



**Australian Government**

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

# **PSPPROC503B Manage contract performance**

**Revision Number: 2**

## **PSPPROC503B Manage contract performance**

### **Modification History**

PSPPROC503B Release 2: Layout adjusted. No changes to content.  
PSPPROC503B Release 1: Primary release.

### **Unit Descriptor**

This unit covers the competency required by people whose primary role is contract management to implement strategies that ensure effective contract performance. It includes managing the business relationship, performance of the contract, and contract issues; and implementing a communication strategy.

In practice, managing contract performance may overlap with other public sector and local government generalist and specialist work activities, such as promoting the values and ethos of public service or local government, undertaking negotiations, promoting compliance with legislation in the public sector, finalising contracts, managing procurement risk, planning to manage a contract, planning for procurement outcomes and making procurement decisions.

PSPPROC414A Manage contracts is the appropriate unit for people undertaking contract management as a minor part of their work role.

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 may or may not have had involvement in the procurement process preceding execution of the contract.

### **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. Manage the business relationship	<p>1.1. <b>Probity</b> is managed in accordance with organisational requirements, <i>legislation, policy and public sector standards</i>.</p> <p>1.2. Obligations to the contractor are met according to contractual arrangements.</p> <p>1.3. Consideration of conflicts of interest and their resolution are recorded according to public sector standards and organisational requirements.</p> <p>1.4. Business relationship with contractor is managed in the public interest through <i>formal and informal mechanisms</i> according to public sector standards and organisational policy and procedures.</p>
2. Manage performance of the contract	<p>2.1. Start-up or transition arrangements are implemented according to contract requirements and organisational procedures.</p> <p>2.2. <b>Contract management plan</b> is monitored for effectiveness on a regular basis and adapted as necessary during the life of the contract.</p> <p>2.3. Performance of <b>contract</b> is monitored against key performance indicators and tracking milestones to ensure obligations under the agreement are being met.</p> <p>2.4. E-procurement, financial and other resources are managed as necessary according to contract requirements and organisational procedures.</p> <p>2.5. Emerging and potential <b>risks</b> are identified and managed according to organisational risk management procedures.</p>
3. Manage contract issues	<p>3.1. Contract <b>variations</b> are managed according to contract management plan, organisational policy and procedures, and probity requirements.</p> <p>3.2. <b>Early signs of under-performance</b> are identified, and <b>action is taken to improve performance</b> to the agreed level and documented according to contract's communication and information policy.</p> <p>3.3. <b>Disputes</b> and complaints are investigated and <b>resolved</b> or referred according to contract's management plan and contractual arrangements.</p> <p>3.4. <b>Negotiation of issues</b> relating to the contract is conducted and approvals are obtained according to stipulations in the contract.</p> <p>3.5. Conflict is addressed and resolved where possible or</p>

other *actions* are taken according to contractual arrangements.

- 3.6. Non-compliance with codes of conduct, codes of practice and standards of behaviour is dealt with in a timely manner.

**4. Implement communication and information strategy**

- 4.1. *Communication* on the performance of the contract is maintained with all stakeholders according to organisational protocols and public sector standards.
- 4.2. Management reporting is carried out according to tracking milestones and organisational requirements.
- 4.3. *Contract information* is maintained for *organisational purposes* according to organisational policy and procedures.

## 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 contractors and stakeholders
  - read complex documents, such as contracts, legislation and guidelines
  - write management reports and keep records of meetings, liaison, notes and follow-up actions
  - provide feedback
- teamwork skills to:
  - build effective working relationships with contractors and stakeholders, within probity boundaries
  - model effective team management approaches
  - respond to diversity
  - refer issues to the correct person
- problem-solving skills to:
  - resolve disputes, conflict and complaints
  - make judgements about when to refer disputes, conflict and complaints to others
  - apply understanding of supplier issues/supply chain management in the context 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
  - plan and organise contract meetings, reports and reviews
- learning skills to keep up-to-date with:
  - best practice examples in procurement practice
  - 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 management for a range of contractual situations
- privacy and confidentiality issues
- probity principles and issues
- codes of conduct, codes of practice and standards of individual behaviour relating to management of contracts and relationships with contractors
- whole-of-life considerations
- financial and accounting issues relevant to the contract
- legal aspects of negotiation
- aspects of law of contracts, trade practices law and commercial law relevant to the management of contracts relating to complex procurement
- equal employment opportunity relevant to the management of contracts
- OHS requirements relevant to the management of contracts
- environmental, sustainability and corporate social responsibility principles relevant to the management 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.

<b>Overview of assessment</b>	Competency must be demonstrated in managing contract performance consistently in accordance with legislative and organisational requirements.
<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 and implement an appropriate contract management plan, using templates where available</li><li>• develop and implement an appropriate transition plan, using templates where available</li><li>• develop and maintain a sound business relationship with contractors within probity guidelines, upholding probity standards in all dealings with them</li><li>• manage contractor performance so that goods and services are delivered according to the contract</li><li>• provide the contractor with performance feedback</li><li>• deal promptly and proactively with contract issues and disputes and refer to higher authority when this is not possible</li><li>• communicate effectively with internal and external stakeholders about the operation of the contract.</li></ul>
	<b>Consistency in performance</b> <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 contract performance</li><li>• case studies that incorporate dilemmas and probity requirements relating to managing contract performance.</li></ul>
<b>Method of assessment</b>	<p>The following assessment methods are suggested:</p> <ul style="list-style-type: none"><li>• questions to assess understanding of relevant legislation and</li></ul>



procedures

- review of strategies and approaches adopted for managing contract performance
- review of contract management plans, contracts, contract variations, contractor performance reports, communication strategy and other documentation prepared by the candidate in a range of contexts
- review of stakeholder engagement approaches adopted by the candidate.

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:

- PSPETHC501B Promote the values and ethos of public service
- PSPGOV507A Undertake negotiations
- PSPLEGN501B Promote compliance with legislation in the public sector
- PSPPROC504B Finalise contracts
- PSPPROC505A Manage procurement risk
- PSPPROC506A Plan to manage a contract
- PSPPROC507A Plan for procurement outcomes
- PSPPROC508A Make procurement decisions.

## 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.

- Probity*** principles:
- may include:
    - accountability
    - transparency
    - confidentiality
    - managing conflict of interest
    - impartiality
  - are maintained to:
    - ensure conformity to processes
    - facilitate accountability
    - ensure proponents are treated in a fair and equitable manner
    - encourage commercial completion
    - preserve public and private sector confidence in government processes.
- Legislation, policy and public sector standards*** may include:
- financial management legislation
  - government procurement, purchasing and contracting legislation, policy and guidelines
  - council rules and by-laws
  - public sector standards
  - codes of conduct, codes of practice and standards of individual behaviour
  - cross-cultural and social justice issues
  - environmental and sustainability policies
  - corporate social responsibility policies.
- Formal and informal mechanisms*** may include:
- non-confrontational interaction
  - hospitality
  - formal contract variations
  - formal negotiations
  - formal and informal meetings
  - regular and *ad hoc* reporting
  - review processes.
- Contract management plan*** may include:
- risk management plan
  - contingency plan
  - communication and public relations plan

- human resource management plan
- disposal plan
- contract review plan
- setting up routines
- quality assurance systems
- arrangements for transfer of legal responsibility
- insurances
- strategies to avoid implied acceptance of varied conditions through non-enforcement of contractual obligations
- environmental/green procurement, sustainability and corporate social responsibility principles.

***Contracts*** may include:

- formal written contracts
- standing offers (panels)
- multi-use lists and similar arrangements
- inter and intra-government agreements
- letters of intent
- memoranda of understanding and memoranda of agreement
- licensing agreements
- in-house option directives.

***Risks*** may include:

- supplier inability to meet obligations
- end user or buyer inability to meet obligations
- scope creep
- client requirements not fully understood
- becoming too dependent on a single supplier
- disruption to continuity and consistency of service if too many suppliers are selected
- other environmental influences
- corruption risks
- probity risks.

***Variation*** to agreements may arise from:

- change of scope
- negotiation of new terms and conditions
- dissolution of contracts
- inability to deliver.

***Early signs of under-performance*** may be detected through:

- tracking milestones
- regular meetings
- meeting records and follow-up
- file management and audit trail
- stakeholder surveys on performance
- ongoing review of deliverables.

***Actions taken to improve***

- discussion with contractor

***performance*** may include:

- regular interaction
- ongoing performance feedback
- provision of support
- expert advice.

***Disputes*** may include:

- disputes over:
  - requirements
  - delivery schedules
  - price changes
  - additional tasking
  - payment schedules
- complaints from third parties
- formal and informal.

Techniques available to ***resolve*** disputes include:

- conference
- negotiation
- mediation
- arbitration
- resort to contractual conditions
- litigation.

***Negotiation of issues*** may include:

- contract variations
- continuous improvement
- innovations
- non-compliance
- consequences.

***Actions*** as a result of unresolved conflict may include:

- mediation
- court action
- termination of contract.

***Communication*** strategies may include:

- clear communication
- understanding the needs of the service provider and the client
- setting regular times to talk, meet or check on progress
- protocols for dealing with other stakeholders
- emergency contact arrangements
- diary system to monitor milestones, timeframes, receipt of deliverables, etc.
- strategies for ensuring information flow at critical stages of the contract.

***Contract information*** may include:

- contract and variations
- contract management plan
- financial records, including funding submissions, budgets, delegations, invoices and payments
- contractor performance information

- Organisational purposes*** may include:
- contract reports
  - information about disputes and other issues
  - complaints and compliments.
  - probity and accountability
  - budget reporting
  - feeding into future procurement processes
  - performance management of suppliers
  - internal and external reviews and audits
  - governance requirements
  - legal compliance.

## **Unit Sector(s)**

Not applicable.

## **Competency field**

Procurement and Contract Management.