



*Independent State of Papua New Guinea*

## **GENERAL ORDER NO. 12**

### **ENGAGEMENT OF CONSULTANTS**

*Being a General Order, to effect the policies of the National Executive Council in the engagement of consultants in the Public Service, per the requirements of the Public Finances (Management) Act (as delegated by NEC Decision). This General Order covers the procedures for engaging consultants and the terms and conditions of consultancy contracts for the Public Service.*

Made under the:-

*Public Services (Management) Act 1995 (as amended)*

I, **John M Kali OBE**, Departmental Head of the Department of Personnel Management, by virtue of the powers conferred by Section 70 of the *Public Services (Management) Act 1995*, and all other powers me enabling, hereby issue General Order No .12, as part of the Fourth Edition of General Orders effective on and from 1<sup>st</sup> January 2012 and to remain in force until further notice.

**JOHN M KALI OBE**  
Secretary

## **GENERAL ORDER NO.12**

### **ENGAGEMENT OF CONSULTANTS**

#### **TABLE OF CONTENTS**

<b><u>Subject Matter</u></b>	<b><u>General Order Section</u></b>
General Policy Objectives	12.1 - 12.3
Consultancy Steering Committee	12.4 - 12.5
Procedures for Engagement of Consultants	12.6 - 12.8
Submissions to the Consultancy Steering Committee	12.9 - 12.14
Authority of Departmental Heads to Approve Engagement of Consultancy Services	12.15 - 12.17
Report on Consultant's Performance	12.18

**GENERAL ORDER NO.12****ENGAGEMENT OF CONSULTANTS****GENERAL POLICY OBJECTIVES**

- 12.1 The engagement of consultants is governed by the provisions of the *Public Finances (Management) Act*, and the **Consultancy Steering Committee** established under the **Regulations** of that Act. By virtue of a policy decision of the National Executive Council circa 1982, the Chairmanship of the Consultancy Steering Committee has been placed under the Department of Personnel Management.
- 12.2 In the event that a Departmental Head has identified a need for specialists to be employed for a project or staff development purposes, over and above the Public Service staff ceilings per General Orders 2 and 3, then a submission shall be made to the Secretary for the Department of Personnel Management, justifying the need, by demonstrating that:
- (a) a specialised skill and/or knowledge, possibly of a commercial nature, is required on a short term basis; or
  - (b) an unexpected workload resulting from a direction of the National Executive Council has been identified; or
  - (c) an aid funded project has been approved by the National Executive Council involving the engagement of selected consultants (yet to be approved by the Consultancy Steering Committee); or
  - (d) a need for managerial support and/or staff training and development has been identified; and,
  - (e) suitably qualified and experienced public servants employed under the *Public Services (Management) Act*, in line capacity or on short term contract are unavailable;
  - (f) suitably qualified and experienced non-citizens employed under the *Public Employment (Non-Citizens) Act* are not available;
  - (g) no restrictions are in place with respect to the engagement of consultants,
- then engagement of consultants services needs to be considered.
- 12.3 A Departmental Head will normally have made budgetary provision for the engagement of consultants under Item 141, in succeeding years, in many cases, supported by development partners as part of Government's reform or efficiency programs.

## **CONSULTANCY STEERING COMMITTEE**

- 12.4 Engagements of consultants by National Departments and Provincial Administrations, must be approved by the Consultancy Steering Committee (CSC) whose Chairman is the Secretary, Department of Personnel Management, or his/her delegate.
- 12.5 The functions of the Consultancy Steering Committee under the **Finance Regulations** are as follows:
- (a) to determine whether the need for consultancy services has been established or suggest some alternative method of labour acquisition, consistent with the budgetary provision made by the Department;
  - (b) to assess the nature of the consultancy services identified and to verify that such services should be performed by consultants or by some other labour source;
  - (c) to ensure that budgetary provision has been made for such services and that the remuneration is consistent with the services to be performed and a commercially competitive level of remuneration has been determined;
  - (d) to ensure that the tender procedures under the Finance Regulations have been followed, and/or a Certificate of Inexpediency has been obtained to exempt the engagement of such consultants from the tender process;
  - (e) to ensure that in assessing the need for Certificate of Inexpediency, the Department shall demonstrate that the services are uniquely performed or provided commercially, for example, due to copyright, by the consultants proposed; or specialist skills and knowledge held by a particular individual or company; or ongoing work from an earlier assignment of more than 12 months in duration;
  - (f) to ensure that the services offered by a particular consultant are directly tied to the offer of or a commitment to particular aid funding;
  - (g) to ensure that as far as possible, the consultancy services are provided by locally based consultants and companies and the requisitioning Department shall in all cases ensure that as far as possible locally sourced consultants are utilised, consistent with the other criteria under this General Order;
  - (h) to ensure that the terms of reference for the consultancy have been properly framed, including the need for counterpart training and that they are consistent with the charges being made for the services provided;
  - (i) to ensure that the proposed consultants have the necessary skills, knowledge and experience, consistent with the work to be performed, by verifying the applicability of their qualifications and certification (See detailed "Selection of Consultants Guidelines" attached as part of this General Order);

- (j) to further ensure that single tender action has been justified by a special additional submission from the petitioning Department;
- (k) to provide unit cost formula as a cost guide for all contract proposals which have not been competitively bid;
- (l) to ensure that all legal formalities, including the nature and construction of the consultancy contract(s) are properly complied with; and,
- (m) to ratify the consultancy services to be engaged.

### **PROCEDURES FOR ENGAGEMENT OF CONSULTANTS**

- 12.6 A Departmental Head must ensure that funds are available before a submission is made to CSC for approval. If funds have not been budgeted in advance, then they must be sought through the Secretary, Department of Finance and/or aid donors approved by the Department of Finance, prior to submission being made to CSC, and certification obtained for this purpose.
- 12.7 Where particular consultancy services are to be tied in with aid directly, then the CSC shall be notified in advance, and the proposed consultancy contracts shall be scrutinised in advance to ensure that they comply with relevant legislation and that the rates charged for the consultancy services are consistent with the scale of charges held by the CSC.
- 12.8 The Secretary for the Department of Finance shall provide an authority for the engagement of consultants funded by development partners consistent with approvals given by the National Executive Council as appropriate and the CSC shall satisfy itself that all necessary Ministerial and/or NEC approvals have been obtained.

### **SUBMISSIONS TO THE CONSULTANCY STEERING COMMITTEE**

- 12.9 A submission to CSC seeking approval for the engagement of consultancy services must conform to the following guidelines:
- (a) a description of the scope of the project/study and the justification for using consultancy services.
  - (b) detailed terms of reference for the consultancy services including clear specifications for the consultancy/project and any pre-bid qualifications imposed by the Department.
  - (c) a list of individuals or companies considered appropriate to conduct the project/study, and a list of those who are to be invited, or have been invited, to submit proposals,
  - (d) if it is not thought necessary to go to full tender, a clearly explained and justified recommendation on which individual/company should be engaged,

- (d) the name and position of the departmental officer coordinating the proposals,
- (f) a detailed Departmental estimate of the cost of the consultancy, with the major elements of those costs spelt out, so that the successful proposal can be compared with the original estimate,
- (g) a certification of the source and availability of funds (including vote number) to meet the full cost of the proposal,
- (h) a clear statement that the proposal conforms with the “Invitation to Tender” documents, or a statement indicating where the proposal differs from the Tender Specifications,
- (i) all proposals must include a project/consultancy execution programme showing clearly the time frame against percentage of work completed and hours expended,
- (j) The submission must be signed by the Departmental Head.

12.10 The department concerned will be notified in writing as to:

- (a) whether the proposal has been approved or not;
- (b) whether competitive proposals should be sought;
- (c) the consultant selected (if any) when competitive proposals have already been sought;
- (d) the consultant selected (if any) when competitive proposals are considered unnecessary;
- (e) any conditions subject to which the approval was granted, (eg. financial limits or certain requirements being fulfilled).

12.11 If the Committee approves the project in principle but requires competitive proposals, the terms of reference and the method of advertising will be settled by the Committee in consultation with the technical experts from the Department concerned.

12.12 After the closing date, the Committee will examine all proposals received and after consulting with the Department concerned select the best proposal. If the committee is of the opinion that none of the proposals is acceptable, it may reject all of these and invite new proposals or recommend other appropriate action.

12.13 After a consultancy arrangement has been approved, it will be necessary for the Departmental Head to draft a contract in an approved format.

12.14 At least 10 per cent of all consultancy fees are to be withheld until the final report has been received and accepted. The Consultative Steering Committee may in special circumstances impose any other conditions on the manner in which remuneration is to be made.

### **AUTHORITY OF DEPARTMENTAL HEADS TO APPROVE ENGAGEMENT OF CONSULTANCY SERVICES**

- 12.15 Departmental Heads have the authority to approve the engagement of consultancy services where total expenditure does not exceed K300,000. (This Kina value may change from time to time and is set by the Minister for Finance through the Finance Regulations).
- 12.16 'Splitting' of consultancy services to bring them within the Kina limit laid down in General Order 12.15 does not avoid the necessity to seek CSC approval.
- 12.17 The Departmental Head must report all approvals made by him/her under General Order 12.15 to the Consultancy Steering Committee. The report should fully justify the engagement of consulting services. In particular, it should explain why consultants were appointed instead of using existing resources within the Public Service. This information will be used to highlight weaknesses in the Public Service to build up a database on the use and effectiveness of consulting services available.

### **REPORT ON CONSULTANT'S PERFORMANCE**

- 12.18 The chairman of the Consultancy Steering Committee may require a Departmental Head to submit a Report on the performance of the consultant and the work undertaken and completed during the approved consultancy period. Any future engagement will depend upon the Consultancy Steering Committee assessment of this Report.



Independent State of Papua New Guinea

**NATIONAL PUBLIC SERVICE  
GENERAL ORDERS**

**RECOMMENDATION TO THE SECRETARY, MR JOHN M KALI OBE, TO APPROVE  
GENERAL ORDER NO. 12 OF 1<sup>ST</sup> JANUARY 2012**

**ENGAGEMENT OF CONSULTANTS**

To: Secretary

Date: 08 March 2012

We, the under-signed, confirm that **General Order No. 12 of 1<sup>st</sup> January 2012**, hereto attached, has been drafted in accordance with Government policies and the appropriate Sections of *Organic Law* the *Public Services (Management) Act*, and the **Regulations** and reflects:

- (a) all policy changes made by the National Executive Council in the period 1<sup>st</sup> June 2002 to 31<sup>st</sup> December 2011;
- (b) all changes to the **Constitution**, the *Organic Law on Provincial & Local Level Governments* and the *Public Services (Management) Act 1995*, to effect implementation of the Provincial and Local Level Government Reforms; and,
- (c) all other changes to the *Public Services (Management) Act 1995*, which have been brought into force since 1<sup>st</sup> June 2002.

On behalf of the Executive Management Team, we recommend that the Secretary authorise this General Order for publication and distribution to line Departments and Agencies.

**EMMA FAITELI**  
Executive Manager, I&ER

**ISIKEL MESULAM**  
Director, Legal & Investigations

**RAVU VERENAGI**  
Deputy Secretary, Policy

**RAVU VAGI**  
Deputy Secretary, Operations