



**Australian Government**

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

# **PSPPROC406B Procure goods and services**

**Revision Number: 2**

## **PSPPROC406B Procure goods and services**

### **Modification History**

PSPPROC406B Release 2: Layout adjusted. No changes to content.  
PSPPROC406B Release 1: Primary release.

### **Unit Descriptor**

This unit covers the expenditure of public monies for simple procurement of low value/low risk goods and services using contractual arrangements that include simple tendering and requests for quotation. The unit requires analysis and decision making in the procurement process, which is undertaken under limited supervision. It includes planning and undertaking procurement, managing contractors and completing contractual arrangements.

In practice, procuring goods and services overlaps with other generalist and specialist public sector or local government work activities, such as upholding and supporting the values and principles of public service, identifying and treating risks, exercising delegations, applying government processes, encouraging compliance with legislation in the public sector or local government, planning procurement, developing and distributing requests for offers, selecting providers and managing contracts.

This unit is not recommended for those who specialise in procurement. It cannot be included in the Certificate IV in Government (Procurement and Contracting).

No licensing, legislative, regulatory or certification requirements apply to this unit at the time of endorsement.

### **Application of the Unit**

This unit applies to those who enter into contracts or go out to tender or manage the procurement but are not procurement professionals. Those undertaking this unit may be developing a request for tender but procurement is not a major part of their role.

### **Licensing/Regulatory Information**

Not applicable.

### **Pre-Requisites**

Not applicable.

### **Employability Skills Information**

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 performance needed to demonstrate achievement of the element. Where ***bold italicised*** text is used, further information is detailed in 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 or services.	<p>1.1. <i>Market assessment</i> is used to identify and select options for procuring goods or services in accordance with business plan requirements, legislation, policy and procedures, and <i>probity requirements</i>.</p> <p>1.2. <i>Commercial strategy</i> is identified to achieve the procurement outcome set out in the business plan, achieve value for money, and meet legal and probity requirements.</p> <p>1.3. Risk planning is conducted for the procurement activity according to procedures, delegations and guidelines.</p> <p>1.4. Process and criteria for evaluation of offers from suppliers or service providers are identified to meet public sector probity requirements, and are recorded in a tender evaluation plan.</p> <p>1.5. Procurement plan is developed to manage procurement process and <i>contractual arrangements</i> in accordance with <i>legislation, policy and procedures, and probity requirements</i>.</p> <p>1.6. <i>Stakeholders</i> are consulted about the planned procurement and their feedback is incorporated into the procurement process.</p>
2. Undertake procurement.	<p>2.1. <i>Method for requesting and receiving offers</i> is chosen to suit the procurement activity and comply with organisational policy and procedures and probity requirements.</p> <p>2.2. Specialist expertise is used to assist in evaluation of offers as required.</p> <p>2.3. Evaluation and selection of the offer are made according to tender evaluation plan, and organisational policy and procedures.</p> <p>2.4. Notification of successful and unsuccessful suppliers/providers is undertaken according to procurement plan, and organisational policy and procedures.</p> <p>2.5. Work does not commence and payment is not made until contractual arrangements are formalised.</p> <p>2.6. Contractual arrangements that are legally binding to all parties and suitable to the procurement activity are negotiated, formalised and <i>reported</i> according to organisational policy and procedures.</p>

<b>3. Manage contractors.</b>	<p>3.1. Communication strategies are established to build and maintain relationships with contractors.</p> <p>3.2. Performance is monitored against contract performance indicators for quality assurance of the goods or services and to ensure compliance with contract specifications.</p> <p>3.3. Contract performance indicators are regularly reviewed to ensure relevance.</p> <p>3.4. Approvals are obtained for contract variations according to organisational and contractual requirements.</p> <p>3.5. Disputes or complaints are investigated, documented and resolved or referred according to contractual provisions.</p> <p>3.6. Contractual obligations to contractors are met.</p> <p>3.7. <b>Records</b> are maintained according to organisational and legal requirements to provide an audit trail and for other <b>organisational purposes</b>.</p>
<b>4. Complete contractual arrangements.</b>	<p>4.1. Goods and services received are confirmed as meeting contractual specification and required outcome, and accounts are processed for payment according to organisational procedures.</p> <p>4.2. Contracts are finalised, cancelled or terminated according to contractual arrangements.</p> <p>4.3. Contract performance, outcomes and management processes are evaluated, and lessons learnt are recorded and used to inform ongoing contract management practices.</p>

## Required Skills and Knowledge

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

### Required skills

- communication skills to:
  - write procurement specifications in unambiguous terms
  - consult and negotiate with providers
  - write, read and/or sign contractual agreements that may include complexity of language and style, using templates where appropriate
  - engage in ongoing communication with contractors that may involve explaining or clarifying written and oral information, note-taking at meetings, active listening, and checking for understanding
  - provide feedback
- teamwork skills to:
  - work independently or under direction as appropriate to the situation
  - model team leadership approaches if appropriate
  - respond to diversity
  - refer issues to the correct person
- problem-solving skills to:
  - evaluate procurement options and select the most suitable option
  - assess goods or services provided against specifications
- initiative and enterprise skills to apply OHS, environmental, sustainability and corporate social responsibility practices in the context of government procurement activities
- planning and organising skills to:
  - manage contractor performance against contract requirements
  - make payments and manage financial arrangements
- learning skills to keep up-to-date with relevant procurement legislation, policies and procedures
- technology skills to:
  - operate organisational IT systems
  - use electronic procurement templates

### Required knowledge

- commonwealth, state or territory, and local government legislation, policies, practices and guidelines:
  - relating to contract management, including environmental purchasing and corporate social responsibility guidance
  - such as OHS and equity and diversity
- organisational procurement policies, practices and approval processes
- organisation's code of conduct and code of ethics

- procurement options and methods
- probity and ethical issues
- codes of conduct, codes of practice and standards of individual behaviour relating to procuring goods and services, in particular identifying and managing conflict of interest, gifts and inappropriate relationships with providers
- procedures for receipt and payment of goods or services
- common use arrangements
- procurement approval procedures
- financial accountability requirements
- aspects of contract law, laws of tort, trade practices law, commercial law and other legislation relating to receipt and evaluation of offers, negotiation and award of contracts

## Evidence Guide

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.

### Overview of assessment

Competency must be demonstrated in the ability to procure goods and services consistently in accordance with legislative and organisational requirements.

### Critical aspects for assessment and evidence required to demonstrate competency in this unit

Assessment must confirm the ability to:

- plan a procurement activity, using templates where these are available, to a level of detail commensurate with the complexity and risk profile of the procurement
- implement the procurement plan in a way that reflects the legislative and policy environment applicable to the organisation
- develop a suitable contract management plan, using templates if available
- manage the performance of contractors to ensure that the goods or services are delivered in accordance with the contract
- act within own delegations and refer issues to higher authority when necessary.

### Consistency in performance

Competency should be demonstrated by providing evidence of undertaking a range of relevant work tasks in an actual or simulated procurement environment on at least two separate occasions.

### Context of and specific resources for assessment

The unit of competency is to be assessed in the workplace or a simulated workplace environment.

Access may be required to:

- legislation, policy, procedures and protocols relating to procuring goods and services
- codes of conduct and codes of practice
- workplace scenarios and case studies relating to a range of procurement activities
- case studies that incorporate dilemmas, and probity requirements relating to procurement of goods and services.

### Method of assessment

The following assessment methods are suggested:

- questions to assess understanding of relevant legislation and procedures
- review of strategies selected for procurement



- review of procurement plans, requests for quotation/tender, tender evaluation plans, selection reports, contracts, contract management plans and reports, and other documentation prepared by the candidate in a range of contexts
- feedback from peers or supervisors on actions taken to monitor and review contract performance.

In all cases, practical assessment should be supported by questions to assess underpinning knowledge and those aspects of competency which are difficult to assess directly. Questioning techniques should suit the language and literacy levels of the candidate.

**Guidance information for assessment**

Evidence must be gathered over time in a range of contexts to ensure the person can achieve the unit outcome and apply the competency in different situations or environments.

Holistic assessment with other units relevant to the industry sector, workplace and job role is recommended, for example:

- PSPETHC401A Uphold and support the values and principles of public service
- PSPGOV417A Identify and treat risks
- PSPGOV421A Exercise delegations
- PSPLEGN401A Encourage compliance with legislation in the public sector
- PSPPROC411A Plan procurement
- PSPPROC412A Develop and distribute requests for offers
- PSPPROC413A Select providers and develop contracts
- PSPPROC414A Manage contracts.

## 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.

- |   |  |
|---|--|
| <p><b><i>Market assessment</i></b><br/>may include:</p>                         | <ul style="list-style-type: none"> <li>• structure of the market</li> <li>• number and quality of providers</li> <li>• factors and conditions which may affect supply of goods or provision of services</li> <li>• potential impact of intended procurement activity</li> </ul>  |
| <p><b><i>Evaluation</i></b> of options<br/>may include:</p>                     | <ul style="list-style-type: none"> <li>• stakeholder consultation</li> <li>• confirmation that procurement is necessary</li> <li>• development of a business case</li> <li>• comparison of internal and outsourced provision</li> </ul>  |
| <p><b><i>Probity requirements:</i></b></p>                                      | <ul style="list-style-type: none"> <li>• may include:               <ul style="list-style-type: none"> <li>• accountability</li> <li>• transparency</li> <li>• confidentiality</li> <li>• managing conflict of interest</li> <li>• impartiality</li> </ul> </li> <li>• are maintained to:               <ul style="list-style-type: none"> <li>• encourage conformity to processes</li> <li>• facilitate accountability</li> <li>• ensure proponents are treated in a fair and equitable manner</li> <li>• encourage commercial completion</li> <li>• preserve public and private sector confidence in government processes</li> </ul> </li> </ul> |
| <p>Key elements of a<br/><b><i>commercial strategy</i></b><br/>may include:</p> | <ul style="list-style-type: none"> <li>• consultation with key stakeholders</li> <li>• expenditure budget meets organisational requirements for probity and accountability</li> <li>• procurement process agreed by users and documented, and meets legal and probity requirements</li> <li>• approvals obtained</li> <li>• contractual arrangements that capture and address identified risks, protection of all parties, and include performance indicators that provide the basis for due performance</li> </ul>  |
| <p><b><i>Contractual</i></b></p>  | <ul style="list-style-type: none"> <li>• verbal and written orders</li> </ul>  |

**arrangements** may include:

- purchase order
- government credit cards
- petty cash
- memoranda of understanding/memoranda of agreement
- in-house service level agreements
- contracts
- standing offers
- inter and intra-government agreements

**Legislation, policy and procedures and probity requirements** may include:

- commonwealth or state and territory legislation
- council rules and by-laws
- equal employment opportunity and anti-discrimination law
- commonwealth, and state or territory government procurement guidelines, including environmental purchasing guidelines
- organisational policies and practices
- probity guidelines
- financial management requirements

**Stakeholders** may include:

- end users, customers or clients, and sponsors
- current or potential providers or suppliers
- technical or functional experts or advisers
- commonwealth, state or territory, and local government
- the organisation
- other public sector organisations
- employees, unions and staff associations
- industry bodies
- local communities
- lobby groups and special user groups

**Methods for requesting and receiving offers** may include:

- requests for quotation
- direct purchases using existing supply agreements, such as standing offers
- oral quotations
- written quotations
- direct purchases from retail or wholesale outlets
- electronic commerce

**Reporting** may include:

- gazettal notices
- public notification
- Gazette Publishing System (GaPS)
- electronic
- verbal
- annual reports
- internal and/or external

- Records*** may include:
- statistical reports
  - purchase requests and orders
  - simple procurement submissions and proposals
  - invoices and payment requests
  - statements and petty cash vouchers
  - offer and contract documents
  - evaluation process documentation
  - records of authorised decisions
  - corporate credit card transaction statements
  - records of supplier performance
  - gazettal notices
  - financial statements
  - asset registers
  - records of conversation
  - actions taken to manage identified conflict of interest
- Organisational purposes*** may include:
- reports and other documents
  - future procurement planning and contract management
  - accountability requirements
  - Ministerials

## **Unit Sector(s)**

Not applicable

## **Competency field**

Procurement and Contract Management.