



Comptroller and Auditor General

Report on Value for Money Examination

## Consultancies in the Civil Service

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*Report for presentation to Dáil Éireann  
pursuant to Section 11 of the  
Comptroller and Auditor General  
(Amendment) Act, 1993 (No. 8 of 1993)*

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Comptroller and Auditor General

Report on Value for Money Examination

## Consultancies in the Civil Service

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Baile Átha Cliath  
Arna fhoilsiú ag Oifig an tSoláthair

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The report was prepared on the basis of information, documentation and explanations obtained from the bodies referred to in the report.

The draft report was sent to the Department of Finance and their comments requested. Where appropriate, these comments were incorporated in the final version of the report.

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## Report of the Comptroller and Auditor General

### Consultancies in the Civil Service

I have, in accordance with the provisions of Section 9 of the Comptroller and Auditor General (Amendment) Act, 1993, carried out a value for money examination of consultancies in the civil service.

I hereby submit my report of the above examination for presentation to Dáil Éireann pursuant to Section 11 of the said Act.

A handwritten signature in black ink, appearing to read 'John Purcell', with a large, stylized loop at the beginning and a long, horizontal stroke extending to the right.

John Purcell  
Comptroller and Auditor General

30 March 1998

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## General Notes

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In general, in the text the term 'department' is used to denote both government departments and offices, e.g. the Office of the Revenue Commissioners.

The names and responsibilities of a number of departments were changed in July 1997. Since this report is concerned primarily with consultancy assignments undertaken in the period 1994 to 1996, the former names of departments have been used in the text.

For the purposes of this report consultancy assignments have been categorised as follows

- small consultancies - cost is less than £10,000
- medium consultancies - cost is between £10,000 and £100,000
- large consultancies - cost is between £100,000 and £1 million
- major consultancies - cost is greater than £1 million.

## Summary

Although the use of external consultancies by government departments has increased significantly in recent years, the amount of available information about the nature and cost of consultancies and the reasons why they are commissioned is limited. Accordingly, this examination set out to gather information about consultancies undertaken by all government departments in the period 1994 to 1996 and to consider the following value for money issues associated with the various stages of a consultancy

- whether the need for consultants is properly established prior to the engagement process
- whether consultancy services are acquired in the most economical manner
- whether consultancies are managed efficiently by departments
- whether the output and impact of consultancies are adequately assessed.

### Consultancies Undertaken in the Period 1994 to 1996

A detailed survey of all departments was undertaken to establish the nature and extent of consultancies in the period 1994 to 1996. Survey returns were received in respect of 983 consultancies commissioned by 28 departments at a cost of £62.7 million. Seven major consultancies, each costing over £1 million made up over half of the total cost. By contrast, 56% of consultancies cost less than £10,000 and represented 3% of the total cost.

For consultancies costing less than £1 million, 66% could be classified as being output related involving the commissioning of professional advice, policy and performance reviews, planning or appraisal studies and market research. A further 26% could be classified as contributing to the development of business processes within departments. These consultancies were typically associated with the development of information technology systems, training and development, organisational reviews and consultancies associated with the Strategic Management Initiative.

The survey showed that 61% of consultancies were undertaken because of either a lack of in-house skills or the unavailability of in-house resources. A further 31% of consultancies were commissioned to obtain an independent or objective view.

There is a clear need for the maintenance of information on public sector consultancies in an easily accessible form in order to better inform the selection process and to improve the effectiveness of the management of consultancies.

### The Case for Consultants

A detailed examination of 34 consultancies drawn from three departments showed that a formal written business case setting out the objectives, expected benefits and

estimated cost of the consultancy was not prepared in any case. The examination found very little documentary evidence that departments gave due consideration to the likely cost-effectiveness of the use of consultants.

### **The Selection Process**

Procedures for the consultancy selection process are documented in guidelines produced by the Department of Finance which take account of European Union requirements. The principal aim is to select the right consultant for the job at the best price while ensuring fairness to all potential candidates, usually through a competitive process. In most respects, departments followed the rules and guidelines.

Single tendering was used in 9 of the 34 consultancies examined in detail. In the evaluation of tenders, concerns of quality or a medium term perspective can outweigh those of cost and in 19 out of 25 tender competitions examined, the contract was not awarded to the lowest bidder.

### **Management of Consultancies**

It is estimated that the cost of departmental staff time applied to acting as a project manager and liaising with the consultants during the performance of the work is equivalent to 19% of the total cost of the consultancy. In most of the cases examined, the role and responsibility of the project manager was not defined in advance and project management responsibilities were additional to the normal duties of the officer. Records of contacts with the consultants were not always maintained and in two cases, there were no records at all of project management activity.

Only 17 of the 34 consultancies examined had activity plans for the delivery of consultancy outputs. In 66% of the consultancies where plans were available, the completion of work was late. While the best way to control the cost of consultancies is to have a fixed price contract, the survey showed that cost overruns occurred in 36% of consultancies costing between £100,000 and £1 million, although the departments concerned regarded the contract as being on a fixed price basis. In three of the these cases, the additional payment was in excess of £100,000.

### **Measuring the Impact of Consultancies**

Departments do not have systems, procedures or practices to measure the effectiveness of consultancy assignments. Very little evidence of the preparation of formal evaluations of the impact of consultancy assignments on the operations of departments was found.

Cost savings which were expected to materialise as a result of the consultancies were not computed in some cases where it would have been appropriate to do so.



# 1 Introduction

- 1.1 Over the past decade, government departments have made increasing use of the services of external consultants. Departments may engage consultants because of a lack of in-house skills or expertise or because there are insufficient in-house resources to complete a task in the time available. In other cases, external consultants are used because of a need for an independent or objective view or because external bodies require their use.

## What is Consultancy?

- 1.2 There is no formal definition of the term 'consultancy' in the context of the Irish civil service. In carrying out this examination, the following definition has been adopted

*A consultancy is any service which relates to the engagement of a person, agency or firm for a limited period of time to carry out specific tasks, usually involving*

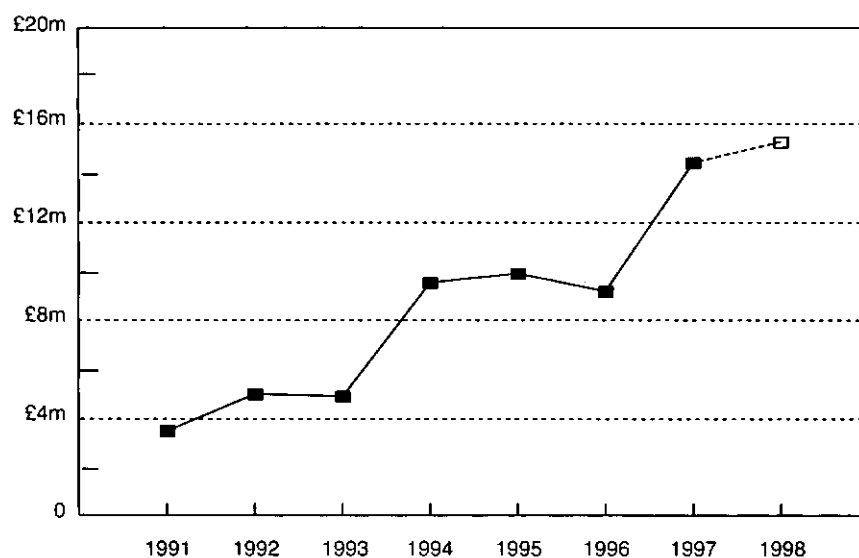
- *the investigation of problems and recommendation of solutions, and/or*
- *the provision of assistance with the development of new systems or new capabilities within the organisation, and/or*
- *the provision of analysis, advice or research findings.*

- 1.3 The definition of consultancy aims to focus the examination on consultancy assignments which are intended to generate information for strategic decision making or which deal with non-routine aspects of the operations of the engaging organisation. Consultancies are considered to be temporary activities which may introduce tangible and/or intangible benefits to the organisation, usually in the form of an addition to its knowledge base or as a springboard for organisation change. Accordingly, the definition deliberately excludes

- *staff substitution*, which is the engagement of staff on a 'contract for service' basis to carry out work which is the normal on-going business of the organisation concerned, e.g. the use of temporary or agency staff to carry out duties of a routine nature
- *contracted services* involving the purchase of continuing and essential routine services for a specified period, e.g. maintenance of computer systems, security, cleaning or catering services.

- 1.4 Design and engineering consultancies for capital projects are excluded from the definition because they are different in nature to other consultancies and are better examined in association with the construction projects to which they relate. Internal consultancies, performed within or between departments, are also excluded.

**Figure 1.1 Expenditure under subhead A.7 by civil service departments, 1991-1998**



Source: Appropriation Accounts 1991-1996; Estimates for Public Services 1998 (Abridged Version)

### Expenditure on Consultancy

- 1.5 Most departmental accounts include a special subhead to report expenditure on consultancies — *A.7: Consultancy Services* — but there is no formal guidance about what should be accounted for under this subhead. Expenditure by all departments under the A.7 subhead in 1997 is expected to be £14.5 million (see Figure 1.1). This was over four times the level of expenditure incurred in 1991. Expenditure in 1998 is estimated at £15.4 million.
- 1.6 Expenditure on consultancies is also accounted for under subheads other than A.7. Where this occurs, the expenditure is rarely identified separately in departmental accounts as spending on consultants. As a result, the full extent of spending on consultancies by civil service departments is unknown.
- 1.7 Departments generally do not keep central records of the consultants engaged, so it is not possible to compile readily a listing of consultancy projects undertaken, or those which are under way at any point in time.

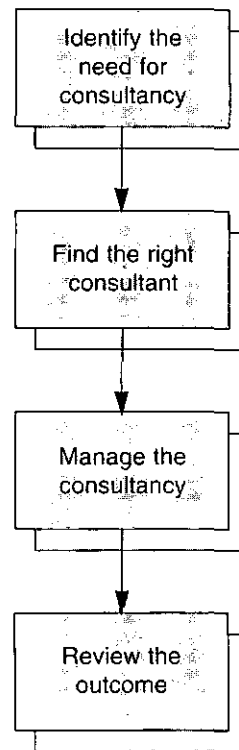
### Value for Money Principles in Using Consultants

- 1.8 The increasing amount of public funds spent on consultancies requires that more attention should be paid to ensuring that value for money is obtained from the

consultancy. There are important value for money issues to be considered at each of the four stages in the life cycle of a consultancy (see Figure 1.2).

- *Identify clearly the need for consultants.* An organisation engaging consultants must be clear about the terms of reference for the consultancy assignment. The reasons for the use of consultants and the anticipated worth of the assignment must be established at the outset if the consultants are to be used effectively.
- *Select the consultants who can provide the service at the least cost.* A major part of the process for selecting consultants is concerned with the economy issue of choosing the firm which will provide the right quality of service at the best price.
- *Manage the consultancy.* While the consultancy is in progress, the liaison between the consultancy team and departmental officials should be managed to ensure the efficient and effective completion of the work within the agreed time frame and budget.
- *Review the consultancy.* A formal review of the outcome of the consultancy should be made to determine how the output has been used and whether or not the desired impacts were achieved. The review may also identify ways to improve other consultancies in the future.

**Figure 1.2**  
**Life cycle of**  
**a consultancy**  
**assignment**



1.9 These value for money issues are embodied in Department of Finance documentation of the procedures to be followed in the use of consultants. A 1994 publication<sup>1</sup> sets out procedures for the awarding of public sector contracts, including consultancy contracts. These procedures also include the requirements specified in European Union directives for government procurement. Guidelines which deal explicitly with the engagement of management consultants<sup>2</sup> but which may also be applied to consultants specialising in other areas, were issued in 1995. In 1996, the Department issued further guidelines relating specifically to information technology consultants<sup>3</sup>.

<sup>1</sup> *Department of Finance, Public Procurement, Dublin: The Stationery Office, 1994*

<sup>2</sup> *Department of Finance, A Code of Practice for the Civil Service - Engaging Management Consultants, unpublished, 1995*

<sup>3</sup> *Department of Finance, Advice Note on Making Effective Use of External Support, unpublished, 1996*

## **Objectives and Scope of the Examination**

- 1.10 The examination was concerned with all consultancies (within the definition in paragraphs 1.2 to 1.4) undertaken in all government departments in the period 1994 to 1996. It set out to establish the extent of the use of consultants in the civil service and to what degree the impact of the consultancies is being measured. The examination addressed the following specific questions
- What was the cost of consultancies in the period 1994 to 1996 and for what purpose were consultants engaged?
  - Was the need for consultants properly assessed and were other options fully evaluated?
  - Were consultancy services acquired in the most economical manner?
  - Were the consultancy projects managed efficiently?
  - To what extent were the outputs of consultancy projects utilised?
- 1.11 The report presents the examination findings in a format which devotes a chapter to each of the issues specified in paragraph 1.10.
- 1.12 Details of the methodology used in carrying out the examination are given in Appendix A. The use of consultants by departments in the period 1994 to 1996 was established by means of an extensive survey conducted during the second half of 1997. The main results of the survey are presented in a series of tables in Appendix B.

## 2 Use of Consultants

### Absence of Information on Consultancies

- 2.1 The quality and extent of information available about consultancies in the civil service is very poor. Most civil service departments are not in a position to know how much they spend or are committed to spend on consultancies without carrying out a detailed study. Relevant details are not recorded centrally and in some departments, it is even difficult to establish the number of individual consultancy projects underway at any point in time.
- 2.2 Prior to this examination, the best available information about the use of consultants by individual departments was contained in the responses to periodic parliamentary questions but these did not give a comprehensive overview of the nature of activity or of the level of spending involved. The responses were also not provided on the basis of consistent definitions or time periods and would not support an accurate estimate of either the total value of consultancy contracts or the years in which expenditure was incurred.

### Cost of Consultancies

- 2.3 The examination aimed to establish the total cost of consultancies undertaken in the period 1994 to 1996. Some of the consultancies during this period had started in earlier years and others were still in progress at the end of 1996, so expenditure is not confined to the three years in question. In presenting the cost of the 1994 to 1996 'cohort' of consultancies, the estimated full project life cost is used, irrespective of when the expenditure was or will be incurred.
- 2.4 The nature and cost of consultancies undertaken in the examination period was established by a detailed survey of all departments. In carrying out the survey, all departments were asked to complete a separate questionnaire<sup>4</sup> for each consultancy assignment
- in respect of which any payment was made in the period 1 January 1994 to 31 December 1996 (which includes any consultancies that started before 1994 but finished during the examination period) or
  - which was commissioned between 1 January 1994 and 31 December 1996 (including consultancies that carried over into 1997).

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<sup>4</sup> A copy of the questionnaire is included in Appendix A.

**Table 2.1 Reported cost of consultancies undertaken in the period 1994 to 1996, by year of expenditure**

Period	Estimated expenditure under:		Total expenditure
	A.7 subhead	Other subheads	
	£m	£m	£m
<b>Before 1994<sup>a</sup></b>	3.1	0.4	3.5
<b>1994</b>	7.2	2.1	9.3
<b>1995</b>	7.8	4.5	12.3
<b>1996</b>	7.8	9.6	17.4
<b>After 1996<sup>a</sup></b>	5.6	14.6	20.2
<b>Total cost of consultancies</b>	31.5	31.2	62.7

*Note:* <sup>a</sup> The figures shown represent estimated spending before 1994 or after 1996 only on the consultancies which are the subject of this examination.

*Source:* Survey of consultancies by Office of the C&AG, 1997

- 2.5 Completed survey forms were received in relation to 983 consultancy assignments commissioned by 28 departments. Based on the answers given in the returned forms, the total cost of these consultancies is estimated at almost £63 million (see Table 2.1).
- 2.6 The Appropriation Accounts for the years 1994 to 1996 show that actual expenditure under the A.7 subhead amounted to almost £29 million. The questionnaires which were returned reported expenditure of £22.8 million under the A.7 subhead in those years which represents 79% of the amount reported in the Appropriation Accounts. On this basis, the total cost of consultancies undertaken in the period may be considerably more than the £63 million reported in the survey.
- 2.7 The level of spending charged under non—A.7 subheads was 50% of the total estimated cost of consultancies in the period which was much higher than expected. The increasing trend in using non—A.7 subheads to account for consultancy spending makes it more difficult to monitor the overall level of expenditure on consultancies.
- 2.8 All expenditure on consultancies by departments should be accounted for in a clearly visible way. This could be done by reporting consultancy expenditure only under the A.7: *Consultancy Services* subhead which could also be developed to show the type of consultancy involved. Alternatively, if it is considered better to record spending on consultancy related to specific projects together with other spending on those projects, the consultancy element should be listed separately under the relevant subhead. In

either case, it would be useful for the Department of Finance to define formally what constitutes a consultancy assignment and to specify the required accounting treatment.

### Size of Consultancies

2.9 Seven major consultancy assignments, each costing in excess of £1 million, account for over half the estimated total cost (see Table 2.2).

- A consultancy involving the development and implementation of an information technology strategy for the Garda Síochána is estimated to cost £12.9 million.
- Two consultancy assignments commissioned by the Department of Social Welfare are related to development of the Integrated Short-Term Schemes computer system.<sup>5</sup> Together, the consultancies involve expenditure estimated at £8.8 million.
- The Department of Transport, Energy and Communications engaged a consortium of consultants at a cost of £4.1 million to provide advice in relation to the identification of a suitable strategic partner for Telecom Éireann. The Department also hired a firm of consultants at a cost of £1.4 million to help in the selection of developers to build and operate a new peat fired electricity generating station.
- The Office of the Revenue Commissioners engaged consultants to assist in developing an integrated taxation processing system (at a cost of £5.2 million) and a common taxation registration system (at a cost of £1.3 million).

**Table 2.2 Distribution of consultancy contracts by number and value**

Category of consultancy		Percentage of cases	Percentage of value
<b>Small</b>	(less than £10,000)	56%	3%
<b>Medium</b>	(£10,000 - £100,000)	37%	19%
<b>Large</b>	(£100,000 - £1 million)	6%	24%
<b>Major</b>	(£1 million or more)	1%	54%
<b>All consultancies</b>		100%	100%
<i>Population</i>		983	£62.7m

Source: Survey of consultancies, Office of the C&AG, 1997

2.10 The duration of consultancies is closely related to the scale of expenditure involved. Of the small consultancies, 84% were completed within six months and almost 50%

<sup>5</sup> See Comptroller and Auditor General, *The Development of the Integrated Short-Term Schemes Computer System*, Dublin: The Stationery Office, March 1997

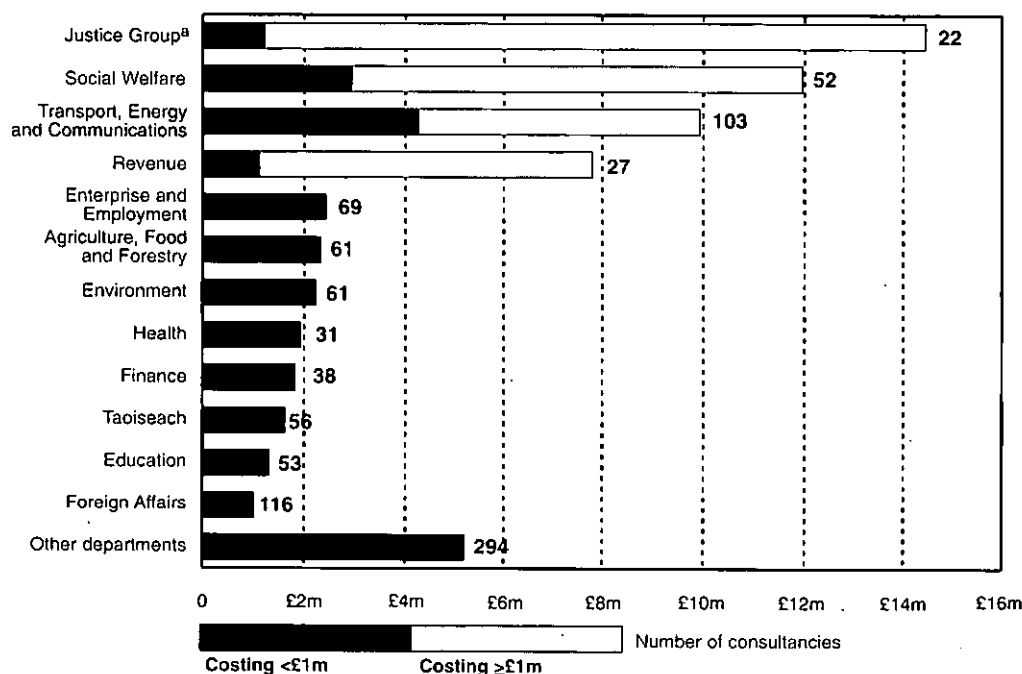
of these were completed within one month. Over 50% of medium consultancies were completed within six months, while 50% of large consultancies lasted for more than a year.

- 2.11 The wide differences which exist in the scale and duration of consultancies and the number of small consultancies commissioned suggest that it would be appropriate from a value for money perspective to adopt different procedures in planning and controlling assignments of different sizes. However, in deciding what is appropriate to the scale of a particular consultancy, the same set of basic value for money principles should be kept in mind.

### Expenditure by Department

- 2.12 Figure 2.1 shows the cost of consultancies in the examination period, analysed by department. The seven major consultancy assignments referred to in paragraph 2.9 make the respective commissioning departments by far the biggest spenders. However, two of the four departments concerned are the highest spenders when the major assignments are excluded.

**Figure 2.1 Number and value of consultancies undertaken in 1994-1996, by department**



Note: <sup>a</sup> Includes consultancies paid for under the prisons, courts and Garda Síochána votes  
Source: Survey of consultancies, Office of the C&AG, 1997



### *Use of Consultants*

- 2.13 The number of consultancies undertaken by individual departments varied from as few as two or three to as many as 116. Eleven of the 28 departments undertook fewer than 20 consultancies. Only two departments undertook more than 100.

#### **Most Frequently Used Consultants**

- 2.14 Table 2.3 shows the 15 consultancy organisations most frequently engaged by civil service departments in the period 1994 to 1996 and the estimated total cost of the assignments on which they were engaged.
- 2.15 In terms of cost, Andersen Consulting is the clear leader. Almost half of the total cost of the assignments awarded to the company is accounted for by the major Garda Síochána information technology project referred to in paragraph 2.9.

**Table 2.3 Number and cost of consultancies undertaken in 1994-1996 by the most frequently used consultants**

Consultant	Number	Cost
		£ m
Andersen Consulting	12	26.7
Digital Equipment Corporation	13	3.8
Price Waterhouse	31	1.8
Deloitte and Touche	14	1.3
Coopers and Lybrand	23	0.9
DKM	7	0.7
Economic and Social Research Institute	18	0.7
KPMG	18	0.5
Ernst and Young	9	0.4
Indecon	7	0.4
Fitzpatrick and Associates	13	0.4
Goodbody Economic Consultants	10	0.2
Brady Shipman Martin	5	0.2
Institute of Public Administration	6	0.2
Computer Learning Centre	7	0.1
<b>Total for these consultants</b>	<b>193</b>	<b>38.3</b>
<b>Total for other consultants</b>	<b>790</b>	<b>24.4</b>
<b>Total for all consultants</b>	<b>983</b>	<b>62.7</b>

*Source: Survey of consultancies, Office of the C&AG, 1997*

- 2.16 Andersen Consulting also received a major consultancy contract in relation to the Department of Social Welfare's Integrated Short-Term Schemes computer system project. Most of the assignments awarded to Digital Equipment Corporation were also related to this single project.

**Improving the Quality of Information about Consultancies**

- 2.17 The survey revealed that departments commission a large number of consultancies each year. The paucity of information available to departments concerning the experience gained from these consultancies is an inhibitor to obtaining good value for money.
- 2.18 Simple registers of the nature and extent of consultancy activity within each department would facilitate a sharing of lessons learned. A single central register of the use of consultants by the civil service from the departmental registers would provide valuable information which would be a useful reference base for staff in any department involved in finding suitable consultants for particular assignments.
- 2.19 The central register might record information such as
- the name of the commissioning department
  - the name of the consultants
  - the title of the assignment
  - an indication of the type of work done by the consultant
  - the cost of the consultancy and the year-by-year expenditure
  - a unique job reference number
  - a contact person who is familiar with details of the consultancy.

### 3 Establishing the Need for Consultants

- 3.1 The perception of the potential contribution which consultants can make to departments is changing and the diversity of consultancy services available is growing. However, consultants are expensive to employ and should only be used where they are likely to provide the most economical or efficient means to address definable objectives or tasks. Accordingly, prior to embarking on the engagement process, the need for a consultancy input, the nature of the required service and the expected benefit from the use of consultants should be established. This chapter presents the findings of the examination in each of the these areas.

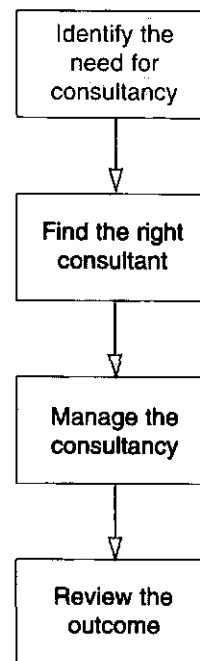
#### Need for a Consultancy Input

- 3.2 The primary value for money considerations in deciding whether or not consultants are needed can be stated as
- whether external consultants will be better than in-house staff in performing the service at a fair cost
  - the extent to which the consultancy will be cost effective
  - how much the consultants' contribution is expected to be worth.

These issues should be considered before a decision in principle to use consultants is reached.

- 3.3 For the purposes of the survey, five main reasons for using consultants were identified.
- There may be *a lack of in-house skills* of the kind required to address the problem. Typically, this arises where a particular skill is required only occasionally in the course of the organisation's work.
  - There may be a perception within the organisation that *an independent or objective view is required*, for example, where in-house staff are too close to a problem to see it clearly or in proper context or where there is a concern that they, or the organisation as a whole, may have a vested interest in a particular outcome.
  - There may be *a lack of in-house resources* to address a particular problem. In this case, a distinction needs to be made between 'staff substitution', where external assistance is recruited to carry out routine functions, and 'consultancy' which helps in dealing with changes in existing processes and the development of new capabilities.

#### Life cycle of a consultancy assignment



- There may be *an externally-imposed requirement* to appoint consultants to carry out certain tasks, as is imposed by the Commission of the European Union in relation to the structural funding programmes.
- The *urgency* to find a solution to a problem may prompt an organisation to engage consultants due to the temporary unavailability of in-house staff.

3.4 Departments were asked in the survey to specify which of these causes was the main reason for engaging consultants in respect of each assignment. The distribution of the reasons they gave is set out in Table 3.1.

**Table 3.1 Reported reasons why departments commissioned consultants, 1994-1996**

Reason	Percentage of consultancies	Percentage of value
Lack of in-house skills	46%	59%
Need for independent/objective view	31%	26%
Lack of in-house resources	15%	11%
EU or other external requirement	5%	3%
Other (including urgency)	3%	1%
<b>Total</b>	<b>100%</b>	<b>100%</b>
<i>Population</i>	983	£62.7m

Source: Survey of consultancies, Office of the C&AG, 1997

### *Lack of In-House Skills and Resources*

- 3.5 Almost half of the consultancies, including four of the seven major ones, were reported to have been undertaken because of a lack of in-house skills in departments. A further 15% of consultancies were attributed to a lack of in-house resources.
- 3.6 The engagement of consultants will rarely be the most economical way to overcome skill deficiencies unless the range of skills required is diverse or the particular skills are required infrequently. Where there is regular engagement of consultants to meet a particular skill need, the option of developing in-house capabilities through direct employment or training of existing staff members should be considered. Developing staff by means of skills transfer from consultants should also be considered.

*Independent or Objective View*

- 3.7 Almost one third of the consultancies, costing over £16 million, were reported to have been undertaken because of a need for an independent or objective view. While the occasional commissioning of an objective view can be beneficial, especially when dealing with strategic issues, resorting frequently to consultants for this reason might be indicative of a need to further develop the department's management structure.

*Nature of Consultancy Services*

- 3.8 As the nature of the services provided by consultants can vary considerably, departments were asked in the survey to categorise each consultancy assignment by indicating which of nine categories provided on the survey form best described the kind of work undertaken. The available categories are grouped into those which are related directly to the departments' outputs and those which are more concerned with how departments are organised and managed (the business process) to achieve their organisational objectives.
- 3.9 Table 3.2 describes the nature of the work undertaken for consultancies costing less than £1 million.
- 3.10 Of the 640 output-related consultancies, 328 involved the commissioning of professional advice, including legal, financial or technical advice, at a total cost of £9.5 million (an average cost of £29,000 per assignment). Departments commissioned consultants on 68 occasions, at an average cost of £39,000, to undertake market research and opinion surveys, to develop information and public relations campaigns or to assist with the design of forms and publications. The other output-related consultancies, costing £27,000 on average, involved reviews of policy or performance, including evaluations of European Union programmes, or appraisals of options for future action.
- 3.11 Over half of the 250 consultancies which dealt with business processes were related to information technology and information systems development, at a total cost of £5.6 million (an average of £41,000 per assignment). The remaining business process consultancies involved reviews of how business is organised and managed, development of strategic plans under the Strategic Management Initiative and staff training and development assignments. These consultancies, costing an average of £28,000, were on a smaller scale than the information technology assignments.

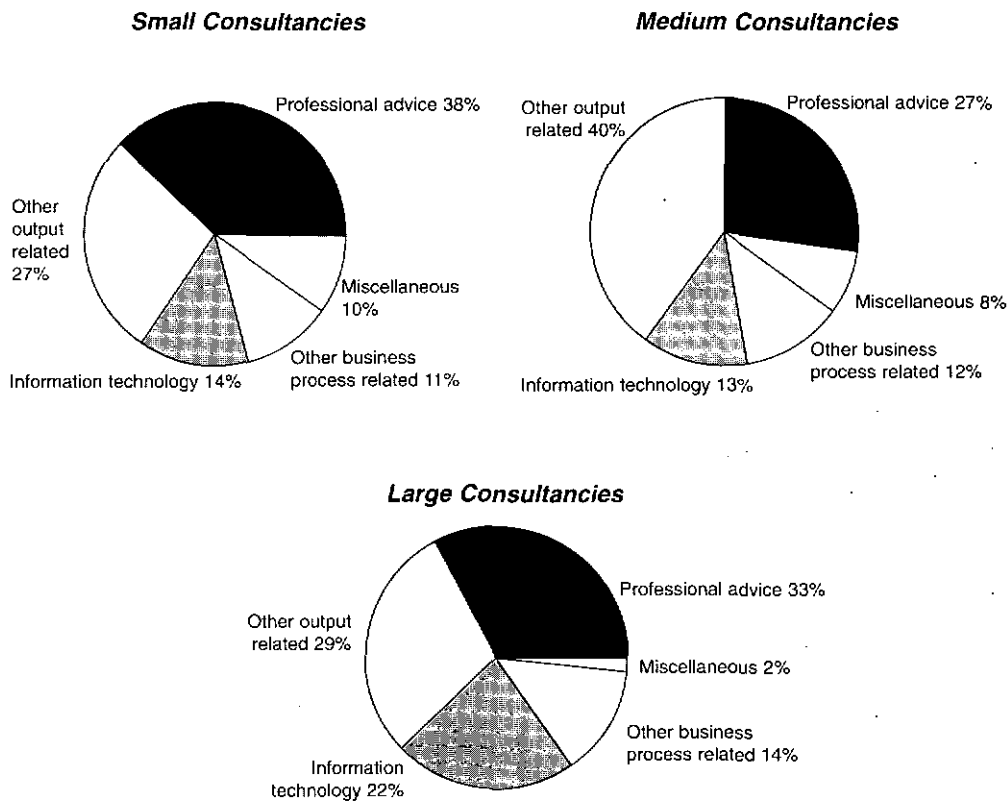
**Table 3.2 Consultancies costing less than £1 million, by nature of consultancy, 1994-1996**

Nature of consultancy	Percentage of consultancies	Percentage of value
<b>Output related</b>	<b>66%</b>	<b>65%</b>
<b>Professional advice</b> (including legal, financial and technical advice)	34%	33%
<b>Policy review</b> (including sectoral and strategic reviews)	15%	11%
<b>Performance reviews</b> (including EU evaluations and development of performance indicators)	3%	7%
<b>Planning or appraisal studies</b> (including feasibility, baseline and cost-benefit studies)	7%	5%
<b>Market research/public relations</b> (including survey design, information programmes, publication and forms design)	7%	9%
<b>Business process related</b>	<b>26%</b>	<b>30%</b>
IT planning/information systems development	14%	19%
<b>Reviews of organisation</b> (including reviews of management structures and staffing)	5%	7%
<b>Strategic Management Initiative</b>	4%	3%
<b>Staff training and development</b>	3%	1%
<b>Other types of consultancies</b>	<b>8%</b>	<b>5%</b>
<b>Total</b>	<b>100%</b>	<b>100%</b>
<b>Population</b>	<b>976</b>	<b>£29m</b>

Source: Survey of consultancies, Office of the C&AG, 1997

- 3.12 Departments which engaged consultants mostly to assist with outputs tended to have a supervisory rather than an executive role in relation to the programmes for which they were responsible. By comparison, departments which engaged consultants primarily to assist with development of their business processes tended to be more directly engaged in the administration of their schemes and programmes.
- 3.13 The nature of consultancies undertaken in the different size categories is set out in Figure 3.1.

**Figure 3.1 Nature of consultancies, by size, 1994-1996**



Source: Survey of consultancies, Office of the C&AG, 1997

### **The Expected Benefit from Consultancies**

- 3.14 Organisations which commission consultants are generally seeking new information as an input to decision-making. The value of the consultancy can be considered in terms of how much the required information is worth in practice which in turn, should give an indication of how much an organisation is willing to pay for it. Since the process of appointing consultants can be expensive for the commissioning organisation, a decision on how much the organisation is willing to spend should be made prior to the commencement of the engagement process.
- 3.15 The identification of the expected benefits from the consultancy at the earliest possible stage should contribute to maximising the actual benefit obtained from the assignment. The preparation of a formal business case, which records the basis for the decision to engage consultants, is often used for this purpose. The necessary elements of a good business case are listed in Figure 3.2.

**Figure 3.2 Elements of a business case**

The preparation of a business case for using consultants is recommended in the Department of Finance's guidelines. A business case in support of a proposal to engage consultants should, at a minimum, include the following

- a statement of the business problem being addressed
- a statement of the proposed terms of reference
- an assessment of the likely skills required
- a description of any constraints, such as time or cost
- an assessment of the options for carrying out the task
- an estimate of the cost of the various options, including the cost of necessary management arrangements
- a description of the likely benefits from each of the options
- a recommendation about the preferred option
- a clear statement of the maximum cost that should be incurred.

- 3.16 The exercise of preparing a business case should not be undertaken simply as a means of justifying a prior decision to engage consultants. In order to be worthwhile, it must ensure that the relevant issues are properly and objectively explored and should be prepared before the decision to proceed is made.
- 3.17 While the business case will often be developed in the first instance on the basis of discussion between the relevant decision makers and advisers, the reasoning should be recorded in a formal way whenever it is decided that consultants should be engaged. The documentation prepared should cover all the main elements for consideration at a level of detail which is in proportion to the scale of what is proposed.

*Preparation of Business Cases in the Civil Service*

- 3.18 As part of the examination, the files of a sample of 34 consultancies drawn from three departments were reviewed to establish the procedures followed by departments in engaging consultants. The examination found that no formal business case was documented in relation to any of the consultancies included in the sample.
- 3.19 Since there were no separate business case documents on any of the files, the papers were examined in further detail to establish if there was any documentary evidence that the main issues which should underpin a decision in principle to engage consultants had been considered. The results of this analysis are presented in Table 3.3. In five cases, the very first papers on file simply recorded that decisions had been taken to invite tenders for the assignments. In no case was a limit specified for expenditure on the consultancy assignment.



**Table 3.3 Preparation of business cases**

<b>Documentary evidence of</b>	<b>Number of cases</b>
Main elements of a business case	4
Some elements of a business case	21
None of the elements of a business case	9
All consultancies examined	34

*Source: Examination of sample of consultancies, Office of the C&AG, 1997*

- 3.20 In March 1997, the Department of Finance introduced new arrangements for spending on information technology, including the use of consultants on information technology assignments. Departments are required to supply annual statements of expected business impacts and lifetime costs for each information technology project planned or underway.

*Consideration of Alternatives to the Use of Consultants*

- 3.21 There was little evidence from the sample of consultancies examined that decisions to use consultants were based on any explicit evaluation of other options, such as the use of existing staff where they have the necessary skills or drawing on the services of expert units within other departments. Only in six cases was any written reference made to solutions other than consultants. A formal appraisal of the advantages and costs of using a consultant relative to other options was not prepared for any of the cases.
- 3.22 In four of the consultancies examined, the consultants had been engaged to carry out evaluations of European Union structural funding programmes. The use of external consultants in such cases is a requirement of the Commission of the European Union so the consideration of other options does not apply.

**Value for Money Implications**

- 3.23 The examination established that, regardless of the nature of the consultancy, there is in general very little documentary evidence that departments gave sufficient consideration in advance to the likely cost-effectiveness of consultancy assignments. It was not common practice to prepare a formal business case or to make an estimate of the likely cost or worth of the consultancy to the department. The introduction of practices to define the nature of the service required, identify the reasons and motives for using consultants and estimate the likely financial and non-financial benefits to the organisation is a prerequisite for measuring the value for money obtained from a consultancy on its completion.

## 4 Finding the Right Consultant

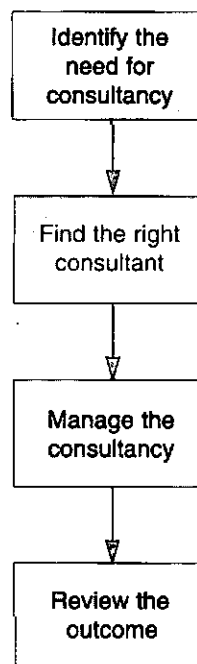
4.1 Once a decision in principle to use consultants has been taken, the selection process is concerned with the identification of consultants who can meet the requirements of the assignment at the best price. While the primary value for money concern from this process is for economy, a balance must also be struck between

- fairness to potential candidates, which requires that all suitable candidates should be given the opportunity to submit proposals
- ensuring a sufficient level of competition so that the best price can be achieved
- minimising the cost of the selection process.

4.2 The main steps in finding the right consultant are

- choosing the appropriate selection method
- informing the potential candidates about the consultancy
- evaluating the candidates' proposals
- agreeing a contract with the most suitable candidate.

### Life cycle of a consultancy assignment



### Choosing the Selection Method

4.3 It is a basic principle of government procurement that a procedure based on competitive tendering should always be used, unless exceptional circumstances apply. However, the survey found that almost half the consultancies commissioned in the period 1994 to 1996 were awarded without written proposals or tenders having been sought from a number of candidates (see Table 4.1).

4.4 The survey of consultancies revealed that almost two-thirds of small consultancies were awarded without seeking written proposals or tenders from a number of candidates. Under Department of Finance rules for the operation of the administrative budget system, many departments have discretion to award small consultancy contracts without seeking competitive tenders. In most cases the spending limit where this arrangement applies is £5,000.

**Table 4.1 Written proposals sought from a number of consultants**

Category of consultancy	Number of cases	Were written proposals sought from a number of consultants?	
		Yes	No
		% of cases	% of cases
<b>Small</b> (less than £10,000)	550	38%	62%
<b>Medium</b> (£10,000 - £100,000)	358	68%	32%
<b>Large</b> (£100,000 - £1 million)	57	86%	14%
<b>Total</b>	965	52%	48%

*Source: Survey of consultancies, Office of the C&AG, 1997*

- 4.5 Written proposals were sought from a number of candidates in over two thirds of medium consultancies. Eight large consultancies and one major consultancy were awarded without seeking written proposals from a number of consultants. In total, over £10 million was committed on consultancies costing over £10,000 each without this minimum recourse to competition.
- 4.6 Department of Finance rules or guidelines do not specify the type of tendering to apply in different circumstances. European Union directives on public procurement, which must be followed for all contracts where the estimated value is expected to exceed specified financial thresholds, recognise three types of tendering. Most consultancy assignments in the civil service are below these financial thresholds. Figure 4.1 describes the four selection methods most commonly used by departments when seeking consultants.

### *Open Competition*

- 4.7 Open competition is the most appropriate method where there is a large number of suitable candidates who should be given the opportunity to submit proposals. However, this may result in many proposals being received. Unless the task and qualification criteria are relatively clear, the selection process may become costly both for the commissioning department and for the candidates.
- 4.8 Open competition was used for six of the 34 cases examined and resulted in the receipt of between five and nine proposals in each case (see Table 4.2). This number of proposals is reasonable to ensure competition without the selection process becoming excessively costly.

**Figure 4.1 Methods for recruiting consultants**

<b>Open competition</b>	Advertisements are placed in appropriate publications, including national press, Official Journal of the European Communities and/or trade and professional journals. All interested parties may submit proposals.
<b>Pre-selection</b>	Advertisements are placed, as above, requesting interested parties to apply to be included in the competition. Only those parties which satisfy the appropriate pre-selection criteria are short-listed and invited to submit detailed proposals.
<b>Restricted tendering</b>	Suitable parties are identified, other than by advertisement and invited to submit proposals. Candidates may be identified from examination of relevant professional directories, communication with professional organisations and knowledge within the department or civil service of experts in the relevant area.
<b>Single tendering</b>	Only one party is deemed suitable and is asked to submit a proposal. Situations where single tendering may be deemed appropriate include those where <ul style="list-style-type: none"> <li>• only one firm or individual has the required expertise</li> <li>• the cost of tendering would exceed the value of the contract or any expected benefits</li> <li>• continuity with previous work is necessary.</li> </ul>

**Table 4.2 Selection methods used in a sample of 1994-1996 consultancies**

Selection method	Cases where method was used	Number of proposals received		Contract value	
		Minimum	Maximum	Minimum £	Maximum £
Open competition	6	5	9	62,000	349,000
Pre-selection	2	5	9	114,000	514,000
Restricted tendering	17	2	6	15,000	218,000
Single tendering	9	1	1	15,000	350,000
All selection methods	34	1	9	£15,000	£514,000

Source: Examination of sample of consultancies, Office of the C&AG, 1997

### *Pre-selection of Candidates*

- 4.9 Pre-selection shares the advantage of open competition in that it can alert all potential candidates to the existence of a competition. It also allows the department to limit the number of candidates who are asked to submit detailed proposals to a level which ensures efficient competition without the department or the candidates incurring excessive costs. It is best used for more complex projects where there are many potential candidates and the compilation of proposals is necessarily costly. It can also be helpful in containing overall costs where a series of similar assignments is envisaged.
- 4.10 The pre-selection method was used in two of the cases examined. The initial advertisement elicited 34 replies in one case and 19 in the other. Candidates were short-listed and invited to submit detailed proposals. Ultimately nine and five proposals, respectively, were received for consideration.

### *Restricted Tendering*

- 4.11 Restricted tendering is often the most efficient selection method because the department has control over the maximum number of tenders that will be received. However, the efficiency gain can be eroded if suitable criteria are not employed to identify consultancy firms who should be invited to tender.
- 4.12 In half the cases examined, restricted tendering was used and generally succeeded in obtaining a sufficient number of proposals to ensure competition. In most of the cases where restricted tendering was used, there were no records to show how those invited to tender had been identified. In some cases, the department concerned stated that those invited were known to be reputable firms or to have the requisite expertise and experience. In other cases, advice on who to invite was obtained from the Department of Finance. The public procurement guidelines should be updated to provide general advice to departments on the criteria to be used for selecting those who should be invited to tender.

### *Single Tendering*

- 4.13 Single tendering was used in over 25% of the cases examined. The value of the contracts in these cases ranged from £15,000 to £350,000. The departments concerned stated that, in most cases, single tendering was used because
- they could only identify one suitably qualified specialist in the relevant field, or
  - the consultants had already carried out work in the area and there was an overriding need for continuity.

### **Case Study 1 Single tendering was not appropriate**

A department identified a need for on-going professional advice in a particular field. Efforts were made to recruit a full-time employee with the appropriate qualifications and experience. These efforts proved unsuccessful. The department was advised by the recruitment agency employed that the salary on offer (estimated to be equivalent to around £240 per day, including a notional amount for pension contributions) had been insufficient to attract a suitable candidate. Therefore, the department proposed to engage a suitable professional on a consultancy basis for 200 days per annum. The Department of Finance approved this course of action subject to the department considering offers from at least three potential consultants. The department negotiated terms with one consultant who had completed some previous work for it, without inviting any other offers. A five-year contract with the consultant was proposed at a fee of £350 per day or £70,000 per year. The Department of Finance approved the proposal and a contract was concluded.

However, the circumstances described in Case Study 1 do not match either of these situations, suggesting that while single tendering may have been convenient, it was not appropriate.

- 4.14 A further example of the use of single tendering is where departments develop an on-going relationship with specific public sector research bodies which they regularly employ to carry out research projects on their behalf. Two of the three departments examined adopted this approach. The departments take the view that the organisations concerned are best placed to carry out the research and so award contracts as required. Such arrangements may reduce the cost of selecting consultants but they lack assurance that the most suitable candidates are being selected or that the cost is competitive.

### **Briefing the Potential Candidates**

- 4.15 Efficiency in the process of reaching agreement with consultants on the scope and cost of the assignment depends on the effective exchange of relevant information between the commissioning department and the potential candidates.
- 4.16 If potential candidates are to supply reliable cost quotations for the proposed consultancy, they must be given sufficient information to provide them with a clear understanding of the tasks they will be required to undertake and of the details they are expected to supply in their proposal. The briefing of candidates should therefore ensure that all of them
- are supplied with the same information
  - obtain a clear and comprehensive description of the consultancy and the contract conditions that will apply
  - know what information they are expected to supply, and when
  - understand the basis on which their proposal will be evaluated.

### *Invitation to Tender*

- 4.17 The examination found that the main method used to brief candidates was to issue written invitations to tender. The Department of Finance guidelines set out all the required elements of an appropriate brief for candidates. However, the level of detail contained in the guidelines may obscure the important principles and the publication of a short checklist as part of the guidelines would be helpful to officials.
- 4.18 For the sample of cases examined, it was found that departments usually issued written invitations to tender. However, in one exceptional case, a more informal approach to recruiting consultants was adopted and the work of drawing up the assignment specification was transferred to the potential candidates. The risk in this approach is that the defined requirements for the assignment do not properly match the problem to be solved but rather the proposed solution from the successful candidate. While this practice may produce short term economy, persistent use of this approach is unlikely to result in obtaining value for money from consultancies in the longer term.

### *Supplementary Information*

- 4.19 Where supplementary information is provided to one candidate, it is essential that the same information is provided to all candidates, in order to ensure that the candidates' proposals may be evaluated on a comparable basis and that no candidate gains an unfair competitive advantage. The Department of Finance guidelines state that where one candidate requests a meeting to clarify the details of a proposal, all candidates should be invited to the same meeting.
- 4.20 In the sample examined, four cases were noted where briefing meetings were held for all potential candidates. In two further cases examined, the practice was to meet only with candidates who specifically sought meetings. While adherence to the guidelines in this matter is desirable, it may not always be necessary, so long as competitiveness is not undermined and all candidates are given the same opportunity to receive information.

### *Receipt of Tenders*

- 4.21 Adequate time should be allowed for the submission of tenders and the time allowed will usually depend on the complexity and scale of the project. The sample of cases examined revealed that, in general, the time allowed for preparation of tenders was reasonable, ranging from 8 days to 56 days. The average time allowed was 22 days.

## **Evaluation of Proposals**

### ***Evaluation Criteria***

- 4.22 Procedures for evaluation should be fair, impartial and transparent. To achieve this, the evaluation should be carried out in accordance with criteria appropriate to the assignment, which should be stated in the invitation to tender. In the sample of cases examined, the criteria stated in invitations to tender were applied in the subsequent evaluation of tender proposals received.
- 4.23 The evaluation criteria used by departments relate to both cost and quality. The criteria used generally by departments in assessing quality are described in Figure 4.2.
- 4.24 In most cases, departments set out the details of the evaluation of tender proposals in evaluation reports or assessment sheets. However, in four cases examined departments were unable to supply any documentary evidence of the evaluation process. In one case, the department did not deem it necessary to document the evaluation. In another case, the final selection was made on the basis of presentations by the candidates but there was no record of how the presentations were rated.

### ***Rejection of Lowest Cost Tender***

- 4.25 In carrying out evaluations of tender proposals, concerns of quality may sometimes outweigh those of cost and the lowest cost tender may not be accepted. Where consultancies are concerned with the ongoing enhancement of business processes, for example, information technology related consultancies, a medium term strategic alliance with the contractor may be considered necessary to achieve value for money in the longer term. Quality can sometimes outweigh the short term economy of selecting the lowest bid.

### **Figure 4.2 Criteria used to assess quality**

Typically, assessments of quality are based on criteria such as

- skills and expertise of the consultancy team, including familiarity with developments in the relevant field
- experience of consultancy team members in the relevant areas
- track record of the consultancy firm in the relevant area which can be supported by reputable referees
- the likely ability of the consultants to deliver a quality product on time
- an assessment of the feasibility and credibility of the proposed approach
- quality of the tender proposal submitted.



- 4.26 The public procurement rules and the Department of Finance guidelines state that Government Contracts Committee approval must always be obtained in cases where the lowest cost tender is not being accepted. In practice, the Committee has set threshold levels for expenditure and does not require contracts costing less than the specified amounts to be submitted for approval.
- 4.27 In the sample of cases examined, the contract was not awarded to the lowest tenderer in 19 of the 25 competitions where more than one tender was received. In eight of the 19 cases, Government Contracts Committee approval was required but was not sought before the contract was agreed.

#### *Informing Unsuccessful Tenderers*

- 4.28 Informing unsuccessful candidates of the reasons why they were not chosen may help to improve the quality and competitiveness of future tender competitions. General information about the deciding factors can be given without revealing information about other candidates' proposals or costings. Departments generally inform unsuccessful tenderers promptly about the outcome of competitions but only supply further information on request. There was little evidence of candidates seeking such information.

#### *Department of Finance Approval*

- 4.29 The approval of the Department of Finance is required before departments enter into contracts with consultants. However, for efficiency reasons, the Department may specify spending limits within which the contracting department is permitted to agree contracts without seeking specific Department of Finance approval. Where a department does not have such delegated powers, or where the cost of the consultancy exceeds the relevant spending limit, the specific approval of the Department of Finance must be obtained for each individual consultancy contract.
- 4.30 All departments with administrative budget agreements have delegated authority to agree consultancy contracts which are funded from subhead A.7, within certain spending limits (usually £20,000 or £50,000, depending on the department), subject to adherence to the relevant Department of Finance guidelines on the use of consultants.
- 4.31 All of the seven major consultancies received specific Department of Finance approval. As Table 4.3 shows, over a quarter of small consultancies also received specific Department of Finance approval. The Department should consider whether it is efficient to be directly involved in detailed approval of individual consultancy contracts of this size.

**Table 4.3 Basis for Department of Finance approval for consultancy assignments costing less than £1 million, 1994 - 1996**

Category of consultancy	Number of cases	Delegated	Specific
		% of cases	% of cases
<b>Small</b> (less than £10,000)	510	74%	26%
<b>Medium</b> (£10,000 - £100,000)	352	41%	59%
<b>Large</b> (£100,000 - £1 million)	54	22%	78%
<b>Total</b>	916	58%	42%

*Source: Survey of consultancies, Office of the C&AG, 1997*

### Contract Agreement

- 4.32 Once the right candidate has been identified, both parties should agree formally on the precise task or role for the consultants who will be carrying out the work, and the details of timing and payment. Although a contract can exist based on verbal agreement, it is more desirable if the terms are confirmed in writing as a clearly written contract provides a point of reference for the later evaluation of the outcome of the consultancy. It is important that the process of negotiation is completed efficiently and quickly before any work commences. In two of the 34 consultancies examined, the consultants had started work before the contract was signed.

### Form of Contract

- 4.33 The survey revealed that most consultancies undertaken in the period 1994 to 1996 were carried out on the basis of written agreements. All of the seven major consultancies were the subject of written contracts but 17% of the assignments below £1 million were undertaken without a written contract or agreement being entered into.
- 4.34 An analysis of the form of contract is in Table 4.4. No written contract was agreed for 161 consultancies, costing a total of £1.3 million, including one large consultancy costing £177,000. There is no justification for the absence of a written agreement covering the main elements of the contract between parties involved in a consultancy assignment, even for low cost contracts.

**Table 4.4 Form of contract for consultancy assignments costing less than £1 million, 1994 - 1996**

Category of consultancy		Number of cases	Written contract	Unwritten contract
			% of cases	% of cases
<b>Small</b>	(less than £10,000)	546	76%	24%
<b>Medium</b>	(£10,000 - £100,000)	357	92%	8%
<b>Large</b>	(£100,000 - £1 million)	58	98%	2%
<b>Total</b>		961	83%	17%

*Source: Survey of consultancies, Office of the C&AG, 1997*

- 4.35 While the contract should always be written, it need not always be elaborate. In most of the 34 cases examined, the contract was effected adequately by way of an exchange of letters. In rare cases, where the task is very clear and no discussion has taken place after receipt of the tender, a short letter from the department accepting the consultant's proposal may be adequate. Where discussions take place after receipt of tenders, it is essential that any material clarifications to the original proposal are confirmed in writing.
- 4.36 In three of the consultancies examined, there was no evidence of mutual acceptance of the terms and conditions for the assignment. In one case, the department was unable to produce a copy of the contract which had been signed by both parties.
- 4.37 For the remaining consultancies examined, contracts were agreed between the relevant section of the department and the consultants. As a result, the contracts varied both in format and content not only between different departments but also within the same department.

#### *Payment Arrangements and Conditions*

- 4.38 The linking of progress payment schedules to the orderly completion of consultancy tasks or to the submission of deliverables is a practical way of encouraging efficiency in the execution of the consultancy. The examination found that payment arrangements were specified in only 19 of the 34 cases examined. In most of these cases, payments were not linked to deliverables or the successful completion of tasks.

### **Obtaining Value for Money from the Selection Process**

- 4.39 Achieving the right balance between economy and fairness to the candidates is difficult and is best accomplished through compliance with the guidelines. In most respects, departments followed the rules and guidelines laid down, though there were some areas where there could be closer adherence to best practice principles. There may also be a case for differentiating more clearly between the required practices for small consultancy assignments (say, those expected to cost less than £10,000) and for larger consultancies. The inclusion of short checklists might help officials to ensure that they have complied with what is required.
- 4.40 It is always preferable to use a selection method based on competitive tendering, unless there is a strategic longer term benefit which outweighs the shorter term cost advantage or unless the cost of doing so (both for the department and the potential candidates) is excessive relative to the estimated cost of the assignment. As a result single tendering may be more appropriate when awarding small consultancy contracts. Where single tendering is used, the reasons for doing so should always be clearly recorded.

## 5 Managing the Consultancy

5.1 The selection of the right consultant provides no guarantee that the desired outcome from the consultancy will be achieved. The performance of the consultancy and the relationship between the consultants and the department must be managed to ensure that the desired objectives are met within an agreed timetable and budget. Effective management of a consultancy project involves

- establishing appropriate arrangements for managing the consultancy
- ensuring delivery of the required outputs on time
- controlling the cost.

### Arrangements for Managing Consultancies

5.2 Appropriate project management arrangements, proportionate to the scale of the project, should be put in place to ensure that

- there is sufficient strategic direction of the project
- a project manager is appointed for the day-to-day management of the project
- there is regular and close liaison between the consultants and departmental staff, including the reporting of progress and results.

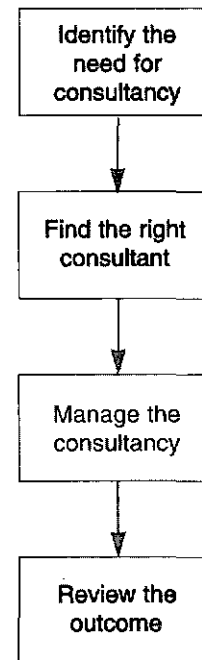
In examining the 34 consultancy assignments, the focus was on the day-to-day management of the project.

### *Project Management*

5.3 A project manager with a clearly defined role should be appointed from among the commissioning department's staff and be given responsibility for the day-to-day management of the consultancy assignment. The project manager should have the level of authority required to make decisions quickly and ensure action is taken if problems arise.

5.4 The project manager should have sufficient time to devote to the task. For very large assignments, it may be necessary to appoint a staff member as a full-time project manager. For other assignments, where the appointment of a full-time manager is not warranted, a realistic assessment of the time needed to perform the project management function should be used as a basis for releasing the project manager from existing duties.

### Life cycle of a consultancy assignment



- 5.5 For the sample of cases examined, the roles and responsibilities of project managers were usually not defined but rather evolved during the course of the consultancy. In all cases, an appropriate officer of the department effectively assumed the role of project manager and the officers appear to have had a clear concept of that role. However, project management responsibilities were normally in addition to the officers' existing duties.
- 5.6 A problem which can arise, especially on prolonged assignments, is the reassignment of officials acting as project manager during the course of the work. This can often mean an effective loss of knowledge and experience on the department's side, with the consultants providing the only continuity of personnel. This may put the department at a disadvantage in ensuring the effective and efficient completion of the assignment. Properly defined and documented project management arrangements should reduce the impact of such personnel changes.
- 5.7 In the cases examined, records of contacts with consultants were not always maintained. In two cases, there were no records at all of project management activity. This does not necessarily indicate that the projects were not properly managed but does imply a less than systematic approach to project management.

#### *Cost of Management Arrangements*

- 5.8 There is a real cost associated with the staff time devoted to managing a consultancy. Where the consultancy involves interviews with departmental staff, this is also a cost to the department. This additional cost should be recognised and considered in the context of establishing the business case for each consultancy.
- 5.9 Department of Finance guidelines recommend that records should be kept of the time spent by departmental staff on the different aspects of each consultancy assignment, but this does not appear to be done on a systematic basis. When completing the survey returns for this examination, departments were asked to estimate the number of staff days spent managing each consultancy from initiation (preparation of business case, selection of consultants) to completion.
- 5.10 Table 5.1 shows the estimated management cost for each type of consultancy as a percentage of the aggregate contract values. Business process-related consultancies, which usually involve the consultants working closely with departmental staff, appear to be more expensive to manage than output-related consultancies. However, since the estimates are not based on the maintenance of detailed supporting records and as some reported amounts appeared to be implausibly low, the true in-house cost of managing consultancies is likely to be higher.

**Table 5.1 Cost of managing consultancies, 1994-1996**

<b>Nature of consultancy</b>	<b>Management cost as % of contract value</b>
<b><i>Output related assignments</i></b>	
Professional advice	14%
Policy review	15%
Performance review	19%
Planning or appraisal studies	10%
Market research; public relations	9%
<b><i>Business process related assignments</i></b>	
Information technology	26%
Organisational, managerial or activity review	24%
Strategic Management Initiative	35%
<b><i>Other assignments</i></b>	<b>20%</b>
All consultancies	19%

Source: Survey of consultancies, Office of the C&AG, 1997

### **Delivery of Outputs**

- 5.11 Deliverables with target reporting dates and other appropriate milestones should be established for all consultancies. Progress against the milestones should be monitored regularly.
- 5.12 Only half of the sample of consultancies examined had activity and delivery plans. In many cases, the plans were prepared by the consultants and some did not contain milestone dates. The plans often relied on standard project management computer packages and involved presentations of data which can be difficult for untrained readers to interpret. There was little evidence on file of plans being monitored during the course of the consultancy.

### ***Late Delivery of Outputs***

- 5.13 In the sample of cases examined, two-thirds of the consultancy assignments where time plans were adopted ran late. Consultancies can overrun on time for legitimate reasons, such as that the task is evolving or the scope of the project is changed. However, time overruns can also reflect optimistic scheduling at the planning stage,

a failure by the consultant to manage time or the unavailability of key department staff to provide information to the consultants when required.

- 5.14 If completion deadlines are critical, departments should consider including a late delivery penalty clause in the contract terms. However, this is likely to result in a higher contract cost.

### ***Quality Control***

- 5.15 Departments should only sign off a consultancy when outputs of the required quantity and quality are delivered. In general, the assessment of whether the required quantity has been delivered is straightforward, e.g. a report has been prepared or software has been developed.
- 5.16 The judgment of whether outputs of the required quality are delivered is less obvious. In general, it was found that departments referred outputs back to the consultants until they were satisfied, for example, seeking re-drafts of reports. There were cases where it was not clear that reports had formally been finalised since all that appeared on file were draft versions.
- 5.17 In Case Study 2, the consultants failed to produce a report of the right quality within the agreed timeframe. Although the department might be commended for insisting on obtaining the right quality of report, the additional in-house cost might have been avoided if the execution of the project had been managed better.

### **Case Study 2: Ensuring delivery of a quality product**

A department engaged consultants to provide a report to underpin policy. A draft report was provided within the planned timescale of six months, but was not considered by the department to have met the requirements set out in the terms of reference for the project. Regular contact was made by departmental officials with the consultants over a further ten month period until a report of an acceptable standard was provided. The consultants sought an extra fee because of the extension of time, but the department rejected the claim. The final report was provided at no extra cost.

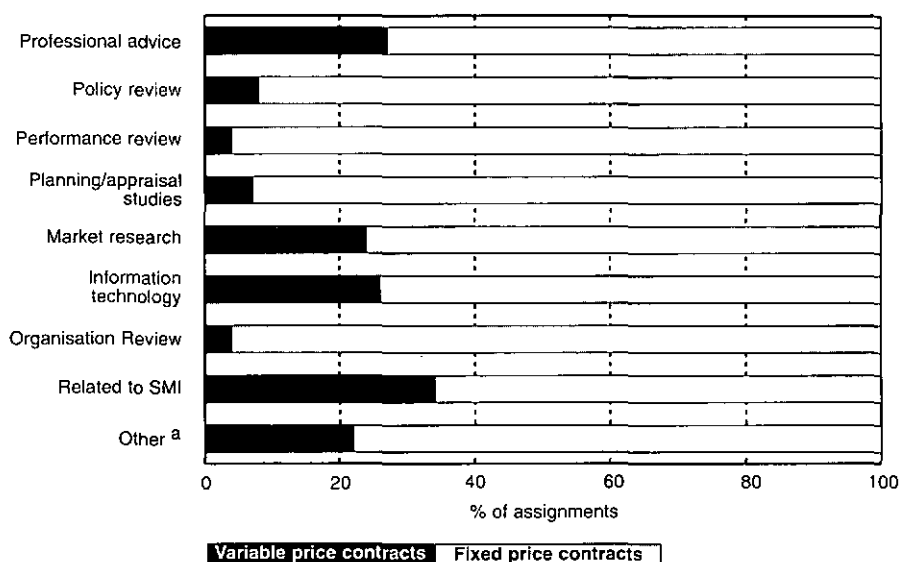
### **Controlling the Cost**

- 5.18 The best way to ensure that a consultancy does not overrun on cost is to agree a fixed price contract for the completion of an agreed set of tasks. Even then, cost overruns on projects can arise due to changes in scope or because payment terms are only partially fixed. This can arise through a failure to fix rates for expenses or additional services.



- 5.19 The Department of Finance guidelines recommend that all consultancy contracts should be on a fixed price basis. In practice, it is not always possible to achieve this. Two of the seven major consultancies were commissioned on the basis of variable price contracts. 20% of consultancies under £1 million, with a total cost of £6.1 million, were also based on variable price agreements.
- 5.20 The survey showed that there was a significantly higher rate of use of variable price contracts for some types of consultancy assignment (see Figure 5.1). In certain cases it may be difficult to specify the quantity of input required from the consultants, who may consequently not be prepared to enter a fixed price agreement.

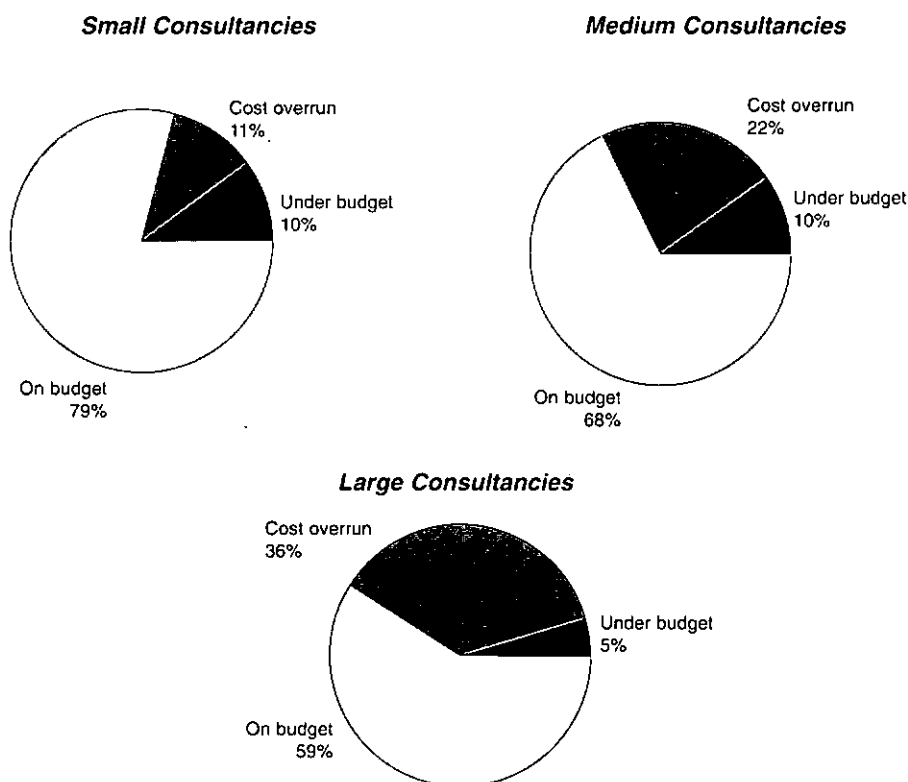
Figure 5.1 Type of contract, by nature of consultancy assignment, 1994-1996



Note: <sup>a</sup> Includes consultancies relating to staff training and development  
Source: Survey of consultancies, Office of the C&AG, 1997

- 5.21 Figure 5.2 shows the outturn on over 600 'fixed price' consultancies which had been completed at the time of the survey. More than a third of large consultancies overran by more than 5%, relative to the original contract value. In three of these cases, the additional payments were more than £100,000 each.

Figure 5.2 Cost outturn<sup>a</sup> on 'fixed price' consultancies, 1994-1996



Note: <sup>a</sup> 'On budget' means outturn is within  $\pm 5\%$  of agreed contract price

Source: Survey of consultancies, Office of the C&AG, 1997

- 5.22 In the sample of consultancies examined in detail, there were a number of cases where costs overran. Case Study 3 describes a situation where there was a major change in the scope of the project in response to unforeseen circumstances. The case demonstrates the importance of continuous project management emphasised in this Chapter and also provides an example of poor cost control.

### Case Study 3: Major revision of scope of work

A department commissioned consultants, at an expected cost of £68,000, to carry out a review of a particular operational area outside the department and to make recommendations for required changes. The assignment was to be completed in three months.

Before the scheduled completion date, key management staff in the operational area left for other jobs, threatening the continuity of operations. The scope of the consultants' assignment was significantly broadened to include the direct management of the area for a period. No contract was signed for the additional work but it commenced on the basis of the consultants' estimate of the additional cost being £175,000. The cost of completing the work eventually ran to £582,500.

#### **Case Study 4: Impact of extensions of time on assignment costs**

A department engaged two professional advisers to assist in the sale of a semi-state company. The proposals submitted by both consultants were prepared on the basis of the sale process being completed over an assumed timescale and with a certain level of input from each consultant. In the event, the sale process proved extremely problematic and many unforeseen difficulties were encountered. This resulted in greater input than was anticipated being required from both consultants.

The contract with one of the consultants provided for a maximum fee of £145,200. Because of the extra input required and their involvement for considerably longer than anticipated, the consultants requested payment of additional fees totalling £124,000 including a 'success fee' of £50,000. The department eventually paid an additional £54,000 for extra work undertaken in the extended contract period and a success fee of £40,000.

The other consultant was engaged on the basis of a 'maximum all inclusive fee' of £66,550. Again due to the extended period of the sale and the fact that extra work was undertaken, the adviser submitted claims for extra fees totalling £191,000, which were paid. The Department of Finance refused to approve payment of £75,000 of this until the adviser provided a detailed breakdown of the fees and time involved. The department requested this information. The details were eventually provided by the consultants five months after the initial request and payment was duly made.

- 5.23 Case Study 4 describes a situation where assignments were agreed on the basis of an expected project duration which was subsequently exceeded. In cases of this kind, where there is a potential exposure to extra expenditure, it is important to agree, as part of the contract, the basis for any necessary extra payment and arrangements for vouching the amount of work undertaken.

#### **Improving Consultancy Management Skills**

- 5.24 The process of selecting and managing consultants is complex and costly. Where consultants are used frequently, the same staff may be involved regularly and so build up a level of expertise and familiarity with procedures which ensures that the process is managed economically, efficiently and effectively. Very often, however, management of a consultancy assignment is an infrequent and unfamiliar task for the staff involved. This gives rise to a need for effective guidance and training in consultancy management.

#### ***Guidance for Staff***

- 5.25 A few departments have produced internal guidance notes for staff engaged in selecting and managing consultants but most rely on the Department of Finance guidelines and the separate public procurement publications to assist officials. The examination of the sample of consultancy cases revealed that some project managers were not aware of the existence of the Department of Finance guidelines. Others felt that researching the rules was very time consuming.

***Review of Management of Assignment***

- 5.26 The experience of using consultants can provide valuable insights to help improve both the management and the outcome of consultancies. A formal review of the management of assignments, soon after completion, is the best means of identifying lessons which might help to avoid problems in the future.
- 5.27 Such a review should include
- details of whether the project was completed on time and to budget and, if not, why not
  - an assessment of whether the quality of the consultants' work was satisfactory
  - an assessment of the consultants
  - a description of any problems encountered at each stage of the process and the reasons for any departures from standard procedures.
- 5.28 The creation and maintenance of central databases as recommended in Chapter 2 should help to ensure that the lessons learned are available to the entire organisation and to the civil service in general.

***The Efficient Management of Consultancies***

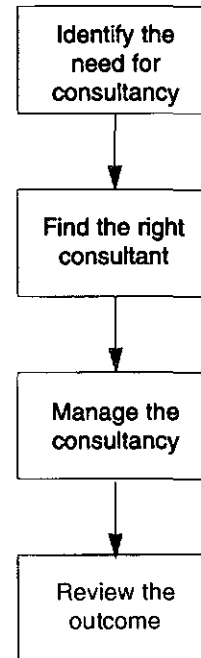
- 5.29 The examination has found that there is significant scope for improvement in the efficient management of consultancies. There was little evidence that roles and responsibilities of those involved in project management were clearly defined and evidence of project management is not always available. Project management responsibilities were usually undertaken in addition to existing duties.
- 5.30 Sound practices for managing the execution of consultancy projects were not widely evident. Plans with milestones and deliverables, against which progress could be monitored, were not agreed for all consultancies. Many consultancies which did have plans ran late. A significant number of consultancies which were agreed on a fixed price basis overran on cost. The average cost of managing a consultancy is estimated at 19% of the contract value. Records should be maintained of time spent by departmental staff on management and other liaison with consultants.
- 5.31 The extent of guidance in relation to the management of consultancies which should be provided within departments and the manner of its delivery depends on the frequency with which consultants are used and the scale of expenditure. In particular, departments which are spending an increasing amount of resources on consultancy should review the appropriateness of their procedures and consider the training implications.

## 6 Reviewing the Outcome of Consultancies

6.1 Civil service departments have almost no systems, procedures or practices in place which would permit them to evaluate the effectiveness of the consultancy assignments they commission. As a result, it is very difficult to establish what contribution consultancies make to the quality of public services, or how that contribution can be maximised.

6.2 A distinction should be drawn between the outputs of consultancy assignments and the impacts they have on the business of the departments which commission them. Consultants may carry out their assignments in good faith and provide precisely what is required but unless the outputs are used in some way, they have no value. For this reason, consultancy assignments must be assessed in relation to how their outputs are used and the business impacts achieved. These are aspects for which the commissioning department is responsible.

### Life cycle of a consultancy assignment



### Assignment Outputs

6.3 The main types of outputs produced as a result of consultancy assignments are

- *recommendations for action*, which will usually involve change but may sometimes include continuing with existing policies or arrangements
- *new information or perspectives* about the subject studied, thereby improving the quality of debate and, by extension, the quality of decision making
- a *finished output*, such as a new management information or processing system, a training course or a document layout design
- *intangible outputs* including situations where the consultants act as facilitators to assist relevant officials to find their own solutions to problems and to identify improvements in their approach to their business.

6.4 Consultancy outputs can have a variety of impacts, both direct and indirect, on the organisations which commission them. The impacts may be those intended when the assignment was commissioned or may be unintentional by-products of the process of carrying out the consultancy.

## Evaluation of Consultancy Assignments

- 6.5 The examination found little evidence of departments preparing formal evaluations of the impact of consultancy assignments on the business of the department, although the Department of Finance guidelines recommend that a formal review be carried out for all but the very smallest projects.
- 6.6 According to the survey of consultancies, formal evaluation reports were prepared for 19% of the projects which were completed. However, it was found that no formal review had been undertaken in relation to any of the 34 cases examined in detail.

## Implementing Recommendations

- 6.7 Most consultants produce reports for the commissioning departments and many of these contain recommendations (see Table 6.1). In cases where reports are not produced, the department's requirement may be for a finished output such as a new information technology application or business system which the consultant is commissioned to bring to a functioning stage.

**Table 6.1 Consultancy assignments by type of report produced, 1994-1996**

Nature of consultancy	Reports with recommendations	Reports without recommendations	No reports
	Percentage of cases		
Output related	67%	16%	17%
Business process related	52%	10%	38%
All consultancies	63%	15%	22%

*Source: Survey of consultancies, Office of the C&AG, 1997*

- 6.8 Eleven consultancies completed before the end of June 1996 were examined in the second half of 1997 to assess the extent to which the outputs of the assignments had been utilised. For each consultancy examined, departments were asked to provide evidence of the status of implementation of recommendations or the use made of outputs. The main findings were
- Two of the eleven consultancies were commissioned to produce information reports for publication. One has been published and one was due to be published by the end of 1997.
  - The remaining nine consultancy assignments resulted in the production of reports which contained recommendations.

- In seven cases, the major recommendations were either being implemented or implementation was planned.
- In one of the other cases, major recommendations have not been implemented, which suggests that the department was not fully prepared to act on what was likely to be proposed (see Case Study 5).
- In the final case, the consultants completed the report as required and outlined a range of options. Although the report, which was published, provided background and analytical material, the option favoured by the consultants was not implemented.

#### **Case Study 5: Consultants' major recommendations not implemented**

A department engaged consultants under the Strategic Management Initiative process to review its organisation structure and prepare an implementation plan for any proposed changes. A project team consisting of two departmental officials and two consultants was established to facilitate the process and set out the tasks involved. The cost of the consultants' involvement was £52,000.

In May 1995, the project team proposed a new organisation structure which responded to the role envisaged for the department in its own strategy document and to the requirements of the Strategic Management Initiative. At the time of this examination, the only change made has been the establishment of a Corporate Services Division. No other restructuring is planned at present because it is not yet clear to the department what effect other reform measures proposed in the strategy statement will have.

- 6.9 Departments which commission consultancy assignments remain responsible for the operations and policies examined and cannot be obliged indiscriminately to implement the advice or recommendations received from the consultants. Nevertheless, choosing to ignore recommendations, for whatever reason, may cast some doubt on the original basis for the consultancy or may reflect the fact that something went wrong with the selection or management processes. On the other hand, following the consultants' advice does not prove that money has been spent wisely if the consultants are merely re-iterating what the department wanted to hear from the outset, or if the advice provided by the consultants is poorly founded or ill-judged.

#### **Identified Savings**

- 6.10 Departments were asked in the survey to supply details of any consultancy projects carried out since 1994 which resulted in specific and identifiable savings. The main findings were
- Most departments were unable to point to any savings achieved which could be attributed to consultancies.
  - Only two departments claimed that savings had been or would be achieved as a result of consultancies.

- One of the projects is expected to yield savings of £164,000 over three years.
- In the case of the remaining consultancy, the department anticipates savings from the development of a new information technology strategy but states that it is unable to quantify the amount.

6.11 It seems reasonable to expect that some savings would result from consultancy assignments which look at business processes, particularly in the information technology and organisation review areas. The general lack of comprehensive business cases and post-assignment evaluations suggests that the basis for many consultancies is not quantified in any way.

### **Indirect Impacts of Consultancies**

6.12 A department can obtain value from the knowledge of a particular area gained indirectly by officials while a consultancy is being carried out. This may be separate from the specific outputs that the consultancy produces. For example, while the consultants are carrying out specific tasks, their interaction with officials may develop the staff's thinking on the subject and improve their capacity to deal with the ongoing business of the department (see Case Study 6). The exercise may also serve to improve the capabilities of staff in carrying out their work, through skills transfer to staff working with the consultants.

### **Case Study 6: Consultancies may have both direct and indirect impacts**

A department commissioned consultants, at a cost of £55,000, to develop a methodology for assessing the economic value of proposed investment projects. The methodology developed by the consultants has been used by departmental agencies on numerous occasions for assessing investment projects. The department estimates that substantial administrative savings have been realised as a result.

In the process of managing the consultancy, the department officials built up a large body of knowledge on the subject matter. It became clear to them that there was a lack of pertinent data and research on the subject at an international level and that, as a result, there were limits to the application of the methodology, through no fault of the consultants. The department deemed the main value of the consultancy to have been that the information gained acted as "... a useful springboard for further research and development", which it is now trying to persuade the Commission of the European Communities to pursue.

### **Making Effective Use of Resources**

6.13 As with all other areas of expenditure, departments have an obligation to ensure that the resources consumed in commissioning consultants are used effectively. The extent to which they fulfil this obligation can only be established if suitable systems for evaluating the effectiveness of the use of consultants are put in place. At a minimum, this requires the preparation of proper business cases in advance of commissioning consultants and the systematic carrying out of impact evaluations after assignments are completed.



## Appendices

## **Appendix A**

### **Examination Methodology**

The examination was conducted by staff of the Office of the Comptroller and Auditor General.

#### **Extent of Spending on Consultancies**

The nature and extent of expenditure on consultancies by departments between 1994 and 1996 was established by means of a survey of all government departments and offices. The survey was in two parts. Each department was asked to supply details of departmental guidelines and procedures for engaging and managing consultants. In addition, departments were asked to supply details in respect of each consultancy. A copy of the survey forms used is attached.

#### **Procedures in use in Departments for Engaging and Managing Consultancies**

Best practice for using consultants was established by an examination of relevant literature and in particular guidance issued by the Department of Finance. Discussions were also held with the main consultancy representative body.

Current practice of departments in engaging and managing consultancies was established by the survey and was further explored by the examination of a sample of 34 consultancies in three departments. This part of the examination included an examination of relevant departmental files and records and discussions with departmental staff. The three departments examined were

- Department of the Environment
- Department of Enterprise and Employment
- Department of Health.

#### **Impact of Consultancies**

To establish the impact of consultancies officials from the three departments were asked to supply evidence of the current position on implementation of recommendations made in a sample of consultancies. In order to adequately assess the impact of consultancies, it is necessary for a sufficient period of time to have elapsed since completion of the study to enable decisions and action to be taken on implementation of recommendations or for advice to be incorporated into policy. For this reason, only projects completed by mid-1996 were selected for assessment of impact.



# Office of the Comptroller and Auditor General

## Consultancies in the Civil Service: Survey of Departments

Department/Office

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- 1 Are the Department/Office's procedures for engaging and managing consultants based on the 1995 Department of Finance guidelines entitled: *'Engaging Managing Consultants: A Code of Practice for the Civil Service'*?

Yes	
No	

- 2 Are there any elements of the Department of Finance's guidelines to which the Department/Office does not adhere?

Yes	
No	

If yes, please specify the elements of the Department of Finance's guidelines to which your Department/Office does not adhere, and in what circumstances


- 3 Does the Department/Office have its own written guidelines/procedures for dealing with the appointment of consultants?  
(If yes, please attach a copy to this document.)

Yes	
No	

- 4 Please indicate which of the following stages in the consultancy process are controlled centrally by a support unit (e.g. a personnel unit or an organisation unit) or decentralised to operating divisions or units.

Please (✓) appropriate boxes

Stage	Centralised	Decentralised
Identifying the need for consultants	<input type="checkbox"/>	<input type="checkbox"/>
Drafting and issue of requests for tenders	<input type="checkbox"/>	<input type="checkbox"/>
Evaluating tenders and selecting consultants	<input type="checkbox"/>	<input type="checkbox"/>
Negotiating the contracts	<input type="checkbox"/>	<input type="checkbox"/>
Formal agreement of contracts	<input type="checkbox"/>	<input type="checkbox"/>
Monitoring and managing consultants	<input type="checkbox"/>	<input type="checkbox"/>
Implementing recommendations	<input type="checkbox"/>	<input type="checkbox"/>
Post-completion evaluations	<input type="checkbox"/>	<input type="checkbox"/>

Continued overleaf

5 At what management level within the Department/Office is the use of consultants approved in principle?

6 At what management level within the Department/Office are the final terms of contracts approved?

7 Does the Department/Office maintain a central register of the consultancies it commissions?

Yes	
No	

8 Does the Department/Office have delegated sanction from the Department of Finance for engaging consultants?

Yes	
No	

If yes, please state the level of delegated sanction.

£

9 In the period 1994 to 1996 did the Department/Office engage staff under subhead A.1 on a contract for service basis (e.g. agency staff employed on a non-PAYE basis)?

Yes	
No	

If yes, please indicate across the annual cost of these appointments.

1994	£
1995	£
1996	£

10 Since 1994, if any consultancy projects produced specific and identifiable savings, please list them below.  
(Copy if you need continuation sheets)

Project Title	Name of consultants	Savings achieved		
		Nature (see note)	Amount saved (£000)	Over what period

Note: Nature of savings - 1: Salaries; 2: Other general administrative expenditure; 3: Computer capital; 4: Other capital expenditure; 5: Research; 6: Other programme expenditure; 7: All other expenditure.

Completed by

Grade

Telephone

Date

If you wish to make any additional comments on the issues raised by this questionnaire, please do so on a separate sheet and attach to this document.



# Office of the Comptroller and Auditor General

## *Survey Of Consultancies in the Civil Service*

The purpose of the survey is to establish details of individual consultancies and studies carried out in civil service departments and offices over the period 1994 to 1996. The survey forms part of a value for money examination of the use of consultants.

All types of consultancies should be included **except** design and engineering consultancies for specific construction projects. Include commissioned consultancies which did not involve direct payment, e.g. reviews carried out by CMOD staff.

A separate form should be completed for **each** consultancy or study (a) commissioned between 1 January 1994 and 31 December 1996 or (b) in respect of which payment(s) was/were made in that period.

Thank you for your assistance in providing this information.

For internal office use only	/
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1 Title of consultancy	
------------------------	--

2 Name of consultants	
-----------------------	--

3 Which of the following categories best describes the nature of the services provided? <i>Tick (✓) one box only.</i>		
<input type="checkbox"/>	Policy review	All areas of policy including sectoral studies, industry reviews, strategic planning, management reviews and future strategy documents.
<input type="checkbox"/>	Planning or appraisal study	This includes all pre-implementation activity such as prior appraisals, feasibility studies, baseline studies, cost benefit analyses and the evaluation of funding applications and pilot programmes.
<input type="checkbox"/>	Organisational, managerial or activity review	Reviews of departmental organisation, management systems, staffing levels and operations.
<input type="checkbox"/>	Strategic Management Initiative	This category should include all SMI-related consultancies.
<input type="checkbox"/>	Professional advice	Provision of specialist skills including legal, actuarial and financial advice; engineering, scientific and environmental reports; and reports on health and safety issues.
<input type="checkbox"/>	Performance review	This includes EU evaluations, ex-post evaluations, performance and impact indicator formulation and compilation.
<input type="checkbox"/>	IT plan; information system review	All issues related to IT including needs and security analyses, systems review, management information systems reports, Internet designs.
<input type="checkbox"/>	Market research; public relations	This category also includes survey design and analyses, opinion surveys, promotion testing, information programmes, publication and forms design, corporate image development.
<input type="checkbox"/>	Staff training and development	All management and staff training and development programmes and courses.
<input type="checkbox"/>	Other <i>Specify the nature of the task here →</i>	

*Continued overleaf*

4 Please indicate the **main reason** for engaging consultants to carry out the required task.  
Tick (✓) **one** box only.

Lack of in-house skills	
Lack of in-house resources	
Urgency	
Need for independent/objective view	
EU or other external requirement	
Other (please specify the reason below)	

5 Were written proposals or tenders sought from a number of consultants?

Yes	
No	

6 Was there a written contract for the consultancy or other form of written agreement, e.g. exchange of letters?

Yes	
No	

7 Was the contract price fixed?

Yes	
No	

8 Please state the **original** value of the contract.

Cost of service	£
Value added tax	£
Expenses (if any)	£
Total	£

9 Please state the dates (day, month, year) of the following major events. (Leave the relevant box blank if the event has not yet occurred.)

Date contract was signed/agreed	
Date consultants began work	
Date consultants finished work	
Date of final payment	

Questions 10 to 13 relate to expenditure and may require advice from your Finance Unit.

10 Actual expenditure on consultancy

Period	Actual expenditure (including VAT and expenses)
Pre-1994	
1994	
1995	
1996	
1997 (to-date)	

11 Under what **vote** was payment made?

--	--

12 Was payment for the consultancy made from subhead A.7?

Yes	
No	

13 What kind of Department of Finance sanction covers the consultancy payment(s)?

Delegated	
Specific	

14 Have consultancy report(s) been provided?

Yes	
No	

15 If so, did the report(s) contain recommendations?

Yes	
No	

16 Have the report(s) been made publicly available?

Yes	
No	

17 Following the completion of the contract was a formal project evaluation report prepared?

Yes	
No	

18 Please estimate how many civil service staff days were spent on managing the consultancy, including preparation of the business case, issuing and evaluating tenders, project monitoring, etc.

Grade*	Estimated staff days
Assistant Secretary	
Principal	
Assistant Principal	
Higher Executive Officer	
Executive Officer	
Clerical staff	

\* or equivalent grades

Completion details

Completed by

Grade

Telephone

Date

Any additional comments you wish to make are welcome and should be attached to this form.

## Appendix B

### Results of Survey of Consultancies

#### Response Rate

Consultancies are not registered in a systematic way in civil service departments and offices. Consequently, there was no defined population to be examined.

#### *Overall Response Rate*

Departments were asked to fill in a separate form in respect of each consultancy or study which was commissioned between 1 January 1994 and 31 December 1996, or in relation to which payments were made in that period.

A complete and accurate response to this request should have resulted in reported expenditure for the years 1994 to 1996 under the *A.7: Consultancy services* subhead matching the aggregate amount shown under the A.7 subhead in the Appropriation Accounts for those years. In fact, the amount of A.7 spending reported in response to the survey was 76% of the published amount.

It is concluded on the basis of this result that the overall response rate for the survey, in terms of spending on consultancies, is in region of 76%. As it is more likely that departments may lose sight of smaller consultancies more easily than bigger consultancies, the response rate in terms of the number of consultancies may be lower.

#### *Response Rate to Individual Questions*

Some of the forms returned did not contain answers to some of the questions asked. In most cases, the respondents were officials who had been involved in the management of the project, or who work in the business units which were the main stakeholders in the consultancy projects. It appears that in some cases, the details of payments and related matters were handled by the respective departmental Finance Units and were not known or recorded in the business units.

In presenting the results below, the level of non-responses is shown, where relevant.

#### Outlier Cases

The consultancies reported included two categories which are untypical: major projects (i.e. costing in excess of £1 million) and projects involving no direct cash expenditure.

● *Consultancies costing over £1 million*

Seven consultancies were reported where the estimated total value of the contract was more than £1 million. The value of the largest single contract is estimated at £12.9 million. In total, the value of these consultancies is estimated at £33.7 million.

Consultancies costing more than £1 million

Consultants	Department	Title of consultancy	Estimated value £m
Andersen Consulting	Justice	Garda Information Technology Strategy	12.9
Andersen Consulting	Revenue Commissioners	Integrated Taxation Processing	5.2
Andersen Consulting	Social Welfare	Integrated Short Term Schemes	5.8
Morgan Stanley and Consortium	Transport, Energy and Communications	Telecom Eireann Strategic Alliance	4.1
Digital Equipment	Social Welfare	Integrated Short Term Schemes	3.0
Stone & Webster	Transport, Energy and Communications	Peat Station competition	1.4
Andersen Consulting	Revenue Commissioners	Common Registration System	1.3

● *Consultancies with no direct cost*

Twenty consultancies reported were carried out, on a no-charge basis, by specialist units within the civil service but outside the department or office concerned. In the main, these were undertaken by units of the Centre for Management and Organisation Development (CMOD) of the Department of Finance.

These untypical cases are excluded from the results set out in the tables to avoid distortions.



## List of Tables: Consultancies costing less than £1 million

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Table B.1	Number and aggregate value of consultancies, by department
Table B.2	Number of consultancies, by size of consultancy and by department
Table B.3	Reasons for engaging consultants, by department
Table B.4	Value of consultancies, by nature of consultancy and by department
Table B.5	Number of consultancies, by size of consultancy and by nature of consultancy
Table B.6	Value of consultancies, by form of competition and by department
Table B.7	Number of consultancies, by form of competition and by size of consultancy
Table B.8	Number of consultancies, by form of competition and by nature of consultancy
Table B.9	Value of consultancies, by form of competition and by nature of consultancy
Table B.10	Value of consultancies, by form of contract and by department
Table B.11	Number of consultancies, by form of contract and by size of consultancy
Table B.12	Value of consultancies, by form of contract and by nature of consultancy
Table B.13	Value of consultancies, by type of contract and by department
Table B.14	Value of consultancies, by type of contract and by nature of consultancy
Table B.15	Number of consultancies by basis of approval and by department
Table B.16	Number of consultancies by basis of approval and by size of consultancy
Table B.17	Number of 'fixed price' consultancies, by expenditure outturns and by department
Table B.18	Number of consultancies by size and duration
Table B.19	Number of consultancies by type of report and by nature of consultancy
Table B.20	Publication of consultancy reports, by nature of consultancy
Table B.21	Evaluation of consultancies, by department
Table B.22	Evaluation of consultancies, by size of consultancy
Table B.23	Evaluation of consultancies, by nature of consultancy
Table B.24	Management cost of consultancies, by department
Table B.25	Management cost of consultancies, by nature of consultancy
Table B.26	Most frequently used consultants by number and value of consultancies
Table B.27	Most frequently used consultants, by nature of consultancy
Table B.28	Most frequently used consultants, by department.

**Table B.1 Number and aggregate value of consultancies, by department, 1994-1996**

Department	Number of consultancies		Total value of consultancies	
	Number	%	£'000	%
Agriculture, Food and Forestry	61	6.3%	2,316	8.0%
Arts, Culture and the Gaeltacht	32	3.3%	444	1.5%
Attorney General	7	0.7%	83	0.3%
Central Statistics Office	19	1.9%	244	0.9%
Civil Service Commission	3	0.3%	49	0.2%
Comptroller and Auditor General	15	1.5%	306	1.1%
Defence	5	0.5%	211	0.7%
Director of Public Prosecutions	2	0.2%	31	0.1%
Education	53	5.4%	1,307	4.5%
Enterprise and Employment	69	7.1%	2,399	8.3%
Environment	61	6.3%	2,229	7.7%
Equality and Law Reform	25	2.6%	406	1.4%
Finance	38	3.9%	1,832	6.3%
Foreign Affairs	116	11.9%	1,029	3.6%
Health	31	3.2%	1,928	6.7%
Houses of the Oireachtas	46	4.7%	445	1.6%
Justice*	21	2.2%	1,233	4.3%
Land Registry/Registry of Deeds	12	1.2%	241	0.8%
Marine	66	6.8%	997	3.4%
Public Works	23	2.4%	690	2.4%
Ombudsman	15	1.5%	70	0.2%
Tánaiste	8	0.8%	42	0.1%
Revenue Commissioners	25	2.6%	1,110	3.8%
Social Welfare	50	5.1%	2,870	9.9%
Taoiseach	56	5.7%	1,631	5.6%
Tourism and Trade	13	1.3%	613	2.1%
Transport, Energy and Communications	101	10.3%	4,186	14.4%
Valuation/Ordnance Survey	3	0.3%	37	0.1%
All departments	976	100%	28,979	100%

*Note: \* Includes consultancies paid for under the prisons, courts and Garda Síochána votes*

**Table B.2**      **Number of consultancies, by size of consultancy and by department, 1994-1996**

*Number of consultancies*

Department	Size of consultancy					All consultancies
	<£10k	£10-50k	£50-100k	£100-500k	£500-1,000k	
Agriculture, Food and Forestry	27	17	11	6	—	61
Arts, Culture and the Gaeltacht	19	13	—	—	—	32
Attorney General	3	4	—	—	—	7
Central Statistics Office	15	3	—	1	—	19
Civil Service Commission	1	2	—	—	—	3
Comptroller and Auditor General	8	6	1	—	—	15
Defence	—	4	1	—	—	5
Director of Public Prosecutions	—	2	—	—	—	2
Education	28	17	5	3	—	53
Enterprise and Employment	35	23	5	6	—	69
Environment	39	10	8	2	2	61
Equality and Law Reform	15	7	3	—	—	25
Finance	26	8	1	2	1	38
Foreign Affairs	90	23	3	—	—	116
Health	13	11	3	3	1	31
Houses of the Oireachtas	31	14	1	—	—	46
Justice*	10	8	1	1	1	21
Land Registry/Registry of Deeds	3	9	—	—	—	12
Marine	41	21	2	2	—	66
Public Works	9	8	5	1	—	23
Ombudsman	14	1	—	—	—	15
Tánaiste	7	1	—	—	—	8
Revenue Commissioners	17	3	2	3	—	25
Social Welfare	18	18	7	7	—	50
Taolseach	29	20	1	6	—	56
Tourism and Trade	3	5	4	1	—	13
Transport, Energy and Communications	54	25	13	7	2	101
Valuation/Ordnance Survey	1	2	—	—	—	3
All departments	556	285	77	51	7	976
Total value of consultancies — £'000	2,063	6,436	5,340	10,232	4,908	28,979

*Note:*      \* Includes consultancies paid for under the prisons, courts and Garda Síochána votes

**Table B.3 Reasons for engaging consultants, by department, 1994-1996**

*£ thousands*

Department	Reason for engaging consultants					All consultancies
	Lack of in-house:		Need for independent view	EU requirement	Other	
	skills	resources				
Agriculture, Food and Forestry	1,009	106	912	276	13	2,316
Arts, Culture and the Gaeltacht	222	63	133	—	26	444
Attorney General	29	—	54	—	—	83
Central Statistics Office	81	—	160	—	3	244
Civil Service Commission	49	—	—	—	—	49
Comptroller and Auditor General	175	44	24	—	63	306
Defence	156	—	55	—	—	211
Director of Public Prosecutions	19	—	—	—	12	31
Education	632	183	492	—	—	1,307
Enterprise and Employment	1,574	481	161	183	—	2,399
Environment	210	1,028	390	594	7	2,229
Equality and Law Reform	267	105	24	—	10	406
Finance	1,602	27	200	—	3	1,832
Foreign Affairs	335	125	569	—	—	1,029
Health	1,494	79	339	—	16	1,928
Houses of the Oireachtas	203	136	105	1	—	445
Justice*	936	157	37	—	103	1,233
Land Registry/Registry of Deeds	124	39	78	—	—	241
Marine	140	196	645	11	5	997
Public Works	232	200	258	—	—	690
Ombudsman	70	—	—	—	—	70
Tánaiste	1	27	9	—	5	42
Revenue Commissioners	757	115	90	—	148	1,110
Social Welfare	1,612	125	1,074	—	59	2,870
Taoiseach	498	212	733	181	7	1,631
Tourism and Trade	7	—	339	131	136	613
Transport, Energy and Communications	967	396	2,440	208	175	4,186
Valuation/Ordnance Survey	13	—	24	—	—	37
All departments	13,414	3,844	9,345	1,585	791	28,979
% of value of consultancies	46%	13%	32%	6%	3%	100%

*Note:* \* Includes consultancies paid for under the prisons, courts and Garda Síochána votes

Table B.4 Value of consultancies, by nature of consultancy and by department, 1994-1996

£ thousands

Department	Nature of consultancy								All consultancies	
	Output related					Business process related				Other*
	Professional advice	Policy review	Performance review	Planning/ appraisal studies	Market research	Information technology	Organisation review	Related to SMI		
Agriculture, Food and Forestry	703	211	552	264	173	267	—	100	46	2,316
Arts, Culture and the Gaeltacht	123	164	—	76	29	12	14	—	26	444
Attorney General	—	—	—	—	—	43	—	40	—	83
Central Statistics Office	—	—	—	5	18	75	111	—	35	244
Civil Service Commission	—	—	—	—	—	—	—	—	49	49
Comptroller and Auditor General	191	—	43	—	9	—	—	—	63	306
Defence	24	—	42	—	—	—	—	55	90	211
Director of Public Prosecutions	—	—	—	—	—	—	—	31	—	31
Education	289	53	—	—	193	412	276	—	84	1,307
Enterprise and Employment	1,428	110	122	51	—	504	9	—	175	2,399
Environment	695	309	580	268	42	26	—	—	309	2,229
Equality and Law Reform	138	79	—	23	148	—	—	—	18	406
Finance	1,178	—	—	6	1	532	—	—	115	1,832
Foreign Affairs	234	262	—	135	—	60	108	77	153	1,029
Health	315	106	—	22	1,388	32	—	52	13	1,928
Houses of the Oireachtas	48	138	55	—	88	51	5	32	28	445

Table B.4 continued

£ thousands

Department	Nature of consultancy								All consultancies	
	Output related					Business process related				Other*
	Professional advice	Policy review	Performance review	Planning/ appraisal studies	Market research	Information technology	Organisation review	Related to SMI		
Justice*	101	—	—	—	78	996	34	—	24	1,233
Land Registry/Registry of Deeds	42	—	—	—	—	124	—	46	29	241
Marine	259	337	119	122	30	12	41	22	55	997
Public Works	232	—	—	176	7	192	55	8	20	690
Ombudsman	70	—	—	—	—	—	—	—	—	70
Tánaiste	5	27	—	—	—	—	—	6	4	42
Revenue Commissioners	187	—	—	—	—	914	—	7	2	1,110
Social Welfare	102	631	—	7	17	1,293	461	104	255	2,870
Taoiseach	336	285	154	20	100	2	458	182	94	1,631
Tourism and Trade	16	58	131	—	126	1	266	—	15	613
Transport, Energy and Communications	2,773	469	78	264	206	46	21	158	171	4,186
Valuation/Ordnance Survey	—	7	—	—	—	—	—	17	13	37
All departments	9,489	3,246	1,876	1,439	2,653	5,594	1,859	937	1,886	28,979
% of value of consultancies	33%	11%	7%	5%	9%	19%	6%	3%	7%	100%

Notes: <sup>a</sup> Includes consultancies relating to staff training and development<sup>b</sup> Includes consultancies paid for under the prisons, courts and Garda Síochána votes

**Table B.5**      **Number of consultancies, by size of consultancy and by nature of consultancy, 1994-1996**

Number of consultancies						
Nature of consultancy	Size of consultancy					All consultancies
	<£10k	£10-50k	£50-100k	£100-500k	£500-1,000k	
<b>Output related</b>						
Professional advice	211	77	21	15	4	328
Policy review	82	53	10	6	—	151
Performance review	4	10	8	3	1	26
Planning/appraisal studies	35	24	5	3	—	67
Market research	31	25	8	3	1	68
<b>Business process related</b>						
Information technology	77	37	9	12	1	136
Organisation review	28	13	1	6	—	48
Related to SMI	14	16	3	2	—	35
<b>Other*</b>	74	30	12	1	—	117
All consultancies	556	285	77	51	7	976
Total value of consultancies — £'000	2,063	6,436	5,340	10,232	4,908	28,979

*Note:*      \* Includes consultancies relating to staff training and development

**Table B.6** Value of consultancies, by form of competition and by department, 1994-1996

£ thousands

Department	Written tenders sought from a number of consultants?			All consultancies
	Yes	No	No reply	
Agriculture, Food and Forestry	1,574	536	206	2,316
Arts, Culture and the Gaeltacht	260	184	—	444
Attorney General	19	64	—	83
Central Statistics Office	170	74	—	244
Civil Service Commission	25	24	—	49
Comptroller and Auditor General	303	3	—	306
Defence	187	24	—	211
Director of Public Prosecutions	11	20	—	31
Education	665	642	—	1,307
Enterprise and Employment	2,029	370	—	2,399
Environment	1,751	478	—	2,229
Equality and Law Reform	330	66	10	406
Finance	1,730	102	—	1,832
Foreign Affairs	669	360	—	1,029
Health	1,692	236	—	1,928
Houses of the Oireachtas	364	80	1	445
Justice*	1,151	82	—	1,233
Land Registry/Registry of Deeds	209	32	—	241
Marine	798	192	7	997
Public Works	391	299	—	690
Ombudsman	10	60	—	70
Tánaiste	28	14	—	42
Revenue Commissioners	821	289	—	1,110
Social Welfare	1,946	861	63	2,870
Taoiseach	1,186	435	10	1,631
Tourism and Trade	486	127	—	613
Transport, Energy and Communications	3,813	373	—	4,186
Valuation/Ordnance Survey	24	13	—	37
All departments	22,642	6,040	297	28,979
% of value of consultancies	78%	21%	1%	100%

Note: \* Includes consultancies paid for under the prisons, courts and Garda Síochána votes



**Table B.7**      **Number of consultancies, by form of competition and by size of consultancy, 1994-1996**

				Number of consultancies
Size of consultancy	Written tenders sought from a number of consultants?			All consultancies
	Yes	No	No reply	
Less than £10,000	207	343	6	556
£10,000 - £50,000	195	88	2	285
£50,000 - £100,000	50	25	2	77
£100,000 - £500,000	42	8	1	51
£500,000 - £1 million	7	—	—	7
All consultancies	501	464	11	976
% of consultancies	51%	48%	1%	100%

**Table B.8**      **Number of consultancies, by form of competition and by nature of consultancy, 1994-1996**

				Number of consultancies
Nature of consultancy	Written tenders sought from a number of consultants?			All consultancies
	Yes	No	No reply	
<b>Output related</b>				
Professional advice	133	191	4	328
Policy review	108	41	2	151
Performance review	18	8	—	26
Planning/appraisal studies	45	21	1	67
Market research	36	30	2	68
<b>Business process related</b>				
Information technology	63	72	1	136
Organisation review	39	9	—	48
Related to SMI	17	18	—	35
<b>Other*</b>	42	74	1	117
All consultancies	501	464	11	976
% of consultancies	51%	48%	1%	100%

*Note:*    \* Includes consultancies relating to staff training and development

**Table B.9 Value of consultancies, by form of competition and by nature of consultancy, 1994-1996**

*£ thousands*

Nature of consultancy	Written tenders sought from a number of consultants?			All consultancies
	Yes	No	No reply	
<b>Output related</b>				
Professional advice	7,120	2,237	132	9,489
Policy review	2,791	443	12	3,246
Performance review	1,699	177	—	1,876
Planning/appraisal studies	1,305	124	10	1,439
Market research	2,079	487	87	2,653
<b>Business process related</b>				
Information technology	4,121	1,473	—	5,594
Organisation review	1,715	144	—	1,859
Related to SMI	693	244	—	937
<b>Other*</b>	1,119	711	56	1,886
<b>All consultancies</b>	<b>22,642</b>	<b>6,040</b>	<b>297</b>	<b>28,979</b>
<b>% of value of consultancies</b>	<b>78%</b>	<b>21%</b>	<b>1%</b>	<b>100%</b>

*Note: \* Includes consultancies relating to staff training and development*

**Table B.10 Value of consultancies, by form of contract and by department, 1994-1996**

				£ thousands
Department	Written contract	Unwritten contract	Form of contract not indicated	All consultancies
Agriculture, Food and Forestry	2,223	44	49	2,316
Arts, Culture and the Gaeltacht	438	6	—	444
Attorney General	70	13	—	83
Central Statistics Office	240	4	—	244
Civil Service Commission	25	24	—	49
Comptroller and Auditor General	306	—	—	306
Defence	211	—	—	211
Director of Public Prosecutions	19	12	—	31
Education	1,020	287	—	1,307
Enterprise and Employment	2,345	54	—	2,399
Environment	2,175	54	—	2,229
Equality and Law Reform	353	43	10	406
Finance	1,826	6	—	1,832
Foreign Affairs	979	50	—	1,029
Health	1,864	59	5	1,928
Houses of the Oireachtas	295	149	1	445
Justice*	1,229	4	—	1,233
Land Registry/Registry of Deeds	235	6	—	241
Marine	974	14	9	997
Public Works	690	—	—	690
Ombudsman	12	58	—	70
Tánaiste	31	11	—	42
Revenue Commissioners	1,059	51	—	1,110
Social Welfare	2,649	121	100	2,870
Taoiseach	1,504	122	5	1,631
Tourism and Trade	577	36	—	613
Transport, Energy and Communications	4,148	28	10	4,186
Valuation/Ordnance Survey	24	13	—	37
All departments	27,521	1,269	189	28,979
% of value of consultancies	95%	4%	1%	100%

Note: \* Includes consultancies paid for under the prisons, courts and Garda Síochána votes

**Table B.11** Number of consultancies, by form of contract and by size of consultancy, 1994-1996

<i>Number of consultancies</i>				
Size of consultancy	Written contract	Unwritten contract	Form of contract not indicated	All consultancies
Less than £10,000	416	130	10	556
£10,000 to £50,000	254	27	4	285
£50,000 to £100,000	73	3	1	77
£100,000 to £500,000	50	1	—	51
£500,000 to £1,000,000	7	—	—	7
All consultancies	800	161	15	976
% of number of consultancies	82%	16%	2%	100%

**Table B.12** Value of consultancies, by form of contract and by nature of consultancy, 1994-1996

<i>£ thousands</i>				
Nature of consultancy	Written contract	Unwritten contract	Form of contract not indicated	All consultancies
<b>Output related</b>				
Professional advice	9,143	336	10	9,489
Policy review	3,051	190	5	3,246
Performance review	1,836	40	—	1,876
Planning/appraisal studies	1,369	60	10	1,439
Market research	2,387	239	27	2,653
<b>Business process related</b>				
Information technology	5,178	295	121	5,594
Organisation review	1,855	4	—	1,859
Related to SMI	913	24	—	937
<b>Other*</b>	1,789	81	16	1,886
All consultancies	27,521	1,269	189	28,979
% of value of consultancies	95%	4%	1%	100%

Note: \* Includes consultancies relating to staff training and development

Table B.13 Value of consultancies, by type of contract and by department, 1994 -1996

£ thousands

Department	Fixed price contract	Variable price contract	Type of contract not indicated	All consultancies
Agriculture, Food and Forestry	1,998	313	5	2,316
Arts, Culture and the Gaeltacht	423	21	—	444
Attorney General	70	13	—	83
Central Statistics Office	244	—	—	244
Civil Service Commission	25	24	—	49
Comptroller and Auditor General	306	—	—	306
Defence	211	—	—	211
Director of Public Prosecutions	31	—	—	31
Education	682	625	—	1,307
Enterprise and Employment	1,622	777	—	2,399
Environment	2,042	187	—	2,229
Equality and Law Reform	291	105	10	406
Finance	1,570	150	112	1,832
Foreign Affairs	762	267	—	1,029
Health	1,845	83	—	1,928
Houses of the Oireachtas	424	20	1	445
Justice*	981	252	—	1,233
Land Registry/Registry of Deeds	216	25	—	241
Marine	876	121	—	997
Public Works	567	123	—	690
Ombudsman	12	58	—	70
Tánaiste	40	2	—	42
Revenue Commissioners	362	748	—	1,110
Social Welfare	2,756	108	6	2,870
Taoiseach	1,245	383	3	1,631
Tourism and Trade	481	132	—	613
Transport, Energy and Communications	2,719	1,467	—	4,186
Valuation/Ordnance Survey	24	13	—	37
All departments	22,825	6,017	137	28,979
% of value of consultancies	78%	21%	1%	100%

Note: \* Includes consultancies paid for under the prisons, courts and Garda Síochána votes

**Table B.14 Value of consultancies, by type of contract and by nature of consultancy, 1994-1996**

*£ thousands*

Nature of consultancy	Fixed price contract	Variable price contract	Type of contract not indicated	All consultancies
<b>Output related</b>				
Professional advice	6,317	3,053	119	9,489
Policy review	3,051	187	8	3,246
Performance review	1,850	26	—	1,876
Planning/appraisal studies	1,419	10	10	1,439
Market research	2,034	619	—	2,653
<b>Business process related</b>				
Information technology	4,130	1,464	—	5,594
Organisation review	1,837	22	—	1,859
Related to SMI	802	135	—	937
<b>Other*</b>	1,385	501	—	1,886
<b>All consultancies</b>	<b>22,825</b>	<b>6,017</b>	<b>137</b>	<b>28,979</b>
<b>% of value of consultancies</b>	<b>78%</b>	<b>21%</b>	<b>1%</b>	<b>100%</b>

*Note:* \* Includes consultancies relating to staff training and development

**Table B.15 Number of consultancies by basis of approval \* and by department, 1994-1996**

Department	Number of consultancies			All consultancies
	Approval delegated to department	Specific approval	Basis of approval not indicated	
Agriculture, Food and Forestry	36	25	—	61
Arts, Culture and the Gaeltacht	27	5	—	32
Attorney General	—	7	—	7
Central Statistics Office	13	5	1	19
Civil Service Commission	—	3	—	3
Comptroller and Auditor General	—	15	—	15
Defence	1	3	1	5
Director of Public Prosecutions	—	2	—	2
Education	47	5	1	53
Enterprise and Employment	41	26	2	69
Environment	19	22	20	61
Equality and Law Reform	3	9	13	25
Finance	8	28	2	38
Foreign Affairs	105	11	—	116
Health	27	—	4	31
Houses of the Oireachtas	2	44	—	46
Justice <sup>b</sup>	8	12	1	21
Land Registry/Registry of Deeds	2	10	—	12
Marine	31	24	11	66
Public Works	15	8	—	23
Ombudsman	—	15	—	15
Tánaiste	7	1	—	8
Revenue Commissioners	18	7	—	25
Social Welfare	31	18	1	50
Taoiseach	20	35	1	56
Tourism and Trade	5	7	1	13
Transport, Energy and Communications	62	38	1	101
Valuation/Ordnance Survey	3	—	—	3
All departments	531	385	60	976

Notes: \* Some contracts must be specifically approved by the Department of Finance. In other cases, departments can enter contracts below agreed spending limits. See paragraph 4.29 of report.

<sup>b</sup>Includes consultancies paid for under the prisons, courts and Garda Síochána votes

**Table B.16**     **Number of consultancies by basis of approval <sup>a</sup>, by size of consultancy, 1994-1996**

Size of consultancy	Number of consultancies			All consultancies
	Approval delegated to department	Specific approval	Basis of approval not indicated	
Less than £10,000	375	135	46	556
£10,000 to £50,000	124	152	9	285
£50,000 to £100,000	20	56	1	77
£100,000 to £500,000	12	37	2	51
£500,000 to £1,000,000	—	5	2	7
All consultancies	531	385	60	976

Notes:    <sup>a</sup> Some contracts must be specifically approved by the Department of Finance. In other cases, departments can enter contracts below agreed spending limits. See paragraph 4.29 of report.



**Table B.17** Number of 'fixed price' consultancies, by expenditure outturns and by department, 1994-1996

Department	Final payment made				Final payment not yet made	All fixed price consultancies
	On budget*	Under budget	Over budget	Original value not known		
Agriculture, Food and Forestry	33	1	1	3	7	45
Arts, Culture and the Gaeltacht	14	1	6	5	2	28
Attorney General	3	2	—	—	1	6
Central Statistics Office	12	—	7	—	—	19
Civil Service Commission	—	—	1	—	—	1
Comptroller and Auditor General	11	1	1	—	2	15
Defence	—	3	1	—	1	5
Director of Public Prosecutions	2	—	—	—	—	2
Education	28	1	3	—	3	35
Enterprise and Employment	32	5	7	—	7	51
Environment	40	1	4	1	9	55
Equality and Law Reform	14	2	2	1	2	21
Finance	14	3	2	2	4	25
Foreign Affairs	51	17	33	1	4	106
Health	14	—	5	1	9	29
Houses of the Oireachtas	26	3	5	—	5	39
Justice*	6	1	1	—	1	9
Land Registry/Registry of Deeds	6	1	1	—	2	10
Marine	42	2	1	3	6	54
Public Works	13	2	5	—	2	22
Ombudsman	1	—	1	—	—	2
Tánaiste	5	1	—	—	—	6
Revenue Commissioners	10	—	—	1	2	13
Social Welfare	15	5	2	—	21	43
Taolseach	17	1	6	4	7	35
Tourism and Trade	7	—	—	—	1	8
Transport, Energy and Communications	40	6	4	2	33	85
Valuation/Ordnance Survey	—	—	—	—	2	2
<b>All departments</b>	<b>456</b>	<b>59</b>	<b>99</b>	<b>24</b>	<b>133</b>	<b>771</b>

Notes: \* 'On budget' means outturn is within  $\pm 5\%$  of agreed contract price

\* Includes consultancies paid for under the prisons, courts and Garda Síochána votes.

**Table B.18      Number of consultancies, by size and duration, 1994-1996**

<i>Number of consultancies</i>						
Duration of consultancy	Size of consultancy					All consultancies
	<£10k	£10-50k	£50-100k	£100-500k	£500-1,000k	
Less than 1 month	163	8	—	—	—	171
1 to 6 months	190	119	14	5	1	329
6 months to 1 year	44	60	15	6	2	127
1 to 2 years	19	26	17	9	2	73
2 to 3 years	1	5	8	4	—	18
More than 3 years	3	5	—	—	—	8
Duration unknown*	136	62	23	27	2	250
All consultancies	556	285	77	51	7	976

*Note:*      \* Includes consultancies not yet finished and those where start and/or finish date was not reported

**Table B.19**      **Number of consultancies by type of report and by nature of consultancy, 1994-1996**

*Number of consultancies*

Nature of consultancy	Reports provided:		No reports provided	Consultancies not yet completed	All consultancies
	with recommendations	without recommendations			
<b>Output related</b>					
Professional advice	166	52	44	66	328
Policy review	124	16	3	8	151
Performance review	14	3	2	7	26
Planning/appraisal studies	53	7	2	5	67
Market research	9	11	41	7	68
<b>Business process related</b>					
Information technology	46	13	66	11	136
Organisation review	42	1	—	5	48
Related to SMI	14	5	10	6	35
<b>Other*</b>	39	31	24	23	117
<b>All consultancies</b>	<b>507</b>	<b>139</b>	<b>192</b>	<b>138</b>	<b>976</b>

*Note:*      \* Includes consultancies relating to staff training and development

**Table B.20** Publication of consultancy reports, by nature of consultancy, 1994-1996

Nature of consultancy	Consultancies with reports	Reports published	
	Number	Number	% of number
<b>Output related</b>			
Professional advice	218	40	18%
Policy review	140	47	34%
Performance review	17	8	47%
Planning/appraisal studies	60	16	27%
Market research	20	8	40%
<b>Business process related</b>			
Information technology	59	—	—
Organisation review	43	9	21%
Related to SMI	19	5	26%
<b>Other*</b>	70	19	27%
<b>All consultancies</b>	<b>646</b>	<b>152</b>	<b>24%</b>

Note: \* Includes consultancies relating to staff training and development

**Table B.21 Evaluation of consultancies, by department, 1994-1996**

Department	Formal post completion evaluation carried out?			Consultancies not yet completed	All consultancies
	Yes	No	No reply		
Agriculture, Food and Forestry	3	50	—	8	61
Arts, Culture and the Gaeltacht	—	30	—	2	32
Attorney General	—	6	—	1	7
Central Statistics Office	1	18	—	—	19
Civil Service Commission	1	2	—	—	3
Comptroller and Auditor General	1	13	—	1	15
Defence	—	4	—	1	5
Director of Public Prosecutions	—	2	—	—	2
Education	5	43	—	5	53
Enterprise and Employment	2	55	—	12	69
Environment	3	53	—	5	61
Equality and Law Reform	—	24	—	1	25
Finance	—	34	1	3	38
Foreign Affairs	98	13	1	4	116
Health	7	15	—	9	31
Houses of the Oireachtas	8	35	1	2	46
Justice*	2	15	—	4	21
Land Registry/Registry of Deeds	1	9	—	2	12
Marine	4	52	2	8	66
Public Works	—	19	1	3	23
Ombudsman	—	15	—	—	15
Tánaiste	—	8	—	—	8
Revenue Commissioners	—	19	—	6	25
Social Welfare	11	26	1	12	50
Taoiseach	7	38	—	11	56
Tourism and Trade	—	12	—	1	13
Transport, Energy and Communications	5	58	2	36	101
Valuation/Ordnance Survey	—	2	—	1	3
All departments	159	670	9	138	976

*Note:* \* Includes consultancies paid for under the prisons, courts and Garda Síochána votes

**Table B.22 Evaluation of consultancies, by size of consultancy, 1994-1996**

Number of consultancies						
	Size of consultancy					All consultancies
	<£10k	£10-50k	£50-100k	£100-500k	£500-1000k	
Formal evaluation carried out?						
Yes	101	48	4	3	3	159
No	394	199	52	23	2	670
No reply	5	2	2	—	—	9
Completed consultancies	500	249	58	26	5	838
Consultancies not yet completed*	56	36	19	25	2	138
All consultancies	556	285	77	51	7	976

Note: \* Includes consultancies not yet finished and those where start and/or finish date was not reported

**Table B.23 Evaluation of consultancies, by nature of consultancy, 1994-1996**

Number of consultancies					
Nature of consultancy	Formal post completion evaluation carried out?			Consultancies not yet completed	All consultancies
	Yes	No	No reply		
<b>Output related</b>					
Professional advice	31	229	2	66	328
Policy review	54	87	2	8	151
Performance review	4	15	—	7	26
Planning/appraisal studies	18	44	—	5	67
Market research	3	55	3	7	68
<b>Business process related</b>					
Information technology	12	111	2	11	136
Organisation review	20	23	—	5	48
Related to SMI	3	26	—	6	35
<b>Other*</b>	14	80	—	23	117
<b>All consultancies</b>	159	670	9	138	976

Note: \* Includes consultancies relating to staff training and development

**Table B.24 Management cost of consultancies, by department, 1994-1996**

Department	Number reported	Aggregate contract value	Estimated management cost	Management cost as a % of contract value
		£'000	£'000	
Agriculture, Food and Forestry	44	1,229	288	23%
Arts, Culture and the Gaeltacht	29	372	72	19%
Attorney General	3	31	3	10%
Central Statistics Office	18	238	48	20%
Civil Service Commission	1	25	15	60%
Comptroller and Auditor General	14	298	84	28%
Defence	4	187	7	4%
Director of Public Prosecutions	2	31	12	39%
Education	44	652	171	26%
Enterprise and Employment	43	873	263	30%
Environment	53	1,463	235	16%
Equality and Law Reform	23	391	43	11%
Finance	30	1,261	99	8%
Foreign Affairs	102	645	12	2%
Health	19	1,182	98	8%
Houses of the Oireachtas	29	324	137	42%
Justice*	16	1,158	360	31%
Land Registry/Registry of Deeds	10	211	58	27%
Marine	57	656	93	14%
Public Works	12	342	132	39%
Ombudsman	—	—	—	—
Tánaiste	8	42	20	48%
Revenue Commissioners	15	1,003	62	6%
Social Welfare	36	1,958	570	29%
Taoiseach	30	641	71	11%
Tourism and Trade	7	435	28	6%
Transport, Energy and Communications	57	2,227	341	15%
Valuation/Ordnance Survey	2	20	7	35%
All departments	708	17,895	3,329	19%

*Note:* \* Includes consultancies paid for under the prisons, courts and Garda Síochána votes

**Table B.25 Management cost of consultancies, by nature of consultancy, 1994-1996**

Nature of consultancy	Number reported	Aggregate contract value	Estimated management cost	Management cost as % of contract value
		£'000	£'000	
Output related				
Professional advice	203	4,393	615	14%
Policy review	118	2,324	346	15%
Performance review	16	490	93	19%
Planning/appraisal studies	54	1,067	112	10%
Market research	54	1,927	181	9%
Business process related				
Information technology	118	4,341	1,150	26%
Organisation review	41	1,492	365	24%
Related to SMI	25	619	219	35%
Other*	79	1,242	248	20%
All consultancies	708	17,895	3,329	19%

Note: \* Includes consultancies relating to staff training and development



**Table B.26 Most frequently used consultants by number and value of consultancies, 1994-1996**

Consultants	Number		Value	
	Number	%	£'000	%
Price Waterhouse	31	3%	1,809	6%
Andersen Consulting	8	1%	1,567	6%
Deloitte & Touche	14	1%	1,254	4%
Coopers & Lybrand	23	2%	871	3%
Digital Equipment Ireland	12	1%	769	3%
DKM	7	1%	719	2%
Economic and Social Research Institute	18	2%	710	3%
KPMG	18	2%	459	2%
Ernst & Young	9	1%	401	1%
Indecon	7	1%	400	1%
Fitzpatrick Associates	13	1%	382	1%
Goodbody Economic Consultants	10	1%	229	1%
Brady Shipman Martin	5	—	229	1%
Institute of Public Administration	6	1%	213	1%
Computer Learning Centre	7	1%	144	—
Most frequently used consultants	188	19%	10,156	35%
Other consultants	788	81%	18,823	65%
All consultants	976	100%	28,979	100%

Table B.27 Most frequently used consultants, by nature of consultancy, 1994-1996

Number of consultancies

Consultants	Nature of consultancy								
	Output related					Business process related			Other*
	Professional advice	Policy review	Performance review	Planning/ appraisal studies	Market research	Information technology	Organisation review	Related to SMI	
Price Waterhouse	10	2	—	—	—	2	6	7	4
Andersen Consulting	3	1	—	—	—	1	2	1	—
Deloitte & Touche	3	2	—	—	—	5	2	1	1
Coopers & Lybrand	6	2	1	3	—	9	—	2	—
Digital Equipment Ireland	—	—	—	—	—	12	—	—	—
DKM	1	4	2	—	—	—	—	—	—
Economic and Social Research Institute	6	5	—	—	2	1	—	—	4
KPMG	3	2	—	4	—	1	2	1	5
Ernst & Young	1	—	2	2	—	4	—	—	—
Indecon	1	3	2	1	—	—	—	—	—
Fitzpatrick Associates	1	6	6	—	—	—	—	—	—
Goodbody Economic Consultants	1	5	2	2	—	—	—	—	—
Brady Shipman Martin	—	3	—	2	—	—	—	—	—
Institute of Public Administration	2	—	—	—	—	—	1	1	2
Computer Learning Centre	—	—	—	—	—	1	—	—	6
Most frequently used consultants	38	35	15	14	2	36	13	13	22
Other consultants	290	116	11	53	66	100	35	22	95
All consultants	328	151	26	67	68	136	48	35	117

Note: \* Includes consultancies relating to staff training and development

**Table B.28 Most frequently used consultants, by department, 1994-1996**

Consultants	Department	Number of consultancies	Aggregate value of contracts £'000
Price Waterhouse	Agriculture, Food and Forestry	3	113
	Education	6	123
	Environment	2	71
	Land Registry/registry of Deeds	4	58
	Marine	3	103
	Social Welfare	4	658
	Taoiseach	2	437
	Transport, Energy and Communications	2	83
	<i>Five other departments</i>	5	163
Andersen Consulting	Taoiseach	2	22
	Transport, Energy and Communications	3	612
	<i>Three other departments</i>	3	933
Deloitte & Touche	Enterprise and Employment	2	254
	Public Works	3	104
	<i>Nine other departments</i>	9	896
Coopers & Lybrand	Agriculture, Food and Forestry	3	164
	Enterprise and Employment	2	36
	Marine	5	96
	Revenue Commissioners	2	106
	Social Welfare	3	170
	Transport, Energy and Communications	2	122
	Valuation/Ordnance Survey	2	24
	<i>Four other departments</i>	4	153
Digital Equipment Ireland	Central Statistics Office	3	7
	Justice	1	33
	Social Welfare	8	729
DKM	Environment	3	625
	<i>Four other departments</i>	4	94
Economic and Social Research Institute	Enterprise and Employment	4	169
	Environment	5	162
	Social Welfare	5	333
	<i>Four other departments</i>	4	46

Table B.28 continued

Consultants	Department	Number of consultancies	Aggregate value of contracts
			£'000
KPMG	Enterprise and Employment	2	16
	Finance	2	6
	Land Registry/Registry of Deeds	2	73
	Marine	5	89
	Transport, Energy and Communications	3	99
	<i>Four other departments</i>	4	176
Ernst & Young	Agriculture, Food and Forestry	2	216
	Public Works	3	87
	<i>Four other departments</i>	4	98
Indecon	Arts, Culture and the Gaeltacht	2	33
	Marine	2	179
	Transport, Energy and Communications	2	177
	Tourism and Trade	1	11
Fitzpatrick Associates	Agriculture, Food and Forestry	2	112
	Enterprise and Employment	6	75
	Tourism and Trade	2	131
	<i>Three other departments</i>	3	64
Goodbody Economic Consultants	Enterprise and Employment	4	134
	Social Welfare	3	65
	<i>Three other departments</i>	3	30
Brady Shipman Martin	Arts, Culture and the Gaeltacht	3	119
	<i>Two other departments</i>	2	110
Institute of Public Administration	Taoiseach	3	208
	<i>Two other departments</i>	3	5
Computer Learning Centre	Finance	2	84
	Taoiseach	3	37
	<i>Two other departments</i>	2	23
Total		188	10,156

## **Comptroller and Auditor General Value for Money Audit Mandate**

The purpose of Value for Money Examination Reports under Section 9 of the Comptroller and Auditor General (Amendment) Act, 1993 is to provide independent assurance to Dáil Éireann on the discharge by entities audited by the Comptroller and Auditor General of their accountability for:

- the economic and efficient use of public moneys and other resources and
- the effectiveness of their operations.

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