

**EDUCATION, SCIENCE AND TRAINING**

**SENATE LEGISLATION COMMITTEE – QUESTIONS ON NOTICE  
2003-2004 SUPPLEMENTARY ESTIMATES HEARING**

**Outcome:** CSIRO  
**Output Group:** - CSIRO

**DEST Question No. E571\_04**

Senator Carr asked on 5 November 2003.

**Question:**

Does CSIRO comply with the DEST guidelines in relation to consultancies or do you have different guidelines?

[If different, a current copy please.]

**Answer:**

CSIRO has provided the following response.

*Consultancies*

The CSIRO guidelines in relation to consultancies are different to those in DEST.

The CSIRO guidelines on the procurement of consultants, as outlined in the CSIRO Financial Directions (amended January 2003), are however closely aligned with those applied in the APS. See Attachment 1.

## Finance



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### CSIRO Financial Directions Part 2 - Procurement of Goods and Services

#### 2.1 Policy

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##### **Purpose (Issued January 2003)**

**2.1.1** - The prime objective of CSIRO's procurement activity is to cost effectively provide goods and services to support CSIRO's functions while obtaining value for money and adhering to the policies and procedures outlined in these Financial Directions.

##### **Scope (Issued January 2003)**

**2.1.2** - This policy applies to the procurement of all property, goods and services, including:

- assets and consumables;
- consultancies and professional services of all types;
- real property activities;
- financial and operating leases for equipment and real property;
- individual and collective training programs;
- services obtained from public utilities suppliers; and
- outsourcing or contracting out activities.

##### **Policy Statement (Issued January 2003)**

**2.1.3** - Value for Money is the core principle governing CSIRO procurement. Staff buying goods and services need to be satisfied that the best possible outcome has been achieved, taking into account all relevant costs and benefits on a whole-of-life basis of the goods or services being procured.

**2.1.4** - Any involvement in a procurement activity represents a cost for buyers and suppliers. Staff conducting procurement should ensure the procurement method adopted represents value for money. The procurement method chosen should not impose any unnecessary costs or burdens for buyers or suppliers.

**2.1.5** - Value for money is supported by the underpinning principles of:

- whole-of-life costs - every procurement is subject to the value for money criteria based on whole-of-life costs;
- efficiency and effectiveness - delegates must satisfy themselves that the proposed expenditure makes efficient and effective use of CSIRO money;
- accountability, transparency and reporting - staff conducting procurement activities are answerable and accountable for their plans, actions and outcomes that involve the incurring of CSIRO expenditure;
- ethics and fair dealing - staff conducting procurement activities must do so in a fair and reasonable manner and with integrity;
- adherence to Government legislation - CSIRO must comply with all relevant Government legislation and directives.

**2.1.6** - The key obligation of the delegate approving the transaction is demonstration of value for money to CSIRO and adherence to the underpinning principles. The delegate must approve the selected procurement method, including the number and selection of suppliers, the assessment of value for money, and the proposed expenditure, and be satisfied that real or apparent conflicts of interest have been addressed before any order is placed. The approval and all supporting information must be documented and filed.

**2.1.7** - Both policy and procedures are mandatory, and they represent the minimum standard that all staff must meet in their procurement activities.

### ***Contracts for Services – Consultancies (Issued January 2003)***

**2.2.30** - A consultant is a person or company engaged to provide professional services as an independent contractor, usually for a defined period of time. A consultancy contract generally requires the application of expert skills to develop a form of advice. CSIRO may or may not accept the Consultant's advice. Consultants are not employees of the agency and are not paid wages or other employee entitlements. The Consultant is usually paid on completion of milestones or in a lump sum on completion of the consultancy.

**2.2.31** - Prior to arranging a contract for services it is necessary to make a cost benefit assessment which shows that a contract for service is the most beneficial option in terms of being cost-efficient and in contributing sensibly to CSIRO's overall goals.

**2.2.32** - Normal procurement procedures, including value for money considerations, apply to the engagement of all contracts for services. Divisions and Units may arrange contracts for services within their Delegation 40 limit, with the exception that where a consultant is being placed in a line management position with supervisory responsibilities for more than an aggregate period of 3 months the proposal must be referred in advance to the relevant Chief for approval, even if the total value of the contract is within the Division's Delegation 40 limit. Delegation limits apply to payments made over the term of a contract and include estimated expenses as well as stipulated fees. Consultancies relating to politically sensitive issues or projects will require the Chief Executive's endorsement, and may require Board and Ministerial approval.

**2.2.33** - It is essential that all contracts for services be properly negotiated and documented so as to ensure that both parties fully understand the relationship, and so that outcomes can be monitored. It is preferable that contracts for services be entered into with companies rather than individuals. A model contract with completion instructions has been drawn-up and is to be used to cover all contracts for services. Requests for the preparation of special contracts (or advice on variations to the model) should be referred to Corporate Legal.

**2.2.34** - Divisions and Units should maintain a register of consultants, particularly management and professional consultants, so that CSIRO is better prepared to answer potential Parliamentary questions in relation to consultancies. The register should include the following information:

- Division/Unit;
- reasons for contracting out services;
- nature and purpose of consultancy
- procurement method (if quotations/tenders not sought, note reference to explanation; all real or apparent conflicts of interest to be documented);
- contract period;
- consultant name;
- expenditure; and
- name of delegate (Delegation 40).

**2.2.35** - See also <http://www.csiro.au/Services/humanres/essentials/blocks/consultants/contents.htm>