



Australian Government

Department of Education, Employment and Workplace Relations

LGADMIN422A Develop and maintain supplier relationships

Revision Number: 1

LGADMIN422A Develop and maintain supplier relationships

Modification History

Not applicable.

Unit Descriptor

Unit Descriptor

This unit covers developing and maintaining effective relationships with suppliers to the organisation to ensure efficient supply chain processes. The unit is appropriate for those responsible for supply chain processes within a unit or the organisation as a whole.

Application of the Unit

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This unit supports the attainment of skills and knowledge required for competent workplace performance in councils of all sizes. Knowledge of the legislation and regulations within which councils must operate is essential. The unique nature of councils, as a tier of government directed by elected members and reflecting the needs of local communities, must be appropriately reflected.

Licensing/Regulatory Information

Not applicable.

Pre-Requisites

Prerequisite Unit/s

Employability Skills Information

Employability Skills This unit contains employability skills.

Elements and Performance Criteria Pre-Content

Elements describe the essential outcomes of a Unit of Competency

Performance criteria describe the required performance needed to demonstrate achievement of the element. Where ***bold italicised*** text is used, further information is detailed in the Required Skills and Knowledge and/or the Range Statement. Assessment of performance is to be consistent with the Evidence Guide.

Elements and Performance Criteria

ELEMENT	PERFORMANCE CRITERIA
1. Plan for procurement of goods and services	<p>1.1. The purpose and specifications of required goods and services are identified.</p> <p>1.2. A <i>market assessment</i> is used to identify <i>options</i> for acquiring goods and services in accordance with legislative requirements and organisational policies and procedures.</p> <p>1.3. Quantities of required goods and services are determined.</p> <p>1.4. Frequency of ordering or requesting goods and services is analysed.</p> <p>1.5. The criteria to evaluate potential or existing contractor performance are established.</p> <p>1.6. Policies and procedures are developed for management of purchasing systems.</p>
2. Evaluate potential suppliers	<p>2.1. The process and criteria for evaluation of suppliers of goods and services are developed.</p> <p>2.2. <i>Suppliers of requested goods and services are identified.</i></p> <p>2.3. Comparative costings for goods and services are obtained.</p> <p>2.4. Supplier's ability to provide a consistent level of performance on repeat contracts is assessed.</p> <p>2.5. Suppliers are evaluated against criteria.</p> <p>2.6. A prioritised supplier shortlist is established based on the capacity of the supplier to provide cost competitive, quality goods and services.</p>
3. Administer supplier contract	<p>2.7. The outcomes of the supplier selection process are documented including recommendations for agreements/contracts with selected suppliers.</p> <p>3.1. Procedures for the receipt of supplied goods and services are implemented.</p> <p>3.2. Supplied goods and services are assessed for <i>conformity to contracted requirements.</i></p> <p>3.3. Non-conformance of supplier with contracted requirements is accurately detailed.</p> <p>3.4. Actions to rectify non-conformance are undertaken in accordance with organisational procedures and within scope of authority.</p> <p>3.5. Issues of non-conformance beyond scope of authority</p>

ELEMENT**PERFORMANCE CRITERIA****4. Maintain supplier relations**

- are referred to designated personnel in accordance with organisational procedures.
- 3.6. Systems records are maintained and updated in accordance with organisational procedures.
- 4.1. Cooperative relationships are developed with supplier representative according to organisational policies and procedures.
- 4.2. *Arrangements* with suppliers are *negotiated* and implemented according to organisational policies and procedures.
- 4.3. Market factors that may affect the supply of goods and services are identified and communicated to relevant personnel.
- 4.4. Immediate corrective action is taken in consultation with the supplier where potential or actual problems are indicated.
- 4.5. Suppliers are continuously reviewed in regard to quality, profitability, service, delivery status and other relevant *performance indicators*.
- 4.6. Suppliers are deleted from supplier shortlist according to criteria.

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Required Skills and Knowledge

REQUIRED SKILLS AND KNOWLEDGE

This describes the essential skills and knowledge and their level, required for this unit

Required Skills

- evaluation
- negotiation and consultation
- problem solving
- communication
- interpersonal
- numeracy skills for evaluating suppliers and contractual time frames
- cross-cultural
- literacy.

Required Knowledge

- legislative and organisational procurement guidelines
- organisation's code of conduct
- suppliers in the marketplace
- common use arrangements
- financial accountability requirements
- probity and ethical issues
- procedures for receipt and payment of goods and services
- procurement approval procedures
- organisational procedures for monitoring the performance of suppliers
- contract performance and dispute policies and procedures
- business policies and plans as they relate to supply contracts
- operation of recording, reporting and statistical analysis systems and resources.

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Evidence Guide

EVIDENCE GUIDE

Overview of assessment requirements

A person who demonstrates competency in this unit will be able to perform the outcomes described in the Elements to the required performance level detailed in the Performance Criteria. The knowledge and skill requirements described in the Range Statement must also be demonstrated. For example, knowledge of the legislative framework and safe work practices that underpin the performance of the unit are also required to be demonstrated.

Critical aspects of evidence to be considered

The demonstrated ability to:

- plan for the procurement of goods and services
- enhance policies and procedures for management of purchasing systems
- develop a process and criteria to evaluate potential suppliers and establish a prioritised supplier shortlist against the criteria
- monitor the performance of supply contractors
- apply high level communication and interpersonal skills to maintain effective relationships with suppliers to ensure efficient supply chain processes and to mediate and resolve issues surrounding supply, maximising positive outcomes for the organisation and individuals within it.

Context of assessment

Competency is demonstrated by performance of all stated criteria, with particular attention to the critical aspects and the knowledge and skills elaborated in the Evidence Guide, and within the scope of the Range Statement.

Assessment must take account of the endorsed Assessment Guidelines in the Local Government Training Package.

Assessment of performance requirements in this unit should be undertaken in an actual workplace or simulated environment.

Assessment should reinforce the integration of the key competencies for the particular AQF level. Refer to the key competency levels at the end of this unit.

Relationship to other units (prerequisite or co-requisite units)

To enable holistic assessment this unit may be assessed with other units that form part of the job role.

Method of assessment

The following assessment methods are suggested:

- observation of the learner performing a range of workplace tasks over sufficient time to demonstrate handling of a

EVIDENCE GUIDE

	<p>range of contingencies</p> <ul style="list-style-type: none">• written and/or oral questioning to assess knowledge and understanding• completion of workplace documentation• third-party reports from experienced practitioners• completion of self-paced learning materials including personal reflection and feedback from trainer, coach or supervisor.
Evidence required for demonstration of consistent performance	Evidence should be collected over a set period of time that is sufficient to include dealings with an appropriate range and variety of formal and informal situations, involving different types of problems and clients.
Resource implications	The learner and trainer should have access to appropriate documentation and resources normally used in the workplace.

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 in the Performance Criteria is detailed below.

A market assessment may include:

- structure of the market and key stakeholders
- market capability
- market maturity
- market strength
- factors and conditions that may affect supply
- potential impact of intended contracting activity.

Options may include:

- stakeholder consultation
- confirmation that a procurement process is necessary
- development of a business case
- comparison of internal and outsourced provision
- whether to buy or lease.

Suppliers of requested goods and services are identified by:

- open or restricted tendering and contracting
- expression of interest
- request for proposal
- request for quotation
- request for tender
- request for offer
- direct purchases using existing supply arrangements such as standing offers
- common use arrangements
- oral and written quotations
- direct purchases from retail or wholesale outlets
- electronic arrangements.

Conformity to contracted requirements may include:

- price
- quantity
- quality
- delivery schedules.

Arrangements may include:

- verbal and written orders
- purchase orders
- credit card
- petty cash
- memoranda of understanding or memoranda of agreement
- in-house service level agreement
- contracts
- common use arrangements and standing offers.

RANGE STATEMENT

Negotiation process may include:

- face to face
- correspondence
- meetings
- telephone
- electronic media.

Performance indicators which assist in reviewing suppliers may include:

- price
- quality
- supply reliability
- stock range
- delivery schedules
- warranties and post-purchase support
- variation from supply specifications
- appropriateness
- supplier relationships.

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Unit Sector(s)

Unit Sector Administration Units

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Competency field

Competency Field

co-requisite unit/s

Co-requisite Unit/s