



**External Consultancy (Revenue and Capital)
Quarterly Returns**

Circular Reference: **HSC(F)06/2012**

Date of Issue: **3 February 2012**

For Action by:

Chief Executive and Director of Finance of all
DHSSPS Arm's Length Bodies

Summary of Contents:

This circular notifies DHSSPS Arm's Length
Bodies of the second quarterly monitoring
exercise for external consultancy.

Enquiries:

Any enquiries about the contents of this Circular
should be addressed to:

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Related documents:

HSS(F) 40/2009
HSS(F) 40/2009Supplement 1
HSS(F) 40/2009Supplement 2
FD (DFP) 04/2009
FD(DFP) 15/2011

Superseded Documents:

HSC (F) 47/2011

Implementation:

Immediate

External Consultancy (Revenue and Capital) Quarterly Returns

Background

1. External Consultancy remains a high profile area and a PAC hearing on this matter is planned for the week commencing 6 February 2012. Circular HSS (F) 40/2009¹ introduced guidance to all DHSSPS Arms Length Bodies (ALBs) on the Use of External Consultants for Revenue Expenditure. This was based on FD(DFP) 04/2009 which revised the requirements on the use of external consultants for all NICS Departments and their agencies, NDPBs etc. A supplement² was issued on 9th August 2011 notifying ALBs of a reduction in their delegated limit for revenue spend, and of a requirement to meet the Executive's target of a 10% year on year reduction in their consultancy expenditure (this also applies to capital expenditure). Per Procurement Guidance Note 03/10³ all External Consultancy Contracts require that any decision not competitively tendered must have **Departmental** Accounting Officer approval. Further guidance on this will be issued shortly.
2. In addition, DFP carry out an annual test drill of consultancy expenditure incurred, the results of which form part of the DFP's published Compliance Report on the Use of Consultants. In the 2010/11 exercise which has just been completed, DFP were critical of failure to comply with the relevant guidance and in particular:
 - the level of retrospective approvals
 - the volume of single tender actions and, in many cases, the lack of justification for single tender actions
 - inadequate documentation/lack of clear audit trail to evidence approvals
 - failure to share lessons learned from PPEs
3. DFP are currently drafting revised guidance on the use of professional services. We will be using this as a basis for revising HSC guidance, which will become operational from 1 April 2012.
4. This monitoring requirement for revenue and capital consultancy has been instituted in order to avoid non compliance, to monitor spend for the

¹ http://www.dhsspsni.gov.uk/hss_f_40-2009.pdf

² <http://www.dhsspsni.gov.uk/hssf-2009-40-supplement1.pdf>

³ <http://www.dfpni.gov.uk/index/procurement-2/cpd/cpd-policy-and-legislation/content - cpd - policy - procurement guidance notes/content - cpd procurement guidance notes pgn 02 - 10.htm>

current year and to ensure the 10% year on year reduction is delivered.

Quarterly Exercise

5. At the end of each quarter, an Excel file is sent out to each Finance Director. This file consists of 2 worksheets; a revenue sheet and a capital sheet. The revenue and capital sheet are populated with all information the Department currently holds. We would ask you to review, amend and insert where necessary (please refer to Annex A for definitions and guidance). For this exercise we are asking for all year to date actuals as at 31st January 2012 and a forecast to the end of the year. Please note that completion of this return by no means constitutes an advance approval of your annual consultancy budget.

6. It is imperative that the Department delivers the 10% reduction and therefore the Department must be notified in all instances before any further spend on external consultancy is committed.

Processes and Procedures

7. This is a regular monitoring exercise and it is necessary that you ensure that processes and procedures are in place in order that your body is in full compliance with all guidance and is tracking all spend in this area. Please ensure that a point of contact is assigned in order to answer all queries that might arise from this exercise.

Staff substitution and External Consultancy

8. If you are unsure whether a project should be classified as staff substitution or external consultancy, please contact Linda Greenlees or Ryan Wilson who will be able to advise.

9. New draft guidance on consultancy is still draft and therefore will not apply for the purposes of this exercise. It is currently anticipated that the new guidance will apply from 1 April 2012.

Return Date

10. This return must be submitted by COP on **Friday 10th February 2012** to the following email address fpau@dhsspsni.gov.uk

Queries

11. If you have any queries about the content of this circular, or regarding the use of external consultants in general, please do not hesitate to contact me or the following people:

Revenue External Consultancy:
Aideen O'Doherty: 02890 520258
Linda Greenlees: 02890 765647
Ryan Wilson: 02890 765648

Capital External Consultancy:
Paul Liddy: 02890 522329

Paula Shearer
Financial Policy and Accountability Unit.

ANNEX A

Project Title

DHSSPS Ref. The reference number assigned by DHSSPS upon notification of the assignment.

Name of Consultant

Consultancy Category. Please select the first and second level consultancy categories from the drop down menus. Full definitions of each of these categories can be found at Annex 1a to HSS (F) 40/2009.

Expenditure Classification. Please select the appropriate budgetary expenditure classification, either DEL Admin, DEL Resource or DEL Capital.

Date BC Approval Body. This should be the date on which the decision to employ the consultant was approved by the person with the delegated authority to make that decision within the ALB.

Date BC Approval Minister If cost is above £10k (Please refer to HSS (F) 40/2009 Supplement 1 for guidance) this should be the date of Ministerial approval.

Date BC Approval DFP. If cost above £75k, date DFP approved this contract. Please refer to HSS (F) 40/2009 Supplement 1 for guidance.

Date Contract Awarded. Record the date on which the contract was awarded and the expenditure was committed.

PPE Due. Record the date on which a Post Project Evaluation is/was due to be completed for the project.

PPE Completed. If the Post Project Evaluation has been completed when the return is being made then record the date on which it was completed.

Contract Value £. Record the total value of the contract in £'s.

Expenditure 2009-2010. Record the total actual expenditure on the project in 2009-10 in £'s on a resource basis.

Expenditure 2010-2011. Record the total actual expenditure on the project in 2010-11 in £'s on a resource basis.

Expenditure 2011-2012. Record the total estimated expenditure on the project in 2011-12 in £'s on a resource basis.

Contract Duration. Record the total duration of the contract in months.

Estimated Expenditure 2012-2013, 2013-14 & 2014-15. Record the expenditure which it is estimated will occur on the project in these subsequent years up to the total duration of the project.

Single Tender

Please indicate if this project is a single tender by selecting TRUE. If it is not select FALSE.

Single Tender Action (Dept AO). Please insert date in this box if the consultancy project has been procured via single tender action, i.e. it was awarded without competitive tendering. As per Procurement Guidance Note 02/10 all decisions to use single tender action should have the approval of the **Departmental** Accounting Officer.

Procurement - CPD/COPE Framework Used. As per HSS (F) 40/2009 all consultancy procurement should be done through a COPE/CPD unless specifically approved by the Accounting Officer. Tick the 'CPD/COPE Used' box to confirm that CPD or a recognised COPE has been used to procure the consultant.

Extension of lower value contract. If the contract is an extension of a lower value contract please select TRUE and populate the extension notes field with details of this.

Extension Notes. Please provide full details of the extension.

Forecast Spend. In order to be able to track spend and ensure DHSSPS delivers the 10% reduction we require you to detail all forecast external consultancy spend for 2011-2012 that has not been included above.

(Please note that completion of this return in no way constitutes an advance approval of your annual consultancy budget.)