



**Australian Government**

**Department of Education, Employment and Workplace Relations**

# **FDFPPL4007A Manage supplier agreements and contracts**

**Revision Number: 1**

## FDFPPL4007A Manage supplier agreements and contracts

### Modification History

Not applicable.

### Unit Descriptor

<b>Unit descriptor</b>	This unit of competency covers the skills and knowledge required to manage internal and external agreements for the supply of goods and/or services.
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### Application of the Unit

<b>Application of the unit</b>	This unit can apply to the evaluation and management of existing contractual arrangements and the development of new arrangements. It requires an understanding of supply chain relationships and arrangements.
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### Licensing/Regulatory Information

Not applicable.

### Pre-Requisites

<b>Prerequisite units</b>		

## Employability Skills Information

<b>Employability skills</b>	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

<b>ELEMENT</b>	<b>PERFORMANCE CRITERIA</b>
1. Establish contractual arrangements	<p>1.1. Specifications for the delivery of goods and/or services are documented and agreed</p> <p>1.2. Criteria for selection of suppliers are developed and documented</p> <p>1.3. Potential suppliers are identified and assessed against selection criteria</p> <p>1.4. Supply contracts are documented and agreed by the parties</p> <p>1.5. Contingency plans are developed in the event of supplier failure to deliver</p>
2. Administer and evaluate delivery of goods and/or services against agreements	<p>2.1. The quality of goods and services supplied is assessed against specifications</p> <p>2.2. Non-compliance is identified, documented and corrective action is implemented within the terms of contractual arrangements</p> <p>2.3. Relationships with suppliers are managed to support effective delivery</p> <p>2.4. Vendor agreements are reviewed and renegotiated as required to ensure timely delivery and cost-effective supply of quality goods and services</p>

## Required Skills and Knowledge

### REQUIRED SKILLS AND KNOWLEDGE

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

#### Required skills

##### *Ability to:*

- identify the system in place to support management of supplier relationships, agreements and contracts, including goods and services specifications, existing vendor agreements and contracts, traceability systems and procedures, receivables procedures, invoicing system and related documentation, and where required, identify existing system features and/or identify system requirements and develop appropriate system components
- identify and/or develop criteria for selection of suppliers (the criteria should reflect the company's approach to supply chain management and take account of existing procurement policies, including any preferred supplier arrangements as well as historical experience with suppliers)
- identify current and potential suppliers with the capacity to meet supplier criteria
- establish a contingency supply plan in the event of failure to deliver within the terms of the agreement
- identify and/or develop a goods/service agreement to address company requirements
- identify and/or establish procedures to negotiate the terms of the agreement with the supplier, within level of responsibility
- identify and/or establish procedures to receive and evaluate goods/services against agreed criteria, including procedures for responding where goods/services are not within specification, within level of authority
- identify and/or establish recording and communication systems to document contract compliance issues
- monitor that contractors working on-site are inducted and aware of their roles and responsibilities according to enterprise procedures
- use communication skills to interpret and complete work information to support operations of work team or area
- demonstrate and support cooperative work practices within a culturally diverse workforce

#### Required knowledge

##### *Knowledge of:*

- approaches to supply chain management, including customer-led models, such as efficient consumer response (ECR), the contrast between independent company operations versus chain partnership arrangements, and the implications of a supply chain approach for the nature of the relationships between the company and its suppliers, including level of information sharing and cooperation

**REQUIRED SKILLS AND KNOWLEDGE**

- the company's approach to supply chain management, and related systems and documentation in place to support internal management and supplier relationship management, including levels of authority
- appropriate technical knowledge to determine capacity of a supplier to deliver and to assess quality of goods/service supplied (this may be addressed by identifying relevant technical expertise, such as a quality/laboratory function)
- legal rights and responsibilities of both the company and the supplier
- the role of benchmarking in determining appropriate criteria for supplier selection and contract management
- appropriate measures of contract delivery and relative importance/weighting given by the company
- induction and duty of care responsibilities for contractors working on-site where relevant

## Evidence Guide

<b>EVIDENCE GUIDE</b>	
<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>	
<p><b>Overview of assessment</b></p>	<p>Assessment must be carried out in a manner that recognises the cultural and literacy requirements of the assessee and is appropriate to the work performed. Competence in this unit must be achieved in accordance with food safety standards and regulations.</p>
<p><b>Critical aspects for assessment and evidence required to demonstrate competency in this unit</b></p>	<p>Evidence of ability to:</p> <ul style="list-style-type: none"> <li>• determine resource requirements for work area</li> <li>• establish contractual conditions and determine most suitable supplier</li> <li>• monitor supply against agreements and contracts and promptly identify and act on variances</li> <li>• establish supply contingencies</li> <li>• maintain relationships with suppliers to support service.</li> </ul>
<p><b>Context of and specific resources for assessment</b></p>	<p>Assessment must occur in a real or simulated workplace where the assessee has access to:</p> <ul style="list-style-type: none"> <li>• workplace procurement policies and related documentation and systems</li> <li>• relevant legislation, codes of practice and agreements</li> <li>• access to suppliers of goods and services</li> <li>• information management systems, including planning, recording and reporting systems</li> <li>• technical support and advice as appropriate.</li> </ul>
<p><b>Method of assessment</b></p>	<p>This unit should be assessed together with core units and other units of competency relevant to the function or work role.</p>
<p><b>Guidance information for assessment</b></p>	<p>To ensure consistency in one's performance, competency should be demonstrated on more than one occasion over a period of time in order to cover a variety of circumstances, cases and responsibilities, and where possible, over a number of assessment activities.</p>

## 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.

#### Service agreements

Service agreements are consistent with company policy objectives, legislative requirements, industry standards, codes and guidelines, industrial awards and agreements

## Unit Sector(s)

### Unit sector

People management/planning/logistics

## Competency field

### Competency field

## Co-requisite units

### Co-requisite units
