SUPPLY CHAIN MANAGEMENT DIRECTORATE

APPOINTMENT OF CONSULTANT

POLICY
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APPOINTMENT OF CONSULTANT POLICY

1. INTRODUCTION

Section 45(b) and (c) of the Public Finance Management Act places the onus on each official within the Department to take responsibility for the effective, efficient, economical and transparent use of financial and other resources within that official’s area of responsibility. In particular, the official must take effective and appropriate steps to prevent, within that official’s area of responsibility, any unauthorised, irregular, fruitless and wasteful expenditure and any under-collection of revenue due.

2. DEFINITION

For the purposes of this policy the following definitions apply:

“Accounting Officer” - The Head of the Department
“Budget” - The appropriated funds for the Department in terms of the Appropriation Act.
“Chief financial Officer” - A person designated in terms of Chapter 2 of the Treasury Regulations
“Consultant” - An external person or organisation that provides a service to the department in those areas, where the department either lacks the required specialised skills or capacity.
“CSC” - Corporate Services Centre
“Department” - The North West Provincial Department
“Lack of capacity” - Insufficient physical resources within the Department.
- Relevant knowledge, expertise and experience that may not exist within the Department.

3. OBJECTIVE

To ensure that consultants are remunerated within a regulated environment that is fair and equitable, thereby maximizing the value added to the Department.
4. **SCOPE OF APPLICATION**

   This document informs departmental officials of the policy on the appointment of consultants.

5. **LEGISLATIVE FRAMEWORK**

   The Department operations are governed by an array of different acts and this policy should
   be understood within that context.

   The following Acts and prescripts are central in defining departmental boundaries and areas of influence:
   - Public Finance Management Act, 1999 (Act 1 of 1999)
   - Treasury Regulations
   - National Treasury guidelines and prescripts

6. **ACTUAL POLICY**

   **6.1 APPOINTMENT OF CONSULTANTS**

   All appointments of consultants in the Department shall be in writing recommended by the Departmental Bid Adjudication Committee and approved by the Accounting Officer.

   Programme/Responsibility managers may recommend the appointment of consultants to render specific services, should they be of the opinion that the Department lacks the required skills or necessary capacity and those funds are available within their existing budgets.

   The Programme Manager will be responsible to prepare the "Terms of Reference" and submission to the Departmental Adjudication Committee to recommend to the Accounting Officer for the advertisement to request proposals.

   **6.1.1 PRIMARY REASONS FOR APPOINTMENT OF CONSULTANTS**

   Consultants are engaged principally for the following reasons:

   a) To provide specialized services for limited periods without any obligation of permanent employment;
   b) To benefit from superior knowledge, transfer of skills and upgrading of a knowledge base while executing an assignment;
   c) To provide independent advice on the most suitable approaches, methodologies and solutions of projects.

   **6.1.2 MINIMUM REQUIREMENTS WHEN APPOINTING CONSULTANTS**

   When appointing consultants, it is necessary to strive to satisfy the following minimum requirements:

   a) Meeting the highest standards of quality and efficiency;
   b) Obtaining advice that is unbiased, that is, being delivered by a consultant acting independently from any affiliation, economic or otherwise, which
c) may cause conflicts between the consultant’s interests and those of government; and
d) Ensuring the advice proposed or assignment executed, meeting the ethical principles of the consultancy professions.

6.1.3 SELECTION METHODS FOR THE APPOINTMENT OF CONSULTANTS

- The following are the methods most generally used for the appointment of consultants:
  - Quality and cost based selection.
  - Quality based selection.
  - Selection under a fixed budget.
  - Least cost selection.
  - Single source selection.

The method of selection is determined by the scope of the assignment, the quality of the service, the complexity of the assignment and whether assignments are of a standard or routine nature.

6.1.4 EMPLOYMENT CONTRACT OR AGREEMENT

a) All appointments shall be by means of a written contract or agreement, between the Department and the consultant concerned;
b) The Accounting Officer shall sign as the duly appointed representative of the Department;
c) The Accounting Officer may approve the extension of employment contracts or agreements provided that:
   I. Sufficient funds are available
   II. The extension is required as a result of additional operational requirements;
   III. The original terms of reference have not been deviated from; and
   IV. Delivery has been satisfactory and in accordance with the terms of reference.

6.1.5 TERMS AND CONDITIONS

Written contracts or agreements shall, as a minimum, contain the following:

a) Defined deliverables;
b) The mechanisms allowing for the frequent monitoring of progress in terms of the agreed objectives;
c) The period of employment;
d) The terms and conditions in terms of a specific regulation, code or collective agreement or tender;
e) The notice period required by either side to terminate the contract;
f) The rates agreed upon;
g) The frequency of payment; and
6.2 REMUNERATION OF CONSULTANTS

The remuneration of a consultant appointed on contract shall be:

a) Where the consultant belongs to a professional body, the rate of remuneration as stipulated by that body; and

b) In any other case, the rate as stipulated by the Auditor-General or at a rate determined fair or equitable by the Accounting Officer and agreed upon by both parties.

6.3 MANAGEMENT REPORTING

6.3.1 ANNUAL REPORTING

Remuneration paid to consultants during the financial year shall be disclosed as a note to the Annual Financial Statement.

6.3.2 QUARTERLY REPORTING

The Chief Financial Officer shall submit, in writing, a report to the Accounting Officer on the amount paid to consultants.

RECOMMENDED / NOT RECOMMENDED

Ms D TSHABALALA
CHIEF FINANCIAL OFFICER

APPROVED / NOT APPROVED

Mr. O MONGALE
HEAD OF DEPARTMENT