



**Australian Government**

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

# **PSPPROC506A Plan to manage a contract**

**Revision Number: 2**

## **PSPPROC506A Plan to manage a contract**

### **Modification History**

PSPPROC506A Release 2: Layout adjusted. No changes to content.

PSPPROC506A Release 1: Primary release.

### **Unit Descriptor**

This unit covers the ability to establish arrangements for contract management. It includes confirming contract requirements, preparing a contract management plan, and implementing contract strategies and contractual arrangements.

In practice, planning to manage a contract 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, managing contract performance, finalising contracts, managing procurement risk, 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 whose primary role is contract management, and 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. Confirm contract requirements     | <p>1.1. <i>Legislation, public sector standards and organisational requirements</i> relating to <i>probity</i>, financial management, approvals and <i>other considerations</i> are identified for inclusion in the <i>contract</i> management plan.</p> <p>1.2. <i>Contract requirements</i> are re-confirmed with all parties.</p> <p>1.3. Obligations to the contractor, limits of authority and <i>delegations</i> relating to contract are determined according to contractual arrangements and organisational policy and procedures.</p> <p>1.4. Start-up or transition arrangements are confirmed.</p>  |
| 2. Prepare contract management plan  | <p>2.1. <i>Contract risks</i> are identified and risk management plan is developed in line with contract requirements and organisational policy and procedures.</p> <p>2.2. Procedures to identify, receive and address contract <i>variations</i> are determined according to contract requirements and organisational policy and procedures.</p> <p>2.3. <i>Procedures</i> to investigate, resolve or refer <i>disputes</i> or complaints are determined according to contract requirements and organisational policy and procedures.</p> <p>2.4. Key performance indicators are developed and negotiated, and <i>administrative processes</i> are identified and approved for the life of the contract according to organisational policy procedures.</p> <p>2.5. <i>Contract management plan</i> that addresses key elements is documented, approved and maintained according to organisational requirements.</p> <p>2.6. Expected standards of behaviour, probity and privacy principles are applied to all elements of contract management plan.</p> <p>2.7. Environmental, sustainability and corporate social responsibility principles are applied to all elements of contract management plan.</p> |
| 3. Develop stakeholder relationships | <p>3.1. <i>Stakeholder</i> networks and relationships are identified.</p> <p>3.2. Networking strategies are used, within probity boundaries, to establish, develop and maintain working relationships to promote benefits to the contract requirements.</p> <p>3.3. Confidence of stakeholders is developed and maintained through high standards of behaviour and</p>   |

ethical conduct.

3.4. Negotiation strategies are used to achieve positive outcomes when difficult situations arise.

3.5. Communication requirements are identified and confirmed in line with contractual obligations and stakeholder needs.

#### **4. Implement contract strategies**

4.1. Requirements of confidentiality and freedom of information are identified for the contract.

4.2. *Communication/information strategy* is developed that matches needs of the organisation, the contract and the contractor's business environment.

4.3. Contract review requirements are established with stakeholders.

4.4. *Contract review strategy* is developed to review management of the contract, contractor performance and user satisfaction.

#### **5. Implement contractual arrangements**

5.1. Business relationship with contractor is established and managed according to organisational policy and procedures and probity requirements.

5.2. Start-up or transition arrangements are implemented.

5.3. Financial, administrative and information management processes are established.

5.4. Contractual arrangements are implemented according to contract management plan.

5.5. Appropriate *contract records* are maintained for the life of the contract.

## 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
  - network, within probity boundaries, with contractors and stakeholders
  - develop a written contract management plan and sub-plans
  - read complex documents, such as contracts, legislation and guidelines
  - provide feedback
- teamwork skills to:
  - model effective team management approaches
  - respond to diversity
  - refer issues to the correct person
- problem-solving skills to:
  - apply OHS requirements in the context of contract management
  - apply understanding of supplier issues and supply chain management in the context of procurement risk 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 planning for contract management
- planning and organising skills to manage and update the contract management plan and sub-plans
- 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, sustainability and corporate social responsibility guidance relevant to the contract
  - such as OHS and equity and diversity
- organisational procurement policies, practices and approval processes
- contract management planning 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
- equal employment opportunity relevant to the contract
- OHS requirements relevant to the contract

## 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 plan to manage a contract 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:

- develop a contract management strategy in consultation with key stakeholders
- develop a contract management plan suited to more complex contracts, using templates if available, which may include sub-plans such as risk, transition and probity
- implement the contract management strategy and the contract management plan
- develop and maintain a sound business relationship with internal and external stakeholders
- manage the performance of contractors to ensure the effective delivery of value for money outcomes under the contract
- manage more complex contract disputes to achieve prompt resolution and refer to higher authority when necessary
- review contract throughout to identify opportunities for continuous improvement
- 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 and managing contracts
- codes of conduct and codes of practice
- workplace scenarios and case studies relating to a range of procurement activities associated with planning to manage a contract
- case studies that incorporate dilemmas, and probity requirements relating to planning to manage a contract.



- Method of assessment** The following assessment methods are suggested:
- questions to assess understanding of relevant legislation and procedures
  - review of strategies and approaches adopted for planning to manage a contract
  - review of contract management plans, contracts, probity plans, budgets, transition plans, approvals and sign-offs, 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
  - PSPPROC503B Manage contract performance
  - PSPPROC504B Finalise contracts
  - PSPPROC505A Manage procurement risk
  - 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.

***Legislation, public sector standards and organisational requirements*** may include:

- financial management legislation
- government procurement, purchasing and contracting legislation, policy and guidelines
- ethics standards
- codes of conduct and codes of practice
- environmental purchasing

***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

***Other considerations*** may include:

- corporate governance
- intellectual property
- privacy
- freedom of information requirements
- public liability insurance considerations

***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

- Contract requirements*** may include:
- terms and conditions
  - specifications
  - risk
  - managing hospitality
  - clauses dealing with:
    - variations
    - insurances
    - notices
    - disputes
    - intellectual property
    - privacy
    - confidentiality
    - milestones
    - payments
    - breaches
- Delegations*** may include:
- financial delegations
  - procurement delegations
  - compliance with instructions or finance circulars
  - special consideration if they concern travel, computers or software, leasing arrangements or issuing indemnities, or other special categories of goods and services
  - other delegations, such as disposals and human resources
  - confirmation by chief financial officer
  - ministerial authorisation
- Contract risks*** may include:
- contextual/environmental factors
  - supplier inability to meet obligations
  - end user or buyer inability to meet obligations
  - unclear contract terms and conditions
  - contractual disputes
  - factors outside the control of either party, such as global health pandemic, failure of third-party businesses, and natural disasters
  - implications if dependence on one supplier, versus risks in lack of continuity and consistency of services provided
- Variation*** to agreements may arise from:
- change of scope
  - negotiation of new terms and conditions
  - dissolution of contracts
- Procedures*** to resolve disputes may include:
- conference
  - negotiation
  - mediation
  - arbitration

- resort to contractual conditions
  - litigation
- Disputes* may include:
- disputes over:
    - requirements
    - delivery schedules
    - price changes
    - additional tasking
    - payment schedules
  - complaints from third parties
- Administrative processes* may include:
- file and records management
  - audit trail
  - methodology for recording meetings
  - notes and follow-ups of meetings and actions agreed
  - management reporting
- 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
- Stakeholders* may include:
- contractor
  - buying organisation
  - board of management
  - steering committee
  - advisory panel
  - staff
  - union
  - industry
  - client
  - end user
  - parliamentarian
  - the public

***Communication/  
information strategies***  
may include:

- setting regular times to talk, meet or check on progress
- protocols for dealing with other stakeholders
- appeals mechanisms for resolving conflict between clients and service providers
- clear communication
- reliability
- 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 review  
strategy*** may include:

- planning process
- evaluation considerations at each stage of the contract
- sources and methods of gathering data
- role of audit trails
- measuring outputs
- meeting client needs
- innovation
- strategies for continuous improvement

***Contract records*** may include:

- contract and variations
- contract management plan
- financial records, such as funding submissions, budgets, delegations, invoices and payments
- contractor performance information
- contract reports
- information about disputes and other issues
- complaints and compliments

## **Unit Sector(s)**

Not applicable.

## **Competency field**

Procurement and Contract Management.