

20 The Broadcasting Fund

- 20.1** The Broadcasting Fund (the Fund) was established to support the production of new television and radio programmes in English and Irish. The programme subjects eligible for funding include programmes about Irish culture, heritage and experience, programmes to improve adult or media literacy or which raise public awareness and understanding of global issues. A further objective of the Fund is to develop the archiving of broadcasting programme material produced in the State.
- 20.2** The Fund is managed and controlled by the Broadcasting Authority of Ireland (BAI)¹ and is financed through the transfer by the Department of Communications, Energy and Natural Resources (the Department) of 7% of the net television licence receipts annually.² Payments from the Fund cover both grants to support the production of radio and television programmes and related BAI administration costs.
- 20.3** The Fund has been used to support two specific grant schemes since its initial establishment in 2003. The first scheme, known as 'Sound and Vision' was approved by the Minister for Communications, Energy and Natural Resources in October 2005 for operation up until the end of 2009. The second scheme known as 'Sound and Vision II' was approved by the Minister in January 2010 for operation until the end of 2014. Both schemes required and received approval by the European Commission (EC) under State aid rules.
- 20.4** The total income of the Fund since its commencement in 2003 to the end of 2011 has been just over €100 million.³ The outlay from the Fund up until the end of 2011 was €79 million. Payments of grants under the schemes account for just under €74 million of this expenditure with the balance relating to staff costs (€3 million) and other administration costs (€2 million).⁴
- 20.5** At the end of December 2011, the Fund had reserves of approximately €22 million accumulated as outlined in Figure 20.1 below.

Figure 20.1 Fund Income and Expenditure 2003 to 2011

	Income	Expenditure	Surplus/deficit
	€ million	€ million	€ million
2003 - 2007	48.2	28.6	19.6
2008	11.1	15.2	(4.1)
2009	12.3	11.7	0.6
2010	15.0	11.1	3.9
2011	14.9	12.8	2.1
Total	101.5	79.4	22.1

Source: Broadcasting Authority of Ireland

1 The Fund was initially provided for in the Broadcasting (Funding) Act 2003 and was managed up until 2009 by the Broadcasting Commission of Ireland. The Broadcasting Act 2009 transferred responsibility for the Fund to the newly established Broadcasting Authority of Ireland.

2 The rate was 5% up until July 2009.

3 Approximately 96% of this came from television licence fees with the remaining 4% being interest earned from the temporary investment of funds.

4 Staff and administration costs represent apportionments of BAI staff and overhead costs.

20.6 This chapter reviews

- the administration and management of the Fund
- the outputs and performance of the Fund and the extent to which it has been evaluated.

20.7 Meetings were held with officials of the Department and the BAI to establish the background, financing and processes in place for administering and managing the Fund. Contract files were examined for a sample of projects supported under the Sound and Vision schemes. Analysis was carried out of a database of contracts maintained by the BAI.

Administration and Management of Fund Grants

20.8 Applications for funding are sought through funding rounds. The number and scheduling of funding rounds depends on factors including operational imperatives for the BAI and the timing of broadcasters' commissioning rounds. A BAI official is appointed round manager in respect of each funding round. The first funding rounds were held in 2006 and up to the end of 2011, eleven rounds of funding each had been held for radio and television.

20.9 A summary of the status, at end 2011, of projects allocated funding from all funding rounds is set out in Figure 20.2.

20.10 A total of €86 million has been allocated to 1,227 projects. By the end of 2011, approximately €74 million had been paid out leaving a balance of €12 million committed. As payments are made to projects in tranches, the total amount paid reflects staged payments to projects where contracts have been signed but are not yet completed as well as to completed projects. Annex A provides an analysis of the status at end 2011 of projects in all funding rounds.

Figure 20.2 Status of Projects Allocated Funding at end 2011

	TV	Radio	Total	Percentage
Number of projects allocated funding^a	417	810	1,227	100%
of which				
completed	281	598	879	72%
in progress	102	176	278	22%
awaiting contract	34	36	70	6%
	€ million	€ million	€ million	
Funding allocation^b	76.3	9.8	86.1	100%
of which paid	65.1	8.7	73.8	86%

Source: Broadcasting Authority of Ireland

Notes: a Excludes projects withdrawn.

b The funding allocation is the net amount of grants awarded after adjusting for withdrawals, reductions and increases in funding.

Assessment of Applications

- 20.11** The assessment process has evolved since the commencement of the schemes. The current process involves a preliminary evaluation of applications carried out by BAI staff to determine whether all information has been submitted and whether the project is eligible for funding. Each application which passes this stage is then considered by an external assessor using specified criteria such as the quality of the proposal, additionality and innovation.⁵ Another external assessor reviews that assessment and either validates or amends the outcome of the first assessment having regard to his/her own experience and expertise. An assessment panel, comprising BAI staff and the second assessor, reviews the application and assessors' reports together. The panel decide whether or not to recommend a project for funding.⁶
- 20.12** On completion of the assessment process, a schedule of final recommendations is presented to the Authority for formal ratification as part of a general report on the outcome of the particular funding round. The report provides details of the unsuccessful as well as the recommended applications. In general, it outlines in respect of each recommended proposal the amount recommended for funding, the maximum percentage of eligible costs that will be paid, and the number and duration of programmes to be produced.
- 20.13** Feedback on the outcome of the assessment process is provided to both successful and unsuccessful applicants in a standard assessment report template prepared by BAI staff based on the outcome of the assessment panel's deliberations. In addition, a letter of offer is issued to each successful applicant. The applicant is required to finalise a contract with the BAI within 12 months of the formal funding offer. Contracts are finalised through a process of negotiation on a case-by-case basis.
- 20.14** An analysis of television and radio applications and their assessment for funding in round 11, held in 2011, is set out in Figure 20.3.

Figure 20.3 Analysis of Assessment Process – Funding Round 11 – Television and Radio

	TV		Radio		Total	
Applications received	98		262		360	
Applications rejected	55	56%	166	63%	221	61%
at preliminary evaluation stage	5		63		68	
at assessment stage	50		103		153	
Allocated funding	43	44%	96	37%	139	39%

Source: Broadcasting Authority of Ireland

⁵ A full list of the criteria is set out in Annex B.

⁶ A second round of assessment may be used where the number of qualifying projects in a round exceeds the funding available. However, this has only been used on one occasion.

- 20.15** Just over 60% of applications for round 11 were rejected overall (56% for television and 63% for radio). The corresponding percentage for round 10 was 51% (53% for television and 50% for radio). For television, the amount recommended for funding exceeded the €7 million indicative allocation for that round by almost €900,000.⁷ The amount recommended for funding in the case of radio programmes (€0.8 million) fell substantially short of the €1.5 million allocation reserved for that round. A similar situation arose in radio rounds 9 and 10.⁸
- 20.16** As part of this audit, application and assessment records for ten projects allocated funding in three rounds spanning 2010 and 2011 were examined. With the exception of one case, the only assessment reports available for audit review were the standard reports used to provide feedback to applicants. These reports which were unsigned and undated did not clearly indicate the manner in which the application satisfied the assessment criteria. In general, they noted elements of the project budget that appeared excessive but it was not possible to link these with the funding recommendation.
- 20.17** The reports prepared by the external assessors are not retained by the BAI. However, in one application case examined, three assessment reports were found on file. These set out a commentary and a rating under each assessment criterion but were not dated or signed. Each individual report recommended the provision of the full amount of funding sought by the applicant (€300,000). The recommendation for funding made to the Authority and subsequently ratified by it was for €270,000. The standard assessment feedback report also indicated that the amount recommended for funding was €270,000. While the reports provided scores under the assessment criteria, there was a lack of transparency with regard to the basis for the reduced funding recommendation.
- 20.18** The Chief Executive Officer (CEO) of the BAI stated that the assessment reports retained on file in this case set out the individual views of the external assessors on the submission but that collectively, the panel agreed that a sum of €270,000 would be recommended for the project. He said that this collective decision was the only decision on the application and was subsequently communicated to the applicant. He stated that the individual reports should not have been held on file and that this was an administrative error.

Contracting and Contract Management

- 20.19** A number of issues relating to contract management were noted from the review of a sample of 25 projects and from analysis of the contract database maintained by the BAI. These are set out below.
- **Delays in finalising contracts** - Four out of the 25 cases examined did not finalise their contract within the 12-month period provided for in the rules of the scheme. The period taken to finalise these contracts ranged from 13 months to almost three years. The contracts database highlighted four other instances of a time gap of around three years between the offer of funding and a contract being agreed. It was not possible to verify compliance with the 12-month limit in all instances because the database was incomplete, particularly for the early funding rounds.

7 The second assessment phase, as provided for in the scheme, was not carried out because sufficient accumulated funds were available to fund all qualifying applications from round 11.

8 From an indicative allocation of €1.5 million per round, the amount recommended for funding in round 9 was €0.96 million and €1.2 million in round 10.

- **Advances of funding** - In three of the 25 cases examined, 90% of the grant allocation had been paid out on signing of the contract resulting in significant project risk for State funds should projects fail to deliver. Review of the contracts database noted a total of 44 television projects, with an aggregate funding allocation of €13.6 million that were paid 90% or more of their allocation on contract signing. The CEO stated that these projects were low risk in that they were all linked to Section 481 funding, the nature of which was that all parties put in funds at an early date.⁹ He also stated that this helped to leverage funds from other investors and had widespread support from the industry.
- **Monitoring** - Of the cases reviewed, 12 experienced slippage in their contracted delivery schedules with three exceeding their scheduled delivery dates by more than 12 months. The contracts database includes a total of 26 projects dating back to funding rounds in 2006 and 2007 that had not fully drawn down their funds at the end of 2011. Over €1 million has been paid to these 26 projects and just over €200,000 is outstanding.
- **Consideration of past performance of contractor** – There were indications in three of the 25 cases examined that an applicant's track record was not adequately considered at project assessment stage or when releasing funds on other projects to the same contractor. In these cases, previously funded projects had not been completed, were delivered late or had not submitted final audited accounts.
- **Cost verification** – In two of the cases reviewed, although the projects had been delivered, the final cost statements were not submitted.¹⁰ Final payment has been withheld in one case and has not been sought by the contractor in the second case. The final payments outstanding represent 3% and 10% of the funding, respectively. Without an audited final cost statement, the BAI cannot satisfy itself as to the manner in which the funding provided was spent. An internal BAI review of compliance in 2009 identified the need for additional checking of the financial material being submitted by contractors. As a result, the BAI appointed a firm of accountants to carry out seven pilot audits in 2009 and 2010. No significant issues were identified.
- **Combined contracts** – In the latter half of 2010, the BAI introduced a combined contract whereby successful radio proposals with the same producer from a funding round may be combined into one contract for administrative efficiency. While a separate budget is negotiated for each individual project, only the combined budget forms part of the contract. The combined contract is not used in all cases.

9 Section 481 of the Taxes Consolidation Act 1997 provides tax relief towards the cost of production of certain films. Tax relief on 100% of their investment is available to individual investors and to corporate investors.

10 A final cost statement is required before release of the final grant payment. Up to 2008, final payment was made on the basis of an unaudited cost statement. Since 2008, a final audited account of production expenditure is required.

Recoupment of Funding through Profit Generation

- 20.20** Since mid-2010, the standard funding contract provides for recoupment to the Broadcasting Fund when a production generates profits, where the amount of the grant is €200,000 or more. This provision may also apply to contracts for funding between €50,000 and €200,000. Previously, the BAI decided on a case-by-case basis whether to include a recoupment clause. No definitive figures are available for the number of contracts which provided for recoupment prior to the inclusion of the standard contract provision. However, the BAI estimates that no more than 5% of contracts concluded prior to 2010 would have included a recoupment clause. There has been no recoupment of funding to date as a result of these provisions.
- 20.21** The onus is on the contractor to advise the BAI of any net receipts from the production and to keep accurate books and records in relation to the commercial exploitation of the programme.
- 20.22** The audit noted that six out of the sample of 25 cases examined (17 of which related to television productions), had availed of Section 481 financing. In order to qualify for Section 481 relief, funds advanced by investors must be for 'bona fide' commercial reasons. On that basis, it is reasonable to expect that at least some of those productions would generate profit. The BAI estimate that, up to the end of 2011, it has funded in the region of 70 Section 481 projects.
- 20.23** The CEO stated that given the nature of the scheme, the prospects of a project achieving the levels of profitability which would warrant implementation of the recoupment provision were limited. This clause had been designed to cater for a circumstance in which a funded project exceeded any expectations that may have existed at development phase. The CEO added, that in addition to inclusion of the standard clause within contracts, the BAI were committed to spot-checking projects which might have some potential in this area and that the new contract being introduced in 2012 also sought a greater level of disclosure in relation to performance post broadcast.

Sources of Finance and State Aid Rules

- 20.24** Under EC regulations, State aid for film and audiovisual works may not exceed 50% of the production budget except where production is judged to be difficult, or low budget, or that the programme will have limited geographic extension through language and culture. Low budget productions are those with a budget of less than €750,000 for television and less than €55,000 for radio. Productions in the Irish language are considered to have limited geographic extension.
- 20.25** The BAI must satisfy itself where relevant that programme production is difficult. The criteria used by the BAI for assessing 'difficult to make' include: a lack of commercial potential; a lack of significant audience appeal; and the experimental nature and/or creative risk of the production.
- 20.26** The analysis of the database noted one television bi-lingual production with a budget at application stage in excess of €860,000 that had been allocated funding by the BAI of €600,000 (70% of its budget). In addition, seven radio productions through the medium of English had budgets in excess of €55,000 and received BAI funding in excess of 50%.
- 20.27** In relation to the procedures for monitoring compliance with State aid rules, the CEO stated that monitoring in respect of the low budget and language criteria were straightforward. With regard to difficult productions, he stated that in general terms, applicants were required to provide a rationale as to how the proposed programme was difficult to make. The assessors were then required to evaluate this rationale in coming to their overall determination. He confirmed that the BAI were satisfied that the EC requirements were being adhered to in respect of all applications made using these criteria.

- 20.28** It was noted that certain larger television productions benefited from several sources of State funds such as Irish Film Board (IFB) funding and Section 481 tax relief funding. In addition, the audit identified funding from the Department of Education and Skills and the Department of Foreign Affairs for two projects. The audit noted two cases in which the finance plan set out in the contract indicated that total State funding of almost 70% and 86% of the total budgeted cost respectively, would be provided. These productions were in English and had budgeted production costs in excess of €2 million each.
- 20.29** The CEO stated that the BAI had arrangements in place, in respect of Section 481 projects, to confirm to the Department of Arts, Heritage and the Gaeltacht that in the BAI's view, a project was difficult to make, low budget and/or in the Irish language.¹¹ There is currently no appropriate protocol in place for projects not within the scope of Section 481.

Outputs and Performance

- 20.30** In general, the purpose of the fund is to support the making of certain television and radio programmes and the development of archiving of programme material produced in the State.

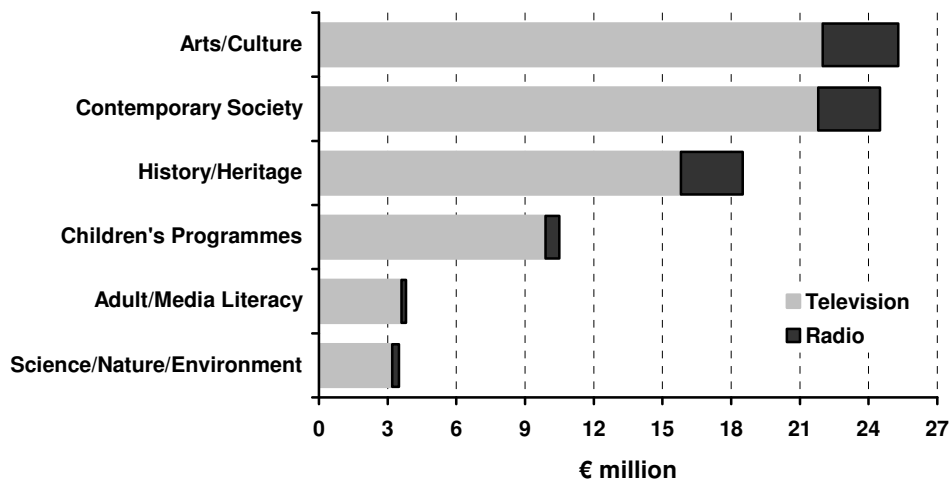
Programme Making

- 20.31** The stated objectives of the grant schemes are to
- support the production of high quality television and sound broadcasting programmes based on Irish culture, heritage and experience
 - increase the availability of programmes on Irish culture, heritage and experience to audiences in the State and support programmes that aim to explore these themes in innovative ways
 - develop these programmes in the Irish language
 - support programmes that represent the diversity of Irish culture and heritage
 - record oral Irish heritage or aspects of Irish heritage which are disappearing, under threat, or have not been previously recorded
 - develop local and community broadcasting through support for the production of programmes by this sector
 - support the production of programmes which aim to improve adult or media literacy
 - support the production of programmes which raise public awareness and understanding of global issues impacting on the State and countries other than the State.¹²
- 20.32** The Fund may not be used to support programmes that are primarily focused on news or current affairs.
- 20.33** Projects allocated funding to the end of 2011 are analysed by genre in Figure 20.4 below. Further analysis on language and service delivery criteria is presented in Annex C.

¹¹ The Minister for Arts, Heritage and the Gaeltacht must confirm a film's eligibility for Section 481 funding under certain qualifying criteria.

¹² The Sound and Vision II scheme extended the stated scheme objectives to include programmes dealing with the themes of media literacy and global affairs. These did not apply for the earlier scheme.

Figure 20.4 Funding allocation by genre 2006 to 2011



Source: Analysis by Office of the Comptroller and Auditor General

20.34 The analysis shows that

- Almost 90% of the allocated funding went to support television productions and 10% to support radio productions.
- Arts/culture, contemporary society and history/heritage received the greatest funding allocations. Together they accounted for almost 80% of the funding allocation. Children’s programmes were allocated 12% of the funding while programmes dealing with adult/media literacy and science/nature/environment received an allocation of 4% each.
- Just over 25% of the funding was allocated to the production of programmes in the Irish language, and a further 21% was allocated to bilingual programmes. The proportion of funding allocated to Irish language programmes for television was much greater than that for radio.
- Overall, 68% of the total funding allocation went to productions for broadcast on public radio and television with 22% for broadcast on independent commercial stations and 10% on community stations.
- No projects have been funded under the objective of raising public awareness and understanding of global issues as no applications have been received under this heading.

20.35 No funding or output targets were set for the various objectives. Consequently, it is difficult for the BAI to determine the extent to which the objectives of the Fund are being achieved.

Programme Archiving

- 20.36** An objective of the Fund is to support the development of a scheme for the archiving of programme material produced in the State (not just productions supported by the Fund). It had been anticipated that an archiving scheme would be approved in early 2011 and an amount of €2.8 million was provisionally allocated for award in that year. However, the scheme has only recently been approved. It is now anticipated that the scheme will be launched in the autumn of 2012 and the first awards made in early 2013. Funding under the scheme will be allocated through a competitive process. It is envisaged that the proportion of the Broadcasting Fund allocated to archiving will not exceed 20% of the available funding in any year.
- 20.37** With regard to the archiving of productions supported by the Fund, the BAI have an agreement with the Irish Film Archive of the Irish Film Institute (IFI) for the preservation and archiving of all those productions and for making that material available for on-site viewing by any interested party.

Programme Delivery and Broadcast

- 20.38** Funding is allocated on the basis that programmes will meet agreed criteria and contract specifications. Accordingly, there is a requirement for verification of programme material produced. Verification procedures were carried out on a selective risk analysis basis. However, following an internal review of contract compliance in 2009 and a review by two external assessors of the programme material submitted for two projects, the BAI identified the need for a more systematic approach to reviewing programme material.
- 20.39** As a result, in 2012 the BAI engaged the IFI to verify that television productions were of broadcast quality, without technical fault and suitable for long-term preservation, access and exhibition. In addition, under the terms of that agreement, the IFI are required to report to the BAI on whether the material as viewed complies with relevant terms and conditions in the funding contract between the BAI and the producer. This process is currently being implemented. The BAI stated that the process may in future take place prior to the authorisation of the final contract payment. In addition, the BAI may itself review material prior to final contract payment. There is currently no verification process for radio productions.
- 20.40** In order to comply with legislative provisions, it is necessary that productions funded are broadcast. A letter of commitment from a relevant broadcaster to broadcast the production during peak viewing/listening times is a pre-requirement for funding approval under the schemes.¹³ In order to draw down stage payments, the contractor is required to submit a broadcaster's progress report. Confirmation from the broadcaster that the production has been delivered is required before final payment is made.

¹³ Television programmes must be broadcast on a free television service which provides near universal coverage in the State or on an appropriate network provider or MMD system as part of a community content provision contract under Section 72 of the Broadcasting Act 2009. Sound broadcasting programmes must be carried on sound broadcasting services under a contract made by the BAI or operated by RTE.

- 20.41** In one of the sample of 25 cases examined (12 of which had been completed and funding fully drawn down), the BAI issued the final payment of €80,000 without having received the necessary broadcaster delivery report. The BAI stated that they were satisfied that the broadcaster's letter of commitment to broadcast which accompanied a funding application for a third series of the production would suffice as confirmation of delivery of the second production series.
- 20.42** Up to the introduction of a standard funding contract in mid-2010, contractors were not required to notify the BAI of the date and time of the planned broadcast. It was therefore difficult for the BAI to confirm that all completed productions had in fact been broadcast. The BAI stated that under the new standard contract being introduced from July 2012, a contractor would be required to provide the BAI with a broadcaster confirmation letter including a commitment to inform it of broadcast dates and supply audience reach information, if required.

Impact of the Fund

- 20.43** The legislation requires that the BAI review the operation, effectiveness and impact of the scheme and report to the Minister within three years of its coming into effect and every three years thereafter or as requested by the Minister. The first such review was carried out in 2008. It was conducted by means of a stakeholder survey, research on the impact of the scheme on the audiovisual industry, collection of viewership and listenership figures from broadcasters and an internal review of the operation of the scheme.
- 20.44** The statutory evaluation carried out in 2008 reported that the scheme had achieved considerable success in terms of increasing public access at national, local and community level to high quality radio and television programmes on the themes of Irish culture and experience. A substantial percentage (85%) of respondents to a survey conducted as part of that evaluation, agreed that the scheme contributed positively to the economic development and growth of the independent production sector in Ireland and had allowed production companies to retain staff full-time and to attract year-round work. 73% of respondents to the survey agreed that the scheme had contributed positively to the creation of employment opportunities in broadcasting in Ireland. In terms of viewership and listenership ratings and the achievement of industry awards, information was not reported on all productions.
- 20.45** The next review is due to commence in September 2012. There is a need to capture impact data for the grant schemes. Indicators which might be considered where appropriate include: the number of viewers/listeners to a production, the number of recognised awards received, the number of times a production is broadcast, whether a production is broadcast in another country or on another channel and the impact of the scheme on employment in the sector.

Oversight by Department of Communications, Energy and Natural Resources

- 20.46** The Accounting Officer of the Department of Communications, Energy and Natural Resources stated that while the administration and management of the Fund was a matter for the BAI, the Department was concerned to ensure that this was done in the most efficient way possible that ensures that the purposes of the Fund are delivered and that value for money for licence fee payers is achieved. He stated that the Department has a corporate governance oversight role in relation to the BAI which enabled policy issues of concern to the Broadcasting Fund to be raised as appropriate. At a general level, he stated that it was the view of the Department that the Fund was being managed in a way to achieve its policy objectives, particularly the promotion of new television and radio programmes by independent production companies with a view to the production of programming on a broad range of issues and themes of relevance to Irish culture and society.
- 20.47** The Accounting Officer stated that the Department would engage with the BAI in advance of the upcoming statutory review of the scheme to ensure that the findings of this chapter are incorporated into the terms of reference for the review. He stated that his Department would ensure that any recommendations arising from the review take account of the findings and focus on promoting effective and value for money achievement of the policy objectives of the Broadcasting Fund.

Conclusions and Recommendations

- 20.48** A significant proportion of applications fail to qualify for Broadcasting Fund financial support. Processing deficient applications is wasteful of resources for the BAI as well as for applicants. Further work is needed to improve the quality of funding applications being submitted and to reduce the associated administrative burden.

Recommendation 20.1: The BAI should carry out an analysis of the reasons for the high volume of rejections and engage with stakeholders in relation to improving the quality of applications.

CEO's Response: Agreed. The BAI has been working with stakeholders on an ongoing basis to address the high volume of rejected applications.

- 20.49** There is a lack of transparency and accountability in the application assessment process.

Recommendation 20.2: The BAI should ensure that the assessment process demonstrates a greater level of transparency. Reports should clearly state the outcome of all assessments by reference to scheme criteria.

CEO's Response: Agreed in part. The final assessment report in the form of a feedback report is retained on file and forwarded to each applicant setting out the BAI's assessment with reference to the scheme criteria. Assessors' reports are not retained because they are part of the deliberative process and are not separate decisions as such. The final collective view of the assessment panel is what matters and not the individual views expressed during the process. The deliberations of the assessment panel are analogous to other decision-making processes of the BAI (and of other State bodies) whereby the final decision is recorded rather than the views of individual members of a Board. The review of the scheme scheduled to commence in September 2012 will include a review of the assessment process.

- 20.50** Contracts for projects allocated funding are not always finalised within the timescale stipulated in scheme rules.

Recommendation 20.3: The BAI should report to the Authority when contract negotiations are not concluded within the 12-month period.

CEO's Response: Agreed in part. Systems introduced in the last number of years are helping to address the issue. In addition, it is proposed that the BAI executive consider extensions beyond the 12-month period on a case-by-case basis, with any extensions permitted reported subsequently to the Authority.

- 20.51** Many projects receive a large proportion of funding prior to completion. While this may be necessary to ensure adequate financing is in place to complete the project, it increases the risk that State funds are provided for projects which are not delivered. Half of the 25 cases reviewed failed to meet their contract delivery schedules. In two cases, projects were delivered but final cost statements were not submitted. Without such information the BAI is unable to satisfy itself that funding provided is used for the purposes intended.

Recommendation 20.4: Where delivery schedules are not met or contract terms not adhered to, the BAI should consider seeking recovery of funds.

CEO's Response: Agreed. Systems introduced in the last number of years are helping to address these issues. In regard to the failure to submit final cost statements, the BAI intend to introduce standardised audit procedures for external auditors of grantees as well as an annual programme of audit by the BAI, for verification of compliance with these procedures.

- 20.52** The track record of a contractor is not adequately considered at project assessment stage or when releasing funds on other projects to the same contractor.

Recommendation 20.5: The BAI should review their application assessment criteria to ensure adequate consideration is given to past contractual performance when reviewing any new applications for funding from the same contractor. Any requests for funding draw downs should be managed on a total contractor basis rather than an individual project basis.

CEO's Response: Agreed. A new contract, approved in July 2012, addresses these concerns and the track record of the applicant in respect of compliance within the scheme will be taken into account for any new contracts entered into.

- 20.53** There has been no recoupment of funding from any profits generated by productions funded. The BAI were unable to definitively state the number of funding contracts which contained a recoupment clause. It estimates that it has funded in the region of 70 Section 481 productions, which are more likely to have profit-generating potential.

Recommendation 20.6: A register should be maintained of all contracts with a funding recoupment provision and all projects with Section 481 funding. These projects should be actively monitored.

CEO's Response: Agreed in part. The BAI's new database will be able to readily identify and provide the total number of Section 481 contracts in the future. It would be an inappropriate use of resources to extend monitoring of the recoupment provision beyond the current process of spot-checking projects with profit-generating potential. The new contract provisions seek greater disclosure of performance post broadcast.

- 20.54** EC regulations stipulate that State aid to film and audiovisual works may not exceed 50% of the production budget except where production is judged to be difficult, the project is low budget or the programme has limited geographic extension through language and culture. With the exception of Section 481 projects, BAI monitoring does not take account of State funding from other sources.

Recommendation 20.7: The BAI should review procedures to ensure that all sources of State finance are taken into account when determining whether EC regulations are being complied with. Appropriate coordination with other State funders may be required.

CEO's Response: Agreed. The BAI will cooperate with other State bodies in devising and implementing procedures to give greater visibility to the application of the regulations.

- 20.55** Funding of approximately €86 million has been allocated to 1,227 projects since the establishment of the first scheme in 2005. The majority of funding has gone to the production of television programmes with the ratio of funding allocations between television and radio at almost 8:1.

- 20.56** No funding targets are set for particular categories of programme objectives. It is difficult therefore to determine the Fund's effectiveness. 80% of funding has been allocated to three genres – arts/culture, contemporary society and history/heritage. Irish language/bilingual programmes represent approximately 46% of the overall funding allocation. Productions for broadcast by public radio and television broadcasters were allocated the greatest proportion of funding (68%) with 22% going to productions for broadcast by independent commercial broadcasters and 10% for productions to be broadcast by community stations. There were no programmes funded under the objective of raising public awareness and understanding of global issues.

Recommendation 20.8: The BAI should consider setting output targets for categories of programming objectives.

CEO's Response: Agreed in part. The scheme is based on competitive open rounds with each application judged on its merits. Grants are awarded to the best applications so it is inevitable that some of the objectives will be achieved to a greater extent than others. This issue will be considered in the upcoming review of the scheme.

- 20.57** A formal verification process to ensure programme delivery is of broadcast quality and in accordance with contract was put in place for television production in 2012. The BAI have begun to implement verification procedures for radio productions.

- 20.58** Programmes produced are not monitored by the BAI to ensure that they are broadcast. Without formal verification procedures in place, there is a risk that some productions may not be broadcast thereby representing a loss of value for the State funds provided.

Recommendation 20.9: Procedures should be introduced to enable the BAI to verify broadcasting of productions funded, including possible retention of final grant instalments until confirmation of broadcast is received.

CEO's Response: Agreed. The BAI has already begun to implement revised procedures.

20.59 Evaluation of the impact of the scheme in the review carried out in 2008 was largely based on a stakeholder survey and research on the impact of the scheme on the industry. The next review of the scheme is planned for September 2012.

Recommendation 20.10: There is a need for the BAI to consider how it can reasonably capture more objective impact data so that the benefits and contribution of the scheme can be more fully assessed.

CEO's Response: Agreed in part. The BAI will consider the recommendation in relation to impact data in the upcoming review of the scheme. While indicators of the type suggested are important, they are not necessarily entirely appropriate for a scheme of this nature.

Annex A Status of All Projects at December 2011 by Funding Round

Television Funding Rounds

Funding Round	Year	Successful	Withdrawn	Net Number of Projects Allocated Funding	Completed	Contract Signed	Pending Contract	Net Allocation € m	Paid Out € m	Commitments € m
1	2006	38	-	38	35	3	-	10.4	10.4	-
2	2006	39	2	37	35	2	-	9.1	9.0	0.1
3	2007	44	-	44	42	2	-	8.9	8.9	-
4	2007	54	2	52	50	2	-	8.3	8.2	0.1
5	2008	24	-	24	21	3	-	3.8	3.8	-
6	2008	29	-	29	26	3	-	4.1	4.0	0.1
7	2009	27	1	26	23	3	-	3.9	3.9	-
8	2009	31	1	30	23	7	-	4.0	4.0	-
9	2010	39	3	36	11	25	-	6.8	5.8	1.0
10	2011	46	-	46	6	37	3	7.0	4.2	2.8
11	2011	43	-	43	0	14	29	7.9	1.5	6.4
Special Schemes^a		12	N/A	12	9	1	2	2.1	1.4	0.7
Total		426	9	417	281	102	34	76.3	65.1	11.2

Source: Broadcasting Authority of Ireland

Note: a The BAI, may at its discretion, allocate funding in respect of programming based on special schemes under any of the thematic areas noted in the legislation. The purpose of these schemes is to encourage the development of programming on particular themes or to mark major anniversaries or events of particular historic or cultural importance.

Radio Funding Rounds

Funding Round	Year	Successful	Withdrawn	Net Number of Projects Allocated Funding	Completed	Contract Signed	Pending Contract	Net Allocation	Paid Out	Commitments
								€ m	€ m	€ m
1	2006	45	1	44	44	—	—	0.5	0.5	—
2	2006	41	4	37	36	1	—	0.4	0.4	—
3	2007	75	4	71	67	4	—	1.1	1.0	0.1
4	2007	70	1	69	62	7	—	1.0	1.0	—
5	2007	60	6	54	49	5	—	0.6	0.6	—
6	2008	91	1	90	81	9	—	1.1	1.1	—
7	2008	95	5	90	71	19	—	1.2	1.1	0.1
8	2009	89	1	88	68	20	—	0.9	0.9	—
9	2010	88	1	87	67	19	1	0.9	0.8	0.1
10	2010	99	2	97	36	53	8	1.2	0.8	0.4
11	2011	75 ^a	—	75	11	38	26	0.8	0.4	0.4
Special Schemes^b		8	N/A	8	6	1	1	0.1	0.1	—
Total		836	26	810	598	176	36	9.8	8.7	1.1

Source: Broadcasting Authority of Ireland

Notes: a This figure is after adjusting for combined contracts whereby 29 projects were combined into eight contracts.

b The BAI, may at its discretion, allocate funding in respect of programming based on special schemes under any of the thematic areas noted in the legislation. The purpose of these schemes is to encourage the development of programming on particular themes or to mark major anniversaries or events of particular historic or cultural importance.

Annex B

Assessment Criteria

General

Does the proposal further the objectives of the scheme?

Is the proposal of strategic value in the achievement of the statutory objectives?

Is the proposal generally realistic?

Programme Themes

Does the proposal cover one or more of the themes of the Scheme?

Will the proposal represent a new/innovative interpretation of one or more of the thematic areas?

Quality of Proposal

Does the proposal clearly outline the quality of the content of the proposed programme?

Does the proposal outline the quality of production values used in the making of the programme?

Are the script and/or treatment of the proposal written to a high standard?

By what means, technical or otherwise, will the applicant make a quality programme?

How is it proposed to make a quality, high-standard programme?

Additionality

Does the content of the programme add to the range of viewing or listening options for audiences in Ireland?

New / Innovative

Does the format and/or content of the programme represent an innovative concept in terms of programming in Ireland?

Partnerships

Has the applicant concluded any partnerships, formal or informal, with third parties that will enhance the programme making process?

Has the applicant concluded any financial partnerships that add value to the budget?

Resources

The adequacy, availability and source of other funding to support the proposal.

The adequacy, realism and transparency of the applicant's financial proposal.

Does the proposal represent value for money?

Ethos of Community Broadcasting

(Additional criteria apply for applications emanating from the Community Broadcasting Sector).

Does the proposal promote and preserve the ethos of community broadcasting?

Is the programme proposal based on community access?

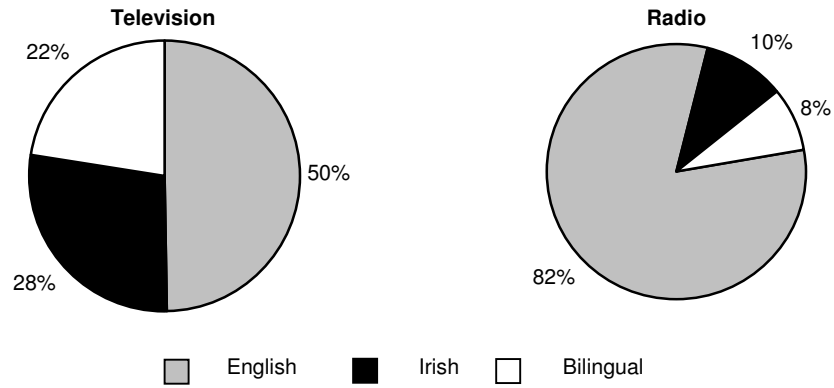
Does the proposal support active community participation?

Does the proposal support the development of skills for members of the community?

What impact will the programme have on the development of the broadcaster?

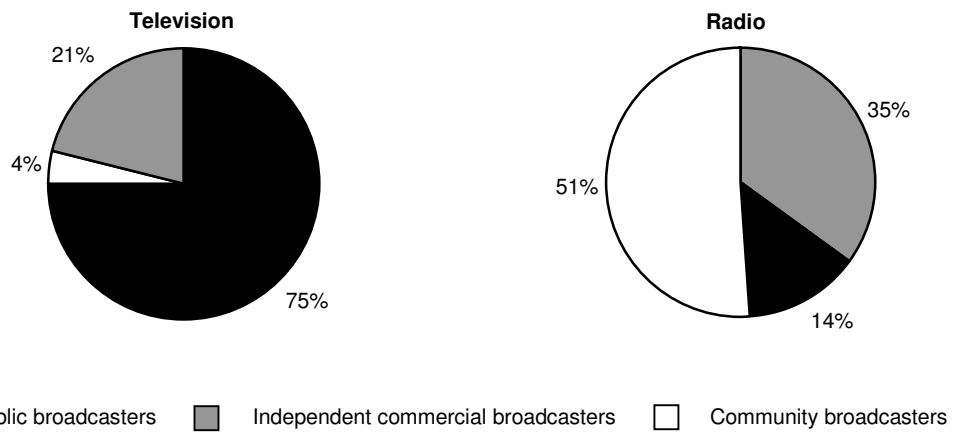
Annex C Profile of Projects Funded 2006 to 2011

Funding by Language



Source: Analysis by the Office of the Comptroller and Auditor General

Funding by Service Type



Source: Analysis by the Office of the Comptroller and Auditor General