



Australian Government

Department of Education, Employment and Workplace Relations

PSPPROC607A Manage strategic contracts

Revision Number: 2

PSPPROC607A Manage strategic contracts

Modification History

PSPPROC607A Release 2: Layout adjusted. No changes to content.

PSPPROC607A Release 1: Primary release.

Unit Descriptor

This unit covers the competencies required to manage contracts for strategic purchases, to effectively minimise risks and achieve value for money to meet an organisation's core objectives. It includes managing the establishment, performance and evaluation of strategic contracts.

In practice, managing strategic contracts may occur in the context of other generalist and specialist work activities, such as maintaining and enhancing confidence in public service or local government, establishing and maintaining strategic networks, managing compliance with legislation in the public service or local government, managing risk, developing a business case, planning for strategic procurement, coordinating strategic procurement and negotiating strategic procurement.

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 in specialist procurement and contracting.

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 contract establishment	<p>1.1. Requirements of <i>contracts and strategic initiatives</i> are discussed, clarified and agreed by all parties.</p> <p>1.2. Responsibilities for establishing and carrying out procedures are assigned to achieve contract outcomes.</p> <p>1.3. Effective communication strategies and processes are established and implemented to assist ongoing communication between internal and external <i>stakeholders</i> and contractors.</p> <p>1.4. Relationship management is undertaken of all levels of personnel involved in procurement and contract management, within probity boundaries.</p> <p>1.5. Strategic relationships are established and managed within probity boundaries to improve procurement capability and performance.</p> <p>1.6. Risk management plans are updated according to organisational policy and procedures.</p>
2. Manage contract performance	<p>2.1. Progress of contracts is <i>monitored</i> against set targets and performance measures to ensure success of procurement activities.</p> <p>2.2. Should monitoring find that set targets, performance measures and probity requirements are not being met, action is taken to rectify performance in a timely manner.</p> <p>2.3. Advice and support are provided to solve problems, make improvements and maintain progress.</p> <p>2.4. Disputes are managed promptly according to contractual conditions to achieve resolution and maintain contract performance and progress.</p> <p>2.5. Opportunities to continuously improve procurement outcomes are sought and negotiated with contractors.</p> <p>2.6. Approvals are provided or gained for <i>contract variations</i> that are negotiated and agreed between the parties.</p> <p>2.7. Opportunities are provided for stakeholders and contractors to have input into and receive feedback on progress during the performance of the contract.</p> <p>2.8. Internal and external stakeholders are engaged as necessary throughout the life of the contract to maintain progress.</p>
3. Manage contract evaluation	<p>3.1. Evaluation of contract performance is undertaken relative to planned performance measures and in</p>

consultation with stakeholders and contractors.

- 3.2. Where stakeholders and contractors do not agree, dispute resolution is undertaken according to organisational policy and procedures.
- 3.3. Conclusions are detailed against agreed criteria to provide a complete picture of *performance of contractors*, organisation's *procurement processes* and *value for money*.
- 3.4. Performance of strategic initiatives is measured relative to planned outcomes in consultation with industry and other stakeholders.
- 3.5. Lessons learnt from evaluations of contracts and strategic initiatives are documented according to organisational requirements and used to continuously improve future procurement activities.
- 3.6. Contractors and stakeholders are advised of evaluation outcomes in a timely manner according to organisational guidelines.

Required Skills and Knowledge

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

Required skills

- communication skills to:
 - consult and negotiate with stakeholders
 - network, within probity boundaries, with stakeholders
 - build and manage effective working relationships
 - write business cases, plans, reports, submissions and other complex documents
 - read complex documents, such as contracts, legislation and guidelines
 - provide feedback
- teamwork skills to:
 - manage teams of expert negotiators in functions such as finance, legal, technical and engineering
 - manage strategic relationships
 - model effective management and leadership approaches
 - respond to diversity
 - refer issues to the correct person
- problem-solving skills to:
 - apply decision-making processes or methodologies
 - identify and resolve strategic contract management issues
 - apply understanding of supplier issues and supply chain management in the context of managing strategic contracts
- initiative and enterprise skills to:
 - identify, assess and implement opportunities for performance improvement
 - apply OHS, environmental, sustainability and corporate social responsibility practices in the context of managing strategic contracts
- planning and organising skills to:
 - undertake research and business analysis
 - manage financial and other resources
 - manage strategic procurement contracts, contract management plans and sub-plans
- learning skills to keep up-to-date with:
 - best practice examples in strategic procurement
 - 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 managing strategic contracts, including environmental purchasing guidance
 - such as OHS and equity and diversity
- organisational procurement policies, practices and approval processes
- aspects of law of contract, trade practices law, and commercial law relating to managing strategic contracts
- probity principles and issues
- codes of conduct, codes of practice and standards of individual behaviour relating to management of contracts and relationships with contractors
- government procurement environment
- legal requirements of government contracting
- financial rules and regulations
- implications of particular contracting arrangements
- whole-of-life considerations
- procurement management processes
- cultural issues relating to contract management and industry development
- relationship management at all personnel levels
- environmental, sustainability and corporate social responsibility principles relevant to managing strategic 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 managing strategic contracts consistently and in accordance with legislative and organisational requirements.
Critical aspects for assessment and evidence required to demonstrate competency in this unit	<p>Assessment must confirm the ability to:</p> <ul style="list-style-type: none">• develop contract management plans and sub-plans suited to the nature of the contracts• establish contract management relationships with stakeholders using strategic techniques such as start up workshops, service level agreements, etc.• implement contract management plans• manage contractors to ensure the delivery of contract outcomes, using flexibility and initiative to deal with issues as they arise• implement contract performance measures• provide contractors with performance feedback• deal promptly and proactively with contract disputes and refer to higher authority when this is not possible• communicate effectively with internal and external stakeholders about the operation of contracts• uphold probity standards in all dealings with contractors. <p>Consistency in performance</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>
Context of and specific resources for assessment	<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">• legislation, policy, procedures and protocols relating to managing strategic contracts• codes of conduct and codes of practice• long-term government policy papers, such as White Papers• strategic procurement plans and direction statements• workplace scenarios and case studies relating to a range of strategic procurement and disposal activities.
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 managing strategic contracts
- review of contract management plans and related sub-plans, such as transition plans, probity plans, contract variations, contract performance reports and reviews, budgets, negotiation notes from meetings with contractors, risk assessments, formal sign-offs and approvals, contract closure reports, and other documentation prepared or reviewed 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. Candidates for this qualification must demonstrate a high level of understanding and practical workplace application of underpinning knowledge. 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:

- PSPETHC601B Maintain and enhance confidence in public service
- PSPLEGN601B Manage compliance with legislation in the public sector
- PSPMNGT607B Develop a business case
- PSPMNGT608B Manage risk
- PSPPM601B Direct complex project activities
- PSPPROC604B Plan for strategic procurement
- PSPPROC605B Coordinate strategic procurement
- PSPPROC606B Negotiate strategic procurement.

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.

Contracts and strategic initiatives may include:

- non-traditional procurement and finance activities
- strategic procurement activities, such as industry development
- in-house option directives
- inter and intra-government agreements
- memoranda of understanding and memoranda of agreement
- public private partnerships (PPP)
- purchases from suppliers
- coordinated procurement arrangements
- whole of government procurement arrangements
- cooperative procurement arrangements.

Stakeholders may include:

- end users
- customers or clients
- 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.

Monitoring may involve:

- progress meetings and regular progress reports from contractor
- visits to contractor's premises
- provision of samples
- tests and verification
- independent audit
- end-user feedback.

Contract variation may include modification of:

- targets
- performance measures
- procurement plans
- resourcing

Evaluation of ***contractor performance*** may include:

- monitoring and evaluation processes.
- strengths and weaknesses
- client acceptance of service delivery (client satisfaction)
- meeting delivery and completion dates
- compliance with other contractual requirements
- performance in relation to relevant policy objectives, such as industry development, care for the environment, OHS and affirmative action
- achievements of the contractor in developing Australian and New Zealand supply networks
- general relationships, including effectiveness of communication at all levels
- performance of key technical personnel
- acceptability and cost of whole-of-life technical support, including lead times and availability of spares and maintenance services
- achievements in innovation and quality improvement programs
- acceptability and suitability for future agreements, including potential status as an approved contractor
- adherence to codes of practice and codes of conduct.

Evaluation of organisation's ***procurement processes*** may focus on:

- effectiveness of project management, including project plan and responsibilities and accountabilities set out in it
- quality of the business case, as indicated by achievement of planned outcome and contribution to program objectives
- effectiveness of contractor qualification processes
- value obtained in bid clarification and post-tender negotiation
- effectiveness of project management systems, focusing particularly on management information
- effectiveness of risk management, including corruption risks and probity risks
- methods for controlling variations in cost, time, quality and performance from initial planning to completion
- adequacy of safeguards against fraud, error and impropriety
- incidence of material losses due to waste or inefficiency
- overall performance in terms of cost, time, service and quality
- compliance with procurement policy.

Value for money must reflect:

- whole-of-life program benefits
- residual values
- disposal costs or disposal return
- costs of parts
- servicing and maintenance
- industry benchmarks.

Unit Sector(s)

Not applicable.

Competency field

Procurement and Contract Management.