



AUDIT COMMITTEE

Date of Meeting	Wednesday, 27 January 2016
Report Subject	Consultants
Cabinet Member	N/A
Report Author	Internal Audit Manager
Type of Report	Advisory

EXECUTIVE SUMMARY

Every major organisation uses some consultants where it could not possibly retain specialist expertise in-house, where it has capacity gaps, where independence may be needed or where it is required, for example by an external grant funding such as through Welsh Government.

When used correctly and in the appropriate circumstances, consultants can provide great benefit to an organisation, achieving results that clients do not have the capacity or capability to do themselves. Consultants can offer expertise, advice and knowledge not otherwise available to the Authority, and can assist therefore in achieving our priorities and service objectives. However, in order to achieve these benefits the use of consultants must be controlled by management.

Getting value for money from the use of consultants is dependent upon defining and justifying the need for consultants, astute procurement and project management of the consultancy project, tight governance and accountability structures, and a thorough assessment of the benefits achieved.

The cost of consultants has been an area of interest to the Audit Committee for some time, and there have been various reports brought to the committee over the years – the last one in 2012. A further review was included in the audit plan for 2014/15. That review has now been completed and the resulting report is attached as Appendix A.

The scope of the review was the controls and processes around the engagement of consultants – it did not look at the need for the consultants or attempt to comment on the value added by the consultants. There was also no benchmarking with other Local Authorities – given the difficulties with definition, such a comparison would be of limited use.

The audit opinion is red, meaning there is limited assurance that risks are being managed in this area. Findings include the following:

- The consultancy spend figure on the general ledger is not considered to be accurate due to a high level of miscoding and misinterpretation of the consultancy definitions. Internal Audit is now working with Finance and Procurement to ensure that the ledger will be accurate in 2016/17.
- After the audit in 2012 an interim procedure was put in place for the appointment of consultants. However this has not been sufficiently effective and will now be replaced by the use of the Purchase to Pay (P2P) system.
- A review of a sample of consultancy engagements showed that they did not all have a supporting business case and the procurement did not always comply with Contract Procedure Rules. Measures are now being put into place to address these issues.

RECOMMENDATIONS

1	To note and accept the report.
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REPORT DETAILS

1.00	EXPLAINING THE CONSULTANCY COSTS REPORT
1.01	The use of consultants was on the audit plan for 2014/15, with the scope agreed as 'to provide assurance on the appointment and monitoring of consultants'. It became apparent when the audit commenced that this needed to be widened and the audit work became more advisory in nature. Whilst this delayed the completion of the audit, it added value to the Authority by facilitating solutions to the issues identified.
1.02	At the time the review started there were four general ledger codes for consultancy, each with its own definition. It became obvious that these definitions were not understood, resulting in a great deal of misinterpretation of what should be classed as consultancy and therefore miscoding within the ledger. Further, there was no monitoring undertaken of the entries to the codes. As part of the review the Internal Audit team researched the definition of consultants including consulting with the National Procurement Service. A proposed new definition was accepted by the Chief Officer Team in October. There will be two categories of consultant:- <ul style="list-style-type: none"> • retained consultant, with a contract in place for the periodic provision of advice, and • project consultant, to work on defined and time limited projects relating to strategy, structure or management.
1.03	This will be backed up by changes to account coding and procurement procedures, and communication of the changes to management. A team, led by Internal Audit with colleagues from finance, procurement and P2P,

	has been set up to ensure that the changes are made before the year end, so that consultancy costs can be analysed correctly during the next financial year.
1.04	After the previous audit in 2012 an interim procedure was set up to control the appointment of consultants, before the full implementation of P2P. A general review of the database showed that it had not been fully used. As P2P has now been rolled out, that system will be used in the future for the appointment of consultants.
1.05	All new consultancy engagements should be supported by a business case. In the past these have been inadequate or not in place. A new template has been produced by Internal Audit, which will be used in the future to ensure the robustness and authorisation of business cases.
1.06	Contract Procedure Rules were not always followed in the engagement, performance monitoring and review of consultants. The new processes should ensure tighter controls are in place. These include more interventionist control such as the authorisation of all business cases – over £25,000 by the Chief Executive, under £25,000 by the Chief Officer, Governance, and the ongoing monitoring of consultancy contracts.

2.00	RESOURCE IMPLICATIONS
2.01	None other than officer time and associated costs to implement the recommendations within the report. In the future, enhanced identification and control over costs for consultants.

3.00	CONSULTATIONS REQUIRED / CARRIED OUT
3.01	Chief Executive, Chief Officer Team, and officers within Finance and Procurement.

4.00	RISK MANAGEMENT
4.01	The recommendations increase the controls and mitigate the risks around the procurement of consultants.

5.00	APPENDICES
5.01	Appendix A – Internal Audit Report Appendix B – Sample of Consultancy Engagements Appendix E – Interim Procedure Appendix F – National Procurement Service Business Case Template Appendix G – National Procurement Service Post Assignment Review Appendix H – Consultancy Business Case

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	<p>Appendix C – WG Public Accounts Committee Hearing Report Appendix D – WG Response to Public Accounts Committee Hearing</p> <p>Contact Officer: David Webster, Internal Audit Manager Telephone: 01352 702248 E-mail: david.webster@flintshire.gov.uk</p>

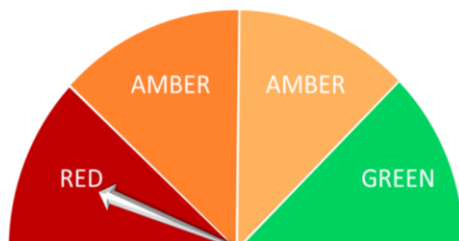
7.00	GLOSSARY OF TERMS
7.01	<p>P2P. Purchase to Pay. An electronic system used within the Authority to manage purchasing</p> <p>National Procurement Service The National Procurement Service (NPS) for Wales is hosted by the Welsh Government, established to work on behalf of the wider public sector across Wales. By using combined purchasing power the goal is to ensure significant annual savings within procurement. In this endeavour it is engaging collaboratively with public sector member organisations in seeking to find the best available deals in common and repetitive spend.</p> <p>Contract Procedure Rules A set of rules that must be complied with when purchasing goods and services.</p> <p>Matrix A system for the recruitment of temporary employees / agency staff.</p>

Flintshire Internal Audit

Audit Report

Title: Consultancy Costs
Portfolio: Corporate
Issued Dated: January 2016
Report No: 06-14/15
Report Status: FINAL

Audit Opinion



Internal Audit engagements are conducted in conformance with the Public Sector Internal Audit Standards.

1. Executive Summary:

Introduction and Scope:

The purpose of this review is to give assurance that appropriate specification, procurement and contract management processes are in place around the appointment of consultants to ensure appropriate use, quality and value for money for each appointment.

The scope of the review includes:

- Assessment of compliance with existing controls and best practice around the appointment and management of consultants.
- Consideration of the extent to which consultancy costs are being contained at a time of unprecedented cuts to funding.
- Review of the appropriateness of the current definitions of consultancy costs being used to classify consultancy spend on the general ledger.

Consultancy spend on the general ledger in 2014/15 totalled **£2,830,954** (2013/14: £2,131,082).

The consultancy spend figure on the general ledger is not considered to be accurate due to the level of miscoding to the general ledger, exacerbated by misinterpretation of the consultancy definitions supporting the general ledger consultancy codes. A significant amount of work would be required to clean up the general ledger to obtain an accurate figure for consultancy costs in 2014/15 – this work has not been carried out as part of this audit.

Data released in response to an FOI request in February 2015 showed Consultancy costs from 1st April 2014 to 17th March 2015 totalled £414,426 – this figure was not taken from the general ledger but was instead based on a request to Finance Officers for details of consultancy spend within their services. Finance are aware that the reported figure of £414,426 for 2014/15 (£893,604 for 2013/14) is understated as it was not possible to analyse all costs in the available timescale.

Audit Opinion:

In each report we provide management with an overall assurance opinion on how effectively risks are being managed within the area reviewed. See page 19 of this report for details of our assurance levels:

Assurance:	Explanation
Red – Limited	<p>Urgent system revision required (one or more of the following)</p> <ul style="list-style-type: none"> ▪ Key controls are absent or rarely applied ▪ Evidence of (or the potential for) significant financial / other losses ▪ Key management information does not exist ▪ System / process objectives are not being met, or are being met at a significant and unnecessary cost or use of resources. <p>Impact: a lack of adequate or effective controls leading to a high probability of loss, fraud, impropriety, waste, damage to reputation and / or failure to deliver organisational objectives.</p>

The table below highlights the number and priority of agreed actions to be implemented.

Priority	High	Medium	Low	Total
No.	1	11	2	14

A sample of ten consultancy engagements were selected for detailed testing as part of this audit as detailed at Appendix B.

An audit of Use of Consultants was carried out in January 2011 which resulted in the then Corporate Management Team agreeing an interim procedure for the appointment of consultants which required all engagements (excluding those through Matrix) to be recorded on the Consultancy Procurement Planning Database, and approved by the Head of Service or Director. The Interim procedure applied to all new engagements post 18th June 2012. The audit also recommended strengthening of the Contract Procedure Rules around the engagement of consultants. An audit of this interim procedure was carried out in June 2013.

Some of the issues identified in the previous two audit reports have not been addressed, specifically;

- There are still instances of non-compliance with the Contract Procedure Rules;
- Business Cases are not always in place to support Consultancy engagements;
- There is still no evidence of skills transfer at the end of consultancy engagements.

2. Summary Findings:

Areas Managed Well	Areas for Further Improvement
<ul style="list-style-type: none"> ▪ There is evidence that the higher profile, large spend consultancy contracts have been well managed. ▪ All consultancy spend is appropriately authorised through the P2P system. ▪ The Consultancy Procurement Planning database includes Business Case templates to support consultancy engagements. ▪ Business Cases are in place to support some of the consultancy appointments reviewed. ▪ The Contract Procedure Rules have been complied with for some of the consultancy appointments reviewed. ▪ Chief Officers are confident that the sample of consultancy engagements reviewed provide value for money. 	<ul style="list-style-type: none"> ▪ It is not clear where overall responsibility lies for the control and management of consultancy spend. ▪ Contract Procedure Rules have not been complied with for 6 of the 10 consultancy engagements reviewed as part of the audit. ▪ One individual consultant has been awarded work totalling £160k over the last three financial years (covering 9 separate projects) for ‘project management’. We need to consider whether it would be more cost effective to directly employ a part time Project Manager to carry out this work. ▪ The employment status of long term consultants needs to be considered to ensure they do not meet the HMR&C definition of ‘disguised employees’. ▪ Consultancy costs on the general ledger do not include those consultancy costs which have gone through Matrix (e.g. consultancy costs associated with the SHARP project). ▪ There is currently no requirement for consultancy costs through Matrix to be supported by a business case. ▪ The extent of miscoding to the general ledger suggests that there may be confusion and inconsistency around the identification and coding of consultancy spend. ▪ There are no business cases in place to support 2 of the sample of 10 consultancy engagements reviewed as part of this audit, 2 of the remaining 8 engagements were supported by ‘informal’ business cases (verbal / email agreement). ▪ A number of business cases on the Consultancy Procurement Planning Database are brief, with limited reference to ‘skills and knowledge transfer’, and limited reference to the ‘specific expertise and skills required’ and the ‘budget / procurement route’. ▪ No evidence of formal monthly contract reviews for strategic, high value, high profile engagements (all contract monitoring has been informal).

3. Action Plan:

Priority	Description
High	Action is imperative to ensure that the objectives of the area under review are met.
Medium	Requires action to avoid exposure to significant risks in achieving the objectives of the area.
Low	Action encouraged to enhance control or improve operational efficiency.

No.	Findings and Implications	Agreed Action	Who	When
1	<p>It is not clear where overall responsibility lies for the control and management of consultancy spend.</p> <p>There is no officer or service area responsible for ensuring compliance with the procedures put in place in 2012 to ensure consultancy spend is robustly managed.</p>	<p>For the immediate future the Chief Executive will be responsible for driving tighter controls around consultancy spend.</p> <p>Spend of £25k and over will be authorised by the Chief Executive, spend under £25k will be authorised by the Chief Officer, Governance.</p> <p>A communication will be put together for the Chief Officer Team detailing the new controls and processes to be put in place around consultancy spend.</p>	Colin Everett	1 st January 2016
2	<p>There are four general ledger codes on Masterpiece against which consultancy costs are coded;</p> <ul style="list-style-type: none"> 423A: Retained consultants, e.g. advisor's to the pension fund. 423B: Retained for special projects, longer term. 423C: Consultants for specific purposes, e.g. consultants appointed to look at the voids process in Housing; Consultants appointed to advice on new technology. 423D: Consultants employed for specialist services such as training, e.g. social services trainers. <p>Consultancy spend on 'Matrix' is coded to detailed code 0968 (Agency Costs) and not to the consultancy ledger</p>	<p>The scope for system development within Matrix will be explored, with the aim of ensuring all non-agency staff costs are appropriately identified and coded.</p>	Arwel Staples	1 st February 2016

No.	Findings and Implications	Agreed Action	Who	When
	<p>codes. As such consultancy costs on the general ledger are understated.</p> <p>A review of a sample of 2014/15 Matrix invoices identified two consultancy appointments which are not reflected in the consultancy cost codes on the general ledger (both appointments are coded to Agency costs);</p> <ul style="list-style-type: none"> • Procurement Manager, SHARP project - Total spend April 2014 to Feb 2015 £118,715. • Project Manager, ICT – Total spend April 2014 to Feb 2015 £50,119. <p>It is probable that there is further consultancy spend through Matrix not picked up in the sample of invoices reviewed as part of this audit.</p>			
3	<p>Review of general ledger transactions between April 2014 and March 2015 show that ledger code 423D is the most widely used consultancy code, there are however a number of payments coded to 423D which are not true consultancy costs, (423D includes IT support; provision of occupational health services; traffic surveys; fork lift truck training; debt collection fees, etc.).</p> <p>The extent of miscoding to the ledger and the number of transactions going through each of the consultancy ledger codes suggests that there is confusion and inconsistency around the identification and coding of consultancy spend, and a more concise definition of consultancy spend may be required.</p> <p>In February 2013 Wales Audit Office (WAO) carried out a review into the use of consultants across the Welsh Public Sector (“The Procurement and Management of Consultancy Services”), and recommended that public bodies should agree and adopt a common definition of consultancy services, and align their categorisation and</p>	<p>The new consultancy definition will need to be mapped against the Procurement Classification (PC) codes to enable category management / appropriate authorisation hierarchies to be set up within the P2P system.</p> <p>Some system development may be required to enable the 2 stage category management processes to be implemented.</p>	Arwel Staples / Consultancy Project Group	29 th February 2016

No.	Findings and Implications	Agreed Action	Who	When
	<p>coding of consultancy services in their financial systems and procurement databases.</p> <p>The WAO review was followed by a Welsh Government Public Accounts Committee (PAC) hearing in September 2013 (Appendix C), which included a recommendation that “The Welsh Government works in collaboration with other public sector bodies to develop a common understanding and definition of consultancy services”.</p> <p>The Welsh Government response to the PAC recommendations states that 'a common understanding and definition of consultancy services will be developed by the Head of Category for Professional Services, National Procurement Service (NPS) and agreed with stakeholders from across the public sector by March 2014' (Appendix D).</p> <p>As part of this audit we met with the Head of Category for Professional Services NPS, to discuss the work carried out in response to the PAC recommendations, and to consider their definitions of consultancy spend.</p> <p>The definitions provided by the NPS were discussed with the Chief Executive, who did not consider they were appropriate for use within the Authority, and as such a definition was proposed by Internal Audit which is a hybrid of the NPS definitions and the FCC definitions. This definition has now been agreed with the Chief Officer Team (COT);</p> <p>“The provision of objective advice relating to strategy, structure or management. Consultancy is likely to include the identification of options with recommendations, and may also include assistance with the implementation of solutions;</p> <ul style="list-style-type: none"> Retained Consultant: Contract in place for the periodic provision of objective advice (e.g. advisors to the Pension Fund). 			

No.	Findings and Implications	Agreed Action	Who	When								
	<ul style="list-style-type: none"> Project Consultant: Work on defined and time limited strategic projects relating to strategy, structure or management (e.g. Consultants appointed to provide advice around Single Status or consultants appointed to look at processes)". <p>Using these definitions the bulk of FCCs 'consultancy' spend on our general ledger would actually be reclassified as payments for professional services allowing us clear sight of where our actual consultancy spend is incurred.</p>											
4	<p>It is difficult to reach an opinion on the extent to which consultancy costs are being contained due to the amount of miscoding to the general ledger, the lack of a concise definition of consultancy spend, and the difficulties in identifying and excluding consultancy costs which are fully or partially funded.</p> <p>As raw figures from the general ledger would not provide meaningful trend data, figures were obtained from the ledger of spend coded to consultancy codes 423A, 423B, 423C & 423D where the suppliers had been classified under Procurement Classification (PC) codes 12100 (Business & Management Consultants) and 61860 (Project Management Services).</p> <p>These figures have been used to provide indicative trend data only. It is recognised that there are other consultancy costs on the general ledger which would not fall within PC codes 12100 and 61860 (e.g. Treasury Management, Fleet Management, Planning Consultants, etc.).</p> <table border="1" data-bbox="286 1366 1034 1442"> <thead> <tr> <th data-bbox="286 1366 510 1410">Financial Year</th> <th data-bbox="510 1366 698 1442">12100 (Business &</th> <th data-bbox="698 1366 887 1442">61860 (Project</th> <th data-bbox="887 1366 1034 1442"></th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>	Financial Year	12100 (Business &	61860 (Project						<p>A joint communication will be issued to Finance Managers / Finance Officers and Budget Holders re the new consultancy definition and the new processes to be implemented around consultancy spend.</p> <p>Once the new consultancy definition has been introduced Finance will be responsible for monitoring posting to the general ledger code for accuracy, and liaising with budget holders to address miscoding.</p> <p>There will be no retrospective clean-up of the 15/16 ledger, with a report going to Audit Committee (Jan 2016) explaining that the 15/16 figures are 'unreliable' and explaining the new processes to be implemented to address the audit findings.</p>	Sara Dulson / Consultancy Project Group	29 th February 2016
Financial Year	12100 (Business &	61860 (Project										

No.	Findings and Implications			Agreed Action	Who	When	
		Management Consultants)	Management Services)	Total			
	12/13	£297,392	£9,272	£306,664			
	13/14	£455,985	-	£455,985			
	14/15	£332,232	£101,218	£433,450			
	<p>Based on spend under PC codes 12100 and 61860 only, the data shows an increase in consultancy spend since 2012/13, with a peak in 2013/14, however without detailed information re the extent of 'funded' costs it is not possible to reach a conclusion as to the effectiveness of the processes in place for containing consultancy spend.</p> <p>It is clear however that at a time of unprecedented cuts to funding there should be robust challenge of all consultancy engagements, with robust business cases in place, exit strategies to ensure the appropriate transfer of skills at the end of engagements and clear evidence that the market has been tested and value for money has been achieved in the procurement process.</p> <p>Robust data should be in place around consultancy costs to enable trends in spend to be identified and appropriately managed. This has been raised as an issue in the previous two audit reports.</p>						
5	<p>In June 2012 an interim procedure was introduced which required the appointment of all consultants (excluding those appointed through Matrix) to be recorded on the Consultancy Procurement Planning Database.</p>			<p>Going forward the Consultancy Procurement Planning Database will no longer be used.</p> <p>Order originators will be required to attach a completed Business Case template to all P2P orders raised against suppliers with a</p>	<p>Kevin Patterson / Arwel Staples / Consultancy Project Group</p>	<p>29th February 2016</p>	

No.	Findings and Implications	Agreed Action	Who	When
	<p>The interim procedure (which is documented within the Consultancy Procurement Planning Database) is copied at Appendix E.</p> <p>The database was set up to capture Business Cases to support the proposed appointment of consultants, together with the then Head of Service / Director approval of the appointment.</p> <p>General review of the database confirmed;</p> <ul style="list-style-type: none"> • The database stands alone, processes are not work flowed from the database to P2P or the general ledger, likewise there is no interface between the database and our other financial / procurement systems; • As the database is completed before the consultant is engaged, the database does not hold the name of the consultant or the actual value of the contract, as such it can be difficult to reconcile spend on the ledger to approved engagements on the database. • Whilst some of the engagement requests on the database are supported by detailed business cases (attachments to the database), others only contain a few lines of narrative outlining the work to be undertaken. • Generally the business cases are not robust. Whilst there is a requirement to include information regarding 'specific expertise & skills required, estimated length of engagement; outcomes & outputs expected; skills & knowledge transfer; budget & procurement route' in many cases this information is missing. • In a number of cases the 'Commissioning Officer' and the 'Head of Service' are the same person, as such 	<p>consultancy procurement classification (PC) code.</p> <p>The Chief Officer / category manager responsible for authorising consultancy spend will be responsible for ensuring an authorised Business Case is in place.</p>		

No.	Findings and Implications	Agreed Action	Who	When
	<p>the Head of Service is both submitting and approving Business Cases.</p> <ul style="list-style-type: none"> Only one new engagement was added to the database in 2014/15. <p>Based on the issues identified, the Consultancy Procurement Planning Database is not currently adding value to the consultancy appointment process.</p> <p>The database was initially set up as an interim measure awaiting the full implementation of P2P. Now that the P2P system has been fully rolled out (excluding schools and costing systems) there may be scope to implement additional controls around consultancy spend within the system.</p>			
6	<p>As stated in para 2, Consultants have been engaged through the Matrix Agency system as follows;</p> <ul style="list-style-type: none"> Procurement Manager, SHARP project - Total spend April 2014 to Feb 2015 £118,715. Project Manager, ICT – Total spend April 2014 to Feb 2015 £50,119. <p>There is no requirement for consultancy appointments through Matrix to be supported by an approved Business Case.</p> <p>This inconsistency in the application of controls may result in appointments being made which have not been approved by the relevant Chief Officer.</p>	<p>The communication to Chief Officers referred to in paragraph 1 will reiterate the requirement for Business Cases (or evidence of an equivalent level of consideration of the value of an engagement) to be in place to support all consultancy engagements, including those sourced through Matrix.</p>	Colin Everett	1 st January 2016
7	<p>A sample of consultancy engagements since 2012 was chosen to ensure each engagement could be supported by an approved business case.</p> <p>The sample covered five different consultants; one of the consultants had been awarded six separate pieces of work since 2012 and as such each piece of work was</p>	<p>The new processes introduced as a result of this audit should ensure formal business cases (or evidence of an equivalent level of consideration of the value of an engagement) are in place to support all consultancy engagements.</p>	n/a	n/a

No.	Findings and Implications	Agreed Action	Who	When
	<p>reviewed to ensure due process had been followed and there was an approved business case in place.</p> <p>It was confirmed that Business Cases were in place for five of the sample of ten engagements, three further engagements within the sample did not require a Business Case as in two instances the consultant was appointed pre June 2012, and the third instance the appointment was made through Matrix.</p> <p>Of the five Business Cases in place two were fully approved on the Consultancy Procurement Planning Database, one was on the database but had not been fully approved, and two were supported by 'informal business cases', i.e. verbal / email discussion / approval of engagement.</p> <p>Two engagements in the sample were not supported by Business Cases.</p> <p>The Chief Executive considers that business cases are the 'lynchpin' which ensures the appropriate management of consultancy spend, and as such there should be business cases of some type in place for all consultancy spend, and these business cases should be appropriately authorised.</p>			
8	<p>The three business cases on the Consultancy Procurement Planning Database referred to in point 7 were reviewed, with a view to assessing robustness.</p> <p>In each case the content within the business case was brief, and the template had not been fully completed (no references have been made to 'skills and knowledge transfer', and there is limited reference to the 'specific expertise and skills required' and the 'budget / procurement route).</p> <p>As part of their tool box for the management of consultancy spend the National Procurement Service</p>	<p>The Business Case template proposed by Internal Audit will be used going forward (recognising that the document may need to be amended to ensure it remains fit for purpose).</p>	Colin Everett	1 st January 2016

No.	Findings and Implications	Agreed Action	Who	When
	<p>have developed a Business Case template (Appendix F) which seeks to bring together all the information required to effectively authorise and manage an engagement in one document. In addition to the information captured in our existing business case template, the NPS template also captures 'measures of success' (identified at the planning stage), 'resource requirements', 'key benefits to be delivered', 'exit strategy', risks associated with the engagement and key measures for effective contract management.</p> <p>The NPS Business Case template was discussed with the Chief Executive who considered it was not appropriate for use within the Authority, as such a template was drafted by Internal Audit which is a hybrid of the NPS template and the Business Case Template on the Consultancy Procurement Planning Database (Appendix H).</p>			
9	<p>The sample of ten consultancy engagements (used for detailed testing) were reviewed to ensure each engagement complied with the Authority's Contract Procedure Rules.</p> <p>The Contract Procedure Rules had not been complied with for six of the engagements in the sample (6 engagements relating to the same firm of consultants).</p> <p>In each case the Service Manager / Chief Officer stated that the Contract Procedure Rules had not been applied as the consultant had extensive experience within the Authority, was charging a competitive day rate, and came with recommendations from other Chief Officers. No exemptions from tendering were claimed.</p> <p>The Contract Procedure Rules state that value for money should be demonstrated for all contracts less than £10,000. For contracts between £10,001 and £25,000 a minimum of three tenders must be invited, and for</p>	<p>The new processes introduced as a result of this audit should ensure tighter controls around consultancy spend.</p> <p>The proposed procurement route for each consultancy engagement will be identified in the Business Case which will be authorised by the Chief Officer, Governance (or by the Chief Executive if the estimated cost of the engagement exceeds £25k).</p> <p>Chief Officers will be reminded that there must be transparency around the appointment of all consultants.</p>	Colin Everett	1 st January 2016

No.	Findings and Implications	Agreed Action	Who	When
	contracts between £25,001 and the OJEU limit a minimum of four tenders should be invited which must be sourced through public advertisement via the National Procurement Website.			
10	<p>In addition to the issue around failure to comply with the Contract Procedure Rules (point 9) there is also the risk that if contracts are repeatedly awarded to the same consultant, and the contracts constitute a large part of the consultants' workload over a sustained period of time, HM Revenue & Customs may question the consultants' employment status.</p> <p>HM Revenue & Customs may view a consultant as a "disguised employee" being paid through a Ltd Co to avoid the payment of income tax.</p>	See Agreed Action at point 9.	n/a	n/a
11	<p>Review of the general ledger and the P2P system confirmed that one consultancy firm had been awarded consultancy work totalling circa £160k over the three financial years from 2012/13 to 2014/15 for project management work across a number of different projects.</p> <p>We need to consider whether efficiency savings could be achieved through the direct employment of a part or full time Project Manager in place of the consultant.</p>	<p>Chief Officers will be asked to identify all significant consultancy appointments within their service areas and review the progress of each project against the scope of the work agreed at the start of each project.</p> <p>Reviews need to take place around value, timescales, cost, etc.</p> <p>Going forward the completion of Business Plans will ensure alternatives to the appointment of a consultant are adequately considered. These are reported through Programme Boards.</p>	Colin Everett	1 st January 2016
12	Paragraph 38 of the Contract Procedure Rules states that "all contracts which are strategically critical and / or high risk and / or high value and / or high profile as determined by the relevant Head of Service within their own service area, are to be subject to a minimum monthly formal contract review with the contractor."	<p>Contract monitoring requirements will need to be identified in the Business Case completed prior to the engagement of the consultant.</p> <p>Contract monitoring will also be picked up as part of the 'post assignment review' which</p>	Colin Everett	1 st January 2016

No.	Findings and Implications	Agreed Action	Who	When
	<p>Of the sample of ten consultancy engagements selected for detailed testing, there are possibly two which would fall within paragraph 30 of the CPR's in that they could be defined as 'strategically critical' or 'high profile' as follows;</p> <ul style="list-style-type: none"> • Senior Management Restructure; • Single Status Project Management. <p>There is no evidence of 'formal' monthly contract reviews for either of these engagements, all contract monitoring has been informal (discussions re fee billing, work requirements, quality of output, scope delivery, monitoring of spend and informal monitoring of progress as part of the invoice approval process, etc.).</p> <p>As part of their tool box for the management of consultancy spend the National Procurement Service (NPS) have developed a Post Assignment Review template (Appendix G) which provides a minimum set of considerations for gathering "lessons learned" from each consultancy engagement. The template is considered to be an important part of the due diligence and is designed to be completed with a view to the original Business Case.</p>	<p>will be work flowed through the Proactis contract management module.</p>		
13	<p>Paragraph 39 of the Contract Procedure Rules states that "all contractors shall be subject to regular contract performance reviews, through feedback received from external and internal stakeholders. If practical, a performance review shall be undertaken at the end of each completed contract / job".</p> <p>Discussions with commissioning managers confirmed that informal contract reviews are being carried out (ongoing discussions re progress, timetabling, quality of delivery, etc.) but these are not formally documented.</p>	<p>See Agreed Action at point 12.</p>	n/a	n/a

No.	Findings and Implications	Agreed Action	Who	When
	<p>For some projects regular updates have also been provided to the Chief Executive and Members.</p> <p>Performance reviews have not been carried out at the end of consultancy engagements to identify areas in which the engagement has been successful and areas in which it was less successful. This type of review may be useful in informing future procurement exercises, and future contract monitoring.</p>			
14	<p>Category management has been introduced within the P2P system to control some costs. Each supplier on P2P has been allocated a procurement classification (PC code) and all proposed spend within certain PC codes must be pre-authorised by the designated category manager.</p> <p>There is no category management in place around spend on Business and Management Consultants (PC code 12100). A category manager was in place between January 2014 and October 2014 but the post was not reallocated on the retirement of the post holder.</p> <p>If robust business cases are in place to support consultancy engagements there is limited value added by requiring the pre authorisation of all consultancy spend, however if consultants continue to be engaged without business cases category management would provide an additional layer of control to ensure senior management are aware of spend.</p>	<p>Going forward all consultancy purchase orders entered onto the P2P system will be authorised by the Chief Officer, Governance (as category manager).</p> <p>Orders will only be authorised if supported by a robust Business Case.</p> <p>All orders in excess of £25k will be authorised by the Chief Executive.</p>	Colin Everett	1 st January 2016

4. Additional Audit Comments:

The purpose of this section is to inform Managers of those areas where:

- A finding has been discussed but which has not been included within the overall audit opinion.
- Value for money has been considered and areas of opportunity for further improvement have been identified.

No.	VFM Findings / Suggestions	Management Comment
Value for Money:		
1	<p>On the adoption of the new definition of consultancy spend we need to be mindful that robust controls remain in place around the engagement of ‘Specialist Contractors’ and other professional services to ensure this spend is appropriately managed.</p>	<p>It is recognised that professional fees, etc. will increase as a result of the implementation of the new consultancy cost definition.</p>
2	<p>Any amended definition of consultancy costs and changes to the General Ledger coding structure needs to allow for the clear identification of those consultancy costs which are fully or partially funded from outside the Authority (e.g. costs funded through external grants, costs met through regional partnerships, contributions from other Local Authorities, etc.). This would allow us to clearly identify our consultancy spend as a Local Authority, and going forward allow us to identify trends in spend and manage them appropriately.</p> <p>The existing general ledger coding structure does not allow for the easy identification of funded costs (this could be determined from a review of the cost centre codes for each transaction on the ledger, but would be a time consuming task).</p>	<p>This is something which is being looked at by Corporate Finance but is actually quite problematic.</p> <p>A ‘Practitioners Group’ is in the process of being put together to look at the use of separate codes within the ledger for accounting for grants, and the outcomes of this group will also apply to funded consultancy costs.</p>

Suggestion:

3 The Contract Procedure Rules state that ‘the engagement of consultants must be approved in the first instance by relevant Head of Service / Director and such approval shall be recorded on the Corporate Register of Consultants that may be in place centrally’.

The Contract Procedure Rules should be updated to reflect any decisions made around continuing use of the Consultancy Procurement Planning Database.

Accepted.

5. Distribution List:

Name	Title
Colin Everett	Chief Executive (Accountability Officer)
Helen Stappleton	Chief Officer (People & Resources)
Gareth Owens	Chief Officer (Governance)
Ian Budd	Chief Officer (Education & Youth)
Neil Ayling	Chief Officer (Social Services)
Claire Budden	Chief Officer (Community & Enterprise)
Steve Jones	Chief Officer (Streetscene & Transportation)
Andy Farrow	Chief Officer (Planning & Environment)
Neal Cockerton	Chief Officer (Organisational Change)
Ian Bancroft	Chief Officer (Organisational Change)
Arwel Staples	Strategic Procurement Manager
Kevin Patterson	Project Manager P2P
Gary Ferguson	Corporate Finance Manager
Sara Dulson	Finance Manager
Andy Argyle	Senior Procurement Officer
Lisa Price	Procurement Officer
Suzanne Rogers	Accountant

Audit Opinion:

The audit opinion is the level of assurance that Internal Audit can give to management and all other stakeholders on the adequacy and effectiveness of controls within the area audited. It is assessed following the completion of the audit and is based on the findings from the audit. Progress on the implementation of agreed actions will be monitored. Findings from **Some** or **Limited** assurance audits will be reported to the Audit Committee.

Assurance	Explanation
Green - Substantial	<p>Strong controls in place (all or most of the following)</p> <ul style="list-style-type: none"> ▪ Key controls exist and are applied consistently and effectively ▪ Objectives achieved in a pragmatic and cost effective manner ▪ Compliance with relevant regulations and procedures ▪ Assets safeguarded ▪ Information reliable <p>Impact: key controls have been adequately designed and are operating effectively to deliver the key objectives of the system, process, function or service.</p>
Amber Green – Reasonable	<p>Key Controls in place but some fine tuning required (one or more of the following)</p> <ul style="list-style-type: none"> ▪ Key controls exist but there are weaknesses and / or inconsistencies in application though no evidence of any significant impact ▪ Some refinement or addition of controls would enhance the control environment ▪ Key objectives could be better achieved with some relatively minor adjustments <p>Impact: key controls generally operating effectively but there remains a potential risk of loss, fraud, impropriety or damage to reputation and / or failure to deliver organisational objectives.</p>
Amber Red – Some	<p>Significant improvement in control environment required (one or more of the following)</p> <ul style="list-style-type: none"> ▪ Key controls exist but fail to address all risks identified and / or are not applied consistently and effectively ▪ Evidence of (or the potential for) financial / other loss ▪ Key management information exists but is unreliable ▪ System / process objectives are not being met, or are being met at an unnecessary cost or use of resources. <p>Impact: key controls are generally inadequate or ineffective and there is an increased probability of loss, fraud, impropriety, waste, damage to reputation and / or failure to deliver organisational objectives.</p>
Red – Limited	<p>Urgent system revision required (one or more of the following)</p> <ul style="list-style-type: none"> ▪ Key controls are absent or rarely applied ▪ Evidence of (or the potential for) significant financial / other losses ▪ Key management information does not exist ▪ System / process objectives are not being met, or are being met at a significant and unnecessary cost or use of resources. <p>Impact: a lack of adequate or effective controls leading to a high probability of loss, fraud, impropriety, waste, damage to reputation and / or failure to deliver organisational objectives.</p>

Appendix B – Sample of Consultancy Engagements:

A sample of ten consultancy engagements were selected for detailed testing as part of this audit.

Some of these contracts were well managed, the contracts which were not well managed have been referred to in Section 3.

Project	Invoiced 12/13 to 14/15	Approved PO's not invoiced at 25/3/15
1	£19,750	-
2	£70,924	-
3	£264,000	-
4	£72,800	-
5	£8,000	£10,600
6	£7,800	£16,800
7	£28,000	-
8	-	-
9	£10,000	-
10	£118,715	-

Consultancy Procurement Plan

How to Use: The Consultancy Procurement Plan must be completed before engaging any external consultants. Before completion consideration must be given to using internal resources and expertise. These resources and expertise may not exist within your own service area or directorate so please consult with colleagues in other directorates and even within other North Wales Councils before engaging external resources, The plan must be authorised by your Head of Service. In terms of the procurement route to follow please refer to the Council's Contract Procedure Rules or seek advice from the Corporate Procurement Unit. A copy of the completed procurement plan must be forwarded to the Corporate Procurement unit to enable a pan Council awareness of external consultancy for relevant reporting.

**Directorate &
Service Area**

**Commissioning
Manager**

**Category of
Consultancy**

*See definitions
overleaf.*

**Statement of
requirements**

*i.e. project
description, specific
expertise and skills
required, estimated
length of
engagement,
previous experience
etc*

**Objectives of the
engagement.**

*i.e. outcomes and
outputs expected,
wherever possible
these should be
measurable.
Skills and knowledge
transfer must be
included in
objectives.*

Business Case for engagement of external consultants <i>i.e. have we considered internal resources, partner resources etc</i>	
---	--

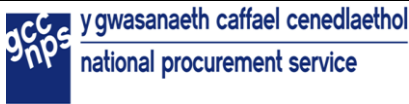
Budget and Procurement Route <i>i.e. The budget must be identified in advance of the engagement and the procurement route as per CPR's and agreed with the corporate procurement unit</i>	
---	--

The approver is responsible for the procurement of the external consultancy services. They will also ensure that a work plan is agreed and monitored with the consultant and that all identified outputs and outcomes as identified above are met. The approver will also ensure that staff work alongside the consultant to ensure appropriate knowledge and skills transfer.

	Name & Position	Date
Approved By		

Consultant Category Definitions

1. Retained consultant, e.g. advisors to the pension fund
2. Retained for special projects, longer term
3. Consultants for specific processes, e.g. consultants appointed to look at the voids process in Housing, consultants appointed to advise on a new technology
4. Consultants employed for specialist services such as training, e.g. social services trainers



BUSINESS CASE FOR PROFESSIONAL SERVICES

APPROVAL FOR PROFESSIONAL SERVICES REQUIREMENTS ABOVE £25K
PLEASE ENSURE THAT YOU READ THE GUIDANCE WHEN COMPLETING THE TEMPLATE

Business Case Ref		Parent Business Case		Directorate or Business Area	
Title				Submission Date	

SECTION 1 – STRATEGIC CASE

To be completed by the Business Stream

1. Role Objectives. Outline SMART deliverables and parameters for the project	Measure of Success

2. Person Responsible for Managing the Contract.	
---	--


3. Requirement. Summarise the resource requirement and how the solution should operate
--

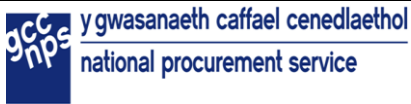
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3a. Requirement	<input type="checkbox"/> New Role <input type="checkbox"/> Extension Please provide Justification for extension:- <div style="border: 1px solid black; height: 60px;"></div>
------------------------	---

3b. Consideration of Employment Status What is the employment status of the individual or group or workers that you are potentially contracting with. (If contracting direct with individuals or groups of workers there could be potential VAT and National Insurance implications / liabilities for the contracting body). Please complete The HMRC Employment Status Indicator, and record the ESI reference. http://www.hmrc.gov.uk/calcs/esi.htm	Employment Status:- <div style="border: 1px solid black; height: 60px;"></div> HMRC ESI Reference:- <div style="border: 1px solid black; height: 60px;"></div>
--	---

4. Proposed Procurement Route. Please indicate the proposed procurement route and give an explanation below.	<input type="checkbox"/> NPS FW (Mini Competition) <input type="checkbox"/> Other Framework (Mini Competition) <input type="checkbox"/> Competitive Tender <input type="checkbox"/> Single Tender Action <input type="checkbox"/> Competitive Quotes <input type="checkbox"/> Extension
--	---

 y gwasanaeth caffael cenedlaethol national procurement service		BUSINESS CASE FOR PROFESSIONAL SERVICES									
5. Proposed Start Date.						6. Estimated End Date.					
6. Retrospective Business Case?						<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <div style="border: 1px solid black; padding: 5px; margin-top: 5px;"> Please provide explanation for retrospective business case:-- </div>					
7. Benefits. Describe key benefits (indicate benefits type)			Please provide description of key benefits that will be delivered as a result of this engagement:- Eg Quantitative – rate reduction, £ savings, £ cost reductions to existing processes, up skilling of staff. Qualitative – community benefits. <div style="border: 1px solid black; padding: 5px; margin-top: 5px;"> Description of key benefits:- </div>								
			<input type="checkbox"/> Quantitative <input type="checkbox"/> Qualitative								
8. Category			<input type="checkbox"/> Professional Services Consultancy <input type="checkbox"/> Professional Services Interim & Specialist <input type="checkbox"/> Professional Services Other <input type="checkbox"/> Research <input type="checkbox"/> Administrative Staff (Agency)								
9a. Consultancy - Sub Category. Add in Link to defs			<input type="checkbox"/> Strategy <input type="checkbox"/> Financial <input type="checkbox"/> Legal <input type="checkbox"/> HR <input type="checkbox"/> PPM <input type="checkbox"/> IT <input type="checkbox"/> Organisational <input type="checkbox"/> Property / Estates <input type="checkbox"/> Marketing <input type="checkbox"/> Technical <input type="checkbox"/> Procurement								
9b. Temporary Staff - Sub Category.			<input type="checkbox"/> Interim Manager <input type="checkbox"/> Specialist Contractor <input type="checkbox"/> Administrative Staff (Agency)								
10. Skills Transfer and Exit Strategy. Outline how the desired skills of the resource will be transferred to internal staff and monitored. (If appropriate). Define the exit plan(s)											



BUSINESS CASE FOR PROFESSIONAL SERVICES

11. Budget.	Year 1 (state year below)				Year 2 (state year below)	Year 3 (state year below)	Total
	QTR 1	QTR 2	QTR 3	QTR 4			
	Total £				£	£	£

12. Risks Identified: Specify top two (2).

Risk Description	Consequence	Probability (High/Medium/Low)	Who is responsible for managing this risk? (Supplier / Organisation)

13. Contract Management.


Name of Contact Manager responsible for monitoring performance / delivery	Key Measure (Quantity/Price/Risk/Time)	Frequency of Measurement
	Eg Achievement of milestones	Quarterly/ Monthly
	Draft / finalised reports	

SECTION 2 – ECONOMIC CASE

To be completed by the Business Stream

1. What alternatives options to letting this contract have been explored and what are the reasons for not pursuing them?

Option	Impact	Recommended Option
Do Nothing		<input type="checkbox"/> Yes <input type="checkbox"/> No
Do Internally (if possible)		<input type="checkbox"/> Yes <input type="checkbox"/> No
Do Minimal (do what is done now but with minor adjustments to maintain status quo)		<input type="checkbox"/> Yes <input type="checkbox"/> No

 y gwasanaeth caffael cenedlaethol national procurement service		BUSINESS CASE FOR PROFESSIONAL SERVICES			
Additional Resource				<input type="checkbox"/> Yes <input type="checkbox"/> No	
2. Confirmation given for expenditure from budget?		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
SECTION 1 & 2 – STRATEGIC AND ECONOMIC CASE – SIGNOFF to be signed off by the Director of the Business Stream					
Position	Name	Date	e-Signature		
SECTION 3 – HR CASE (RECOMMENDATIONS) to be completed by HR Business Partner					
1. Other Options Checked?		<input type="checkbox"/> Managed Moves <input type="checkbox"/> Loan <input type="checkbox"/> Secondee <input type="checkbox"/> FTA <input type="checkbox"/> PPM Pool			
2. Skills Available Internally?		<input type="checkbox"/> Yes <input type="checkbox"/> No			
3. Business Area Consulted?		<input type="checkbox"/> Yes <input type="checkbox"/> No	4. Date		
SECTION 3 – HR CASE – SIGNOFF to be signed off by the HR Business Partner					
Position	Name	Date	e-Signature		
SECTION 4 – COMMERCIAL CASE (RECOMMENDATIONS) to be completed by Procurement					
1. Recommended Procurement Route.		NPS Framework Alternative <input type="checkbox"/> (Mini Competition) <input type="checkbox"/> Framework (Mini Competition) <input type="checkbox"/> Competitive Tender <input type="checkbox"/> Single Tender Action <input type="checkbox"/> Competitive Quotes <input checked="" type="checkbox"/> Extension			
2. Recommended Category		<input type="checkbox"/> Professional Services Consultancy <input type="checkbox"/> Interim & Specialist <input type="checkbox"/> Administrative Staff (Agency) <input type="checkbox"/> Professional Services Other <input type="checkbox"/> Research			

Appendix F to Audit report of 27.01.16

2a. Consultancy - Sub Category.	<input type="checkbox"/> Strategy <input type="checkbox"/> Financial <input type="checkbox"/> Legal <input type="checkbox"/> HR <input type="checkbox"/> PPM <input type="checkbox"/> IT <input type="checkbox"/> Organisational <input type="checkbox"/> Property / Estates <input type="checkbox"/> Marketing <input type="checkbox"/> Technical <input type="checkbox"/> Procurement				
2b. Temporary Staff - Sub Category.	<input type="checkbox"/> Interim Manager <input type="checkbox"/> Specialist Contractor <input type="checkbox"/> Administrative Staff (Agency)				
3. Explanation of Recommendation.					
4. Business Area Consulted?	<input type="checkbox"/> Yes <input type="checkbox"/> No	5. Date			
SECTION 4 – COMMERCIAL CASE – SIGNOFF to be signed off by the Procurement Category Manager/ Strategic Procurement Lead					
Position	Name	Date			e-Signature
SECTION 5 – BUSINESS CASE – SIGNOFF To be signed off by the appropriate level of delegated authority in line with the Organisations delegated authority and operating procedures (E.g. Director / Head of Finance, Head of Dept. etc.)					
1. Business Case Accepted or Rejected?		<input type="checkbox"/> Rejected <input type="checkbox"/> Accepted			
Position	Name	Date			e-Signature
FINAL AUTHORISATION TO BE SIGNED OFF BY A PERMANENT SECRETARY/ MINISTER – IN LINE WITH DELEGATIONS / DEPARTMENTAL PROCESSES (For requirements above £100k)					
Position	Name	Date			Signature



Post- Assignment Review Template

This is required for projects in excess of £10,000 and is advised for all other assignments.

What is this document for?

In order to ensure that the Welsh Government buys consultancy services as effectively as possible, it is necessary to take every opportunity to further refine and improve our processes. This template provides a minimum set of considerations for gathering “lessons learned” from every consultancy purchase we make. This template is an important part of the due diligence and should be completed in light of the original justification / Business Case. Completion should involve senior staff from the project team. The template has two parts. The first relates to the project as a whole, including, but not limited to those tasks performed by the consultants. The second part relates only to the consultants’ performance.

The aim of the review is to ensure VFM is achieved from consultancy engagements, and where appropriate successful skills and knowledge transfer. Completion and submission of this template enables routine collection of performance information, and the ability for NPS to implement Strategic Supplier Relationship Management, thus further increasing supplier performance and driving further value from Welsh Government consultancy expenditure.

How will it be used?

Business areas should use this document, alongside the original Business Case (or other type of justification) to inform their understanding of the reasons they buy consultancy and the factors that contribute to project success, project failure or any variation in predicted spend, timelines or resources. Business Cases and Post-Project Reviews will also be used to support reviews of the types of external resource purchased, to seek alternatives (like recruiting those types of skills that we buy regularly) and to review and continue to improve the Welsh Government’s use of consultants.

Who should be involved in the review?

The number of people involved in the review will depend on the scale of the project but should involve at least the people listed in the table below. For small projects, one individual may fulfil several of the roles listed.

Individual	Description	Minimum Role During the Review
Senior Responsible Owner	The most senior individual in the Directorate who had ultimate responsibility for the project	To sign-off the completed review
Project Manager	The staff member that was responsible for monitoring the consultants activity	Present throughout the review
Impacted Staff	Any staff member whose work or position is affected by the project itself and/or by its recommendations	Input to questions regarding communication, lessons learned and what would be done differently next time.
External Stakeholders	Any external individual or organisation that is affected by the project itself and/or by its recommendations	To provide input to questions regarding communication and lessons learned



Post-Project Review Template - Part One – General Project Review

Post-Project Review Template - Part One – General Project Review			
Project Name		Directorate	
Name of Project Manager		Name of Senior Responsible Owner	
Cost Centre Number		Purchase Order Number	
Project Cost agreed with the supplier at initial Engagement (as documented in approved business case)		Total expenditure paid to supplier by end of engagement, including expenses (detail separately a forecast of any expenditure yet to be paid).	
Estimated project completion date at initial engagement		Actual project completion date	
Please state any Expected Efficiency Savings delivered or secured by the project (£)		Expected Return on Investment – ROI (Efficiency saving divided by actual cost)	
Actual project duration			
Please state the reasons for any delay in project completion			
Please state the original objectives (refer to Business Case)			
Were the original objectives met? (if “No”, please detail in comments)	Yes <input type="checkbox"/> No <input type="checkbox"/>	Comments:-	



<p>Were any additional benefits delivered?</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No	
<p>Please describe the additional benefits</p>		
<p>Might other business areas benefit from the outputs of this work? (Please detail the top two business areas in the Comments field)</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No	<p>Comments:-</p>
<p>Did the engagement recommend what was already suspected or planned? (If "Yes", please use the Comments field to state why the work was still necessary)</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No	<p>Comments:-</p>
<p>Will the project recommendations be implemented? (If "No", please explain why not in the Comments field)</p>	<p>Comments:-</p>	
<p>What were the key critical success factors that enabled this project to be a success, or the lack of which resulted in project failure?</p>		
<p>What are the key lessons you would take on board if repeating this exercise?</p>		

Post-Project Review Template - Part Two – Consultant Performance Review									
How effective was communication?	Between Staff & Consultants	<input type="checkbox"/> Very Good <input type="checkbox"/> Satisfactory <input type="checkbox"/> Poor <input type="checkbox"/> Very Poor <input type="checkbox"/> N/A	Between Consultants and internal Stakeholders	<input type="checkbox"/> Very Good <input type="checkbox"/> Satisfactory <input type="checkbox"/> Poor <input type="checkbox"/> Very Poor <input type="checkbox"/> N/A	Between Consultants External Stakeholders	<input type="checkbox"/> Very Good <input type="checkbox"/> Satisfactory <input type="checkbox"/> Poor <input type="checkbox"/> Very Poor <input type="checkbox"/> N/A			
Were any changes to specification, project timescales and/or total cost authorised through an agreed change protocol. (If “Yes”, please explain key rationale)	<input type="checkbox"/> Yes <input type="checkbox"/> No		Comments:-						
Will internal staff now be able to carry out this work in the future? (If “No”, please explain why the necessary skills were not transferred to “in-house” staff).	<input type="checkbox"/> Yes <input type="checkbox"/> No		Comments:-						
Did the consultants deliver against their original brief as set-out in the Statement of Requirements? (If “No” please explain what was not delivered and why)	<input type="checkbox"/> Yes <input type="checkbox"/> No		Comments:-						
Overall, please rate the services purchased. (If less than “Good”, please explain in the comments field)	<input type="checkbox"/> Very Good <input type="checkbox"/> Satisfactory <input type="checkbox"/> Poor <input type="checkbox"/> Very Poor		Comments:-						

Project Team Sign-Offs

Senior Staff involved in the project should indicate their endorsement of this review document by placing their signatures in the spaces provided below

Name of Senior Responsible Owner		Signature of Senior Responsible Owner	
Project Manager		Signature of Project Manager	
Additional Signatories			

BUSINESS CASE FOR CONSULTANCY SPEND

TO BE COMPLETED AND AUTHORISED PRIOR TO THE ENGAGEMENT OF ALL CONSULTANTS		
Portfolio & Service Area:		
Person responsible for managing the contract:		
Proposed contract start date:	Proposed contract end date:	
Agreed Consultancy hours per week / agreed hours across project		
Total estimated cost of engagement:	Budget code:	
£		
Reason for engagement of consultant: Summarise the resource requirements and provide a description of the key benefits that will be delivered as a result of this engagement.		
Objectives of the engagement: Outline SMART deliverables and Measures of Success for the engagement.		
Proposed procurement route: Indicate the proposed procurement route (with explanation as appropriate).		
Skills transfer & exit strategy: Outline how skills will be transferred to internal staff at the end of the engagement.		
Risks to the success of the engagement: What are the main risks to the success of the engagement and how will they be managed?		
Contract Monitoring		
Name of contract manager responsible for monitoring performance / delivery	Key performance measures	Frequency of measurement

BUSINESS CASE FOR CONSULTANCY SPEND

What alternatives to the appointment of a consultant have been explored and what are the reasons for not pursuing them?

Option	Reason for not pursuing

Business Case Completed by:

Position	Name	Date	Signature
Contact number		Email address	

Business Case Authorisation and Sign off:

**ALL CONSULTANCY ENGAGEMENTS UNDER £25K TO BE APPROVED BY THE CHIEF OFFICER, GOVERNANCE.
ALL PROPOSED SPEND OF £25K AND OVER TO BE APPROVED BY THE CHIEF EXECUTIVE**

Business Case accepted or rejected?	Accepted <input type="checkbox"/>	Rejected <input type="checkbox"/>
-------------------------------------	--------------------------------------	--------------------------------------

Position	Name	Date	Signature

Comments

BUSINESS CASE FOR CONSULTANCY SPEND

TO BE UPDATED FOLLOWING PROCUREMENT OF THE CONSULTANT		
Portfolio & Service Area:		
Post Procurement Information		
Project Name		
Consultant appointed		
Agreed price & budget code	£	
Is the agreed price in line with the estimated cost in the original business plan? If not then reasons to be provided.		
Agreed start and end date for contract	Start Date:	End Date:

TO BE UPDATED ON COMPLETION OF THE CONSULTANCY PROJECT	
Post Assignment Review	
Total Cost Incurred	£
State the reason for any increase in costs above the 'agreed price'.	
State the reason for any delay in project completion.	
Detail any efficiency savings delivered or secured by the project.	
Were the original business objectives met?	
Were any additional benefits identified?	
Will internal staff now be able to carry out this work in the future (transfer of skills)?	
Was formal contract monitoring undertaken as outlined at the planning stage?	
Please rate the overall service purchased (with explanations for any rating less than 'satisfactory').	<input type="checkbox"/> Very good <input type="checkbox"/> Poor <input type="checkbox"/> Good <input type="checkbox"/> Very Poor <input type="checkbox"/> Satisfactory
Comments:	

BUSINESS CASE FOR CONSULTANCY SPEND

Completed by:	Date of Completion:
Consultant 360° review of engagement	
Summary of comments from consultant following the completion of the engagement (comments re procurement process / management of engagement, etc).	

These documents are to be retained for 6 years following the end of the consultancy engagement for review by Internal Audit and for other cost management and monitoring purposes.