

DEPARTMENT OF FINANCE AND PERSONNEL

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To : Departmental, Agency and Additional Accounting Officers

ISSUES RAISED BY THE PUBLIC ACCOUNTS COMMITTEE

At the recent Public Accounts Committee hearing on The Rural Development Programme, the Committee asked DFP to write to Accounting Officers regarding guidance on economic appraisal. The Committee also commented on issues concerned with the use of consultants.

The purpose of this letter is to draw to the attention of Accounting Officers the Committee's comments and to outline the key points of the current guidance in the areas of economic appraisal and use of consultants.

Economic Appraisal

The Committee was concerned that in a number of projects examined as part of a review of The Rural Development Programme, economic appraisals had not been carried out. Furthermore, it considered it unacceptable that officials had set aside economic appraisal guidelines without reference back to DFP. The Committee also asked DFP to draw to Accounting Officers' attention the seriousness with which it will regard any future lapse of this nature.

Comprehensive guidelines currently exist on economic appraisal. The main guidance is contained in the NI Preface to the Green Book, issued undercover of DAO(DFP) 16/97, which will be replaced in 2001 by a new expanded and updated DFP guide currently being prepared by this Department's Economic Appraisal and Evaluation Branch.

I would draw your attention in particular to the following key points.

Appraisal and Evaluation

- The principles of economic policy should be applied, with proportionate effort, to every proposal for spending or saving public money, or that involves changes in the use of public sector resources, whether it concerns a policy, a programme or a project.
- Every appraisal of any substance should indicate how the proposals concerned will be evaluated after completion and how the results of the evaluation will be disseminated. This applies to policies and programmes as well as projects.
- There are no exceptions to these requirements which apply not only to departments themselves, but also to all agencies. non-departmental public bodies and all public bodies for which departments are wholly or partially accountable.

Policy and Programme Appraisal

- It is vital that the principles of appraisal are applied when existing policies or programmes are being reviewed, and when new policies or programmes are planned.
- The relative priority of different objectives, or different elements of the proposals, should be clearly stated.

Use of Consultants

The Committee also commented on the need for departments to establish quality reviews procedures for consultancy work and recommended that guidance should be provided on reclaiming fees where the standard of that work proves to be inadequate. In its response, DFP stated that comprehensive guidance was already in place, and that if the current guidance is adhered to, the issue of reclaiming fees should not occur.

The guidance in question, DPS(DFP) 2/95 'Use of Consultants' is comprehensive, and provides:

- Advice on issues to be considered prior to employing a consultant
- Advice on value for money considerations and project control and monitoring, and
- A model system for the use and control of consultants.

The model system emphasises,

'The need for project managers to sign off the project formally on completion and to confirm in writing that the consultants have properly discharged their responsibilities under the contract before final payments are approved by the Department's finance staff'.

If this responsibility is properly discharged, the issue of reclaiming fees for sub-standard work should not materialise.

Action

I should be grateful if Accounting Officers would ensure that this letter is brought to the attention of those staff involved in the areas of work mentioned above. I would also strongly recommend that staff working in these areas should ensure that they are well aquatinted with all related guidance and receive training as appropriate.

Copies of this letter should also be sent to sponsored bodies

Andrew McCormick

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