster:** Will Mr. Finnegan clarify if he works on a one-year or three-year budget?

**Mr. Peter Finnegan:** Three.

**Deputy Imelda Munster:** Since it is a three-year budget, is it the case that a decision was taken, because the Oireachtas Service had money left over and Mr. Finnegan did not want to hand it back to the Central Fund, to go on a shopping spree? Was it a rush job? The decision made in this regard resulted in a printer being bought that was too big for the printing room. Is that the case? It did not fit in the print room.

**Mr. Peter Finnegan:** It did not fit. The motivation for buying this printer was, first and foremost, to service the needs of Members. There was no other motivation. If we were not concerned with servicing the needs of Members and their printing requirements, we would not have done what we did. That was our motivation first and foremost.

We operate on the basis of a three-year budget. When we draw up our budgets, we look at what we need to do from a business point of view. One thing we needed to do was to replace the old Heidelberg printing presses. They were 12 years old and were going to cost us a further €500,000 over the next five years. It made absolute business sense and was a very sound business proposition to replace them.

**Deputy Imelda Munster:** That Heidelberg printer was not due to be replaced until 2021. Is that right?

**Mr. Peter Finnegan:** No.

**Deputy Imelda Munster:** I read somewhere that it was not due to be replaced until 2021. I asked the question about rushing into it and going on a shopping spree because in response to a question that my colleague, Deputy Cullinane, asked, Mr. Finnegan stated, “the increase of €9.7 million resulted from a strategic decision that we did because there was funding available in the final year of our three-year budgetary cycle.” The service basically recommended to the commission that we bring forward ICT expenditure. Is it not the case that this is the reality of what happened?

**Mr. Peter Finnegan:** No, it is not.

**Deputy Imelda Munster:** Mr. Finnegan stated in his first report that no discussion arose in respect of the cost of the works in the course of his appearance before the Committee of Public Accounts in July. He was aware of the matter.

**Mr. Peter Finnegan:** I was because I had a briefing note, which I also inserted in my reports.

**Deputy Imelda Munster:** I am sure Mr. Finnegan will agree that we are not playing cat and mouse here. He was aware of it. There is a certain expectation that when people come before this committee that they will be forthcoming with information and that Accounting Officers will provide full and honest accounts for whatever organisations they represent. I find it deeply concerning that Mr. Finnegan did not mention this matter and that his response was to the effect that the question did not arise. Can he provide a better explanation?

**Mr. Peter Finnegan:** It might help in explaining that if I outline what it is like on this side of the room as opposed to where the Deputy is seated. When one receives an invitation to attend the Committee of Public Accounts, it is one of the most important things that one will do as a Secretary General. A Secretary General is statutorily responsible for expenditure in the organisation that he or she leads. It is a very important engagement that one gives one’s full energy and attention to in the run-up to it. As part of the preparations for it, one will receive various briefing notes. The reason that a Secretary General makes sure to have as much information as possible is that he or she knows, when coming into this room, that he or she could be asked literally anything by anybody. There are no limits on the questions that can be asked. On the previous occasion on which I was here, there were no limits on the questions that were asked of me. I was asked about matters that were not my financial responsibility at all. In order to be helpful to the committee, I answered them as well as I could.

**Deputy Imelda Munster:** This was not a trivial issue. It involves a substantial-----

**Mr. Peter Finnegan:** The Deputy might let me finish my answer.

**Chairman:** Let Mr. Finnegan finish.

**Mr. Peter Finnegan:** In fairness, I think I should finish my answer and then Deputy Munster can come back in. There were no limits on what could be asked. I came in and I gave honest and truthful evidence. I was asked specific questions and I gave the best answers I could at that time. As Accounting Officer, all one can do is answer the questions one is asked.

**Deputy Imelda Munster:** That is the concern. Mr. Finnegan said that coming to the Committee of Public Accounts is an important engagement and that it is important that he gives as much information as possible. There was a gaping hole in the information that he gave. To not even mention a cost overrun of that magnitude on the basis that the question did not arise, when the subject was being spoken about, gives rise to serious concerns.

**Mr. Peter Finnegan:** Can I respond to that?

**Deputy Imelda Munster:** Quickly.

**Mr. Peter Finnegan:** There was not a gaping hole in the information. As Accounting Officer, this was fully discussed with the team from the Comptroller and Auditor General's office insofar as we had information. To be fair to everybody concerned, the level of information that we had then is completely different from what we have now. On foot of that discussion, a note was inserted in the account. The primary focus of the Committee of Public Accounts when an Accounting Officer such as myself attends is to examine the account. That information was disclosed and it would be disingenuous to say that it was not.

**Deputy Imelda Munster:** My point is that Mr. Finnegan was aware of it when he was before the Committee of Public Accounts.

**Mr. Peter Finnegan:** So was the Deputy because it was in the account before her.

**Deputy Imelda Munster:** I was not a member of the committee in July. Mr. Finnegan was aware that a complete hames had been made of it, that the printer was so big that it did not fit into the printing room and serious adjustments would have to be made to accommodate the printer. Was he not aware of that?

**Mr. Peter Finnegan:** I was aware that there were difficulties with the printer.

**Deputy Imelda Munster:** That is my question. Mr. Finnegan was aware of it.

**Mr. Peter Finnegan:** If the Deputy will let me finish, with regard to my level of awareness, I had a limited amount of knowledge available that day. I think I put in the report what I could have said had that issue been asked of me. It was very limited at that time.

**Deputy Imelda Munster:** On page 1 of the report, Mr. Finnegan states, "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."

**Mr. Peter Finnegan:** Yes.

**Deputy Imelda Munster:** That sound business case that Mr. Finnegan refers to did not involve knocking down walls, raising ceilings, a new air conditioning unit, moving to another print room and an overrun of upwards of €700,000.

**Mr. Peter Finnegan:** Is that a question?

**Deputy Imelda Munster:** Yes. Mr. Finnegan said that, in his opinion, the business case for purchasing it is still sound.

**Mr. Peter Finnegan:** Yes, it is.

**Deputy Imelda Munster:** Mr. Finnegan would stand over it still being sound even though the business case he refers to did not involve knocking down walls, raising ceilings, a new air conditioning unit, having to move to a different print room and an overrun of €700,000.

**Mr. Peter Finnegan:** The business case is still sound. I will explain why. A challenge that we face in the Oireachtas is accommodation. The print unit is installed and operates from Kildare House. In Kildare House, we not only have a significant number of staff who run our committees and do translations for us, but we also have a broadcasting unit, a crèche-----

**Deputy Imelda Munster:** I am talking specifically about the printer and that business case.

**Mr. Peter Finnegan:** That is correct, and I am coming to it if the Deputy could just bear with me. We have a broadcasting unit, a crèche, a gym and a print facility. The reality that we face as an organisation is that when we have to do a piece of major equipment installation it invariably involves structural works. I looked back, just to satisfy myself, to see what was the scale of the works that were done in 2004 when the original print equipment went in. The cost of the works in 2004 was twice the cost of the works that took place in connection with the Komori printer. That gives some sense of the scale of what has to be done when equipment needs to be installed in the Oireachtas. We are not an organisation that has the luxury of installing equipment in a greenfield site. We are not Google down in the docks. We are an organisation that functions from Dublin 2 in very cramped conditions and invariably costs arise as a result of that.

**Deputy Imelda Munster:** I am saying it on the basis that the reason Mr. Finnegan is here today is that the business case he considered sound turned out to be useless.

**Mr. Peter Finnegan:** No, I suppose the business case-----

**Deputy Imelda Munster:** I am amazed at how Mr. Finnegan can still say it is sound.

**Mr. Peter Finnegan:** I will just come back to that and look at it in another way. The business case was designed to purchase equipment to service the printing requirements of Members. That is a statutory obligation that the organisation has. In my view, it is very difficult to argue that the replacement of a printing press at €850,000, with additional costs for adaptations, etc., is not a better option than continuing with 12-year old machinery and investing more than €500,000 in that. If I did that, I would also be here before the committee and members would be rightly challenging me on whether I had made the right decision.

**Deputy Imelda Munster:** Was it in the business case that the supplier would measure the room first and then provide a printer? Was that either in the business case or in the contract?

**Mr. Peter Finnegan:** That type of thing is not in a business case, but it would be part of the procurement process.

**Deputy Imelda Munster:** Was it in the contract?

**Mr. Peter Finnegan:** It was in the request for tender, RFT.

**Deputy Imelda Munster:** Right. Okay, but it was not in the business case. That is the problem.

**Chairman:** We have just gone beyond the time.

**Deputy Imelda Munster:** I have just one final question. Pages 9 and 10 of the report refer to the print facility equipment. Does the new printing press require all the additional things that are listed in order to be operational? I refer to the plate-making device, the guillotines and folding machines.

**Mr. Peter Finnegan:** These are all part of the printing process but my understanding is-----

**Deputy Imelda Munster:** Could the new printing press work without those additional pieces of equipment?

**Mr. Peter Finnegan:** I think two of them are directly connected to it, but I would need to talk to a print expert to be able to answer that question. It is beyond my level of technical knowledge.

**Deputy Imelda Munster:** Okay, so they may or may not be required for the new printer to be operational.

**Mr. Peter Finnegan:** What I am saying is that I cannot answer the question because I do not have the technical knowledge.

**Deputy Imelda Munster:** It is just that they are listed in the report and one would imagine Mr. Finnegan would know off-hand whether they are required or just part of the shopping spree.

**Mr. Peter Finnegan:** I am sorry?

**Deputy Imelda Munster:** One would imagine that given that they are in the report, Mr. Finnegan would know whether they were actual requirements when we are dealing with taxpayers' money, or whether they were just part of a shopping spree. Are they required for the new printing press to be operational?

**Mr. Peter Finnegan:** My colleague here has just said that two of them are connected with the printing press, namely, the pile turner and the plate-making device.

**Deputy Imelda Munster:** So the plate-making device and the pile turner are required for it to be operational. The cost of the guillotine is €78,000 and the folding machine costs €128,000 which means €200,000 was spent on purchases that were not required in order for the printing machine to be operational. That is a scandal.

**Mr. Peter Finnegan:** No. All of this equipment is part of the normal suite of equipment.

**Deputy Imelda Munster:** It is part of the shopping spree.

**Mr. Peter Finnegan:** It is part of the normal suite of equipment that one would have in a print facility.

**Deputy Alan Farrell:** What are we supposed to do, fold them in our offices? Come on, Deputy Munster should not be ridiculous.

**Deputy Imelda Munster:** I am asking if the equipment is specifically required for the

printing press to work.

**Mr. Peter Finnegan:** My understanding is that all of those machines are necessary to do the work that the printing facility does for Members.

**Deputy Imelda Munster:** The printing facility as opposed to the printing press. We did not have those there before. We did not have the pile turner.

**Chairman:** We do have them.

**Deputy Imelda Munster:** We did not have the guillotines or folding machines.

**Mr. Peter Finnegan:** Yes, we did.

**Deputy Imelda Munster:** We did have them. So was there a need for new ones?

**Mr. Peter Finnegan:** There was. Yes. They were old.

**Chairman:** We are on time.

**Deputy Imelda Munster:** We are now looking at a cost of more than €2 million.

**Mr. Peter Finnegan:** The overall cost, when one adds in the Oireachtas element and the OPW element is €2.02 million. The OPW element, as explained in the report, is general up-grading works that the OPW does. The cost attributable to the head height issue is set out in the second table, which is €314,000.

**Chairman:** I have to move on to Deputy Cullinane now.

**Deputy Imelda Munster:** What was the business case budget?

**Mr. Peter Finnegan:** It was €1.5 million.

**Deputy Imelda Munster:** There is quite a difference.

**Deputy David Cullinane:** I welcome Mr. Finnegan. He said that when one comes before the Committee of Public Accounts as an Accounting Officer that one could be asked anything by anybody. I think that is fair. One can be asked a wide range of questions, even questions that may not be material to the accounts at hand. On the day Mr. Finnegan was in, he was not asked anything by anybody, he was asked a question by me specifically in relation to office equipment and ICT services. The question was specifically regarding what was not an overspend but bringing forward expenditure in the region of €9.7 million. He mentioned on the ICT side the replacement of laptops and he also mentioned the printer, which he said cost €1.3 million. Mr. Finnegan then said he could only answer the question he was asked. The problem is if we are not given the information we cannot ask the questions. I will get to the point in a moment. Mr. Finnegan said there is one line in the report which said there may have been some difficulties. Does he not accept it would have been better at that meeting to say there were issues attached to the cost of €1.3 million and to draw our attention to page 3 of the document which sets them out? Perhaps then we would have been in a better position to ask questions. I was not aware at that meeting that issues arose concerning head height or major works that had to be done to fit the printer but Mr. Finnegan was aware of them. I think the Comptroller and Auditor General was aware of them. When there is a vacuum of information in a room, there is a difficulty. I put it to Mr. Finnegan that it would have been better at that meeting had he just said that as well as the €1.3 million, there are some difficulties he wanted to alert the committee to and that the

expenditure will form part of next year's budget. Does he not, first of all, accept that it would have been better at least?

**Mr. Peter Finnegan:** To go back to the discussion, like Deputy Cullinane, I have looked at the transcript as well. The exchange we had was very much around subhead 1(a) and the components of subhead 1(a). That is very much one's focus when one is answering questions. It is just the way it is for an Accounting Officer coming in to the committee. There was no intention on my part to withhold anything or anything like that.

**Deputy David Cullinane:** I am not trying to catch out Mr. Finnegan and I am not saying that he consciously or deliberately withheld information. I am just saying that for us to do our job, it would be better to tell us if there are major complications with a project. In this case, Mr. Finnegan was furnished with a report in December which we then read coincidentally in *The Irish Times* a week after he was before the committee. The timing was very coincidental but it happened to be a week after Mr. Finnegan was here that we read about it in *The Irish Times*. Mr. Finnegan specifically mentioned the cost of the printer. What I am saying is that it would have been better if he had said that in addition to the €1.3 million, there are potentially additional costs and he wanted to alert us to those and at least then that would have been on the public record.

**Mr. Peter Finnegan:** As I said, when one comes into the Committee of Public Accounts one tries to answer every question that one is asked. That is what I did on that day to the best of my ability. I had basically flagged this in the appropriation account. There was a note on the account regarding prepayments. That note was note 2.5. When any group of people are looking at accounts — there are a number of accountants here in the room today — the first thing they do is read the notes. That is the reality of it.

**Deputy David Cullinane:** I have it here. This is what it said.

**Mr. Peter Finnegan:** I answered everything to the best of my ability on the day.

**Deputy David Cullinane:** This is what it says, "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." It does not jump out that there was a major complication. The cost was €1.169 million. Mr. Finnegan had given me a cost of €1.3 million. It does not jump out at me, even with the benefit of hindsight, that that was resulting in a problem. What I am saying to Mr. Finnegan is not to catch him out or say he did anything wrong or purposely withheld information. We actually acknowledged that he is a very experienced and highly regarded civil servant. He is here as an Accounting Officer to answer questions. It would have been better had he just told us. He has now had to follow up with two separate reports to the Committee of Public Accounts. The second, which I will come to in a second, recognises and acknowledges a series of mistakes that were made. It would have been better had Mr. Finnegan told us. Does he at least accept that it would have been better had he alerted us to the potential problems?

**Mr. Peter Finnegan:** I answered every question as best I could on the day. That note reflects the level of knowledge we had. The date of the accounts is June 2018. There is a completely different level of knowledge about this project today. That note, in my view, accurately reflected where we were at based on my review of the documents, etc., that I had. That is all one can do as Accounting Officer.

**Deputy David Cullinane:** I am sorry but we will have to disagree on our interpretation. While there is a different degree of knowledge now, Mr. Finnegan had a very significant memo at his disposal in December, well in advance of his coming in to the committee. It set out that there were difficulties and challenges. Mr. Finnegan has given his view but I will finish with this topic by stating that it is my view he should have given us more information. He has his view. I will let the public decide who they believe is right on that one.

Let me move on to the business case for purchasing. On page 1 of the second report, Mr. Finnegan states the business case for purchasing is still sound. Does he stand over that?

**Mr. Peter Finnegan:** Would the Deputy mind repeating that?

**Deputy David Cullinane:** On page 2 of Mr. Finnegan's second report, he states that having analysed the print production statistics and the financial cost of the printing press, he is firmly of the opinion that the business case for purchasing it is still sound.

**Mr. Peter Finnegan:** All of the evidence that I have reviewed – I have reviewed an extensive amount over the past three weeks – suggests to me that the correct decision was made to purchase a Komori printing press.

**Deputy David Cullinane:** Here is the difference. The rationale for purchasing the printer was sound. Nobody here is disputing the rationale or need for the printer. He went into a lengthy discussion he had with some expert – I do not know who this person is. It is irrelevant and not material to this committee. I believe he said it was a good solid printing press. I am sure it is but it just did not fit. That is the problem. Regardless of that, on the second page Mr. Finnegan refers to lessons learned. Could he read for me the second lesson he says was learned?

**Mr. Peter Finnegan:** Does the Deputy want to read it himself?

**Deputy David Cullinane:** I can. It states business cases must include an estimate of the cost of ancillary works and items. To me, that is an acknowledgement that the business case did not include an estimate of the cost of ancillary works and items. One cannot say on one page that the business case for purchasing was sound and on the following page acknowledge that one of the lessons learned was that the business case did not include certain elements. Maybe Mr. Finnegan can enlighten me as to why that is the case.

**Mr. Peter Finnegan:** It is actually an issue of language. The reference to the business case on the first page essentially means the business proposition for the purchase of the printer. The arguments for purchasing it from a business point of view are still sound. The reference on the second page is to the specific matter of business cases that are part of our governance structure here.

**Deputy David Cullinane:** I am sorry but I am going to have to disagree with Mr. Finnegan again on this. The Comptroller and Auditor General educates us and has done so for a long time on the importance of business cases. One element of a business case is the rationale. The other element is that one lines up one's ducks and that everything is, as far as possible, anticipated. That certainly was not done in this situation because Mr. Finnegan went on to say and acknowledged that there were serious mistakes. It would be better in this report if Mr. Finnegan had said the rationale for the purchase was sound but that mistakes were made in relation to the business case.

Mr. Finnegan said there was a series of mistakes. This was glaringly absent in the first re-

port. In the first report, there was no reference at all to mistakes that were made. The second report states:

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.

I have no issue whatsoever with the view that the mistakes were honest. If honest mistakes are made and people put their hands up and say that made them, we have to accept that. There is human error but it took us an awful long time to get to an acknowledgement that serious mistakes were made. I would like to know, not the individual or even the department he or she works in, but whether the mistakes Mr. Finnegan states were made as a consequence of human error were made by the company selling the printer, the OPW or the people who were developing the business case? When Mr. Finnegan states there was human error and mistakes made, he at least has an obligation to tell us where they were made. In what area? Was it in procurement? In what area were the mistakes made? Was there a combination of different areas?

**Mr. Peter Finnegan:** Before I answer that, can I refer briefly to the Deputy's observation that it took a long time?

**Deputy David Cullinane:** Of course.

**Mr. Peter Finnegan:** The story broke in *The Irish Times* on the weekend of 23 and 24 November. On the Monday morning when I came into work, I sent an email to the clerk of the committee. I told him I was going to do a report and that I would aim to have it for the committee on the following Thursday, which was 28 November. On Monday, 25 November, Tuesday, 26 November, and Wednesday, 27 November, we basically collated all the information we could in that short period. I had a team of people working with me. They worked incredibly hard pulling together the report. The first report was based on the level of knowledge we had at that time. There were certain unanswered questions that I actually could not answer at that particular time. It was not that I did not want to answer them but I actually did not have the answers.

I obviously had more time to produce the second report. I went through as many of the emails as I possibly could. I had the opportunity to sit down and do a full debrief with particular individuals. I had the opportunity to have a telephone conversation with the managing director of Komori's Irish agent. A lot more went into that. The additional time I had reflects the difference between the two reports and why I was able to say a series of mistakes were made.

With regard to the mistakes, from the very beginning the first and fundamental mistake was the absence of architectural input on the evaluation team. That was absolutely critical. If we had had architectural input on the evaluation team, in my view the issue of head height would have been identified right at the very start. That, in turn, would have had an impact on the business case. The second recommendation I have is that the business cases must include an estimate of the cost of ancillary works and items. We would have had a truer cost for these works, which would have been incorporated in the business case.

The other issue relates to issues that arose during the course of the procurement process. Mistakes were made in terms of not picking up on the drawing that was submitted but, on the flip side of that, it would have been helpful had attention been drawn to that drawing by the

Oireachtas parties. There was just no sense of the head height issue and therefore the drawing did not trigger or ring any alarm bells. Other mistakes that were made included the fact that the statement in the RFT response was missed. That was a further mistake.

Unfortunately, in this project, as I said in my report, basically there was a series of mistakes. As the Deputy generously acknowledged, they were honest and human mistakes. That is what happens occasionally. It is regrettable that it does happen. However, as long as one has humans involved in a project, there is always the possibility of a human error. One just tries one's best to eliminate or to reduce that possibility as far as one can.

**Deputy David Cullinane:** I gave the Accounting Officer a lot of time to answer those two questions because it was important.

**Mr. Peter Finnegan:** I thank the Deputy.

**Deputy David Cullinane:** I welcome the answers I got. We said from the outset that nobody is blaming Mr. Finnegan as Accounting Officer.

**Mr. Peter Finnegan:** I appreciate that.

**Deputy David Cullinane:** Mistakes were obviously made. Those mistakes are now being acknowledged. I do have a view about what information should have been given at a previous meeting. As part of the commentary on this issue, there was a point made that somehow the staff in the printing presses were holding up progress with this printer going live because of pay. That is not my view. There are no issues with staff looking for extra money. No pay claims are being made by staff.

Mr. Finnegan mentioned the actual room. In the first report he gave the committee, he said it was due to go into printing room No. 1 but ended up in printing No. 2. He also mentioned earlier the pile turner. Will he confirm how this printer will work? Is it correct that the pile turner is in a different room?

**Mr. Peter Finnegan:** I do not know.

**Deputy David Cullinane:** I will actually educate you. It is a problem for us because you talked about health and safety.

This is a massive printer. The paper in the previous printers could be actually manually inputted into the machines. This cannot happen with this printer; a forklift needed.

**Chairman:** Will the Deputy explain this forklift?

**Deputy David Cullinane:** It goes in under the paper and lifts up the paper.

**Chairman:** Does a person walk with this?

**Deputy David Cullinane:** The person drives it.

**Chairman:** Is it on two or four wheels? Does one sit up on it?

**Deputy David Cullinane:** One either drives it or walks with it. I am not sure.

**Chairman:** As Chairman, I just want clarity.

**Deputy David Cullinane:** In any event, they would say it is a lift.

**Chairman:** There is something for lifting a pallet.

**Deputy David Cullinane:** There is a device that lifts the paper. It has to go into the front of the machine. It prints one side and comes out the other end. The person has to bring the lift over to the other side and load up the printer. They have to go out of room No. 1 into room No. 2 over to the pile turner. It then turns the paper back on to the lift again, back in and the process is repeated. To me, that is a bit complicated. It raises genuine health and safety concerns which staff would have. That is why I am making the point.

We need to be fair to the staff in the printing presses. There was some media commentary that there were issues regarding a pay claim for operating this printer. Will Mr. Finnegan dispel today that this is not the case? Is it correct that there is no additional pay claim being made by the staff for operating this printer? Is it correct that there are genuine health and safety concerns that the staff have about operating the machine and the tight space in the room in which the printer is located?

**Mr. Peter Finnegan:** I made inquiries about the forklift truck because when I heard that statement I was alarmed myself. I was told that there is no requirement for forklift trucks. A trolley is required. In actual fact, the trolley that is going to be used in connection with the new printer is slightly smaller than the trolley that was in use with the old printer. That is the information I have been given.

On health and safety issues, a range of issues are being addressed with our health and safety consultant. In addition to that, we are looking at the workflow issues in terms of the print unit. The information I have been given is that the report from the health and safety expert is due on Friday week, 20 December.

On the pay claim, on the basis of information I have been given, I am advised that on 12 November SIPTU wrote stating that following a general meeting with staff, it did not believe the current remuneration package is adequate to compensate members for the planned changes and wishes to enter into further negotiations. That is the most up-to-date position on that.

**Deputy Alan Farrell:** Will Mr. Finnegan provide a little more information to the question Deputy Cullinane asked about going out of one room and into another for turning purposes? It was not answered and it would be helpful to know.

**Mr. Peter Finnegan:** I am sorry I cannot answer that. I will get the Deputy an answer.

**Chairman:** I am concerned with some of what I have heard today.

One could almost interpret that it is in some way our fault for not asking the right questions. There is an innuendo that one answers questions but leaves it hanging that we did not ask the right questions. It might not be intentional but that feel has come out from what has been said.

I have some questions specifically about the accounts the committee discussed on 11 July.

Will Mr. Finnegan check the chart in section 9 of his report today?

**Mr. Peter Finnegan:** I have it.

**Chairman:** What is the total cost of the print facility equipment?

**Mr. Peter Finnegan:** The total cost, VAT inclusive, is €1.369 million.

**Chairman:** Now, let us go to the accounts presented to the committee. On page 17 of the appropriation account from the Houses of the Oireachtas Commission, included in prepayments for 2018 are capital equipment costs amounting to €1.793 million. It stated, “while purchased in 2018, they were not fully commissioned until 2019 as detailed below”. This involved print equipment, laptops and cameras. These were purchased in 2018. Does Mr. Finnegan accept his own words that they were purchased in 2018?

**Mr. Peter Finnegan:** They were purchased and not commissioned.

**Chairman:** Yes, they were purchased. That is why they are included. Does Mr. Finnegan accept that what was included in the prepayment was printing equipment that was purchased in 2018?

**Mr. Peter Finnegan:** Purchased. This basically is delayed delivery.

**Chairman:** We will come to that. I just want to clear the figures.

**Mr. Peter Finnegan:** Can I take the Chairman to the note above that? It states, “included in prepayments in 2018 are capital equipment costs amounting to €1.793 million which, while purchased in 2018, will not be fully commissioned until 2019”.

**Chairman:** Correct. There are three elements making up that figure, the biggest one which is in the next paragraph, the print equipment, €1.169 million.

**Mr. Peter Finnegan:** Correct.

**Chairman:** Is a reasonable person reading that entitled to believe that the print equipment purchased was €1.169 million which was purchased in 2018?

**Mr. Peter Finnegan:** It was purchased but not fully commissioned.

**Chairman:** We are not talking about the installation. I am only talking about the price, the figure in the accounts.

**Mr. Peter Finnegan:** No, to be honest, Chairman, I think I know what you are getting at.

**Chairman:** I will tell you what I am getting at. The chart you gave us a minute ago gave us a cost of €1.369 million.

I did not like the conversation I was hearing over the past few minutes. Mr. Finnegan is referring back to the prepayments note. The note states – which you gave to us but we did not query in detail – was that the print equipment had been purchased in 2018 at a cost of €1.169 million. In this chart, he is telling us the figure was €1.369 million, out by €200,000. It had been purchased. Accordingly, he knew the price. Why did he put in a figure of €1.169 million when the cost of the equipment purchased was €1.369 million? Will he explain the two figures to me?

**Mr. Peter Finnegan:** It is a valid question.

**Chairman:** I want a valid answer because I have had innuendoes about our questioning of this figure. There is a figure of €1.169 million in the account that Mr. Finnegan referred to a number of times. That is not the figure he has given us today for what was actually purchased. It is out by €200,000. That is the first point I am making. I thought we would conclude this matter today but I cannot allow that until we get an explanation for the difference of €200,000.

My second point is that Mr. Finnegan said they did not pursue that issue in greater detail. That was July. Print equipment was listed at €1.169 million: “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.” That is the month we were here. There is a reference there to €1.169 million. The figure Mr. Finnegan has given us today for completing all the works done, including the OPW work, is €2.02 million. That is an increase of 73%. I know he did not have the full figures for the €2 million in July but even if we had questioned that, we would only have been halfway to the figure.

The issue here is not that we did not pursue the accounts, and the accounts Mr. Finnegan produced refer to €1.169 million. The public now knows that the final cost, which was not known to Mr. Finnegan fully on the day, is €2.02 million. The figures being quoted here today, 12 December, have risen by 73% versus those that were quoted here on 11 July. They have gone up from €1.169 million to €2.02 million. That is the issue. There is no indication in that text that structural work is required. The phrase “upgrade of print room” indicates that a new printer is coming in. It looked a reasonable figure. There was no suggestion it required structural works to the extent that it did. The point is that figure is nowhere near the complete figure because Mr. Finnegan did not have it. It is not fair to say we did not pursue it. The figure is 73% higher today than was reported by Mr. Finnegan in July. That is where the public have the concern. There was a budget at the beginning and the Houses of the Oireachtas Service was within the budget at that point in time, according to this. However, as the year progressed what was indicated to be €1.169 million turned out to be €2.02 million when all the other work was done. That 73% increase is why the public is concerned. Does Mr. Finnegan get that?

**Mr. Peter Finnegan:** I do. May I respond to your points?

**Chairman:** Yes. Mr. Finnegan says it is our job to examine the accounts and that is what I am doing now.

**Mr. Peter Finnegan:** I accept that.

**Chairman:** We can talk about printing and everything else but we are talking about the accounts and that is why Mr. Finnegan is here.

**Mr. Peter Finnegan:** Just in terms of the difference between the figure that is in my report and the figure that was in the appropriation account, that is accounted for by two of the items which were not regarded as pre-payments. They come to a total of €123,000 and €78,000, respectively. That is the difference of €202,000 between those two figures. That explains it. I would respectfully point out that both the figure in my report and the figure in the note to the account are both correct.

**Chairman:** Given that Mr. Finnegan referred to pre-payments on the printing equipment and gives us the print facility equipment, it would have been helpful to include that in the note today, rather than us having to extract it. A reasonable person reading those figures will see €200,000 of a difference. If we did not extract that, we would be none the wiser and we might be accused of not asking the right question. It would have been helpful had that been explained. Regardless of that, the figure has gone from €1.69 million last July to €2.02 million today.

**Deputy David Cullinane:** If I can come in for ten seconds, what it states is, “Print Equipment - €1.169m - a delay in delivery and installing the printing equipment was due to a requirement [...] to upgrade the print room to meet health and safety standards.” At no point does it

state there that this will result in additional costs. That is the issue. If we had seen that, we would have asked. It appears as if there is no difficulty here. There is a delay in installing it but it does not say there will be additional costs.

**Chairman:** I am moving on to Deputy Connolly. Mr. Finnegan wants to come back in as well. Because there were a couple of references to the accounts presented and the questions being asked and not being asked, I am stopping the meeting at this point for this intervention, to compare what was in front of us then with what is in front of us now. There is a 73% increase. That is all I am saying. Mr. Finnegan need not go through it. The schedules explain the figure we are at today and we know where we were then.

**Mr. Peter Finnegan:** Okay. Just to explain as a point of information, the figure the Chair is quoting is €2.02 million. The figure that will ultimately be recorded in our accounts in respect of the upgrading work is €314,000. I am advised that figure will be reimbursed to the OPW in 2020. It will, therefore, feature in the 2020 appropriation account. The other figure that relates to the legacy works carried out by the OPW is on page 10. That is €221,000 and is paid from the Vote of the Office of Public Works, not the Vote of the Houses of the Oireachtas Service.

**Chairman:** The taxpayer is still paying for it.

**Mr. Peter Finnegan:** I accept that, but just in terms of accountancy-----

**Chairman:** Just to clarify the point, why was the €200,000 not in the pre-payments note?

**Mr. Peter Finnegan:** Because the equipment was basically purchased and it was in use. That is my understanding.

**Chairman:** In other words, Mr. Finnegan is telling us that the folding machine and the guillotine worked with the old machine and they will now work with the new machine.

**Mr. Peter Finnegan:** I think that is the case, yes. I will check that for the Chairman. The note basically records items that were purchased but not fully commissioned.

**Mr. Seamus McCarthy:** Not available for use is the expectation for recognition of a capital asset.

**Chairman:** I understand that. Mr. Finnegan is saying the folding machine and guillotine were available for use.

**Mr. Peter Finnegan:** I think so, yes.

**Mr. Seamus McCarthy:** Whether they were used is not the point from an accounting perspective. It is that they were available for use. If they are not used and there is a waste of resource because it is under-utilised-----

**Chairman:** They would have depreciated, then, in that year if they were in the fixed assets.

**Mr. Seamus McCarthy:** They would have been subject to depreciation.

**Chairman:** Somebody might give us a note on that point as well. It is a small point but people are watching us carefully. I apologise to Deputy Connolly for cutting in.

**Deputy Catherine Connolly:** Mr. Finnegan is very welcome. Táim buíoch dó as ucht na dtuarascálacha. Tá siad cuimsitheach agus déanann an tUasal Finnegan a dhícheall na ceiste-

anna a fhreagairt. I welcome the two reports. He has greatly attempted to answer the questions and has certainly set out the issues in a short time. Whether we are happy with the responses is a slightly different issue. Someone in Galway asked me the total cost of the printer. Can Mr. Finnegan just give that to me?

**Mr. Peter Finnegan:** For the printing press?

**Deputy Catherine Connolly:** Yes, the printing press with all the additions - €1,798,818 inclusive of VAT. Is that correct? It is on page 9 of the report.

**Mr. Peter Finnegan:** Correct. When everything is added in, to pick up on a point I noted the Deputy made when she was considering my first report, we had inadvertently left out the storage charge of €12,000. The other thing which we have included, to give an accurate picture, is the cost of outsourcing since this problem arose. We have included a figure of €100,000. A true cost of the equipment, the works, storage and outsourcing costs is approximately €1.8 million inclusive of VAT.

**Deputy Catherine Connolly:** €1.8 million.

**Mr. Peter Finnegan:** Yes.

**Deputy Catherine Connolly:** Is the outsourcing continuing?

**Mr. Peter Finnegan:** My understanding is that where required, it is continuing. The way the outsourcing works is that it is not something we like to do. We like to do as much work as we can in-house but where we do not have the capacity to meet the demand, we have to outsource and we have a contract in place for that.

**Deputy Catherine Connolly:** That is drawn down as it is needed.

**Mr. Peter Finnegan:** Yes.

**Deputy Catherine Connolly:** There are two separate outsourcing costs. One is outsourcing because of the debacle over the printing machine, or rather the mistakes over it.

**Mr. Peter Finnegan:** Mistakes, yes.

**Deputy Catherine Connolly:** The second outsourcing is on a needs basis, in addition to the printer.

**Mr. Peter Finnegan:** Correct, yes.

**Deputy Catherine Connolly:** There were two printers there, is that right?

**Mr. Peter Finnegan:** Yes. There were two Heidelberg printers. In 2004, to meet the printing needs, we purchased four Heidelberg printers. There were two two-colour printers and four four-colour printers. We replaced the two four-colour printers with one printer. We have literally gone from a four-printer operation to a one-printer printing press operation.

**Deputy Catherine Connolly:** At the moment, that is not operational so Mr. Finnegan is still reliant on the other four.

**Mr. Peter Finnegan:** We are reliant on one of the Heidelbergs because in July 2018, the second Heidelberg was traded in. The expectation at that stage was that it would be possible to

install the new Komori printing, so space was made-----

**Deputy Catherine Connolly:** How many machines are operational at the moment, and it is not the new one?

**Mr. Peter Finnegan:** One printing press is operating at the moment.

**Deputy Catherine Connolly:** That is the Heidelberg.

**Mr. Peter Finnegan:** That is the Heidelberg, yes.

**Deputy Catherine Connolly:** Mr. Finnegan made a point in his report that the Heidelberg was more expensive at the time. Is that one Heidelberg or four Heidelbergs?

**Mr. Peter Finnegan:** No. It was the suite of Heidelbergs that we needed. I used the plural in the report, printing presses, because we needed all of those presses to work together to deliver on the printing for us.

**Deputy Catherine Connolly:** Were all of those bought in the same year?

**Mr. Peter Finnegan:** They were, yes.

**Deputy Catherine Connolly:** In 2005 or 2004?

**Mr. Peter Finnegan:** In 2004.

**Deputy Catherine Connolly:** Mr. Finnegan is telling me that the overall cost of that, with all the accessories necessary to run it, was more expensive than the Komori, with all its accessories.

**Mr. Peter Finnegan:** It was, yes.

**Deputy Catherine Connolly:** What was the overall price in 2004?

**Mr. Peter Finnegan:** The cost of the Heidelbergs that were purchased in 2004 was €1.24 million. The cost of the construction works that were done at that time was approximately €1.14 million.

**Mr. Seamus McCarthy:** Is that VAT inclusive?

**Mr. Peter Finnegan:** Yes. Both are VAT inclusive. That is €2.38 million, so the cost was roughly €2.4 million in 2004.

**Deputy Catherine Connolly:** For four machines.

**Mr. Peter Finnegan:** For the four printing presses and the works that were required to accommodate those, yes.

**Deputy Catherine Connolly:** Mr. Finnegan made the point that they needed maintenance and repairs and, when he spoke earlier, he gave a figure of €45,000 for those in maintenance per year-----

**Mr. Peter Finnegan:** That was roughly the maintenance contract, yes.

**Deputy Catherine Connolly:** -----and €20,000 in spare parts.

**Mr. Peter Finnegan:** Yes.

**Deputy Catherine Connolly:** What was the lifespan of those machines?

**Mr. Peter Finnegan:** The Heidelbergs were bought in 2004, so when we did the business case they were 12 or 13 years old. At that stage, it was felt by the print people that they were coming towards the end of their life. They were fully-----

**Deputy Catherine Connolly:** I understand that, but what was the lifespan when they were bought? Does anybody know that?

**Mr. Peter Finnegan:** I would have to check that for the Deputy.

**Deputy Catherine Connolly:** What is the lifespan of the Komori?

**Mr. Peter Finnegan:** The expectation is that it is somewhere between 12 and 15 years.

**Deputy Catherine Connolly:** Will there be ongoing maintenance and repair costs?

**Mr. Peter Finnegan:** There are, yes.

**Deputy Catherine Connolly:** Are they built into this cost?

**Mr. Peter Finnegan:** The maintenance costs are separate. There is no maintenance charge in the first two years. I think in year 3 it is €16,000, €21,000 in year 4 and €25,000 in year 5. Those figures are VAT exclusive.

**Deputy Catherine Connolly:** We would need a breakdown of those maintenance costs.

**Chairman:** Mr. Finnegan might send that on.

**Mr. Peter Finnegan:** I will provide that, yes.

**Deputy Catherine Connolly:** Mr. Finnegan spoke about lessons learned, which are outlined in the report, and the mistakes. What were the mistakes? I have read his report, and I have thanked him for it. I see the eight key lessons, which I welcome. What were the mistakes? Mr. Finnegan is saying that there is no denying that mistakes were made, and that they were honest mistakes. I accept all of that because mistakes are made, but it is where we go with those mistakes and how we deal with them. What mistakes were made?

**Mr. Peter Finnegan:** The biggest mistake was not having architectural expertise on the project.

**Deputy Catherine Connolly:** Mr. Finnegan would not have architectural experience at that point because he did not anticipate any problem with the printer.

**Mr. Peter Finnegan:** Looking back on it, and this is all with the benefit of hindsight, one would no longer make that assumption. If one is buying an asset, one at least needs to check if there is any architectural-----

**Deputy Catherine Connolly:** Regardless of the asset.

**Mr. Peter Finnegan:** I think one does. There was absolutely no sense with this machine that there was any need for architectural services. From speaking to the people, in their minds-----

**Deputy Catherine Connolly:** That is okay. I heard that earlier. What other mistakes were made?

**Mr. Peter Finnegan:** The second mistake was in terms of the format we use in our business cases. Again, the ancillary element needs to be built into business cases.

**Deputy Catherine Connolly:** I accept Mr. Finnegan's clarification. The business concept justifying the printer was sound but the actual business case was not sound in terms of the elements that were included in the business case.

**Mr. Peter Finnegan:** Correct, and the formal document that we use, the template of format for that document.

**Deputy Catherine Connolly:** Did any other mistakes jump out at Mr. Finnegan, so to speak?

**Mr. Peter Finnegan:** The other one is in terms of how we report on projects. Looking back on it, the management board-----

**Deputy Catherine Connolly:** Mr. Finnegan is calling them the management board. Is that the management committee?

**Mr. Peter Finnegan:** The management committee, yes. The management board approved the purchase of the printing press in November 2017 and did not consider any progress reports on it.

**Deputy Catherine Connolly:** After that.

**Mr. Peter Finnegan:** After that, yes.

**Deputy Catherine Connolly:** That is a fundamental mistake.

**Mr. Peter Finnegan:** That is a fundamental issue. There needs to be much better oversight.

**Deputy Catherine Connolly:** Were there any other mistakes?

**Mr. Peter Finnegan:** The second point, to go back to the architectural piece-----

**Deputy Catherine Connolly:** I am on four mistakes. Mr. Finnegan is going back to the first one.

**Mr. Peter Finnegan:** No. In terms of the mistakes-lessons learned, the flip side-----

**Deputy Catherine Connolly:** I see the lessons learned. I am more interested in the mistakes.

**Mr. Peter Finnegan:** In terms of the mistakes that were made, looking at it, I would not be happy that the project management of the project adhered to the best standards.

**Deputy Catherine Connolly:** Is there a new project management officer?

**Mr. Peter Finnegan:** We have done an extensive amount of project management training since this project took place. I am going to commission a full end-to-end review of project management methodologies in the organisation.

**Deputy Catherine Connolly:** Of all projects.

**Mr. Peter Finnegan:** Of all projects, yes. The way we do our projects is important.

**Deputy Catherine Connolly:** Were any other mistakes made?

**Mr. Peter Finnegan:** The other issue is around risk, and this goes back to 2017. Things have developed since then but with a project like this which, in a sense, goes off the rails and incurs significant extra costs, we should be getting something through our risk management process.

**Deputy Catherine Connolly:** Absolutely.

**Mr. Peter Finnegan:** That did not happen at the time. That is something we have to make sure never happens again.

**Deputy Catherine Connolly:** Did Mr. Finnegan identify where that breakdown happened?

**Mr. Peter Finnegan:** I believe it was the manner in which it was communicated. We had a risk register at the time but it was never put on the risk register. If I may briefly explain, we have done a lot since then. We appointed a chief risk officer last year. Ms Máirín Devlin fulfils that role. We have a new draft risk management strategy, a risk management framework, that has been to our audit committee. That will be formally adopted in the first part of next year.

**Deputy Catherine Connolly:** I accept Mr. Finnegan has made changes-----

**Mr. Peter Finnegan:** Yes.

**Deputy Catherine Connolly:** -----but he might allow me to stay with this for a minute because I lose my train of thought. I appreciate that Mr. Finnegan has made changes. In his first report, he clearly identified, and we all marked it, that he had not enough information. I wrote down the word “key” in terms of the note from Komori not being picked up.

**Mr. Peter Finnegan:** Correct.

**Deputy Catherine Connolly:** Mr. Finnegan then went back and did the report before us now.

**Mr. Peter Finnegan:** Yes.

**Deputy Catherine Connolly:** In this report, Mr. Finnegan states that it was not picked up by the evaluation team. When I look at the procurement evaluation team I see there is an external procurement consultant on board, a project manager and a print facility person on the board. I am not sure why head of communications is on it but I might be misinterpreting-----

**Mr. Peter Finnegan:** It is because the head of communications at the time was the project sponsor.

**Deputy Catherine Connolly:** I see.

**Mr. Peter Finnegan:** The head of communications had responsibility for the print unit.

**Deputy Catherine Connolly:** In terms of expertise, I refer to the external procurement consultant and the print manager. The external procurement consultant in particular came in with expertise. What were the members of the team paid for that role? How did they not pick

up on this?

**Mr. Peter Finnegan:** I simply do not know. I have looked at the request for tender documents. The note underneath the table is clear to me but it just was not picked up by the team. I can only surmise that it may have been the fact that there was one respondent. This was the only tender on the table. I am just surmising that.

**Deputy Catherine Connolly:** There would be no need for many of the changes if this team had picked up on that.

**Mr. Peter Finnegan:** I agree.

**Deputy Catherine Connolly:** Is that right?

**Mr. Peter Finnegan:** Absolutely, yes.

**Deputy Catherine Connolly:** However, they did not.

**Mr. Peter Finnegan:** No.

**Deputy Catherine Connolly:** Regarding Komori, how many site visits did they make?

**Mr. Peter Finnegan:** They made a number of site visits, three or four. I would have to get the Deputy-----

**Deputy Catherine Connolly:** That is okay, but they made more than one.

**Mr. Peter Finnegan:** They did, yes.

**Deputy Catherine Connolly:** They made one before the process.

**Mr. Peter Finnegan:** As I said in my opening statement, there were site visits during the actual-----

**Deputy Catherine Connolly:** I saw that but Komori was not mentioned in particular. Mr. Finnegan might clarify when they came.

**Mr. Peter Finnegan:** Yes.

**Deputy Catherine Connolly:** Did anyone tell Komori that the responsibility was theirs, that they were giving us a very expensive asset and it was up to them to check it? As I understand, many other companies - Xerox and others - come and check them. Did anyone say that?

**Mr. Peter Finnegan:** I did. I spoke to the managing director of their Irish agent. On Friday, I had a 30-minute conversation with him. I explained to him that I wanted to speak to him, that I was likely to be giving evidence before the Committee of Public Accounts. I put all of this to him. I said to him that when one stands back and looks at this evidence, the company ticked a box and put a note underneath it. There were site visits, there were drawings submitted of it, and there were measurements taken.

**Deputy Catherine Connolly:** They made a number of visits. They were there.

**Mr. Peter Finnegan:** They did.

**Deputy Catherine Connolly:** They saw exactly.

**Mr. Peter Finnegan:** Yes.

**Deputy Catherine Connolly:** In fact, Mr. Finnegan's note here states, "On 21 May ... the issue of head-height was discussed between the Oireachtas and Komori and those present [including Komori] were satisfied that sufficient height was available". This is of concern. They were satisfied at that point, on 21 May. Mr. Finnegan's note continues, "particularly since 90% of the operational tasks could be undertaken from the lower platform". First, Komori is saying it is okay. Everyone is agreeing that they are buying a very expensive machine but they will not worry about 10% of the operation.

**Mr. Peter Finnegan:** I do not disagree with anything the Deputy has said. I found it extraordinary.

**Deputy Catherine Connolly:** The Chairman is stopping me, I am afraid. My last point is in relation to this expensive machine. Was the training of the staff included in the business case and costed?

**Mr. Peter Finnegan:** Yes.

**Deputy Catherine Connolly:** Last, the printer is of a high specification and it can do wonderful things, not just in black and white. Are there other possibilities for its use?

**Mr. Peter Finnegan:** Definitely. As I said in my opening remarks, it is a very versatile machine. It is a well-built machine and there are other possibilities. What I would like to do is get the machine installed, get it operating, get six months to bed it down and then look at the other possibilities. In the public sector, we do an awful lot of printing and that machine is capable of doing certainly some of that printing. We can optimise the value of that machine.

**Chairman:** Okay.

**Deputy Catherine Connolly:** I do not want any more questions, but on the external consultant Mr. Finnegan might just take a note.

**Mr. Peter Finnegan:** I will.

**Deputy Catherine Connolly:** I would like to know.

**Mr. Peter Finnegan:** Absolutely.

**Chairman:** I thank Deputy Connolly. Deputy Cassells.

**Deputy Shane Cassells:** I welcome Mr. Finnegan. I want to pick up on that point. The area I want to touch on is the role of Komori in all of this. We have had an extensive discussion of nearly two hours and we have not really mentioned the role of Komori. Given the detail that has been provided by Mr. Finnegan on that site visit on 21 May 2018 by its representatives, including the managing director, the project director and the managing director of its Irish agent, to the print facility at Kildare House and given that height was specifically discussed and that from the evidence available to Mr. Finnegan everyone expressed satisfaction with the head height, has there been any admission of liability on behalf of Komori in respect of this in terms of the conversations that have taken place? As a follow-up question, from the legal point of view for the Houses of the Oireachtas, has that avenue been explored given that three of the senior staff within that company expressed satisfaction that everything was okay with the dimensions of the room in their physical site visit, leaving aside the drawings?

**Mr. Peter Finnegan:** Okay. Yes. I suppose the - I am sorry, I am after losing my train of thought. Would the Deputy mind repeating his question?

**Deputy Shane Cassells:** There are two parts to it. One is an admission of liability by Komori in respect of this, given that its representatives conducted a site visit and expressed at least satisfaction or did not even indicate that there were any problems from that. Two, has that been followed up? Given that Mr. Finnegan has had discussions with the managing director, MD, of the Irish agent, has Mr. Finnegan explored whether there are legal avenues open to the Oireachtas in that context given that it is such a capital asset and that the company had staff on the ground examining the area in which it would be placed?

**Mr. Peter Finnegan:** In the conversation I had with the managing director, I said to him that when one looks at the paperwork for this, this does not look good. I asked him to look at the facts of it. His position is, as he stated back to me in response, that from his point of view, his company flagged the fact that there was limited head height in the tender response, that the company sent a drawing to us also and that, ultimately, as a company, it would take the view of the available height, which it said was 2.85 m, that it would have installed printing presses in printing works at and below that height. He said to me that, as a company, Komori would take the view - he was careful to stipulate that he is only the agent and that I would need to speak to the managing director of Komori itself - that if the customer was happy, Komori would supply the machine and that the legal obligation would be on the customer. I went back and I checked that with our legal people. Our legal people advised me that given the warnings, given the fact that there was limited head height, and given the fact that the drawings were sent in etc., we would not be in a position to argue that Komori breached its contract. That, unfortunately, is the reality.

I am exploring other avenues in terms of speaking to our legal advisers to see if there is a possibility that we would set out in writing what happened, the concerns, how we feel the procurement and the provision of the machine were dealt with, and whether they would be prepared on an *ex gratia* basis to make some contribution or gesture to the Houses of the Oireachtas in respect of this machine. That is something I am pursuing.

**Deputy Shane Cassells:** Is that a definitive line for us now that we are going to do that?

**Mr. Peter Finnegan:** I am doing that, yes.

**Deputy Shane Cassells:** In terms of that site visit, I refer to the difference in the use of language between limited head height as opposed to a determination that it would be inoperable if the dimensions of the room had stayed the same. Has it been determined that it would have been inoperable had the dimensions of the room stayed the same?

**Mr. Peter Finnegan:** On health and safety grounds, that machine could not have been operated had those works not been done. We would be in an even worse position because we would have a machine that was fully installed, the machine would have to have been removed from the print unit, and we would have had to do those works.

**Deputy Shane Cassells:** On the areas that Mr. Finnegan explored in respect of looking at the 2004 works that were conducted for the previous printing machine as opposed to now, he alluded to the fact that the Oireachtas project team had no sense of the need for the works given that there was no one with architectural experience on the team. Had they examined that previous piece of work in 2004 given that substantial works had to be done as well to complement

the installation of machines at that point? If they did so, what was costed in terms of work? Was there anything costed for this particular work prior to the issues emanating? Beyond the removal of door frames, was there any substantial work costed for the original piece?

**Mr. Peter Finnegan:** On the 2004 works, essentially, what happened in 2004 was we moved from a situation where we had four printing operations in the Houses of the Oireachtas - each party had its own printing operation - and there was a decision taken at the time that there should be a centralised printing operation. The decision, ultimately, was of 2007. The machines were moved from their old locations around Leinster House - they were in different locations - and we did the works in Kildare House that are there today. The print unit that we have at the moment is, I suppose, specifically geared towards printing and that is where the costs arose.

**Deputy Shane Cassells:** Was that 2004 report referenced when they were preparing for this?

**Mr. Peter Finnegan:** No, it was not. I asked colleagues from the OPW if they could get the papers because I did not have copies of the papers within the Oireachtas. That is where I got the information.

**Deputy Shane Cassells:** What was the anticipated ancillary works starting off? When the original contracts were signed, was there anything anticipated beyond the installation?

**Mr. Peter Finnegan:** The thinking at the time was that there would be minor works done. There was certainly removal of door frames. There were other bits of works. I think there was reference to a wall needing to be knocked. Presumably, there were mechanical and electrical works that would have been required but that was what was anticipated as to what the requirements would be.

**Deputy Shane Cassells:** In terms of the series of mistakes that obviously caused matters to spiral, the fact that no one involved had architectural expertise has been identified by Mr. Finnegan as key. With regard to the 30 May phone call or email that he referenced in terms of the facilities unit contacting the OPW to say that the contract had been agreed, was that the first contact between the Houses of the Oireachtas and the OPW?

**Mr. Peter Finnegan:** It is the first contact I can find. I am working on the basis that it was, yes.

**Deputy Shane Cassells:** In terms of the sequencing thereafter and in the context of the human errors, I suppose the root cause of the problem stems from that. Which mistakes would Mr. Finnegan identify as being the most serious after that?

**Mr. Peter Finnegan:** I suppose the general failure to pick up on head height. Maybe I am being a bit harsh.

**Deputy Shane Cassells:** On the note from Komori to the Houses of the Oireachtas that was missed, did the entire evaluation team miss that or was it sent to an individual?

**Mr. Peter Finnegan:** Is the Deputy referring to the missed note in the RFT?

**Deputy Shane Cassells:** Yes.

**Mr. Peter Finnegan:** The entire team missed it. That is the puzzling thing about it. I cannot explain it but that is what happened. I have asked two of the people that were present on the

day and they did not realise it was there until this issue arose. They pulled out the RFT, looked at it and saw that note. It was a major oversight.

**Deputy Shane Cassells:** In terms of the admission of the significance of that in retrospect, have they admitted that would have been a serious flagging in terms of helping this process? Did they acknowledge it then? Again, I ask this from the point of view of whether they had the expertise. If they had seen that and referenced it, and had it not been missed, would the people involved have had the expertise to realise the importance of what was being flagged?

**Mr. Peter Finnegan:** No, that is the pity about it. There was absolutely no sense whatsoever that height was an issue. Even if they had seen that note - this is just my own opinion but it is based on the general conversations I have had over the past number of weeks - I think they still would have gone ahead with it. It was just a major blind spot and that is what comes across time and time again, no matter where I look and who I speak to on this project. I am really sorry about the way this project worked out but there was just a big mistake made. It was human error. That is all I can say.

**Deputy Alan Farrell:** Good afternoon to Mr. McCarthy and Mr. Finnegan. I thank them and the other witnesses for coming in. Earlier, Mr. Finnegan said that the evaluation team “missed the statement on the bottom of the page, which said that the head height was limited.” He later agreed that a reasonable person reading accounts should read the notes first.

**Mr. Peter Finnegan:** Yes.

**Deputy Alan Farrell:** He has just stated that the entire team missed it.

**Mr. Peter Finnegan:** Yes.

**Deputy Alan Farrell:** It is in the context of the conversation the Chairman had with him that I raise those issues.

**Mr. Peter Finnegan:** I accept that.

**Deputy Alan Farrell:** These are his own words to this committee, which I appreciate the Chairman taking the time to highlight. I did not appreciate it either. In fairness to Mr. Finnegan, he said at the start that it is a privilege for him to come before this committee.

**Mr. Peter Finnegan:** It is, yes.

**Deputy Alan Farrell:** It is a privilege for me to sit on this side of the table, so we all have privilege in our positions here. It is important that we justify that privilege in the context of the questions and the answers and how they are asked and answered. That is something I would like to say at the start and it is not a question.

**Mr. Peter Finnegan:** Can I-----

**Deputy Alan Farrell:** It is not a question. Does Mr. Finnegan believe that, in the context of something so important to the Houses of the Oireachtas and to Members, getting one tender back was sufficient? I have not read in any of Mr. Finnegan’s statements or in his two reports that he went directly to printing firms and asked whether they wanted to look at this tender, when he only got one tender back. He stated under questioning that he went to European companies. As Komori is a Japanese firm, I presume it has an office somewhere here. My point is that for something so significant, did Mr. Finnegan not think to go, or did he not go, directly to

firms and ask whether they had machines which would be suitable in the context of the tender?

**Mr. Peter Finnegan:** The way the tendering system worked was that there were market soundings done and people were invited in.

**Deputy Alan Farrell:** What does that mean?

**Mr. Peter Finnegan:** Market soundings is an exercise in procurement where potential suppliers come in, discuss what they have to offer and get a sense of what is required. In the case of the printing unit, they would have a sense of what the printing unit looks like. This is done with a view to assisting in the procurement process and the specification of what is required.

**Deputy Alan Farrell:** On foot of those soundings, the Houses still only got one tender back.

**Mr. Peter Finnegan:** Ultimately, we did, yes.

**Deputy Alan Farrell:** Is Mr. Finnegan aware of how many other firms gave consideration to this tender? Were they in touch during those soundings?

**Mr. Peter Finnegan:** There were 12 companies.

**Deputy Alan Farrell:** How many of those, in his opinion or to his knowledge, were almost ready to make their products available or were close to doing so but ultimately did not? Did any inform him as to why they did not make them available?

**Mr. Peter Finnegan:** One of the big issues was the timeline and the ability to supply the printer within the time specification that was required. That was definitely a big issue.

**Deputy Alan Farrell:** Why was the timeline so significant?

**Mr. Peter Finnegan:** There are a number of things. First, we went out to tender in March and we had a requirement to install the printer over the summer because, obviously, the summer is a quiet time in the printing facility.

**Deputy Alan Farrell:** I get where Mr. Finnegan is going. Was there something wrong with the other machines? Were they not capable of running for another 12 months, notwithstanding Mr. Finnegan's point about cost?

**Mr. Peter Finnegan:** Is the Deputy referring to the Heidelbergs?

**Deputy Alan Farrell:** Yes.

**Mr. Peter Finnegan:** They probably could have been run for another 12 months. I do not see any reason or nobody has said to me why they could not.

**Deputy Alan Farrell:** Hindsight is wonderful and I accept that. Another member asked if this process was rushed. I feel that it was and that it was rushed unnecessarily. I appreciate that there were escalating costs but, ultimately, I feel the process was rushed and it was an unnecessary rush. Notwithstanding his two reports and the apology contained within them - and the lessons learned, which are very important - the installation was not considered in the context of cost, to paraphrase Mr. Finnegan. For example, on the costs relating to the air condition unit, the machine was supposed to be installed in one room but it ended up in another. I presume that was due to its size. What I would like to know is whether the air conditioning was not already

present. Was this an upgrade? Was it necessary because of the machine or was it due to happen in any event? I direct that question to Mr. Cahill.

**Mr. John Cahill:** The original ask to us was to remove a partition between rooms 3 and 4 in order to make one larger room and fit it in there. Komori was responsible for the installation and gave us a drawing of how that would fit and what needed to be taken down to do that. In the context of the area we are talking about, when we talk about structure, it is not the structure of the building, it is all the structure which went in in 2004, which holds all the plant above it and allows access to the air conditioning, which my colleague, Jim O'Sullivan, can talk about. It is about the amount of air conditioning because these machines produce heat and there is a need for fresh air and all the rest of it.

**Deputy Alan Farrell:** I am familiar with that.

**Mr. John Cahill:** What we are talking about is that, when dealing with a room, it is all there. It is only when the ceiling is lifted that all of the plant that is above that needs to be connected, and that is a follow-on cost. Once it was lifted, then we could see-----

**Deputy Alan Farrell:** It was in the process of providing additional space.

**Mr. John Cahill:** Exactly.

**Deputy Alan Farrell:** In the process of providing additional space, further costs were incurred because everything had to be removed to provide extra headroom. With regard to the pile turner, rooms 3 and 4 were amalgamated to become one room. Is that correct?

**Mr. John Cahill:** Yes.

**Deputy Alan Farrell:** Are we talking about a free-flowing room or about a doorway or passageway from one room to the other, or is it just open?

**Mr. John Cahill:** The partition was taken down.

**Deputy Alan Farrell:** So it is one room.

**Mr. John Cahill:** As Mr. Finnegan said, it was assumed that this machine was just going in in September. The partition was taken down to allow for that.

**Deputy Alan Farrell:** The process of turning the printed page or flipping it and putting it back into the machine involves using a trolley, not a forklift. I am familiar with the two types of trolleys. Is a mechanised or non-mechanised trolley used?

**Mr. John Cahill:** I cannot answer that. I do not know. I would have to get that information for the Deputy.

**Deputy Alan Farrell:** Either way, a relatively small trolley lifts paper, turns it around and places it in the machine.

**Mr. Jim O'Sullivan:** There is a half a tonne of paper involved here. The load is half a tonne.

**Deputy Alan Farrell:** I am very familiar with this, believe it or not, from one of my previous jobs. To address the health and safety aspect, which will be part of the assessment that will be made available to Mr. Finnegan on 20 December, I would like to understand this particular

process. Unless the machine is dramatically faster than the older machine, that process will surely slow down everything because there is a cost associated with the time it takes to walk around the room.

**Mr. Peter Finnegan:** The information given to me is that this machine is dramatically faster.

**Deputy Alan Farrell:** Once it beds in after the six-month period to which Mr. Finnegan referred, it will be interesting to get feedback on that because-----

**Mr. Peter Finnegan:** I would be very happy to-----

**Deputy Alan Farrell:** -----that process takes time and costs money.

I am puzzled as to why the associated outsourcing costs of printing feature in Mr. Finnegan's report. I am puzzled as to why these have been bandied around as a total figure. The Heidelberg presses are still working. Is that correct? Are they still in operation?

**Mr. Peter Finnegan:** There is one Heidelberg machine, whereas previously there were two Heidebergs.

**Chairman:** Is that because one of them had to be taken out of room three or room four?

**Mr. Peter Finnegan:** Yes, in preparation for the new printer.

**Deputy Alan Farrell:** The cost of maintaining the Members' print jobs within a reasonable turnover time - which is not the case at the moment but we will not dwell on that - meant that jobs had to be outsourced to a third-party printer.

**Mr. Peter Finnegan:** That is correct, yes.

**Deputy Alan Farrell:** That is fine. I now have clarity that it is a direct cost.

**Mr. Peter Finnegan:** The emphasis all the time is on maintaining the quality of the service and the turnaround time. The service level agreements stipulate certain turnaround times. They would be adhered to pretty rigidly by the print unit.

**Deputy Alan Farrell:** As Mr. Finnegan is their boss, I would like to say that the printing staff do a fantastic job. They really do. I can never fault them. They produce a quality product. Deputy Cullinane has said that also and I repeat that point. It will be a very interesting exercise for us to review the whole process once this printer is up and running.

**Mr. Peter Finnegan:** Yes.

**Deputy Alan Farrell:** I understand the industry a little in the sense that there are certain associated costs that escalate with an older printer. The current printer is 14 or 15 years old and was probably designed four or five years prior to purchase. It is, therefore, 20 year old technology and quite old. I suspect there will be long-term cost savings. I would like the committee to receive a projection cost for the printer versus the operating cost of an inferior printer. That will be difficult to do because only one quote was received. However, there are other machines out there.

I understand where Mr. Finnegan is coming from in relation to his previous appearance before this committee. I understand that he has an account of what happened and members have been provided that account. The Comptroller and Auditor General does his thing with his office

and, ultimately, members of the committee ask questions. I will highlight the point made by the Chairman, which is a worthy one, that there are only two accountants on this committee, both of whom happen to be chartered accountants. This makes life interesting for Secretaries General and other Departments. It is important that when we ask a question the witness answers the question to the best of his or her ability and in his or her words, and that he or she could sometimes provide us with a bit more information. I think that in July, when Mr. Finnegan appeared before the committee, he knew some of what he knows now and, notwithstanding the fact that the note was missed, there were additional costs that were not included in the account to the reader. I know Mr. Finnegan has said these were provided further down in the notes and the Comptroller and Auditor General has confirmed that. Pulling everything together and providing the committee with as much information as possible is absolutely critical when a witness comes before us. I thank Mr. Finnegan.

After the other members have spoken, it would be interesting to hear the Comptroller and Auditor General's view. I ask Mr. McCarthy to forgive me as I was not present during the previous hearing and did not hear his commentary. I would be interested to know, on foot of today's meeting, what are his views.

**Mr. Seamus McCarthy:** The information we were aware of was that there was a delay in bringing the asset into use. We were aware of that. It was a charge in the 2018 account. We were aware that there was a problem. Our understanding of it was that it was a health and safety consideration in relation to the capacity of the floor to carry the machine. We were not at all aware of an issue with head height. When there was any reference to structural works we presumed it was strengthening a floor. We would have received the financial statements at the end of March. I reviewed them in May and that was the first I heard that there was an issue around a recognition of a capital asset. The team had been already talking to the Houses of the Oireachtas about whether it was appropriate to recognise capital assets. We felt it was not and we said that assets that are not even on the premises cannot be recognised as assets on the balance sheet. We proposed a prepayments note to deal with a number of classes of assets. We were aware that there might be additional costs associated with the installation of the machine as a result of the floor strengthening, as we understood it, but it was inevitably going to be a 2019 expense. We were not thinking of it being a 2020 expense. Therefore, my feeling was that we will look back at this when we come to do the 2019 account and if at that stage there were something that is worth reporting, we would consider making a reference in the audit certificate. In fact, our first preference and expectation in a situation like this, where it is a relatively small-scale expenditure but with a weakness in controls and so on, would be that sufficient detail would be given in a note to the accounts to explain what had happened. Obviously, however, it was all overtaken by events. Without prejudice to whether I will report anything or encourage any further reporting in relation to the matter for 2019, it obviously has been very well ventilated here, which may mean that I do not need to draw further attention to it in the 2019 accounts or the 2020 accounts when they come to be presented.

**Deputy Alan Farrell:** I thank Mr. McCarthy.

**Mr. Peter Finnegan:** As I said earlier, I probably know 100 times more about this than I did at the start. My knowledge of what was going on was limited but one of the things that struck me when reading through the documents was the way this evolved over time. I would defer to my colleagues from the OPW, but one of the initial things that took up so much time was the whole load-bearing capacity of the floor. That was a very big issue in February, March and April of this year. When one looks at the history of the project, from the time the OPW

said there was actually more to this than we had thought at the time the works commenced, that was over the course of a year. A lot of works took place over that year. From looking at the documents, we can see that the floor was a big issue. The architect brought in Ove Arup, the structural engineers, to look at the floor. Now that the project is over, there appears to be clear dimensions to the project. During the course of the year, however, it was actually quite unclear at stages as to what was going on. That is just the way it was. That is just how the project unfolded, unfortunately.

**Chairman:** Mr. Cahill from the OPW might be able to answer my next question given that he referred to the load-bearing strength of the floor. What weight is this machine? The OPW must have had an idea, because that is what its calculations are based on.

**Mr. John Cahill:** We got that information. That was part of the process, though we were not involved in the procurement. Initially we were looking at the weight that would be coming down a ramp into what was formerly a car park. We then got drawings from Komori that showed the weight to be 16,800 kg.

**Chairman:** That is 16.8 tonnes, or nearly 17 tonnes.

**Mr. John Cahill:** Approximately 860 kg was going down onto the floor through each levelling foot that this was sitting on. The car park originally had a slope, but work was carried out in 2004 to level it, and the question was whether that was sufficient to take the load. That was the initial query our engineers had. They were looking at the loads coming in, the size of the boxes, whether they could come down the ramp and how to manage them and get them in. The next issue was whether there would be enough capacity on the floor when the machine was operating. It turned out we did and the load could be spread out, but we had to do that exercise to inform the amount of work that was needed.

**Chairman:** I asked about the weight of the machine, which is approximately 17 tonnes.

**Mr. John Cahill:** It is approximately 17,000 kg.

**Chairman:** Is that not 17 metric tonnes?

**Mr. John Cahill:** It is 17 metric tonnes.

**Deputy Kate O'Connell:** I refer to the Comptroller and Auditor General's previous comments. As a summary of what he said, would it be fair to say that Mr. Finnegan made no deliberate attempt to keep information from this committee in July of this year?

**Mr. Seamus McCarthy:** I have no sense that there was any intention in that respect.

**Deputy Kate O'Connell:** Is it also fair to say that all the information contained in both reports was within the accounts, just not presented in the format some members would have liked?

**Mr. Seamus McCarthy:** No. There was no indication that there would be building works even in the order of €200,000. That is not included in the financial statements.

**Deputy Kate O'Connell:** That was not included, but the component parts and the price of the machine itself were.

**Mr. Seamus McCarthy:** Yes. The fact that a significant investment was being made in

printing equipment-----

**Deputy Kate O'Connell:** Yes. We bought a big object that was very heavy.

I hope Mr. Finnegan can answer my next question. The printer comes with a two-year free service period from, I assume, the time it is commissioned. Does that period of free maintenance kick in when it is turned on and starts printing, or is it being used while the machine has been in storage?

**Mr. Peter Finnegan:** I think that is the case, but I will confirm that for the Deputy.

**Deputy Kate O'Connell:** It is very important.

**Mr. Peter Finnegan:** It is.

**Deputy Kate O'Connell:** It is important for this committee to find out when that period kicks in.

It is clear based on the information provided both today and previously that a new machine was needed. While the Heidelberg printing press could have gone on for another while, it is clear that the Houses would have needed a new machine at some point in the near future to fulfil our needs. I bring this up in respect of health matters all the time, but was leasing ever considered? I know from my own operations and the large Mitsubishi printing units I use for printing photos quickly and so on, that normal business practice is not to pay the costs up front, but to sign a lease agreement with maintenance included. That way, if the machine blows up, the company will provide another one. Was that option ever considered as part of the business case, or was it a clear-cut decision to buy a new machine?

**Mr. Peter Finnegan:** I think it was the latter. I do not think the leasing option was ever considered. That is another lesson. There are so many lessons from all of this for everyone involved. The other options apart from purchasing should be explored in business cases, and the calculations should be done to see what the bottom line would look like. At the end of the day, one is looking to get the very best value one can for the taxpayer.

**Deputy Kate O'Connell:** It is normal practice to lease items these days.

**Mr. Peter Finnegan:** It is, in commercial bodies.

**Deputy Kate O'Connell:** If this were a private company's books, it would not want this large figure coming out. Perhaps it is simpler when dealing with other people's money, those other people being the taxpayers. We have to be conscious of that in our decision-making in the future.

Mr. Finnegan mentioned that Komori ticked two boxes when it came to the height. Is there a legal basis for getting money back, given that Komori ticked those boxes? If height was not the company's issue, why did it send someone to the site? What is the point of a site visit? Is it about making friends, or looking at the dimensions of the room? I am not having a go at Mr. Finnegan. I am just wondering why anyone came out if he or she was not going to measure anything.

**Mr. Peter Finnegan:** I get the sense that someone visited the site to have a look at the environment in which the printer would be installed. Based on everything I have heard over the past number of weeks, printers such as this have been installed in private sector organisations

at and below that height-----

**Deputy Kate O’Connell:** Mr. Finnegan mentioned that.

**Mr. Peter Finnegan:** -----but that is not good enough for the public sector. We have to comply with health and safety-----

**Deputy Kate O’Connell:** I want to come back to that. Mr. Finnegan said that when this issue of liability was brought up, Komori said it had installed machines in rooms of 2.85 m or below.

**Mr. Peter Finnegan:** That is correct.

**Deputy Kate O’Connell:** Can Mr. Finnegan elaborate on that because it is probably important? Komori said it could fit it into another room that was 2.85 m in height. I assume we are all operating off the same measuring tape. What is Mr. Finnegan’s understanding of the distinct difference in the requirements between me buying such a machine for a private business and public sector workers doing the same?

**Mr. Peter Finnegan:** My understanding is that health and safety is a big issue for public sector employees.

**Deputy Kate O’Connell:** It is an issue for everybody.

**Mr. Peter Finnegan:** From what I have heard, the organisations that installed machines at or below 2.85 m did not have the same concerns for health and safety as we have. That is my understanding.

**Deputy Kate O’Connell:** Do we have a list of what those concerns were? Do they relate to people banging off a hot grid, or steam coming out of the machine?

**Mr. Peter Finnegan:** They are to do with head height when people are working.

**Deputy Kate O’Connell:** Is there a concern that people might bang their heads when climbing up ladders to put stuff into the printer?

**Mr. Peter Finnegan:** No. There are three levels on the machine. The top level requires a clearance of 2.1 m, so it is to do with the head height above the roof. There are all sorts of manual handling issues and so on relating to working on the top level. People would have to bend if they could not clear the ceiling.

**Deputy Kate O’Connell:** Do people use a cherry-picker style seat to work on the top tier?

**Mr. Peter Finnegan:** They stand on a platform. A diagram of the machine is on the screen. It is a bit difficult to read, but to the right of the screen, we have circled “1154 cross walkway” in red. That is the top height at which an operator can stand. A clearance of 2.1 m has to be left between that and the ceiling.

**Deputy Kate O’Connell:** In the public sector.

**Mr. Peter Finnegan:** Everywhere.

**Deputy Kate O’Connell:** Everywhere, but the public sector takes it more seriously. Is that it?

**Mr. Peter Finnegan:** I think that is it, genuinely.

**Deputy Kate O'Connell:** The public sector has to comply with the rules 100%.

**Mr. Peter Finnegan:** It is the right thing to do and we would always do that, no matter the issue. That is why we are carrying out the other works, because-----

**Deputy Kate O'Connell:** Is this an Irish thing or an international problem? Does Komori encounter the same issue when supplying elsewhere?

**Mr. Peter Finnegan:** It is a machinery directive.

**Deputy Kate O'Connell:** From the EU?

**Mr. Peter Finnegan:** It is an EU requirement, yes, but adherence to that requirement is another thing. Not everybody will adhere to that requirement. That seems to be the case. We, however, do.

**Deputy Kate O'Connell:** It is not up to Komori, the company which makes the machines, to adhere to the requirement.

**Mr. Peter Finnegan:** It is up to the employer.

**Deputy Kate O'Connell:** It is up to the employer. To summarise, in order to comply with health and safety rules, there was no choice but to increase the head height so that a person could stand or sit on the platform to operate the machine and do his or her job.

**Mr. Peter Finnegan:** We had no choice.

**Deputy Kate O'Connell:** People would otherwise have to crawl around.

**Mr. Peter Finnegan:** There was no choice unless people were to crawl around, yes.

**Mr. John Cahill:** May I add to that? The Deputy is talking about the 2.85 m. That became clear when Komori sent us its installation drawings. Komori was carrying out the installation. It sent a drawing showing areas it wanted removed so that the large pallets of machinery could be brought in. It also gave us a drawing indicating ceiling tiles to be removed. It believed there was----

**Deputy Kate O'Connell:** It was 350 mm, was it not?

**Mr. John Cahill:** -----350 mm of space above the tiles, but there is actually structure.

**Deputy Kate O'Connell:** Who told Komori there was 35 cm, or 350 mm as Mr. Cahill would say, of space above the false ceiling?

**Mr. Peter Finnegan:** To clarify, Komori asked a question about it and it was told that there was 35 cm of space.

**Deputy Kate O'Connell:** Who gave Komori that answer?

**Mr. Peter Finnegan:** I understand it was the print unit.

**Deputy Kate O'Connell:** Someone probably just popped a tile and put a measuring tape up there.

**Mr. Peter Finnegan:** To be honest, I believe that is what happened. That is the reality. Someone had a measuring stick and-----

**Deputy Kate O'Connell:** The plant, air conditioning and ventilation are held within the space above the false ceiling.

**Mr. John Cahill:** No, it is a structural deck which allows people to service all the plant. All of the air conditioning and so on is actually fixed to the structure of the building. This deck is a floor to allow people access. As we said before, there is an awful lot of plant up there. The deck allows safe service access to that plant.

**Mr. Jim O'Sullivan:** To answer the Deputy's question, there is a void there but the void has structure-----

**Deputy Kate O'Connell:** I really do understand this.

**Mr. Jim O'Sullivan:** The void has structure within it. It is not just space.

**Deputy Kate O'Connell:** This is on the basement floor. There is nothing beneath it. There is clearance of somewhat more than 2 m and then there is a false ceiling composed of foam tiles, above which there is 35 cm of space. What kind of plant fits into that 35 cm?

**Mr. Jim O'Sullivan:** There is structure there.

**Mr. John Cahill:** All the structure is there - steel and timber.

**Deputy Kate O'Connell:** It is the structure that holds up the next floor.

**Mr. Jim O'Sullivan:** Yes.

**Mr. John Cahill:** It holds up the access deck for servicing.

**Deputy Kate O'Connell:** Is the deck for servicing the air conditioning?

**Mr. Jim O'Sullivan:** Yes.

**Deputy Kate O'Connell:** Where is the big air conditioning unit, the spinny thing, located?

**Mr. John Cahill:** It is located above the deck. There is about 2 m head height above the deck. That is what has been lifted up in the drawing. One can see all the pieces lifted up, which provides the head height.

**Deputy Kate O'Connell:** Is that not for the whole building?

**Mr. John Cahill:** No.

**Deputy Kate O'Connell:** It is for that room.

**Mr. John Cahill:** It is a wholly separate structural floor.

**Deputy Kate O'Connell:** For that room.

**Mr. John Cahill:** It allows access. It has to take the load of anyone standing upon it. The service load is 1.5 kN.

**Deputy Kate O'Connell:** Is the stuff in this area to service the area immediately under-

neath it or in other parts of the building?

**Mr. John Cahill:** It mostly services the area underneath.

**Deputy Kate O'Connell:** So it services rooms 3 and 4.

**Mr. Jim O'Sullivan:** The ceiling has been lifted only in the area of the machine.

**Deputy Kate O'Connell:** It has been ramped up.

**Mr. Jim O'Sullivan:** Yes. It has been pushed up in the area of the machine.

**Deputy Kate O'Connell:** Perhaps I am not being clear. What is in that area? Is it just tubing and wires or is it the actual air conditioning unit?

**Mr. Jim O'Sullivan:** There is a floor above the print area.

**Deputy Kate O'Connell:** Does Mr. O'Sullivan mean a flat floor or a storey?

**Mr. Jim O'Sullivan:** There is a space there in which a lot of equipment, including ventilation equipment, is located.

**Deputy Kate O'Connell:** It is for the whole building.

**Mr. Jim O'Sullivan:** No, it is just for the print area.

**Deputy Kate O'Connell:** Did it have to be above it?

**Mr. Jim O'Sullivan:** There is air conditioning equipment on the floor of the print room itself but there is other equipment upstairs. There is a lot of plant for this.

**Deputy Kate O'Connell:** I can understand that but I do not see why it is required that it be above the print room. There is no reason to have it above it.

**Mr. Jim O'Sullivan:** That space was there because the area had originally been a double-height car park. It was opportune to put that equipment up there. Otherwise valuable space elsewhere would have to be taken up.

**Deputy Kate O'Connell:** Was lowering the floor ever considered?

**Mr. Jim O'Sullivan:** That would be a massive structural job.

**Deputy Kate O'Connell:** Was it considered? If something was being done to increase the load-bearing-----

**Mr. Jim O'Sullivan:** The space required is 400 mm to 500 mm. It would be very hard to find that in-----

**Deputy Kate O'Connell:** It is 40 cm.

**Mr. John Cahill:** I am sorry, I could not hear the Deputy.

**Mr. Jim O'Sullivan:** She is asking about taking down the floor.

**Deputy Kate O'Connell:** Could the floor have been brought down as opposed to going up? Could more ramps have been included?

**Mr. Jim O’Sullivan:** We would, perhaps, have steps.

**Deputy Kate O’Connell:** I would hope that if they are being put in, they are not being taken out. I will send the witnesses a note afterwards. I just wonder why the plant had to be directly above it. The first lesson learned is that one should have a specialist architect involved. I suggest that having someone who can measure would help. Is it the case that, despite all these teams and project managers, nobody was 100% in charge? Was that the problem? No one was responsible for the ultimate decision, checking that boxes were ticked, and checking the height. Nobody said that this was very expensive, very big or very heavy and asked to make sure things were 100% right before it was bought. Is it fair to say that is a failing in the system?

**Mr. Peter Finnegan:** I want to be really fair to the people who were in charge of the project because they are hard-working people who have done a lot for the organisation.

**Deputy Kate O’Connell:** I do not believe anyone deliberately did this.

**Mr. Peter Finnegan:** I understand that but they did not have the skill set for what they were trying to do. That is it. There is a difference between knowing a lot about printing and installing a printer. That is where the problem arose. Installing a printer can give rise to architectural, mechanical and electrical issues.

**Deputy Kate O’Connell:** Earlier, someone mentioned that we did not need certain parts of the machine. I just want to clarify that. There is a printing press; the plates, which make the design; the folding machines; and the guillotines, which cut. Even divided up, each of these parts is needed.

**Mr. Peter Finnegan:** Yes. Absolutely.

**Deputy Kate O’Connell:** Otherwise it would be like buying a car without bothering with a radio.

**Mr. Peter Finnegan:** Or a steering wheel.

**Deputy Kate O’Connell:** One would need that. With regard to the building works and the outsourcing, two round figures of €100,000 have been given. I am always suspicious of round figures like that.

**Mr. Peter Finnegan:** May I explain the outsourced element? In order to be absolutely fair and as transparent as possible, I took the outsourcing costs for this year and last year. In the previous year there had been an outsourcing charge of €8,000. I took that year, 2017, as a normal year. I then added the outsourcing costs for 2018 and 2019, which came to €116,000, and I took €16,000 away, based on the outsourcing costs for 2017. I believed that to be a fair figure.

**Deputy Kate O’Connell:** It is an estimate.

**Mr. Peter Finnegan:** Yes, it is an estimate.

**Deputy Kate O’Connell:** That is fine. Finally, there is precedent for this issue arising in respect of the previous machine. I, therefore, cannot understand this. Perhaps I am missing something. A great amount is involved. I am not arguing that. There is history in this regard as €1.14 million was spent on works in 2004 to allow for the delivery of four Heidelberg presses.

**Mr. Peter Finnegan:** We had to fit out a new printing unit. That is why the money was

spent.

**Deputy Kate O’Connell:** Is it fair to say that, although the business case for a new printer could be made, with regard to the constraints of the layout of these Houses, the location and cost of installation should be always considered in future?

**Mr. Peter Finnegan:** That is a significant lesson for us.

**Deputy Kate O’Connell:** With regard to proportionality, looking back to 2004, it is not unusual for such a massive amount to be required to install a machine because it is difficult to locate items in these buildings.

**Mr. Peter Finnegan:** They are difficult buildings to work with. We are doing our level best but what is required is new purpose-built accommodation for the Oireachtas. Now that we have completed the historic Leinster House project, that is something to which we will turn our attention in terms of planning and development.

**Deputy Kate O’Connell:** Is Kildare House a listed building?

**Mr. Peter Finnegan:** It is not, no. It is a 1960s office block.

**Deputy Kate O’Connell:** It is a bit like broadband in houses. It is trying to fit modern technology into-----

**Mr. Peter Finnegan:** It is trying to shoehorn stuff in.

**Deputy Kate O’Connell:** And there is a cost associated and difficulties.

**Mr. Peter Finnegan:** Unfortunately, there is.

**Deputy Kate O’Connell:** I thank Mr. Finnegan for his time today.

**Mr. Peter Finnegan:** I thank the Deputy.

**Deputy Kate O’Connell:** I thank him for answering the questions so honestly. I wish him the best of luck with this.

**Deputy Bobby Aylward:** I will not hold up the case on this. Mr. Finnegan has been asked every question possible and all of the questions I was going to ask but because it is so serious I want to add a few comments and questions. I will begin by saying I accept the business case. I am half a businessman myself and the Oireachtas did the right thing in purchasing the machine. There is no question about that. The public in general will accept the existing printers were old, they were reaching the age where they had to be decommissioned and the Oireachtas bought a new machine. Everyone accepts this and the reasons. Are there any recovery costs from the old machines? When the new machine is up and running will there be any moneys to be recovered from the old machines?

**Mr. Peter Finnegan:** As part of the contract we traded in the old machines and received €40,000 as a trade in. The new machine was €848,000 excluding VAT and we got €40,000 for the old machines so we paid €808,000.

**Deputy Bobby Aylward:** Was that for the two existing machines?

**Mr. Peter Finnegan:** We traded in the two machines and my understanding is the value was

€40,000 in total.

**Deputy Bobby Aylward:** For some reason this case has caught the public imagination. I do not know why. It is probably because of the national children's hospital and broadband. There is a general feeling out there in the public. This is a general feeling I am getting as a politician, that politics, politicians, civil servants and public servants are playing with taxpayers' money and they do not take accountability. This is the general feeling out there. This is another comedy of errors that is happening, whether in Dublin or wherever, and people are very angry over it. They are angry because we have a housing crisis, a trolley crisis and a health crisis and they see what they feel is a waste of money. I hear it myself at meetings in my area. They see it as a waste of money with no accountability. I do not want anyone's head to roll but there must be lessons learned and there must be responsibility taken for it. Mr. Finnegan named out a litany of people and various bodies involved in this over the past two years but it happened again.

I know Mr. Finnegan said there should have been an architect giving advice and that it was a mistake by someone that an architect was not brought in at the beginning. An architect had to be brought in later. I have several questions I want to ask for the public. How much does Mr. Finnegan feel could have been saved if an architect had been involved at the beginning? We hear different figures. We have heard €1.169 million, €1.369 million, €2 million and now that the OPW is involved it has gone to €2.5 million. There were figures of €1.169 million and €1.369 million at the beginning and now it has gone to €2.5 million. This is what people see and they ask how someone can stand over this type of an increase with all of the different things that went wrong. Will Mr. Finnegan show where we could have saved that money that was spent because of the mistakes that were made?

**Mr. Peter Finnegan:** Before I deal with that directly I will comment on Deputy Aylward's opening remarks. I understand the public anger over this. It is a matter of deep personal regret that it happened. We speak about accountability and as the head of this organisation I am here today to account and answer every question I can. I have tried to help in every way possible in terms of preparing reports and being transparent about the process, but I genuinely understand public anger. I have heard it myself. It is an awful lot of money. There is a perception, and it is correct, that the project was not well managed and nobody can deny this.

In terms of what would have happened had this project run according to plan, let me make the assumption, if I may, that the Komori printing press is the correct machine. I have no evidence whatsoever that it is not so I will make this assumption. An architect would have been brought in on day one. The architect would have advised the project team that a machine of the type it was purchasing would require significant architectural works. The cost of those works would have been very similar to the costs that turned out. Ultimately, the big costs we would not have incurred were the level of outsourcing and the storage costs.

**Deputy Bobby Aylward:** Do we have costs on all of that?

**Mr. Peter Finnegan:** I have them in the report.

**Deputy Bobby Aylward:** Could we get a report on those costs?

**Mr. Peter Finnegan:** They are in the report.

**Deputy Bobby Aylward:** Are they in it already?

**Mr. Peter Finnegan:** They are in the report, yes. They are the actual costs that we incurred

where we should not have incurred them; €112,000 is an awful lot of money, it really is. I understand why people are very annoyed over it. I have worked through this myself over the past three weeks. I have been very annoyed over it myself. I have worked through all of this process. Ultimately, when we look at this in the round and go back to 2004 and see the costs incurred then and the costs incurred now, they are not dramatically out of line. The cost of the equipment, I think, came in at €1.8 million. If we take out the outsourcing and storage, the costs are around €1.7 million. For me, this is a 15 year investment. It is €1.7 million over 15 years. If we do the sums it is somewhere in the order of €100,000 per year for printing. That is probably a reasonable sum, at €2,000 per week, if we were to look at what the cost would be if we were to outsource. Let us suppose the Oireachtas did not do printing at all. One of the other things that has come out of this is that Members have legitimate printing needs in terms of communicating with their constituents. This is an essential and fundamental role of public representatives. It is something we try to support Members in doing. If Members were to communicate with their constituents via an outsource model the cost would be substantially more. In the same way as doing an analysis of leasing versus buying, if we do a further analysis of just outsourcing instead of doing something I suspect that would be the most expensive option of all.

**Deputy Bobby Aylward:** That is acceptable. Some of my colleagues here today have made statements such as “shopping sprees”, as if Mr. Finnegan is going off spending the money. I do not accept that either. I do not want to be associated with stating Mr. Finnegan was on a shopping spree as if he is going out buying for Santy Claus. That is not a remark with which I agree. What we need to bring back into the whole system, including us as politicians, is that the public has confidence in us to handle public money and handle taxpayers’ money right and spend it accordingly. Our job on the Committee of Public Accounts is to follow the money and make sure everyone is accountable for what money they spend and that it is not being wasted. This is the most important thing. This is why I agree with the Chairman that in his remarks today Mr. Finnegan came across badly.

**Mr. Peter Finnegan:** My apologies.

**Deputy Bobby Aylward:** He came across as though we did not ask the right questions the last day he came before us.

**Mr. Peter Finnegan:** I certainly did not mean to come across that way and I apologise if I did.

**Deputy Bobby Aylward:** We have an old saying down in my part of the country, “see no evil, hear no evil”. Because we did not ask the right questions we did not get the right answers. I would not like that kind of thing.

We have the costs laid out now but there is still talk about storage and training. Mr. Finnegan said there will be training. I am sure there are health and safety issues and perhaps there will be union issues regarding extra pay or extra moneys for handling the machine. Are all the costs finished with or could there be more than the €2.5 million when all of this is seen through? The machine might not be up and running as soon as Mr. Finnegan thinks. There might be further storage costs. What are the storage costs since 2018?

**Mr. Peter Finnegan:** The storage costs are gone. The machine is now installed. We were paying €2,000 per month but that ended once the machine was delivered and installed.

**Deputy Bobby Aylward:** That is finished and gone.

**Mr. Peter Finnegan:** Yes. I suppose the big outstanding issue-----

**Deputy Bobby Aylward:** How much does Mr. Finnegan think that training will cost?

**Mr. Peter Finnegan:** The training is included in the price of the machine as part of the package.

**Deputy Bobby Aylward:** It is part of it.

**Mr. Peter Finnegan:** Yes. The essential thing for us now is to get the machine up and running as quickly as we can. We will work with staff in the print unit collaboratively to address the concerns around health and safety and to move forward with the implementation of this machine.

**Deputy Bobby Aylward:** Could there be a problems down the line if the unions are demanding extra moneys for this?

**Mr. Peter Finnegan:** There could, yes, to be honest; if people took that approach. I would hope that would not happen. We have good relationships with people. At the end of the day these people are our employees, for whom we have concern and we would aim to work with them to ensure this machine is operational as soon as possible.

**Deputy Bobby Aylward:** I thank Mr. Finnegan for coming in here today. He had a tough engagement and this is the second time he has been in front of us now.

**Mr. Peter Finnegan:** I thank the Deputy.

**Deputy Bobby Aylward:** These things need to be clarified and the public need to be assured that we are doing the right thing.

**Mr. Peter Finnegan:** Could I just say that there is no one sorrier than me that we are in this position here today?

**Chairman:** Mr. Finnegan does not need to-----

**Mr. Peter Finnegan:** It is right and proper that I come in and that hard questions are asked of me in the course of that. We have done our level best to try to get to the bottom of what happened with this particular project. Serious mistakes were made. There is no denying that. As an organisation we have acknowledged that. As the Accounting Officer, I am quite properly and rightly being held to account for those. There are a lot of things that we would all do differently in respect of this matter. I assure the committee that I am absolutely determined that these lessons will be learned going forward and there will be no recurrence of this type of thing. It is my earnest desire to ensure that we can do that.

**Chairman:** I accept all of that. I wish to make a number of closing remarks at this point, as we have had a very long engagement with two reports.

Mr. Finnegan's last comments to Deputy Aylward were very useful, in that if it had gone correctly at the beginning, and if Mr. Finnegan had brought the OPW in on day one, and if he had said this was the printer that we need-----

**Mr. Peter Finnegan:** Yes.

**Chairman:** -----the OPW would have said it would cost a couple of hundred thousand euro

to get the premises right. It would have stated that it might have to stress-test the floor or to move to a different place. Had the OPW come on board earlier, the costs that it did incur to have that work done, after it came onto the scene, would have arisen in any event .

**Mr. Peter Finnegan:** They would, yes.

**Chairman:** The point I am making is that - I am not certain that people will see it this way - I want to be totally fair because Mr. Finnegan's honesty, candour and frankness is appreciated today-----

**Mr. Peter Finnegan:** I thank the Chairman.

**Chairman:** ----- in this regard. There is no suggestion that Mr. Finnegan was trying to hold back information, as he had the information in his notes, but in case people got the impression that our committee was not doing its job-----

**Mr. Peter Finnegan:** I certainly did not mean to convey that-----

**Chairman:** Moreover, that was not Mr. Finnegan's intention.

**Mr. Peter Finnegan:** It absolutely was not.

**Chairman:** In conversation with people, it is possible not to see it that way but possible for somebody else to see it another way. There is no question of that ever having been Mr. Finnegan's intention. What got people is that the equipment ultimately cost €1.369 million. Then, because work had to be done on the building after the machine had been purchased, it ended up costing €1.8 million or thereabouts.

**Mr. Peter Finnegan:** Thereabouts.

**Chairman:** Had it been said at the beginning of the process that we were going to spend €1.369 million on a machine, together with €400,000 or €500,000 on structural works to accommodate all this because it is going to be here for the next 12 to 15 years and that the overall budget was going to be in the order of €1.8 million, people would have accepted it. Where the Oireachtas was caught was that there was an earlier figure out there that we mentioned in the accounts, of €1.69 million. We find, however, six months later, that to complete the process, which was still evolving at the time of Mr. Finnegan's last appearance here, it ended up being closer to €2 million.

It was the way in which the information became known. Nobody doubts the value of the work that was done by OPW and the necessity of the national Parliament to have its own printing works and not to have to outsource it and to rely upon private sector printers somewhere out on the M50 to get material in and out to it. A Parliament has to have control over certain aspects of its own activities. That is why I would say, as Chairman, that it would be important to have these facilities in-house and that they be up to scratch. Because of our location here in Dublin 2, we are fairly restricted because of space, something we understand.

**Mr. Peter Finnegan:** We are.

**Chairman:** As Deputy Aylward has said, and Mr. Finnegan has recognised this himself, people are able to understand-----

**Mr. Peter Finnegan:** They are.

**Chairman:** -----the buying of a printer and then discovering that it is too big to fit into the room after it has been paid for. If that had been addressed earlier, when the printer was being purchased, we could have waited six months because of the need to do some structural works, and things might have unfolded substantially differently. The cost might not have been significantly different, however, if we had known about the costs that would be involved in the structural work earlier in the play, rather than later. People will always understand when one is initiating any project that is going to cost €1 million and ends up costing more than if one had known at the outset that it would cost a larger figure, people would have been prepared for it and would have understood it. Nobody is suggesting there was waste of any money but it is the sequencing of the way the information came out.

I acknowledge, which I also said at our earlier meeting, that Mr. Finnegan went to the Houses of the Oireachtas Commission in November 2017, which is over two years ago, and said that this was going to cost approximately €1.5 million. He did not have all of the detail worked out at that point and could not have had-----

**Mr. Peter Finnegan:** No.

**Chairman:** -----but he knew it was in that ballpark figure. When all is said and done, the current position is not that far from that ballpark figure. People may disagree with my summation of this but there is a lesson there to get the budget right at the beginning, get everything factored in, get the full cost out to the public and then the progress can be monitored, rather than having costs evolving as the project evolves.

**Mr. Peter Finnegan:** I could not agree more with the Chairman's analysis. Had this project been done the way it should have been done, the cost would be similar but the perception would be completely different.

**Chairman:** I call Deputy O'Connell. People may disagree with my interpretation.

**Deputy Kate O'Connell:** I do not think that anybody can doubt the sincerity and earnestness of Mr. Finnegan and I thoroughly accept his apology.

If we are trying to be helpful, I will suggest how we might get a few pounds back. I see Mr. Finnegan is grinning as to how a company would ever give money back, when the room was not measured correctly. On the maintenance agreement, however-----

**Mr. Peter Finnegan:** That is the thing, yes.

**Deputy Kate O'Connell:** That is the key and is the point where I would fight it. I would say, come here, lads, maintain this for an extra five years and we will not have Komori all over the social media; not that I would be threatening anybody. That is where I would go with this. The company is not going to write Mr. Finnegan a cheque but it might provide five years' maintenance.

**Mr. Peter Finnegan:** That is correct.

**Deputy Kate O'Connell:** I will go with him to the meeting.

**Mr. Peter Finnegan:** I might call on the Deputy's negotiation skills.

**Chairman:** One further point that a Deputy mentioned in passing is that if the printer is of such high quality and if there happens to be excess capacity at different stages, other work in

this building complex might not have to be outsourced if some of it can be done here. There may be a facility to get some value out of this printer during the quieter periods when the Dáil is in recess and there is not the same printing demand. Neighbouring public bodies in the public service, or other aspects or activities of the Dáil might be directed in that way. I will throw that suggestion out there.

At this stage, I thank all the witnesses from the Houses of the Oireachtas for coming in. Coincidentally, I believe Mr Finnegan was present at the last meeting before the summer recess and he is here now at the last meeting before the Christmas break. I also want to thank our colleagues in the OPW, as well as the Comptroller and Auditor General and his staff. Mr. Finnegan will be pleased to know we have finished our public discussion on this except for whatever information we have requested that might be worked through to us in the weeks ahead. In fairness to the public who want this thing explained, we have done our best to clarify all the issues out there and I believe we have done a good job for the public service-----

**Mr. Peter Finnegan:** I believe the committee has, in fairness.

**Chairman:** -----the Committee of Public Accounts and the Oireachtas. I am aware that some people still will not be satisfied but from all sides, both members of this committee and Mr. Finnegan's side, a good, honest, decent attempt has been made to deal to the best of our ability with the issues that arose here.

**Mr. Peter Finnegan:** To close, I thank members of the committee for their courtesy here today. This was a very necessary meeting and I hope I have explained things fully and have provided all the necessary information. If issues that have not arisen at this meeting come to my attention subsequently, I will write to the committee.

**Chairman:** I thank Mr. Finnegan.

*The witnesses withdrew.*

The committee adjourned at 5.50 p.m. *sine die*.