

DÁIL ÉIREANN

AN COISTE UM CHUNTAIS PHOIBLÍ

COMMITTEE OF PUBLIC ACCOUNTS

Déardaoin, 29 Bealtaine 2025

Thursday, 29 May 2025

The Committee met at 9.30 a.m.

MEMBERS PRESENT:

Deputy Catherine Ardagh,	Deputy Aidan Farrelly,
Deputy Cathy Bennett,	Deputy James Geoghegan,
Deputy Grace Boland,	Deputy Eoghan Kenny,
Deputy Joanna Byrne,	Deputy Paul McAuliffe,
Deputy Catherine Connolly,	Deputy Séamus McGrath,
Deputy Albert Dolan,	Deputy Joe Neville,

DEPUTY JOHN BRADY IN THE CHAIR.

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

Business of Committee

An Cathaoirleach: No apologies have been received. Everyone is very welcome. I remind all those in attendance to ensure that their mobile phones are on silent mode or switched off.

Before we proceed, I have a few housekeeping matters to go through. I remind members of the constitutional requirement that in order to participate in public meetings they must be physically present within the confines of the Leinster House complex. Members of the committee attending remotely must do so from within the precincts of Leinster House.

Members are reminded of the long-standing parliamentary practice and ruling of the Cathaoirleach to the effect that they should not comment on, criticise or make charges against a person outside the Houses or an official by name or in such a way as to make him or her identifiable. Members are also reminded of the provisions within Standing Order 226 that the committee 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. We are joined by the Comptroller and Auditor General, Mr. Seamus McCarthy, who is a permanent witness to the committee. He is accompanied by Ms Paula O'Connor, deputy director of audit at the Office of the Comptroller and Auditor General.

The public business before us is as follows: accounts and financial statements and correspondence. We will then go into private session to examine housekeeping matters. At 10.30 a.m. we will begin our public session to engage with the Department of Tourism, Culture, Arts, Gaeltacht, Sport and Media, the Arts Council and the National Gallery of Ireland.

I would like to announce that Deputy Paul McAuliffe was elected as Leas-Chathaoirleach at the last committee meeting. I congratulate Paul again.

No sets of accounts and financial statements were laid between 19 and 23 May 2025.

We now move to correspondence, as previously agreed, items that were not flagged for discussion for this meeting will be dealt with in accordance with the proposed actions that have been circulated, and decisions taken by the committee on correspondence are recorded in the minutes of the committee's meetings and published on the committee's webpage.

The first category under which items have been flagged is category B – correspondence from Accounting Officers or Ministers and follow-up to PAC meetings. The first correspondence is No. R0004B from Ms Madeline Delaney, chief executive, Charities Regulator, dated 13 November 2024, and provides follow-up information requested by the committee at the meeting of 17 October 2024. Deputy Farrelly flagged this item for discussion.

Deputy Aidan Farrelly: Could we write to the regulator seeking clarity as to whether there was a capacity review and whether this is the project referred to on page 2 of the report, on which Pobal did a scoping exercise, and whether the committee can get the costs associated with that project?

An Cathaoirleach: Is that agreed? Agreed. It is proposed to note and publish this item and take those follow-up actions. Is that agreed? Agreed.

No. R0005B is from Mr. Christy Duffy, chief executive, City of Dublin Education and Training Board, dated 14 November 2024, and provides follow-up information requested by the committee on noncompliant procurement. I flagged this item for discussion. There is a continuing issue with ETBs. We have seen similar issues crop up with a number of them. I would like to return to this item during the discussion on our work programme with a suggested course of action for a series of meeting to call in some of the ETBs. I will defer that until we return to the work programme.

Deputy Paul McAuliffe: I have no issue with the accounts of the education and training board but they were party to a Department of Education building programme that involved Western Building Systems. The previous committee had written to them. Can we write to the Department of Education and the ETB seeking an update on the site on the Swords Road?

An Cathaoirleach: That is fair enough. Is that agreed? Agreed. It is proposed to note and publish this item. Is that agreed? Agreed.

No. R0008B is from Ms Bernie McNally, Secretary General, Department of Education, dated 15 November 2024, provides follow-up information requested by the committee on non-compliant procurement. Deputy Farrelly flagged this item for discussion.

Deputy Aidan Farrelly: I seek clarification on the extent of noncompliance. Were the projects fully delivered and were any issues raised relating to the contractors, particularly in regard to Version 1, which is on the list quite often? Can we seek clarification from the Department, first, on whether all these projects were fully delivered within budget and then whether there were any issues with the suppliers?

An Cathaoirleach: We can follow that up and write to the Department. Is that agreed? Agreed. It is proposed to note and publish this item. Is that agreed? Agreed.

No. R0034B is from Mr. Colm O'Reardon, Secretary General, Department of Further and Higher Education, Research, Innovation and Science dated 22 November 2024. It provides follow-up information requested by the committee on late submission of accounts for the Grangegorman Development Agency, the National College of Art and Design and SOLAS. Deputy Farrelly flagged this item for discussion.

Deputy Aidan Farrelly: I did not flag that.

An Cathaoirleach: We will move on. It is proposed to note and publish this item. Is that agreed? Agreed

No. R0045B from Mr. Hugh Creegan, chief executive, National Transport Authority, dated 16 December 2024, provides correspondence to the committee on the national train control centre project. Deputy Farrelly flagged this item for discussion.

Deputy Aidan Farrelly: We had a couple of issues to raise relating the NTA. On carriages, we were trying to see if there was a correlation between the briefing that was happening where we were seeing a reduced fleet capacity in some ways. Correspondence said there was an increased fleet capacity on some lines but fleet capacity has also reduced on others. We need to see how that correlates. That related to No. R0020. On this one specifically, can we request an update from the NTA regarding its strategy to keep costs as low as possible? This is to understand the likely overall cost outturn being €188 million. Can we get an update from the NTA on how that is progressing?

Deputy Grace Boland: I would like to put the NTA on our list to invite in. It has a lot of projects under way. In particular, I am looking at the contract for payments, which is not going through until 2028. I would like to get an understanding of compliance with the public service code and so on to make sure we are getting value for money and an indication as to how the work is progressing.

An Cathaoirleach: We will certainly keep that for consideration under our work programme. I am sure other members will agree to that. Is it agreed that we write to the NTA looking for specific information on costs and an update, as proposed by Deputy Farrelly? Agreed. It is proposed to note and publish this item but to redact personal data related to individuals. Is that agreed? Agreed.

That concludes our consideration of correspondence this week. We will move into private session before resuming in public session at 10.30 a.m.

The committee went into private session at 9.41 a.m. and resumed in public session at 10.33 a.m.

An Cathaoirleach: Everyone is welcome. I remind all those in attendance to ensure their mobile phones are in silent mode or switched off. I will explain some limitations on parliamentary privilege and the practice of the Houses as regards reference witnesses may make to other persons in their evidence. The evidence of witnesses who are physically present or who give evidence from within the parliamentary precincts is protected pursuant to both the Constitution and statute by absolute privilege. This means they have an absolute defence against any defamation action for anything they say at the meeting. However, they are expected not to abuse this privilege and it is my duty, as Cathaoirleach, to ensure this privilege is not abused. Therefore, if their statements are potentially defamatory in relation to an identifiable person or entity, they will be directed to discontinue their remarks and it is imperative they comply with any such direction. Witnesses are also reminded of the long-standing parliamentary practice that 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 or otherwise engage in speech that might be regarded as damaging to the good name of the person or entity.

This morning we will engage with witnesses from the Department of Tourism, Culture, Arts, Gaeltacht, Sport and Media to discuss the appropriation accounts 2023. I welcome witnesses from the Arts Council of Ireland and the National Gallery of Ireland. Before I call on them to make their opening statements, Deputy Geoghegan indicated at our earlier private meeting that he wished to speak briefly on our engagement last week with CHI. I ask him to be brief.

Deputy James Geoghegan: The Chair will be aware that I wrote to him on Monday seeking that we bring back the CEO of Children's Health Ireland, CHI, at the earliest possible opportunity. The committee is now in agreement that we will write to the CEO of CHI to ask a number of questions about the revelations by *The Sunday Times* about the National Treatment Purchase Fund. My question in this instance is for the Comptroller and Auditor General. Has he had the opportunity to review the board minutes from this period in 2021? Will he tell the committee the extent to which the issues revealed by *The Sunday Times* were flagged in those minutes? The issue was not brought to the attention of the Committee of Public Accounts by the new CEO when she appeared last Thursday.

Mr. Seamus McCarthy: We identified a board minute that relates to April 2022 when a report was brought to the committee. From my understanding of the matters that were reported

on recently, some were not highlighted in the minute, but other aspects of the matter were discussed by the board.

An Cathaoirleach: It was unanimously agreed by the members that we invite CHI and other witnesses to appear again before the committee. I have strong views on the possibility that the committee was misled with regard to information given to it. When specific questions were asked about other reviews or information that should be given to the committee, a definitive “No” was given. There is also an issue with resignations and particularly one resignation that took place from the board during the week of the appearance of CHI before the committee and that information was not given to members of the committee. By unanimous agreement, we will invite CHI back at the earliest opportunity. I thank members for that.

Appropriation Accounts 2023

Vote 33 - Tourism, Culture, Arts, Gaeltacht, Sport and Media

Financial Statements 2023: Arts Council

Financial Statements 2023: National Gallery

Report on the Accounts of the Public Services 2023

Chapter 10 - Measuring the Performance of Arts and Sports Spending

Mr. Feargal Ó Coigligh (Secretary General of the Department of Tourism, Culture, Arts, Gaeltacht, Sport and Media) called and examined.

Ms Maureen Kennelly (Director of the Arts Council) called and examined.

Dr. Caroline Campbell (Director of the National Gallery) called and examined.

An Cathaoirleach: Moving to today’s business, I ask Mr. McCarthy, the Comptroller and Auditor General, to make his opening remarks.

Mr. Seamus McCarthy: The appropriation account for Vote 33 records gross expenditure of slightly more than €1.1 billion in 2023. Appropriations-in-aid of the Vote amounted to €218 million. The surplus of the amount provided over the net amount applied in the year was €56.4 million. The Department received permission to carry over €21.5 million in unspent 2023 capital allocations for spending in 2024. The remaining €34.9 million was liable for surrender back to the Exchequer.

The appropriation account is presented under five programme headings reflecting the title of the Vote. Under each of the programmes, the Department provides funding to a wide range of public bodies, including the key national cultural institutions, broadcasting, sport, tourism and language bodies. Many of these bodies operate under their own statutory remits. In addition to the strategic policy and legislative role it undertakes in respect of those bodies, the Department plays key roles in assessing the adequacy of their governance arrangements, budget setting and funding provision and in assessing their performance and outcomes. Specifically in the context of today's meeting, I draw attention to the payment from the Vote in 2023 of slightly more than €130 million as core funding for the Arts Council, while the National Gallery received €13.4 million for its general expenses. Members may also wish to note the payment in 2023 of grant funding of €195 million to RTE, including unplanned interim funding of €16 million. On the receipts side, television licence fee receipts into the Vote were estimated at €237 million but the outturn was significantly lower at just over €201 million. This represented a 9% reduction in aggregate licence fee receipts year on year.

The functions of the Arts Council are to promote public interest, knowledge, appreciation and practice of the arts as well as assisting in improving standards in the arts. The Arts Council is almost exclusively State-funded from Vote 33. In 2023, its income from the Vote totalled €133.7 million out of total income recorded of €135.7 million. The council's expenditure in 2023 was €143 million. Almost 85% of this was accounted for by grant payments to support individual artists and arts organisations. A further €7.7 million was spent on arts initiatives. The council's staff costs amounted to €7.4 million and administration costs totalled €6.9 million in 2023.

I certified the 2023 financial statements on 24 June 2024 and I issued a clear audit opinion. However, I drew attention to the termination of a project to develop a new integrated grants management system. The original budget set for the project was approximately €3 million with an expected delivery date at the end of 2021. Work on the development of the system had cost €6.5 million to June 2024, when the project was discontinued. The overall loss of value in respect of the project to June 2024 is estimated at €5.3 million. The balance of €1.2 million is considered to be reusable in the implementation of an off-the-shelf grants management system. I note that, while I certified the financial statements in June 2024, they were presented to the Oireachtas only on 12 February 2025. It is normally expected that accounts would be lodged in the Oireachtas Library within three months of certification.

The National Galley of Ireland's financial statements for 2023 indicate it had income of €18.7 million, down from €20.45 million in 2022. In 2023, almost 78% of the gallery's income came from Exchequer cash grants via Vote 33. The gallery's expenditure in 2023 amounted to €15.6 million. The total comprehensive surplus for the year was €448,000. In the prior year, there was a loss of €1.22 million. I certified the 2023 financial statements on 30 October 2024 and issued a clear audit opinion. However, I drew attention to ineffective expenditure on an X-ray machine. The National Gallery acquired the machine in 2017 at a cost of just under €125,000 to provide for non-destructive examination of collection items. The cost of the machine was capitalised at that time but we identified that the asset had never actually been brought into use because a suitable location was not available in the gallery's premises. As a result, there was a loss of value of public resources used to acquire it.

The report before the committee today examines the usefulness of the Department's published performance information. We focused on the information presented about two of the Department's main voted expenditure programmes: arts and culture, and sports and recreation.

Relevant, accurate and timely performance information is an important tool in ensuring the quality of public services and enabling public accountability about how well public expenditure is used. It has the potential to help public bodies operate more efficiently and effectively while also enabling stakeholders to understand and evaluate the outcomes being achieved. However, if managed poorly, a performance information framework has the potential to descend into a mere box-ticking exercise that adds little or no value.

The examination found that the Department has significantly increased the set of performance measures and indicators it includes in the presentation of Vote 33 in the annual Revised Estimates for Public Services in recent years. However, we also found that substantial areas of expenditure were not supported by relevant performance measures. For example, for the arts programme, on which €347 million was expended in 2023, the Department has articulated 14 high-level strategic objectives but corresponding output measures or targets were articulated in respect of only six of those strategies. Where measures did exist, it was often unclear what constituted good performance. In addition, many of the context and impact indicators were outdated or of limited relevance as they lacked associated targets.

Performance measurement frameworks need to change over time to keep up with changes in the organisation's strategic objectives. It may be appropriate to remove measures that are no longer useful or relevant or to adjust how performance is tracked. The report recommends that the Department should conduct an evaluation of its performance information system to ensure it is using effective measures that best enable it to assess and report transparently on the extent to which it is achieving value for the public money it spends.

An Cathaoirleach: We will move to the opening statements of the other witnesses. As set out in the letter of invitation, they will have five minutes each to make their opening statements.

Dr. Caroline Campbell: I thank the Chairperson and members of the Committee of Public Accounts for the invitation to attend this morning's meeting to assist the committee's examination of the National Gallery of Ireland's 2023 financial statements and the findings of the Comptroller and Auditor General in respect of ineffective expenditure on the gallery's X-ray system. I am director of the National Gallery of Ireland. It is a privilege to lead an organisation that is of such importance to the Irish public and that cares for an art collection of acknowledged national and international significance. To assist in answering the committee's questions, I am joined by my colleagues from the gallery's executive leadership team: Ms Kim Smit, director of collections and research, and Mr. Andrew Hetherington, head of audience development and stakeholder engagement. Our director of corporate services is unable to be here because she is indisposed.

The gallery is very sorry for the time that it has taken to get the X-ray system up and running. The X-ray system is an important piece of equipment that will be used and provide value for many years to come. We anticipate that the system will be operational by the end of 2025 at no additional expense to the Exchequer. The National Gallery acknowledges weaknesses in its project management practices that contributed significantly to our inability to bring a digital X-ray system purchased in 2017 into use. Pressures on the use of our building, unanticipated operational issues following the gallery's reopening in 2017, the impact of the Covid-19 pandemic and changes of key senior personnel during this period have also been contributing factors. We have identified several key learnings relating to: the impact of competing and changing operational needs in a building with restricted space; the impact of a lack of a formal project management structure for special projects; and the impact of a lack of succession planning for key staff involved in special projects. Unfortunately, on this occasion, the gallery did not meet the high

standards we set for ourselves. As outlined in our briefing document, we are satisfied that we have put in place improved project management, risk management, procurement processes and other resources so that a similar situation will not recur.

When I took up the position of director of the National Gallery of Ireland in November 2022, I was keen to build on the gallery's many successes and to work with the board of governors and guardians and the gallery's staff on its world-class offering, making its collection and programmes available to as wide an audience as possible both in Ireland and internationally through our exhibitions, research, education and public programmes.

The gallery has sought to resolve the challenges relating to the X-ray system project. Following a successful tender process, a contract has been awarded for the construction of a dedicated lead-lined cabinet. This was signed on 27 May. Manufacture of the X-ray cabinet will commence shortly, with the expected delivery, installation and operation of the X-ray system before the end of 2025. All costs associated with the resolution of the issue will be borne from the resources generated by the gallery and not from the Exchequer.

The gallery is a valued institution which plays a special role in public life. We welcome more than 1 million visitors per annum, which means we are one of Ireland's most popular free-to-enter visitor attractions and are one of the 80 most visited art museums in the world. We attract visitors of all ages, demographics and abilities, with approximately 30% of our visitors participating in our education programme.

We deeply regret and are very sorry that any failings in respect of the delayed operation of the X-ray system would diminish in any way the appeal of the gallery and our collections to visitors from home or abroad. We are working hard to bring the X-ray system into operational use, and it will provide public value for many years to come. On our current schedule, we anticipate this happening before the end of the calendar year. My colleagues and I are happy to assist the committee members and to address their questions.

An Cathaoirleach: I thank Dr. Campbell. I now invite Ms McGrath and Ms Kennelly to make their opening statements.

Ms Maura McGrath: I am proud to be chair of the Arts Council. We are here today to provide full transparent information, be accountable for our actions and engage constructively with the committee. I regret the loss of funds on the business transformation programme. This project was not an optional extra; it began out of absolute necessity, and it remains a necessity to be addressed. The reason I was so proud to be asked to be chair of the Arts Council was to support artists and arts organisations and the extraordinary work they make, often for very little reward. What the board wants, working with our executive team and with the Minister and his officials, is to ensure that we have an Arts Council that is expert, functional, efficient and alive with the sense of mission given to us by the Houses of the Oireachtas

As committee members will be aware, a full examination report was published by our line Department. I stress that we accept the findings of this report and are in the process of implementing many of its recommendations as they relate to us. Members are also aware that an external review is under way under the leadership of Professor Niamh Brennan. I look forward to taking these items, recommendations and reforms on board and implementing anything further that is required.

I wish to make two comments now on reflection. I believe that the expectation of small

State bodies with a particular expertise, which are expected to carry the burden of a growing capability and competency requirement such as ICT, is in need of questioning. In addition, I would like members to take the years of 2021 and 2022 in the context of the Covid pandemic. The Arts Council was implementing Government policy at that stage, with a significant increase in funding to sustain artists. In addition, there was a challenge of maintaining the organisation's online working and there were competing priorities with regard to the IT project.

Before I hand over to my colleague, Maureen Kennelly, director, I wish to say that this is a setback. It has cost time and money and worried artists, who are often on the financial edge. However, the Arts Council has a single focus to deliver for the arts, and that is our commitment here today.

Ms Maureen Kennelly: Ar dtús, ba mhaith liom a rá go bhfuil fíorbhrón orainn. This morning, I wish to start by reiterating the deep regret expressed by our chair. The Arts Council began this project in 2017 to modernise our IT systems and to integrate five systems into one. Our systems date from 2008; they are not integrated and are difficult to use. Everything on this project was procured under public procurement guidelines. We used the Office of Government Procurement, OGP, framework, and the main contractor was on the OGP-approved IT framework. We engaged external contractors to manage and deliver the work, as we did not have the internal resources to deliver this large-scale project.

As we approached our expected delivery date in September 2022, a year later than initially planned, multiple bugs were discovered. This substandard work meant the project could not move forward to completion. We ended contracts with both our testers and developers, changed the developers, project governance and management structure and began work to rectify and complete the programme. However, following review and attempted reworking, we were ultimately advised by new IT consultants at the end of 2023 that the system was simply too flawed to rectify in a reasonable timeframe. System development then paused, and was stopped following a board decision, with the input of the OGCIO, in June 2024. The effect of this decision was an overall loss of value of €5.3 million, which was reported to the Comptroller and Auditor General and included in our 2023 annual report and accounts.

Throughout, we provided information and discussed with our colleagues in the Department how increasing costs were to be funded from within our capital grant. In summary, a lack of internal expertise, poor performance by our contractors and the impact of Covid-19 all contributed to the project failure. We have commenced legal proceedings against two contractors and are in the pre-action stage with regard to two others. We are vigorously pursuing our cases to reduce the loss to the taxpayer.

I am glad to say that we have senior ICT expertise in-house now. We have identified and implemented improvements to our procurement and project management processes. We are in the process of implementing all recommendations relevant to us from the Department's examination report. Throughout the duration of this project, the Arts Council has consistently delivered on its core work through our flagship programmes, partnerships, advisory work and direct grant aid. In 2023, for example, we awarded grants to 588 organisations and 1,880 individual artists through a variety of direct grant schemes. We supported 140 festivals, 318 schools, 31 local authorities and 201 diverse arts projects. When we started this project, we received 3,000 grant applications per year; last year, we received 8,600. Distributing grants effectively and in a way that protects taxpayers' interests is core to our job and requires robust IT systems. Unfortunately, our challenge with regard to Arts Council systems functioning efficiently remains. We have been supporting the development of the arts in Ireland for 74 years. Art is critical to

the health of our country.

We deeply regret that this ambitious and complex project was not completed. My colleagues and I happy to answer any questions the committee may have.

An Cathaoirleach: I thank Ms McGrath and Ms Kennelly. I now invite Mr. Ó Coigligh to make his opening statement.

Mr. Feargal Ó Coigligh: Gabhaim buíochas leis an gCathaoirleach agus le comhaltaí an choiste as an deis a thabhairt dom an ráiteas seo a dhéanamh inniu. Gabhaim buíochas freisin le hOifig an Ard-Reachtair Cuntas agus Ciste as an mbealach proifisiúnta a ndearna a cuid oifigeach an obair a bhí riachtanach i ndáil leis an gcuntas seo.

The 2023 appropriation account includes the tourism and Gaeltacht sectors, which are now transferring from the Department. The year 2023 saw a return to greater economic and societal normality following the Covid-19 pandemic. While the account shows a continued wind-down of Covid-related supports, the Department continued to provide additional supports for energy costs arising in part from the war in Ukraine. Overall gross expenditure fell from €1.2 billion in 2022 to just over €1.1 billion in 2023. The combined effect of Covid and the inflationary environment between 2022 and 2024 had a significant impact on capital delivery during this period, in particular for larger projects.

Regarding tourism, 2023 expenditure of €205 million ensured that Fáilte Ireland and Tourism Ireland continued to support one of Ireland's key economic sectors, employing approximately 226,000 people in 2023. This first full year of trading for the sector after Covid saw rapid reinstatement of air connectivity and the recovery of tourism numbers while also dealing with challenges due to loss of capacity in some areas arising from the response of the State in assisting Ukrainian refugees. Funding for arts and culture saw an outturn of €347 million, down somewhat from €367 million in 2022. Nonetheless, much of the increased funding provided during Covid has been maintained. This has enabled the Department to deliver the basic income for the arts pilot scheme, provide record funding for the Department's agencies in the arts, culture and film sectors and deliver an ambitious Creative Ireland programme.

Chaith an Roinn €85 milliún faoi Chlár C - An Ghaeltacht agus an Ghaeilge - in 2023, méadú mór ar an gcaiteachas de €78 milliún in 2022. Arís, thug an Roinn an-tacaíocht d'earnáil na gcoiláistí samhraidh a bhí ag teacht chuici féin tar éis na paindéime, chomh maith le hinfheistíocht shuntasach d'Údarás na Gaeltachta, agus don phleanáil teanga, chun forbairt na Gaeltachta a chur chun cinn. Tugadh tacaíocht do phobal na Gaeilge agus na hUltaise ar fud an oileáin chomh maith tríd an bhForas Teanga, agus trí thacaíochtaí breise a thabhairt d'eagraíochtaí Gaeilge as siocair fadhbanna a bhain le maoiniú An Fhoras Teanga ar bhonn Thuaidh-Theas.

Ireland's support for the Olympic Games last year lifted the spirits of the nation. The personal efforts of all our athletes and sportspeople at every level and ability was supported by high levels of investment in capital and current spending. Some €184 million was spent in 2023 to support the sector, including through Sports Ireland and record investment in sports facilities throughout Ireland.

There are 19 bodies under the aegis of the Department, accounting for two thirds of departmental expenditure. The Arts Council and the National Gallery of Ireland are here today, arising out of issues identified in their financial statements for 2023 by the Comptroller and Auditor General. The Department's 2023 accounts reflect the impact of problems which arose in RTÉ

in 2023, with TV licence fee receipts falling from €221 million in 2022 to €201 million in 2023. Programme E shows a supplementary provision of €16 million for RTÉ as a consequence. Programme E also shows €6 million in expenditure to support the work of Coimisiún na Meán in its first year of operation, a body which is now essential to regulating traditional and new forms of media, including social media.

I can assure the committee that the Department places the highest emphasis on fulfilling our oversight responsibilities in respect of our bodies. Arising out of issues at RTÉ, the Department last year engaged the Institute of Public Administration, IPA, to review our oversight arrangements. The Department accepted all 16 recommendations of the IPA's report and these are now being actioned. This includes the recent establishment of a specialised governance unit in the Department to embed one consistent high-quality approach to our oversight function.

The failure of the business transformation project at the Arts Council and the delay in deploying the X-ray machine at the National Gallery have raised further questions for the agencies and for the Department. It is clear from the report which I commissioned on the Arts Council project that the Department failed to properly exercise its oversight function and that we should have intervened more actively and much sooner to reduce the exposure to the taxpayer of this failed project. In response, the Minister has established an expert advisory committee, led by Professor Niamh Brennan, to review the governance and organisational culture in the Arts Council, while a parallel review of the Department's internal governance operations is also under way with the assistance of the IPA, building on its earlier work.

Finally, the committee wished to discuss the recommendation of the Comptroller and Auditor General that the Department completes an evaluation of its performance information system to ensure that good performance measures are being used that enable it to best assess how well it is performing against its aims and objectives. In response, the Department's strategic policy unit has now commenced an evaluation of current performance information procedures. This review is ongoing and the unit is currently developing a report using information gleaned from the work it has undertaken. I am happy to expand on any of these areas or to explore other areas, as the committee wishes.

An Cathaoirleach: We now open to members. The lead speaker today is Deputy Joanna Byrne, who has 15 minutes for questions and answers. All other members will have ten minutes. We will take a ten- to 15-minute break at 12 noon and then resume the session. I will allow members in for a second round if time permits at that stage.

Deputy Joanna Byrne: I welcome the witnesses. I have some questions for the Arts Council about the €5.2 million that was written off for an IT system deemed not to be fit for purpose and which was eventually discontinued. When this project was first planned six years ago, it was estimated it would cost roughly €3 million and take two and a half years to complete. Ms Kennelly said that coming up to the expected delivery date in September 2022, multiple bugs and substandard work – I believe that was the term she used – were discovered which meant the project could not move forward to completion and, ultimately, the Arts Council was advised by ICT consultants at the end of 2023 that the system was too flawed to rectify within a reasonable timeframe.

By the time the project was abandoned, the cost of the project had reached €6.7 million and the system was not in use. It was over double the cost and double the loss of public money. Can Ms Kennelly very briefly detail the procedures on how the substandard work she mentioned was flagged and addressed, or perhaps not addressed in this case, and how we have learned

from that?

Ms Maureen Kennelly: As I said, the project started in 2017 and was not simply about replacing a grant management system. Rather, it was about bringing five different systems into one. Sanction was sought from our line Department and funding was received in September 2019. At that stage, the project was worth €3 million. A contractor was appointed from the OGP and began its work in April 2020. As everybody knows, that was at the start of Covid.

There are three factors which we know are responsible for the failure of the project. I will take the Deputy through the history. The substandard work from the contractors became clear quite early. At the end of the year, there were faults and huge staff turnover. Four solution architects and two programme managers left the company. There was a lot of staff turnover in the main developer.

We flagged and alerted the council and Department about these matters in early 2021. Remedial action would then be taken and the project would get back on track. I would like to reassure the committee that, while the level of expenditure is very distressing, at every twist, turn and juncture people tried their best to get this back on track. The general advice was that we should keep going at the project and if we spent a little bit more we would see our way through another gateway. We took the best advice available at those very critical junctures.

In September 2022, multiple systems failures were discovered. We parted company with two of the companies, a quality assurance company and the technology developer. We sought advice from another contractor to help us to understand whether this was worth sticking with and could be rescued. The advice from it, after quite a lot of detailed discussion and an external review, was that it could indeed be rescued and was worth sticking with. At that stage, we brought in a senior resource from outside. We did not have a senior IT resource, and that was one of the huge failings of the project all the way through. I am glad to say that-----

Deputy Joanna Byrne: That might have led to the council not being able to address some of the substandard work.

Ms Maureen Kennelly: That is right. The council was not able to interrogate the advice we were given. It was a huge failing in the project that we did not have senior IT expertise.

Deputy Joanna Byrne: Does the senior expert IT expert the council brought in involve an additional cost or is it included in the cost-----

Ms Maureen Kennelly: It is included in the figure of €6.675 million. We brought that person in via another framework. They were hopeful in spring 2023 and advised that the situation could be rescued, but unfortunately by November 2023 they told us a very different story which was that while the project could be redeemed it would take a further four years and cost a further €6.5 million. As the Deputy can imagine, that was deeply unpalatable to everybody in the council, the executive and the Department.

At that stage, we appealed directly to the OGP CIO, which conducted an external review. Under its auspices, it brought in a company in January 2024 to conduct a review to see if the code could be redeemed. As a result of its report and our own separate report, the council decided to stop the project. The project was paused at the end of 2023 and ultimately stopped entirely in June 2024. We had an alternative system we wanted the Department to approve and for which we sought approval from the Department. That is in abeyance now until the Niamh Brennan group reports.

Deputy Joanna Byrne: Ms Kennelly mentioned that the Arts Council is seeking legal redress against two of the contractors. Did it withhold any payments to those contractors at the time or were they paid for all the work?

Ms Maureen Kennelly: We did. We withheld payments in late 2022 from two of the contractors.

Deputy Joanna Byrne: They still have not been paid.

Ms Maureen Kennelly: That is correct.

Deputy Joanna Byrne: Ms Kennelly also mentioned that the council engaged with the Office of Government Procurement prior to this project. Has there been further engagement with the Office of Government Procurement regarding how we move forward on this?

Ms Maureen Kennelly: Yes.

Deputy Joanna Byrne: With regard to the late submission of the Arts Council's financial statements, the Comptroller and Auditor General outlined in his opening statement the timeline of when it presented the accounts. The Arts Council presented them to the Department but they were not presented to the Oireachtas Library until four months later. This is probably directed more at Mr. Ó Coigligh than Ms Kennelly, but what was the reason that the Department decided to delay the presentation of the Arts Council's 2023 financial statements? What were the unavoidable delays that were indicated to the committee back in September where they related to the IT scandal and write-down?

Mr. Feargal Ó Coigligh: As Accounting Officer in the Department, when the scale of the loss was brought to my attention at the end of June 2024, and it was discussed by our management board in July 2024, I was faced with a situation where there was to my view a shocking loss in public expenditure. I wanted to know why. We had a situation where we could be presenting an annual report to Government with this significant loss highlighted and no explanation as to what happened. I, as Accounting Officer, had an absolute duty to discover what went wrong here. Therefore, I appointed the former head of audit in the Department to carry out an investigation with terms of reference. Those terms of reference asked for an interim report in September. However, as set out in the final report prepared by the former head of audit, she determined that it was so complex - she had reviewed more than 500 documents and spoken to many of the people involved - that she was not in a position to provide an interim report at that stage. Therefore, I was very much of the view, and I discussed this with the Minister at the time, that if we were going to the Government to show a loss of €5.3 million in expenditure and €6.7 million on a project we had not delivered, we needed to be able to say what had happened.

Deputy Joanna Byrne: The Minister was aware of this-----

Mr. Feargal Ó Coigligh: The Minister was absolutely aware, yes.

Deputy Joanna Byrne: The Minister did not inform Government.

Mr. Feargal Ó Coigligh: No. The Minister agreed with my view. It was my responsibility as Accounting Officer to find out what had happened here in terms of the loss of public expenditure. My view was that it would be appropriate to understand what had happened so that when we went to the Government with the annual report, we could explain what had happened and have the facts on the ground. In fact, that report, which was published as soon as the new

Government met and as soon as the new Minister came in, sets out all the facts in great detail. It is difficult reading for the Department, as it has been for the Arts Council.

Deputy Joanna Byrne: I appreciate the context of that because a lot of that has been a grey area in recent times. Just so we are clear, however, the Minister was aware, followed Mr. Ó Coigligh's advice and did not take it to the Government at that stage until the audit was complete, and Mr. Ó Coigligh knew that.

Mr. Feargal Ó Coigligh: Yes. I think the then Minister actually put out a public statement to that effect.

Deputy Joanna Byrne: I thank Mr. Ó Coigligh.

I will go back to the Arts Council, if I may. The financial strain of everything we are discussing here is being felt in the sector. Ms Kennelly stated that demands for Arts Council funds have risen by 245% since 2020. I have some queries on why the Arts Council decided to reduce the arts grant funding programme without consultation with the stakeholders who applied for it and who rely on it. I know that the reason given was the 10% increase to the Arts Council's strategic funding as it provides jobs, but there is major disheartenment in the sector that 70% of the organisations in that category are Dublin based, and that effectively redirects resources away from regional arts groups. It is threatening the whole vitality of regional arts initiatives and that is despite huge increases in funding from the Government to the Arts Council. There seem to be no published criteria for how an organisation becomes strategically funded. Entry seems to be by invitation only or at the discretion of Arts Council staff. I would appreciate Ms Kennelly's views on that. How transparent or equitable is it? These cuts disproportionately hit small organisations, particularly those outside of Dublin. They believe that there is complete disregard from the Arts Council to them. They are not even listed on the new Arts Council website. Only the strategically funded organisations are listed.

Many of them have requested meetings with the Arts Council, which were agreed to and cancelled with no explanation. I understand there has been a change in Ms Kennelly's circumstances, which has come to light this week, and that may be feeding into that, but I would be really appreciative if we could get some clarity on this. Is it linked to the overspend on the IT system? I have conversed with Ms Kennelly on that in the past and she told me it is not, but all the indicators suggest it is. If it is, how will it be rectified so that these arts groups are not discriminated against as a result of mismanagement of public money?

Ms Maureen Kennelly: To explain for people, arts grant funding is one of 34 schemes that are run by the Arts Council. We made a decision last year to increase funding to strategically funded organisations and arts centres by 10%. We obviously have vastly more resources than we had, but the demand is enormous. There has been a 245% increase in demand, as the Deputy said, over the last three years. Therefore, we had to make a decision about investing in the strategically funded organisations and the arts centres, which are populated throughout the country. There are 66 arts centres throughout the country, so they are most definitely not all Dublin based. While it may seem that with the strategically funded organisations, there is more of a bias towards Dublin, in fact, there is not. We have the Irish National Opera, INO, which has toured 23 counties this year, or the new national dance company, Luail, which will impact on eight different counties. Therefore, I accept that while the Abbey Theatre and the Gate Theatre are in Dublin, organisations like Poetry Ireland and the INO will tour significantly and bring their fantastic offerings to audiences throughout the country.

The strategically funded organisations and the arts centres are certainly drivers of employment. The arts grant funding is in a different bracket whereby it is programme funding. We are very committed to trying to increase those organisations in the future because we realise that across the arts sector, costs have risen astronomically for people in terms of travel and accommodation - those are huge issues - and also energy costs. We were very glad to receive extra funding from the Department to address those energy costs in recent years. However, we simply need more money. I would like to reassure people that all the spending on this failed IT project was capital money. It simply was never the case that any arts organisation or any individual was disadvantaged by spend on this. That is simply not the case.

Deputy Joanna Byrne: Will Ms Kennelly give some clarity on how an organisation becomes strategically funded or what the entry criteria for that are?

Ms Maureen Kennelly: Sure. I am sorry; I forgot that part.

Chairman: We have just over one minute remaining now.

Ms Maureen Kennelly: I will be brief. There is a very strong relationship between our heads of team and the organisations we fund and with which we partner. While it may not be apparent on the website, an awful lot of discussion goes on between people who are funded. What we like to see is that an artist comes in on something, perhaps a smaller fund like an agility award, and progresses right through the organisation. Our heads of team, who are experts in all their areas, work very hard with those organisations to try to develop and bring them through to the next step. I would feel that is true across the organisation.

Deputy Joanna Byrne: Therefore, it is at the discretion of arts council management.

Ms Maureen Kennelly: There is a lot of discussion. There is huge familiarity with the organisations, and we must determine whether they are fit in terms of how they are set up. Strategic funding is a much more demanding scheme so there is an awful lot of discussion that goes on.

Deputy Paul McAuliffe: I welcome all of our witnesses this morning. It is important to say at the outset that arts, sports, tourism and culture are an essential part of our national life. I compliment the witnesses on all of the good work that is done by many of the different organisations. Unfortunately, in this committee, we do not often have the opportunity to highlight the good work. That is more a matter for the joint committee. In each of our constituencies, we would all have great examples of where that filters down into community life.

Let us continue the line of questioning relating to the Arts Council and particularly the grant system. In 2020, it was decided to integrate the five legacy systems into one system. How many companies tendered for that work?

Ms Maureen Kennelly: There were five in total. The project started back in 2017 so the contractor was appointed by the time I came on board in mid-April 2020.

Deputy Paul McAuliffe: The decision to proceed was taken in 2020 but it had its origins in 2017.

Ms Maureen Kennelly: It did.

Deputy Paul McAuliffe: There were five companies that tendered for it. The budget of €2.97 million was set. Was that set in advance of the tendering or was that set after the tender-

ing process?

Ms Maureen Kennelly: My colleague who is head of our finance and our deputy director is here so I might direct that question to him.

Mr. Martin O'Sullivan: The figure was done by our consultants in terms of preparing the bid price. That would include development, project management and all of the necessary support to deliver the project.

Deputy Paul McAuliffe: There was a consultant report established prior to the tendering process.

Mr. Martin O'Sullivan: Correct.

Deputy Paul McAuliffe: The consultant report indicated that a figure of approximately €3 million would be required.

Mr. Martin O'Sullivan: That is correct.

Deputy Paul McAuliffe: Did the consultant report identify any risks or contingencies that might be required?

Mr. Martin O'Sullivan: Yes. Obviously, it did do that. The business case would have included that type of information in it.

Deputy Paul McAuliffe: Let me go to the issue of the business case. What was the business case for the project?

Ms Maureen Kennelly: The business case was built on a number of reports done back in 2017 and 2018 to look at the systems. It was very much born out of a value for money report done by the Government which was basically saying that the Arts Council could not tell the story adequately about the impact of its funding. There were a number of imperatives driving this, including the fact that the system was on its last legs. It was creaking at the hinges. We also needed to be able to make the case better for funding for the arts.

Deputy Paul McAuliffe: What did the system do?

Ms Maureen Kennelly: The system that we had then-----

Deputy Paul McAuliffe: What product was delivered to you?

Ms Maureen Kennelly: I will hand over to my colleague, Mr. Anyanwu, who might want to address that.

Mr. Polycarp Anyanwu: What was happening was we wanted to integrate five different systems together. At that point we had a customer relationship management system, a finance system and a child protection and welfare system. Many of them wanted to be brought together. The whole idea was to replace systems that were no longer fit for purpose. For instance, if an artist wanted to apply for a grant, it was going to take the person at least five days to even get a code to use to log in.

Deputy Paul McAuliffe: The suggestion was that it would bring some efficiencies to-----

Ms Maureen Kennelly: Absolutely.

Mr. Polycarp Anyanwu: Yes, to make it more efficient. It was outdated already. They were already having security vulnerabilities that needed to be addressed.

Deputy Paul McAuliffe: Did any of the legacy providers tender for the project?

Ms Maureen Kennelly: No, I do not think so.

Mr. Martin O'Sullivan: There was a public process and a dialogue process, as recommended in these projects. There were nine tenderers that went through the pre-qualification-----

Deputy Paul McAuliffe: Were any of them legacy providers?

Mr. Martin O'Sullivan: I do not know precisely. I would have to come back to the Deputy on that.

Deputy Paul McAuliffe: Mr. O'Sullivan might come back to us on that. When a contract was awarded and so on, obviously a schedule of payments and a contract was put in place. Can the officials tell me what the schedule of payments was due to be?

Mr. Martin O'Sullivan: I am sorry; I missed the Deputy's question.

Deputy Paul McAuliffe: What was the expected schedule of payments for the work to be done in order to complete that?

Mr. Martin O'Sullivan: The contract was negotiated around a set of deliverables.

Deputy Paul McAuliffe: Can Mr. O'Sullivan tell me what they were?

Mr. Martin O'Sullivan: We appointed a project manager to oversee the project on our behalf. They were looking at the plans and the deliverables. They were responsible for the milestones under the contract. They were linking in with our senior project manager on the project as well. The contract-----

Deputy Paul McAuliffe: Let me put the question more clearly. The Arts Council was expected to make payments under the contract. What were the milestones? What were the things that triggered payments?

Mr. Martin O'Sullivan: We had set milestones. Basically, the contract was initially for a year. Then, as the Deputy heard from the earlier reports, it went on for two and a half years.

Deputy Paul McAuliffe: Was it a fixed-price contract or was it on some sort of merit?

Mr. Martin O'Sullivan: No, there was a fixed-price piece to it.

Deputy Paul McAuliffe: Surely within the contract there was a payment schedule.

Mr. Martin O'Sullivan: Yes, there was, but there were extensions to it as well.

Deputy Paul McAuliffe: No, no. What were the criteria for the payment schedule? Was the schedule based on time or on milestones?

Mr. Polycarp Anyanwu: Unfortunately for the Arts Council, it was not milestone-based. We had a list of the deliverables in terms of the features and the different systems. It was not tied to them. It was more of a waterfall model in that it starts, finishes, receives user acceptance and the final step is-----

Deputy Paul McAuliffe: The milestones were more based on the work they completed in terms of their work as opposed to the delivery of products.

Mr. Polycarp Anyanwu: Yes.

Ms Maureen Kennelly: There are two parts -----

Deputy Paul McAuliffe: That would strike me as not being an appropriate mechanism for triggering payments.

Ms Maureen Kennelly: I understand the Deputy's concern about that. There are two parts of the contract that Mr. Anyanwu might like to address - the out-of-the-box element, and the sacrificing or testing period. We will address them briefly for the Deputy because they are important in terms of understanding the contract.

Mr. Polycarp Anyanwu: In terms of the failures, they started with a V-model. They proposed to do what we call a V-model, which means that as they are producing deliverables, they are testing them. They did that only for one sprint. After that they abandoned it when they were eight to 12 months behind schedule. They abandoned all of that and then went to finish the whole product before-----

Deputy Paul McAuliffe: My broader point is this: everybody has had a painter in their house who takes too long, but you do not pay the painter for the number of days they are there; you pay the painter for painting the room. It is a simple example but surely the amount of time they spent on the project was not the only criterion.

Mr. Polycarp Anyanwu: It was not the only criterion. I agree with the Deputy. We have already identified this as part of the lessons learned on the project.

Deputy Paul McAuliffe: I will be honest; I am still not clear what the criteria were.

Mr. Polycarp Anyanwu: The contract itself did not spell out the milestones clearly. It was-----

Deputy Paul McAuliffe: Was it a standard contract that was used?

Ms Maureen Kennelly: Yes. I believe it was a standard contract.

Deputy Paul McAuliffe: What other agencies are using that similar contract?

Ms Maureen Kennelly: We believe there are other agencies using the contract. Mr. O'Sullivan would be more familiar with it than I am.

Mr. Martin O'Sullivan: We were advised on this contract by our procurement consultants. They advised us to go down the competitive dialogue route. They reviewed all of the preparatory pre-qualification questionnaire and the related contract that the contract was awarded under. We relied very heavily on their recommended contract conditions.

Deputy Paul McAuliffe: I do not want to drift too much into the legal argument because there is a case before us. I would presume that the legal case is that the specific purpose of the contract was not delivered. It is difficult for the witnesses to articulate this morning what steps should have been completed and what was not completed.

Ms Maureen Kennelly: We mentioned already that we did not have the senior IT experi-

ence to properly interrogate the work. It was substandard work. Mr. Anyanwu was about to give the Deputy another example. Would Mr. Anyanwu mind giving the out-of-the-box example? I think it would be important.

Mr. Polycarp Anyanwu: I have a developer background. When I joined the business transformation programme around November 2024, I wanted to take a good look. It is shocking when one takes a good look - there are thousands of lines of code, but there are no comments saying what the code is meant to do. A method will run into several lines. The method is doing several things. If we give this to a second person to have a look, he or she will not figure out what the code is doing. They abandoned it. They were supposed to do a low-code, no-code platform.

An Cathaoirleach: There is under one minute left.

Deputy Paul McAuliffe: I understand the point that Mr. Anyanwu is making. I am also comparing it with the increase in staff which took place in the organisation, with an additional 43 staff in the Arts Council. Surely in the case of a project of this scale - €3 million, which is a huge amount of money - in-house expertise should have been identified far earlier.

Ms Maureen Kennelly: Yes.

Deputy Paul McAuliffe: Not only the IT expertise but surely there is an issue here with project management and procurement expertise?

Ms Maureen Kennelly: I agree. Deputy McAuliffe used the painting analogy. The construction scene is very apt in terms of looking at this. This was a project built on extremely shaky foundations. When it started in 2017, the appropriate resources were not there. They were not there until the arrival of my colleagues, Mr. Anyanwu and another colleague back in the office, whom I am glad to say are now in place. They did not become roles within the Arts Council until early 2024, which was a serious deficit. We were in regular contact with the Department to try to get those resources but, unfortunately, they did not come through until very late in the day.

Deputy Paul McAuliffe: That seems breathtaking. Would the Arts Council allow grant funding to be given to a project, for example, if it was intended to put on a play in a theatre without having a director?

Ms Maureen Kennelly: Absolutely not. Deputy McAuliffe is completely right. That is the sort of rigour that we expect from others, so we should certainly have had it ourselves.

Deputy Paul McAuliffe: I will come back in the second round.

Deputy Séamus McGrath: I thank everybody for being here this morning. If I may, I will pick up on some of the points with the Arts Council. The original purpose of the project was an integrated IT system. What is the current state of play? Do we have an IT system that is functioning in an integrated way?

Ms Maureen Kennelly: We do. It is not an integrated system, so it is still clunky and inefficient. I am sure many of the Deputy's constituents tell him about how difficult it can be, which is a source of great distress to us and to the artistic community. We made a business case to the Department in June 2024 to buy an off-the-shelf system, purely to look at the grant management aspect of the work.

Deputy Séamus McGrath: How much would that cost?

Ms Maureen Kennelly: It would be €1.5 million.

Deputy Séamus McGrath: Has there been any additional spend to date for a new or substitute system to replace the failed system?

Ms Maureen Kennelly: We have made mitigations to the current system because we now have enhanced IT expertise. The IT system is certainly in a better state but it is still an extreme worry and we are in constant contact with our colleagues in the Department about it.

Deputy Séamus McGrath: Does there still need to be expenditure to bring the IT system to the required standard?

Ms Maureen Kennelly: Yes. Absolutely.

Deputy Séamus McGrath: How much did Ms Kennelly say it costs?

Ms Maureen Kennelly: The cost is €1.5 million for an off-the-shelf system.

Deputy Séamus McGrath: The cost of the failed system overall was €6.5 million. I accept the net cost was €5.3 million. Are we saying that a system of just more than €1 million would do what the original system was intended to do?

Ms Maureen Kennelly: It would do one part of it. It is just the grant management part, which is obviously very important, but it will not address the integration of five systems.

Deputy Séamus McGrath: So if it is only doing one part, what is the plan for the other parts?

Ms Maureen Kennelly: We are looking at the finance system at the moment. We will continue to discuss with the Department how we might address the other aspects. Mr. Anyanwu might like to address the finance system.

Mr. Polycarp Anyanwu: The off-the-shelf system we are trying to buy is going to deal with four of the five systems. The fifth one is the finance system. When we analysed this in January to February 2024 we arrived at the decision that it is more efficient to have an amalgamated system. It is tested and other organisations are using it. Then we have a finance ERP that is also tested. Then we just go to integration of the two systems, which is a more efficient solution for everybody going forward.

Deputy Séamus McGrath: How many external contractors or consultants in total were involved?

Ms Maureen Kennelly: There were 21 in total. Some of them were very small in nature, but the total comes to 21.

Deputy Séamus McGrath: Did Ms Kennelly say the council is pursuing two through legal avenues?

Ms Maureen Kennelly: Yes, and we are in the pre-action phase with two others.

Deputy Séamus McGrath: What about the remainder?

Ms Maureen Kennelly: Mr. O'Sullivan might want to come in on this response. Some of

it might be reusable but he will address that for the committee.

Mr. Martin O’Sullivan: The legal redress we are undertaking will account for 75% of the cost.

Deputy Séamus McGrath: Is the legal advice confident about recouping some of the loss?

Mr. Martin O’Sullivan: We believe we have a very strong case but we cannot get into the specifics of it today for legal reasons.

Deputy Séamus McGrath: Okay. Were any of the key contractors used by the Arts Council prior to this project?

Ms Maureen Kennelly: I do not believe they were. Mr. O’Sullivan might confirm that.

Mr. Martin O’Sullivan: No. I do not think so.

Deputy Séamus McGrath: The Arts Council mentioned in one of its statements that it drew them from a list provided by the Department.

Ms Maureen Kennelly: That is right. It was the OGP.

Deputy Séamus McGrath: Are the contractors involved in the project still on the Department’s list?

Mr. Feargal Ó Coighligh: I presume it was the OGCIO’s list.

Mr. Polycarp Anyanwu: It was the OGP.

Deputy Séamus McGrath: My point is whether these contractors could potentially be used in other public contracts.

Mr. Feargal Ó Coighligh: That would be a matter for the OGP. I cannot comment. I suspect that is the case but it would be a matter for the Office of Government Procurement.

Deputy Séamus McGrath: So we are not able to get clarity today on whether the contractors involved in this huge loss of public money could potentially be used in further public contracts. We cannot get an answer to that today.

What is the extent of the in-house IT and the estimated cost of it to the organisation?

Ms Maureen Kennelly: I did not catch that question.

Deputy Séamus McGrath: What is the extent and cost of the in-house IT expertise the Arts Council has now employed?

Ms Maureen Kennelly: Both of those people are on the salary scale for assistant principal higher.

Deputy Séamus McGrath: I want to ask a separate question about the Arts Council’s policy on employing former employees as consultants. This is separate to the IT project. Is there a policy on that?

Ms Maureen Kennelly: I do not believe we have.

Deputy Séamus McGrath: If the Arts Council does not have a policy, has it employed former employees as consultants?

Mr. Martin O'Sullivan: Everything is publicly procured. We have strict conflict-of-interest guidelines and, provided those are met, and the appropriate processes are followed, then there would be no reason somebody could not apply for a role.

Deputy Séamus McGrath: So all the consultants engaged by the Arts Council have gone through a procurement process.

Mr. Martin O'Sullivan: Absolutely.

Deputy Séamus McGrath: I will turn to the gallery if I may. What is the cost of the cabinet that is now being commissioned to facilitate the machine?

Dr. Caroline Campbell: I thank the Deputy for his question. The cost of the cabinet that is being procured, which is now under order, is a total of €222,448, including VAT.

Deputy Séamus McGrath: The X-ray machine cost €127,000.

Dr. Caroline Campbell: Yes, the X-ray machine was €124,805.

Deputy Séamus McGrath: Could Dr. Campbell clarify the cost of the cabinet, which had not been envisaged at the outset?

Dr. Caroline Campbell: The cost of the cabinet is €222,448.

Deputy Séamus McGrath: The cost of something that was not envisaged as part of the original purchase of the machine will come as a shock to many.

Dr. Caroline Campbell: We at the gallery are deeply sorry for any failures on this project. I accept there were failures. We have not lived up to our high standards. We are committed to have this system operational. It will provide value for many years to come. We are focused on getting this system up and running and providing value for money to the public.

Deputy Séamus McGrath: I thank Dr. Campbell. Up to now, where has the machine been stored?

Dr. Caroline Campbell: I might hand over to my colleague, Ms Smit, if she does not mind, to provide the technical information on it.

Ms Kim Smit: I presume the Deputy is talking about the original machine.

Deputy Séamus McGrath: Yes.

Ms Kim Smit: One of the components is stored with the supplier and the rest is on site.

Deputy Séamus McGrath: Is there a storage cost involved?

Ms Kim Smit: No.

Deputy Séamus McGrath: This case goes back eight years or more in terms of the intention to purchase and commission. Have we not been using anything for that purpose up to now? It has been said that it will be brought into use at the end of this year. Is it the case that for the past eight years there has not been any substitute in place to fulfil the purpose of this machine?

Dr. Caroline Campbell: The machine will be in action by the end of the year. We have been working very hard to get the system operational and ready. On the occasions that we have needed to have X-radiography done, we have availed of our partnerships and there has been no cost to the institution for that.

Deputy Séamus McGrath: I thank Dr. Campbell. If I may, I will go back to the Arts Council again. Mention was made earlier of payments withheld. Are they potentially additional to the estimated overall cost?

Ms Maureen Kennelly: No. They are part of the €6.675 million.

Deputy Séamus McGrath: What is the overall amount?

Ms Maureen Kennelly: They are minor. They are €200,000.

Deputy Séamus McGrath: Okay. The value of the withheld payments is €200,000.

An Cathaoirleach: There is one minute left.

Deputy Séamus McGrath: I will turn my attention to the Department. The report of the Comptroller and Auditor General referred to €56.4 million in unspent capital in 2023, some of which it was possible to carry over. The large part was returned. Will Mr. Ó Coigligh please explain how such a sum went unspent?

Mr. Feargal Ó Coigligh: As I said in my opening statement, we were coming out of Covid. There were a lot of difficulties in the construction sector with moving projects ahead. This impacted severely on our capital programme, both in the ability of people to progress projects and the cost environment, which put projects back significantly. The large-scale capital scheme funds very good projects such as the RDS redevelopment and Connacht rugby stadium. All of a sudden, these large projects saw big cost increases in an inflationary environment. The Government stepped in with additional funds but those kinds of things delayed the ability of the Department to spend on its capital projects.

Deputy Grace Boland: I thank the witnesses for attending. By way of background, I am a lawyer who has worked on many IT procurement projects. I read about the delivery or, rather, the non-delivery of this project and was astounded. It was very hard to follow. It looks like there were failures from the outset. There was no real substantiated business case and clear purpose or understanding of the milestones to be delivered. This included how to ensure payments were withheld or to make sure services were up to standard. I am very concerned if that is the standard of what is happening in our State bodies. My first questions are for the Secretary General. He has 19 bodies under his aegis. He has admitted that he failed to effect oversight here. We have recommendations from the C and AG and from the IPA. Is there anything else Mr. Ó Coigligh needs to tell us? Is there anything else we need to know? If there is that level of failure in the Arts Council, what else is out there?

Mr. Feargal Ó Coigligh: In terms of project management, the Deputy may be aware that when the Minister took office, he was very concerned about this failure and asked me to write to the agencies within the arts, culture, sports and media sectors. These are the continuing parts of the Department in its new configuration. He asked me to inquire if there were any other significant projects of more than €500,000 since 2020 or any other project of significance that should be brought to our attention, where the project was significantly over cost or failed to deliver on its objectives. That did show overall that the buys came back without any significant issues,

bar one project in RTÉ, which was the subject of discussion at the Oireachtas joint committee yesterday, as the Deputy is aware. That gives a measure of comfort.

Deputy Grace Boland: I am conscious of time. Is Mr. Ó Coigligh saying there is only that one project and that there is nothing else that he needs make us or the Minister aware of?

Mr. Feargal Ó Coigligh: Not in respect of project delivery that I am aware of.

Deputy Grace Boland: Will all the recommendations be implemented swiftly?

Mr. Feargal Ó Coigligh: They will be. We have already taken a huge number of steps, such as the appointment of a principal officer as the head of IT last year and a new governance unit. We have taken a huge amount of action already.

Deputy Grace Boland: We would appreciate it if we could get written confirmation of where the Department is regarding the implementation of all of this and the timeline to deliver the rest of them

Mr. Feargal Ó Coigligh: That is no problem.

Deputy Grace Boland: The project itself dates back to 2017, so Covid cannot be blamed for everything. It was very clear early on that it was not working. I cannot understand how we got to 2024 before it was definitively pulled. I would like Ms Kennelly to respond to this.

Ms Maureen Kennelly: As I said, it started off on a very flawed basis, because it did not have the resources in place. There was a-----

Deputy Grace Boland: To be fair, I do not think the Arts Council gave the right instructions. It is clear that there was no proper life-cycle management of this project. There were no clear key performance indicators, KPIs, or service level agreements, SLAs. That is obvious from what I have read.

Ms Maureen Kennelly: To go back to the resourcing of it, a report given to the Arts Council in 2018 recommended a particular resourcing structure. Unfortunately, only 55% of that was in place when the project started. When I started in the Arts Council in mid-April 2020, there was no head of HR and there was not even a head of IT. Therefore, the project started on very shaky ground.

Deputy Grace Boland: Who would have given the go-ahead for the project to start?

Ms Maureen Kennelly: My predecessor and the plenary, the council.

Deputy Grace Boland: Would it have been approved by the Department?

Ms Maureen Kennelly: The Department was fully aware of it, yes.

Deputy Grace Boland: Can the Department-----

Mr. Feargal Ó Coigligh: Sorry, but we did not have a role in the approval at that point.

Deputy Grace Boland: The Department was aware, however, that the project was going ahead despite there being only 55% of the project board.

Mr. Feargal Ó Coigligh: The Department issued its sanction in September 2019. It was a matter for the Arts Council to implement the project in accordance with the sanction.

Deputy Grace Boland: It would be important for the Department to make it clear that no projects should proceed unless there is a fully resourced project board. Should that not be in place already? If it is not, it should most definitely be.

Mr. Feargal Ó Coigligh: Absolutely. I am not gainsaying the failures, including those of oversight in respect of the Department. However, I can say that the Department issued sanction, which was provided to us from the OGCIO. It was then primarily a matter for the Arts Council to implement that properly.

Deputy Grace Boland: Unfortunately, that did not happen. I want to move on to the governance process of the Arts Council. Ms McGrath has said she is also the chair of the National Concert Hall, which is a fantastic organisation. It occurs to me that the National Concert Hall was probably also in receipt of funds from the Arts Council. How does she deal with conflicts and is any other member of the board also in receipt of Arts Council funds? How does the board sign off on these various conflicts?

Ms Maura McGrath: Believe it or not, there is not actually a conflict of interest because I checked this out when I applied for my role in the Arts Council. In fact, I checked it out within the Department and within the Public Appointments Service. I was absolutely guaranteed that there was no conflict of interest because the Arts Council does not fund the National Concert Hall. It is funded directly by the Department. That is very clear. There would be a conflict of interest if there was anything else, so that would not be allowed to continue. I absolutely share the Deputy's concern about that from a governance point of view.

Deputy Grace Boland: Is it the same for the rest of the board members, that there is no conflict of interest? None of the board members' relatives have ever received funding from the Arts Council and no conflicts of interest have ever had to be declared. Is that the case?

Ms Maura McGrath: Yes. I agree with the Deputy. The only feedback that I am aware of, which I am sure many people here are also aware of, relates to the frustration of many potential artists who are trying to make applications on a very difficult system. This has caused enormous difficulty for many artists around the country. I have heard that come through from my family, because they were in school and college with people, but nobody directly connected to us has ever been funded by the Arts Council and, unfortunately, I do not have anybody on the stage in the National Concert Hall either.

Deputy Grace Boland: There is no one else on the board of the council with any conflicts. Is that correct?

Ms Maura McGrath: Is the Deputy referring to the board of the Arts Council?

Deputy Grace Boland: Yes.

Ms Maura McGrath: No, absolutely not. We are very strict on this. The first thing we do during plenary sessions is raise the issue of conflicts of interest. People are given adequate time. I am particularly rigorous about a number of things in the area of governance and conflict of interest is one of those. The Deputy can rest assured there are no conflicts of interests with regard to funding from the Arts Council.

Deputy Grace Boland: On the business case for this, we keep hearing that it was to integrate five different systems. Was it clear in a cost-benefit analysis that there was going to be, or if we implement a new one that there will be, a cost saving to the State?

Ms Maureen Kennelly: Does the Deputy mean in terms of-----

Deputy Grace Boland: I mean in terms of efficiencies in maintaining an old system. Was there an actual cost-benefit analysis?

Ms Maureen Kennelly: Yes, that was in the business case that was developed in 2018.

Deputy Grace Boland: Has the business case been found to be flawed in general, given what has transpired?

Ms Maureen Kennelly: That is interesting. As people know, a Niamh Brennan report is under way which is examining this closely. We ourselves have not detected any flaws yet. However, we will await the outcome of the report.

Deputy Grace Boland: In regard to the legal process, it is quite clear the procurement consultant who was advising on the commercial elements of the legal arrangement was an absolute failure. Have we learned from that?

Ms Maureen Kennelly: We have far better and tighter procurement processes in place now. We have a programme management office that I introduced in 2024. We have far better processes in place now to make sure this could never recur.

Deputy Grace Boland: The Secretary General is right across the different bodies that are the responsibility of the Department. Is that the case?

Mr. Feargal Ó Coighligh: Will the Deputy repeat the question?

Deputy Grace Boland: Is it the case that for the business case, legal arrangements and so on, we could not have an external procurement consultant advising on the commercial elements of a project like this?

Mr. Feargal Ó Coighligh: We follow all the requirements of the Government circulars in relation to ICT projects. We have strengthened our own governance arrangements with ICT. In regard to the contract, the report I commissioned on the project found significant failures in regard to the analysis in the original business case. That is an issue.

Deputy Grace Boland: I assume we will learn from that and make sure it does not-----

Mr. Feargal Ó Coighligh: Absolutely, there are recommendations from that report for us and for the Arts Council to implement.

Deputy Catherine Connolly: The witnesses from the three organisation before us are all very welcome. ICT has been asked so many questions. They are saying there were no resources at the time, there was nobody in place at the time, and there was no business case at the time. I will not go back over it. I will move on to the art gallery. It is a wonderful facility. I have been down there many times. It is a joy to go there.

In regard to this project, they have given the extra figures for the room. Was there a business case at the beginning? A yes or no answer will be fine.

Dr. Caroline Campbell: There was a business case in 2017.

Deputy Catherine Connolly: What did the business case identify?

Dr. Caroline Campbell: In 2017, the business case was for the purchase of the equipment. That was what it identified.

Deputy Catherine Connolly: What equipment?

Dr. Caroline Campbell: The X-ray system in 2017.

Deputy Catherine Connolly: There was a business case to say we need this X-ray equipment. I understand that X-ray equipment is needed. However, did it identify what was necessary with that equipment? Did it identify that a room was necessary with it?

Dr. Caroline Campbell: At the time when the equipment purchase was made, a room had been identified in the gallery complex for it.

Deputy Catherine Connolly: A machine was purchased and it is stored part in one place and part in the gallery. It was purchased for a purpose to carry out X-rays of pieces of art the gallery has. Was what was necessary not identified completely at that point?

Dr. Caroline Campbell: I understand a room was identified for the equipment when it was bought in 2017. However, because of operational changes, that room subsequently could not be used. The timeline we submitted as part of our briefing document goes through the process. The gallery is very sorry that mistakes were made and we did not live up to our high standards.

Deputy Catherine Connolly: Honestly, I understand; we all make mistakes. The gallery does a very good job. It is about learning. We are here every week and I am back on the committee, fortunately or unfortunately, in regard to processes. We recently had the national children's hospital before us. We will be coming to the Department. I am not here to go at the witnesses. I do not need any more apologies. We all make mistakes. I am here to see what happened and how we can avoid it in the future. Last week the question of whether a person underwent media training was asked. I am not going to ask that. However, I am tired of the responses that try to please us. It is simply to learn. If we had private companies here, I am sure they would be far worse. Let me say that openly.

Let us go back to this machine. When the business case was done, it said buy this machine and this room will be okay. It turned out that room was not okay.

Dr. Caroline Campbell: A room had been identified before the business case was prepared. The room had been identified before the purchase of the machine in 2017. It was then found that the room needed to be used for a different purpose because, in 2017, the gallery reopened its historic wings after a lengthy period of refurbishment. Through that process it was found that the space that had been identified previously for the X-ray system was going to have to be used for a different purpose. Since that time the gallery has tried to find a space in which the equipment could be used. We are focused on getting this equipment into operation. We now have the X-ray cabinet which will be delivered by the end of the year so that we can make the system operational.

Deputy Catherine Connolly: Where is the gallery going to make it operational?

Dr. Caroline Campbell: I will ask Ms Smit to talk about that. We have a solution for its operation in another space in the gallery which is used for other purposes as well.

Ms Kim Smit: The main advantage of the system we are buying at the moment is that it can be housed in a dual-function space. The original system needed a lead-lined room which

was dedicated to this piece of equipment. As the director said, that is what we had difficulty in finding.

Deputy Catherine Connolly: It was obvious from the beginning, was it not, that the lead-lined room was required if an X-ray machine was being bought? Was it not identified then that a lead-lined room was necessary?

Ms Kim Smit: It was-----

Deputy Catherine Connolly: We know now that €225,000 is going to be spent on a lead-lined cabinet. Is that right?

Ms Kim Smit: It is a self-contained cabinet.

Deputy Catherine Connolly: Was that identified at the time? I am confused. A room was identified. The room was not suitable. However, all of that would have been obvious at the time, would it not? An X-ray machine cannot simply be put in.

Ms Kim Smit: For context, we did always have a lead-lined room for X-raying which was a wet processing facility. X-rays have moved to digital, similar to photography, over the years. In that same area, although slightly different, but close to it, a room was identified where that same lead-lining would be implemented and the X-ray system would be housed there. This was not a brand new situation for us to implement. However, as the director said, after the first three phases of our capital programme, we saw that there were pinch points and stresses and strains and that room was required for another purpose. That is when the search began for an alternative location.

Deputy Catherine Connolly: But the machine has been lying idle all this time.

Ms Kim Smit: It has.

Deputy Catherine Connolly: How have you managed without the machine all this time?

Dr. Caroline Campbell: When we have needed X-ray facilities, we have used our international partnerships. We have worked with our partners and, on one occasion, with the National Museum of Ireland. However, there are particular X-ray requirements for works of art, for paintings and drawings. The National Gallery of Ireland is going to be the only place on the island of Ireland that will have the facilities to do this. We are very keen to get the equipment up and running and to make the best benefit of it. One of the first projects we will work on is a study that we have already begun of our paintings by Jack B. Yeats, that have never been studied in this way before.

Deputy Catherine Connolly: Did the gallery ever think of selling the machine?

Dr. Caroline Campbell: We are focused on getting the machine and the system up and running-----

Deputy Catherine Connolly: Did you ever think of selling it over recent years?

Dr. Caroline Campbell: We did not because we wanted to find a way to have it operational in a site which is a complex site. We have the solution, that is, the cabinet, which can be used in different places and for a long period of time.

Deputy Catherine Connolly: My next question is for the Arts Council. I might get a

chance to come to the Department to ask about underspending. Gaeltacht areas are crying out for funding. I will come back to that. I want to ask the Arts Council about the situation at the Abbey Theatre. The Arts Council directly grants a certain figure to the Abbey Theatre. Is there a service level agreement or a specific contract?

Ms Maureen Kennelly: There is a very detailed letter of condition and letter of offer, and renewed conditions attached to the Abbey Theatre. As people will remember, there has been a lot of discussion in recent years about governance at the Abbey Theatre. I am happy to say there is now a very good relationship with the Abbey Theatre, which is in receipt of €9.5 million this year.

Deputy Catherine Connolly: There is a specific agreement in place.

Ms Maureen Kennelly: Yes.

Deputy Catherine Connolly: Is it a performance agreement? What is it called?

Ms Maureen Kennelly: It is not a service level agreement.

Mr. Feargal Ó Coigligh: It is a funding agreement.

Deputy Catherine Connolly: Will Ms Kennelly give us some details on it?

Ms Maureen Kennelly: It looks at the number of performances, the employment offered and, of course, the audiences. There is also a quality dimension to it. It looks at every detail of the Abbey Theatre, which is embarking on a major capital project and it includes details of this as well.

Deputy Catherine Connolly: Does the Irish language come into this, with regard to having a certain number of performances in Irish?

Ms Maureen Kennelly: There is no quota as such but there is certainly discussion about it. I know the number of Irish-language performances has increased. It is a particular imperative in the Abbey Theatre.

Deputy Catherine Connolly: Will Ms Kennelly give some detail on this? When I hear the word “discussion” around the Irish language, I tremble.

Ms Maureen Kennelly: There has been an increased number of performances in the Irish language. It is a particular part of the strategy.

Deputy Catherine Connolly: I understand that. I was at one of the performances. I want to know what criteria are being used. What are the aims and objectives on productions in Irish?

Ms Maureen Kennelly: To see contemporary writing in the Irish language and contemporary acting and directing in the Irish language brought to our national theatre: that is the imperative.

Deputy Catherine Connolly: I accept the imperative. Later we will come back to the Department on inputs, outputs and measuring things. With regard to the money being given to the Abbey Theatre, what have been identified as the aims for Irish productions?

Ms Maureen Kennelly: I am not sure whether we have a specific number of performances or a specific number of productions. It certainly features very largely. The Arts Council now

has two full-time staff in the area of Irish-language arts. It is an increasing goal of ours to include work in the Irish language.

An Cathaoirleach: We will now take a short break.

Sitting suspended at 12.02 p.m. and resumed at 12.17 p.m.

An Cathaoirleach: Before I call in our next speaker, Ms McGrath wants to clarify two points.

Ms Maura McGrath: I thank the Cathaoirleach. I want to go back to Deputy Boland's question on conflict of interest. I thank her for the question. I want to say, additionally to what I said earlier, that there is a rigorous approach with regard to conflict of interest. Deputy Boland asked specifically about members of the Arts Council board. It is recorded under note 14 in our financial statements. There was a number of individuals, almost all of whom have now left the board. They stepped out when it came to funding discussions. They are recorded.

In the case of the National Concert Hall, there is no direct funding for it but there is a residency called Tradition Now, whereby there are two festivals every year and there is funding of €80,000. Even though this is not directly for the National Concert Hall but for a residency, I step out for the discussions. I wanted to correct and provide further detail for Deputy Boland.

An Cathaoirleach: I thank Ms McGrath. Was there a second point of clarification on procurement? No. We will move on.

Deputy Cathy Bennett: I welcome the witnesses. I acknowledge that I previously worked in an arts venue. It was a local theatre in Monaghan. I am very familiar with the arts package the Arts Council is trying to get rid of. I agree it is a very difficult system to use and it needs to be upgraded. The systems are outdated and it is disappointing for the sector that the project was not a success. It is incredibly disappointing for the taxpayer that so much money was wasted, just to put that on the record. The IT projects are an area that seems to be particularly problematic in terms of the cost right across all sectors, if the witnesses would be in agreement with that. I have no doubt this committee will engage with other Departments to ensure this does not happen during my Dáil term going forward. IT systems seem to be prevalent at the moment in all media and in all sections of Departments across the board. I want to say at the outset that it is important to make sure this is not running across all Departments. This has to be stopped. This has happened and €6.7 million in taxpayers' money was utterly wasted. Somebody has to hold responsibility for that. There seems to be a systemic issue across the public sector and that is what I want to get into today.

My first question to the board members today is whether they requested or enlist assistance from the Office of Government Procurement and the chief executive officer of the Department of Public Expenditure, NDP Delivery and Reform or any other internal government expertise at the outset.

Ms Maureen Kennelly: Absolutely. We brought forward a workforce plan in October 2021. I mentioned earlier that there was no head of HR in place when I joined in April 2022. Neither was there a head of IT. There were very significant parts of the organisation that were absolutely not resourced, which was most regrettable. I brought in a very senior HR person and worked with her very intensively to bring forward a workforce plan. As I said, the council approved that in October 2021 and then I sent it to the Department in November 2021. I highlighted for it that the senior resource in IT was the critical role we wanted to appoint. We

wanted to appoint that at principal officer level. The head of IT role that was within the Arts Council before that was just at HEO level. It was far too junior for a project of this scale. I sent that to the principal officer in the Department who was my designated line of contact, with whom I had a very regular flow of information about the whole project throughout the whole project and throughout my whole tenure. She accepted the urgency of it, I think, but our discussions continued right throughout 2022 and into 2023. There was no approval for it. The Department wanted us to recruit at a lower level, at AP higher. It felt it would not be able to get the approval from the Department of Public Expenditure, NDP Delivery and Reform for it. We contested that we absolutely needed it at PO level.

Deputy Cathy Bennett: Just to allay my fears, the OGP framework was provided. Can Ms Kennelly provide us with that? Would we still have a copy of it?

Ms Maureen Kennelly: That is the framework by which we procured the contracts, the technology partner and quality assurance.

Deputy Cathy Bennett: That went through the Department.

Ms Maureen Kennelly: That went through the Office of Government Procurement.

Deputy Cathy Bennett: Okay. Ms Kennelly mentioned a project manager earlier who was hired to assist. Was that the IT person who was employed?

Ms Maureen Kennelly: Yes, they were brought in externally.

Deputy Cathy Bennett: In relation to the project design and ensuring your needs were fully expressed in the contract, I heard one of the other Deputies mentioning these were not met.

Ms Maureen Kennelly: The milestones were not tight enough. We now accept that the contract was weak. That is one of the huge lessons learned from this whole process and I think the weakness of the contract came out in the Sinéad O'Hara report and I am sure will be further highlighted in the Niamh Brennan report. I am happy to say that we now have a new project management office in place. We have ICT resources. We have new procedures and a new procurement adviser, so those things could never recur.

Deputy Cathy Bennett: I just want to get to the nuts and bolts of this. When was the Department of Public Expenditure, NDP Delivery and Reform first notified that there was a problem with the IT system?

Ms Maureen Kennelly: My line of contact was with the principal officer in the Department of arts, culture and so on.

Deputy Cathy Bennett: What year would that have been?

Ms Maureen Kennelly: I would have had regular phone calls with her every week. There are about 60 pieces of written communication between myself and the principal officer about this project right throughout.

Deputy Cathy Bennett: Was there anything acted on from the Department?

Ms Maureen Kennelly: It is hard for me to say. I was communicating with her so I understood that she would have been escalating any issues up the line. I never-----

Deputy Cathy Bennett: That is okay. Going over to Mr. Ó Coigligh, in relation to what Ms

Kennelly has said, the Department was notified that this ICT system was actually failing. You were notified of that in which year?

Mr. Feargal Ó Coigligh: I think maybe as context, as I said in my opening statement, the Department recognises the oversight.

Deputy Cathy Bennett: So you recognised that in which year?

Mr. Feargal Ó Coigligh: In 2021-----

Deputy Cathy Bennett: In 2021, and the accounts were not given to Seamus McCarthy. When did the Comptroller and Auditor General get the accounts?

Mr. Seamus McCarthy: We would have been auditing-----

Deputy Cathy Bennett: In 2023

Mr. Seamus McCarthy: For the 2023 accounts, I think it was a matter that arose in the course of the audit. There was nothing flagged. We had identified when we were doing the 2022 financial audit that there were difficulties with this project. We would have been doing that about the middle of 2023.

Deputy Cathy Bennett: So this arose in 2021 but it was not flagged.

Mr. Seamus McCarthy: Difficulties were not flagged to us but we would see expenditure from year to year, the expenditure would be going up and there would be additions to capital. We would be looking at that and trying to understand what is actually happening with this project.

Deputy Cathy Bennett: Going back to the Department, the end of year accounts for 2023 were late being published.

Mr. Seamus McCarthy: Yes. I signed off on the financial statements at the end of June 2024.

Deputy Cathy Bennett: In 2024, so they should have been signed off-----

Mr. Seamus McCarthy: That was about the time they would have been signed off, at the end of 2023. The audit would have been carried out in the spring into early summer and then I would have signed off in the summer, June 2024.

Deputy Cathy Bennett: Why were they not presented to the House until February 2025?

Mr. Feargal Ó Coigligh: The explanation I gave earlier-----

Deputy Cathy Bennett: No one knew about this until 2025.

Mr. Feargal Ó Coigligh: As I said in response to the earlier question, I was absolutely shocked at the loss involved here.

Deputy Cathy Bennett: You were shocked but you did not do anything about it. You knew from 2021.

Mr. Feargal Ó Coigligh: Hold on, Deputy. I initiated an inquiry, an examination of every aspect of this report, which has got very comprehensive recommendations addressed to the

Department and the Arts Council to make sure this does not happen again.

An Cathaoirleach: When was that process initiated by you?

Mr. Feargal Ó Coigligh: In July 2024.

Deputy Cathy Bennett: You knew, though, from 2021. That is what gets me. No?

Mr. Feargal Ó Coigligh: In terms of myself?

Deputy Cathy Bennett: Yes.

Mr. Feargal Ó Coigligh: I took up position in early 2024 as Secretary General of the Department. I know that my predecessor had not been informed, nor had the Minister been informed at any point that there were difficulties with this project until June.

Deputy Cathy Bennett: I thought I had read somewhere that you did know in 2021, no?

Mr. Feargal Ó Coigligh: The Department knew at lower official level but it was not escalated. I think that is a problem-----

Deputy Cathy Bennett: The problem I have here is with the Government. The Arts Council and the National Gallery of Ireland have made mistakes but it is the Department that gets me, that for the Department of Public Expenditure, NDP Delivery and Reform there are no lessons learned here. There is money being spent and lost all the time and nobody is acknowledging it. Mr. Ó Coigligh is the top of the line, as is the Minister for that Department.

Mr. Feargal Ó Coigligh: I will not disagree with the Deputy. I absolutely am *ad idem* with her in relation to the loss on this expenditure. It should not have happened. It should have been called out earlier. The Department that I am in charge of and accountable for should have called it out earlier, absolutely.

Deputy Cathy Bennett: What is going to happen going forward?

Mr. Feargal Ó Coigligh: We have to make sure this does not happen again. This goes back to the report which I commissioned which has a large number of recommendations addressed both to the Department and to the Arts Council in relation to project governance and initiation, oversight, expertise and so on, including in relation to our own functions. I am determined nothing like this can happen again.

Deputy Cathy Bennett: Okay. I want to ask one quick question.

An Cathaoirleach: Very briefly.

Deputy Cathy Bennett: When things like this happen in public procurement and the Department does reviews, do the people the Department hires in to do the reviews go through public procurement?

Mr. Feargal Ó Coigligh: It depends.

Deputy Cathy Bennett: I note Mr. Ó Coigligh stated that the Department has “an expert advisory committee led ... to review the governance and organisational culture in the Arts Council”. It was just in the Arts Council but I think it is right across the Department that Mr. Ó Coigligh is doing that for its internal governance operation. Was the person hired through

public procurement?

Mr. Feargal Ó Coigligh: It is a slightly different process. It is interesting that the review which I ordered was carried out in-house, at zero cost to the taxpayer, and is very comprehensive. There is an expert advisory committee which has been appointed where you have senior public people with expertise who have been asked. They are paid a daily rate which is signed off by the Department of public expenditure in accordance with proper procedure.

Deputy Cathy Bennett: Can we get a letter to the Committee of Public Accounts-----

An Cathaoirleach: You will get an opportunity, Deputy.

Mr. Feargal Ó Coigligh: I can set that out, no problem.

Deputy Cathy Bennett: I ask Mr Ó Coigligh to provide a letter stating that there is no public procurement required for that committee.

Mr. Feargal Ó Coigligh: There are no issues at play from that.

Deputy Cathy Bennett: I thank Mr. Ó Coigligh. Sorry, Chair.

An Cathaoirleach: The Deputy can follow up some of that later on. I call Deputy Kenny.

Deputy Eoghan Kenny: I have a brief question, just to start off, for both the National Gallery and the Arts Council. Do they think they can ever restore the confidence of the public, considering they have spent their money so badly?

Ms Maureen Kennelly: I believe we have a huge challenge in trying to do that. Certainly, I absolutely understand people's distress and anger at this. I have spent 32 years running small organisations and I know about the daily grind of trying to make budgets work, so I absolutely appreciate the frustration and anger at this.

We have spent a lot of time since the publication of the annual report talking to our constituents. We regard them more as partners than clients. They are people whom I, personally, and the Arts Council hold in the highest regard. They are incredible professionals. It is an absolutely brilliant sector. It is a hugely important part of life in Ireland and we would not want to see it impacted. We will work really hard to restore that confidence.

Ms Maura McGrath: May I address the question, please?

Deputy Eoghan Kenny: Briefly, if it is okay, because of the time.

Ms Maura McGrath: I agree absolutely with the director. We have to do so, is my way of looking at it. We do not have an option.

Deputy Eoghan Kenny: I have met people who said there is irreparable damage done to both the Arts Council and the National Gallery.

Ms Maura McGrath: On the damage that has been done, we are explaining it and there is nothing hidden. It is all out there. Honesty is the best policy in all of those matters. Yes, judgments and errors were made. We must admit that. We have got to learn from that. As my colleague from the Department has said, there is a major series of recommendations. Already, a number of them are implemented.

When I came in as chair, I asked that we be given the opportunity to do a review because I knew that areas needed to be strengthened. That will happen when the external review is over. The Department supported me on that. I absolutely agree with the Deputy. There is rigour, honesty and absolute accountability required. That is the only way you restore confidence and that is what we are doing. I believe we will do it.

It is important to note that throughout the arts community at the moment there is still an enormous groundswell of support for the Arts Council. I do not think anybody has seen anything commented on otherwise and that is a testimony to what has happened in the past.

Deputy Eoghan Kenny: Do the representatives of the National Gallery wish to respond?

Dr. Caroline Campbell: I understand why the Deputy asked this question and why members of the public feel this way. The National Gallery is an institution which has been around for the public since 1854. We take the trust that people have in us very seriously.

We have massively improved our processes and our project management. We want the system to be operational for years to come and I am very sorry if people do not want to visit the gallery because of this. The gallery was visited by 1 million people last year. It is a much-loved organisation and I hope, as the gallery's director, that it will stay a loved part of national life for a long time to come.

Deputy Eoghan Kenny: Perfect, thank you. In relation to the X-ray machine, did Dr. Campbell check a suitable location before the purchase?

Dr. Caroline Campbell: We-----

Deputy Eoghan Kenny: "Yes" or "No", sorry.

Dr. Caroline Campbell: There was a location identified for the equipment before it was purchased.

Deputy Eoghan Kenny: I believe the excuses being used are plamáising. There are apologies, etc., but how could we possibly have faith in the board of the National Gallery if a decision such as this was made? A total of €352,000 is being spent between the cabinet and the machine, a machine that has been lying idle. Last week, we spoke about the most expensive children's hospital in the world. Can we compare this to one of the most expensive pieces of machinery being used in a national gallery in the world?

Dr. Caroline Campbell: The gallery takes its responsibilities very seriously. The gallery has a rigorous process of governance with its board of guardian and governors, the audit, risk and finance, ARF, committee, the governance and strategy committee and our executive team, the members of which are with me today. We are going to get this equipment up and running. The costs that are needed for the X-ray cabinet are being funded by the gallery through its own resources. There is no cost through public funds or through the Exchequer.

Deputy Eoghan Kenny: When Ms Kennelly took over as director in 2022, did she request senior IT experience immediately from the Department?

Ms Maureen Kennelly: I did. For clarity, it was April 2020 when I started in my role.

Deputy Eoghan Kenny: Sorry.

Ms Maureen Kennelly: I did. I talked earlier about the workforce plan that we presented to the Department in November 2021 and that, within that, the most critical role highlighted was the senior director of IT.

Deputy Eoghan Kenny: What was Ms Kennelly told?

Ms Maureen Kennelly: I was told that we could not appoint at the level that we deemed was essential to get the right expertise.

Deputy Eoghan Kenny: I thank Ms Kennelly. Why was that appointment not made?

Mr. Feargal Ó Coigligh: The committee needs to know that, in May 2020, the Department sanctioned a head of ICT; in May 2022, the Department sanctioned a technical launch manager; in November 2022, the Department sanctioned an ICT service delivery manager; in February 2024, the Department sanctioned a director of business transformation programme; in March 2024, the Department sanctioned an ICT director; and in June 2024, it sanctioned an IT manager. In relation to the employment and the level of employment that was asked for, in this case, it was a principal officer. Given that the highest senior post in the Arts Council was a principal officer with a director allowance, and it had a deputy director, in terms of the chain of command and Government policy set down by the Department of public expenditure, it was not possible to employ at a principal officer level.

Deputy Eoghan Kenny: Even though the Department knew this project was failing. The Department knew the project was failing from an IT perspective and it could not employ a senior IT consultant.

Mr. Feargal Ó Coigligh: In accordance with public policy, we facilitated the Arts Council in seeking to recruit at assistant principal level and it successfully recruited. It successfully recruited the people it needed. Obviously-----

Deputy Eoghan Kenny: But it needed it in 2020.

Mr. Feargal Ó Coigligh: It needed it earlier than that.

Deputy Eoghan Kenny: It was sanctioned by the Department in 2017-----

Mr. Feargal Ó Coigligh: No, it was sanctioned by the-----

Deputy Eoghan Kenny: -----while also realising that the necessary resources were not in place.

Mr. Feargal Ó Coigligh: It was sanctioned by the Department in 2019 on the back of assurances that the Arts Council could deliver it, but it is clear from the report which I commissioned that neither the Department nor the Arts Council was in a position to properly assess this project.

Deputy Eoghan Kenny: When was the Department fully aware that there were problems with this IT system?

Mr. Feargal Ó Coigligh: I took up post at the end of January 2024. The first inkling of an issue related to an inquiry from the *Phoenix* magazine towards the end of March 2024 with regard to the difficulties with the ICT project.

Deputy Eoghan Kenny: I am sure Ms Kennelly would have told Ms Nash-----

Ms Maureen Kennelly: That is right.

Deputy Eoghan Kenny: -----that there were complications with the IT system. Why were officials in the Department not telling the head of the Department or the relevant Minister that there were issues with the IT?

Mr. Feargal Ó Coigligh: That is absolutely an issue that-----

Deputy Eoghan Kenny: Has that been investigated?

Mr. Feargal Ó Coigligh: I have spoken to all the relevant staff.

Deputy Eoghan Kenny: Spoken or investigated?

Mr. Feargal Ó Coigligh: I have spoken to all the relevant staff. I have asked the questions as to why that was.

Deputy Eoghan Kenny: What answers did Mr. Ó Coigligh receive?

Mr. Feargal Ó Coigligh: The Arts Council had brought in the OGCIO, who are the experts on ICT systems for the Government, and I think that gave a false sense of security that this project could be rescued. At the senior levels, there was not an appreciation-----

Deputy Eoghan Kenny: Do we still have people working within the Department who had oversight of this project, who knew it was failing and did not go to their line manager, which was the Secretary General who should then go to the Minister? We still have those people working within the Department who have failed in terms of the amount of money that the public has spent on this.

Mr. Feargal Ó Coigligh: I have 500 staff working in the Department. They are very hard-working civil servants.

Deputy Eoghan Kenny: I am not denying that.

Mr. Feargal Ó Coigligh: During Covid, the officials concerned were working seven days a week.

Deputy Eoghan Kenny: I am absolutely not denying that.

Mr. Feargal Ó Coigligh: They are excellent officials. Mistakes were made-----

Deputy Eoghan Kenny: Absolutely.

Mr. Feargal Ó Coigligh: -----and we put up our hand that mistakes were made.

Deputy Eoghan Kenny: The public are the ones paying for the mistakes.

Mr. Feargal Ó Coigligh: Mistakes were made within the Department.

Deputy Eoghan Kenny: Does Mr. Ó Coigligh appreciate that?

Mr. Feargal Ó Coigligh: Absolutely. That is why I was very annoyed. It is why I commissioned a report. It is why I am putting in place changes to make sure it does not happen again.

Deputy Eoghan Kenny: Mr. Ó Coigligh said he has spoken to the people who were over

this and did not make him aware of it.

Mr. Feargal Ó Coigligh: And we are taking steps to ensure it does not happen again-----

Deputy Eoghan Kenny: What are the steps?

Mr. Feargal Ó Coigligh: -----including mandatory training in respect of governance and ensuring that if anything like this comes up again it is highlighted. It should be made known that while the Arts Council did keep officials aware during the progress of this report, if one looks at the report, however, there is a pattern of “we have a problem but it is okay we have a solution, and we have a problem but it is okay we have a solution” until it came to a point where the Arts Council agreed to significant additional expenditure and we should have said “stop” and we did not. That will not happen again.

Deputy Eoghan Kenny: Can I ask Ms Kennelly - and she does not have to answer if she does not want to - if she is stepping down of her own accord.

Ms Maureen Kennelly: My contract came to an end in early May. The board had made a very strong business case to the Department for a renewal of a further five-year term, which is the norm. In fact all of my predecessors had a further five-year term. Unfortunately, the Minister did not consent to the further five-year term and-----

Deputy Eoghan Kenny: Will the Secretary General answer why that was not the case?

Mr. Feargal Ó Coigligh: The law in relation to recruitment of the Arts Council director is set out in enactments of the Oireachtas that say that the recruitment of a director is a matter for the board subject to the consent of the Minister and the Minister for public expenditure-----

Deputy Eoghan Kenny: So the Minister for arts has sanctioned the fact, and is saying that he does not want Ms Kennelly-----

Mr. Feargal Ó Coigligh: The Minister sanctioned a contract.

Deputy Eoghan Kenny: But he does not want Ms Kennelly in the role.

Mr. Feargal Ó Coigligh: The Minister sanctioned a new contract-----

Deputy Eoghan Kenny: And why was it not being sanctioned for Ms Kennelly considering that the business case was put forward?

Mr. Feargal Ó Coigligh: The Minister sanctioned the contract that he deemed appropriate.

Deputy Eoghan Kenny: So, he does not deem it appropriate to have Ms Kennelly in the role. Is that coming in line with the IT system?

Mr. Feargal Ó Coigligh: I am just saying that the Minister used and exercised his power under an Act-----

Deputy Eoghan Kenny: If I was reading between the lines - and I would think the public is reading between the lines - it would just seem to me that the Minister, Deputy O'Donovan, does not want Ms Kennelly in the role.

Mr. Feargal Ó Coigligh: The Minister sanctioned the contract which he deemed appropriate.

Deputy James Geoghegan: I thank the witnesses. On 4 February 2025, Ms Kennelly and Ms McGrath met the current Minister and the minutes of that meeting record that the Minister inquired of both the chair and the director whether either they or their predecessors had discussed with the previous Minister or the Secretary General the business transformation programme subsequent to its commencement, to which both replied “No”. Is that an accurate reflection of what took place in that meeting?

Ms Maureen Kennelly: Unfortunately it is not. I have discussed this with the assistant secretary. Those are very incomplete minutes. They were not seen by me or the chair before they were issued to Martin Wall of *The Irish Times*, which I regard as a very serious transgression.

Deputy James Geoghegan: Leaving all that aside, on the specific point did Ms Kennelly reply “No” to that question as to whether-----

Ms Maureen Kennelly: We replied “No” but I immediately said that I told my designated line of contact, which was the principal officer at the time, several times and I reiterated that twice.

Deputy James Geoghegan: But the question is about the Minister or the Secretary General. Did Ms Kennelly tell the Minister or the Secretary General, or their-----

Ms Maureen Kennelly: No because my direct line of contact was with the principal officer. It is written down in the handover document. It is in the governance code that the director of the Arts Council deals with the principal officer-----

Deputy James Geoghegan: To be absolutely clear, Ms Kennelly is not disputing that she did not tell the previous Minister or the Secretary General.

Ms Maureen Kennelly: No. That is certainly true.

Deputy James Geoghegan: Okay. That is what the minutes say so I am not sure what Ms Kennelly is disputing in respect of the minutes.

Ms Maureen Kennelly: First, it should not be regarded as a minute because I did not contribute to it. It was a meeting at which several people were there and-----

Deputy James Geoghegan: That is fine but Ms Kennelly did not-----

Ms Maureen Kennelly: -----neither myself - just for completeness - nor the Chair-----

Deputy James Geoghegan: I am not interested in the format of the minutes. I just want to know the substance. The substance is that Ms Kennelly did not tell the previous Minister or the Secretary General prior to the commencement of the project. That is factually correct. Is that true?

Ms Maureen Kennelly: Hang on now. Sorry. Prior to the commencement of the project?

Deputy James Geoghegan: The minute records that the Minister inquired of both the chair and the director whether they or their predecessors had discussed the business transformation programme subsequent to its commencement with the previous Minister or Secretary General, to which both replied “No”. Is that still the position, namely, that the chair and the director did not speak with the previous Minister or the Secretary General in relation to the BTP subsequent to its commencement?

Ms Maureen Kennelly: That is true because I do not have a direct line with the Secretary General-----

Deputy James Geoghegan: That is fine. I am just trying to establish the facts.

Ms Maureen Kennelly: If I could have just two seconds if the Deputy does not mind. It is not a minute because neither the chair nor I contributed-----

Deputy James Geoghegan: That is a dispute between the Department, I am interested in the substance-----

Ms Maureen Kennelly: It is good to be accurate about these things, in fairness.

Deputy James Geoghegan: Good point. But the point is that Ms Kennelly did not discuss it the previous Minister or the Secretary General.

Ms Maureen Kennelly: To maybe further enhance that, I am not sure if the previous chair discussed it with the Secretary General. He wrote to the Secretary General on a number of occasions expressing his strong concern about resourcing issues and about delays and decisions coming back from the Department. He wrote to the principal officer in December 2021, and in July 2023 he wrote to the Secretary General to express grave concern about delays and lack of action from the Department that were significantly impeding on the workings of the Arts Council.

Deputy James Geoghegan: Ms Kennelly might share that correspondence, if she could, with the committee.

Ms Maureen Kennelly: Of course. I would be delighted to.

Deputy James Geoghegan: Am I correct in saying that the quarterly liaison meetings that were taking place between the Arts Council and the principal officer, to which Ms Kennelly is referring, were shared with Mr. Falvey at some point in late 2023? Am I right about that?

Mr. Conor Falvey: From about 2023 onwards I started to get minutes of quarterly meetings generally across the Department in line with provision to governance arrangements more generally.

Deputy James Geoghegan: What did Mr. Falvey do with the minutes where obviously these issues were being highlighted and flagged? What was Mr. Falvey's subsequent action?

Mr. Conor Falvey: There was an ebb and flow of the minutes over that period. I just acknowledge for Ms Kennelly that there is no question - as the Secretary General has acknowledged from the very start - that the Department was fully aware from the outset of the status of the project and how it was progressing. There was regular interaction, both in the context of supporting-----

Deputy James Geoghegan: Just on the specific point of the minutes, what did Mr. Falvey do when obviously these minutes presumably recorded the growing issues and the costs? What did Mr. Falvey do with that information?

Mr. Conor Falvey: The minutes contained two bullet points in relation to the first quarter to April 2023. The June minutes then record that the project is back on track and they remain confident that things are going to go well.

Deputy James Geoghegan: So there was nothing in the minutes that gave Mr. Falvey pause for concern.

Mr. Conor Falvey: There was nothing set out in big red lights to say the status of the product at that point. Just to be clear, the Arts Council was communicating regularly with the Department. The problem is that the information at that stage, while the damage was being done, was not being escalated.

Deputy James Geoghegan: In terms of Mr. Falvey's role, he received the minutes-----

Mr. Conor Falvey: Yes.

Deputy James Geoghegan: Was there any further action taken by Mr. Falvey further to those minutes?

Mr. Conor Falvey: Not on foot of those.

Deputy James Geoghegan: I thank Mr. Falvey. The Secretary General mentioned that in the summer of 2024 he advised the Minister to not bring to the attention of the Government the issues that had arisen in terms of rising and escalating costs because he wanted to carry out a further report. That was the Secretary General's advice. He also referred to a statement that the Minister has subsequently issued in recent times when all of this emerged. In her statement, the previous Minister mentions that "a decision was taken for the Department to undertake a detailed examination of the Arts Council's project and to present the 2023 Annual Report and Financial Statements to Cabinet alongside the completed examination and its recommendations." The statement says "a decision". That was her decision. Is that correct?

Mr. Feargal Ó Coigligh: No. I think we had the conversation. As Accounting Officer I was very much and very strongly of the view that we should not go to Government with an annual report with this big issue hanging out there with no understanding of what happened.

Deputy James Geoghegan: Who made the decision? I understand that. The Secretary General gave advice. Mr. Ó Coigligh was very clear earlier that he advised the Minister but who made the decision?

Mr. Feargal Ó Coigligh: If you think of it as a joint decision because there are very clear distinctions in law between the role of the Minister and the role of the Secretary General and Accounting Officer. In effect I was wearing that role as Accounting Officer and the Secretary General that I felt it was inappropriate to go to Government without any knowledge of what happened. The Minister-----

Deputy James Geoghegan: Mr. Ó Coigligh as the Secretary General is obviously very familiar with the law. A joint decision. So, it was his decision and the Minister's decision. Is that what he is saying? Is this his testimony here?

Mr. Feargal Ó Coigligh: I am saying it was my firm view that this was the appropriate action and-----

Deputy James Geoghegan: Hold on. The Secretary General has just said "joint decision". Is Mr. Ó Coigligh withdrawing that statement or is that his position?

Mr. Feargal Ó Coigligh: There is no such thing under law as a joint decision. I will withdraw that.

Deputy James Geoghegan: Okay. When the Minister referred to “a decision” was that her decision or your decision?

Mr. Feargal Ó Coigligh: I am happy to say it was my decision.

Deputy James Geoghegan: In Mr. Ó Coigligh’s conversations or discussions with the Minister what was her position on all this?

Mr. Feargal Ó Coigligh: The Minister was happy with that decision.

Deputy James Geoghegan: Did she did she query it? Were any questions posed about it? Was there any back and forth? Was there any hesitation on whether it should be brought to the Government? Was it considered that this was the huge amount of money and the Department had been under so much scrutiny at this point?

Mr. Feargal Ó Coigligh: I think the Minister agreed. Actually the issue of scrutiny is important. Looking at the experience in relation to RTE in the previous years, when there was a constant criticism of a drip-feed of information as people tried to discover what happened, I was determined to get all the facts out to the public as quickly as possible, with nothing covered up. There are no black marks in that report covering up information. Everything was put out there. That was the approach and the focus.

Deputy James Geoghegan: So it was Mr. Ó Coigligh’s decision to not bring it to the attention of the Government for the reasons that he has outlined. Could the Minister have brought it to the Government if she had wished to do so?

Mr. Feargal Ó Coigligh: If the Minister had wished to, then absolutely, but she was *ad idem* with my decision.

Deputy James Geoghegan: I thank the Secretary General. Going back-----

Mr. Feargal Ó Coigligh: I wish to make one point.

Deputy James Geoghegan: I only have two minutes, so I want to proceed, but we can come back again.

Am I correct in saying that a lessons-learned report was brought to the attention of the board in and around 2021?

Ms Maureen Kennelly: Yes.

Deputy James Geoghegan: That lessons-learned report talked about an appetite of risk that was prevalent within the Arts Council. How did the Arts Council change following that report being presented to the witnesses or the board? Were any actions taken?

Ms Maureen Kennelly: Yes. Certainly, that report was considered very carefully. One of the major lessons that it suggested was about internal resources, so we focused on how we can get the right internal resources. That was the key finding from that report.

Deputy James Geoghegan: With the limited time I have left, Ms Kennelly mentioned that two pre-legal actions have been initiated. I think Mr. O’Sullivan said that represented 75% of the value of the sum outstanding, which is presumably the impairment of €5 million but he can clarify that. When was each of those items initiated? When were the legal actions initiated and against whom? When were the pre-legal actions initiated? I am asking for specific dates.

Ms Maureen Kennelly: Regarding the initiation of the legal proceedings, the process began in early 2023 and the more recent ones began at the beginning of this year.

Deputy James Geoghegan: What does that relate to? How much money is being pursued?

Ms Maureen Kennelly: In respect of the more recent ones, in total it is about €2.4 million.

Deputy James Geoghegan: The Arts Council pursued €2.4 million at the beginning of this year, after everything emerged. It is only now that this €2.4 million is being pursued.

Ms Maureen Kennelly: We were focused on two of the contractors who had very specific roles in the project, and further to the Sinéad O'Hara report and our own internal report, we then decided there was room to further pursue other contractors.

Deputy Aidan Farrelly: I thank everyone for being here. I will start with a brief question for the National Gallery. Does it have a risk register in place and is that information publicly available to us?

Dr. Caroline Campbell: The National Gallery of Ireland does have a risk register. We reviewed our risk management processes in 2023 with our external consultants, Mazars, working with our audit, risk and finance committee. We have a strategic risk register and a divisional risk register. At our executive leadership team meetings, we now have an agenda of risk at every meeting, and risk is also an item at every meeting of our relevant board committees and our board.

Deputy Aidan Farrelly: I will move to the Department. The accounts were approved on 24 June and brought before the Oireachtas on 12 February. Are those dates correct?

Mr. Feargal Ó Coigligh: They were signed by the C and AG on 12 June. The process is that the body submits them to the Department formally, and I think the formal submission to the Department was on 25 July.

Deputy Aidan Farrelly: They were submitted to the Department on 25 July.

Mr. Feargal Ó Coigligh: We saw a draft at the end of June, however, shortly after they were signed by the C and AG.

Deputy Aidan Farrelly: In Mr. Ó Coigligh's professional experience, were there any other incidents like this, where it has taken so long to get from this phase to being brought before the Houses?

Mr. Feargal Ó Coigligh: Accounts get delayed from time to time and-----

Deputy Aidan Farrelly: To this extent. Would Mr. Ó Coigligh have made a decision like this before in regard to other accounts?

Mr. Feargal Ó Coigligh: This is the first time I was faced with such a decision as a newly appointed Secretary General. Sometimes accounts get delayed. There is a process. The Comptroller and Auditor General sets out the obligations but there is a process. This committee must be informed that there is a delay, and we did that. To add, there was the general election and the absence of Government. They go to the Government on their way to being laid before the Oireachtas. Therefore, there was a significant period where there not an opportunity to bring the accounts to the Government if we were ready.

Deputy Aidan Farrelly: There was, however, a sitting Executive at all times to bring it to, and a Minister.

Mr. Feargal Ó Coigligh: Only the most urgent business would be brought to the Government during that period.

Deputy Aidan Farrelly: To build on the last piece of clarification, Mr. Ó Coigligh said it was it was a joint decision-----

Mr. Feargal Ó Coigligh: To clarify, it was my decision and the Minister was happy with that.

Deputy Aidan Farrelly: So it was Mr. Ó Coigligh's decision. Could he not have furnished the accounts before the Houses and still sought the answers at the same time?

Mr. Feargal Ó Coigligh: It was my view - people have questioned that view, which is fair enough - as Accounting Officer that I needed to know what happened. That is the reason I took that decision.

Deputy Aidan Farrelly: With regard to other bodies under the Department's aegis, are the companies involved in this Arts Council project involved in any other projects within bodies that Mr. Ó Coigligh is aware of under the Department?

Mr. Feargal Ó Coigligh: That is not something I have any knowledge of.

Deputy Aidan Farrelly: With regard to risk management and the potential lack of regard to that in this case, it seems the Arts Council sought assistance on numerous occasions. Is Mr. Ó Coigligh confident the Department provided adequate assistance to the Arts Council at different times?

Mr. Feargal Ó Coigligh: Between 2018 and 2024, the Department sanctioned an increase in staff from 47 to 146 in the Arts Council. That is a trebling of staffing resources in a small number of years, so I think the Department was very responsive. In respect of the chair writing to the Department and complaining of slow responses, there is an obligation also on the chair, in his annual letter with the accounts, to inform the Minister if there are any issues. At no point during this process did the chair of the Arts Council inform the Minister of the difficulty of this project, which is an obligation under the code of governance.

Deputy Aidan Farrelly: That is a significant issue right there. I have one more question for Mr. Ó Coigligh. I put in a series of parliamentary questions to the Department with regard to IT projects, and the rationale that was cited for not providing details on those was that due to an issue of national security or cybersecurity, the Department and the Minister would not provide the details of contractors involved in IT services. At the same time, I asked the exact same question of the Department of Defence, which would be equally concerned, I would imagine, about national security, and it did provide details of the businesses attached to the IT projects within that Department. Will Mr. Ó Coigligh clarify why his Department would not be forthcoming about the information about the contractors, given how important that information is?

Mr. Feargal Ó Coigligh: I was guided by our own ICT person within the Department as to what they felt was appropriate information to release. Some Departments took a different view. I am happy to look at any of those questions again and we can come back to the Deputy.

Deputy Aidan Farrelly: I thank Ms Kennelly again for her testimony this morning. I ap-

preciate the briefing document. I found it very informative. What stuck out to me was the number of times she and the Arts Council sought assistance from the OGCIO. It seems assistance was granted in late 2019 or early 2020. What happened after that?

Ms Maureen Kennelly: That was before my time. There was an agreement that there would be a representative from the OGCIO on the stakeholder board. A preliminary meeting was held and then, unfortunately, that person did not attend meetings. I imagine it may well have had to do with Covid. Subsequently, the chief of the OGCIO gave some very helpful advice to me and Martin O’Sullivan about the recruitment of the senior CIO role, which, at that stage, had been sanctioned by the Department at PO level. It was subsequently wound back down to the lower level, unfortunately. He was very helpful to us in that regard. In December 2023, when it was absolutely clear that the wheels had utterly come off this project, I appealed to him directly, and he has been extraordinarily helpful. I have a number of regrets about the project, and one is that in summer 2022 we did not appeal to him directly at that stage.

Deputy Aidan Farrelly: The Arts Council had appealed many times before, however. Assistance had been sought.

Ms Maureen Kennelly: Yes. It was unfortunate.

Deputy Aidan Farrelly: Assistance had initially been offered and then there were no-shows at meetings.

I have another question. I am struck by Ms McGrath’s remarks in her opening statement about the competency requirements for such significant projects in areas that perhaps are not the natural expertise of the board. Mr. O’Sullivan mentioned that there have been project managers at different times. How many project managers were involved in and responsible for this project for the Arts Council?

Ms Maureen Kennelly: There were two project managers in total on it. That was before we got our own senior IT expertise in-house.

Deputy Aidan Farrelly: They were contracted in by the Arts Council.

Ms Maureen Kennelly: Yes.

Deputy Aidan Farrelly: In theory, they would have the competency and the expertise.

Ms Maureen Kennelly: We would have thought so, yes.

Deputy Aidan Farrelly: Is that essentially a third party between the contractor and yourselves?

Ms Maureen Kennelly: Yes.

Deputy Aidan Farrelly: Okay. How can we get to a place where they are paid to do a job? Is Ms Kennelly satisfied they did their job as paid?

Ms Maureen Kennelly: No. Those are the issues that are under consideration now in terms of the legal process.

Deputy Aidan Farrelly: Is a legal process being considered for the consultants as well as the contractors?

Ms Maureen Kennelly: Yes.

Deputy Aidan Farrelly: I have a last question, if you do not mind. How has this whole situation impacted on the work of the council and the morale of its staff? It is an organisation that has grown significantly in recent years. How has this impacted on the work of the council overall?

Ms Maureen Kennelly: It has impacted hugely on the staff. That was a huge concern for myself and for the senior team. We have worked really hard to engage with staff about it. We have a highly committed, deeply impassioned staff. They are very mission driven and it really upsets and distresses me still that their work is impacted because that affects the trust they have with the people they support, which is an extraordinary degree of trust. It is not a normal public service job. These are really highly committed and highly informed people. It is an enormous concern for me. We have worked hard to liaise with our staff, first and foremost, but also to liaise with the people who we fund. We try to do that as regularly as we can because of course people are concerned. Of course, those we fund are being asked and challenged about it. We have done extraordinarily well in increasing the level of public investment, which is absolutely brilliant but, as you can tell, is not enough. I certainly do not want this one-off isolated project to impact on the arts because they are absolutely essential to Ireland's success and the health of this country. I would like the board and the executive to work so hard to make sure that there is no impact.

Ms Maura McGrath: Can I respond on that? I think the Deputy's question is interesting.

An Cathaoirleach: If you can be very brief.

Ms Maura McGrath: I will address one particular point, which is the duty of care related to staff. There is no doubt that this has had an impact. People do not like to think that their organisation is in the media for the wrong reasons, but the senior executive team has worked extraordinarily hard to maintain *esprit de corps* and to maintain people. You will notice, and I would like this to be registered, there has been no diminution whatever of the services the Arts Council provides since this issue came on stream. That is an important note of public record.

Deputy Albert Dolan: I thank everyone for their attendance. I know it is not an easy task but we greatly appreciate it. We all have a role to play here. Our role is to ensure the public are getting value for money and that anybody who is in a position to expend public moneys is held to the highest standards. That is what we expect across this House. I also thank the Comptroller and Auditor General for the support that he gives us in enabling us to do this work.

The first thing I will say relates to the importance of the Arts Council. It serves a very important function across our society and it does great works in grants. I work with a huge number of organisations and you should see how happy they are when they receive a €500 grant or a €1,000 grant. The waste that has gone on here is unfortunate because of what that money would mean to these small organisations. Is there anything Ms Kennelly would like to say at this point to those small organisations?

Ms Maureen Kennelly: Absolutely. As we have made clear, it is an extraordinary and eye-watering sum of money. I said that I have worked all my career in small organisations. The sum of it is indeed so distressing and so enormous. The money was never going to grants. It was all capital money that was coming to us from the Department. I know we have this fantastic project we want to get under way to create an artists' campus at Dublin Port and €6.75

million would go a long way towards that.

Deputy Albert Dolan: The Arts Council has gone from a budget of €75 million in 2019 to €140 million in 2025 and from 50 full-time staff up to a staff complement of 120. It is a huge expansion. Will Ms Kennelly explain why the headcount at the Arts Council has grown so much?

Ms Maureen Kennelly: After the economic crash of 2008, resources were extremely depleted, as they were across the public sector. When I started in 2020, the Arts Council was still in fact suffering from that depletion of resources. It was very underpowered. The Arts Council was bringing in quite a lot of contract staff to take on roles. In the new dawn of increased resources, which was fantastic, we were able to bring on significantly more staff. I mentioned IT resources, HR resources and other very important corporate services, as well as those who deal directly with artists and arts organisations.

Deputy Albert Dolan: Does Ms Kennelly believe the organisation needs to be as big as it is?

Ms Maureen Kennelly: It absolutely does. When we compare ourselves to other agencies that do similar work, we compare well.

Deputy Albert Dolan: There is a reason I ask that. Is there any artists' or small arts organisation that has doubled in size in the past five years?

Ms Maureen Kennelly: There might be a few but I cannot think of an example right now.

Deputy Albert Dolan: I just feel it is an organisation that may have run away with itself and has now expanded to a point where it has lost control. Governance is now more important than ever before. Beyond the €6.7 million IT write-off, what were the associated staff costs for that project? How many people in the Arts Council were directly working on it? Are there any other strategic project costs that when added, pushed the total misspend over to, say, €10 million?

Ms Maureen Kennelly: No, there absolutely are not. To go back to the Deputy's first point, it is not out of control. The resourcing was very carefully done. There was a workforce plan. There is another, new workforce plan that will be introduced. When we look at our spend per grant, we are actually a very lean organisation. Ninety per cent of the resources is going straight out to artists and arts organisations.

Deputy Albert Dolan: Who prepared the workforce plan?

Ms Maureen Kennelly: We worked on it with Crowe. That was-----

Deputy Albert Dolan: Did the Arts Council have a consultant prepare the workforce plan?

Ms Maureen Kennelly: We did. That is common enough across the public sector.

Deputy Albert Dolan: What did that cost?

Ms Maureen Kennelly: That cost about €40,000, I think.

Deputy Albert Dolan: Does that seem lean?

Ms Maureen Kennelly: I think it compares well to others, certainly.

Deputy Albert Dolan: A workforce plan could be prepared in-house to plan out the future resources. I do not think a consultant would need to do that.

Ms Maureen Kennelly: As I said, we did not even have a head of HR at HEO level when I commenced in April 2020. You can see that resources in those critical areas were enormously depleted. That was actually a major contributory factor to the failure of this project.

Deputy Albert Dolan: What are the total annual costs for the Arts Council's strategic development department, on average?

Ms Maureen Kennelly: I might defer to my deputy and head of finance, Mr. O'Sullivan, on that.

Deputy Albert Dolan: What is the annual cost of running the strategic department?

Mr. Martin O'Sullivan: I do not have the answer to that, I am afraid. I will have to come back to the Deputy.

Deputy Albert Dolan: Could he provide us with that in writing?

Mr. Martin O'Sullivan: Yes, of course.

Deputy Albert Dolan: We would appreciate that.

Deputy Kenny inquired about Ms Kennelly's decision to resign. I just want to get clarity on that. Is she resigning from the role or has her contract ceased?

Ms Maureen Kennelly: It is the latter. My contract came to an end on 4 May. As I said, the Minister, unfortunately, would not sanction a further five-year term, which was the precedent with all my predecessors in living memory, I think. I was offered a short-term contract, which I deemed unacceptable.

Deputy Albert Dolan: Okay. What will be the total cost to get the IT system up and running? The Arts Council has now spent €6.7 million. What will be the total cost to get it in working order?

Ms Maureen Kennelly: We are making mitigations to the current one with our IT people, with Mr. Anyanwu and with our other colleague. We are making-----

Deputy Albert Dolan: Is there a cost?

Ms Maureen Kennelly: It is moderate. Mr. Anyanwu will know. It is minor enough.

Mr. Polycarp Anyanwu: It is a minimal cost because what we did was to work on the category environment-----

Deputy Albert Dolan: Do you have a number?

Mr. Polycarp Anyanwu: Not really. It is just something like-----

Deputy Albert Dolan: Is it another €1 million, €2 million or €3 million?

Ms Maureen Kennelly: No.

Mr. Polycarp Anyanwu: Not at all.

Ms Maureen Kennelly: Absolutely not.

Mr. Polycarp Anyanwu: It is something as simple as upgrading the system from 2020-----

Deputy Albert Dolan: Does the Arts Council have the capacity within the organisation to complete the system that €7 million has been spent on?

Ms Maureen Kennelly: Sorry, the current system-----

Deputy Albert Dolan: How does the Arts Council intend to complete the system?

Ms Maureen Kennelly: Just hang on a second, if you do not mind. The current system has been deemed a failure.

Deputy Albert Dolan: Completely.

Ms Maureen Kennelly: Yes.

Deputy Albert Dolan: Is €7 million completely gone?

Ms Maureen Kennelly: We are seeking legal redress.

Deputy Albert Dolan: How much do you hope to recoup from the legal redress?

Ms Maureen Kennelly: A significant amount.

Deputy Albert Dolan: Is there a figure on that?

Ms Maureen Kennelly: No, there is not. Everybody here probably knows we are in a legal process so the outcome is uncertain but we are hopeful we will gain a significant amount back. When we deemed this a failure, we went to the Department in the summer of 2024 with what we were calling an “option B”, which is an off-the-shelf grant system. The Sinéad O’Hara report suggested an external review should be done of both the €6.75 million-----

Deputy Albert Dolan: To be clear, we are going to spend another €1.5 million to get the off-the-shelf product which will help the small organisations we represent in all our constituencies.

Ms Maureen Kennelly: Yes.

Deputy Albert Dolan: That is welcome but the overall €7 million is dead in the water.

Ms Maureen Kennelly: No, it is not. Of the €6.75 million-----

Deputy Albert Dolan: My apologies, it is €6.75 million.

Ms Maureen Kennelly: -----€1.2 million is reusable and €200,000 has been withheld, so the loss in the accounts is €5.3 million. We are hopeful we will recoup a significant amount of that for the public.

Deputy Albert Dolan: I thank Ms Kennelly and wish everyone here from the Arts Council the best of luck. I sincerely hope the next time we speak that system will be up and running and benefiting the people we all collectively represent.

I will move on to the National Gallery and Dr. Campbell. It was a sort of revelation today to learn not only that €124,000 was spent on the scanner but that €220,000 will be spent to procure

a cabinet for the scanner. Will Dr. Campbell explain why a scanner was bought six or seven years ago and now we must buy a cabinet?

Dr. Caroline Campbell: I thank Deputy Dolan for his question. The X-ray system was acquired in 2017. We have a solution for the system to be up and running. The cost of the X-ray cabinet is being borne from the National Gallery's own resources. There is no public money being spent on this.

Deputy Albert Dolan: Would the cabinet have been procured only that the Comptroller and Auditor General uncovered the scanner?

Dr. Caroline Campbell: We were working on this issue for many years.

Deputy Albert Dolan: How many years?

Dr. Caroline Campbell: We started working on it when the system was acquired. Before the system was acquired, there was a space identified and it became clear that space needed to be used for different purposes, so we have been looking at this system.

Deputy Albert Dolan: Who signed off on the procurement of the cabinet?

Dr. Caroline Campbell: It was a tender the gallery published in March. The gallery signed off on the procurement of the cabinet and is paying for that through its own resources.

Deputy Albert Dolan: Does Dr. Campbell think the cabinet is value for money?

Dr. Caroline Campbell: I do think the cabinet is value-for-money.

Deputy Albert Dolan: Is the cabinet good value for money?

Dr. Caroline Campbell: I do think the cabinet is good value for money. It has a lifespan of at least 25 years.

Deputy Albert Dolan: What was the life span of the scanner?

Dr. Caroline Campbell: The X-ray system will be operational within the cabinet. The X-ray system and the bulb, which is the main component part, is working and will provide value for money for many years to come.

Deputy Albert Dolan: Who is to blame for the scanner being purchased without the cabinet? Was there any plan for installing the scanner with the cabinet? I cannot get over that the National Gallery spent €124,000 and now there is going to be another €220,000 spent on getting a cabinet for the scanner.

Dr. Caroline Campbell: I have come here with the hope of giving the Deputy and members of the committee explanations. I am the accountable person for the gallery. We want this system to be operational and running. When the gallery acquired this system, it was considered the system would be used in a lead-lined room. The timeline we submitted demonstrated the issues that have been resolved in that we have a solution for its operation, which is the cabinet. This has been procured and we have signed a contract for it. It will be delivered before the end of the year.

An Cathaoirleach: I thank Dr. Campbell and Deputy Dolan. I call Deputy Ardagh.

Deputy Catherine Ardagh: I thank everyone for coming in and bearing with us as some of our questions will probably be a bit repetitive. I will start from the beginning again. The decision to procure a new IT system we heard was because the Arts Council had five systems it was trying to merge. Why did the Arts Council not consider an off-the-shelf system from the beginning and why was a custom-made system picked? Was there a cost-benefit analysis done at that early stage?

Ms Maureen Kennelly: The reason the off-the-shelf option was not considered - the Deputy will bear in mind this was well before my own time - was that it was a more ambitious project. It was amalgamating five systems into one. The initial imperative was the online services, effectively the grant management system. That was out of warranty and was on its last legs. When the organisation looked more widely, it was felt there were efficiencies that could be made, particularly regarding communicating the impact of our work to the public.

Deputy Catherine Ardagh: The Arts Council is putting a business case to the Department for an off-the-shelf system. Was it the board which made the original decision to procure the new IT system? Who brought that to the board?

Ms Maureen Kennelly: My deputy, Mr. O'Sullivan, was in place at that stage and it was indeed brought to the board. He may wish to comment on that.

Mr. Martin O'Sullivan: This project was a key objective of the council and the executive. As the director said, we had a value-for-money study which said we needed to get a lot more data on grant performance. We had the user experience which was not satisfactory and we had the fragility of our existing systems which was really worrying. The council worked completely across this. It was discussed at committee stage in terms of how we were progressing but the key thing was to get the business case into the Department and the council was fully across that.

Deputy Catherine Ardagh: Ms Kennelly made the point that the original decision to procure the IT system was before her time and she came in when there were no IT experts in the organisation. Whose decision was it to go down the road of a custom-made system when there was very little IT expertise available to the Arts Council?

Ms Maureen Kennelly: It was the senior team and the plenary - the council - that decided it should go ahead.

Deputy Catherine Ardagh: In her presentation, Ms Kennelly said that it became clear early on that issues were apparent with the system. It has also become clear that Ms Kennelly made a cry for help to the Department to try to resolve matters. I am curious as to why the plug was not pulled earlier by the Arts Council. This question is probably also one for Mr. Ó Coigligh. Was anybody screaming stop the train in the Arts Council?

Ms Maureen Kennelly: Yes, there were, because it was exactly as the Deputy said, really difficult, torturous, detailed discussions taking place on whether we should just call a halt now and write off what was, even by that stage, a significant level of spend. We were then bringing in other expertise which said "No, it is redeemable, keep going." We wanted to protect the initial investment and our big fear was writing it off. Unfortunately, we have come to this. It has not been a happy end but that is what we wanted to avoid all the way through at every twist and turn.

Deputy Catherine Ardagh: Ms Kennelly mentioned that someone said to keep going and spend a little more. Can she tell us who said that?

Ms Maureen Kennelly: We had outside experts and were in constant discussion with the principal officer in the Department who was saying these things are very complex. I guess there is a general acceptance that IT projects are notoriously complex and difficult to deliver. There is a very high failure rate which certainly does not excuse ours but we are not unique in either the public or private sector.

Deputy Catherine Ardagh: That is a fair point. Regarding the consultants advising the Arts Council, were there conflict of interest checks done for all of them?

Ms Maureen Kennelly: Yes, there were.

Deputy Catherine Ardagh: Can Ms Kennelly confirm there was no conflict of interest?

Ms Maureen Kennelly: Yes.

Deputy Catherine Ardagh: Ms Kennelly also mentioned there is litigation pending. Are there any counter-claims against the Department?

Ms Maureen Kennelly: No, not that I am aware of.

Deputy Catherine Ardagh: Regarding Ms Kennelly's own role, she mentioned she was offered a short-term, fixed-term contract which was not acceptable to her. She says her predecessors were all offered a further five-year, fixed-term contract but the Department has not allowed this. Is the witness contemplating litigation against either the Department or the Arts Council?

Ms Maureen Kennelly: All I will say on that is that I am very disappointed a second term was not sanctioned for me because I had great plans for the organisation. The board fully supported me. As I said, I brought in a number of reforms and there were a number of other reforms that I wanted to see through. It is a source of great disappointment that I will not be able to see those through.

Deputy Catherine Ardagh: On the National Gallery, the Comptroller and Auditor General might be able to help us. What is the current book value of the scanner? Does he know, or can the Arts Council-----

Mr. Seamus McCarthy: I think it has fully depreciated.

Deputy Catherine Ardagh: It is an eight-year-old scanner. The language on some of the presentations today refers to the system in the past tense. It was said that the bulb of the scanner was still viable. Are there other elements to the scanner? Will there have to be further investment in it to bring it up to spec? It sounds from what I am hearing like we are almost on the second scanner. From the language being used, it seems like-----

Dr. Caroline Campbell: We are not on a second system. This is a valuable piece of equipment that the gallery will use for many years to come. X-ray systems are used by museums and galleries around the world and have been used since the 1930s. There was a major change internationally from a wet processing procedure to a digital procedure in the 2010s, and-----

Deputy Catherine Ardagh: I do not mean to be rude by cutting in. Will Dr. Campbell confirm that there will not be any upgrade? Has the scanner been maintained such that, when staff start using it, it will be as new? Can she tell us it is not technologically obsolete? It is eight years old. In the past three years, we have seen the advent of AI. An iPhone that is eight years old is now completely obsolete. I wonder how the scanner can still be-----

Dr. Caroline Campbell: The equipment is not technologically obsolete. The equipment will be used and will provide value for years to come. Perhaps Ms Smit might be able to offer a little more clarification, but the equipment will be used for many years to come. It is viable.

Ms Kim Smit: Yes, it is. We are using all the equipment, apart from one element, which would be to the value of approximately €10,000 and which we are looking to resell. Apart from that, it is all being used. It has been tested by the supplier, it is working perfectly, and it will be fully integrated into the cabinet.

Deputy Catherine Ardagh: I have a short question for the Department. When bodies under its remit have a large project that will incur significant expenditure, are there safeguards in place to ensure things are on track? Looking back, it really sounds like the Arts Council was crying out for help and really needed support from the Department. Does the Department have a plan to support its bodies in these circumstances? Alternatively, is it the case that it should not have to support its bodies and that the Arts Council may not be fit for purpose and should be disbanded?

Mr. Feargal Ó Coigligh: There was a certain uniqueness to this project. My response relates to the failure on our part. In 2018 to 2019, when the project was being assessed by our Department and we were coming out of the recession, we, too, were under-resourced in terms of expertise. It was unusual in that there was a specific sanction. Bodies carry out ICT projects on a regular basis within their own capital budgets and follow the guidelines without it being necessary to come to the Department. The ICT project under discussion did need to come to the Department. I am not sure that there are too many of a similar ilk, and I do not think the Department was set up to properly assess and oversee it in carrying out its functions. That was a problem. We have since resourced ourselves in terms of ICT. Circulars have changed. For example, there will be a requirement for a peer review process on a project of the scale in question.

Completely outside the process, one of the things that happened here was capture. I am referring to the whole narrative of one more push, we will get it across the line, do not stop it now or we will lose €2 million, €3 million or €4 million, until it becomes too late. That is part of the narrative.

Deputy Joe Neville: Having been waiting until what is nearly the end, I note that many good questions have been asked by many of my colleagues. That said, I will see what I can do.

As I said here last week, I was an auditor for many years, but I also worked through procurement processes for various bodies and national organisations and oversaw procurement. Therefore, I would like to think I can bring some of my expertise to the table.

Would Mr. Ó Coigligh see what has occurred as a failure of governance overall in the Arts Council? Does he have faith that this will not be an ongoing issue such that we will not be facing something like this in the future?

Mr. Feargal Ó Coigligh: It is certainly a failure of governance in the Arts Council. For example, this was not brought to the audit and risk committee of the Arts Council. All these facts are set out in the report I commissioned. It is also a failure in respect of oversight by the Department. Therefore, there is failure all around. It is important that our bodies be fit for purpose. As Accounting Officer, I ordered the inquiry so we would have the facts available to present. When the Minister saw the facts, he said the matter was one he wanted to go further

on, having regard to the question of whether there were issues of culture and governance within the Arts Council. That is why he requested that an inquiry into the culture and governance of the Arts Council be carried out under the leadership of Professor Niamh Brennan. That is where we will glean further insight, if there is to be further reform carried out in that regard.

Deputy Joe Neville: Professor Brennan is a very capable person, so I look forward to her report. I think she lectured me in commerce in UCD, so I know all too well how thorough she is.

I detected a note of acceptance of certain elements of responsibility from Mr. Ó Coigligh. I welcome that and I know he has been put under a lot of pressure here in this regard. Questions have been asked fairly and put on his shoulders.

To go back to what Deputy Geoghegan was outlining, the timelines would be sensitive as regards Mr. Ó Coigligh's making of the decision, considering elections and everything else. This may have been alluded to by others. Does he believe this was a factor?

Mr. Feargal Ó Coigligh: My consideration was to find the facts as Accounting Officer. That was my consideration.

Deputy Joe Neville: Was there a risk assessment done? I am referring to events before Mr. Coigligh's time. Obviously, it was sanctioned. I am asking questions rather than making statements. Was sanction given by the Department for the process initially? Obviously, the Department would have been notified. Would a risk assessment be done around that or was it a case of "We are doing this either way"?

Mr. Feargal Ó Coigligh: No. A business case came into the Department. Let me note, for full declaration and clarity, that I happened to be assistant secretary in the area at the time. Therefore, this did cross my desk on its way to the Minister at the end of 2018, before-----

Deputy Joe Neville: Was it the 2017 period?

Mr. Feargal Ó Coigligh: The Arts Council ideas submitted to the Department as a business case for approval in principle for funding-----

Deputy Joe Neville: That came across Mr. Ó Coigligh's desk, so he was aware of this. He has been familiar with this.

Mr. Feargal Ó Coigligh: I was out of the Department for five years after that. As to what happened after December 2018, I was not in the Department.

Deputy Joe Neville: Does Mr. Ó Coigligh mind me asking him whether he remembered the documentation on his desk when he came back in 2024? In fairness to him, I am sure he sees so much.

Mr. Feargal Ó Coigligh: I will tell the Deputy what happened. When the assistant secretary approached me and mentioned there was a difficulty, I asked whether it was the project under discussion because it had featured so long before that. I went back. It is interesting that you go back with fresh eyes to read the business case and you see how slight and optimistic it was.

Deputy Joe Neville: I want clarification on something. Did the chair or previous chair of the Arts Council notify the Secretary General when issues popped up?

Ms Maura McGrath: Obviously, I cannot speak for the previous chair.

Deputy Joe Neville: Do we know whether there is a record?

Ms Maura McGrath: Let me check.

Deputy Joe Neville: If the previous chair did not notify the Secretary General, should that individual have? If the previous chair did not, was it a breach of the public spending code? Could we have clarification on whether it is a breach and whether the chair notified the Secretary General? There are two questions.

Mr. Seamus McCarthy: There is an obligation on the chair of the board of a State body to report annually to the relevant Minister, give certain assurances and disclose on certain matters. Maybe the obligation that is relevant in this case is “outlining all commercially significant developments affecting the State body in the preceding year, including the establishment of subsidiaries or joint ventures and share acquisitions, and major issues likely to arise in the short to medium term”. That obligation is there on every chairperson.

Deputy Joe Neville: There is an obligation. Can we check? Does Ms McGrath know if it was done?

Ms Maura McGrath: May I address what I know?

Deputy Joe Neville: I am very limited in time and maybe we can get the matter clarified after.

Ms Maura McGrath: We did a trawl to see if there was any correspondence by the previous chair. It was a very diligent and thorough assessment of correspondence to the Department. There were two letters from the previous chair. One, which the director has referred to, was in 2021. That was a general letter to the Department. The second letter was in July 2023 when the resources for the business transformation project were raised. They are the only two items that I can actually tell the Deputy that I was involved in.

Deputy Joe Neville: Mr. O’Sullivan wishes to make a point.

An Cathaoirleach: Can we get copies of the letters?

Ms Maura McGrath: Yes.

Deputy Joe Neville: I hope that Mr. O’Sullivan does not mind but I have a tonne of questions to ask and I might come back to him on the second go around.

On the system, when were the first payments made on the system?

Ms Maureen Kennelly: Mr. O’Sullivan will be able to help here more but the first payment was in summer, probably 2020. Is that correct, Mr. O’Sullivan?

Mr. Martin O’Sullivan: Yes, it is.

Ms Maureen Kennelly: Yes.

Deputy Joe Neville: Obviously a lot of work was done on the system and there was a lot of work ongoing. Was testing completed on the system at any stage?

Mr. Martin O’Sullivan: My colleague, Mr. Anyanwu, will answer that.

Mr. Polycarp Anyanwu: What happened when they were developing this, it started as an agile project. That implies that testing is done as the system is being developed. They did that for the first set of work they did.

Deputy Joe Neville: What year was that?

Mr. Polycarp Anyanwu: It was in 2020. Shortly after, when they ran eight weeks behind schedule, they sacrificed testing and went on to just produce. They deferred the testing until the end.

Deputy Joe Neville: When was the last time there was any sign-off of testing or sign-off of any work from your side?

Mr. Martin O'Sullivan: January 2022.

Deputy Joe Neville: In January 2022 testing was signed off.

Mr. Martin O'Sullivan: I confirm that that was done on the basis of our expert testing consultant who recommended acceptance.

Deputy Joe Neville: A third party recommended acceptance of testing by another third party. The Arts Council was happy with that testing because it was signed off and agreed. In January 2022, testing was signed off. So the Arts Council was happy still at that stage in early 2022. That contract has now stopped. When did the Arts Council disengage with the contractor if it accepted testing in January 2022?

Mr. Polycarp Anyanwu: The testing was systems integration testing. That was the testing they developed-----

Deputy Joe Neville: We must move on. When did the Arts Council stop using the contractor?

Mr. Martin O'Sullivan: Summer 2022.

Deputy Joe Neville: Six months later.

Mr. Martin O'Sullivan: Yes.

Deputy Joe Neville: The Arts Council signed off on the testing and was happy enough at that point. Is that one of the primary contractors with whom there is a legal case? The witnesses referenced two contractors.

Ms Maureen Kennelly: That is correct.

Mr. Martin O'Sullivan: Yes, correct.

Ms Maureen Kennelly: Yes.

Deputy Joe Neville: Are there two material contractors that the council is in legal proceedings with?

Ms Maureen Kennelly: That is right. There is the tester and the technology contractor.

Deputy Joe Neville: Did a third contractor pick up the baton after that?

Ms Maureen Kennelly: Yes. A new contractor came in, in September 2022. We worked with it to get an external review done. It told us that the system could be redeemed and it recommended a new project management structure, and we changed our own internal personnel.

Deputy Joe Neville: Do the witnesses know if that included any staff who were previously contracted, or working within the previous two teams? Did they go with the new teams? Although it was a change of name, were there, in some cases, familiar faces?

Ms Maureen Kennelly: No. We changed our own internal team.

Deputy Joe Neville: I am talking about the external contractors. Did people move from one contractor to the other contractor? Was there a continuation of staff, although the actual representative company was different?

Ms Maureen Kennelly: There was one continuing staff member, yes.

Mr. Martin O'Sullivan: One of the testers was contracted under a new contract.

Deputy Joe Neville: A tester who the council signed off with in January 2022 was kept on even though-----

Mr. Martin O'Sullivan: No, not the testing. He was a business analyst.

Ms Maureen Kennelly: He was a business analyst.

Deputy Joe Neville: Was he part of the team?

Mr. Martin O'Sullivan: Yes.

Deputy Joe Neville: So he was part of that team-----

Mr. Martin O'Sullivan: He was.

Deputy Joe Neville: -----and he was kept on.

Mr. Martin O'Sullivan: It was a very separate part.

Deputy Joe Neville: I understand that nobody wants a huge knowledge gap. I am just asking questions.

Mr. Martin O'Sullivan: Yes, he was kept on.

Deputy Joe Neville: I have many more questions. Fifteen minutes is so much more than ten minutes.

An Cathaoirleach: If the Deputy could be very brief.

Deputy Joe Neville: I thank all of our guests for coming in. I know it is not easy.

Mr. Martin O'Sullivan: Chair, I want to confirm that the audit and risk committee approves the financial statements of the Arts Council. Since 2020, the audit and risk committee has agreed that the business transformation project has been one of our key risks. I want to make sure that it is on the record that the audit and risk committee was across this project.

Deputy Joe Neville: Was an internal audit done? Was an internal audit report provided dur-

ing the five-year period? There is a fee charged in the financial statements?.

An Cathaoirleach: Please give a “Yes” or “No” answer.

Mr. Martin O’Sullivan: I would need to give a little bit more than a “Yes” or “No”. Can I do that? There was not a specific review of the project by internal audit. All I can say is that with the council and the committee there was a huge amount of scrutiny of this project and we trusted that process.

An Cathaoirleach: I wish to ask a number of questions. When did Mr. Ó Coigligh take over the role of Secretary General?

Mr. Feargal Ó Coigligh: January 2024.

An Cathaoirleach: Ms McGrath stated that after a trawling exercise two letters were sent to the Secretary General of the Department, one in 2021 and the other in 2023. Is that correct?

Ms Maura McGrath: By the previous chair.

Ms Maureen Kennelly: For clarity, the first letter was sent to the principal officer by the chair.

An Cathaoirleach: My next questions are for the Comptroller and Auditor General. He laid out a process and that it should be flagged with the Minister.

Mr. Seamus McCarthy: Yes.

An Cathaoirleach: Is that a normal course of action?

Mr. Seamus McCarthy: In the chairperson’s report to the Minister, which is an annual requirement.

An Cathaoirleach: Was that done? In the annual report to the Minister, was this issue flagged?

Mr. Martin O’Sullivan: The first time we flagged it was in the 2023 accounts. It was clearly called out as part of what the Comptroller and Auditor highlighted - that section. We identified two issues. One was the IT transformation project and the other was the next generation awards. We highlighted two matters for the attention of the Minister.

An Cathaoirleach: Two letters were sent, one to the principal officer and another to the Secretary General. Was there feedback in respect of those letters?

Ms Maureen Kennelly: No, not that I am aware of. I know there were phonecalls between the previous chair and the Secretary General.

An Cathaoirleach: At what point was Mr. Ó Coigligh made aware of that correspondence?

Mr. Feargal Ó Coigligh: For clarification, in accordance with the investigation and the examination report, which I ordered, there is no record of there being any formal reporting to the Minister, as required, until the annual report for 2023, which was published in July 2024. I think the other correspondence related to resources generally and decision-making, but not specifically to issues which arose in respect of this project. That needs to be clear.

An Cathaoirleach: We would like to get copies of that correspondence.

Mr. Feargal Ó Coigligh: Yes, absolutely. As regards when I first became aware, as I said, it was a conversation in late March last year as a result of queries by the *Phoenix* magazine. However, I asked the assistant secretary general what the story was. He informed me that there were difficulties with the project but the OGCIO had been called in to advise and we would wait for that.

An Cathaoirleach: A workforce plan was put together and the need for a principal officer was identified. We know that request was turned down. Am I correct that reference was made to previous approval for that role?

Ms Maureen Kennelly: Yes. It was initially approved at the principal officer level.

An Cathaoirleach: In what year?

Ms Maureen Kennelly: That was in April 2022. Just two months later the grade was downgraded to the assistant principal officer.

An Cathaoirleach: Why was that decision taken?

Mr. Feargal Ó Coigligh: I must check that point. I was aware there was approval at assistant principal level. I am not aware of any agreement.

An Cathaoirleach: Please clarify the matter and send it back to us.

Ms Maureen Kennelly: On foot of the initial sanction to principal officer level, we set about retaining a recruitment firm to help us with the position. It was at that stage that we consulted with the OGCIO about the job specifications, and it was very helpful. We made quite a lot of arrangements to advertise the post, going forward on the principal officer level. We were very disappointed when the post was subsequently downgraded.

An Cathaoirleach: On the contract, it has been well established that milestones were not met and the contract was deemed to be weak. I think that is a fair assessment. Can we get a copy of that contract?

Ms Maureen Kennelly: I am sure we can, of course. Yes, absolutely.

An Cathaoirleach: I appreciate that. Regarding Ms Kennelly's role, I do not think she was definitive when the question was put to her in terms of the next steps concerning litigation. Is that something she is considering?

Ms Maureen Kennelly: That is a very difficult question for me to answer. My concern is about my reputation. It is on the public record - I did everything I could - that I inherited a project that was extremely poorly conceived and initiated and that I did my best to rescue it at every turn. That is important. I am glad to have this forum at which to make it clear that I did my utmost, and I kept the Department informed. For me personally, it is a very disappointing outcome. I came to the Arts Council because I had worked across the board. I thought I had a lot to bring to it. I had lots of plans that I wanted to introduce.

An Cathaoirleach: I appreciate that.

Ms Maureen Kennelly: The Arts Council has been around for 74 years, however. Hopefully, it is going nowhere. I hope to continue to have a very good relationship with it.

An Cathaoirleach: Absolutely. It is very clear that the Arts Council does extremely impor-

tant work.

Turning to the presenting of the accounts, the timeframe in terms of the Comptroller and Auditor General signing off on them and the failure to present them to the Houses, a rationale was given for that. The point was in this regard was put, I think, but I will put it again - perhaps in stronger terms - because there is a perception out there that they were hidden from the view of the public because of the general election. I put the charge that they were suppressed from public view for political reasons in light of the serious and sensitive nature of those accounts in the face of an election.

Mr. Feargal Ó Coigligh: Speaking on my own behalf and in my role, as I said earlier, I was shocked at the scale of the loss. I could not understand how it happened. I was determined to find out-----

An Cathaoirleach: Mr. Ó Coigligh has established that. I am conscious of the time.

Mr. Feargal Ó Coigligh: That was-----

An Cathaoirleach: Were those accounts suppressed for political purposes in the face of a general election?

Mr. Feargal Ó Coigligh: That was not my decision. It was not part of my thinking or decision-making. As the Accounting Officer, my thinking or decision-making were focused on finding out-----

An Cathaoirleach: Was a conversation had with the then Minister?

Mr. Feargal Ó Coigligh: Yes. We have gone through this.

An Cathaoirleach: I-----

Mr. Feargal Ó Coigligh: I said to the Minister that I needed to establish the facts and that I did not think we could go to the Government showing this loss and not know what happened. That is why I ordered the inquiry.

An Cathaoirleach: Turning to the National Gallery and the X-ray machine, it is extraordinary that a process had been followed without identifying, at the earliest time, an alternative location for the machine. A rationale was laid out for what happened. The space that had been identified was no longer available. I have several questions about this aspect. It was stated that while a cabinet is now being purchased at a cost of €222,000, there was no additional cost to the Exchequer. References were also made to the process undertaken between 2017 and now in the context of utilising partners to address that need. Are these international partners?

Dr. Caroline Campbell: I thank the Chair for the question. Those are international partners.

An Cathaoirleach: Okay.

Dr. Caroline Campbell: It is important that we have a solution in Ireland.

An Cathaoirleach: Absolutely. Regarding those international partners, how many times was that process used?

Dr. Caroline Campbell: I would need to check, but I think that process was utilised as part

of projects we were doing. I think it was identified on two occasions, but my colleague might be able to clarify it further.

Ms Kim Smit: These were special projects we were doing with partners abroad. They were bigger research projects. The X-rays would be undertaken as part of those projects.

An Cathaoirleach: How many times did that happen? Was it twice?

Ms Kim Smit: It was twice internationally and once with the National Museum of Ireland.

An Cathaoirleach: What was the cost involved?

Dr. Caroline Campbell: There was no cost of that because it was done as part of the projects.

An Cathaoirleach: It was part of the projects.

Dr. Caroline Campbell: There was no cost to us.

An Cathaoirleach: The transport and security costs were all part of the project, so there was no additional cost to the Exchequer.

Dr. Caroline Campbell: There was no additional cost to the Exchequer.

An Cathaoirleach: The machine is now eight years old. Is it still within warranty?

Dr. Caroline Campbell: The machine is an important diagnostic tool for the Gallery.

An Cathaoirleach: Is it still in warranty?

Dr. Caroline Campbell: Yes, it is going to be used. It can be used within the cabinet.

An Cathaoirleach: Is it still covered by the supplier?

Dr. Caroline Campbell: No.

An Cathaoirleach: It is out of warranty. If anything happens to the machine now, that will be an additional cost.

Dr. Caroline Campbell: The supplier has checked it and it is usable.

An Cathaoirleach: It is not, though, in warranty.

Dr. Caroline Campbell: The National Gallery will have to bear that cost.

An Cathaoirleach: Dr. Campbell said it is going to be of use for many years to come.

Dr. Caroline Campbell: Yes.

An Cathaoirleach: I had a look online. It is estimated that machines of this nature have a lifespan of between ten and 15 years. How many years is “for many years to come”?

Dr. Caroline Campbell: It could be more than that because equipment of this type has been used by other international museums for longer periods. We think, though, it will be at least 15 years. With the cabinet, there should be a lifespan of 25 years.

An Cathaoirleach: Is that an additional 25 years?

Dr. Caroline Campbell: No. The cabinet has a lifespan of 25 years.

An Cathaoirleach: Okay.

Dr. Caroline Campbell: The system should be operational within that for all of that time. These systems can last for longer, however. The systems of the previous generation, which might have been operating in the 1950s or 1960s, have been operating until recently. These systems have a long duration.

An Cathaoirleach: I have a final question. There were recent media reports of a bugging device being found in the National Gallery. Can Dr. Campbell provide a little more information? Is there an investigation in regard to that device?

Dr. Caroline Campbell: I thank the Chair for his question. There is a Garda investigation that refers to a separate matter. We do not believe it is relevant to this matter, but I defer to the Chair in his guidance in this area.

An Cathaoirleach: There is a Garda investigation. Is there also an internal investigation?

Dr. Caroline Campbell: I am very limited in what I can say because, as the Chair will appreciate, there is a Garda investigation.

An Cathaoirleach: I will be careful. When was that Garda investigation initiated?

Dr. Caroline Campbell: The investigation with the Garda was initiated in February of this year. It is an active investigation. As a result, I am very limited in what I am able to say.

An Cathaoirleach: Have any decisions been taken with regard to staff? Has anyone been suspended? Are there any issues in relation to the investigation in this regard?

Dr. Caroline Campbell: This is an active investigation. As a result, I am not in a position to comment on any individual matters relating to it.

An Cathaoirleach: I thank Dr. Campbell. I am conscious of the time and appreciate that members probably have supplementary questions. If the witnesses are agreeable, we will take three minutes of additional questions from the members. If any of the witnesses require a comfort break or anything like that, we can suspend proceedings for a few moments. It is agreed that we will go ahead. I thank our witnesses for that. Returning to our initial questioner, I call Deputy Byrne.

Deputy Joanna Byrne: Coming back to the Department, it is clearly aware of its obligations to present audited financial statements within sufficient timelines. I know this query has been put to the Secretary General already. I put it to him. While citing a failure of governance in the Arts Council, he acknowledged a failure of oversight on the part of the Department. Having listened to the responses to all the members who raised this issue, it is clear that the Department - Ms Kennelly has this emphasised on multiple occasions, and I appreciate that - was aware of this issue from the very early stages. It was highlighted in the reports of the Comptroller and Auditor General. The Secretary General has admitted that he was aware at an early stage in 2024, if not beforehand. Despite all that knowledge, the presentation of the accounts was purposefully delayed for a period. That really undermines a working relationship not only between the Secretary General and State bodies going forward but also those between the pub-

lic, the Minister and Secretary General and between the Minister and the Secretary General. That is not an easy thing to say, but if we are calling a spade a spade, that is what is said here in black and white today.

What assurances can the Secretary General give us that this will not happen again? Can we get his personal reassurance that the withholding of accounts, regardless of the reasons, will not happen again, particularly when Mr. Ó Coigligh knew for some time of the issue which he could have investigated at an earlier stage?

Mr. Feargal Ó Coigligh: To clarify, I had no knowledge of the detail or the seriousness of the issue until it was brought to my attention after 26 June 2024 when the accounts were signed off by the Comptroller and Auditor General. They were formally submitted on 24 July. My intention, as clearly shown in the terms of reference of the study, was there would be an interim report in September which we could bring further. However, that was not possible. I made the decision that it was preferable to find out what happened before going to the Government. I appreciate people will disagree with that decision. That was a decision I made-----

Deputy Joanna Byrne: Would Mr. Ó Coigligh make that decision again?

Mr. Feargal Ó Coigligh: I would hope I would not have to make that decision again.

Deputy Joanna Byrne: If Mr. Ó Coigligh did, does he think that is best practice?

Mr. Feargal Ó Coigligh: I am happy to debate. The guidelines state they should be laid in a certain timeframe. If that is not possible, we need to write to the committee to explain that. We did write to the committee to say there would be a delay. That happens.

Deputy Joanna Byrne: Mr. Ó Coigligh is not offering reassurances.

Mr. Feargal Ó Coigligh: I would hope in my term, over the next five and a half years, to never have to do that again. I would hope we would never reach that situation again that we would have such a significant financial issue that would cause me such a concern.

Deputy Joanna Byrne: In conclusion, I wish Ms Kennelly well in the future. I hope this does not damage her reputation and her long-standing career into the future.

An Cathaoirleach: I thank Deputy Byrne. I call Deputy McGrath.

Deputy Séamus McGrath: I thank everyone for staying on for additional questions. First, to the Arts Council and the issue of projects with 22-plus external contractors and so on, did all those have professional indemnity insurance? Was that a check that was carried out before engaging their services?

Ms Maureen Kennelly: Mr. O'Sullivan might answer that one.

Mr. Martin O'Sullivan: I would have to cross-check that. It would be a normal part of our pre-qualification piece in the tender documentation that they would have to apply insurances. Professional indemnity is a particular part. Obviously, the big projects would have it, of course. If the Deputy wishes, we can go through all of the contracts.

Deputy Séamus McGrath: With such a large number of contractors, there will be a small number which were project management type which were leads in this project.

Mr. Martin O'Sullivan: Yes.

Deputy Séamus McGrath: I presume all of those had?

Mr. Martin O’Sullivan: Yes, as far as I am aware.

Deputy Séamus McGrath: They would have had insurance cover.

Mr. Martin O’Sullivan: Yes.

Deputy Séamus McGrath: And all those being pursued through the courts had insurance cover?

Mr. Martin O’Sullivan: Yes, that is right. As I understand it, yes.

Deputy Séamus McGrath: Okay. I am not looking for a name, but who in the organisation was responsible for the project? Who, ultimately, was charged with overseeing this project?

Ms Maureen Kennelly: When I started, Mr. O’Sullivan was the project sponsor and the director of strategic development was the project lead. When things started to go awry, I became the project sponsor in September 2020.

Deputy Séamus McGrath: Therefore the role changed in the overall responsibility.

Ms Maureen Kennelly: Absolutely. We changed personnel internally, yes.

Deputy Séamus McGrath: Okay. We are tight for time. I will switch back to the gallery. What is the room that was initially intended to accommodate the X-ray machine being used for now? Who made the decision that was more of a priority over and above making the machine operational?

Dr. Caroline Campbell: The space that was envisaged for the equipment when it was acquired was space that was used for staff facilities. When the gallery reopened in 2017, it was clear there was a need for more staff facilities than had been envisaged before so it became used for that. Staff and visitor welfare are very important to us-----

Deputy Séamus McGrath: And that was not foreseen at an earlier stage.

Dr. Caroline Campbell: That was not foreseen at an earlier stage, no.

Deputy Séamus McGrath: Okay. I know it was touched on earlier but why did it take seven years for the gallery to make the decision to order the cabinet to accommodate the machine?

Dr. Caroline Campbell: I can understand why the Deputy asked that question and I am very aware of the public feeling about this. We explored a number of other solutions. We explored the solution of alternative spaces in the building. We explored the solution of a location outside the gallery. That had serious issues in relation to security and conservation-----

Deputy Séamus McGrath: But it took seven years to carry out those checks and reviews?

Dr. Caroline Campbell: It has taken that length of time, yes, but we have a solution for the operation of the equipment. We have tendered and successfully got the contract-----

Deputy Séamus McGrath: Yes, I know. I am caught for time. The last point I would like to make is that this is as an organisation that is funded by the Exchequer to the tune of 78%. I do not think the argument stacks up that the additional cost will not fall back on the Exchequer. From an accounting point of view, it may well be coming from the gallery’s own resources, but,

ultimately, there is an opportunity cost involved here. It is an organisation that is funded by the public purse almost to 80%, so I think that argument is only a deflection, to be perfectly honest. This is, ultimately, costing the public purse whatever way one dresses it up.

Dr. Caroline Campbell: I thank the Deputy. The equipment is being paid for out of our own resources from commercial gains in 2024.

An Cathaoirleach: I thank the Deputy. We will move on to Deputy Boland.

Deputy Grace Boland: The Arts Council mentioned it was taking legal proceedings against two entities. I think it was said there were more than 20 different companies involved in this. In relation to those legal proceedings, I am very conscious that we do not throw good money after bad. As a lawyer, I know how expensive commercial litigation proceedings are and that there is absolutely no guarantee of success no matter how good the case is. Who has signed off on the legal advice in terms of going ahead?

Ms Maureen Kennelly: The council has.

Deputy Grace Boland: Has that been approved by the Department?

Ms Maureen Kennelly: We have kept the Department informed at all stages.

Deputy Grace Boland: But the Department has not reviewed the legal advice and confirmed that it is in agreement that litigation should be commenced.

Ms Maureen Kennelly: We have informed it that we were going to initiate legal proceedings.

Deputy Grace Boland: Okay. How confident is the council? I am very conscious of how expensive commercial litigation is. I do not want us to be here next year with the council telling us that the legal fees on this are racking up and there is no end in sight.

Ms Maureen Kennelly: Obviously that is a concern. We will be extremely prudent in exploring that. We have an expert report to support our case with two of the contractors.

Deputy Grace Boland: What is the basis of the calculation of the legal fees the council is paying? Is it fixed fee or per hour?

Ms Maureen Kennelly: It is from our tendered legal service providers, Beauchamps.

Deputy Grace Boland: Per hour.

Ms Maureen Kennelly: Per hour, yes.

Deputy Grace Boland: Did the council look for a fixed fee? Did it look to fix the various elements of it?

Ms Maureen Kennelly: We are keeping a very close eye on it to make sure it does not go out of control.

Deputy Grace Boland: Who is keeping a close eye? Is it a lawyer who is keeping a close eye on it?

Ms Maureen Kennelly: The council. Council members, Mr. O'Sullivan and myself.

Deputy Grace Boland: Does the council have any legal expertise?

Ms Maureen Kennelly: It certainly does, yes.

Deputy Grace Boland: Is the director with legal expertise managing this case personally?

Ms Maureen Kennelly: Two of the council members are working with us - the chair of business and finance and the chair of audit and risk together with the deputy director and myself, as was.

Deputy Grace Boland: Will Ms Kennelly give us an indication of what the legal fees currently stand at and what she expects them to stand at?

Ms Maureen Kennelly: Sure. They are at €60,000.

Deputy Grace Boland: Where are we in the proceedings?

Ms Maureen Kennelly: Would Mr. O'Sullivan like to come in on that?

Mr. Martin O'Sullivan: We just commenced arbitration proceedings against two of the contractors.

Deputy Grace Boland: Has the council instructed senior counsel on that?

Mr. Martin O'Sullivan: We have given names. We have to come to an agreement on it, so we have suggested three names.

Deputy Grace Boland: Okay. Will they be on a fixed-fee basis or per hour?

Mr. Martin O'Sullivan: We need to work that through but at the moment we just need the other parties to confirm they are in agreement with one of the nominated people.

Deputy Grace Boland: I would just caution that we need to be very careful on the legal fees here. We are only at arbitration stage so that means no litigation proceedings have actually progressed in any meaningful way. We need to make sure there is value for money in all this.

Ms Maureen Kennelly: That is uppermost in our minds in all this.

Ms Maura McGrath: Can I reassure the Deputy on that? Very definitely from a board perspective, that will be uppermost in our consideration, in our audit and risk and in our business and finance.

An Cathaoirleach: I thank Deputy Boland and call Deputy Bennett.

Deputy Cathy Bennett: On that, I notice in the 2023 return that €261,000 was spent on legal fees. What were those legal fees spent on in that year?

Ms Maureen Kennelly: I might ask Mr. O'Sullivan to address that.

Mr. Martin O'Sullivan: Ultimately, we do not have in-house legal expertise so, essentially, our contracted lawyers are Beauchamps. They provide full-service provision. We have lots of advice on data protection, FOI, contract conditions on grant funding, HR issues and a whole range of matters.

Deputy Cathy Bennett: I put on the record that the amount is €261,000.

Mr. Martin O'Sullivan: It is, but I can assure the Deputy that it was publicly procured and the rates are very competitive when compared to competitors.

Deputy Cathy Bennett: I want to go back to the Secretary General about the IT systems. Flawed IT systems within the Department have been all over the news. Will the contractor the Arts Council used ever be used again? Is it still in the framework to be used by other Departments?

Mr. Feargal Ó Coigligh: There is a whole lot of law around procurement and entitlement to procure, including frameworks, and the process must operate in that context, which is outside my particular purview.

Deputy Cathy Bennett: I will again go back to the review that was done by Niamh Brennan. Mr. Ó Coigligh confirmed that there was no payment in regard to that.

Mr. Feargal Ó Coigligh: To clarify, I ordered a review in July 2024 on what happened. That was carried out by an internal staff member - the head of audit - at zero cost to the taxpayer. It was delivered to the Minister and to the Government in February of this year. As a result of that, the Minister commissioned an external advisory committee to look at the governance culture of the Arts Council. That will give rise to some cost, but we will come back to the Deputy on that when it is put in place.

Deputy Cathy Bennett: Is there nobody among the 500 staff who could do a review, so that we must go for an external review?

Mr. Feargal Ó Coigligh: I was able to do the fact-finding from internal resources at a very high level. There has been much talk today about how much the Arts Council is respected as an organisation. It is essential that people with status and credibility can carry out a review on it. Niamh Brennan, Margaret Cullen and John McCarthy are the type of people who can carry out such a review. It would not be appropriate for us to carry out that review.

Deputy Cathy Bennett: Do reviews of that kind involve an applications process? How do people get such contracts?

Mr. Feargal Ó Coigligh: People are paid a daily rate, signed off by the Department of public expenditure.

Deputy Cathy Bennett: What I am trying to find out is who decides on the person.

Mr. Feargal Ó Coigligh: Ultimately, the Department and the Minister identify people who would be qualified to carry out the review. For example-----

Deputy Cathy Bennett: Is that for a paid role or an unpaid role?

Mr. Feargal Ó Coigligh: There is a daily rate agreed with the Department of public expenditure. It is all open and transparent and above board. These are set rates.

Deputy Cathy Bennett: But there is not an application. Nobody has to apply for it.

Mr. Feargal Ó Coigligh: No, people with particular skills are identified. For example, Niamh Brennan led on the review into RTÉ last year. The report was very credible and welcome. We went back to Niamh and she kindly agreed to perform a similar function.

Deputy Cathy Bennett: Is that me done?

An Cathaoirleach: Yes, I am sorry, Deputy Bennett.

Deputy James Geoghegan: I again thank the witnesses for staying on for the supplementary questions. Going back to the legal actions, if I understood her correctly, Ms Kennelly said the value of one of the arbitrations that is being pursued is €2.4 million.

Ms Maureen Kennelly: It is slightly less in the more recent case. It is about €2.275 million.

Deputy James Geoghegan: That is the height of one of the claims. Mr. O'Sullivan said earlier that the value of the existing claims relate to 75% of the overall impairment. Am I correct in saying then that the value of the other case must be in and around €1.5 million?

Mr. Martin O'Sullivan: Four cases were taken and the total of them is about 75% of the cost.

Deputy James Geoghegan: Yes, it is €2.4 million in one. Is it €1.5 million in the other?

Mr. Martin O'Sullivan: Just to correct the figures: the arbitration process that is under way relates to a contract for just over €2 million and the other one relates to a contract of about €750,000.

Deputy James Geoghegan: So, of the claims that are currently in arbitration, is the full value of the claim close to €3 million?

Mr. Martin O'Sullivan: Yes, that is correct.

Deputy James Geoghegan: If I understand Mr. O'Sullivan correctly, the balance of that is being pursued against contractor 1 and contractor 2, who were the project managers. Is that right?

Mr. Martin O'Sullivan: That is correct. The project manager - the CIO resource.

Deputy James Geoghegan: Are these individuals who were presumably working for companies that the Arts Council contracted to be project managers to manage the contracts?

Mr. Martin O'Sullivan: The cases are being taken against the organisations.

Deputy James Geoghegan: Is there overlap between those organisations? Are any of the project managers being pursued in the arbitration from the same companies?

Ms Maureen Kennelly: No, they are not.

Mr. Martin O'Sullivan: Could Deputy Geoghegan clarify the question?

Deputy James Geoghegan: Are any of the project managers from the same companies that are already under arbitration or are we talking about four different companies?

Ms Maureen Kennelly: There are four distinct companies.

Mr. Martin O'Sullivan: There are four distinct companies: two are under arbitration and two are at the pre-arbitration stage.

Deputy James Geoghegan: Does the Arts Council hope to recoup close to €4 million or 75% of the impairment?

Mr. Martin O’Sullivan: I am sorry, but we cannot say that at this stage. As the director said earlier, we have carried out a review and we believe there are strong grounds for us, but it will have to go through the process. We cannot make any commitments now.

Deputy James Geoghegan: When you pursue arbitration you have to set out the height of your claim. What Ms Kennelly has explained is that in one of those cases it is €2.2 million. Mr. O’Sullivan just explained that the value of the other contract is €750,000. Is the Arts Council pursuing the full value of those amounts in its claim that is currently under arbitration?

Mr. Martin O’Sullivan: Yes, we are.

Deputy James Geoghegan: So, as matters stand, the Arts Council is pursuing €3 million, and then there is an additional €1 million, which makes up 75%, which it is pursuing against the other two companies. Cumulatively, based on 75% of the impairment, the total value of the claim the Arts Council is pursuing is €4 million. In legal terms, it is seeking to pursue €4 million. Is that not correct?

Mr. Martin O’Sullivan: It is more or less correct. I think it is a little bit higher.

Deputy James Geoghegan: Okay.

Deputy Joe Neville: You wait for ages and then you come up twice.

I want to jump straight to the internal audit. Was this flagged initially in the internal audit? I apologise - this is for Mr. O’Sullivan. I wanted to pick up on this as I said I might come back to him.

Mr. Martin O’Sullivan: As I said earlier, we did not do a specific review of the project. This project has had cross-organisational scrutiny right from the start, at council, committee and steering-----

Deputy Joe Neville: Did it come up in the internal audit? Was it flagged there?

Mr. Martin O’Sullivan: It was the highest risk in our risk register.

Deputy Joe Neville: What year was that?

Mr. Martin O’Sullivan: It has been on the risk register since 2020.

Deputy Joe Neville: Where did the internal audit report go? What was the highest level?

Mr. Martin O’Sullivan: It goes to the audit and risk committee. The due diligence process that we had-----

Deputy Joe Neville: I get what Mr. O’Sullivan is saying. It is there since 2020. Where does it go to? Does it go to the board?

Mr. Martin O’Sullivan: Yes, it does.

Deputy Joe Neville: It is signed off by the board. Is it then shared with the Department?

Mr. Martin O’Sullivan: As I mentioned earlier, it was declared as one of our key risks from 2020 onwards.

Deputy Joe Neville: Who is the internal auditor? Is it contracted in or is it a staff member?

Mr. Martin O’Sullivan: It is a procured contract.

Deputy Joe Neville: When did the latest arbitration case start?

Mr. Martin O’Sullivan: It was very recently - in the past ten days.

Deputy Joe Neville: I know there was talk about it a few months ago. Deputy Geoghegan went through the numbers. What was the value of the case that started in the last ten days?

Mr. Martin O’Sullivan: It was the lower one, with a value of about €750,000.

Deputy Joe Neville: That was in the last ten days. Does it relate to the contractor who took over from the other two contractors or is it the contractor who was holding the baby at the end, for the want of a better term? Is that contractor-----

Mr. Martin O’Sullivan: I want to be helpful but I do not want to get into a position that compromises anything that is happening legally.

Deputy Joe Neville: Okay, so Mr. O’Sullivan cannot say anything. We can say that two of the key contractors but not necessarily the last contractor is the one who is in it.

Mr. Martin O’Sullivan: All I can tell the Deputy is that since quarter 1 of 2023, we have been working expeditiously to get to this position with these two contractors.

Deputy Joe Neville: The point I am trying to make is that the one thing they all have in common is that they have been working with the Arts Council and they have all ended up in arbitration. Is that what I am coming to, or is that what Mr. O’Sullivan is telling me?

Mr. Martin O’Sullivan: Well, no-----

Deputy Joe Neville: If they are all external in different companies but have all ended up in arbitration with the Arts Council, maybe that raises a different question.

I will move to Dr. Campbell. On Deputy McGrath’s point, the money ultimately comes from the State because it is all tax. If money is being taken out of one pot, it does not matter whether it comes from commercial because it is ultimately filling a gap somewhere. Will Dr. Campbell give me an example of that commercial funding and the gap? Where does the National Gallery get that commercial funding and where does it come from?

Dr. Caroline Campbell: The commercial income comes from our own resources?

Deputy Joe Neville: What is that, though?

Dr. Caroline Campbell: That comes from a combination of sources. It comes from our shop. It comes from our café. It comes from philanthropic income. I will ask Mr. Hetherington to give further clarification.

Deputy Joe Neville: The gallery has people working in shops. That comes from the people working hard and getting the coffees. It is a lovely little shop, do not get me wrong. There is a bookshop there and all that. The money from that, earned by the staff through all their toil and effort, is now being used to pay for this.

Dr. Caroline Campbell: The income is being used to enable this equipment which will have great value and do the work we want it to do, such as the great Yeats project we have started.

Deputy Joe Neville: I am sure that is very disappointing for the staff.

An Cathaoirleach: I have a few concluding questions. I go back to the contract that was signed. We heard that was a standard contract, which was used in many other areas. Would the Secretary General be familiar with the nature of that contract?

Mr. Feargal Ó Coigligh: We would not be involved with the contract that the Arts Council signed.

An Cathaoirleach: Okay. Mr. Ó Coigligh is not familiar with that contract. Somebody, I do not know who, said earlier that the contract is a standard contract. Can they elaborate?

Ms Maureen Kennelly: Mr. O'Sullivan can elaborate on that.

Mr. Martin O'Sullivan: I mentioned that we have procurement consultants advising us on the project. This relates to the developer. There is a competitive dialogue negotiated procedure, so it is quite standard for ICT projects as I understand it. The whole set of documentation was reviewed and approved by them.

An Cathaoirleach: I turn to the contract itself. There are similar issues with other bodies. I am conscious that RTÉ was before the media committee yesterday. Has the Department looked at whether there is a similarity in the contracts because there seem to be serious failures costing serious amounts of money. Has the Department initiated a review of the type of contract being used?

Mr. Feargal Ó Coigligh: All of our contracts are considered separately. It should be noted that RTÉ is a commercial semi-State company, notwithstanding that it is largely funded by the taxpayer and the licence fee payer. Those projects do not come into the Department for sanction the way the Arts Council did. I ask Mr. Healy to say a few words on the types of contracts used for ICT projects.

Mr. Joe Healy: The Office for Government Procurement, OGP, which comes under the Department of public expenditure and reform, is the organisation that puts the frameworks in place with regard to the contractees that would be there. The standard contracts would also flow through that process. The OGP is the centralised body that looks after procurement and procurement standards for the Government across government.

An Cathaoirleach: I think there was a statement earlier about the contractors involved in the IT system for the Arts Council. Is there crossover between the contractors used for the system in RTÉ?

Mr. Feargal Ó Coigligh: I would not be aware of that.

An Cathaoirleach: Mr. Ó Coigligh would not be aware of that. Is there anyone-----

Mr. Feargal Ó Coigligh: Nor would I expect to get involved in that kind of detail of contracts. There is a law on procurement which is that it must go out to the market as people are entitled to tender.

An Cathaoirleach: Ms Kennelly made reference to 60 pieces of correspondence the Arts Council sent. Could we get copies of that correspondence?

Ms Maureen Kennelly: Of course, yes. Absolutely.

An Cathaoirleach: Who was that correspondence sent to?

Ms Maureen Kennelly: It was primarily sent to the principal officer at the time.

An Cathaoirleach: I thank Ms Kennelly for that.

I return to the National Gallery. There was lot of focus on the OPW, and the bicycle shed built on the boundary of the National Gallery. It has been alluded to publicly and in the report that there were issues with regard to electrical cables that ran along the perimeter of the gallery. Was there communication between the OPW and the gallery prior to that work commencing?

Dr. Caroline Campbell: I cannot comment on that work, which was outside the gallery's premises. The gallery has a good relationship with the OPW.

An Cathaoirleach: Was there engagement between the OPW and the gallery relating to that work?

Dr. Caroline Campbell: I think we will have to go back and ask for clarification on that, if we may.

An Cathaoirleach: I would appreciate that. Certainly, reports state that concerns were raised by the gallery, which, legitimate or whatever, resulted in that cabling having to be removed. That obviously increased the cost on the now infamous bicycle shed. Can we have some clarity on what engagement and consultation, if any, took place between the gallery and the OPW prior to that work commencing?

I turn to the issue of fire risk within the gallery because, if that were the case, it was deemed to be a potential fire risk. Is the gallery confident that fire risk is up to date and that it is compliant on fire issues? Have any recent assessments been carried out on fire risk within the gallery and the buildings?

Dr. Caroline Campbell: The gallery has a health and safety manager who is responsible for these issues, and we discuss these with our landlords, the OPW. Fire is obviously a serious risk to any art collection, and we review this all the time. We have a disaster plan we review and test as well.

An Cathaoirleach: When was that fire risk plan, or piece of work, last updated?

Dr. Caroline Campbell: I will have to clarify that but it is a regular process. We do this all the time.

An Cathaoirleach: That is a regular process.

Dr. Caroline Campbell: Yes.

An Cathaoirleach: I have been informed that a company called G4 is currently on site replacing only 50% of fire extinguishers on the premises, and that those fire extinguishers are many years out of date. Is Dr. Campbell aware of that?

Dr. Caroline Campbell: I can come back with clarity, but we have a rolling process of reviewing our fire risk and of making sure we are compliant. We are conscious of the collection we hold in trust for the Irish people. It is a great resource. Ireland is lucky to have such an extraordinary collection.

An Cathaoirleach: Absolutely. I do not think anyone is disputing that fact. The specific concern I have is the fire risk to those important pieces and whether proper procedures are in place. The information I have is that procedures are out of date, and it has been suggested that for penny-pinching purposes, it has not been updated and is many years out of date. Will Dr. Campbell give us some detailed information on the maintenance of the fire risk measures and equipment in the premises, when the last assessment was carried out and what the management plan is going forward? I am sure members have many other questions as well. If they have questions, they can feed them in and I am sure our witnesses will have no problem responding to those.

I thank the witnesses and the staff of the Department of Tourism, Culture, Arts, Gaeltacht, Sport and Media, the Arts Council of Ireland and the National Gallery of Ireland for the work involved in preparing for today's meeting. I thank the representatives from the Department of Public Expenditure, NDP Delivery and Reform for attending. I also thank the Comptroller and Auditor General and his staff for attending and assisting the committee today.

Is it agreed that the clerk seek any follow-up information and carry out any agreed actions arising from the meeting? Agreed. Is it also agreed that we note and publish the opening statement and briefing provided for today's meeting? Agreed.

The witnesses withdrew.

The committee adjourned at 2.19 p.m. until 9.30 a.m. on Thursday, 12 June 2025.