

VOTE 3 - DEPARTMENT OF THE TAOISEACH

11. Millennium Celebrations

Background

To mark the Millennium, the Government, in June 1998, approved the establishment of a Government Millennium Steering Group to be chaired by the Minister of State at the Department of the Taoiseach. The overall function of the Steering Group, which was to be serviced by a small secretariat in the Department of the Taoiseach (Millennium Office), was to examine and make recommendations to the Government on a small number of significant national projects and also on a system for supporting commemorative projects at community, local, county or regional levels.

The Government, in September 1998, decided that the Millennium Steering Group should be known as the National Millennium Committee and that the funding aspects should be discussed further by the Minister for Finance and the Minister of State at the Department of the Taoiseach. Together with the Minister of State and a Principal Officer from that Department, twelve other members, drawn from different sectors of the community, were chosen to be the members of the Committee. The Committee had no executive or operational role in respect of projects.

In selecting projects to be recommended to the Government for funding, the Committee were to apply the following criteria:

- projects should relate distinctively to the Millennium and should not be eligible for funding from existing Departmental budgets
- the objective should be to co-fund projects preferably on a 50/50 basis and 100% funding of projects should be avoided save in the most exceptional circumstances
- Millennium funding should not give rise to recurring demands on the Exchequer
- all expenditure funded by the Committee should be incurred before 31 December 2000 in so far as this was practicable.

The Department of Finance, on 8 April 1999, sanctioned expenditure of £30m (which included running costs of £500,000 for the Millennium Office) of which £14.9m was for 1999 and £15.1m for 2000. An additional £3m was secured in the 2000 Budget for specific projects on the recommendation of the Committee.

The £33m budget is broadly allocated under the following categories:

	£m
Environment Projects	9.5
Social Projects	7.0
Community Projects	6.0
Arts and Education Projects	3.8
Church and Christian Projects	2.0
Exile Projects	2.0
Millennium Celebration	2.2
Millennium Office Administration Costs	<u>0.5</u>
	<u>33.0</u>

An advertisement was placed in the national press on 8 January 1999 inviting proposals, concepts and suggestions for funding by 31 January 1999. Some 5,800 submissions were received, including many after the closing date of 31 January, of which 1,300 were received by the Millennium Office and 4,500, in respect of award schemes, by Local Authorities and Area Development Management Limited (ADM)² which was assigned responsibility to design, implement and monitor Millennium Recognition awards.

At the end of 2000, the official Millennium year, it is expected that 60 national projects and 200 locally based initiatives will have been funded along with almost 2000 events taking place to celebrate the Millennium.

The following 5 flagship projects were identified by the National Millennium Committee:

The Peoples' Millennium Forests - Project to plant 1.2 million native Irish trees (£1.6m)
 The Children's Hour - Children's Project (£2.0m)
 Battle of the Boyne Site - Project to foster the message of peace and reconciliation (£500,000)
 The Irish Landmark - Restoration of five lighthouses (£500,000)
 The Last Light Ceremony - Millennium Candle and Scroll delivered to each household (£1.9m)

The Committee incurred expenditure of £6.8m in 1999 and it is estimated that £23.2m will be expended in 2000. The main categories of expenditure incurred are:

	1999	2000*	
	£m	£m	
Project Funding (Current)	6.2	3.9	(Schedule A)
Project Funding (Capital)	0.4	0.8	(Schedule B)
Administration Costs	<u>0.2</u>	<u>0.1</u>	
Total	<u>6.8</u>	<u>4.8</u>	

* Expenditure for 1 January 2000 to 31 May 2000

Audit Objectives

The objectives of the audit were to:

- establish whether procedures were in place to ensure that all applications received were appropriately evaluated and that projects were selected for funding in accordance with the criteria and directions issued by the Department of Finance and the Government
- establish whether systems and procedures were in place to ensure that payments were correct and were properly authorised and vouched
- establish whether procedures were in place to ensure that projects which were grant aided had been satisfactorily completed and that grant conditions had been complied with

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a company set up by the Government, in agreement with the EU, to manage schemes sponsored and financed by the EU and the Government, to support the development of local areas.

- establish whether legal agreements were entered into with grant recipients and whether they were adequate to protect the State's interests and that the State's liabilities in relation to commitments entered into by the Committee were adequately controlled
- ensure that funding limits and expenditure budgets set by the Government and the Department of Finance were adhered to.

Audit Findings

Systems and Procedures

The Committee received some 5,800 applications for funding. It met every month and examined projects deemed worthy of consideration by a Working Group set up to assist in the screening of applications. (The Working Group was chaired by the Minister of State and consisted of Millennium Office secretariat staff). A list of recommended projects was forwarded to the Government for funding approval every two months. Although procedures in relation to the appraisal of submissions were not documented, they would appear to have been adequate and the audit findings indicated that proposals were considered in a standard manner.

Specifically this entailed the following:

- proposal received by the National Millennium Office secretariat
- proposal reviewed briefly and an acknowledgement sent either stating that the proposal would be further examined or giving information of relevant Local Authority Millennium Schemes if this was considered more appropriate
- proposal then reviewed by the Working Group using the criteria for the selection of projects specified by the Government and the Department of Finance.

The Working Group having reviewed all applications would either reject them or forward them for consideration by the Committee, which, following a review process, made a decision on whether or not to recommend projects for funding to the Government and set the levels of funding deemed appropriate.

The Government then considered the recommended projects and funding and, if approved, the relevant details were communicated back to the National Millennium Committee and the Millennium Office.

Grant recipients were required to sign a standard legal agreement prior to any money being drawn down on a proposal. This agreement was drafted by the Attorney General's Office and contained grant conditions designed to limit the State's financial exposure and protect its interests. The agreement also imposed certain conditions on grant recipients in relation to insurance, proper application of grant moneys, the provision of necessary additional finance to complete projects, the submission of information to the Committee when requested, and also contained provisions indemnifying the Minister, the National Millennium Committee and the State.

Grant recipients in the case of award schemes administered by ADM were required to sign similar agreements.

The Millennium Office was responsible for ensuring that all conditions of the legal agreement had been adhered to prior to drawdown of grant.

Grant payments were authorised and approved by officers of the Millennium Office before being paid by the Department's Finance Section out of subhead N of the Department of the Taoiseach's Vote.

Vouching for Grant Payments

It was found that in four of the six projects (Liffey Boardwalk, Liffey of Lights, Millennium Festivals, New Year's Eve Concert) examined no invoices or audited accounts had been obtained to confirm the amounts expended and grant entitlement. There was also no evidence that the alternative procedure of inspecting accounting and payments records of the grantees had been pursued. The unvouched payments totalled £2.5m which represented almost all of the expenditure claimed as having been incurred on the four projects.

The Accounting Officer stated that the Millennium Office confirmed to its satisfaction the existence of adequate vouching for grant payments through regular close contact with project promoters and in the case of public bodies involved in the major projects satisfied itself as to their management procedures and that relevant documentation, including expenditure details, was held.

Compliance with legal agreements

The audit also indicated that while legal agreements were in place in all but one of the projects examined, the Millennium Office omitted, in certain cases, to confirm that all conditions had been complied with prior to payment, particularly in relation to insurance where in four of the six projects examined no confirmation had been obtained that adequate insurance policies were in place.

Furthermore, post-payment inspections to confirm that grant-aided works had been carried out satisfactorily had not taken place up to the time of audit. However, it is acknowledged that many projects are ongoing and that such inspections would only be worthwhile for larger projects where more significant amounts of State funds had been invested.

The Accounting Officer stated that the drawing up of standard partnership agreements pre-dated the evaluation of the projects and that as the shape of the programme evolved it was necessary to apply the agreement in a realistic manner in individual cases consistent with the protection of the interests of the State and the core responsibilities of project promoters.

In relation to insurance he stated that the partnership agreement contained a clause whereby the project operator indemnified the State against "all actions, proceedings, costs, claims, demands and liabilitiesin connection with the Millennium project". The question of adequacy of insurance was seen to be a matter primarily for the individual project promoter and the fact that the degree of insurance was not verified reflected the fact that the indemnity clause was in place. However, he also stated that the Millennium Office would place a particular focus on insurance when dealing with the remaining projects.

Compliance with Budgets

The levels of funding approved by the Government were adhered to and, in the event of additional funding being necessary, the matter was resubmitted to Government for permission to pay the additional amounts.

The Department of Finance stipulated that, of the initial £29.5m budget approved in relation to project expenditure, £3m should be expended on current projects and £26.5m on capital projects. However, actual expenditure incurred on current projects in 1999 was £6.2m and a further £3.9m was expended on current projects in the period 1 January 2000 to 31 May 2000.

The Accounting Officer stated that the balance between current and capital expenditure was different to what was envisaged due to the nature of the projects put forward by the public, recommended by the National Millennium Committee and approved by the Government. He also stated that monthly expenditure profiles showing the actual breakdown between capital and current expenditure had been submitted to the Department of Finance but, in the light of my comments, the Millennium Office had requested a revised sanction from the Department.

Projects Examined

The specific findings in relation to the six projects examined were:

Last Light Ceremony

Funding of £1.9m was approved for this project, of which £869,541 was paid in 1999 and £1.01m in the period 1 January 2000 to 31 May 2000. The project involved the supply and distribution of a Millennium Candle and Scroll to every household in the country (1.3 million). Public Service tendering procedures were adhered to in the selection of the contractor for the supply of the candles at a cost of £939,180. An amount of £936,112 was also paid to An Post in respect of distribution costs. Complaints/enquiries were received from approximately 2,000 people stating that they had not received their candles. The Committee gave the details to An Post who agreed to make additional deliveries to the households concerned. The project file was complete and payments made were duly authorised and supported by appropriate documentation.

Liffey Boardwalk

Funding of £1.5m was approved for this project, of which £133,750 was paid in 1999. No payments were made in the period 1 January 2000 to 31 May 2000. This project involves the construction of a boardwalk on the River Liffey between O'Connell and Grattan bridges. The project is being fronted by Míle Átha Cliath Teo, a partnership company established in 1997 by Dublin Corporation to co-ordinate the city's commemoration of the Millennium. Company members include representatives of Dublin Corporation, Dublin Chamber of Commerce and various public and private sector bodies. In November 1998, following a public ideas competition and advisory committee consideration, 7 projects were selected by Míle Átha Cliath Teo, of which 2 were approved for funding by the National Millennium Committee - Liffey Boardwalk and Liffey of Lights project. A Grant Agreement covering the grants was signed by the National Millennium Committee and Míle Átha Cliath Teo. on 8 November 1999.

The payment of £133,750 made in November 1999 was not supported by invoices or architect's certificates. This documentation is retained by Dublin Corporation, which is regarded by the Millennium Office as being responsible for the commissioning, construction and maintenance of the boardwalk. The Millennium Office has not to date requested supporting documentation from Míle Átha Cliath Teo. or Dublin Corporation. The Accounting Officer stated that he regarded it as reasonable to hold the Corporation responsible for the maintenance of such documentation provided his Department was satisfied that it was in a position to monitor progress on the project. He also stated that the Millennium Office had since requested the relevant documents. The project is ongoing with an expected completion date of October 2000.

The agreement also provides that the Company effect adequate insurance policies in respect of the development and produce these to the Millennium Committee on request. There was no evidence that such policies had been requested or seen by the Millennium Committee or Office.

Liffey of Lights

Funding of £500,000 was approved for this project, of which £268,325 was paid in 1999 and the balance of the funding - £231,675 - was paid in the period 1 January 2000 to 31 May 2000. This project involved the floodlighting of city-centre bridges spanning the River Liffey. The first grant instalment was paid in conjunction with that of £133,750 paid in respect of the Liffey Boardwalk project. Invoices or architect's certificates covering the expenditure were not sought by the Millennium Office and there was no evidence on files examined during the audit that adequate insurance cover existed.

The Accounting Officer stated that the project was managed in a similar manner to the Liffey Boardwalk and that, as the project had been completed and total approved funding released, the Millennium Office had requested the relevant certification from the Corporation.

Millennium Festivals

Funding of £1m was approved for this project, of which £750,000 was paid in 1999 and £204,798 in the period 1 January 2000 to 31 May 2000. In 1998 the Department of Tourism, Sport and Recreation established Millennium Festivals Ltd. to organise that Department's contribution to Millennium celebrations through a range of festivals staged in conjunction with both the private sector and the community/voluntary sector. Members of the Company were drawn from the public and private sectors and included a representative of the Department.

The approval of the £1m contribution was in respect of 8 festivals taking place in 1999. Files were examined in respect of 3 festivals with total approved funding of £550,000. The main findings were:

- invoices were not sought or accounting and payments records inspected by the Millennium Office to verify the correctness of the grants applied for
- a report and accounts of the manner in which the grants were expended have not been submitted as of 30 June 2000 (deadline of 1 March 2000 per grant agreement)
- there was no evidence that confirmation of adequate insurance cover had been requested or received by the Millennium Office.

The Accounting Officer stated that as the projects were ongoing it was not practical to have audited accounts made available in the time frame envisaged.

Messiah XXI

Funding of £700,000 was approved for this project, all of which was paid in 1999 to a company which staged a contemporary production of Handel's Messiah on 4 and 5 December 1999. The event was subsequently broadcast by RTE on 30 December 1999. Funding of £700,000 based on projected expenditure of £1.85m was recommended by the National Millennium Committee and approved by Government on 20 July 1999. Further funding from RTE, record companies, broadcasting organisations and corporate sponsors was anticipated. A grant agreement between the National Millennium Committee and the company was signed on 5 November 1999. The grant was drawn down in 3 instalments in November and December 1999, each being supported by copy invoices. The main audit findings were:

- audited and certified accounts in relation to the expenditure of the grant were not submitted by the 1 March 2000 deadline specified in the grant agreement
- no evidence existed of the Millennium Office having satisfied itself as to the adequacy of insurance cover
- there was no tax clearance certificate on file

- provision for a possible monetary return to the State in the event of the production being commercially successful was not included in the signed grant agreement.

The funding proposal submitted by the company stated that it approved the concept that a portion of net profits of the company should go to a charity or charitable trust and that a formal system would be set up in consultation with the National Millennium Committee to this end. The grant agreement, however, made no reference to this point. After the matter of possible recovery of moneys had been raised in the Dáil and the media, an arrangement was finally confirmed in writing by the company on 27 March 2000. The provisions require that 10% annually of net after tax profits, up to an overall ceiling of £700,000 be paid to Irish charities agreed between the company and the National Millennium Committee. An annual audit of the company is to be carried out and provision is to be made for a continuation of the agreement after the term of the National Millennium Committee expires.

The Millennium Office has been informed by the company that, as of 30 June 2000, negotiations with music and television companies in the US are still ongoing, with no definite agreements having emerged. Furthermore, the charities to benefit in the event of profits being generated have yet to be agreed.

The Accounting Officer informed me that while the grant agreement did not make specific arrangements for payments to the State in the event of the production being a commercial success, it was clearly understood that such arrangements would apply, which was substantiated by the company's written confirmation of the position in March 2000. He stated that the National Millennium Committee had no revenue generating role and did not anticipate that any surplus was likely. He also stated that a tax clearance certificate had been requested from the company.

New Year's Eve Concert

On 19 October 1999 the Government approved, in principle, funding of £500,000 towards the cost of staging a free New Year's Eve concert in Dublin City Centre. Following consideration of two proposals, the National Millennium Committee recommended on 28 October 1999 that the concert be organised by one of the proposing companies subject, *inter alia*, to confirmation that the company could manage the event with a £500,000 award from the National Millennium Committee. At this time the company's estimated costings totalled £940,000. It was intended that most of the funding shortfall would be met by commercial sponsorship. On 16 December 1999 the National Millennium Committee approved an increase of £100,000 in funding to cover extra safety related costs, which was later increased by a further £323,000. This latter increase was based on the non-receipt of commercial sponsorship which had been anticipated and the necessity to engage additional artistes and hire additional equipment. The revised funding of £923,000 was approved by Government on 17 April 2000.

£250,000 was paid in 1999 and £672,865 in the period 1 January 2000 to 31 May 2000. Payments were supported by a schedule of costs incurred and by a final account in April 2000.

The main findings were:

- there was no legal agreement with the company
- invoices supporting payment requests were not sought by the Millennium Office and the alternative option of inspecting the accounting records to enable the Committee to satisfy itself as to the expenditure incurred and the amount of grant claimed was not pursued
- the initial grant approval of £500,000 represented a 53% funding rate. The total grant paid,

£922,865 represented 100% funding

- the failure to attract commercial sponsorship was not investigated
- the payment of £300,000 on 20 January 2000, while within the amount recommended by the National Millennium Committee exceeded Government approval at that time by £50,000.

The Accounting Officer stated that this was a high profile event which had been organised under severe time pressure. He also stated that evidence of expenditure had been obtained through inspection of a detailed schedule and statement of account provided by the promoter and that additional assurance was gained from the fact that Millennium Office staff had been involved in the organisation of the events on New Year's Eve. As regards the failure of the anticipated corporate sponsorship to materialise, he pointed out that difficulties had been experienced internationally in predicting the level of interest in events on New Year's Eve. He assured me that his Department was satisfied that the situation had arisen for *bona fide* reasons.

Award Schemes

Two major award schemes with funding approval of £3m each were administered by third parties on behalf of the National Millennium Committee and were also reviewed during the audit.

Millennium Events Awards

This scheme was introduced to assist local, community and voluntary groups and organisations to mark and celebrate the Millennium in their area in a way that was considered fitting and appropriate. Funding of £3m was approved by the Government on 21 July 1999 for the awards which were to be administered by the relevant Local Authority in each county. Individual awards were to be up to a maximum of £4,000 and were to be matched with funding by the Local Authority or with other local funding. A Millennium Officer with responsibility for administering the awards was appointed in each Authority.

Funds up to a maximum of £70,000 were issued to each Authority upon submission by Millennium Officers of details of recommended projects and confirmation that matching funding was forthcoming. A total of 1959 projects were proposed and grant drawdowns of £2.24m and £130,000 were made in 1999 and 2000 respectively.

The Millennium Office has recently written to each Local Authority requesting a report on the current status of the awards.

Millennium Recognition Awards

These awards were designed to support Millennium projects at a local level and to recognise the contribution made by local communities to the economic, social and cultural development of Ireland. The Government approved funding of £2m and £1m on 20 April 1999 and on 19 October 1999 respectively. Under an agreement dated 23 April 1999, ADM were assigned responsibility to design, implement and monitor the awards on behalf of the National Millennium Committee. A management fee of £100,000 was to be paid.

The Millennium Office was represented on an ADM Appraisal Committee which processed project proposals, provided ongoing progress reports and recommended awards to the National Millennium Committee.

Under the terms of the agreement ADM are to provide, not later than 1 December 2000, a report and accounts of the manner in which the grant provided by the National Millennium Committee was expended.

Amounts totalling £500,000 and £1m were drawn down in 1999 and 2000 respectively.

ADM approved funding of £2.86m in respect of 193 awards and at 20 March 2000 payments by ADM to grantees totalled £830,000. Examination of 3 project files with total drawdowns of £120,000 was carried out with satisfactory results. Files were maintained to a high standard and contained all relevant documents including standard application forms, standard appraisal forms, contract agreements, tax clearance certificates, tender documents and financial statements. Payment authorisations were evidenced on standard forms and acknowledgements of receipt of grant filed.

Conclusions

- The results of the audit indicate that controls and procedures in relation to the selection of projects and adherence to funding limits set by the Government and the Department of Finance were generally satisfactory, particularly when account is taken of the once-off nature of the grants and the volume of proposals processed. The only exception noted was the failure to adhere to the ceiling on expenditure on current projects set by the Department of Finance.
- The findings indicate that in a significant number of cases, adequate evidence was not obtained that the expenditure on which grants were claimed had been incurred and that grant moneys were applied for the purposes for which they were approved. Invoices and vouching should be sought or accounting and payments records inspected for the larger projects in order to obtain assurance that the expenditure has been incurred as claimed by the grant recipients. More attention should be given to obtaining vouching for the remaining expenditure which will be incurred by the Committee in 2000.
- Legal agreements appeared to be adequate to protect the State's interest and were in place in all but one of the projects examined. While it would appear to have been prudent for the Millennium Office to have monitored the position in relation to insurance more closely, the Accounting Officer's view that it was primarily a matter for the Promoters and that the State was indemnified is accepted.
- The initial agreement for the Messiah XXI production did not provide for a possible monetary return to the State.
- In the case of the New Year's Concert, the failure to receive the anticipated commercial sponsorship resulted in the State having to meet the full cost. The position on sponsorship should have been more firmly established before the placing of the contract to organise the concert. The agreement in relation to this and other matters should have been in writing.

By way of general comment, the Accounting Officer stated that the Government had made it clear that the Millennium celebrations should be focussed on the entire period 1999 to 2000 and that only approximately one third of the expenditure had been incurred up to mid 2000. In 1999 the work had been very much focussed on the evaluation and approval of projects and the release of funding and it was intended to shift the focus more towards issues such as confirmation of completion and compliance with grant conditions as the project selection phase came to a close. He assured me that as this second phase progresses, many of the concerns raised in my report were currently being addressed.

Schedule A**Project Current Expenditure**

Project Name	1/1/99 - 31/12/99	1/1/00 - 31/5/00
	£	£
Millennium Festivals	750,000	204,798
Millennium Recognition Awards	600,000	1,000,000
Millennium Book	80,000	-
Dublin/Belfast Ecumenical Service	10,000	14,145
RTE CD-ROM for Schools	116,000	-
Messiah XXI	700,000	-
Millennium Events Awards	2,240,000	265,664
Island Journey Millennium Concerts	43,000	-
New Year's Eve Concert	250,000	672,865
Millennium Information Programme	536,213	423,939
Last Light Ceremony	869,541	1,005,750
Twentieth Century Irish Art Exhibition	-	8,880
Exhibition of Christian Architecture	-	18,250
Dublin International Piano Competition	-	10,000
Millennium Celebrations	-	68,000
Skyfest 2000	-	130,000
Millennium Amateur Drama Festival	-	6,000
Bridge of Peace	-	30,000
Genetic History & Geography of Ireland	-	30,000
Total	6,194,754	3,888,291

Schedule B**Project Capital Expenditure**

Project Name	1/1/99 - 31/12/99	1/1/00 - 31/5/00
	£	£
Míle Átha Cliath	402,075	231,675
St George's Bells Taney	-	50,000
Mayo Millennium Spire	-	100,000
Milaois na Gaeltachta 2000	-	159,300
Cork Opera House	-	224,000
National Field Study Centre	-	55,000
Total	402,075	819,975