FD (DFP) 07/12

20 April 2012

Dear Finance Director

GUIDANCE ON THE USE OF PROFESSIONAL SERVICES

Purpose of this letter

1. Attached to this letter is the revised guidance on the use of professional services, and in particular, external consultants. The guidance adopts the umbrella term professional services to cover both consultancy and other professional services.

2. The principles outlined in the guidance are effective from 1 April 2012 and apply to all departments, agencies, NDPBs and other sponsored bodies.

3. This replaces the current guidance on the use of external consultants found in FD(DFP) 04/09, and further clarification issued under cover of FD(DFP) 21/09 and FD(DFP) 22/09, which are now cancelled. The guidance is also fully reflective of FD(DFP)11/10 and FD(DFP) 15/11 (relating respectively to classification of costs on capital projects and use of optimism bias). This guidance is available on the AFMD website.

Background

3. DFP has undertaken a review of the 2009 guidance on use of external consultants to assess its practical implementation and address any issues that had arisen. This revised version of the guidance provides further clarification on the definitions and categories to be used, together with wider guidance on the recording and reporting of expenditure on all professional services.

4. Throughout the review there has been extensive consultation with departments, via consultancy co-ordinators, as well as within DFP (Central Procurement Directorate, Delivery and Innovation Division, Account NI and Central Finance Group).
Action to be taken

5. The use of professional services is an important part of running any large public organisation and consultants can provide specific skills which are not available within an organisation, or which are not needed on a permanent basis.

6. The decision to use consultants, or any external professional service, must be fully justified, the procurement properly conducted, the assignments managed and the costs recorded. This guidance is intended to aid these processes.

7. Departments should ensure that it is immediately disseminated across all business areas, including agencies, NDPBs and sponsored bodies.

8. Any queries from departments relating to this guidance should be addressed in the first instance to the appropriate DFP Supply Officer. In the case of sponsored bodies, any queries should initially be directed to the sponsor department.

Yours sincerely

[signed]

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Treasury Officer of Accounts