

Purpose

The purpose of this policy is to establish an approval process within the University (and related companies) for the authorisation of the engagement of consultants. A consultant is defined as an independent contractor who provides professional services or specialised skills.

Scope

This policy applies to all consultant engagements at UCC (and related companies/entities).

Policy Statement

Each consulting engagement must be separately reviewed and approved prior to commencement of the engagement based upon pre-determined authorisation limits. These authorisation limits apply per consultant per twelve month period. The following entities or individuals must approve commitments for the engagement of consultants at the noted thresholds in order for the engagement to be initiated.

Estimated Engagement Cost¹	Approval required by	Contract Execution Signatory
€500,001	Finance Committee	President <u>plus</u> one Member of Finance Committee
€250,001-€500,000	President	President <u>plus</u> Bursar/Chief Financial Officer
€100,001-€250,000	Bursar/Chief Financial Officer	Bursar/Chief Financial Officer <u>plus</u> Head of College or Vice-President <u>or</u> UMTO Member
€10,001-€100,000	Head of College/Vice-President / UMTO Member	Head of College or Vice-President <u>plus</u> one other UMTO Member
€1-€10,000	Signing authority of cost centre (e.g. Head of Department/ Research Centre Director)	Signing authority of cost centre

¹ (cost includes all costs associated with the engagement i.e. fees, all relevant taxes e.g. vat, expenses) for the life of the project

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A formal agreement should be signed with all consultants setting out the responsibility of both parties, deliverables, the pricing and payment terms, termination events, insurance requirements. Advice should be sought from the Office of Corporate and Legal Affairs on all legal documents to be signed.

Engagement of Construction Consultants

It is a basic principle of government policy that a competitive process should be used to procure construction related services for capital works projects. A new form of contract was introduced with effect from January, 2007. This introduces the concept of a fixed price lump sum contract, clearly defined scope of services and also addresses the issue of quality /price ratio. The engagement of construction consultants is managed solely by the Office of Buildings & Estates in line with Government policy.

Where a project manager is recruited to manage a building project separate from the overall construction project tender, the policies and procedures set out in this document apply.

Reason for Policy

The use of consultants may be appropriate under certain circumstances. Since this can be a costly means of accomplishing a project, the engagement of consultants should be undertaken only when it is determined to be the best and most cost effective approach for the project/initiative at hand. This policy and the related procedures are established to provide for an orderly and consistent means of reviewing and approving the engagement of consultants.

Who should know this policy?

All staff in the University

Effective Date

This policy was approved by the University Management Team on June 11th 2008 and the policy amended and approved by UMT on 13 May 2013.

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General Instructions

All acquisition of goods and services including the engagement of consultants are subject to the university's procurements policies that are contained in the University's Purchasing policies accessible on line at

<http://www.ucc.ie/en/procurement/procurementpoliciesandprocedures/>

Each College, Research Centre and Administrative Office are responsible for determining and managing their operational needs within their approved budgets, including decisions regarding the staffing needs for ongoing and special projects. If it is determined that the engagement of consultants is warranted the following procedures apply.

Procedures

Consultants may be required for a number of reasons, for example to supplement in house activities or to assist in the development and implementation of new strategies or systems. In some cases, the service required may be very specialised and unique to a particular consultant.

It is important that the need to engage consultants is correctly identified and it should firstly be determined if the expertise is available from within the University. There is always the possibility that the service may be available from another Unit or Office. If this is the case, then there is a requirement to establish and agree certain protocols to govern the relationship between, and the respective responsibilities between the two parties. If internal expertise is not available then an external source may be investigated.

The engagement of a consultant may take the form of a fixed period employment contract or the appointment of an external resource to fulfill the required task. This is an important distinction and in the case of the former falls within the University's employment procedures. This process is managed by the Department of Human Resources.

The following table sets out the procedure to apply where an external resource is required:

	Procedure	Responsible person/Dept
1	The department, research centre, administrative office develops a proposal to include some or all of the following	Manager of the initiating office

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	<p>a) Description of the project including justification for the project</p> <p>b) The objectives and expected results</p> <p>c) Details of any area within the University that may be able to provide all or part of the consultancy service required</p> <p>d) Estimated and maximum cost</p> <p>e) Project budget and account to which the costs will be charged</p> <p>f) Funding for the project</p> <p>g) Payment terms</p> <p>h) Audit provisions if applicable</p> <p>i) Proposed start dates and duration of the project, including key milestones throughout the project</p> <p>j) Interim and final reporting dates including to whom the report is to be presented</p> <p>k) Risk assessment</p> <p>l) Procurement assessment</p> <p>If the requestor has obtained a preliminary proposal from a vendor(s) a copy of the vendor proposals should be attached.</p>	
2	<p>The proposal at 1 above should be submitted to the Head of department or research centre which has responsibility for the initiating department. If the projected costs are less than €10,000, the head of department or centre director approves or disapproves the project and communicates the decision to the requestor outlining the reasons for the decision.</p>	<p>Signing authority for Department, usually the Head of Department or Research Centre Director</p>
3	<p>If the projected costs are greater than €10,000 and if the Head of Department or Centre Director recommends approval, he/she should submit the proposal to the Head of College or relevant Vice President/UMTO member. He/She reviews and either approves or disapproves, or if the proposed project costs are €100,001 or more, arranges for the additional levels of review and approval by this policy.</p>	<p>Head of College or Vice President or UMTO Member</p>
4	<p>If the projected costs exceed €100,001 and the Head of College or Vice President/UMTO member recommends the proposal; he/she should submit the proposal to the Bursar. The Bursar communicates the approval or disapproval of the proposal in writing to the requestor outlining the rationale for the decisions.</p>	<p>Bursar/Chief Financial Officer</p>
5	<p>If the proposed costs are greater than €250,000, the Bursar will submit the proposal to The President.</p>	<p>Bursar/Chief Financial Officer</p>
6	<p>If the President supports the proposal, he/she will communicate the decision to the various levels and if necessary, refer it to Finance Committee, should the amount exceed €500,000.</p>	<p>President/Finance Committee</p>

ALL QUERIES ON THIS DOCUMENT TO BE SENT TO:
Mary McSweeney, Finance Officer, MMcSweeney@fin.ucc.ie
ISSUED BY FINANCE OFFICE on 13th May 2013

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Engagement of Ex University Employees

No individual should be engaged as a consultant who has taken early retirement or severance pay, other than as part of the retirement package or through a competitive quotation/tendering procedure in line with University's purchasing procedures.

Where an individual who has left the University under circumstances of early retirement or voluntary severance has taken employment with an organisation which operates as its main business activity in the field of consultancy services, the presence of that individual should not exclude the firm from competing for the University's business.

Conflict of Interest

Conflicts of interest are common in a modern institution and may arise in relation to the appointment of consultants. A conflict of interest occurs when there is a divergence between an individual's private interests and his/her obligations to the institution, such that an independent observer might reasonably question whether the individual's actions or decisions are determined by considerations of personal gain, financial or otherwise.

A staff member should declare any conflict of interest, or any circumstances that might be viewed by others as a conflict of interest as soon as it arises to the person to whom she/he reports.

Professional Indemnity Insurance

All consultants engaged by the University will be expected to have Professional Indemnity Insurance to cover them against any liabilities which they might incur arising out of a contract. Depending on the nature of the contract, it may be necessary to set a minimum limit of Indemnity which will be specified in the tender of Request for Quotation document and/or agreed prior to the awarding of the contract. Consultants should also be advised to discuss with their Insurance Brokers the Indemnity Limit appropriate for the contract.

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Consultancy pricing practice

Consultants use a variety of means of generating the costs to be charged for their services. In general the consultant should be engaged, partly or wholly, on a 'success fee' basis. It is recognised that there will be instances where the total value of the project would make it unrealistic to expect the consultant to bear the on-going costs without some level of payment. However, these staged payments should reflect the developing nature of the work undertaken with perhaps a nominal sum being paid on a regular basis, say monthly, and larger payments being made upon the attainment of pre-determined goals. As with the purchase and commissioning of large pieces of equipment, a sum should be retained until the consultancy has been completed and 'signed off' by the unit. Examples of pricing types are set out in Appendix 1.

Termination

Events that could trigger the termination of contracts should be addressed in the legal contract signed by both parties.

Post consultancy review

After the consultancy has been completed, a Post-Consultancy Review should be conducted. The depth of the review will, to a certain extent, depend upon the strategic and/or financial importance of the consultancy project. In the review, the following questions should be considered and answered:-

- Did the consultancy meet the requirements of the initial proposed need?
- How could the specification be changed if conducting a similar project in the future?
What were the actual costs of the project and did they fall within the original estimated value? If not, why not?
- Did the use of the consultant aid and/or improve the activities of the unit's own staff resources?
- Where the project was for the development of a strategy, did the University implement the consultant's recommendations? If not, why not?
- Could the project have been handled as well using the University's own staff?
- Would you consider using the consultant again? If not, why not?

Appendix 1.

Types of pricing practices used by consultants:

PRICING PRACTICE	COMMENT
Time-based fee	This practice is preferred by the consultant as the client is charged for the actual hours worked. The structure does not provide an incentive for efficiency and effective cost control.
Lump sum fee	<p>The consultant quotes a fixed sum for the completion of the project. A potential problem is that if the fee is too low, the consultant may have a tendency to skimp on the service provided.</p> <p>If this practice is used, provision should be made to adjust the fee if there are significant changes to the scope of the services required. This adjustment should work both ways ie to decrease as well as increase the final fee.</p>
Target fee	This is normally charged on a time charge basis for an agreed number of hours/days. Work after this agreed period will be charged at a reduced rate. This provides a basic fee with an incentive to keep any overrun to a minimum because of the lower payment rate.
Fee contingent on results i.e. 'success fee'	<p>The fee is only payable when the specified requirements of the project have been fulfilled.</p> <p>The size of the fee will depend upon the outcome of the results for example, cost reductions achieved from implementation of recommendations/actions; the successful implementation and operation of the project etc.</p>
Percentage fee (Ad Valorem)	This practice is common in architecture and engineering consultancies. The consulting engineers' fees are calculated as a percentage of the total project cost plus a reimbursable direct cost.
Retainer fee	<p>This is generally based upon a fixed number of days of consultancy.</p> <p>(Note: that the client pays regardless of there being sufficient work for the consultant to do.)</p>
Reimbursable expenses	<p>This includes cost of travel, accommodation etc. As a general rule expenses are charged in addition to the fees.</p> <p>Where possible, it should be agreed that expenses are reimbursed at the University's subsistence rates, not the consultant's. University contracts for travel, accommodation, etc should be used where possible.</p>

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It is important that the most appropriate pricing practice is used for the individual project - the aim being to ensure optimum value for money for the services engaged. This means determining the pricing practice which keeps the financial costs as low as possible while ensuring that the consultant has sufficient incentive to complete the project within the prescribed time limit and to the required depth of investigation.

It is essential that the documentation indicates clearly the policy to be used in respect of reimbursable expenses. Should the consultant not be prepared to price on the preferred basis stated in the documentation, it will be necessary to determine the basis for equality of comparison of any priced proposals.