



Australian Government

Department of Education, Employment and Workplace Relations

BSBPUR402B Negotiate contracts

Revision Number: 1

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Modification History

Not applicable.

Unit Descriptor

Unit descriptor	<p>This unit specifies the outcomes required to negotiate terms of contracts with suppliers, and prepare and finalise contracts.</p> <p>No licensing, legislative, regulatory or certification requirements apply to this unit at the time of endorsement.</p>
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Application of the Unit

Application of the unit	<p>This unit applies to individuals who negotiate and formalise complex purchasing arrangements involving significant risk and/or significant expenditure and detailed legal and documentation arrangements.</p> <p>This unit applies to individuals who negotiate contracts as part of a broad purchasing role but are not specialist legal practitioners. They are typically guided by organisational contract negotiation guidelines and work under minimal supervision of a senior purchasing manager or in consultation with senior management.</p>
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Licensing/Regulatory Information

Not applicable.

Pre-Requisites

Prerequisite units	

Prerequisite units		

Employability Skills Information

Employability skills	This unit contains employability skills.
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Elements and Performance Criteria Pre-Content

Elements describe the essential outcomes of a unit of competency.	Performance criteria describe the performance needed to demonstrate achievement of the element. Where bold italicised text is used, further information is detailed in the required skills and knowledge section and the range statement. Assessment of performance is to be consistent with the evidence guide.
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Elements and Performance Criteria

ELEMENT	PERFORMANCE CRITERIA
1. Negotiate terms of contracts with suppliers	1.1. Offer advice and undertake negotiations without prejudice 1.2. Advise suppliers of the organisation's intent to accept their offers 1.3. Negotiate <i>issues</i> with suppliers 1.4. Determine desired outcomes, negotiation plans and schedules for negotiations 1.5. Undertake negotiations and reach agreements with suppliers in accordance with plans 1.6. Negotiate and document contract requirements to the satisfaction of the organisation and suppliers
2. Prepare contracts	2.1. Draft required <i>contracts</i> using legal expertise if required 2.2. Distribute draft contracts to <i>relevant personnel</i> and suppliers 2.3. Ensure any discrepancies or disagreements are clarified and resolved to the satisfaction of all parties 2.4. Ensure <i>checks</i> of the legality and validity of draft contracts are made 2.5. Obtain approvals to sign contracts
3. Finalise contracts	3.1. Ensure contracts are signed and exchanged between the organisation and suppliers 3.2. Ensure contracts and related documents are stored and safeguarded 3.3. Advise relevant personnel of contract requirements 3.4. Advise unsuccessful suppliers of non-acceptance of offers

Required Skills and Knowledge

REQUIRED SKILLS AND KNOWLEDGE

This section describes the skills and knowledge required for this unit.

Required skills

- culturally appropriate communication skills to relate to people from diverse backgrounds and people with diverse abilities
- communication and negotiation skills to liaise with suppliers and reach agreement with suppliers on contracts
- literacy skills to draft concepts and write reports containing complex concepts
- technology application skills to use a range of software programs relevant to purchasing and contracting.

Required knowledge

- identification and overview knowledge of key provisions of relevant legislation from all levels of government that affects business operations, codes of practice and national standards, such as:
 - consumer protection legislation
 - contract law
 - import of goods and services, where relevant
 - sale of goods legislation
 - Trade Practices Act
- organisational practices, policies and procedures for purchasing
- product knowledge about the goods and services being supplied
- purchasing and procurement principles for:
 - accountability
 - probity and transparency
 - risk management
 - value for money.

Evidence Guide

EVIDENCE GUIDE	
<p>The Evidence Guide provides advice on assessment and must be read in conjunction with the performance criteria, required skills and knowledge, range statement and the Assessment Guidelines for the Training Package.</p>	
Overview of assessment	
Critical aspects for assessment and evidence required to demonstrate competency in this unit	<p>Evidence of the following is essential:</p> <ul style="list-style-type: none"> • documented agreement of terms with suppliers • drafting and completion of a contract with a supplier for goods and services • informing of successful and unsuccessful suppliers.
Context of and specific resources for assessment	<p>Assessment must ensure:</p> <ul style="list-style-type: none"> • access to an actual workplace or simulated environment • access to office equipment and resources • organisation's purchasing strategies and relevant purchasing records.
Method of assessment	<p>A range of assessment methods should be used to assess practical skills and knowledge. The following examples are appropriate for this unit:</p> <ul style="list-style-type: none"> • analysis of responses to case studies and scenarios • assessment of draft and finalised contracts for the supply of goods and services • direct questioning combined with review of portfolios of evidence and third party workplace reports of on-the-job performance by the candidate • observation of contacting successful and unsuccessful suppliers about the awarding of the contract • oral or written questioning to assess knowledge • review testimony from team members, colleagues, supervisors or managers • review of authenticated documents from the workplace or training environment.
Guidance information for assessment	<p>Holistic assessment with other units relevant to the industry sector, workplace and job role is recommended, for example:</p> <ul style="list-style-type: none"> • other purchasing units.

Range Statement

RANGE STATEMENT

The range statement relates to the unit of competency as a whole. It allows for different work environments and situations that may affect performance. Bold italicised wording, if used in the performance criteria, is detailed below. Essential operating conditions that may be present with training and assessment (depending on the work situation, needs of the candidate, accessibility of the item, and local industry and regional contexts) may also be included.

Issues may include:	<ul style="list-style-type: none"> • issues relating to non-compliance with invitation to offer requirements • issues relating to occupational health and safety (OHS) performance standards • issues relating to the form and specific requirements of contract documentation
Contracts may include:	<ul style="list-style-type: none"> • agreements for one-off or ongoing supply of goods or services • agreements with Australian or overseas individuals, contractors, corporations, individuals and government agencies • electronic or paper-based agreements • memoranda of understanding/agreement
Relevant personnel may include:	<ul style="list-style-type: none"> • CEO • managers • leaders • coordinators • OHS specialists • supervisors • other persons authorised to commit the organisation to purchases • internal users of purchased goods and services • owner • Board • specialist personnel involved in purchasing, asset maintenance and finance
Checks may include:	<ul style="list-style-type: none"> • referring the contract to others such as: <ul style="list-style-type: none"> • external legal representative for organisation • legal officer within organisation • purchasing manager

Unit Sector(s)

Unit sector	
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Competency field

Competency field	Administration - Purchasing and Contracting
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Co-requisite units

Co-requisite units		