



## **Dáil Éireann**

### **An Coiste um Chuntais Phoiblí**

**An Naoú Tuarascáil Eatramhach maidir le Tuarascáil 2003 ón  
Ard-Reachtair Cuntas agus Ciste**

**(Éisteachtaí an Choiste, Deireadh Fómhair 2004 go Iúil 2005)**

**An Roinn Cumarsáide, Mara agus Acmhainní Nádurtha; agus  
Oifig na nOibreacha Poiblí.**

*Feabhra, 2007*

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## **Dáil Éireann**

### **Committee of Public Accounts**

**Ninth Interim Report on the 2003 Report of the Comptroller and  
Auditor General**

**(Committee Hearings October 2004 to July 2005)**

**Department of Communications, Marine and Natural Resources; and  
Office of Public Works.**

*February, 2007*



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## *Chairman's Preface*

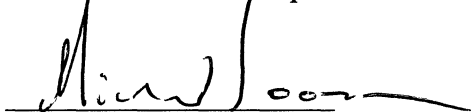
This interim report of the Committee of Public Accounts continues the process of the Committee, which commenced in 2005, of reporting periodically on a thematic basis. The subject matter of this report details the Committee's meetings in relation to the Department of Communications, Marine and Natural Resources and in relation to the Office of Public Works. These meetings took place as part of the Committee's consideration of the 2003 Annual Report of the Comptroller and Auditor General.

This report specifically examines the way in which plans were put in place to build marinas at four locations, the State funding that was put towards the marinas and the outcome in each case. The report also includes the Committee's consideration of the Comptroller and Auditor General's report on the flood relief works carried out in Kilkenny. Whilst the Committee acknowledge that the works were completed the background into the way in which the cost of the works continued to increase is examined in detail.

The Committee has already, in 2006, published a number of interim reports on the 2003 Report of the Comptroller and Auditor General, on such matters as the Office of the Revenue Commissioners and the NTMA; Department of Health and Children and Department of Social and Family Affairs; Department of Agriculture and Food and Department of Community, Rural and Gaeltacht Affairs; Civil Service Commission, Office of the Ombudsman, Department of Finance and Department of the Environment, Heritage and Local Government; the Department of Justice, Equality and Law Reform, Department of Foreign Affairs and Department of Defence; and the Department of Education and Science. This is the final interim report of the Committee in respect of 2003.

As Chairman, I want to thank the relevant State agencies for their co-operation in making the compilation of these reports possible. I also want to compliment the members of the Committee for their diligent work throughout the year.

We recommend this report to Dáil Éireann.



Michael Noonan, T.D.,  
Chairman.

28<sup>th</sup> February, 2007



## ***Members of the Committee of Public Accounts***

### ***FIANNA FÁIL***

|   |                      |
|---|----------------------|
| Seán Ardagh T.D.                              | Dublin South-Central |
| John Curran T.D.                              | Dublin Mid-West      |
| John Dennehy T.D.                             | Cork South-Central   |
| Seán Fleming T.D.                             | Laois-Offaly         |
| John McGuinness T.D. ( <i>Vice-Chairman</i> ) | Carlow-Kilkenny      |
| Michael Smith T.D. <sup>1</sup>               | Tipperary North      |

### ***FINE GAEL***

|  |                 |
|--|-----------------|
| John Deasy T.D. <sup>2</sup>                         | Waterford       |
| Tom Hayes T.D. <sup>3</sup>                          | Tipperary South |
| Michael Noonan T.D. <sup>4</sup> ( <i>Chairman</i> ) | Limerick East   |

### ***LABOUR***

|                               |             |
|-------------------------------|-------------|
| Joan Burton T.D. <sup>5</sup> | Dublin West |
|-------------------------------|-------------|

### ***GREEN PARTY***

|                |                    |
|----------------|--------------------|
| Dan Boyle T.D. | Cork South-Central |
|----------------|--------------------|

### ***SOCIALIST PARTY***

|                  |             |
|------------------|-------------|
| Joe Higgins T.D. | Dublin West |
|------------------|-------------|

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<sup>1</sup> Deputy Michael Smith replaced Deputy Batt O’Keeffe by order of the House on 16<sup>th</sup> November, 2004.

<sup>2</sup> Deputy John Deasy replaced Deputy Paul Connaughton by order of the House on 20<sup>th</sup> October, 2004.

<sup>3</sup> Deputy Tom Hayes replaced Deputy John Perry by order of the House on 20<sup>th</sup> October, 2004

<sup>4</sup> Deputy Michael Noonan replaced Deputy Padraic McCormack by order of the House on 18<sup>th</sup> June, 2003 and was elected as new Chairman on 21<sup>st</sup> October 2004

<sup>5</sup> Deputy Joan Burton replaced Deputy Pat Rabbitte by order of the house on 29<sup>th</sup> November, 2005





## Orders of Reference of the Committee of Public Accounts

156. (1) There shall stand established, following the reassembly of the Dáil subsequent to a General Election, a Standing Committee, to be known as the Committee of Public Accounts, to examine and report to the Dáil upon—
- (a) the accounts showing the appropriation of the sums granted by the Dáil to meet the public expenditure and such other accounts as they see fit (not being accounts of persons included in the Second Schedule of the Comptroller and Auditor General (Amendment) Act, 1993) which are audited by the Comptroller and Auditor General and presented to the Dáil, together with any reports by the Comptroller and Auditor General thereon:  

Provided that in relation to accounts other than Appropriation Accounts, only accounts for a financial year beginning not earlier than 1 January, 1994, shall be examined by the Committee;
  - (b) the Comptroller and Auditor General's reports on his or her examinations of economy, efficiency, effectiveness evaluation systems, procedures and practices; and
  - (c) other reports carried out by the Comptroller and Auditor General under the Act.
- (2) The Committee may suggest alterations and improvements in the form of the Estimates submitted to the Dáil.
- (3) The Committee may proceed with its examination of an account or a report of the Comptroller and Auditor General at any time after that account or report is presented to Dáil Éireann.
- (4) The Committee shall have the following powers:
- (a) power to send for persons, papers and records as defined in Standing Order 83;
  - (b) power to take oral and written evidence as defined in Standing Order 81(1);
  - (c) power to appoint sub-Committees as defined in Standing Order 81(3);
  - (d) power to engage consultants as defined in Standing Order 81(8); and
  - (e) power to travel as defined in Standing Order 81(9).
- (5) Every report which the Committee proposes to make shall, on adoption by the Committee, be laid before the Dáil forthwith whereupon the Committee shall be empowered to print and publish such report together with such related documents as it thinks fit.

- (6) The Committee shall present an annual progress report to Dáil Éireann on its activities and plans.
- (7) The Committee shall refrain from—
  - (a) enquiring into in public session, or publishing, confidential information regarding the activities and plans of a Government Department or office, or of a body which is subject to audit, examination or inspection by the Comptroller and Auditor General, if so requested either by a member of the Government, or the body concerned; and
  - (b) enquiring into the merits of a policy or policies of the Government or a member of the Government or the merits of the objectives of such policies.
- (8) The Committee may, without prejudice to the independence of the Comptroller and Auditor General in determining the work to be carried out by his or her Office or the manner in which it is carried out, in private communication, make such suggestions to the Comptroller and Auditor General regarding that work as it sees fit.
- (9) The Committee shall consist of twelve members, none of whom shall be a member of the Government or a Minister of State, and four of whom shall constitute a quorum. The Committee and any sub-Committee which it may appoint shall be constituted so as to be impartially representative of the Dáil.

## **The Report**



# 1. Marine Tourism Grant Aided Projects

## 1 Proceedings of the Committee

1.1. The Committee heard evidence from Mr. Brendan Tuohy Secretary General, Department of Communications, Marine and Natural Resources (the Department) and his officials, from officials of the Department of Finance and from the representative of the Comptroller and Auditor General on 14 October 2004.

## 2 The Background

2.1. In late 2000, the Department was developing a marine tourism grants scheme under the tourism measure of the National Development Plan 2000/06 that would be open to marine infrastructural project promoters nationally. Fully developed proposals, shown to be viable, accurately costed and clearly contributing to tourism objectives, would compete within an objective process, with only some projects surviving the rigorous selection process. The Department was in the early stages of putting together the scheme when it was directed to grant €5.7 million in assistance to four marine leisure projects at Caherciveen and Kenmare in Co. Kerry, at Roundstone, Co. Galway and at Rosses Point, Co. Sligo.

2.2. The matter under consideration came about as a result of an announcement made in the Budget of December 2000. The Committee is aware of the guidelines issued by the Department of Finance for the Appraisal and Management of Capital Expenditure Proposals in the Public Sector. These guidelines are intended to assist Ministers and officials in carrying out their responsibilities in regard to the evaluation, approval and management of capital expenditure. However, the Committee is also cognizant of the statement in these guidelines that states that “nothing in the guidelines precludes Ministers from deciding to approve projects independent of the detailed application of these guidelines.” In this instance political direction was given in relation to the projects at the locations listed above.

2.3. The direction given to the Department was at variance with the proposed structures and selection processes of the marine tourism sub-measure. The fundamental differences go to the heart of many of the process issues and some of the legal and planning issues in making progress on the four projects. The major differences were

### Marine tourism sub-measure

Successful projects under the sub-measure would have undergone a searching, competitive process, based on a clear rationale for State assistance;

The competitive selection process required fully developed proposals, including relevant planning permission and foreshore lease or licence, allowing for comparative ranking;

No commitment or other indication of support made to promoters under the competitive scheme until they had been identified as successful following searching evaluation;

### The four projects

The criteria for selection of the four projects for inclusion in the budget day announcement of assistance were not communicated to the Department’s officials.

Virtually no relevant information on the viability or tourism value of the projects was made available to the Department at the time assistance was announced in December 2000.

Commitments were made to those four projects when only incomplete information on them was available.

The NDP scheme had bounded time periods for submission and completion of fully developed schemes;

The processing of the four marinas was not time bound. Important issues were still in dialogue between the Department and the project promoters more than three and a half years after the announcement of assistance.

The selection, evaluation and decision-making processes envisaged under the NDP sub-measure were to be objective and independent.

The four projects were subject to very close interest and ministerial direction at all stages of the management process.

2.4. It was made clear to the Department that there was a very strong wish that the four projects should progress. The Department proposed they should be appraised in accordance with the criteria for marine access infrastructure under the upcoming scheme. This proved impossible because of the fundamental differences between the NDP processes and the four projects outlined. Departmental officials were being asked to retro-fit some of the selection criteria to projects that had effectively already been selected, even though little was known about them at the time of selection.

2.5. The scheme was cancelled for budgetary reasons in 2002. The funds were transferred to other tourism measures under the mid-term review. The money has not been lost to tourism, but it has been lost to marine tourism.

### **3 The Accountability Issues**

3.1. The accountability issues considered by the Committee were:

- Kenmare Project
- Caherciveen
- Roundstone
- Rosses Point
- Public versus private good
- Role of Department of Finance
- State Aid
- Ministerial direction and role of accounting officer

### **4 Examination of the Issues**

#### **Kenmare Project**

4.1. The Kenmare marine leisure project was not a boating marina and was unlikely to qualify for grant aid under the marine tourism grants scheme. However, there was a clear desire communicated to the Department for it to progress. A first payment of €332,312, was made in December 2001 on the basis of planning and foreshore lease approvals and invoices in respect of matured liabilities. No requests were made for further grant payments.

4.2. The Kenmare developer received planning permission from Kerry County Council in February 1998 and the foreshore lease approved in May 2001. Formal approval for the grant was given on 24 January 2001 on the direction of the Minister. The applicants submitted the planning approval which they had obtained but did not state they had not built in accordance

with what had been approved. When the inspectors visited the site later that year, and established this, the payments were stopped.

4.3. The Department has confirmed that the balance of the grant will not be paid and that the Department has reserved its position in relation to the possible recoupment of the grant monies already paid.

### **Caherciveen**

4.4. The Caherciveen project was for a 93 berth marina to be developed by Caherciveen Community Development Company at an estimated cost of €3.5 million. While the concept had the potential to meet the eligibility criteria under the marine tourism grants scheme, it was at an early stage of planning when selected for support. When details became available, the shortcomings in the project plans resulted in a scaling down but with the same grant allocation of €2.54 million. The result was an 83% grant-to-cost ratio. Both the change in the scale of the project and the level of grant aid envisaged would have presented major problems were the project being progressed through the NDP scheme as the maximum level of grant in that case could not exceed 50%. The marina is operational since August 2002.

4.5. The Committee considered the difference in approach to Kenmare and Caherciveen. With regard to Caherciveen, the Minister approved a grant of €2.54 million on 7 June 2001. There were difficulties in carrying out a proper assessment of the project because decisions had already been made. It was a matter of trying to fit the criteria to the decisions that had already been made. The Division, within the Department, was unable to offer its approval of the business plan or issue a sanction for funding.

4.6. The most up to date information received in relation to this project shows that a 93 berth marina was developed, of which, 38 berths were made available to tourists and 55 berths were for private lease. The total cost of phase 1 of the project amounted to €3.1 million of which €2.54 was provided by the Department outside of the Marine Tourism Grant Scheme, NDP 2000-2006. The results of a study of the project carried out in 2005 indicate that the marina is in a precarious financial position which is not sustainable in the long term.

### **Roundstone**

4.7. The Rosses Point and Roundstone marina projects were considerably behind the projects planned in County Kerry. Neither project was developed when the relevant commitments were made in 2000. The Department only received a business plan in respect of the Roundstone project in 2004, more than three years after the initial commitment to finance it had been made. The project has run into a number of problems in its development. In September 2006 the Department indicated that the applicants wished their application for a grant to be reconsidered. Whilst it has been agreed that the application for grant aid will be reconsidered if all of the conditions are met no funding has been made in respect of the project in the Abridged Estimates Volume for 2007.

### **Rosses Point**

4.8. The project at Rosses Point was scaled back from 47 to 27 berths, while the grant assistance offered remained at €1.27 million, or 57.4% of capital costs. However, following

various difficulties with the project the Department was finally informed in September 2006 that the application for funding had been withdrawn as the venture was not considered viable.

### **Public versus private good**

4.9. There are major questions about whether State support for the marinas will create the public good and other public policy objectives specified in the project selection criteria. In the case of the marinas, where the main beneficiaries appear to be individuals who will occupy the majority of the berths on long-term leases, there are major questions as to whether State support will be used to create a largely private as opposed to a public good.

4.10. There were also a range of legal and planning issues apart from the tourism value which was also questionable. Whereas State aid approval was obtained from the European Commission for the marine tourism grants scheme, the Office of the Attorney General advised that the approval given for the abandoned scheme did not extend to the four projects selected outside the scheme.

4.11. It is likely that there is subsidisation of private individuals in terms of access to berthing space in some cases. Where they revert to the individual, they are private goods. In Sligo, the local authority had the option of getting involved. The local authority in Cahirciveen considered putting funding in place and lending their expertise on the matter. The Committee acknowledge that berthing spaces have a spin-off in the community, particularly from the tourism point of view. However, it also recognises that the cost-benefit and the economic analysis of the marinas is not an exact science.

### **Role of Department of Finance**

4.12. The Committee asked how the Department of Finance could stand over the commitment and allocation of funds when there wasn't adherence to the 1994 capital appraisal guidelines. The Department of Finance position was that a policy decision was taken at ministerial level to proceed with the projects and that it operated within the context set by that policy. Once a decision was taken to proceed with the projects, the initial aspect of prior assessment of projects did not have the relevance that it would have in other circumstances.

### **State Aid**

4.13. The manner in which the projects were developed presented the Department with severe process, legal and planning difficulties. Most but not all of these difficulties arise from the limbo within which the projects resided, having been subjected to ministerial direction to progress them and apply the terms of the marine tourism grants scheme to the applications, yet not to rank them in comparison with other projects as to their capacity to create public policy and public good objectives and to demonstrate a cost-benefit under analysis.

4.14. The concept of State aid provisions in the EU treaty is to prevent individuals and individual areas across the European Union being given extra aid over and above others. The Department must operate within the legal requirements for State aid. There were more than 60 applicants for the scheme of which 15 were ranked. According to the criteria for the scheme, planning permission and foreshore leases should be granted prior to application. In 2002 a decision was made that sufficient funding was not going to be available and the scheme was suspended in December of that year.



4.15. Considerable moneys were advanced on two major projects which were subsequently lost to the taxpayer. Formal applications were submitted to the Department of Finance by the Department of the Marine and Natural Resources for the projects in question. Associated with them were certain conditions to which the Department would have undertaken to adhere. In turn, approval by the Department of Finance included elements of conditionality such as that the Department had to be satisfied that the proposals met the objective criteria of the national development plan marine tourism measure and that the payment of grant assistance to the projects would be on the same basis as that applying to all applications under the marine tourism measure. Within the context of the policy decision taken by Ministers to proceed with the projects, a number of safeguards and conditions were attached by the applicant Department and the Department of Finance in its responses.

### **Ministerial direction and role of Accounting Officer**

4.16. The Committee noted that the four projects were subject to very close interest and ministerial direction at all stages of the management process. The Department was asked to apply the conditions of what was then an embryonic scheme and it tried to apply it retrospectively to the four cases involved.

4.17. For Kenmare, the Minister made a decision on the overall viability of the project despite the reservations of officials in the Department. The Minister is politically accountable for all of his decisions.

4.18. The Committee acknowledged the different roles undertaken by Ministers and Accounting Officers but also recognised that both have responsibilities to ensure that systems of best practice, as outlined in the public financial procedures, are adhered to.

## **5 Adoption of reports**

5.1. The Committee disposed of Chapter 10.1 of the 2003 Annual Report of the Comptroller and Auditor General.

## **6 Findings and Recommendations**

### **The Committee of Public Accounts:**

#### **Finds specifically that:**

1. Four tourism marina projects were approved on ministerial direction following the Budget in late 2000 in advance of the marine tourism grant scheme which was under development.
2. The direction of the Department of Finance was that the four projects should be appraised against the conditions of the proposed scheme.
3. One payment was made for the Kenmare project without rigorous checking of the conditions attaching to the approval. A building constructed as part of the project was subsequently demolished due to a contravention of planning approval.
4. Facilities were provided at the two locations which have to date been given State aid.

5. This included funding given in respect of berths developed for both general and private use.

**And recommends in general that:**

1. Ministers and Accounting officers should ensure that the principles underlying the Guidelines for the Appraisal and Management of Capital Expenditure Proposals in the Public Sector are applied to all capital projects undertaken by the State.
2. As the guidelines represent best practice they should only be set aside for formally stated reasons, for example, for social or public good.
3. Independent certification that planning conditions have been complied with should be obtained before grant aid is paid.
4. Conditions set out in scheme approvals need to be followed up to ensure compliance.

**General Recommendations:**

1. Every effort should be made by the Department to streamline the processes of issuing foreshore licences and obtaining planning permission so that the administration of issuing grants in respect of coastal developments is speeded up.
2. The efficiency of the process of issuing foreshore licences should be monitored on an ongoing basis and the performance of the operation of the scheme should be reviewed and reported on regularly to ensure that it is operating effectively.

## **2. Office of Public Works – Kilkenny Flood Relief**

### **1 Proceedings of the Committee**

1.1. The Committee heard evidence from Mr. Seán Benton Chairman of the Commissioners of Public Works (OPW) and his officials, from officials of the Department of Finance and from the Comptroller and Auditor General (C&AG) on 21 October 2004 and on 9 December 2004.

### **2 The Background**

2.1. The estimated cost of flood relief works in Kilkenny city escalated from €13 million at outline design stage in December 1999 to almost €48 million less than four years later. There was a lack of realism in the earlier estimates particularly in regard to the potential cost of archaeology and compensation bearing in mind that the work was taking place in a recognised architecturally rich location in a concentrated urban environment. In 2003 OPW revised the approach and started applying risk management techniques to flood relief schemes. This change is in line with what is happening elsewhere in Europe.

### **3 The Accountability Issues**

3.1. The accountability issues considered by the Committee were:

- Project Management Issues
- Archaeological Issues
- Estimated costs
- Cost benefit analysis
- Measuring value basis of contracting
- Lessons learned

### **4 Examination of the Issues**

#### **Project Management Issues**

4.1. The Committee noted the huge scale of the project and the many effects that it had throughout Kilkenny. The Committee was concerned that the project highlighted gaps in project management practices. The manner of its presentation exemplified the Committee's fears about cost-effectiveness and value for money. There were significant gaps in management and qualifications, particularly in the finance area. The Department of Finance had a greater responsibility and an obligation to examine the figures presented to it by the OPW which it failed to do. The important point with this scheme was that it was accepted publicly by local public representatives as being worth €13.8 million. The Department of Finance watched it increase from that figure to approximately €50 million, including compensation payments.

## **Archaeological Issues**

4.2. The Department carried out this work in the shadow of Kilkenny Castle on three weirs in the centre of a medieval city and under two bridges of great architectural importance. It initially allocated €600,000 to cover archaeological matters. The initial costing was set at 6%, when the preliminary estimate was produced. Subsequently, it became clear that there were substantial finds on the river bed and the provision was increased to €5.1 million at the contract stage. It is now acknowledged that archaeologists should be involved much earlier in projects in order that more detailed estimates can be acquired.

4.3. OPW accept that they underestimated the value of the archaeology. However, they did not do that at the point of contract. The detailed estimate before any contractual commitments provided €5.1 million for archaeology and that proved to be an accurate estimate. The estimate took account of the services that were known. OPW found that there were other services which were not known and others which were wrongly mapped, giving rise to additional costs on the contract. OPW was concerned about the known presence of PCBs and a scheme to clean up the river was put in place before the project progressed. That scheme was managed by Diageo and involved the local authorities, the fisheries people and the Environmental Protection Agency. All of the agencies were satisfied that the river had been cleaned to an acceptable standard.

## **Estimated costs**

4.4. The Committee questioned how the estimates of the project had increased to €47.8 million from the original estimated cost of €13 million, even though three different processes, estimates, tenders and contract price, were involved. Initially consultants were employed who did not have access to geotechnical information. Subsequently, it was realised that a full design team was required. The full impact of this, which included complete engineers' studies and solutions for about 2.6 km of the river bank, was that the cost increased to €34.8 million at tender stage. This included costs for such things as design fees, archaeology and compensation. The construction contract was €22.5 million at that stage.

4.5. The Committee considered how a judgment on value for money could be made when initial figures were so inaccurate. OPW indicated that documentation was placed before the Department of Finance and the circumstances of each change were outlined. On the basis of the information before them, the Department of Finance was satisfied with the steps being taken on the project. They knew there were increases on the way and were satisfied at every stage that despite the increases, the project continued to provide value for money.

## **Cost benefit analysis**

4.6. It was acknowledged that the calculation of hard figures to measure the benefits to a city of not being flooded once every ten, 25 or 100 years is difficult. When the projected cost was €13 million, the economic benefit was calculated at €22.4 million. However, it was noted that each time that the costs increased the benefits rose accordingly.

4.7. The Committee agrees that the nature of projects, such as the Kilkenny Flood Relief Scheme, can present difficulties in terms of measuring the economic benefit of the works. Where such difficulties arise, the wider social aspect should be recognised and the case for the public good and all relevant factors should be clearly outlined as provided for in the

## Guidelines for the Appraisal and Management of Capital Expenditure Proposals in the Public Sector.

4.8. OPW accept that the original scheme was based on inadequate information. A number of options were considered and the OPW felt that it could not abort the scheme because the decisions were taken at all relevant political levels and the public had only become involved because the plan was exhibited in Kilkenny. The first estimate was crucial because as long as it went to public exhibition and was sanctioned by local authorities there was commitment to the project. That is why at every stage, even when the costs went up, the project continued.

### **Measuring value basis of contracting**

4.9. The OPW exercised its option of buying out overruns on labour and material on the part of the contractor when it bought out overruns of €2.9 million, plus VAT. It also bought out price inflation for €1.3 million more than what had been provided for at contract stage. A number of additional bills, presented by the contractor, were not covered by the buy-out option. The contractor would have to be compensated for all additional works not covered by the price variation costs. The contractor, the sub-contractors and all of the consultants involved had vested financial interests in the biggest possible outturn. All the risk was borne by the purchaser rather than by the contractor. OPW was tied into a measure and value form of contract — the civil engineering form of contract. The experience of risks in the early PPP projects is feeding into the way in which the OPW will approach general construction projects in the future.

4.10. The measuring value basis scheme has been shelved largely because of what happened in this project. In May 2004, the Government introduced significant changes to the procurement of construction projects. This involves the introduction of fixed price, lump sum public sector contracts. Under the new approach, contractors bid on a competitive basis that includes a number of identified risks. They then have to bear the costs if any of the risks materialise. There is a move towards a lump sum fixed price basis.

### **Lessons learned**

4.11. The first lesson is that publication of preliminary estimates is often inaccurate. Until the final design and the site conditions are reasonably well known, there is a chance the actual estimates will be significantly wide of the mark. All estimates should be seen as preliminary. The Committee felt it was a bigger mistake to submit these estimates to another Department. The second lesson is that the cost of archaeology was underestimated. This lesson will apply to future urban schemes, particularly in old towns. The final point is that the greatest risk is presented by the actual river. Many risks can be eliminated by avoiding working on a river bed.

## **5 Adoption of Reports**

5.1. The Committee disposed of Chapter 4.1 of the 2003 Annual Report of the Comptroller and Auditor General.

## **6 Findings and recommendations**

### **The Committee of Public Accounts**

#### **Finds specifically that:**

1. The cost estimates for the flood protection project at Kilkenny were seriously understated. Project approval was based on inaccurate information. The estimate of financial and intangible benefit was also seriously wide of the mark.
2. There was a lack of understanding of the way that archaeological issues should be handled when the project commenced. The Committee acknowledges that this situation has now improved and that there is a greater appreciation of these issues and the way that they impact on major projects.
3. There was a lack of proper consultation with the relevant interested parties prior to the commencement of the project.
4. The project was completed and is successful.

#### **And recommends in general that:**

1. Procedures should be put in place whereby figures are not submitted to the Minister for Finance or the appropriate line Minister until sufficient work is carried out to produce a reasonable estimate of costs.
2. State bodies should ensure that they put in place mechanisms for consulting adequately with all of the relevant interested parties prior to the commencement of major projects and should consider appointing one individual to deal with the resolution of problems arising during the course of those projects.
3. The Committee would like to be informed of OPW projects that did not proceed following preliminary cost benefit estimates.



