
	TITLE: <b>Use of Consultants          TPP124</b>	OWNER: <b>Purchasing          Manager</b>	LAST MODIFIED: <b>3<sup>rd</sup> September          2007</b>	PAGE: <b>1 of 2</b>
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## 1.1 Use of Consultants

- 1.1.1 This guidance is in accordance with the NITHC / TRANSLINK Financial Memorandum Final Version dated 28/07/07 and the Management Statement, dated 28<sup>th</sup> July 2006 (amended Jan 2007) please note any subsequent amendments to these documents the will supersede the following information.**
- 1.1.2 Translink must approach the engagement of external consultants in a manner consistent with the requirements of the DRD Guidance on the use of Consultants illustrated in Annex 1. The requirements for prior ministerial and DFP approval should be complied with as appropriate where project costs are to be funded by way of Departmental grant.
- 1.1.3 A proportionate business case must be prepared by the Project Sponsor / Project Manager in all cases where consultancy spend is proposed. Proportionate post project evaluation must also be carried out to demonstrate that the objectives of the assignment have been properly achieved and value for money obtained.
- 1.1.4 In all cases where the procurement of consultants is proposed, full consideration must be given to the use of internal resources and skills as an alternative before proceeding.
- 1.1.5 All procurement of consultants should be carried out in accordance with DFP Central Procurement Directorate guidelines and procedures (DAO (DFP) 03/05 which can be found at <http://www.aasdni.gov.uk/pubs/>). DRD Guidance on the Use of Consultants should also be complied with this is listed at Annex 1.
- 1.1.6 When procuring consultancy services, particular care should be taken to avoid actual, potential or perceived conflicts of interest arising. Please note DAO (DFP) 10/07 in relation to this matter and the restrictions placed upon internal and external auditors of Translink when tendering for other Translink requirements.
- 1.1.7 On an annual basis, NITHC must provide to the Department a list of all external consultancy assignments procured in the year identifying those which have been funded by way of Departmental grant this information must be recorded on Agresso to enable Translink to report on this area. The report should show the purpose and current status of the consultancies as well as the tender and actual costs of the assignments with explanations for variances this means that Translink must ensure the pricing mechanisms used within the Contracts for consultancy are appropriate and minimise the risk of an overrun on Time and Cost.
- 1.1.8 Forecasted expenditure on external consultancy support should also be provided to the Purchasing Department for the year ahead to facilitate planning and responses to Parliamentary Questions. I should be identified those which are to be funded by way of Departmental grant and any other details that DRD may require.
- 1.1.9 Expenditure incurred on the use of consultancy support to prepare economic appraisals should not normally exceed 2% of the project costs.

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**Regulations from Appendix 7 of the NITHC / TRANSLINK Financial Memorandum Final Version dated 28/07/07- Use of Consultants:**

- NITHC must comply with the DRD Guidance on Use of Consultants published August 2005 (this is listed below at Annex 1, Use of Consultants DRD requirements and which can be found on Sharepoint)
- A proportionate economic appraisal and post project evaluation must be carried out for all consultancy projects.
- In every case, due consideration should be given to the use of internal resources as an alternative to the use of consultants.
- Care should be taken to avoid actual, potential or perceived conflicts of interest when employing consultants.
- Prior departmental approval is required for all external consultancy assignments exceeding £10,000.
- A database must be maintained to hold details of all consultancy business cases and record the tender and outturn costs and timescales.
- Prior DFP approval is required for all departmental financed consultancy assignments exceeding £75,000.
- The prior approval of the DRD Minister is also required for all departmental financed consultancy assignments exceeding £75,000.
- Details of forecast expenditure on external consultancy should be submitted to DRD in advance of each financial year.

- 1.1.10 In addition a Memorandum dated 26/06/08 from DRD gives further direction on Single Tender Action in this area citing that prior approval is needed from the Accounting Officer & supported by the Purchasing Department on the procurement file.

## **ANNEX 1**

**Use of Consultants DRD guidance- This Guidance was supplied to Translink by John Woods of DRD 1<sup>st</sup> May 2007 to enable Translink to comply with the NITHC / TRANSLINK Financial Memorandum Final Version dated 28/07/07 points 8.1.1 and 8.1.4.**

# **DEPARTMENT FOR REGIONAL DEVELOPMENT GUIDANCE ON THE USE OF CONSULTANTS**

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### **1. INTRODUCTION**

#### **1.1 Background**

In June 2004 the Northern Ireland Audit Office (NIAO) issued a report on the use of consultants in the NICS. The report identified a number of areas where departments were failing to comply with DFP guidance and made recommendations for improvement. One of the recommendations was that the guidance, DPS (DFP) 2/95 should be updated. Consequently, in February 2005 DFP issued new guidance in the form of DAO (DFP) 03/05. This new Guidance, which is principle based, puts the onus on departments to determine their own specific requirements relating to the management of consultants.

As a result DRD has developed this guidance manual which:-

- incorporates the best practice principles set out in DAO (DFP) 03/05;
- includes more specific DRD requirements such as the level at which Ministerial approval is required and the collation of information relating to consultants engaged on a staff substitution basis;
- addresses issues arising from the NIAO report and the subsequent questionnaire issued in March 2005; and
- includes useful information and proformas some of which were previously contained in the DRD Annual Statement on the Use of Consultants 2004/05.

## 1.2 Purpose of the Guidance

The Department is committed to delivering high quality public services. In recent times, a range of Government initiatives, such as the use of public-private partnerships, require departments to consider new ways of carrying out their business and to draw on a wide range of skills and expertise. When such skills and expertise are not available 'in-house', departments and their sponsored bodies may have to consider the engagement of external consultancy services.

The engagement of consultants by the Department consumes considerable resources, and so it is important that it manages consultancy assignments appropriately in order to ensure value for money. In general the level of expenditure by the public sector on external consultancy services and the number and variety of tasks for which they have been engaged has increased in recent years. The June 2004 NIAO report *Use of Consultants* emphasised that, as with all public expenditure, securing **maximum value for money** should always be of utmost importance in any decision to engage consultants.

This guidance applies to the engagement and management of consultants within the Core of the Department, its Agencies, Non-Departmental Public Bodies (NDPBs) and all other sponsored bodies for which it has responsibility [including NIMC, NITHC and Trust Ports (in instances where the Department provides grant aid to sponsored bodies for a specific purpose and for which the body requires the services of an external consultant)].

All relevant staff involved in engaging consultants must be aware of and fully comply with this guidance.

**For the remainder of this guidance, unless otherwise stated, please read references to “the Department” as including the Core**

**Department, it's Agencies, NDPBs, and other sponsored bodies for which it has responsibility.**

Further advice on the process of engaging consultants can be obtained from Dennis Cunningham, Departmental Consultancy Co-ordinator, Business Improvement Service.

### **1.3 Cancelled Guidance**

This guidance replaces Dear Permanent Secretary letter DPS (DFP) 02/95 and its subsequent amendments and also that contained in the DRD Annual Statement on the Use of External Consultants 2004/05.

## 2. WHAT IS EXTERNAL CONSULTANCY?

### 2.1 General Consultancy

The term “consultancy” can cover a wide variety of suppliers who offer professional and specialist expertise. For the purposes of this guidance, a consultant is

- an individual, agency or firm, engaged, normally on a fee basis, for a limited period of time, to carry out a specific, finite, or ‘one off’ task or project, and
- expected to transfer skills and/or expertise to an organisation which either does not possess these ‘in-house’, or which requires an independent assessment to be made.

**While many forms of consultancy exist, this guidance is mainly concerned with the engagement of *external* consultants but also sets out the requirements for consultants engaged on a staff substitution basis.**

### 2.2 What constitutes *external* consultancy?

**External consultancy will involve work that is outside of the normal, ongoing business of the department** and will normally involve one or more of the following:



- investigating problems
- providing analysis
- providing advice
- assisting with the development of new systems or structures
- developing an intellectual output to assist the department or body in decision-making.

While the vast majority of external consultancies will be undertaken by the private sector, some may be undertaken by organisations which ostensibly belong to the public sector, such as universities or hospitals, or their staff. While such organisations are strictly classified as public sector, this guidance still applies.

### **2.3 What is NOT external consultancy?**

The following activities are not considered to be external consultancy and expenditure on these should normally score as Administration costs:

**Internal consultancy:** Where consultancy is provided internally, or 'in-house', and focuses upon other parts of the Department, or where one department provides services to another department. For example, when employing the Department's Business Improvement Service, the Department of Finance and Personnel's (DFP's) Business Development Service (BDS) or the Northern Ireland Statistics Research Agency (NISRA).

**Staff substitution:** The contracting of individuals from other organisations to carry out work which is in the normal, ongoing business of the Department. Staff substitution is necessary when there is insufficient internal staff to undertake the work. For example, when a technical division employs technical staff through a recruitment agency.

**Note:**

Care should be taken not to engage consultants on this basis to carry out activities associated with external consultancy (see overleaf) unless those activities are part of the normal ongoing business of the division/agency.

**Contracted services:** The contracting of clearly defined, essentially routine services from an external provider on the basis of a contract for a specified duration. For example, contracts for security or cleaning personnel.

The appointment of consultants in a feasibility, design or supervisory role relating to a specific works project fall within this category and therefore are not considered to be external consultancy e.g. where responsibility for design rests with the consultant. While Ministerial approval is not required, any proposal to award such a consultancy, with an expected cost of £75,000 or above, must be drawn to the Minister's attention.

**Research:** Any research undertaken that focuses upon the routine business of the Department (possibly by an external organisation) and which will be paid from the Department's Administration GAE research budget. This should not be confused with an external consultancy that entails some research - for example, research by management consultants into the internal workings of the organisation in order to propose a new staffing structure would not be seen as research, but would form part of the external consultancy contract.

## **2.4 Accounting for the cost of consultancy**

Consultancy fees and contract charges should be charged to Administration costs where the consultancy relates to some component of administration, or where the work carried out might otherwise be carried out by staff funded from Administration costs. This includes:

- any costs associated with out-sourcing of support services. For example: payroll services, omnibus building service charges under PFI or other accommodation contracts, departmental switchboards, etc, and
- provision of policy advice or support by consultants employed in substantially the same role as if the work were being carried out by a civil servant.

**External consultancy, as defined in paragraph 2.2 above, would normally be coded to a Programme Expense Type and rarely to an Admin (i.e. GAE) Expense Type. For advice on the coding of consultancy expenditure, Agencies and Branches should contact Finance Division.**

## **2.5 VAT**

**All references throughout this guidance to approval levels, costs or order levels exclude VAT.**

### 3. WHEN SHOULD EXTERNAL CONSULTANTS BE USED?

#### 3.1 General

Before reaching a decision to engage consultants, the Department must be satisfied that the benefits will outweigh the likely costs. In order to do this, the Department should record and compare the tangible and intangible benefits to accrue to the organisation against the likely cost.

In effect, external consultants should be employed only when it is **necessary** and will provide **value for money**.

Engagement may be necessary:

- when independence/objectivity is required and cannot be provided within the public sector (e.g. by DRD Internal Audit);
- when specialist knowledge or expertise is unavailable internally;

when specialist knowledge or expertise is available internally to carry out work which is not the normal ongoing business of the Department and it would prove inefficient and impractical to use (e.g. the cost of diverting staff to perform the task would outweigh the benefits of assigning the task internally);

- when alternatives are unavailable (see below);
- when there is a direction to do so from Government or by another body, such as the EU.

### **3.2 Alternatives**

Before considering engaging consultants, the availability of alternative 'in-house' resources should be examined. Alternatives would include:

- Internal Departmental consultancy providers, such as Business Improvement Service (BIS), Information System Unit (ISU) or Departmental economists or accountants.
- Internal NICS consultancy providers, such as BDS and NISRA.

### **3.3 Skills and Knowledge Transfer**

External consultants should be employed on a temporary basis, for a finite period, with a view to transferring, when appropriate and to the greatest extent possible, their knowledge and skills to the Department's staff, thereby reducing future need to engage external consultants.

## **4. PLANNING THE CONSULTANCY**

Early planning is essential as it can take a considerable period of time from first identifying the need to engage a consultant to issuing a contract.

Business areas should contact CPD for advice and guidance at the earliest opportunity.

### **4.1 Assessing the need**

It is essential to confirm exactly what kind of contribution consultants will make to the work. The following questions should be asked:

- are consultants really necessary?
- could their employment be avoided by the rescheduling of tasks?
- what extra dimension would they add?
- what are the expected benefits compared to employing in-house resources?
- are the benefits likely to be worth the extra costs and can these be quantified?
- could their employment create any special problems?
- are there longer-term benefits or risks?
- are there advantages in using a combined team of external consultants and Departmental staff?

## 4.2 Business Case

Having established the need to engage a consultant the next stage in the planning process is to complete a business case. As with all expenditure, the principles of appraisal should apply to all decisions to engage external consultants with **appropriate and proportionate effort**.

A **full, but proportionate, business case** should be completed for all external consultancy contracts expected to cost **in total £10,000 or over**. Business areas should refer to *The Northern Ireland Practical Guide to the Green Book* (DFP, 2003) and the Office of Government Commerce (OGC) *Successful Delivery Toolkit* (2004) (available at <http://www.ogc.gov.uk/sdtoolkit/>) for guidance on the general principles regarding appraisal and the completion of business cases. A proforma attached at Appendix 1 has been drawn up to assist with the process of completing a business case.

Expected total costs should not be under-estimated or split into part-payments so as to avoid appraisal requirements.

All business cases should be set out **in detail proportionate to the anticipated cost of the assignment** and include information on the following: -

- The purpose of the assignment.
- A reasoned assessment of the alternatives to external consultancy, and justification for using external consultants.
- The immediate and long-term outputs and benefits expected from the external consultancy service, and when they are likely to accrue.
- The proposed project management arrangements, including management of deliverables, expectations and risks.
- The means by which skills/expertise will be transferred to 'in-house' staff, if appropriate.
- The proposed division of work between the external consultant and any 'in-house' staff who will be assisting them.
- The expected costs of the external consultant and the 'in-house' effort.
- The performance review arrangements.
- How the results of the consultancy will be implemented and monitored.
- Any other considerations specific to the assignment.

Once the business case is complete the necessary approvals must be sought before proceeding to the contract stage.

### **4.3 Approvals**

The expenditure associated with the engagement of external consultants is subject to delegated limits. Business areas must abide by delegated limits and fulfill any attached conditions BEFORE a contract is awarded.

**Departmental approval:**

- i. Each NDPB and other sponsored body will have a delegated limit agreed with its sponsor business area above which it must refer to its sponsor business area for approval before engaging external consultants. As a minimum the delegated limits that apply to Divisions/Agencies should also apply to NDPBs and other sponsored bodies.
- ii. **Deputy Secretary/Chief Executive approval:** All external consultancy contracts to be awarded by single tender action must have the prior approval of the relevant Deputy Secretary/ Chief Executive.
- iii. **Ministerial approval:** Ministerial approval must be sought to engage external consultants expected to cost in excess of £75,000.

**Note:**

As stated in paragraph 2.3 the appointment of consultants in a feasibility, design or supervisory role relating to a specific works project does not require Ministerial approval. However, any proposal to award such a consultancy, with an expected cost of £75,000 or above, must be drawn to the Minister's attention.

- iv. **DFP Supply approval:** Business areas must abide by the delegated limits set out in DAO (DFP) 06/05, namely that each separate engagement of external consultants expected to cost **over £75,000** must have prior DFP Supply approval. DFP Supply approval should only be sought after Ministerial approval has been



received.

**Note:**

All Core business cases for external consultancies expected to cost more than £75,000, must be submitted to DFP through Core Finance Division at email address: -

[DRDBusinessCases@drdni.gov.uk](mailto:DRDBusinessCases@drdni.gov.uk).

All Roads Service and Water Service business case submissions/replies to and from DFP and correspondence concerning external consultancies expected to cost more than £75,000, must also be copied to Core Finance Division at the above email address.

*Where the initial cost of the consultancy is estimated to be below the £75,000 threshold but it is later determined that the final cost will escalate above that then Ministerial and DFP approval must be sought before costs exceed the threshold.*

Business areas should note that the thresholds above apply to the **total cost** of **individual** consultancy **assignments**, irrespective of the time taken to complete the assignment. Costs should not be split into part-payments so as to avoid approval requirements.

#### **4.4 Notifying the Departmental Consultancy Co-ordinator**

All plans to engage consultants (External & Staff Substitution) should be notified to Dennis Cunningham, BIS, Room 4-08, Clarence Court using the pro-forma at **Appendix 2** (Notification to Departmental Consultancy Co-ordinator) and signed by an officer at Grade 7 level or above, before the consultancy is procured.

#### **4.5 Trade Union Side**

Before implementing any consultancy work, which may impact on the organisational structure and/or staffing, the Department should inform Trade Union Side. Further advice on the procedures for informing Trade Union Side is available from the Departmental Consultancy Co-ordinator.

## **5. PROCUREMENT AND CONTRACTING**

### **5.1 General**

Once the Department has established the need to engage consultants, prepared its business case and received all the necessary approvals, it must contact CPD or a nominated Departmental Centre of Procurement Expertise (CoPE) for advice and information relating to the purchasing of consultancy services. This should ensure a collaborative approach to consultancy work both within the Department and across the NICS and should help avoid duplication of work. Those procuring consultancy with CPD should do so in accordance with the SLA in force between the Department and CPD.

CPD or the CoPE will manage the tendering process and contractual matters, including:

- deciding if EU legislation applies to planned expenditure on consultants;
- inserting appropriate notices in the Official Journal of the European Union or local press;
- inviting tenders and evaluating bids; and

- agreeing contracts between business areas and the consultants employed.

Water Service is a recognised CoPE in respect of all its procurement activities and Roads Service is a recognised CoPE in respect of construction procurement. Accordingly, Water Service is authorised to manage all of its own procurement contracts and Roads Service those procurement contracts relating to construction. Non-construction contracts by Roads Service and any procurements by other DRD Core business areas should always use the services of Central Procurement Directorate (CPD).

As well as VFM considerations there are many other advantages afforded by framework agreements and other provisions available from CoPEs. If, in exceptional circumstances, a business area decides *not* to use CPD or a Departmental CoPE, the relevant Deputy Secretary or Chief Executive must satisfy him/herself that value for money is being achieved. Confirmation of the Deputy Secretary or Chief Executive's approval must be recorded on the Notification proforma return (Appendix 2), to the Departmental Consultancy Co-ordinator.

If the Department wishes to use the Office of Government Commerce (OGC) instead of CPD, it should first consult with CPD who will advise whether it is appropriate to use the CPD Memorandum of Understanding with the OGC.

***All staff dealing with the procurement and management of consultants should be aware of the importance of complying with the arrangements and standards set out at Appendix 3.***

## **5.2 Methods of Appointment**

- Central Procurement Directorate's (CPD's) Framework Agreement for Management Consultancy Services**

CPD within DFP has developed a Framework Agreement for Management Consultancy Services (hereafter referred to as “the Framework Agreement”) with external consultancy suppliers, in line with European Union (EU) Procurement Regulations. The Department should **contact and liaise with CPD on the use of CPD’s Framework Agreement for ALL types of consultancy procurement listed in section 2, not just external consultancy.**

A copy of the CPD Framework Agreement is available on the BIS intranet site. A list of the categories of consultancy contained therein is attached at Appendix 4.

Appropriate use of the Framework Agreement offers the Department the benefits of compliance with EU Regulations, reduced internal processing costs and access to competitive fee rates.

## **ii. Competitive Tendering (Non CPD Framework Agreement)**

Where the CPD Consultancy Framework Agreement does not apply (i.e. in circumstances where CPD does not have a suitable specialist on the Framework Agreement), CPD may, nevertheless, manage the tender process on behalf of business areas. Where CPD is not managing the tender process business areas must ensure that the number of quotations sought complies with Departmental Accounting Procedures.

The current procurement control limits (PCLs) are set out in the following table.

<b>Estimated Value of Order (excluding VAT)</b>	<b>Number of Quotations Required</b>
Up to £1,000	2 oral quotations [i.e. where no formal contract exists] [fax / email confirmation must be obtained]
Between £1,000 and £10,000	3 written quotations [i.e. where no formal contract exists]
Between £10,000 and £30,000	4 written quotations [i.e. where no formal contract exists]
Greater than £30,000 and below the EU Threshold	Full Tender Action [i.e. where no formal contract exists]
The above PCLs must be considered in conjunction with Notes 1 to 3 below	

Note 1: Written quotations means inviting offers from selected suppliers without public advertisement. It should be noted that procurement by quotation is usually on the basis of the suppliers' terms and conditions. For procurements which need to cover risks such as insurance, IPR (intellectual property rights), confidentiality, security, etc or in the case of service contracts where it is important to cover issues such as non-performance or disputes, **it is always advisable to issue written conditions of contract.** Queries regarding purchasing should be addressed to Mr. Sean Doran the DRD Purchasing Manager, Central Procurement Directorate.

Note 2: It may not always be possible to obtain the required number of quotations. In this event a detailed reason must be noted on the relevant documentation.

Note 3: In the application of the above table, Division/Agency may fix lower financial limits if it is considered appropriate. Care should be taken to ensure that there is no possibility of any undue patronage.

### **iii. Single Tender Action**

It is government policy that, where possible, all contracts should be let by a process of competitive tender. Competition avoids any suggestion of favoritism or the encouragement of monopoly, and also helps to promote efficiency.

Only in the most exceptional circumstances should Single Tender Action (STA) be considered.

Where this is the only course of action available detailed documentary evidence fully justifying the decision should be retained on file, as STA's will be subject to more rigorous audit scrutiny than competitive tenders.

Prior approval for such action must be sought from the relevant Deputy Secretary/Chief Executive and all instances must be closely monitored. Confirmation of the Deputy Secretary or Chief Executive's approval must be recorded on the Notification pro forma return (Appendix 2), to the Departmental Consultancy Co-ordinator.

### **iv. Retired Civil Servants**

Using retired civil servants can offer good value for money because of lower overheads and a shorter time for learning. Their use may be particularly appropriate if a quick study is needed and there are concerns over security clearance. However, any appointment should be made in the context of the procedures set out in this guidance. If, however, the Department decides *not* to use a CoPE in appointing a retired civil servant, the relevant Deputy Secretary/Chief Executive should justify the decision not to competitively tender and retain evidence on file to demonstrate that the appointment will achieve value for money.

### **5.3 Disclosure of Information**

When contracting with an external consultant, the Department should refer to the guidance on disclosure of information in the Freedom of Information Act, 2000.

### **5.4 Briefing Consultants**

The consultant should be briefed on:

- The functions, structure, aims and policy/strategy of the organisation for which they will be providing a service;
- The background to the service it is providing (e.g. if it is a result of a legislative or policy requirement);
- A full definition of the problem and comprehensive terms of reference;
- The arrangements for monitoring, and the form and timing of progress reports (including meetings at key stages), to ensure delivery or outputs and VFM; and
- The facilitation of skills transfer to Departmental Staff.

Business areas should also be aware that external consultants may not necessarily be familiar with public sector practices or jargon (acronyms, abbreviations, etc).

## **5.5 Security**

Before a consultancy is awarded all security aspects relating to the assignment must be considered. This includes the need to vet the consultants to be engaged before giving them access to the Department's premises or records.

Where there is concern about the element of risk in relation to any of these matters, or any other security aspect, Lorna Spiers, the Assistant Departmental Security Officer should be consulted. Her contact details are Dial Network extension 41050 or e-mail at [lorna.spiers@drdni.gov.uk](mailto:lorna.spiers@drdni.gov.uk).

### **Note**

A checklist setting out the key stages involved in the process of engaging consultants is attached at Appendix 8.



## 6. MANAGING THE CONSULTANCY

The Finance Director/Core Director in each Business area should be satisfied that adequate arrangements are in place which will ensure that each consultancy project is properly managed, including:

- Appointment of an individual (or team of people as appropriate) with responsibility for managing each assignment (it is advisable that business areas nominate a dedicated Contract Manager for projects costing over the EU threshold);
- Using an appropriate project management methodology to ensure:-
  - Regular liaison with the consultant to fulfill information requirements and resolve problems;
  - Interim milestones/targets are agreed and monitored for the duration of the contract
  - A formal action plan has been drawn up and its implementation is monitored and reviewed regularly;
  - Completion of Post-Project Evaluation (PPE) – a PPE should be completed for all projects and copied to DFP Supply for approval, in all instances where DFP Supply approval was required.  
Confirmation that a PPE has been completed should be forwarded to the Departmental consultancy co-ordinator within one month of completion of the project using the proforma at Appendix 5.

- Where appropriate, lessons from PPEs are shared internally with relevant colleagues both in the business area and across the Department, their COPE and with other departments across the NICS. This is particularly important with regard to **supplier performance, achievement of expected outputs** and, ultimately, **value for money**.

## **7. ROLES AND RESPONSIBILITIES**

### **7.1 Business Areas (including sponsor Divisions for NDPBs and other Sponsored Bodies)**

#### **i. Finance Director/Core Director**

It is the responsibility of the relevant Finance Director/Core Director to satisfy him/herself that arrangements are in place that will ensure their business area:

- Provides information on the proposed use of external consultants in order that an Annual External Consultancy Plan for the Department can be produced (see Section 4 i. “Planning” of DAO (DFP) 03/05)
- Provides information on the actual expenditure incurred during the financial year on engaging external consultants and consultants engaged on a staff substitution basis. This will enable the Departmental Consultancy Co-ordinator to produce a financial monitoring report for the Department.
- Obtain all appropriate approvals ie Deputy Secretary, Chief Executive, Ministerial, DFP

- Have in place financial resources to complete each assignment
- Monitor expenditure and performance (including extensions made to the contracts) of all external consultancy assignments
- Establish a management system for external consultancy, which can provide information to answer Assembly/Parliamentary Questions and ad hoc queries (see minimum recording requirements under Project Manager responsibilities)
- Avoid overlapping or duplication of consultancy work both within their own business area and between it and other business areas in the Department, and identify opportunities for collaborative purchasing power with other departments through the sharing of information with their CoPE
- Promote competitive tendering and monitor its incidence.

## ii. **Project Manager**

### **Notifications**

- Notify Departmental Consultancy Co-ordinator in BIS of all plans to engage consultants (external and staff substitution) using the appropriate pro forma attached (Appendix 2). A copy of the proforma can also be found on the BIS intranet site.
- Inform Trade Union side before implementing any consultancy work, which may impact on the organisational structure and/or staffing.

### **Recording**

It is essential that all relevant documentation, from inception to completion, on each consultancy is maintained on registered file for audit and VFM scrutiny. As a minimum, record the following information: -

- the approval date(s) for the assignment from Deputy Secretary/Chief Executive, Minister and DFP as appropriate
- background brief detailing the nature of the work involved in each contract;
- business case;
- documented approval from Deputy Secretary/Chief Executive, Ministerial and DFP as appropriate;
- the expected and actual durations of each contract;
- the start and completion dates of the assignment;
- tender documents and quotations where applicable;
- the total contract award cost;
- the total contract cost upon completion
- whether or not suppliers met their agreed terms of reference;
- extent of any cost overrun (ie. actual expenditure less value of contract awarded) and reasons for overrun
- a copy of the post project evaluation (PPE) form
- documented justification when STA used
- Deputy Secretary/Chief Executive approval for STA cases and where the services of a retired civil servant are engaged
- Deputy Secretary approval if procurement is made outside of a COPE / CPD.

A proforma for this purpose has been designed and is attached at Appendix 6. It is recommended that the proforma is completed by the project manager on completion of the project and placed inside the front cover of the registered file. A copy should also be sent to the Divisional/Agency co-ordinator for the use of consultants for their records and to the Departmental Consultancy Co-ordinator.

### **Paying for Consultancy**

All payments for consultancy related expenditure should be recorded against the relevant code as set out in Appendix 7 - . only payments for external consultancy should be coded to external consultancy codes and reported as consultancy in the accounts.

### **Management of Consultancy**

- Monitor expenditure and performance (including extensions made to contracts) of all external consultancy assignments.
- Brief external consultants in accordance with Para 4.4 v. of DAO (DFP) 03/05.
- When disclosing information to an external consultant refer to guidance in the Freedom of Information Act 2000 (See Para 4.4 iv. of DAO (DFP) 03/05.
- Carry out a post project evaluation and submit to DFP where appropriate. Send confirmation that a PPE has been completed to the Departmental Consultancy Co-ordinator in BIS within one month.

## **7.2 BIS**

**To provide a Departmental Consultancy Co-ordination service within DRD including:-**

- Providing advice and guidance to DRD staff on the process of engaging consultants;
- Recording and maintaining details of each consultancy notified on a management system and monitoring the receipt of associated follow up documentation;
- Collating information on proposed expenditure on the engagement of external consultants during the financial year and producing an Annual External Consultancy Plan for the Core Director of Finance;
- quality assuring the Annual External Consultancy Plan and distributing it to Central Procurement Directorate, Road Service, and Water Service thus ensuring that appropriate steps are taken to:
  - avoid possible duplication of work; and
  - identify opportunities for collaborative purchasing power with other departments.
- Carrying out an in-year review of proposed expenditure as per annual plan versus notifications received;
- Reviewing financial monitoring returns and highlighting instances where costs overrun against recorded approvals given;
- Reviewing all instances of STA external consultancies annually with Finance Division;

- Collating information on actual expenditure incurred on the engagement of external consultants for the financial year and producing a Financial report for the Core Director of Finance setting out actual expenditure for the Department;
- Co-ordinating responses to Parliamentary Questions/ Assembly Questions etc. using information contained in the Departmental management information system as appropriate; and
- Providing information to TUS on the use of external and staff substitution consultants in advance of quarterly Whitley B meetings.
- Monitoring that business areas are informing CoPEs of lessons learned or issues raised in consultancy evaluations.
- Conducting regular checks to ensure that the relevant documentation is being completed and that the appropriate approvals are being obtained.

### **7.3 Finance Division**

Responsible for:

- distributing DFP guidance on Use of Consultants to Core Directors and Agency Chief Executives;
- making necessary adjustments to the DeCAS Chart of Accounts in order to capture relevant consultancy expenditure and thereby validate the information held on the BIS system;
- extracting consultancy expenditure information from DeCAS in order to validate Departmental responses to PQs;

- liaising with Roads and Water Service regarding the changes required to their payment coding systems in order that the information provided to BIS can be validated;
- seeking an annual assurance that each Business Area is complying with the terms of DAO (DFP) 03/05 as part of the Department's SIC assurance statements; and
- monitoring the use of STA to ensure that any reasons for its use are fully justified and defensible.

#### **7.4 Department of Finance and Personnel**

Responsible for:

- Provision and maintenance of guidance on the use of external consultants; and
- Approval of business cases and PPEs where Supply approval is required.

#### **7.5 CPD Responsibilities**

CPD will maintain a database of all consultancy assignments that it arranges or that are commissioned through the CPD Framework Agreement, and use it to monitor consultancy expenditure. CPD's other responsibilities are set out in the Northern Ireland Procurement Policy.



## Appendix 1

### **BUSINESS CASE PRO-FORMA FOR USE OF CONSULTANTS ON ASSIGNMENTS COSTING OVER £10,000**

This pro-forma is intended as a guide only. The content and time spent preparing any business case should always be commensurate with the anticipated expenditure involved.

Q1. What is the purpose of the assignment?

Q2. What are the expected benefits to be delivered from the project and give an indication of when they are likely to accrue?

Q3. Give an assessment of the rationale behind using external consultants including the alternatives other than the consultancy considered, e.g. doing the work in-house.

Q4. Please give the details on the deliverables expected from the consultants, e.g. reports, designs, plans etc.

Q5. What are the proposed project management arrangements, including details of monitoring officers, draft reports, Steering Groups etc?

Q6. What in-house support will be given to the consultants, e.g. technical/specialist inputs, accommodation, photocopying and typing services etc?

Q7. What is the expected cost of the consultant's assignment?

£

Q8. What are the estimated in-house support costs for the assignment?

£

Q9. What are the total costs of the assignment?

£

Q10. What are the performance review arrangements for the assignment, e.g. the quality assurance employed from Departmental specialists?

Q11. How will eventual implementation of the project be handled, and how will it be monitored, e.g. details on any project implementation team, information relating to progress reports and site visits to check on how the actual outturns compare to what was planned in the assignment, etc?

Q12. What arrangements have been put into place to facilitate the transfer of skills from the consultants to departmental staff.

Prepared by:

Date:

## NOTIFICATION TO DEPARTMENTAL CONSULTANCY CO-ORDINATOR

This form should be completed and returned to Dennis Cunningham, Room 4-08 Clarence Court, to enable co-ordination of the Department's Use of Consultants.

ConsultancyType (Please tick) External  Staff Substitution

If External Consultancy enter Category number as defined in the CPD Consultancy Framework Agreement 2004-2006.

Title of Consultancy

**Please ensure this title is used in all future correspondence with BIS**

Did you consider NICS consultancy services (Please tick) Yes  No

If yes which services?  
If no, why not?

Brief description of service required, including reasons for engaging consultant

Project Manager or Contact Name and Tel. No.  Assignment Timescale

Estimated Consultancy Start Date  Estimated Consultancy Completion Date

Estimated Value of the Consultancy  Method of Appointment

All external consultancies estimated to cost in excess of £75,000 (excl. VAT) require Ministerial approval.

DFP approval is required for external consultancy contracts estimated to cost in excess of £75,000 (excl. VAT).

Please confirm (by ticking the box) that the following documents have, where appropriate, been completed and will be held on a registered file for reference purposes:

1. A copy of the background brief, which includes the terms of reference for the assignment.
2. Details of the tendering procedures and a copy of the tender documents.
3. A copy of the contract drawn up between the Department and the consultant.
4. A copy of the full business case if the estimated value exceeds £10,000
5. A copy of Ministerial and DFP approval where the anticipated value exceeds £75,000.

6. A copy of the Deputy Secretary / Chief Executive's approval to the use of STA, if appropriate (see Section 5.2 (iii))
7. Confirmation, for relevant cases, that the Deputy Secretary / Chief Executive is satisfied when a COPE/CPD is not used (see Section 5.1)
8. Confirmation that in instances where a COPE is not used that the number of quotes sought is in accordance with DRD Procurement guidance (see Section 5.2 (ii))
9. Confirmation that Deputy Secretary / Chief Executive has approved the use of the retired civil servant to provide a consultancy service (see Section 5.2 (iv))

I have read the DRD guidance manual on the Use of Consultants and am aware of my responsibilities in relation to managing the consultants engaged. I will ensure that once the project is completed a consultancy evaluation proforma will be completed and forwarded to the Departmental Consultancy Co-ordinator.

Name

Date

**Grade 7 or above.**

## GUIDANCE ON AVOIDING CORRUPT PRACTICES

### **Bribery**

1. A supplier is forbidden under the Prevention of Corruption Acts 1889 to 1916 from making an offer or inducement of corrupt gifts or payment of commissions, and staff are forbidden from soliciting similar consideration. All staff must accordingly refuse any offer which might be against the law and it is in their own interest that any irregularities are reported immediately through line management. An example is where a consideration of some sort might be offered in return for favouring a particular contractor.

### **Gifts and Hospitality (General)**

2. It is an offence under the Prevention of Corruption Act 1906 for staff to accept any gift or consideration as an inducement or reward for:
  - doing or refraining from doing anything in an official capacity; and
  - showing favour or disfavour to any person in an official capacity.

### **Gifts**

- 2.1 Discretion in dealing with suppliers or prospective suppliers must be exercised. Staff and members of their families must not accept gifts or gratuities other than diaries, calendars or publicity items of no commercial value. If non-acceptance would cause misunderstanding or offence to the donor staff must consult their senior line manager of at least Grade 5 level. The decision to refuse or accept, and the reasons for it, must be put in writing and recorded in the Agency / Business Area's Gifts Register.

### **Hospitality**

- 2.2 Offers of hospitality should follow guidelines set out in Office Memorandum 2/05 (Copies available on the Personnel Division Intranet Site). Staff should consider whether the following conditions are met:
  - The level of hospitality is reasonable in the circumstances;
  - It has been openly offered;
  - It could not be construed as any form of inducement and is unlikely to put staff under any obligation to those offering it.

All offers of hospitality (whether accepted or not) must be recorded in the Agency / Business Area's Hospitality Register.

### **Lavish/Expensive Entertainment**

3. Lavish/Expensive entertainment of any form should be refused and reported to your line management as should regular offers of hospitality from any one individual or organisation.

### **Expense Paid Offers**

4. Expense paid offers made by suppliers or potential suppliers to pay travelling, hotel or other expenses may only be accepted with the authority of a senior line manager of at least Grade 7 level.

### **Conflicts of Interest**

- 5 Staff should be free of all personal interests, which may conflict, or appear to conflict with the best interests of the Government. Those having business relationships with outside organisations should carefully consider the position in which they place themselves and the CPD . To avoid any conflict, they should not invest in or have any business interest in such organisations. Staff should take particular care not to use business information which comes to them in the course of their work for their personal gain, or that of their relatives or friends. If in any doubt, staff should inform their line manager in writing.

### **Soliciting Contributions from Suppliers**

6. Staff may be participating actively in the affairs of their community or charities. However, procurement personnel or other personnel who may be considered to be in positions of influencing purchasing decisions should not directly solicit contributions from suppliers.

### **Personal Discounts/Samples**

7. Personal discounts for goods or services should not be accepted from a supplier or potential supplier if the offering is made because of the business relationship and is not generally an offer open to all staff or the public. Samples should be returned to the supplier wherever possible.

## CPD Categories of Consultancy

### **Management**

1. policy appraisal and review
2. strategic management
3. organisational development
4. performance measurement
5. management accountancy

### **Financial**

6. audit
7. economic appraisal
8. internal Audit
9. feasibility study

### **Assurance**

10. quality accreditation
11. investment appraisal
12. corporate governance

### **Research**

13. projects
14. surveys

### **Marketing**

15. marketing
16. market research

# CONSULTANCY EVALUATION

This pro forma must be completed by the project manager and forwarded to Dennis Cunningham, Room 4-08, Clarence Court, Dial Network 40257 either on completion of the consultancy or immediately when problems with the contract or the consultant(s) engaged are experienced.

The information will be used to inform others in the Department who may plan to engage this consultant(s) in the future. It is therefore imperative that the information provided accurately reflects the performance of the consultant/s.

Consultants Name

Consultancy Title

Background details about the assignment:

Excellent

Very Good

Satisfactory

Unsatisfactory

Comments on performance including:

- the extent to which the original purpose and the desired benefits have been, or are likely to be achieved;
- any additional benefits derived (including those which cannot be quantified in money terms);
- the overall cost of the assignment, covering both payments to the consultants (including rate per consultancy day) and full in-house costs;
- identifying areas for improvement, any slippage, skills gap, failure to deliver required product or service etc; and
- Details of the benefits (losses) accrued as a result of implementing the findings of the project.

Where necessary an additional sheet should be attached.

Evaluation of the contractual arrangements.

For the purpose of informing future contracts/engagement letters, include, for example, any omission or ambiguity in contract detail, difficulties in operating within the contract or agreed arrangements etc.

I confirm that a full post project evaluation proportionate to cost has been carried out and, where appropriate, DFP approval has been sought. This information will be held on registered file for reference purposes.

Signed

Date

Grade 7 or above



## EXTERNAL CONSULTANCY PROJECT SUMMARY

Division

Consultancy Title/  
Description

Consultants Name

Consultancy Start Date  Consultancy End Date

Contract Value (excl. VAT) as agreed with the consultant at the start of the project

Total value of payments made (excl. VAT)  
(Broken down by financial year where applicable)

Where a cost overrun is identified between the contract value at the start of the project and the value of the total payments made on the contract please identify:

1. Value of overrun

2. Reason for overrun

Checklist of the key documents which must be held on file for audit scrutiny (tick if available):

Background Brief

Business Case

Tender Documents

Contract

Approvals - Deputy Secretary / Chief Executive (Single Tender Action only)

- DRD Minister (External Consultancy projects over £75,000 excl. VAT)

- DFP Supply (External Consultancy projects over £75,000 excl. VAT)

Post Project Evaluation (This should be approved by DFP Supply if over £75,000 excl. VAT)

Signed (Project Manager)  Date

This document should be completed by the Project Manager immediately on completion of the project and placed in the inside cover of the relevant registered file for future reference. A copy should be forwarded to the Divisional/Agency co-ordinator for use of consultants for record purposes and also to the Departmental Consultancy Co-ordinator.

**CODING OF DeCAS EXPENDITURE ON:-**

- (I) **EXTERNAL CONSULTANCY PAYMENTS, AND**
- (II) **PAYMENTS IN RESPECT OF STAFF SUBSTITUTION, INTERNAL CONSULTANCY, CONTRACTED SERVICES AND RESEARCH**

**1. Coding of Payments**

Expenditure on external consultants and also on “other consultancy type” activity [ie staff substitution, internal consultancy, contracted services and research] is subject to detailed scrutiny and it is important that any returns made to BIS or Finance Division (eg for the purpose of making returns to DFP or answering Parliamentary Questions) are accurate and consistent. In order to help to achieve this the following procedures must be followed by DeCAS Finance Officers when coding these payments.

**2. Coding of External Consultancy Expenditure**

External consultancy expenditure should normally be coded to a program Expense Type and the appropriate Job Code from the table below recorded on the DAP3 (or Requisition Form iro Purchase Ordering) in order to denote the appropriate category of external consultancy.

EXTERNAL CONSULTANCY EXPENDITURE CATEGORIES	JOB CODE
Management – Policy appraisal and review	CONS01
Management – Strategic management	CONS02
Management – Organisational development	CONS03
Management – Performance measurement	CONS04
Management – Accountancy	CONS05
Financial – Audit	CONS06
Financial – Economic appraisal	CONS07
Financial- Internal audit	CONS08
Financial- Feasibility study	CONS09
Assurance – Quality accreditation	CONS10
Assurance – Investment appraisal	CONS11
Assurance – Corporate governance	CONS12
Research Projects	CONS13
Research Surveys	CONS14
Marketing	CONS15
Market research	CONS16

If a Budget Centre plans to make external consultancy payments and does not have a program budget, the following action should be taken:-

- (i) Make a written request to DeCAS Admin Section to open a new program Expense Type and state the reason for opening it.

- (ii) Where sufficient funds exist within the Budget Centre's admin budget, ask Financial Planning Branch to transfer funds from admin. to program. If there are insufficient funds, a bid should be made to Financial Planning Branch.

### 3. Coding of Payments iro Staff Substitution, Internal Consultancy, Contracted Services and Research

Expenditure on the above will normally be coded to an Admin / GAE Expense Type and in order to facilitate the easy identification of such expenditure the CONS Numbers below must be entered in the Job Code Boxes on DAP3s (or Requisition Form iro Purchase Ordering) when such expenditure is incurred.

CATEGORY	DEFINITION	JOB CODE
Staff Substitution	the contracting of individuals from other organisations to carry out work which is in the normal ongoing business of DRD. Staff substitution is necessary when there is insufficient internal staff to undertake the work.	CONS17
Internal Consultancy	Where consultancy is provided internally, or "in-house" and focuses upon other parts of the Department, or where the DRD employs the services of DFP's DBS.	CONS18
Contracted Services	the contracting of clearly defined, essentially routine services from an external provider on the basis of a contract for a specified duration. For example, contracts for security or cleaning personnel.	CONS19
Research	any research undertaken that focuses upon the routine business of DRD (possibly by an external organisation) and will be paid from GAE research budget. This should not be confused with an external consultancy that entails some research - e.g. research by management consultants into the internal workings of a business area in order to propose a new staffing structure would not be seen as research, but would form part of the external consultancy.	CONS20

NB – Job Codes in the range CONS 17 – 20 must not be used for external consultancy payments

### 4. QUERIES

If you have any queries regarding which category of external consultancy or "other consultancy type", particular expenditure falls within you should contact the Departmental Consultancy Co-ordinator in BIS. Queries relating to the coding of such payments should be addressed to Accounting Services Branch.

### USE OF CONSULTANTS - CHECKLIST

The following list outlines the main stages involved in the process of engaging consultants.

1. Identify the need for consultancy.
2. Determine the timescale and estimate cost
3. Consider in-house consultancy including BIS, BDS, DFP and NISRA.
4. Determine if consultancy falls within the definition of '**External Consultancy**'.
5. Complete a full Business Case (for all consultancy assignments over £10K). The principles of appraisal should apply to all decisions to engage consultants with appropriate and proportionate effort (Appendix 1).
6. Contact CPD for advice.
7. Determine the method of appointment.
8. Obtain Deputy Secretary, Chief Executive approval for all single tender actions.
9. Obtain Ministerial approval for external consultancy projects estimated to cost in excess of £75,000 (exc VAT).
10. If 'External Consultancy' applies and the estimated cost for external consultants exceeds £75,000 (exc VAT) obtain prior approval from DFP Supply Branch.
11. Notify BIS of all plans to engage consultants (pro-forma included in guidance – Appendix 2).
12. Inform TUS where the consultancy is likely to impact on 'structure, staffing or skills'.
13. Appoint a Project Manager and, where appropriate, a Project Board.
14. Prepare project specification and invite tenders through CPD.  
Where the CPD Framework Agreement does not apply, or where CPD are not managing the tender process quotations should be obtained in line with Departmental Accounting Procedures. Single Tender Action should only be used in the most exceptional circumstances.
15. Evaluate tenders / quotes and select consultancy that best meets predetermined criteria.
16. Agree / sign the contract.
17. Monitor consultancy progress, expenditure and evaluate quality.
18. Project Manager to complete a post project evaluation and where appropriate, submit to DFP for approval.
19. Complete the consultancy evaluation proforma included in this guidance and forward to the Departmental Consultancy Co-ordinator (Appendix 5).
20. Project Manager to complete an 'External Consultancy Project Summary' proforma included in the guidance and place on the inside of the cover of the registered file. A copy should also be sent to the Divisional/Agency co-ordinator for the use of consultants and also to the Departmental Consultancy Co-ordinator (Appendix 7).