



**Australian Government**

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

# **PSPPROC414A Manage contracts**

**Revision Number: 1**

## PSPPROC414A Manage contracts

### Modification History

Not applicable.

### Unit Descriptor

<p><b>Unit descriptor</b></p>	<p>This unit covers the ability to manage contracts. It includes undertaking preparations, establishing and maintaining contract management arrangements, monitoring and maintaining contract performance, and completing and reviewing contracts.</p> <p>In practice, managing contracts overlaps with other generalist and specialist public sector work activities, such as upholding and supporting the values and principles of public service and local government, 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 and selecting providers.</p> <p>Those who specialise in procurement are catered for by the units PSPPROC503B, PSPPROC504B, PSPPROC505A and PSPPROC506A, which address in depth the aspects of contract management performed by those who specialise in procurement.</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

<p><b>Application of the unit</b></p>	<p>This unit applies to those who are not specialist contract managers, but manage contracts as part of their role rather than as their primary role.</p>
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## Licensing/Regulatory Information

Not applicable.

## Pre-Requisites

Not applicable.

## 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

ELEMENT	PERFORMANCE CRITERIA
<p>1. <b>Prepare to manage a contract.</b></p>	<p>1.1. <b>Contract</b> requirements, approvals and funding arrangements are confirmed and clarified where necessary, and obligations and limits of authority as contract manager are identified in line with contractual and organisational requirements.</p> <p>1.2. Operational elements of the contract are confirmed and contact is made with <i>specialists</i> and <i>stakeholders</i> to clarify and assist with contract administration issues.</p> <p>1.3. <b>Key contract clauses</b> are identified and their content is clarified as necessary to ensure contract requirements are understood.</p> <p>1.4. Process, timings, and key performance indicators are identified from the contract and confirmed with stakeholders.</p> <p>1.5. <b>Risks</b> are confirmed and a risk management plan is developed or reviewed in line with contract requirements and organisational policy and procedures.</p> <p>1.6. <b>Contract management strategy</b> is developed or <b>obtained</b> and key details are entered from the contract.</p> <p>1.7. Contract management team is formed and roles and responsibilities are allocated.</p>
<p>2. <b>Implement a contract management strategy.</b></p>	<p>2.1. Start-up or transition arrangements are confirmed and implemented according to contract requirements and organisational procedures.</p> <p>2.2. Information and <b>communication strategies</b> are established to meet contractor, stakeholder and organisational needs.</p> <p>2.3. Risk management plan is monitored for effectiveness and adapted as necessary during the life of the contract.</p> <p>2.4. Relationship with contractors and stakeholders is established and managed according to organisational policy and procedures and probity requirements.</p> <p>2.5. Specialist expertise is obtained as necessary for progress meetings and for advice on or resolution of contract issues.</p> <p>2.6. Consideration is given to OHS, environmental and sustainability principles and corporate social</p>

ELEMENT	PERFORMANCE CRITERIA
	<p>responsibility principles as they apply to the contract.</p> <p>2.7. Contract information/documentation is maintained for organisational purposes according to organisational policy and procedures.</p>
<p>3. <b>Monitor and maintain performance of a contract.</b></p>	<p>3.1. Obligations to contractor and stakeholders are met according to contractual arrangements and organisational financial management requirements.</p> <p>3.2. <b>Monitoring and control measures</b> and performance indicators are used to manage performance of contract and ensure that all obligations under the agreement are being met.</p> <p>3.3. <b>Contract variations</b> are managed in accordance with the contract, organisational policy and procedures, and probity requirements.</p> <p>3.4. <b>Disputes</b> and complaints are investigated and <b>resolved</b> or referred according to contract requirements.</p> <p>3.5. <b>Negotiation</b> of issues relating to the contract is managed and approvals are obtained according to stipulations in the contract proper.</p> <p>3.6. Communication is maintained with all stakeholders on the performance of the contract according to organisational protocols and public sector standards.</p>
<p>4. <b>Complete and review contract.</b></p>	<p>4.1. Client satisfaction with contract deliverables is confirmed.</p> <p>4.2. Contracts are finalised, amended, cancelled or terminated according to contractual arrangements.</p> <p>4.3. Strategies are applied to manage close-out, and ensure renewal of contract or transition to a new contract meet organisational guidelines, probity requirements and public sector standards.</p> <p>4.4. <b>Review</b> is undertaken of contract management, contractor performance relevant to measures at each stage of the contract, user satisfaction and audit results, when necessary.</p> <p>4.5. Where measures or outcomes are not met in full, variances are documented and explained.</p> <p>4.6. Information from the review and audit is used to report on contractor performance, to review contract management practice and make recommendations for improvement.</p>

## Required Skills and Knowledge

### REQUIRED SKILLS AND KNOWLEDGE

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

#### Required skills

- communication skills to:
  - consult and negotiate with contractors and stakeholders, involving complex oral and written exchanges of information
  - network, within probity boundaries, with diverse stakeholders and contractors
  - read complex documents, such as contracts, legislation and guidelines
  - 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 apply simple supply chain management and supplier issues management to the process of contract management
- initiative and enterprise skills to:
  - apply the content of complex documents, such as contracts, legislation and guidelines
  - apply OHS, environmental, sustainability and corporate social responsibility practices in the context of contract management
- planning and organising skills to manage contract documentation
- 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
- contract performance management
- privacy and confidentiality issues
- probity principles and issues

**REQUIRED SKILLS AND KNOWLEDGE**

- codes of conduct, codes of practice and standards of individual behaviour relating to managing contracts and relationships with contractors
- whole-of-life considerations relating to the ownership, operation and disposal/completion of the goods or services
- equal employment opportunity
- financial and accounting issues relevant to the contract

## 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>	
<b>Overview of assessment</b>	<p>Competency must be demonstrated in the ability to manage contracts consistently in accordance with legislative and organisational requirements.</p>
<b>Critical aspects for assessment and evidence required to demonstrate competency in this unit</b>	<p>Assessment must confirm the ability to:</p> <ul style="list-style-type: none"> <li>• develop a contract management strategy in consultation with key stakeholders</li> <li>• develop a suitable contract management plan, using templates if available</li> <li>• implement the contract management plan</li> <li>• manage the performance of contractors</li> <li>• provide contractors with performance feedback</li> <li>• manage contract disputes to achieve prompt resolution and refer to higher authority when necessary</li> <li>• review contracts throughout to identify opportunities for continuous improvement</li> <li>• act within own delegations and refer issues to higher authority when necessary</li> <li>• uphold probity standards in all dealings with contractors.</li> </ul> <p><b>Consistency in performance</b></p> <p>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.</p>
<b>Context of and specific resources for assessment</b>	<p>The unit of competency is to be assessed in the workplace or a simulated workplace environment.</p> <p>Access may be required to:</p> <ul style="list-style-type: none"> <li>• legislation, policy, procedures and protocols relating to procuring goods and services and managing contracts</li> <li>• codes of conduct and codes of practice</li> <li>• workplace scenarios and case studies relating to a range of procurement activities associated with managing contracts</li> <li>• case studies that incorporate dilemmas, and probity requirements relating to managing contracts.</li> </ul>
<b>Method of assessment</b>	<p>The following assessment methods are suggested:</p>



<b>EVIDENCE GUIDE</b>	
	<ul style="list-style-type: none"> <li>• questions to assess understanding of relevant legislation and procedures</li> <li>• review of strategies and approaches adopted for managing contracts</li> <li>• review of contract management plans, contracts, contract variations, contractor performance reports, contract closure documents and other documentation prepared by the candidate in a range of contexts</li> <li>• review of stakeholder engagement approaches adopted by the candidate.</li> </ul> <p>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.</p>
<b>Guidance information for assessment</b>	<p>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.</p> <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"> <li>• PSPETHC401A Uphold and support the values and principles of public service</li> <li>• PSPGOV417A Identify and treat risks</li> <li>• PSPGOV421A Exercise delegations</li> <li>• PSPLEGN401A Encourage compliance with legislation in the public sector</li> <li>• PSPPROC411A Plan procurement</li> <li>• PSPPROC412A Develop and distribute requests for offers</li> <li>• PSPPROC413A Select providers and develop contracts.</li> </ul>

## 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.

<b><i>Contracts</i></b> may include:	<ul style="list-style-type: none"> <li>• memoranda of understanding and memoranda of agreement</li> <li>• in-house option directives</li> <li>• common use arrangements/standing offers</li> <li>• inter and intra-government agreements</li> <li>• letters of intent</li> <li>• licensing agreements.</li> </ul>
<b><i>Specialists</i></b> may include:	<ul style="list-style-type: none"> <li>• procurement and contracting</li> <li>• corporate finance</li> <li>• outsourced procurement or contracting advisers</li> <li>• legal advisers</li> <li>• functional/business</li> <li>• technical</li> <li>• business owner of the contract</li> <li>• OHS</li> <li>• environmental</li> <li>• audit and probity</li> <li>• appropriate cross-government department experts.</li> </ul>
<b><i>Stakeholders</i></b> may include:	<ul style="list-style-type: none"> <li>• end users, customers or clients, and sponsors</li> <li>• current or potential providers or suppliers</li> <li>• technical or functional experts or advisers</li> <li>• commonwealth, state or territory, and local government</li> <li>• the organisation</li> <li>• other public sector organisations</li> <li>• employees, unions and staff associations</li> <li>• industry bodies</li> <li>• local communities</li> <li>• lobby groups and special user groups.</li> </ul>
<b><i>Key contract clauses</i></b> may include:	<ul style="list-style-type: none"> <li>• specifications</li> <li>• variations</li> <li>• insurances</li> <li>• notices</li> </ul>

<b>RANGE STATEMENT</b>	
	<ul style="list-style-type: none"> <li>• disputes</li> <li>• intellectual property</li> <li>• privacy</li> <li>• confidentiality</li> <li>• milestones</li> <li>• payments</li> <li>• breaches</li> <li>• penalties</li> <li>• expected standards of behaviour.</li> </ul>
<b>Risks</b> may include:	<ul style="list-style-type: none"> <li>• contractor inability to meet agreements</li> <li>• end user or buyer inability to meet obligations</li> <li>• limited number of suppliers</li> <li>• corruption risks</li> <li>• probity risks.</li> </ul>
<b>Contract management strategy</b> may include:	<ul style="list-style-type: none"> <li>• formal contract management plan</li> <li>• contract management checklist</li> <li>• setting up routines</li> <li>• checking quality assurance systems</li> <li>• transferring legal responsibility</li> <li>• avoiding implied acceptance of varied conditions through non-enforcement of contractual obligations</li> <li>• applying environmental, sustainability and corporate responsibility principles.</li> </ul>
Contract management strategy may be <b>obtained</b> from:	<ul style="list-style-type: none"> <li>• procurement/contracting area</li> <li>• specialist contract managers</li> <li>• central agencies, such as state supply boards, and contract and management services</li> <li>• finance area</li> <li>• legal advisers</li> <li>• outsourced providers of contracting services.</li> </ul>
<b>Communication strategies</b> may include:	<ul style="list-style-type: none"> <li>• setting regular times to talk, meet or check on progress</li> <li>• protocols for dealing with other stakeholders</li> <li>• emergency contact arrangements</li> <li>• diary system to monitor milestones, timeframes, receipt of deliverables, etc.</li> <li>• strategies for ensuring information flow at critical stages of the contract.</li> </ul>
<b>Monitoring and control measures</b> may include:	<ul style="list-style-type: none"> <li>• inspections</li> <li>• tests</li> <li>• audits</li> </ul>

<b>RANGE STATEMENT</b>	
	<ul style="list-style-type: none"> <li>• reviews</li> <li>• meetings</li> <li>• progress reports</li> <li>• verifications</li> <li>• identification of non-conformances</li> <li>• corrective actions.</li> </ul>
<i>Contract variations</i> may include:	<ul style="list-style-type: none"> <li>• change of scope</li> <li>• change in prices</li> <li>• change in quantity</li> <li>• change to specifications</li> <li>• negotiation of new terms and conditions</li> <li>• dissolution of contracts</li> <li>• in writing</li> <li>• verbal variations, confirmed in writing</li> <li>• variations by action/inaction.</li> </ul>
<i>Disputes</i> may include:	<ul style="list-style-type: none"> <li>• disputes over: <ul style="list-style-type: none"> <li>• requirements</li> <li>• delivery schedules</li> <li>• price changes</li> <li>• additional tasking</li> <li>• payment schedules</li> </ul> </li> <li>• complaints from third parties.</li> </ul>
Techniques available to <i>resolve</i> disputes include:	<ul style="list-style-type: none"> <li>• conference</li> <li>• negotiation</li> <li>• mediation</li> <li>• expert determination</li> <li>• arbitration</li> <li>• resort to contractual conditions</li> <li>• legal considerations.</li> </ul>
<i>Negotiation</i> of issues may include:	<ul style="list-style-type: none"> <li>• contract variations</li> <li>• continuous improvement</li> <li>• innovations</li> <li>• non-compliance</li> <li>• consequences.</li> </ul>
<i>Review</i> may include:	<ul style="list-style-type: none"> <li>• planning process</li> <li>• evaluation considerations at each stage of the contract</li> <li>• sources and methods of gathering data</li> <li>• role of audit trails, where applicable</li> <li>• measuring outputs</li> </ul>

**RANGE STATEMENT**

	<ul style="list-style-type: none"><li>• meeting client needs</li><li>• considering new and different ways of delivering the service or product in the future</li><li>• strategies for continuous improvement.</li></ul>
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**Unit Sector(s)**

Not applicable.

**Competency field**

<b>Competency field</b>	Procurement and Contract Management
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