



Comptroller and Auditor General

Use of Consultants

13 October 2016



JERSEY AUDIT OFFICE

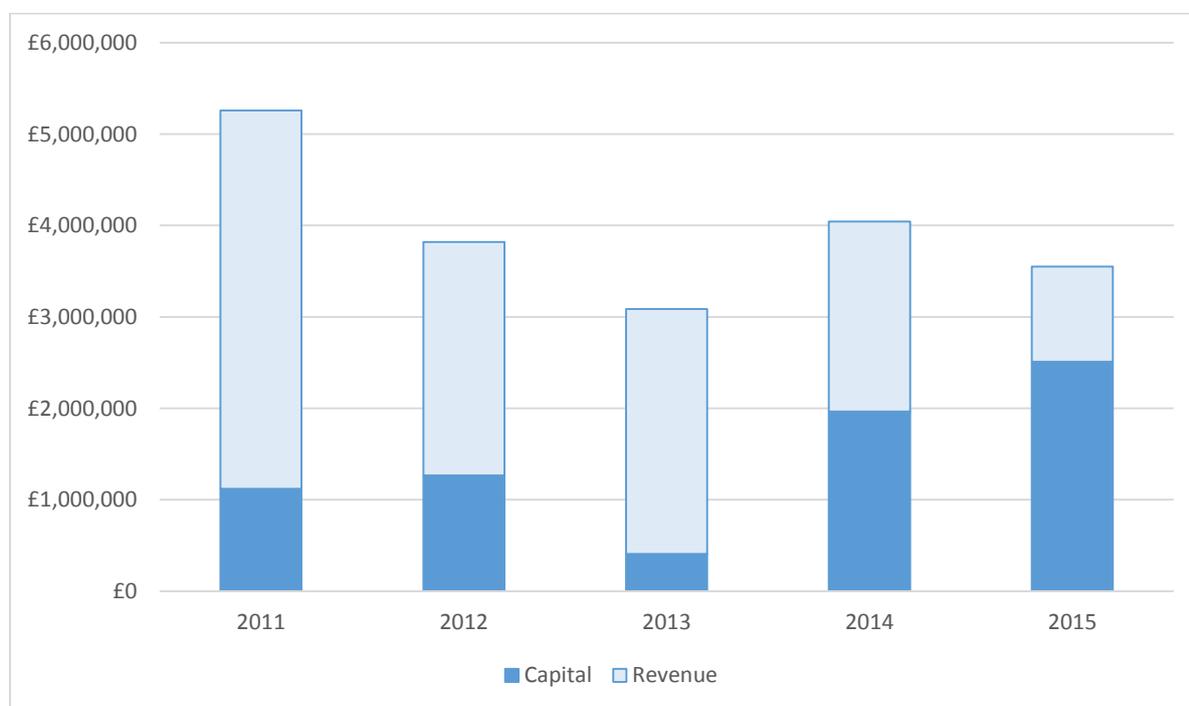
R.107/2016

Use of Consultants

Introduction

- 1.1 Consultancy is big business and one of the fastest growing sectors within the service economy. In the UK estimates suggest it is worth around £9bn, employs more than 80,000 people and is growing faster than the UK economy as a whole¹. It is lucrative for its practitioners but, unlike other professional services provided by accountants and lawyers for example, it is not bound by professional regulation.
- 1.2 Between 2011 and 2015 the States of Jersey (the States) recorded expenditure on consultants averaging £3.9m per annum, representing approximately 0.5% of Consolidated Fund expenditure (see Exhibit 1).

Exhibit 1: Expenditure on consultancy 2011 to 2015



Source: States of Jersey accounting system

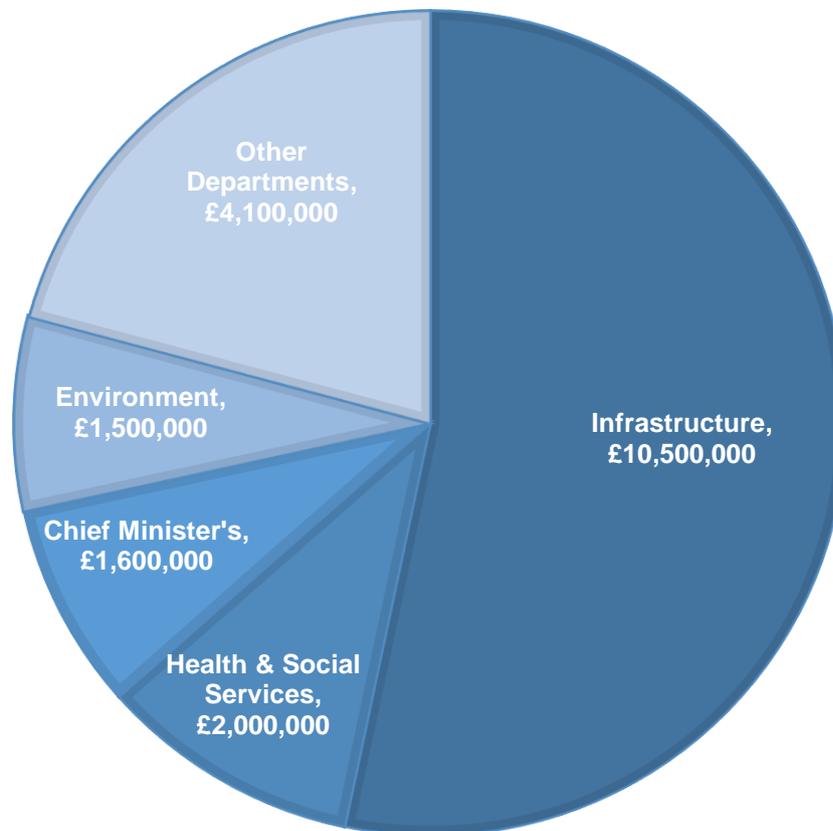
Note (1): Excludes expenditure on the Jersey Independent Care Inquiry

Note (2): Capital expenditure in 2014 and 2015 includes expenditure on consultancy services connected with the Future Hospital project

- 1.3 Four departments account for over 80% of the expenditure incurred over a five-year period (see Exhibit 2).

¹ MCA UK Consulting Industry Statistics Report 2014

Exhibit 2: Expenditure on consultancy by Department 2011 to 2015



Source: States of Jersey accounting system

Note (1): Excludes expenditure on the Jersey Independent Care Inquiry

Note (2): Infrastructure Department was Transport and Technical Services Department prior to 2016

- 1.4 When used effectively consultants can help organisations grow, improve efficiency and effectiveness and achieve their strategic objectives. Consultants are valuable because they can provide specialist and scarce resources together with objectiveness and rigour². Consultants, used well, can support the States' ambitious plans for change.
- 1.5 However, buying consultancy services is not straightforward. Organisations need to think carefully about what type of consultants they wish to use and why. Success relies on a good relationship between the client and the consultant, ensuring there are clearly defined roles and effective management from inception through to final delivery of a project, implementing agreed

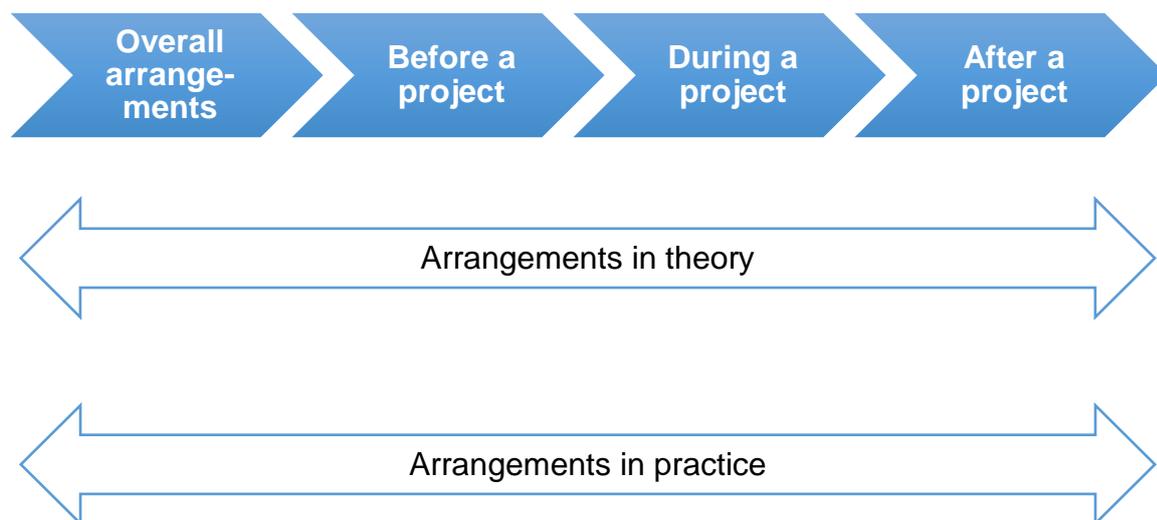
² *Buying professional services* (Fiona Czerniawska and Peter Smith, 2010)

recommendations and measuring the results. The ultimate test is whether the value derived from the consultant is higher than the fees paid.

Objectives and scope of the review

- 1.6 The review evaluated the effectiveness of the States' overall arrangements for use of consultants. It did so by drawing on best practice comparing both the 'theory' – the written policies and procedures – and actual 'practice' for a sample of consultancy projects against that best practice (see Exhibit 3).
- 1.7 The review focussed on consultant expenditure where there was a defined end-point to the work and the responsibility for the final outcome of the work rested with the States. It did not extend to:
- outsourcing; and
 - staff substitution; or
 - in relation to Information Technology (IT) consultants, the implementation of arrangements in practice or the evaluation of whether value for money has been secured.

Exhibit 3: Objectives and scope of the review



Source: Jersey Audit Office

Approach

- 1.8 I evaluated the arrangements put in place by the States against best practice identified by the UK National Audit Office³ and other experts in the field⁴.

³ *Central government's use of consultants* (NAO, 2006) <https://www.nao.org.uk/wp-content/uploads/2006/12/0607128.pdf>

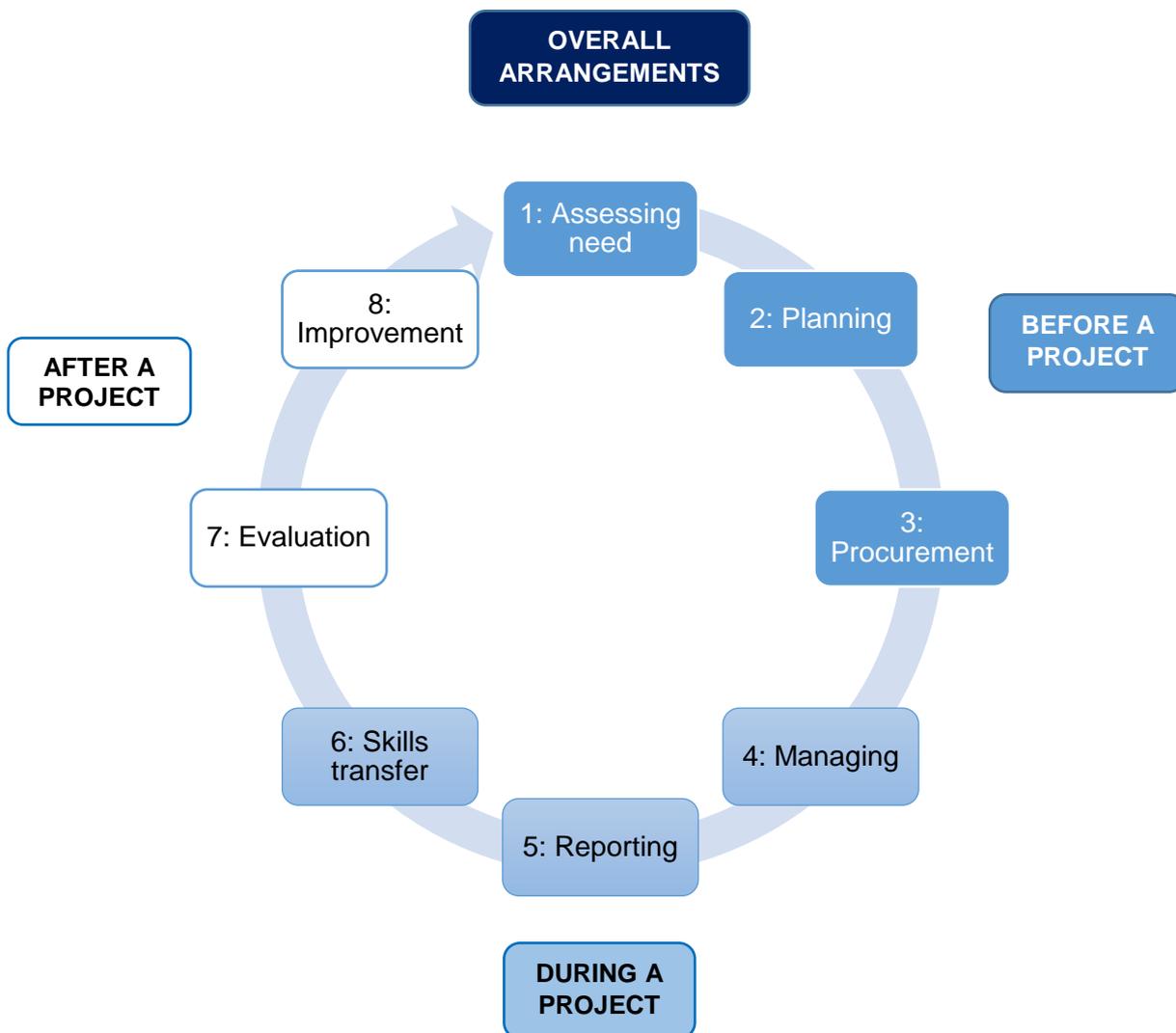
⁴ *Buying professional services* (Fiona Czerniawska and Peter Smith, 2010)

1.9 Best practice involves:

- giving careful consideration to why the consultant is needed and choosing the right consultant to meet those needs;
- skilful management of the project and the supplier through to delivery; and
- effective evaluation of the consultant’s findings, implementation of agreed recommendations and sharing of experiences.

1.10 Following this best practice for these critical steps ensures that the States only uses consultants when they are needed, gets good value for money when they are used and that the desired outcomes are achieved (Exhibit 4).

Exhibit 4: Best practice framework for engaging with consultants



Source: Jersey Audit Office

Overall arrangements

- 2.1 Effective overall arrangements should include:
- active use of a comprehensive skills inventory, to ensure that consultants are only engaged when in-house skills are not available; and
 - a clear framework of 'rules' applicable to the use of consultants;
 - clarity as to the expenditure falling within the scope of those rules; and
 - consistent recording of expenditure to facilitate monitoring.
- 2.2 A high performing organisation maintains a 'skills database' which:
- records at a high level the skills and competencies available within the current workforce;
 - identifies and categorises skills required for the future as the organisation changes;
 - is used to identify endemic skills gaps within the organisation; and
 - is used to drive training and recruitment, inform the engagement of consultants and prioritise the transfer of skills from consultants to the current workforce.
- 2.3 The availability and use of such a database is even more important for organisations facing significant change and requiring new and different skills within their workforce.
- 2.4 But no corporate skills database is in place within the States. In consequence there is an increased risk that:
- consultants are being used at additional cost where the requisite skills, such as project management skills necessary to manage many smaller projects, exist within the States, including in a different department; and
 - the States fails to develop and maintain core skills and expertise required going forward, such as skills in client management of outsourced services.
- 2.5 This finding echoes my previous concerns about the lack of developed corporate planning for skills which I highlighted in my *Review of Financial Management – Part 2* and, in the context of the skills needed to drive change, in my review of *eGovernment*.
- 2.6 The States defines consultancy as:
- 'any individual or organisation engaged on behalf of the States of Jersey to provide independent intellectual input into decision making⁵'*
- 2.7 This definition is supplemented with further clarification and guidance within the relevant Financial Direction, on the States intranet and through separate departmental guidance (Exhibit 5).

⁵ Financial Direction 5.6U

Exhibit 5: Directions and guidance for recruiting consultants

Financial Directions	<p>Financial Direction 5.6U Management of Consultants contains definition, permitted use, planning, engagement, supplier selection, contract management, project closure and post contract review.</p> <p>It refers to Financial Directions 5.1 Purchase of Goods and Services and 5.2 Travel and Accommodation and to the 'We All Count' website.</p>
Corporate guidance	<p>MyStates intranet pages 'How to buy goods and services' contain general information on how to buy services.</p> <p>'We All Count' intranet pages contain copies of Financial Directions and separate guidance on accounting for consultants.</p> <p>Corporate Procurement staff offer advice.</p>
Departmental guidance	<p>Many departments supplement Financial Directions and corporate guidance, providing interpretation and examples for departmental staff.</p> <p>Departmental finance and procurement staff offer advice.</p>

Source: *States of Jersey*

- 2.8 Although the definition and guidance on use of consultants is broadly consistent, the information is not easy to access and the guidance available expands what constitutes consultancy services. For example, in explanations the terms 'professional' or 'expert advice or services' are used, which remain open to further interpretation.
- 2.9 Consequently, there is ambiguity in the definition of consultancy services and a risk of:
- confusion as to whether expenditure falls within the scope of the Financial Direction; and
 - staff substitution being recorded as consultancy expenditure. This has the potential to negate the effectiveness of the corporate staff reduction measures which are a key component of the States' Medium Term Financial Plan.
- 2.10 My review identified a number of cases where expenditure has been coded as 'consultancy' but appears to fall outside the definition within the Financial Direction (see Exhibit 6).

Exhibit 6: Examples of expenditure coded as consultancy services 2011-2015

Legal fees relating to the Independent Jersey Care Inquiry

Six month contract for IT development, migration and team leading services

Project management services

Provision of services for research, feasibility studies, contract and project management relating to waste and transport, delivered for a period in excess of five years

Provision of services for explosives ordnance disposal, delivered for a period in excess of five years (subsequently re-categorised as Hire of Services)

Secondment fees for covering the role of a Finance Director

2.11 There is also the risk that expenditure has been treated as ‘hired services’ or ‘professional fees’ when it meets the definition of consultancy and should have been coded as such. Over a five-year period, expenditure on consultants has reduced whereas expenditure on both hired services and professional fees has increased (see Exhibit 7).

Exhibit 7: Expenditure on consultancy, professional fees and hire of services 2011-15



Source: States of Jersey accounting system

Note: Excludes expenditure on the Jersey Independent Care Inquiry

- 2.12 If the nature of expenditure is not accurately identified, good management information is not available. That in turn inhibits the States' ability to demonstrate that it secures value from the use of consultants and to make savings, invest and reform.
- 2.13 Each department monitors expenditure on consultants as part of operational budget monitoring and, for larger projects, through departmental project management arrangements. However, the level of financial information available on consultancy is basic (Exhibit 8).

Exhibit 8: Monitoring consultancy expenditure – weaknesses

Finding	Implication
Expenditure by consultancy supplier is not monitored.	Scope to use purchasing power not captured.
Expenditure by consultancy type not captured.	Information to inform development of knowledge and skills across the States not captured. Information to inform development of States-wide framework arrangements not captured.
No structured corporate monitoring of consultancy expenditure.	Inability to demonstrate States-wide value for money secured from consultancy expenditure.

Recommendations

- R1** Implement a corporate framework for recording current skills within the States' workforce and those skills identified as needed as the organisation changes.
- R2** Use the corporate skills framework to drive training, recruitment and skills transfer.
- R3** Check the availability of skills within the States' workforce before engaging consultants.
- R4** Adopt, communicate, implement and monitor compliance with a consistent corporate framework for the use of consultants, including a less ambiguous definition.
- R5** Enhance information for departmental monitoring, and introduce corporate monitoring, of the use of consultants.

Before the project

- 3.1 Effective planning and procurement are important to ensure the right resource is identified and the project is carried out efficiently and effectively. The first step is to ensure that a consultant is really needed or whether there is a more effective way of fulfilling the requirement. Senior management should be involved from the beginning to ensure ownership and buy in from the outset. The choice of consultant partner is essential for the same reason, partnering with the wrong organisation can be time consuming, costly and result in project failure.
- 3.2 My evaluation of the design and operation of the States' arrangements has identified weaknesses (see Exhibit 9) but also an example of well-developed needs assessment and project planning (see Case Study 1).

Exhibit 9: Before the project: evaluation of arrangements

Best practice	Arrangements in theory	Arrangements in practice	Implications of weaknesses identified
Stage 1: Assessing need			
<p>Assessment of in-house capacity and ongoing requirements.</p> <p>Links to organisational resource planning.</p> <p>Assessing if benefits justify the cost.</p>	<p>Financial Directions state that consultants may only be engaged when professional, independent, expert or specialist knowledge is needed and are not available in-house.</p> <p>However, there is no explicit requirement to:</p> <ul style="list-style-type: none"> • document a needs assessment; • link the assessment to organisational resource planning; • assess if benefits justify the costs; and • consider the 	<p>In only 17% of cases tested some form of needs assessment was documented considering whether in-house staff had the skills or capacity to do the job. None considered if expertise was required on an ongoing basis.</p> <p>One made some reference to organisational resource planning and one considered benefit justifying cost.</p>	<p>Risk of incurring unnecessary cost.</p> <p>Ineffective resource planning.</p>

Best practice	Arrangements in theory	Arrangements in practice	Implications of weaknesses identified
	option of employing staff if there is an ongoing need.		
Stage 2: Planning			
<p>Business case prepared.</p> <p>Reasons for a consultant identified.</p> <p>Expectations of consultant identified.</p> <p>Senior management involved from the outset.</p>	<p>Documented arrangements meet best practice.</p> <p>Financial Directions and procurement guidance require:</p> <ul style="list-style-type: none"> • An engagement brief for contracts > £25,000. • A procurement strategy for contracts >£100,000. <p>These documents are required to contain justification for the engagement and include details of required outcomes.</p> <p>Engagements >£50,000 require Accounting Officer approval.</p>	<p>In 56% of cases a business case or brief was prepared.</p> <p>72% of cases outlined the reasons for requiring a consultant.</p> <p>58% cases clearly specified their expectations of consultants.</p> <p>58% of cases demonstrated that senior management had been involved in the appointment when they should have been.</p>	<p>Potential failure to demonstrate need for or expectations of consultant prior to procurement.</p>
Stage 3: Procurement			
<p>Guiding policy.</p> <p>Involvement of procurement professionals.</p> <p>Corporate procurement arrangements followed.</p>	<p>An overarching procurement strategy has been developed.</p> <p>Financial Directions set out the permitted use of consultants, tendering</p>	<p>92% of contracts included clear expectations of the consultant.</p> <p>29% of contracts incorporated incentives, 40% outlined intended benefits and 52%</p>	<p>Risk of non-implementation of underlying policy as a result of delay in updating Financial Directions and supporting guidance.</p> <p>Risk of</p>

Best practice	Arrangements in theory	Arrangements in practice	Implications of weaknesses identified
<p>Contracts include clear expectations of the consultant.</p> <p>Contracts include incentives.</p> <p>Consultants paid on outcomes.</p> <p>Intended benefits outlined.</p> <p>Use of range of purchasing mechanisms to secure best value e.g. framework contracts, rate cards (lists of price ranges for professional services).</p> <p>Charges transparent.</p> <p>Senior manager involvement.</p>	<p>requirements and the involvement of procurement professionals for projects >£250,000.</p> <p>However, relevant Financial Directions need to be redrafted to reflect the new policy.</p> <p>There is departmental guidance to support the Financial Directions.</p> <p>Framework contracts are used for large suppliers.</p> <p>Rate cards are not used.</p> <p>Financial Directions relating to procurement need to be reviewed in context of new procurement policy.</p>	<p>were fixed price contracts.</p> <p>In 36% of cases the consultant was paid on outcomes and in 76% of cases charges were transparent.</p> <p>In 100% of cases there was appropriate Accounting Officer or Ministerial sign off of the project.</p>	<p>inconsistency in practice as a result of departmental as opposed to corporate guidance.</p> <p>Risk of failure to secure value for money through limited use of framework contracts and absence of rate cards.</p>

Case Study 1: Planning

A project to investigate the feasibility of developing a 3D model of Jersey was instigated by the then Planning & Environment Minister in 2012. The business case identified the business benefits and applications the 3D model may have, including:

- providing a visual aid in deciding development proposals;
- providing a virtual archive of the urban landscape;
- aiding public consultation by demonstrating the impact of a proposal;
- neighbourhood empowerment by enabling interaction with the models; and
- aiding tourism and the promotion of Jersey through the 3D models.

The reasons for use of an external consultant were clearly identified. The most efficient and cost effective way to develop the model was incorporated into the tender process which included clear expectations of the consultant. Senior management was involved from the outset.

A pilot area was established to evaluate feasibility. A consultation was carried out with key stakeholders including the public, architects and the building control industry. Operational use, user needs, future development and updates were assessed. Outcomes were assessed at each stage of the project which was delivered on time and within the £64,000 budget.

Planning guidance was changed in June 2012 to ensure the 3D model became a requisite part of the planning submission and it provides an income stream for the States.

3.3 My 2014 review of procurement made a number of recommendations that are applicable to the weaknesses identified in Exhibit 9 above. Since then a number of recommendations have been implemented, strengthening the procurement process. However, there is more to do.

Recommendations

R6 Require a documented, structured needs assessment, proportionate to the expenditure involved, prior to the use of consultants:

- linked to organisational resource planning;
- assessing whether benefits justify the costs; and
- considering the option of employing staff if there is an ongoing need.

R7 Ensure, including through effective monitoring, that corporate requirements for business cases are prepared prior to the use of consultants.

R8 Align relevant Financial Directions to the new procurement strategy.

- R9** Liaise with departments to identify areas where corporate guidance on matters that are relevant across the States should be prepared and prepare such guidance.
- R10** Develop procurement arrangements for consultants through the increased use of framework contracts and the adoption of rate cards.

During a project

- 4.1 The core purpose of good management during the course of a project is to ensure the desired outcomes are achieved. For projects to be successful the client and the consultant need to be able to work in partnership, sharing expertise, information and resources. Skilful management of the project and the supplier not only increases the likelihood of achieving desired outcomes and obtaining value for money, but also helps to overcome problems, for example when policy priorities change or unexpected circumstances arise.
- 4.2 Both parties need to be clear about the management framework, responsibilities and accountabilities, how risks are to be managed and the arrangements for dealing with operational issues as they arise. Arrangements will vary according to the size and nature of the project, but, for larger projects, best practice involves a project committee, including a senior person tasked with providing information and resolving operational difficulties, that meets regularly to review progress and highlight problem areas.
- 4.3 I have identified weaknesses in the arrangements in place in this area (see Exhibit 10). Case Study 2 highlights a consultancy assignment focussed on skills transfer which has been successful in many ways but where there is still room for improvement.

Exhibit 10: During a project: evaluation of arrangements

Best practice	Arrangements in theory	Arrangements in practice	Implications of weaknesses
Stage 4: Managing			
Project controls in place.	There is appropriate guidance on managing individual consultant projects. However, the ability to manage and obtain value for money overall is limited through the lack of management information outlined in the sections above. Financial Directions cover contract management, expenditure	In 68% of cases controls were in place to manage spending on consultants but in 26% of cases expenditure was posted to the wrong category.	Non-compliance with corporate arrangements in practice increases risk of not securing value for money from consultants.
Expenditure is categorised.		40% demonstrated a maximum term for the contract had been applied.	
There is a maximum contract period.		17% demonstrated extensions authorised were appropriate.	
Contract extensions are controlled.		60% specified project management	
Project management arrangements are in place.			
Outputs are monitored.			
There is guidance			

Best practice	Arrangements in theory	Arrangements in practice	Implications of weaknesses
<p>for managers.</p> <p>There are regular progress reports from the consultant.</p>	<p>analysis, budgetary control arrangements, extension of contracts, performance monitoring including key milestones.</p> <p>Standard contracts for services include maximum contract periods.</p> <p>There is a standard approvals process for contract extensions.</p> <p>Guidance on the intranet includes recently introduced corporate guidance on performance indicators.</p> <p>Regular progress reports from consultants are required.</p>	<p>arrangements.</p> <p>64% required regular updates from the consultant.</p>	

Stage 5: Reporting

<p>Findings and conclusions are summarised and reported.</p>	<p>There are no specific requirements for consultants to report.</p>	<p>72% required consultants to report their findings in a report or presentation.</p>	<p>Information, intelligence and recommendations are not captured or actioned.</p> <p>Client and consultant efforts may not be captured.</p>
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Stage 6: Skills transfer

<p>Consultants are not used for commonly required skills.</p>	<p>There is no corporate requirement for</p>	<p>4% used consultants for commonly required</p>	<p>Unnecessary expense.</p> <p>Becoming over</p>
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Best practice	Arrangements in theory	Arrangements in practice	Implications of weaknesses
Plans include transfer of skills. Outcomes on skills transfer measured.	consideration and measurement of skills transfer.	skills. In 19% of cases procurement plans included mention of the transfer of skills to internal staff. In 10% expected outcomes on skills transfer were assessed and measured.	reliant on consultants. Skills and capacity of workforce not increased. Outcomes of expected skills transfer not known.

Case Study 2: Skills transfer

The States of Jersey contracted with a consultant to introduce Lean as a service improvement methodology to support its Public Sector Reform programme. The Project Initiation Document (PID) included an objective to develop internal skills and capability in the Lean methodology. The resources required for the project, its management and ongoing sustainability planning were considered.

Skills acquired have been used widely across the States contributing to the Public Sector Reform agenda, including in instances across departmental boundaries.

However:

- the resources were not identified in the context of, or linked to, any wider organisational resource planning;
- there has been only limited use of the skills developed across the States as opposed to within individual departments; and
- the utilisation of the skills developed has not been effectively monitored.

Recommendations

- R11** Ensure, including through effective monitoring, compliance with existing requirements for managing consultant contracts.
- R12** Require all consultants to provide a formal output.
- R13** Develop and implement a framework for ensuring that skills transfer is considered as an integral part of consultancy contracts.

After a project

- 5.1 Conducting an evaluation is considered good practice in managing a project. End of project evaluation enables a judgement to be made about the success of the project, an assessment of the return on investment and demonstrates accountability to management. Learning is identified and shared, helping departments, and government as a whole, operate more effectively and efficiently.
- 5.2 I have identified weaknesses in the arrangements the States have in place both to evaluate consultancy projects and to implement the recommendations made (see Exhibit 11). That is not to say that there were not examples of good practice: I identified a highly developed evaluation of a project at its completion (see Case Study 3). But the absence of effective arrangements for implementing recommendations means that there are instances where the States cannot demonstrate that value for money has been secured from consultancy projects (see Case Study 4).

Exhibit 11 After the project: evaluation of the States' arrangements

Best practice	Arrangements in theory	Arrangements in practice	Implications of weaknesses
Stage 7: Evaluation			
Post completion performance assessment including value assessment, benefit delivery, knowledge transfer, lessons learnt, outcomes and processes.	<p>Financial Directions require the establishment of processes to ensure consultancy engagements end in a controlled manner.</p> <p>Contracts >£25,000, require a consultancy performance review to compare output and outcomes to the terms of reference.</p> <p>There is no requirement or guidance on value assessments, knowledge transfer, lessons learnt and sharing experiences with other departments.</p>	In 13% of cases a post implementation review was carried out. Only one of those cases included a full assessment including performance of the consultant, benefits and value of the project, outcomes and processes and lessons learnt (see Case Study 3 below).	<p>Performance of consultant not assessed.</p> <p>Learning not identified and shared.</p> <p>Improvements not made.</p> <p>Return on investment not assessed.</p>

Best practice	Arrangements in theory	Arrangements in practice	Implications of weaknesses
Stage 8: Improvement			
<p>Arrangements to ensure recommendations and outcomes applied.</p> <p>Difficulties in application identified.</p> <p>Results measured.</p> <p>Performance information shared with other departments and corporately.</p>	<p>There are no formal requirements to monitor the implementation of recommendations.</p> <p>Many consultant reports are published on the States website and are available to other departments.</p>	<p>33% of cases tests demonstrated arrangements to ensure recommendations and outcomes were properly applied.</p> <p>28% identified some difficulties in implementing recommendations.</p> <p>21% measured achievements.</p> <p>45% shared information with other departments.</p>	<p>Efficiencies and effectiveness may not be achieved.</p> <p>Poor value for money.</p>

Case Study 3: Project Evaluation

The Home Affairs department joined forces with Guernsey, the Isle of Man and Gibraltar to obtain specific expertise to help manage the move from local personalisation of passports to central personalisation being introduced by the UK Home Office. The initial Consultancy Engagement Brief was comprehensive: it overtly set out the relevant Financial Directions applicable, the estimated costs, project scope, contingency planning, communications, training, policy alignment, project management, duration and evaluation criteria.

Once recruited the project manager prepared a business case setting out three evaluated options for meeting the business need, together with a clear rationale for the recommended option including economic and commercial considerations.

Upon successful completion of the project, a final project close report was prepared providing a detailed assessment against each deliverable of the achievements, including:

- a staff training needs analysis;
- an assessment of the benefits realised at a strategic, operational and financial level;
- details of risks and issues; and
- a summary of lessons learned including what could have been done differently or what can be replicated in future to achieve desired outcomes.

Case Study 4: Implementation of Consultant Recommendations

Recent years have seen a significant increase in the value of the aquaculture industry - the breeding, rearing, and harvesting of fish, shellfish, plants, algae and other organisms in all types of water environments. In 2011, the States appointed an aquaculture consultant to provide a critical review and analysis of the economic relationship between government and the aquaculture industry.

The report made three overarching recommendations:

- establish allocated zones for aquaculture (AZAs) as part of a formal multi-sectoral marine spatial planning (MSP) exercise;
- increase government support for aquaculture; and
- integrate land-based aquaculture with the proposed licensing policy.

Officers actively monitor the implementation of recommendations. Although some progress to implement the consultant's recommendations has been made, the recommendations had not been fully implemented at the time of this review. Both the challenge of securing inter-departmental co-operation and a change of Minister have been cited as contributory factors.

Recommendations

R14 Develop post consultant engagement evaluation processes, including:

- value assessment;
- benefit delivery;
- knowledge transfer;
- assessment of outcomes and processes;
- lessons learnt; and
- sharing lessons with other departments.

R15 Develop requirements and guidance for the consideration, implementation and monitoring of agreed consultant recommendations.

Conclusion

- 6.1 Use of consultants is a key means of the States securing skills. However, the States does not have effective arrangements for identifying the skills it has and will need in the future. As a result, there is an increased risk that consultants are used when they are not needed or that insufficient consideration is given to the transfer of skills into the organisation and value for money is not secured.
- 6.2 The States recognise that buying consultancy services is different from buying other goods and services and separate procedures have been put in place to accommodate these differences. However, there are some key weaknesses within the arrangements, both in the arrangements as documented and as operated in practice. In particular:
- there is a lack of clarity on what constitutes consultancy;
 - monitoring of expenditure on consultants is undeveloped;
 - documentation of the need for the use of consultants is often not in place;
 - there is insufficient focus on transfer of valuable skills from consultants to States employees;
 - effective evaluation of consultancy projects at their completion is rare; and
 - arrangements for acting on the results and conclusions from consultancy projects are inconsistent.
- 6.3 Although there are good examples of how consultants have been used, the inherent weaknesses in systems and processes mean that the States cannot demonstrate that it consistently secures value for money from the use of consultants.
- 6.4 My findings echo many of the issues highlighted in previous reports: weaknesses in controls, poor management information, lack of corporate learning and departmentalism. Addressing those issues, as well as the specific weaknesses in respect of the use of consultants, will enhance the ability of the States to secure – and demonstrate that it has secured – value for money from the use of consultants.

Appendix I: Summary of Recommendations

Overall arrangements

- R1** Implement a corporate framework for recording current skills within the States' workforce and those skills identified as needed as the organisation changes.
- R2** Use the corporate skills framework to drive training, recruitment and skills transfer.
- R3** Check the availability of skills within the States' workforce before engaging consultants.
- R4** Adopt, communicate, implement and monitor compliance with a consistent corporate framework for the use of consultants, including a less ambiguous definition.
- R5** Enhance information for departmental monitoring, and introduce corporate monitoring, of the use of consultants.

Before the project

- R6** Require a documented, structured needs assessment, proportionate to the expenditure involved, prior to the use of consultants:
 - linked to organisational resource planning;
 - assessing whether benefits justify the costs; and
 - considering the option of employing staff if there is an ongoing need.
- R7** Ensure, including through effective monitoring, that corporate requirements for business cases are prepared prior to the use of consultants.
- R8** Align relevant Financial Directions to the new procurement strategy.
- R9** Liaise with departments to identify areas where corporate guidance on matters that are relevant across the States should be prepared and prepare such guidance.
- R10** Develop procurement arrangements for consultants through the increased use of framework contracts and the adoption of rate cards.

During a project

- R11** Ensure, including through effective monitoring, compliance with existing requirements for managing consultant contracts.
- R12** Require all consultants to provide a formal output.
- R13** Develop and implement a framework for ensuring that skills transfer is considered as an integral part of consultancy contracts.

After a project

R14 Develop post consultant engagement evaluation processes, including:

- value assessment;
- benefit delivery;
- knowledge transfer;
- assessment of outcomes and processes;
- lessons learnt; and
- sharing lessons with other departments.

R15 Develop requirements and guidance for the consideration, implementation and monitoring of agreed consultant recommendations.



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