

Administrative Guidelines on Engaging Professional Services in the Victorian Public Service

Number: 2024/06

Issue: 1.2

Authorisation and amendments

Authorised by the Secretary, Department of Premier and Cabinet Victoria, under section 36A(1) of the *Public Administration Act 2004* (Vic).



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SECRETARY, DEPARTMENT OF PREMIER AND CABINET

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Compliance

Under section 36A(3) of the *Public Administration Act 2004* (Vic), if a public service body or a public entity to which Guidelines have been issued operates, or intends to operate, in a manner that is inconsistent with those Guidelines, the relevant public service body Head or public entity Head must provide written reasons for doing so to the Secretary, Department of Premier and Cabinet.

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Issued by the Department of Premier and Cabinet Victoria (**DPC**) in June 2024 and applicable from 1 July 2024.

Issue 1.2 supersedes *Issue 1.1* (published October 2019). The updated Guidelines strengthen the valid engagement circumstances to be applied, clarify the definition of 'core public service functions' and the procurement approval process for departments, and set out record-keeping requirements.

These Guidelines are subject to periodic amendments. DPC will provide notification when an update has taken place.

For the latest version of these Guidelines please visit:

<https://www.vic.gov.au/guidelines-using-labour-hire-and-professional-services>

1. Overview

Professional services and labour hire play an important role in supporting the Victorian Public Service (VPS) to ensure government priorities are achieved.

The purpose of these *Administrative Guidelines on Engaging Professional Services in the Victorian Public Service* (**Guidelines**) is to provide a practical decision-making framework for the use of professional services, including approval and record-keeping requirements. This framework will support limiting professional services engagements to specific circumstances and allow departments to achieve their budget commitments.

Labour Hire arrangements are covered separately under the *Administrative Guidelines on Engaging Labour Hire in the Victorian Public Service*.

For detailed information about the policies that govern procurement in the Victorian Government more broadly, contact the Victorian Government Purchasing Board (VGPB), or visit the VGPB website:

<http://www.procurement.vic.gov.au/About-the-VGPB/Scope-of-Policies>

2. Scope

Bodies and entities in scope of the Guidelines

The Guidelines are circulated to public service bodies and entities under Section 36A of the *Public Administration Act 2004* (Vic) (the **Act**) and apply to all government public service bodies and entities as defined in the Act that are mandated to comply with VGPB policies. The Guidelines do not apply to:

- special bodies as defined by section 6 of the Act
- exempt bodies as defined by section 4 of the Act
- to any government body established under the *Inquires Act 2014* (Vic)

Engagements in scope of the Guidelines

An engagement is in scope when any ‘core public service functions’ are expected to form a material part of the engagement, regardless of value. ‘Core public service functions’ are a material part of an engagement when expenditure on the six types of services in **Table 1** is expected to collectively:

- a) Account for a significant proportion of the proposed engagement **OR**
- b) Have a proposed value exceeding \$150,000 (incl. GST), even if this will not be a significant proportion of the engagement – see the Worked Example below.

Table 1: Core Public Service Functions

| Core Public Service Functions | |
|--|---|
| i. Strategic policy/program advice, development, or implementation | iv. Business case preparation and development |
| ii. Program reviews, assurance, or evaluation | v. External stakeholder/community engagement and facilitation |
| iii. Business strategy and organisational development and redesign | vi. Internal meeting and event facilitation |

Worked Example

An entity is seeking to undertake an infrastructure project. The budget for the proposed work is \$10,000,000, which includes preparing a substantial business case and undertaking significant stakeholder engagement.

The entity estimates that, collectively, these ‘core public service functions’ components will be valued at approximately \$250,000 and will not account for a significant proportion of the proposed work.

However, as the components are estimated to collectively exceed \$150,000 (incl. GST), the engagement is in-scope of these Guidelines.

Exemptions

VicGov internal service engagements (e.g. VGSO) or [VicGov internal shared service providers](#) are **exempt** from these Guidelines.

Public construction services are **exempt** from these Guidelines. **Public Construction** is defined in [Ministerial Directions for Public Construction Procurement](#) and [Construction Guidance 1.3b](#) as services directly related to construction works that will impact on physical structure (e.g. architecture, engineering).

3. Valid engagement circumstances

To go to market for work which is considered a core public service function, as determined by the test outlined in Section 2, one of four 'Valid Engagement Circumstances' (VEC) must apply (see **Table 2**).

Whether a VEC applies should be assessed and approved by the responsible senior executive prior to going to market, and the decision and dominant VEC recorded.

Secretaries (or equivalent) may provide an exemption in exceptional circumstances to go to market, even when one of the four VECs does not apply for work which is considered a core public service function.

Table 2: Valid Engagement Circumstances

| Valid engagement circumstance | Conditions required for circumstance to apply |
|---|---|
| <p>A. Work requiring skills or expertise that cannot be efficiently maintained within the organisation¹</p> | <p>The following applies:</p> <ul style="list-style-type: none"> a) The necessary technical or specialist skill(s) required to deliver the work or services are not available within the organisation, AND b) Current and future demand within the organisation for the technical or specialist skill(s) does not warrant recruiting the capability into the organisation. |
| <p>B. Need for genuine independence</p> | <p>One of the following applies:</p> <ul style="list-style-type: none"> a) There is a legal obligation (legislative or contractual agreement with another level of government) for services to be performed by an entity external to government for the purpose of integrity or assurance, OR b) The services require independent assessment from a body separate from those involved in the work <u>and</u> a genuine effort was made to identify appropriately independent resources elsewhere in the organisation. |
| <p>C. Work requiring immediate or time critical action that cannot be met within existing VPS capacity</p> | <p>The following applies:</p> <ul style="list-style-type: none"> a) The work is urgent or time critical; such as it relates to an emergency, a legal/court deadline, or a similarly critical event; or it is a public commitment with specific deadlines that cannot be pushed out (and DPC has agreed this position), AND b) The work relates to unpredictable demands (i.e. should not be used for periods of predictable or foreseeable surge work), AND c) The ability to meet at least some of the required capacity through reprioritising existing resources or using surge functions has been considered prior to going to market and is not feasible. |
| <p>D. Engagement has received explicit Cabinet approval</p> | <p>Where a decision of Cabinet (or a Committee of Cabinet) explicitly requests a service be delivered externally.</p> |

¹ Whenever possible, engagements should include a contractual obligation and clear project strategy for transferring relevant skills and knowledge across to the VPS.

4. Approval requirements

Scope of approval requirements

Engagements in scope of the Guidelines are subject to these approval requirements. The definition of engagements in scope are defined in Section 2.

The approval requirements do not apply to engagements which have received explicit Cabinet approval (see Section 3 - *Valid Engagement Circumstance D*).

These, and other engagements which are out of scope of these approval requirements for any reason, are subject to departments/entities' standard procurement and approval processes and thresholds.

Approval requirements

The Secretary – or equivalent Head of a public service body – must confirm the valid engagement circumstance and approve the **decision to go to market** for in scope engagements, if **either** of the following is true:

A. The estimated engagement value is more than \$150,000 (including GST)

Note that as approval is required before going to market, the financial threshold applied here relates to the estimated value of the proposed engagement.

B. A valid engagement circumstance does not apply (See Section 3)

If no valid engagement circumstance applies, Secretary (or equivalent) approval is required before going to market *regardless of the estimated value of the contract*.

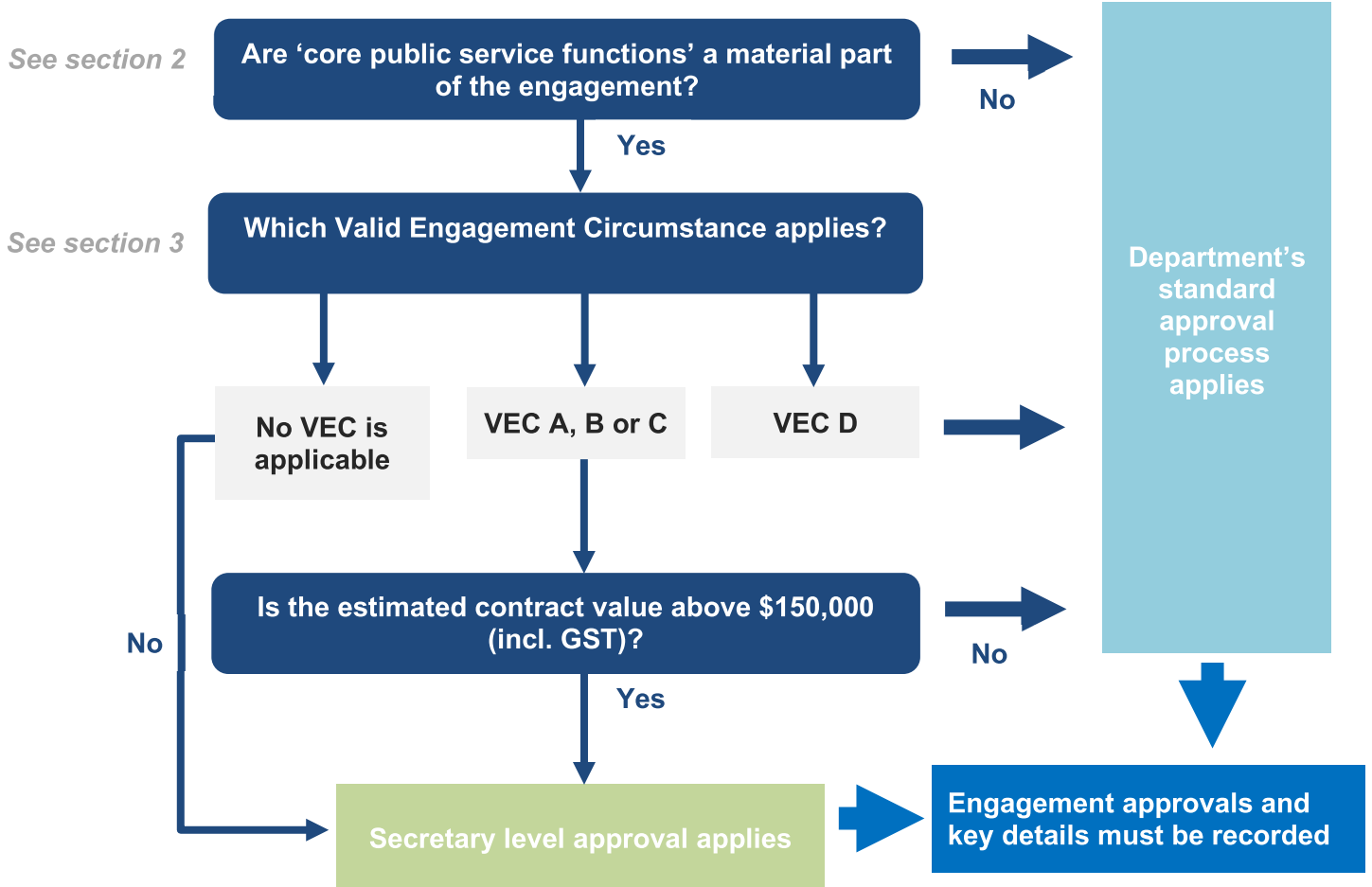
Department Secretaries, or equivalent Head of a public service body, are accountable for the procurement of all professional services engagements, regardless of delegation permitted under the Guidelines.

5. Record keeping requirements

Departments and entities are expected to maintain appropriate records for **all** professional services engagements, including engagements in scope of these Guidelines.

Please contact your Chief Procurement Officer for further information regarding the applicable approval and record keeping requirements.

6. Approval process for engaging professional services



7. Additional guidance

Additional information and resources on Victorian Government State Purchase Contracts

State Purchase Contracts organised by category

<https://buyingfor.vic.gov.au/browse-government-contracts>

Professional Advisory Services State Purchase Contract

<https://buyingfor.vic.gov.au/professional-advisory-services-contract>

User Guide - Professional Advisory Services State Purchase Contract

<https://www.buyingfor.vic.gov.au/professional-advisory-services-buyers>

eServices Register

<https://buyingfor.vic.gov.au/eservices-register>

Marketing Services Register

<https://buyingfor.vic.gov.au/marketing-services-register>

Legal Services Panel

<https://buyingfor.vic.gov.au/legal-services-panel-contract>

Other procurement resources

Browse State Purchase Contracts, Registers and other supplier lists

<https://buyingfor.vic.gov.au/find-supplier>

Procurement complexity and capability assessment policy

[Complexity and capability assessment - goods and services policy](#)

Victorian Government Financial Management and Financial Reporting Directions

Financial Reporting Directions and guidance for Departments

<https://www.dtf.vic.gov.au/financial-reporting-policy/financial-reporting-directions-and-guidance>

Standing Directions 2018 under the Financial Management Act 1994

<https://www.dtf.vic.gov.au/financial-management-government/standing-directions-2018-under-financial-management-act-1994>