



The Consumer Council

Purchasing Policy and Procedures

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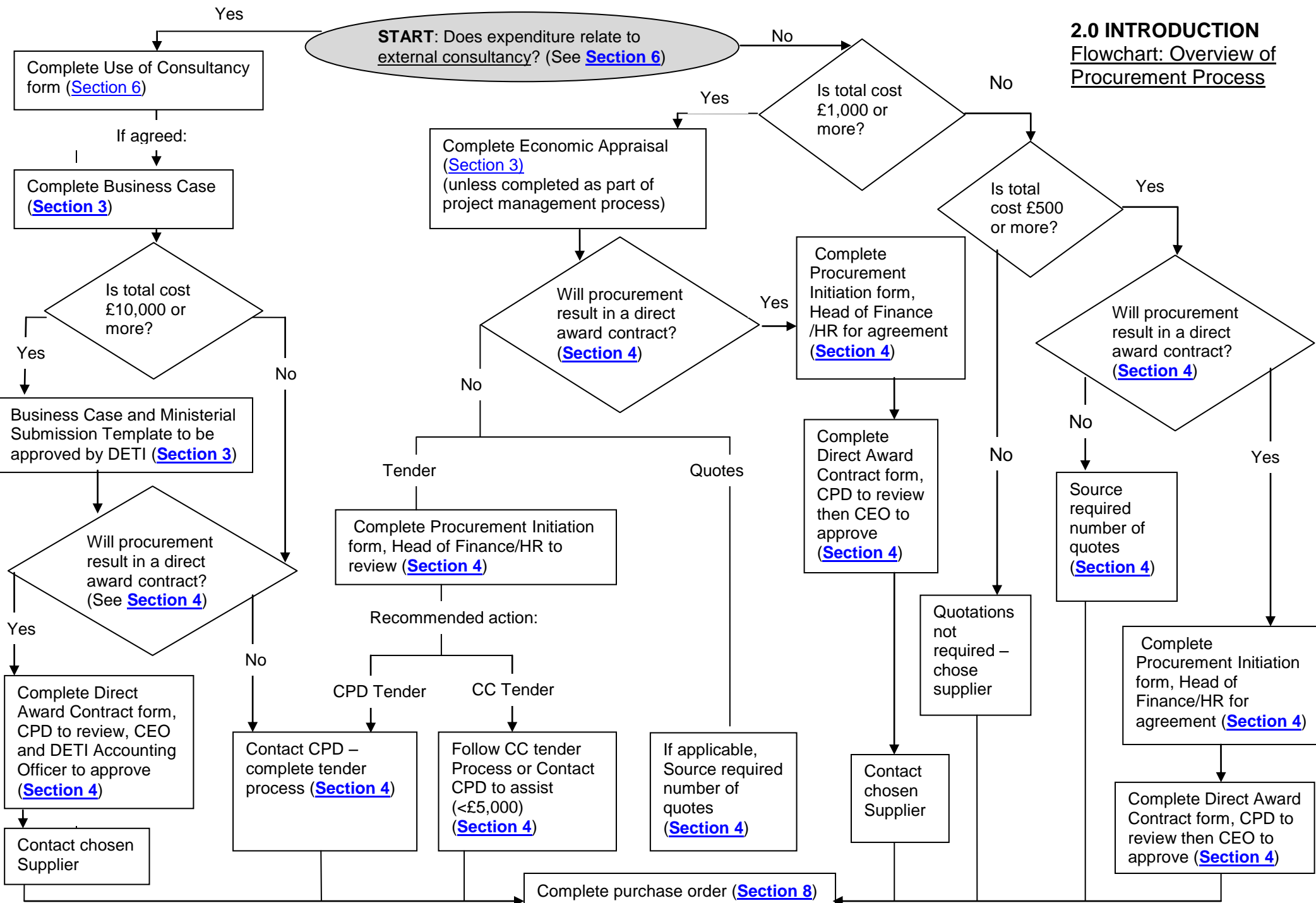
1.0 POLICY ISSUE STATUS

- 1.1 This policy is a controlled document and is held centrally by the Corporate Services Section.

Version	Date actioned	Actioned by	Reason for change
1.0	November 2003	Finance Manager	Development of new finance policy
2.0	October 2005	Finance Manager	Part of normal review process
3.0	May 2007	Finance Manager	Authorise Finance Manager to pass PO for payment and miscellaneous updates.
4.0	September 2009	Head of Finance and HR (acting)	Review of Policy in line with recommendation made in Statement on Internal Control and updated DETI Financial and Operating Manual
5.0	April 2010	Head of Finance and HR (acting)	Policy updated to include guidance on single tender action and Consumer Council tendering process
5.1	June 2010	Finance Manager	Policy updated to reflect that economic appraisals will no longer be required in relation to the recruitment of new posts which are subject to the recruitment initiation process and training courses included on the annual organisational training plan.
5.2	October 2010	Finance Manager	Policy updated to incorporate information from Procurement guidance notes 02/10 (award of contracts without competition) and 03/10 (Procurement Control Limits). To update use of CPD and quotations and replace guidance on IT appraisals.
5.3	May 2011	Finance Manager	Annual Review
6.0	February 2013	Finance Manager	Policy updated to incorporate revised guidance on the use of consultants, direct award contracts, Online Procurement System notes, Procurement Guidance Note 03/11 Award of contracts without competition and Procurement Guidance Note 01/12 Contract Management Procedures and Principles.
6.1	April 2014	Finance Manager	Link on policy updated for revised Direct Award Contract Form: _Form Q 16 Request for Procurement advice in respect of a Direct Award Contract
6.2	December 2014	Finance Manager	CPD changed the process for initiating receipt of new procurement competitions from 30 October 2014, policy updated to reference the new process.

2.0 INTRODUCTION

Flowchart: Overview of Procurement Process



2.0 INTRODUCTION

2.1 General Principles

- 2.1.1 The purchasing policy lays down the procedures to be adopted by all employees within the Consumer Council when tendering for or procuring goods, services and/or equipment. It should be read in conjunction with the Consumer Council's Gift and Hospitality Policy, Government Procurement Card Policy and Anti-Fraud Policy and Fraud Response Plan.
- 2.1.2 The objectives of this policy are:
- to ensure compliance with Government Accounting and EU Procurement Regulations;
 - to ensure compliance with guidance on equality and sustainable development considerations in public sector procurement;
 - to ensure the achievement of fair and open competition;
 - to ensure the achievement of value for money; and
 - to control expenditure against budget and to ensure that goods and services are properly authorised, received and paid for without duplication.
- 2.1.3 All references to amounts are inclusive of VAT.
- 2.1.4 Any breaches or non compliance with the purchasing policy are recorded as exceptions and reported to the Head of Finance and HR. The Line Manager/Section Head is notified and necessary action taken.
- 2.1.5 The Finance Team will provide purchasing advice, updates on changes to the policy and procedures and will ensure maintenance of relevant records for audit purposes.
- 2.1.6 All procurement templates and guidance is available on the Online Procurement System.

2.2 Conflicts of Interest

- 2.2.1 Refer to the Code of Practice and Hospitality Policy in any cases where a conflict may arise or may be perceived as arising.

2.3 Project Management Process

- 2.3.1 The Consumer Council has introduced a new project management process, developed in line with the Prince 2 framework. The project management process should be followed when planning for and delivering a project. The process does not have to be followed for business as usual activities.
- 2.3.2 [Project Management templates and guidance](#) are available on the intranet.
- 2.3.3 The purchasing policy should be adhered to in conjunction with the project management process, without exception.

3.0 APPRAISALS

3.1 General Principles

- 3.1.1 Appraisals (Economic Appraisals and Business Cases) are the principal means by which, at the beginning of a project, objectives are set, value for money is considered, and affordability of a project is determined.
- 3.1.2 Appraisals are undertaken to ensure that no expenditure or project is approved before challenging if the objectives could be achieved in other ways, or if the required resources could be used in a better way.
- 3.1.3 Appraisals focus on the assessment of needs, objectives, costs, benefits, risks, affordability and other factors relevant to decision-making. It is important to remember that proportionate effort should be used when completing appraisals. The principle of proportionality is that more time and effort should be spent on more significant proposed projects and less on less significant ones (consider in terms of cost and risk). However, in all cases the appraisal should contain enough information to evaluate the options available.
- 3.1.4 The objectives of a project should be SMART (Specific, Measureable, Achievable, Realistic and Time-bound). This will strengthen the review undertaken and will also help at the evaluation stage (post project evaluation) when considering if objectives have been met.
- 3.1.5 When completed properly an appraisal will aid decision making, facilitate accountability and demonstrate value for money.
- 3.1.6 Appraisals should not be used merely as the means to refine the details of a predetermined option, or to provide post ad-hoc justification for decisions or actions already taken. The appraisal is a key initial step in the procurement process.
- 3.1.7 Procurement should not commence nor should relevant expenditure be committed, until a suitable and proportionate appraisal has been completed and all the necessary approvals have been granted. This rule also applies to direct award contracts (single tender actions), and contract extensions.
- 3.1.8 'The Northern Ireland Guide to Expenditure Appraisal and Evaluation (NIGEAE)' contains guidance on how to complete an Economic Appraisal. The guidance is available on the DFP website: www.dfpni.gov.uk/eaq.

3.0 APPRAISALS

3.2 Review of Options

3.2.1 Appraisals require an evaluation of options. Some options can be ruled out at the preliminary stage, so that a more detailed analysis is confined to a narrower range of options. There must be a sound rationale for rejecting options at this initial stage which should be documented in the appraisal. It is not appropriate to reject all options except for the one you are recommending as a detailed analysis would not be possible. At least three options should be considered in detail.

3.2.2 The options selected for a more in-depth appraisal should include a baseline or benchmark option. This will usually be the "status quo", representing the genuine minimum input necessary to maintain services at or as close as possible to, their current level. The status quo should normally be short-listed and appraised even where it is not considered to be a realistic option.

Note: "Status quo" means to maintain things at the current service provision and therefore do nothing extra it does not mean to stop the current provision.

3.2.3 Alternatives to the status quo are referred to as the 'do something' options. These should also be considered more fully when undertaking the appraisal.

3.3 Need for appraisal if a contract is in place

3.3.1 If a general contract exists for goods and/or services, an appraisal is still required and should be completed in advance of asking the supplier¹ to undertake each piece of work (see paragraph 3.5) e.g. maintenance contract, print and design contract. This will ensure that projects completed under a general contract are fully appraised and approved before they commence.

If a contract has been awarded for a specific project an appraisal should be completed prior to tendering. You are therefore not required to complete another appraisal after the contract has been awarded.

¹ This term is used throughout the policy to include all economic operators i.e. contracts, suppliers and services providers.

3.0 APPRAISALS

3.4 Material overspends (10% or more)

- 3.4.1 If it is envisaged that a project will overspend significantly (by 10% or more) on the original estimate or fail to start within one year from the date approved, a further appraisal will be required to consider any change in costs, risks and options and to reconsider value for money.
- 3.4.2 An additional purchase order should be raised for the increase in cost and the revised appraisal should be attached via the online procurement system.
- 3.4.3 The 10% rule does not apply to estimates in relation to maintenance work under the DFP contract. Estimates of cost or time taken are not provided in advance under this contract. When raising an economic appraisal or purchase order the Corporate Services Manager makes an assumption based on hours worked. Any variation in cost is reviewed by the Head of Finance and HR and approved for payment or a query will be raised with DFP.

3.5 Appraisal Templates

- 3.5.1 Appraisal templates are in line with the format prescribed by the Department of Enterprise, Trade and Investment (DETI). Templates are available on the Online Procurement System. Templates available:

Economic Appraisal

For expenditure (excluding external consultancy):

- less than £50,000;
- between £50,000 - £250,000;
- between £250,000 - £1,000,000.

Business Case

For all expenditure relating to external consultancy:

- One standard template for all levels of expenditure.

See 3.5.3 and 3.5.8 below for guidance and limits when completing an appraisal that relates to a direct award contract.

- 3.5.2 A reference number is required for every appraisal completed and is available from the Online Procurement System. Key details for the appraisal should be entered to get the reference number which should be done at the time of completing the appraisal. Approved appraisals should be scanned and uploaded to the Online Procurement System.

3.0 APPRAISAL

3.5 Appraisal Templates (continued)

Which Appraisal template should be used?

Economic Appraisal

- 3.5.3 An Economic Appraisal should be completed for all projects or 'business as usual' expenditure, excluding external consultancy of £1,000 and over, except if expenditure relates to a direct award contract. See 3.5.5 for other exceptions.

For all project or 'business as usual' expenditure (excluding external consultancy) deemed to be a direct award contract an Economic Appraisal must be completed, for spend of £500 and over. See [Section 4](#) for further details.

- 3.5.4 For all project or 'business as usual' expenditure (excluding external consultancy and direct award contracts) under £1,000, an Economic Appraisal is not required.

- 3.5.5 Other expenditure which does not require an Economic Appraisal:

- Routine items of expenditure such as stationery, IT supplies and hygiene supplies unless it is for a supply that is extraordinary in nature.
- Recruitment of posts – approved by the Chief Executive via the recruitment initiation form. An economic appraisal will however be required for other related expenditure e.g. assessment centre support, assessment materials etc.
- Training courses included on the annual organisational training plan – approved as part of the annual training plan process each financial year.

- 3.5.6 ICT-enabled projects should be appraised using the standard Economic Appraisal templates and managed using the Successful Delivery (NI) guidance.

www.dfpni.gov.uk/index/successful-delivery.htm

The purchasing policy for IT equipment is in line with the IT Strategy which provides guidance on the overall renewal of fixed assets.

- 3.5.7 See 3.5.10 below for instances when both an Economic Appraisal and a Business Case may be required.

3.0 APPRAISAL

3.5 Appraisal Templates (continued)

Which Appraisal template should be used?

Business Case

- 3.5.8 A Business Case should be completed for all external consultancy expenditure (including direct award contracts for external consultancy) and must be completed regardless of the level of spend.
- 3.5.9 [Section 6](#) provides guidance on what constitutes external consultancy and should be considered before a business case is completed. If the conditions set out in Section 6 do not apply then an Economic Appraisal should be completed not a Business Case.
- 3.5.10 If a project has an external consultancy element included within it, it would be appropriate to complete an Economic Appraisal for the general spend (see 3.5.3 – 3.5.7) and a Business Case for the external consultancy element so that the costs can be properly appraised. Reference should however be made in both appraisals to the overall project and total costs. This is useful if the consultancy element amounts to £10,000 or more as the Business Case would require approval by DETI Accounting Officer and DETI Minister.

3.0 APPRAISALS

3.6 Approval Process

- 3.6.1 Before beginning the procurement process or incurring any expenditure, approval must be obtained at the appropriate level. The Project Board, Director and/or Chief Executive are responsible for ensuring that all expenditure proposals are fully appraised. Lack of appropriate approval could lead to irregular expenditure and potentially a qualification of the Consumer Council's Financial Statements.
- 3.6.2 A copy of the approved appraisal should be uploaded to the Online Procurement System. Hard copies do not need to be sent to the Finance team.

Economic Appraisal

- 3.6.3 Completed Economic Appraisals need to go through the appropriate approval channel(s) as set out below:

Value:	Approval required:
£1,000 up to £9,999	<i>Project related:</i> Senior Manager on behalf of the Project Board <i>Business as usual:</i> Section Head or Director
£10,000 up to £49,999	<i>Project related:</i> Senior Manager on behalf of the Project Board <u>and</u> Chief Executive or Chairperson <i>Business as usual:</i> Section Head or Director <u>and</u> Chief Executive or Chairperson
£50,000 up to £1million	<i>Project related:</i> Senior Manager on behalf of the Project Board <u>and</u> Chief Executive or Chairperson <u>and</u> DETI/DFP (See 3.6.9) <i>Business as usual:</i> Section Head or Director <u>and</u> Chief Executive or Chairperson <u>and</u> DETI/DFP (See 3.6.9)

- 3.6.4 An Economic Appraisal requires a minimum of two signatures. The first one provides the declaration that the Economic Appraisal has been completed, that all feasible options have been considered and that the recommended option is the optimum one. This should be the signature of the person who completed the Economic Appraisal. The second signature provides the approval that that person is satisfied that all factors of all feasible options have been considered in the appraisal and that the recommended option represents best value for money. The second signatory must either be the Section Head or Director, in the case of a project this will be the Senior Manager on behalf of the Project Board. If the Economic Appraisal relates to expenditure of £10,000 or more the Chief Executive must also approve the appraisal and provide a third signature.

3.0 APPRAISALS

3.6 Approval Process (continued)

- 3.6.5 If the expenditure relates to a corporate event the Economic Appraisal should be approved by the Chairperson and retrospective Board approval given (if necessary). A corporate event is defined as an organisational event held for the purpose of engaging with staff and members of the Consumer Council, stakeholders and decision makers. A corporate event would normally be hosted or led by the Chief Executive or Chairperson. This approval process does not apply to events to launch publications or promote Consumer Council Work Programme activities.

Business Case

- 3.6.6 Completed Business Cases need to go through the appropriate approval channels as set out below:

Approval required:
Chief Executive, irrespective of the level of spend.
Business Cases of £10,000 and over must be supported by a Ministerial Submission template and approved by the Chief Executive, DETI Accounting Officer and DETI Minister (See 3.6.7 - 3.6.9).

Ministerial Submission Template for Business Case approval £10,000 and over

- 3.6.7 A Ministerial submission template for external consultancy expenditure (of £10,000 and over) needs to be completed and submitted with the Business Case for approval. The submission must include confirmation that, in addition to having budget for the activity, approval would keep the Consumer Council within its overall targeted 10% year on year reduction in external consultancy spend (as per Budget 2010 process). The Ministerial submission template is available on the Online Procurement System.
- 3.6.8 [Appendix 5](#): Areas requiring DFP Approval for All Departments contains additional information on other areas when DETI or DFP approval would be appropriate.

3.0 APPRAISALS

3.6 Approval Process (continued)

DETI and DFP approval requirements

- 3.6.9 Prior approval from DETI and DFP is required for certain larger expenditure items as detailed below:

DETI

DETI approval is required in all cases where the monetary value is:

External consultancy	£10,000 or more
Capital expenditure (on a single project)	£50,000 or more
IT expenditure (on a single project)	£50,000 or more

DFP

DFP approval is required for all proposals where the monetary value is:

External consultancy	over £75,000
Capital expenditure (on a single project)	over £1 million
IT expenditure (on a single project)	over £500,000

Ministerial

Ministerial approval is required for all proposals where the monetary value is:

External consultancy	£10,000 and over
Capital expenditure (on a single project)	over £1 million
IT expenditure (on a single project)	over £1 million

3.7 Novel or contentious expenditure

- 3.7.1 The Consumer Council's Management Statement and Financial Memorandum (MS/FM) sets out requirements when incurring expenditure for any purpose which is or might be considered novel or contentious, or which has or could have significant future cost implications. In this instance approval must be obtained from DETI and DFP before expenditure is incurred.
- 3.7.2 More rigour is required around the consideration of novel, contentious or repercussive items of expenditure. See 7.5 for details.

4.0 TENDERING, QUOTATIONS AND DIRECT AWARD CONTRACTS

TENDERING

4.1 General Principles

- 4.1.1 Purchasing is a professional specialism that should be conducted by qualified staff. For this reason it is Government Policy that procurement by Government Departments, Agencies, NDPBs and other sponsored bodies should be conducted through a recognised Centre of Procurement Expertise (CoPE). DETI have a Service Level Agreement with the Central Procurement Directorate (CPD) which is a designated CoPE.
- 4.1.2 CPD should be used unless there is a more suitable CoPE, depending on the nature of the expenditure, e.g. Land and Property Services can be used for specific premises issues.
- 4.1.3 It is important to consider integrating equality and sustainable development principles within lower value contracts. Please refer to Procurement Guidance Note 04/04 for guidance on Integrating Equality of Opportunity and Sustainable Development in Public Sector Procurement.
- 4.1.4 Each Project Manager/Section Head is required to retain relevant paperwork for audit purposes in line with the Records Management Policy.

4.2 What is a tender process and when is it required?

- 4.2.1 A tender process involves a bidding process where terms of reference are issued to define requirements and companies are invited to tender/bid for the particular piece of work/provision of goods. All submissions are reviewed by a designated tender panel and scored against set criteria. The company with the highest score will be awarded the contract.

4.0 TENDERING, QUOTATIONS AND DIRECT AWARD CONTRACTS

TENDERING

4.3 Tendering process

Tendering Process - General

- 4.3.1 If any project/work will result in the need for a tender process, direct award contract or contract variation you must as an initial step, complete a Procurement Initiation Form and send to the Head of Finance and HR (or to Finance Manager in their absence) for agreement. The form will be reviewed to ensure that the proposal and supporting rationale is appropriate and in line with Consumer Council and DFP policy. Once agreed the employee can progress to the next stage in line with the process documented in this section of the policy. The Procurement Initiation Form is available on the intranet.
- 4.3.2 Procurement Initiation Form proposing Consumer Council tender process should be approved by the Chief Executive, in addition to the review by the Head of Finance and HR.
- 4.3.3 Procurement Initiation Forms should be attached to the purchase order via the Online Procurement System.
- 4.3.4 Table below provides guidelines on the number of companies to be invited to tender, depending on the contract value:

Value Bands:	Tenders required:
Up to £999	Not Applicable
£1,000 to £4,999	Consumer Council tender process - Two companies invited to tender
£5,000 to £9,999	CPD to assist with the tendering process - Three companies invited to tender or as per CPD advice
£10,000 to £30,000	CPD to assist with the tendering process - Four companies invited to tender or as per CPD advice
£30,000 – EC Thresholds	CPD to assist with tender process - Publicly advertised open or restricted tender competition

Note: CPD should be contacted for all procurement exercises relating to external consultancy regardless of the value.

4.0 TENDERING, QUOTATIONS AND DIRECT AWARD CONTRACTS

TENDERING

4.3 Tendering process (continued)

Tendering Process - Using CPD

- 4.3.5 CPD should be contacted to assist with the procurement exercise when the total cost of an individual item or project is £5,000 or more (including vat) or when the procurement is for external consultancy services (see Section 6).

To calculate the total contract value you must extrapolate the cost of the project over the length of the contract. For example, if a contract is for three years and worth £4,000 per year then the total contract value is £12,000 and CPD should be contacted as in total the value exceeds £5,000. This rule also applies if the initial contract period is for one year with possible extension of further year(s) - in this case the total contract value must be extrapolated over the full potential length of the contract.

- 4.3.6 CPD do not need to be contacted when the cost of an individual item or project is less than £5,000, unless it would be beneficial to avail of their expertise and guidance.
- 4.3.7 A request for a new procurement competition must be accompanied by a work request form (WRNEW01 form). The process is detailed in Annex A to CPD guidance note which is available on the intranet (Intranet/ Document Library/Forms: CPD Procurement Initiation forms). The completed form must be submitted through the relevant generic email account as detailed on the work request form. CPD will then advise of the process to follow.
- 4.3.8 CPD have developed '[Key Performance Indicators](#)' in relation to response times for tendering and will endeavour to achieve these. If an employee is experiencing delays with CPD during the tender process they should notify the Head of Finance and HR and/or Finance Manager so that the matter can be escalated to DETI if appropriate.

Tendering Process - Using Consumer Council tender process

- 4.3.9 The [Consumer Council tender process](#) is allowed for projects when expenditure/total contract value is less than £5,000. See 4.3.5 for guidance on calculating the total contract value.
- 4.3.10 In line with the Procurement Guidance Note: Procurement Control Limits 04/12, employees must ensure that the:
- purchase is not covered by an existing framework, call-off arrangement, standing list or e-catalogue. See 4.5 for further information on Framework Agreements);
 - purchase is a one-off requirement;
 - total spend, which must be less than £5,000, must cover the combined costs of all purchases associated with the initial requirements; and
 - requirement is clearly specified.

4.0 TENDERING, QUOTATIONS AND DIRECT AWARD CONTRACTS

4.3.11 If you require assistance with the Consumer Council tender process please contact the Head of Finance and HR or Finance Manager.

TENDERING

4.3 Tendering process (continued)

Invitations to tender

4.3.12 Smaller value contracts offer significant opportunities for businesses particularly Small and Medium Enterprise's, Social Economy Enterprises and start up companies. Where possible suppliers within these sectors should be included among those invited to participate in the procurement exercise.

4.3.13 To maintain competitiveness in the market and provide protection against accusation or the perception of collusion, you should avoid continuing to invite the same suppliers to tender.

4.3.14 There is a need to consider fair trade options in public procurement. There are a number of factors to be taken into account to ensure that the requirements for fair trade are consistent with Northern Ireland Procurement Policy and the EU Public Procurement Directives.

Although this is unlikely to be particularly relevant to the Consumer Council (given the fact that the majority of work procured is for provision of services), Departments have been advised when applying the guidance, they should:

- make it clear in tender documentation that fair trade products will be welcomed amongst the products being supplied;
- work with a supplier post contract award on a voluntary basis to increase the number of fair trade products being supplied; and
- use fair trade tea and coffee for staff and hospitality.

4.0 TENDERING, QUOTATIONS AND DIRECT AWARD CONTRACTS

QUOTATIONS

4.4 General principles

- 4.4.1 Sourcing quotations as an alternative to completing a tender exercise is appropriate for certain expenditure. Mainly for business as usual type activities, total cost under £5,000 (see 4.3.5) for which a tender process is not deemed to add value.
- 4.4.2 As with all public sector organisations, procurement should be open to competition. It is essential that quotations are requested and recorded. The number of quotations required within a range of value bands below the EU thresholds ensures that the transaction cost of procurement procedures is efficient, whilst maintaining a sufficient level of competition to achieve best value for money.
- 4.4.3 The number of quotations required depends on the amount of expenditure being incurred. The following procurement control limits should be adopted by the Consumer Council according to the estimated value of the contract:

Value Bands:	Quotations required: <i>(depending on the nature of expenditure quotation should be sought or tender exercise completed)</i>
Up to £500	No quotations required.
£501 to £999	Two oral quotations (written evidence required).
£1,000 to £4,999	Two written quotations

- 4.4.4 Quotations should be attached to the purchase order via the Online Procurement System. Evidence of oral quotations is also required, this should be a fax or email from the supplier or alternatively written/typed by the employee sourcing the quotations.
- 4.4.5 Smaller value contracts offer significant opportunities for businesses particularly Small and Medium Enterprise's, Social Economy Enterprises and start up companies. Where possible suppliers within these sectors should be included among those invited to participate in the tender exercise or provide quotations.
- 4.4.6 To maintain competitiveness and provide protection against accusation or the perception of collusion, employees should avoid inviting the same suppliers to bid for procurements.

4.0 TENDERING, QUOTATIONS AND DIRECT AWARD CONTRACTS

QUOTATIONS

4.5 Framework Agreements

- 4.5.1 Framework Agreements have been established for many routine supplies, services and works required by the Public Sector for example stationery and minor repairs. In the main, these frameworks can be used by the Consumer Council as an alternative to sourcing quotes as the primary competition to establish the Framework has already been subject to the rigour of the procurement regulations.
- 4.5.2 If a framework agreement is considered relevant, the employee should contact the Head of Finance and HR or the Finance Manager to discuss.

4.0 TENDERING, QUOTATIONS AND DIRECT AWARD CONTRACTS

DIRECT AWARD CONTRACTS

4.6 What is a Direct Award Contract?

- 4.6.1 A direct award contract (also known as a single tender action) is the process where a contract is awarded to a supplier without competition.
- 4.6.2 Direct award contracts should be avoided, as competition promotes economy, efficiency and effectiveness in public expenditure and also contributes to the competitiveness of the supplier. All procurement should be subject to competition unless there are convincing reasons to the contrary. On the rare occasion where a direct award contract is deemed necessary, it should be formally approved by the Chief Executive.
- 4.6.3 There are occasions where we can unwittingly be deemed to award a contract through a direct award. These can include contract extensions, care should also be taken in amending or varying existing contracts to the point where an amendment could constitute a new contract and therefore require a new procurement exercise (See [Section 5](#)). In all such cases advice should be sought in advance from the Head of Finance and HR or Finance Manager and CPD.
- 4.6.4 The [Procurement Guidance Note 03/11](#): Award of Contracts without a Competition contains detailed guidance on the rules governing direct award contracts. These rules should be considered by the Project Manager or Section Head when considering a direct award contract.
- 4.6.5 See 3.5.3 and 3.5.8 for guidance on completing an appraisal if expenditure relates to a direct award contract.
- 4.6.6 Details of direct award contracts are presented to the Audit Committee and DETI/DFP monitor the use of these through the completion of various returns.

4.0 TENDERING, QUOTATIONS AND DIRECT AWARD CONTRACTS

DIRECT AWARD CONTRACT

4.7 What is not classed as a direct award contract?

- 4.7.1 The following circumstances are not regarded as a direct award contract and therefore should comply with the standard procurement procedures detailed in the rest of this policy:
- contracts awarded under a framework agreement, when the framework agreement was subject to competition and the Terms and Conditions used to establish the framework are being used to award contracts;
 - contract variations when a mechanism for managing variations is included in the contract which has been established by competition and the variations do not amount to a material change to the original competition. See Section 5 for more information on contract variations.
 - extensions or options which are provided for in a contract, provided that the contract has been established by competition and the extensions or options do not amount to a material change to the original competition.
- 4.7.2 Procurement control limits (See paragraph 4.4.2) are deemed not to apply to subscriptions to professional journals; payment of professional membership fees and attendance at training courses and conferences. This means the direct award contract process does not need to be completed for these and the standard procurement procedure detailed in the rest of the policy should be followed.
- 4.7.3 Direct award contracts do not apply to arrangements between Central Government Departments for providing services to each other as they are all part of the Crown and the situation of a direct award contract does not therefore arise e.g. using DFP BCS team.
- 4.7.4 Small one-off urgent or operational purchases that are necessary to maintain public services will not be regarded as a direct award contract but must be subject to normal accountability procedures i.e. approvals laid out in rest of this policy.
- 4.7.5 In accordance with the EU principle of proportionality, contracts valued at less than £500 no longer need to be subject to competition or to the procurement rules, but this does not preclude them from having to satisfy value for money and probity standards.

4.0 TENDERING, QUOTATIONS AND DIRECT AWARD CONTRACTS

DIRECT AWARD CONTRACT

4.8 Approval Process

4.8.1 The following process should be completed:

- Step 1: Complete appraisal to consider options and receive necessary approvals. If DAC is the recommended option proceed to Step 2.
- Step 2: Complete Procurement Initiation Form and send to the Head of Finance and HR (Finance Manager in their absence) for agreement. See 4.3.1.
- Step 3: Complete DAC which is to be approved by the Director.
- Step 4: Email DAC to CPD for comment/advice on the proposal.
- Step 5: Once the DAC has been returned from CPD, send to the Chief Executive for final review and approval. If the direct award contract relates to external consultancy, the DAC must then be send to the DETI Accounting Officer for approval. No work can begin until this process has been completed and approval received from either the Chief Executive (non consultancy) or Chief Executive and DETI Accounting Officer (external consultancy) as appropriate.
- Step 6: When completing the purchase order the DAC option should be selected from the drop down menu and a copy should be uploaded via the online procurement system.

4.8.2 [Procurement Guidance Note 03/11](#) contains detailed guidance on the rules governing the award of contracts without competition. These rules should be considered by the Section Head or Project Manager when completing the Procurement Initiation Form and DAC form.

4.8.3 This process should commence sufficiently in advance of the anticipated start date of the expenditure/project to allow time for all of the necessary input/review to be completed.

4.8.4 CPD has developed '[Key Performance Indicators](#)' in relation to response times and will endeavour to achieve these. Although they refer to the completion of a tender process, the Consumer Council are using them as a guide for all procurement related matters. If you experience delays in receiving a response from CPD you should send a follow up email and inform the Head of Finance and HR or Finance Manager of this. If delays persist the issue will be raised with DETI Finance Branch.

5.0 CONTRACT MANAGEMENT

5.1 General Principles

- 5.1.1 [Procurement Guidance Note 01/12: Contract Management Procedures and Principles](#) provides guidance on effective contract management.
- 5.1.2 Contract management is the phase of the procurement cycle in which a supplier delivers the required goods, services or works in accordance with the Consumer Council's specification and Terms and Conditions of Contract. The Consumer Council's and supplier's approach to managing their relationship is critically important to ensuring successful contract delivery and best value for money for the taxpayer. It is a serious matter if a supplier does not deliver in line with contract requirements. It means the public purse is not getting what it is paying for and when things go wrong, the failure can be expensive in financial terms and management time. The reputation of the Consumer Council and supplier can be damaged by a poorly managed contract that does not deliver the required outcomes.
- 5.1.3 Good management is critical for the successful delivery of the benefits to the public purse. It ensures that all parties fully meet their respective obligations as efficiently and effectively as possible, in order to meet the business and operational objectives required from the contract. It involves building an effective working relationship between the Consumer Council and the supplier which continues throughout the life of a contract whilst also maintaining an appropriate degree of commercial tension between the parties. Contract management must also aim for the achievement of continuous improvement in performance over the life of the contract.
- 5.1.4 The need and benefit of entering into a contract for the supply of goods and/or services must be carefully considered before any commitment is made. Approval of the Chief Executive/Director must be sought before a contract is entered into.
- 5.1.5 Relevant contractual documentation should be drawn up and signed by both parties. When tendering with the assistance of CPD, CPD will prepare and issue the contract. When tendering using the Consumer Council process, there is a standard template available. A Director or Head of Finance and HR should be contacted for advice on issuing a contract if the tender was awarded using the Consumer Council tender process.
- 5.1.6 If services are likely to be required over a period of time, contracts can be signed for an initial period of one year with the option for renewal in following years. Contracts should not be renewed beyond a four year duration without a competitive tendering process. The Consumer Council should never be committed to contracts of more than a year without renewal clauses.

5.0 CONTRACT MANAGEMENT

5.2 Ensure satisfactory standards of performance

- 5.2.1 It is essential that contracts are monitored to ensure standards of performance are met. Feedback must be given if suppliers fall below the standard required. The supplier must be informed in writing to ensure there is a record of any substandard performance and must be given the opportunity to improve their performance. If performance does not improve then the Consumer Council has the option to cancel or not renew the contract. If CPD were involved in the procurement process they must be involved in discussions/correspondence regarding performance issues. [Procurement Guidance Note 01/12](#) provides details of the process for assessing contracts performance and dealing with unsatisfactory performance.

5.3 Private interest or possible conflict with public duty

- 5.3.1 Any potential conflicts of interest should be declared by employees in advance of entering into a contract. No contract for goods and/or services is to be entered into with a supplier that is owned or managed by an employee or their family/relatives without first being discussed with the Chief Executive. Thereafter the Chairperson will be consulted and will review the appropriateness of the potential contract.
- 5.3.2 Employees should not misuse their official position or information gained in the course of their official duties to further their private interests or those of others. Employees should refer to the Consumer Council Code of Practice for further guidance.

5.0 CONTRACT MANAGEMENT

5.4 Making Changes to a Contract

- 5.4.1 Changes may be required during the period of a contract, particularly in the case of large, complex contracts. Legal issues may arise if the value or scope of the contract is either reduced or increased significantly. In the case of an increase, the Consumer Council should consider carefully whether a variation is likely to significantly affect the scope of the original contract as this could be viewed as constituting a new contract, which has effectively been awarded without a competition (see [Section 4](#) for further details – direct award contract).
- 5.4.2 Changes made to UK procurement regulations as a result of the implementation of the Remedies Directive, could result in the revised contract being declared ineffective (i.e. cancelled) if it is found to have been varied to the point of being materially different from the original contract. Managing the change will help ensure continued compliance with the original scope of the contract and ensure a new contract is not formed.
- 5.4.3 Before amending or varying an existing contract to the point where the amendment could constitute a new contract, procurement advice should be sought from the Director, Head of Finance and HR or Finance Manager and CPD. Legal advice should also be sought if appropriate.
- 5.4.4 Uncontrolled contract variations are one of the most significant risks to Value for Money and have, in the past, attracted criticism from the Northern Ireland Audit Office and Public Accounts Committee.
- 5.4.5 Any contract variation, including contract extensions, should not take place without consultation with CPD, unless these changes are very minor in cost, time and substance. Full consultation with CPD is necessary to ensure that the proposed variation or extension is within the scope of the contract. It will also ensure that both parties to the contract are clear on the terms and conditions associated with the proposed variation or extension, should these differ from that of the original contract. Should a contract variation or extension breach the accepted criteria (as may be advised by CPD) then it would fall to be classified as a Direct Award Contract in its own right, and hence bring with it the associated approval implications (See [Section 4](#)). Paragraphs 5.4.11 – 5.4.17 document the process for making a variation or 5.5 extension to a contract.
- 5.4.6 It is recommended that the Consumer Council consider at an early stage of the process whether a contract needs to contain specific clauses which allow for mechanisms and procedures for future change, where this is legally permissible. Advice should be sought from CPD. This can then be included in the tendering paperwork.

5.0 CONTRACT MANAGEMENT

5.4 Making Changes to a Contract

What constitutes a Material Change?

5.4.7 European Court of Justice (ECJ) advises that amendments to a contract, which are "materially different in character from the original contract such as to demonstrate the intention of the parties to renegotiate the essential terms of the contract" could constitute a new contract. The ECJ defines what it considers to be material changes as those that:-

- introduce conditions which, had they been part of the initial award procedure, would have allowed for the admission of tenderers other than those initially admitted, or would have allowed for the acceptance of a tender other than the one initially accepted;
- extend the scope of the contract considerably to encompass services not initially covered by the initial award procedure; and
- change the economic balance of the contract in favour of the supplier in a manner not provided for in the terms of the initial contract.

5.4.8 Although the Regulations do not provide specifically for the extension of contracts, Regulation 14 of the Public Contracts Regulations 2006 and Regulation 17 of The Utilities Contracts Regulations 2006 provide, in certain very limited circumstances, for a new contract to be awarded directly without advertisement or competition where:

- it is strictly necessary for the completion of a project and the work, works or services cannot be provided separately without major inconvenience to the Consumer Council. In such circumstances the aggregate value of the new contract should not exceed 50% of the value of the original contract (Reg 14(4)); and
- the new work, works or services are a repetition of the work, works or services provided for under the original contract and the original contract notice provided for such a repetition and the estimated value of the original contract took into account the value of the new work. This new work must be commenced within 3 years of the original contract being entered into (Reg 14(5)).

5.4.9 In order to ensure effective handling of acceptable changes to a contract, the Section Head or Director responsible for awarding the contract should regularly review the contract (with a view to updating where necessary) to ensure it meets evolving business needs.

5.4.10 Advice may need to be sought from CPD as to whether a change is material or not, as this will vary from case to case. Factors such as the value of the contract, potential interest from other suppliers and the justification for the variation may need to be taken into account.

5.0 CONTRACT MANAGEMENT

5.4 Making Changes to a Contract (continued)

Process for making changes to a Contract - General

- 5.4.11 There are occasions, when the terms and conditions of an existing contract may need to be varied or extended. This might include extending the contract end date, increasing the budget or number of days provided for under the original contract.
- 5.4.12 Contracts can be extended as long as the variation does not exceed a degree of reasonable latitude. Any significant or material variation would be deemed as a new scope of contract and a new tender process would need to be completed.
- 5.4.13 If any project/work will result in the need for a tender process, direct award contract or contract variation you must as an initial step, complete a Procurement Initiation Form and send to the Head of Finance and HR (or to Finance Manager in their absence) for agreement. The form will be reviewed to ensure that the proposal and supporting rationale is appropriate and in line with Consumer Council and DFP policy. Once agreed the employee can progress to the next stage in line with the process documented in this section of the policy.
- 5.4.14 If agreement is received on the Procurement Initiation Form to vary or extend the contract then the Section Head or Project Manager is required to complete a Contract Variation / Contract Extension Form to evaluate the requirement to vary or extend the contract. The form needs to be approved by the Project Executive, Director or Chief Executive as appropriate.

Process for making changes to a Contract – Using CPD

- 5.4.15 If the original contract was tendered through CPD, the following process needs to be completed:
- Step 1: Complete Procurement Initiation Form and send to the Head of Finance and HR (Finance Manager in their absence) for agreement. See 5.4.13.
 - Step 2: Requests for advice regarding changes/amendments to existing contracts must be accompanied by a work request form for existing contracts (WREX01 form). The process is detailed in Annex B to CPD guidance note which is available on the intranet (Intranet/ Document Library/Forms: CPD Procurement Initiation forms). The completed form must be submitted through the relevant generic email account as detailed on the work request form. CPD will then advise of the process to follow. Complete step 3 at same time.
 - Step 3: Complete Contract Variation/Contract Extension Form and gain necessary approval. Email the approved Contract Variation/Contract Extension Form to the same generic email address used in Step 2.
 - Step 4: CPD will draft wording for the contract variation and will email the variation form to you.
 - Step 5: Director or Chief Executive should approve and sign the variation to contract form.

5.0 CONTRACT MANAGEMENT

5.4 Making Changes to a Contract (continued)

- Step 6: Send the variation to contract form and brief cover letter to the supplier. The cover letter should explain that we would like to amend the terms of the contract as outlined in the variation and should request that the supplier, if in agreement signs and dates the variation form and returns as soon as possible. The Project Manager or Section Head should retain the paperwork.
 - Step 7: An additional purchase order should be raised if the variation in contract results in an increase in contract value. It should be noted on the purchase order that it relates to a contract variation and a copy of the approved variation should be uploaded to the purchase order via the online procurement system. The contract in place option should be selected from the quotes dropdown menu (CPD or CC) on the purchase order.
- 5.4.16 CPD have developed '[Key Performance Indicators](#)' in relation to response times and will endeavour to achieve these. Although they refer to the completion of a tender process, the Consumer Council are using them as a guide for all procurement related matters. If you experience delays in receiving a response from CPD you should send a follow up email to CPD and inform the Head of Finance and HR or Finance Manager of this. If delays persist the issue will be raised with DETI Finance Branch.

Process for making changes to a Contract – Not using CPD

- 5.4.17 Steps outline in 5.4.15 are the same although instead of contacting CPD you should contact the Head of Finance and HR or Finance Manager who will advise/assist with the process.

5.5 Extension(s) to a contract

- 5.5.1 In general, where a contract exists, the process of re-appraising service requirements should commence sufficiently in advance of the end of the current contract to allow time for the necessary analysis (appraisal etc) to be undertaken and the required approvals to be obtained, in order to ensure a smooth contract award process.
- 5.5.2 If any project/work will result in the need for a tender process, direct award contract or contract variation you must as an initial step, complete a Procurement Initiation Form and send to the Head of Finance and HR (or to Finance Manager in their absence) for agreement. The form will be reviewed to ensure that the proposal and supporting rationale is appropriate and in line with Consumer Council and DFP policy. Once agreed the employee can progress to the next stage in line with the process documented in this section of the policy.

5.0 CONTRACT MANAGEMENT

5.4 Extension(s) to a contract (continued)

- 5.5.3 A Contract Variation / Contract Extension Form should be completed to consider options and approved. Provision for a contract extension does not avoid or reduce the need to appraise options and obtain necessary approvals before the initial contract period, excluding extensions, comes to an end.
- 5.5.4 Contract extensions should only be employed following a re-appraisal of all available options. Any proposal to avail of a contract extension, which had been included within the original contract, will require the approval of CPD. Any such proposal will need to demonstrate that:
- there is a continued business need;
 - extending the contract is the best option out of all potential alternatives;
 - the supplier's performance has been satisfactory; and
 - additional expenditure is within the scope of the original appraisal.
- 5.5.5 There should be no presumption that a contract extension will be taken up. It should simply be treated as one of the options that should be appraised before contract expiry. The uptake of a contract extension which has been included within the original contract should be actioned only with approval of CPD on the basis that there is a continued business need, that the contract extension is the best option of all the available alternatives, that the supplier has provided satisfactory performance, and the additional expenditure is within the scope of the original business case. Continued use of a supplier after the end of a contract should be treated as a direct award contract without competition in line with CPD [Procurement Guidance Note 03/11](#). (See 4.6 - 4.8).
- 5.5.6 If CPD were not involved in the award of the original contract the Head of Finance and HR or Finance Manager should be contacted for advice when considering a contract extension, once the Contract Variation / Contract Extension Form has been completed and approved.

6.0 EXTERNAL CONSULTANCY AND OTHER PROFESSIONAL SERVICES

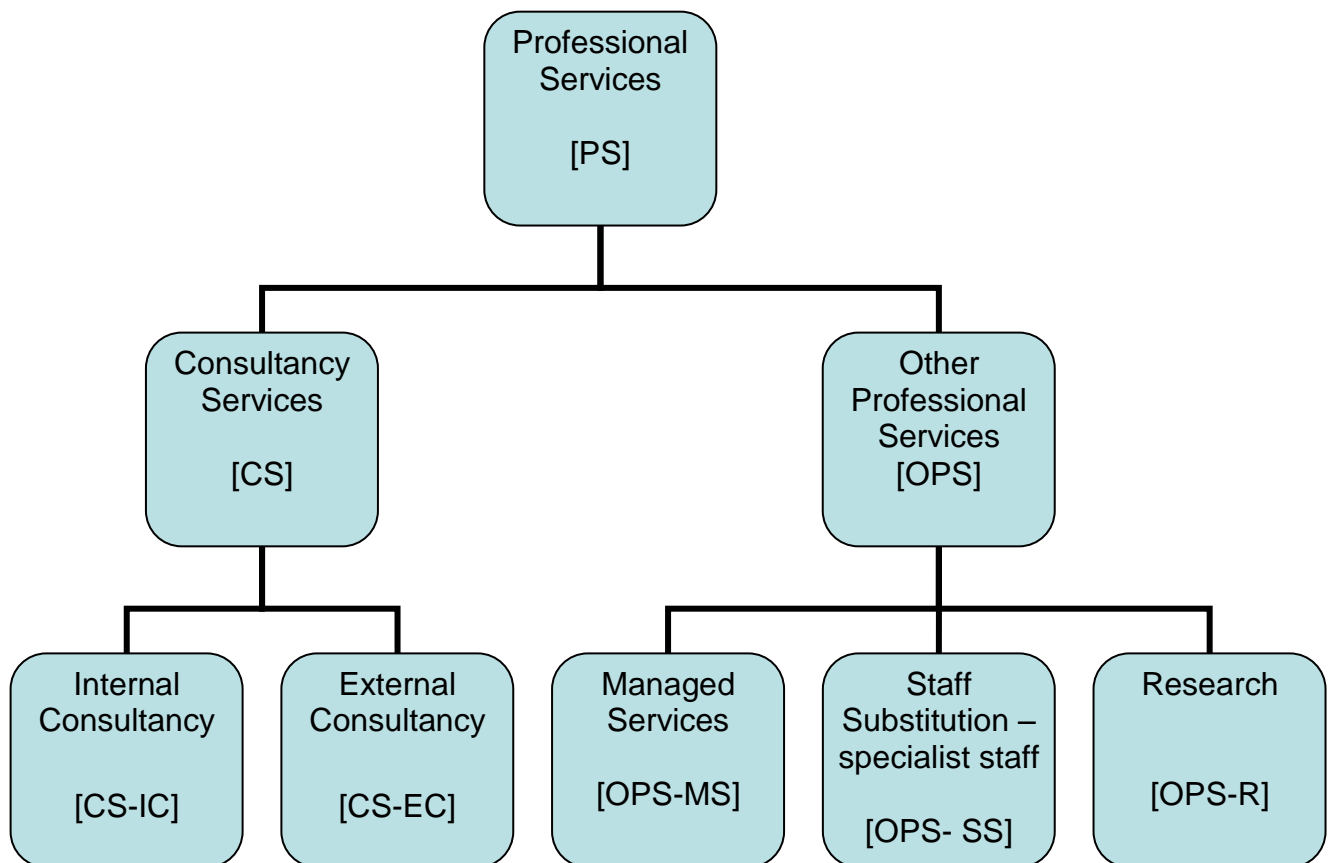
6.1 General Principles

6.1.1 This section aims to assist you in identifying and classifying the varying forms of professional services. This is important as there are different procedures to follow when expenditure relates to external consultancy to that when expenditure does not.

6.1.2 Figure 1 below shows the broad classification of Professional Services. This section (Section 6) only applies when procuring external consultancy. It does not apply when procuring other professional services or internal consultancy. In these instances an Economic Appraisal should be completed (See Section 3 for conditions) and the process detailed in the rest of the policy should be followed.

6.1.3 DFP issued guidance on the [use of professional services](#) including consultants, the main points of the guidance have been summarised in this section.

Figure 1: Broad Classification of Professional Services



6.0 EXTERNAL CONSULTANCY AND OTHER PROFESSIONAL SERVICES

6.2 Definitions and Categories of Professional Services

Consultancy

- 6.2.1 Consultants can be used to provide skills and expertise not available from existing staff, or when necessary they can provide an independent assessment of a particular function, situation or project.
- 6.2.2 Consultancy services can be divided into:
- (a) Internal consultancy;
 - (b) External consultancy.

(a) Internal Consultancy

- 6.2.3 Internal consultancy is defined as a service provided by one department or sponsored body to another e.g. by DFP's Business Consultancy Service (BCS). Information on the services provided by BCS can be found on their website. Before approaching the external market consideration should always be given to the potential services available from the many and varied other sources of internal professional services.
- 6.2.4 The Consumer Council can avail of the services of another department or sponsor body e.g. BCS in this context.

(b) External Consultancy

- 6.2.5 External consultancy is defined as :
- "The provision to management of objective advice relating to strategy, structure, management or operations of an organisation, in pursuit of its purposes and objectives. Such advice will be provided outside the 'business-as-usual' environment when in-house skills are not available and will be time-limited. Consultancy may include the identification of options with recommendations, or assistance with (but not the delivery of) the implementation of solutions."*

Consultancy will generally be a specific, finite or "one-off" task or project which provides advice and/or identifies options.

- 6.2.6 External Consultancy services are expected to either provide additional skills or expertise which are not available within the Consumer Council and are engaged to carry out activities such as investigating problems, providing analysis or advice, or assisting with the development of new systems, new structures or new capabilities within the Consumer Council. They can also be called upon when an independent (i.e. out government) assessment of a particular function, situation or project is required.

6.0 EXTERNAL CONSULTANCY AND OTHER PROFESSIONAL SERVICES

6.2 Definitions and Categories of Professional Services (continued)

Other Professional Services

6.2.7 Other professional services, is an umbrella term used to describe any external resources used in a 'business-as-usual' environment to carry out a routine part or core function of the Consumer Council, they can be further classified into:

- (a) Managed services;
- (b) Staff substitution - specialists; and
- (c) Research

(a) Managed Services

6.2.8 Managed Services describes external resources used to carry out a routine part or core function for a specific duration in a steady state/business as usual or implementation context. In such cases, a deliberate decision will often have been taken that although there is an ongoing need to undertake work in a particular area, the private sector or other external resources are best placed to deliver the work. The Consumer Council do not currently have any 'Managed Services'.

6.2.9 It is important that managed services are distinguished from other contracted out/outsourced arrangements providing routine services such as security, catering, cleaning, waste management etc which are not considered to be other professional services.

(b) Staff Substitution

6.2.10 Staff substitution refers broadly to occasions where outside staff are engaged on a temporary basis to cover particular roles for a variety of reasons. Due to the differing nature of these roles, and the reasons for their engagement, only certain staff engaged on this basis will be considered to constitute other professional services.

6.2.11 In general staff substitution can be disaggregated into three sub-categories: Specialists; Interims and Admin and clerical. It is only those classed as specialists who are likely to be considered to be within the scope of other professional services.

6.2.12 Specialists normally occupy middle to senior grades. They discharge functional or senior positions within the organisational structure as part of the "business-as-usual" environment and ideally are engaged on a short term basis. They may be used to provide expertise that does not exist in-house, but they may also be engaged when specialist knowledge or expertise does exist internally, but where it would prove inefficient and impractical to draw from it (e.g. the opportunity cost of diverting appropriate internal staff from their existing work into the proposed new work may be such that it would be preferable to instead buy in the necessary short term resource – as may be determined through a normal appraisal process).

6.0 EXTERNAL CONSULTANCY AND OTHER PROFESSIONAL SERVICES

6.2 Definitions and Categories of Professional Services (continued)

6.2.13 Specialists are used to provide additional resource, skills and expertise, not to cover vacancies etc. Such specialists are considered to be providing a Professional Service and should be included under Other Professional Services as staff substitution.

6.2.14 Although interims and admin and clerical employees are also temporary, they are not normally regarded as providing a professional service and should not therefore be classified as staff substitution under the specific expenditure category of other professional services.

(c) Research

6.2.15 Research that focuses upon the routine business of the Consumer Council (even where provided by the research arm of an external consultancy firm) is not regarded as external consultancy, but rather as other professional services. This should be clearly distinguished from an external consultancy assignment that entails some research, for example, into the internal workings of the organisation in order to propose a new staffing structure, which would form part of the external consultancy contract.

6.2.16 Further guidance on what constitutes research should be sought from the finance team, examples of research activities include:

- (a) activities aimed at obtaining new knowledge;
- (b) the search for, evaluation and final selection of, applications of research findings or other knowledge;
- (c) the search for alternatives for materials, devices, products, processes, systems or services, and;
- (d) the formulation, design, evaluation and final selection of possible alternatives for new or improved materials, devices, products, processes, systems or services.

6.0 EXTERNAL CONSULTANCY AND OTHER PROFESSIONAL SERVICES

6.3 Correctly classifying expenditure

- 6.3.1 It is important to remember that external providers can be employed not just to deliver consultancy, but also to deliver a range of other professional services and that definitions should be applied to the services being procured, not the label attaching to the provider. Providers typically market themselves under a variety of names including consultants, professional advisers, systems integrators, interim managers, contractors and outsourced service providers, any one of which may provide services that include consultancy, system delivery, staffing cover etc. It is important therefore to be clear about what is being purchased since providers in these categories can offer a package of services combining several different types of work. The nature of the service being provided will determine the classification/category and treatment thereof of each element of the service.
- 6.3.2 When deciding to classify expenditure on professional services between consultancy services and other professional services it is important that you take account of the context, or specific circumstances, in which the expenditure is being considered. Where the resources are being provided for a limited period of time to carry out a specific, finite or one-off task or project that could not be deemed to constitute “business-as-usual”, then it should be classified as consultancy – otherwise it would be classified as other professional services. The key point is that this distinction will be context-dependent.
- 6.3.3 Appropriate nominal codes need to be provided on the purchase order to ensure that all expenditure is correctly categorized.

THE DECISION TO ENGAGE EXTERNAL PROFESSIONAL SERVICES

6.4. Deciding to engage external professional services

- 6.4.1 Any decision to commit public resources carries with it a clear responsibility to demonstrate value for money and regularity. It is essential therefore that the Consumer Council ensures that proper procurement, management, recording and reporting is applied to all expenditure and in particular, given the specific Assembly and wider public interest, to any expenditure on external professional services, and in particular external consultants.
- 6.4.2 Before reaching a decision to engage consultants, or any provider of external professional services, the Consumer Council must be satisfied that there is a justifiable reason for doing so. The tangible and intangible benefits to accrue to the Consumer Council should be recorded and compared against the likely cost in a business case. The fundamental principle is that external professional services should be engaged only when it is necessary and will provide value for money.
- 6.4.3 In cases where existing staff would normally be expected to have the skills to carry out the assignment i.e. internal consultancy units, IT staff, economists, accountants, design/construction professionals etc, then the Consumer Council should in the first instance, establish whether it has the capability and capacity to carry out the assignment before it seeks external support.

6.0 EXTERNAL CONSULTANCY AND OTHER PROFESSIONAL SERVICES

THE DECISION TO ENGAGE EXTERNAL PROFESSIONAL SERVICES

6.4. Deciding to engage external professional services (continued)

- 6.4.4 In the case of a proposed consultancy assignment concerning issues related to business change, be that a change in policy, structure, governance, processes or service delivery, the Consumer Council should contact Business Consultancy Services (BCS), to establish whether it has the capability and capacity to undertake the assignment.
- 6.4.5 If a decision is taken to use external professional services, the business case must document that the in-house alternatives have been fully explored and explain why the use of any available resources is not appropriate.
- 6.4.6 Where this process reveals a gap in the skills or expertise that staff would normally be expected to have, their line manager/ section head should ensure that the gap is identified in staff Personal Development Plans.
- 6.4.7 With regards to external consultancy, engagement may be appropriate when:
- internal capacity is unavailable to undertake a new area of work (“non-business as usual”);
 - independence/objectivity is required and cannot be provided within the Consumer Council/DETI;
 - specialist knowledge or expertise is unavailable internally; or
 - there is a direction to do so arising from legislation or Government policy.

6.5 Consulting with Trade Union

- 6.5.1 Before commissioning consultancy work on any assignment which may impact on the organisation structure and/or staffing, the Consumer Council should notify the relevant Trade Union representatives.

6.6 Consultancy as an element of a bigger project

- 6.6.1 The general rule is that all external consultancy assignments, whether they are part of a larger project or not, must be appraised fully in accordance with this guidance. Thus if a project includes an element of external consultancy, then each individual consultancy assignment within the project must be appraised separately.
- 6.6.2 If a project contains an element of external consultancy and an element of work to be classified as other professional services then it is likely that a separate business case will be required to evaluate the consultancy element of the work in addition to an economic appraisal to evaluate the other professional services element.

6.0 EXTERNAL CONSULTANCY AND OTHER PROFESSIONAL SERVICES

THE DECISION TO ENGAGE EXTERNAL PROFESSIONAL SERVICES

6.7 Knowledge and Skills Transfer

- 6.7.1 External consultants should be engaged 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 in-house staff, thereby providing for internal staff development and reducing future need to engage external consultants. The gap in knowledge should be identified and the potential for skills transfer should be assessed within the business case. This should then be built into the scope of the assignment along with the impact of the skills transfer and the outcomes to be achieved. Project Executives/Project Managers need to bear in mind the need to make internal staff available to work alongside consultants to facilitate this skills and knowledge transfer. Where skills transfer is not considered feasible the rationale for this decision must be clearly documented in the business case.
- 6.7.2 Frequently the very reason that external consultants are engaged in the first place is that a considered decision has been taken that the particular skills required are such that use of consultants is the preferred option, both now and in the foreseeable future. Obviously in such cases, knowledge and skills transfer is not an issue to be further pursued but the rationale for this must be recorded in the business case.
- 6.7.3 However, where skills transfer is achievable it must be built into the criteria and assessment process at tendering stage as a key element, and parameters put in place to measure it e.g. details of previous cases of knowledge transfer and the impact thereof. This can then be included in the contract if appropriate.

6.8 Value for Money

- 6.8.1 The National Audit Office (NAO) has developed a web-based toolkit for the use of consultants which provides a framework for reviewing the extent to which an organisation is achieving value for money from its use of consultants by diagnosing areas of weakness and how and where improvements can be made, using examples to show good practice. The toolkit is available on the NAO website.
- 6.8.2 In addition account must be taken of all relevant Central Procurement Directorate (CPD) advice and guidance, available on the CPD website.

6.0 EXTERNAL CONSULTANCY AND OTHER PROFESSIONAL SERVICES

THE PROCUREMENT OF EXTERNAL PROFESSIONAL SERVICES

6.9 CPD Involvement in Procurement

- 6.9.1 Once convinced of the need to engage external professional services, appropriate procurement advice should be sought from CPD. CPD should be contacted for advice as early as possible in the planning stages. CPD will help to ensure a collaborative approach is taken across the NICS and seek to avoid duplication.
- 6.9.2 If decision is to use an external consultancy framework let by Office of Government Commerce need to first consult CPD, who will advise whether it is appropriate to do so.

6.10 Engagement of Former Public Servants

- 6.10.1 The use of former public servants is not precluded as it can, in certain instances, offer the best value for money means of achieving a given task or objective. However, any such decision should be informed by the normal business case justification and approval process, proportionate to the scale of the project. Any subsequent appointment should be made in the context of the procedures set out in the DFP guidance on the [use of professional services](#).

6.11 Approval Process – External Consultancy

- 6.11.1 The following process should be completed:
- Step 1: Complete the Use of Consultancy form. The Head of Finance and HR (Finance Manager in their absence) will review the form to ensure that the proposal and supporting rationale is appropriate and in line with Consumer Council and DFP policy.
 - Step 2: A Business Case should be completed when expenditure relates to external consultancy regardless of the level of spend. The Business Case must be approved by the Chief Executive (Director in their absence). See [Section 3](#) for further information.

Following the Executive decision during the Budget 2010 process, all individual external consultancy assignments of £10,000 or more must be approved by the DETI Minister in addition to Consumer Council Chief Executive. This applies to external consultancy assignments generally, irrespective of whether they are part of a larger project or not.

If the cost of any of the individual external consultancy assignments within the project is above the delegated limit (£75k or as otherwise agreed with DFP) then it must be submitted to DFP Supply for approval.

6.0 EXTERNAL CONSULTANCY AND OTHER PROFESSIONAL SERVICES

THE PROCUREMENT OF EXTERNAL PROFESSIONAL SERVICES

6.11 **Approval Process – External Consultancy (continued)**

- Step 3: The Ministerial Submission Template for external consultancy spend needs to be completed and submitted with the Business Case for approval. The submission must include confirmation that, in addition to having budget for the activity, approval would keep the Consumer Council within its overall target 10% year on year reduction (as per Budget 2010).
- Step 4: Once the Business Case has been approved CPD must be consulted to assist with the procurement exercise, regardless of value.
- Step 5: The Section Head or Project Manager should retain paperwork as appropriate. Relevant paperwork should be uploaded to the Online Procurement System.

6.11.2 A decision to award a contract for external consultancy without competition (Direct Award Contract) must, in all cases irrespective of value, have the prior approval of the Chief Executive and DETI Accounting Officer, (usually the Permanent Secretary). In the case of a proposed Direct Award Contract for other external professional services, the approval of the Chief Executive is required. See [Section 4](#) for details of the Direct Award Contract process.

6.11.3 Thresholds apply to the total cost of individual external 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.

6.11.4 DFP approval remains conditional upon:

- the assignment being commenced within 24 months of approval;
- there being no substantial changes to the scope/scale of the assignment as described in the business case.

Other Guidance

6.11.5 [Appendix 6](#) contains a flowchart of the process to be completed when considering the use of external consultancy.

6.0 EXTERNAL CONSULTANCY AND OTHER PROFESSIONAL SERVICES

THE PROCUREMENT OF EXTERNAL PROFESSIONAL SERVICES

6.11 Approval Process – External Consultancy (continued)

6.11.7 If consultancy costs can be capitalised as part of a constructed fixed asset, the costs must still be captured for the purposes of reporting consultancy expenditure. The Finance Manager should be consulted in this instance. Employees should ensure that these costs are coded appropriately to ensure that such expenditure can be recorded and reported as part of overall expenditure on consultants.

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6.12 Information required when tendering for external consultancy

6.12.1 There are a number of core information requirements to be included in formal submissions from external consultants when they are invited to tender for work, these include:

- the consultant's understanding of the problem;
- the consultant's understanding of the objectives of the assignment and how these might be achieved;
- the work to be done;
- any work to be excluded;
- starting date and timing of the assignment, and of individual stages;
- consultants to be deployed, including the time to be spent by each;
- support required from the Consumer Council;
- relevant experience of the firm and the consultants;
- the basis of charging fees and any other costs; and
- if appropriate, an estimate of costs for the total assignment or for defined first stage.

6.13 Cost disaggregation

6.13.1 The thresholds noted within this section apply to the total cost of individual external consultancy assignments, irrespective of the time taken to complete the assignment. Assignments should not be split into parts where this would be designed primarily so as to escape approval requirements. Also, FD (DFP)14/11 draws attention to amendments to the Northern Ireland Guide to Expenditure Appraisal and Evaluation guidance which clarify the importance of identifying total cost consequences and emphasises that mutually dependent expenditures must be appraised together.

7.0 ORDERS AND PAYMENTS

7.1 General principles

7.1.1 The purchase order is used by the Finance Team:

- to determine future cash flow requirements;
- for the monthly cash drawdown from DETI; and
- to establish, at quarter and year end, the level of expenditure to be accrued in the accounts.

7.1.2 Purchase orders are created on the Online Procurement System and the system generates a unique purchase order number. Purchase Orders can be viewed and amended within the Online Procurement System.

Purchase order details are transferred from the Online Procurement System into Sage on a weekly basis. If changes are required after they have been transferred, the Finance Team should be notified and will make the required change(s). If the purchase order details have not yet been transferred then the employee is able to make the required changes themselves.

7.1.3 Purchase orders must be raised and approved after the appraisal has been approved, after the tendering or quotes stage has been completed but before the goods and/or services have been ordered or work has commenced.

7.1.4 It is not acceptable for purchase orders to be raised retrospectively. It is however acceptable for the purchase order to be dated the same day as the supplier's invoice in the few instances where the goods are collected and the invoice received directly from the supplier.

7.1.5 A purchase order does not need to be completed if the expenditure relates to one of the following categories:

- salary costs;
- taxi journeys; In this instance a taxi form needs to be completed. The template is saved on the reception drive and the receptionist should be contacted to book a taxi;
- staff expenses;
- internal and external audit fees (unless additional work is completed outside of the scope of the contract);
- annual memberships and subscriptions (as detailed on the agreed list);
- annual licences; and
- premises costs such as rent, rates, telephone etc.

7.1.6 Oral orders can be issued only by someone authorised by the Chief Executive and only in cases of emergency or urgent necessity. These must be confirmed by a purchase order issued no later than the next working day and clearly marked 'Confirmation Order'.

7.0 ORDERS AND PAYMENTS

7.1 General principles (continued)

- 7.1.7 The person countersigning the purchase order must have sight of the appraisal, quotations, Procurement Initiation Form and Direct Award Contract form, as applicable. These documents can be attached in soft copy to the purchase order and it is the responsibility of the individual authorising the purchase order to log onto the Online Procurement System and ensure all necessary documentations have been completed, approved and attached.
- 7.1.8 Purchase orders must include the section, nominal code(s) and project code(s) that the expenditure relates to and all necessary supporting documentation should be attached to the soft copy. The person completing the purchase order must indicate when the invoice is expected to be paid. This date must be as accurate as possible as it is used by the Finance Officers to determine when funds should be drawn-down from DETI to cover the commitment.
- 7.1.9 The same person must not be involved in ordering, receiving and paying for goods. This may not always be possible but as a minimum there must always be at least two different employees involved.
- 7.1.10 The approved purchase order must be passed to the Finance Team where it is filed and matched to the relevant invoice. Additionally, a copy of the purchase order can be sent to the supplier as confirmation of the order (if requested), if the supplier does not require a copy of the purchase order as a minimum the supplier should be provided with the purchase order number and asked to include it on their invoice.
- 7.1.11 Outstanding purchase orders are reviewed by the Finance Team on a quarterly basis to confirm whether or not the goods and/or services have been received. The Finance Team will discuss any outstanding purchase orders with the relevant section to ensure the commitment still exists. Suppliers will be contacted to follow up on any outstanding invoice(s) if necessary. If goods/services have been cancelled, the employee should inform the Finance Officer who will cancel the corresponding purchase order.

7.2 Material overspends (10% or more)

- 7.2.1 If the cost of goods and/or services increases by ten per cent or more, in addition to a revised appraisal being required, an additional purchase order for the cost variation should also be completed. The revised purchase order should provide details of the cost variation and of the original purchase order number. These details should be included in the order notes box within the purchase order. The supplier should notify the employee of any anticipated increase in costs before further work is completed. This will allow the employee to complete a further appraisal to evaluate the anticipated increase and if approved to authorise work and raise the additional purchase order.

- 7.2.2 Suppliers must advise the Consumer Council of any anticipated material overspends in advance. The Section Head must consider budget position before approving any increase in cost.

7.0 ORDERS AND PAYMENTS

7.3 Approval Process – Purchase Orders

- 7.3.1 Purchase orders for goods and/or services costing less than £1,000 should be signed by the employee raising the order (digital signature, see 7.3.2) and authorised by the relevant Section Head. In exceptional circumstances another member of the Senior Management Team or Finance Manager can approve the purchase order in their absence.

Signatories are not authorised to commit the Consumer Council to any expenditure without checking that sufficient funds are available to meet the purchase costs of goods and/or services.

- 7.3.2 The Online Procurement System automatically generates a digital signature for the employee creating the purchase order based on their individual login details.
- 7.3.3 Purchase orders for goods and/or services costing £1,000 or more should be signed by the employee raising the order (digital signature, see 7.3.2) and authorised by two signatories. The first signatory should be the relevant Section Head (or another member of the Senior Management Team or Finance Manager in their absence). The second signatory should be another member of the Senior Management Team or the Finance Manager. Goods and/or services costing more than £10,000 should be authorised by three signatories one of which must be the Chief Executive. Purchase orders exceeding £50,000 need to be authorised by four signatories which must include the Chief Executive and Chairperson. [Appendix 4](#) contains a summary of purchasing approvals.

7.4 Offer of Gift or Hospitality

- 7.4.1 No order is to be issued for any goods and/or services for which an offer of a gift(s) or hospitality has been received from the person interested in supplying the goods and services. Low cost items such as pens, calendars and diaries need not be classed as gifts or hospitality in this instance.

7.0 ORDERS AND PAYMENTS

7.5 Novel or contentious expenditure

7.5.1 More rigour is needed around the following items of expenditure:

Events:

- All corporate events should be approved by the Chairperson and retrospective Board approval received (if necessary). A corporate event is defined as an organisational event held for the purpose of engaging with staff and members of the Consumer Council, stakeholders and decision makers. A corporate event would normally be hosted or led by the Chief Executive or Chairperson.

Course/Conference attendance:

- Course attendance should not be approved by the individual to whom it relates; if the course is for a Section Head then it should be approved by the Director or Chief Executive. For all other staff the expenditure should be approved by the Section Head.

Extension to Flights:

- If an employee is attending a training course or meeting but would like to extend the duration of their stay and fly over on an earlier date or fly home on a later date there could be an additional cost incurred which the Consumer Council should not be liable for. In this instance all options will need to be assessed and any difference in cost reimbursed by the member of staff. Accommodation for the additional nights stay will be at the employees' expense.
- The Director or Chief Executive should approve any requests to extend the duration of stay if it relates to a Section Head. The Section Head should approve requests from all other employees.

Memberships and subscriptions:

- Memberships to professional bodies must be approved by the Director or Chief Executive. Professional memberships will be paid if it is essential for the post or there is a specific business benefit to having it;
- Each year the Finance Section will issue a list of subscriptions that are due for renewal to the Director/Head of Finance and HR for review and approval.

Extraordinary items:

- Items of expenditure not normally incurred by the Consumer Council when undertaking its day-to-day activities would be considered extraordinary and should be approved by the Director or Chief Executive.

Flights and Accommodation:

- If the flight / accommodation is for a Section Head then it should be approved by the Director or Chief Executive, for all other staff the expenditure should be approved by the Section Head.

- If the flight is for the Chief Executive it should be approved by the Chairperson. The Director can approve this expenditure in their absence but the purchase order should be countersigned by the Chairperson when they are next available.

7.0 ORDERS AND PAYMENTS

7.6 Approval Process - Payments

- 7.6.1 Members of the Senior Management Team, Finance Manager and Chairperson are authorised cheque signatories and are therefore authorised to approve invoices for payment. Two cheque signatories are required to approve an invoice for payment.
- 7.6.2 Cheque signatories are also authorised to approve payments. Two cheque signatories are required to authorise a payment. If the payment is for £10,000 or more one signatory must be the Chief Executive (or Director in their absence). An exception is if the invoice relates to annual ongoing administration (utility) costs, these payments do not need to be authorised by the Chief Executive.
- 7.6.3 [Appendix 4](#) contains a summary of the authorisation requirements. Amendments to this list can only be made on the authority of the Chief Executive.
- 7.6.4 Those authorising payments are responsible for the propriety², regularity³ and accuracy of their authorisation. They should also ensure that:
- there is proper authority for the payment;
 - the invoice has been properly certified by the person who received the goods or services;
 - the invoice is addressed to the Consumer Council;
 - the payment is properly due;
 - a check is made to ensure the invoice is arithmetically correct and accords with the original order;
 - a check is made to ensure the payment has not been made already and that the invoice is an original;
 - the appraisal and quotations have been attached to the purchase order;
 - where any alteration has been made to the amount to be paid, the relevant budget holder is informed of that change; and
 - where the invoice cost exceeds the purchase order by ten per cent or more an additional purchase order explaining the cost variation has been provided and a revised appraisal has been prepared.
- 7.6.5 Payments must be made on receipt of an invoice; E-mails do not constitute an invoice.
- 7.6.6 In the event that an invoice is addressed to an employee, it should be passed directly to the Finance Team, without delay who will process for payment.
- 7.6.7 Relevant supporting documentation should be upload via the online procurement system and attached to the purchase order. Details of any contract, if applicable should be kept on file and made available if requested by the signatory when the invoice is submitted for payment.
- 7.6.8 Any breaches of these procedures must be reported to the Chief Executive, Director or Head of Finance and HR.

² 'Propriety' in this context means proper, appropriate.

³ 'Regularity' in this context means in line with fixed procedure, policy.

8.0 POST PROJECT EVALUATIONS

8.1 General Principles

- 8.1.1 A post project evaluation (PPE) is an important, integral and complementary function to project appraisals, as it examines the outturn of a project, and is designed to ensure that the lessons learnt are 'fed back' into the decision making process. This ensures that Consumer Council action is continually refined to reflect what best achieves objectives and promotes public interest.
- 8.1.2 The evaluation will demonstrate how well a project has performed against the objectives set at the operational planning stages. It follows therefore that the evaluation is much easier if robust, measurable targets and performance measures have been set and agreed at the start of a project. Objectives should be SMART (Specific, Measurable, Achievable, Realistic and Timely). The evaluation will also allow the Consumer Council to determine if value for money has been achieved and will inform future project revisions. For this purpose a project is defined as "a one-off scheme, intervention or investment".
- 8.1.3 An evaluation is like an appraisal conducted in retrospect. The general principles and techniques of the NI Practical Guide to the Green Book apply as much to evaluation as to appraisal. This includes the principle of proportionate effort.⁴
- 8.1.4 A PPE should include details of the following:
- assessment of need;
 - objectives;
 - project management;
 - assessment of value for money;
 - risk and uncertainty; and
 - recommendations.
- 8.1.5 When measuring performance in terms of quality and quantity of project achievement, it is important to determine if:
- objectives have been met;
 - efficiency has been achieved; and
 - value for money has been obtained.
- 8.1.6 PPEs are available for review and lessons learnt are shared amongst staff. PPEs will be stored centrally so that they can be accessed and reviewed. This will allow lessons learnt to be shared and passed on to other projects. PPEs prior to April 2012 are stored in the Corporate Services office and are available on request.

⁴ The principle of proportionality is that more time and effort should be spent on the more significant proposed projects and less on the less significant ones.

8.0 POST PROJECT EVALUATIONS

8.2 PPE Templates

8.2.1 There are two PPE templates:

- expenditure relating to an external consultant;
- all other expenditure exceeding £1,000 on a “one-off scheme, intervention or investment”.

8.3 Process for completing a PPE

8.3.1 A PPE will be completed independently of the project management team and by trained members of the Corporate Services team.

8.3.2 A PPE should be carried out within three months of the completion of a project or when it has advanced to a pre-determined stage where a post project evaluation is considered appropriate.

8.3.3 At the appraisal stage, the Project Manager or Section Head will indicate when the PPE will be due for completion. The deadline can be extended past three months if a longer period of review is deemed necessary. Rationale should be provided on the appraisal to support this. The Corporate Services team will use this information to help inform the scheduling of PPE completion.

8.3.4 PPE's will be reviewed and approved by the Director/Chief Executive and lessons learnt will be shared as appropriate.

8.3.5 [Appendix 3](#) contains eleven steps to assist when completing a PPE.

