



Australian Government

Department of Education, Employment and Workplace Relations

PSPREV404A Interpret and assess contracts

Revision Number: 3

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Modification History

Release	TP Version	Comments
3	PSP12V1	Unit descriptor edited.
2	PSP04V4.2.	Layout adjusted. No changes to content.
1	PSP04V4.1	Primary release.

Unit Descriptor

This unit covers the interpretation and assessment of contracts to determine their legal effect, identifying the parties involved and the responsibilities of those parties in order to make decisions regarding liability or compliance.

In practice, interpreting and assessing contracts overlaps with other generalist or specialist work activities, such as acting ethically; applying statute law; undertaking legislative decision making; dealing with legal entities, relationships and property; assessing applications for grants, subsidies or rebates; and delivering client service. Co-assessment with units of competency addressing these other activities could be considered.

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

Application of the Unit

In the workplace, staff typically interpret and assess contracts and identify the parties involved and the capacity in which they act, in order to determine their compliance with eligibility criteria for government grants, subsidies or rebates or to determine liability for taxation and duty.

Staff must be able to access and use the principles of contract law to identify the legal nature and elements of a contract as well as its terms and obligations. They also need to apply a sound knowledge of the way contracts are developed, terminated or assigned, to identify the parties involved and their rights and obligations under the contract to make decisions regarding liability.

Licensing/Regulatory Information

Not applicable.

Pre-Requisites

Not applicable.

Employability Skills Information

This unit contains employability skills.

Elements and Performance Criteria Pre-Content

Elements are the essential outcomes of the unit of competency.

Performance criteria describe the required 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. Identify key features of contracts

1.1 Contracts are analysed and parties involved in each contract are identified.

1.2 Legal nature and ***elements of contracts***, terms and obligations are identified in accordance with contract law.

1.3 ***Conditions, warranties and contingencies*** identified in the contract are differentiated.

1.4 Circumstances and consequences of terminating contracts are identified.

1.5 If contractual rights have been assigned, assignment is confirmed as valid in accordance with applicable legal principles.

2. Assess contracts for eligibility and liability

2.1 Contracts are analysed in accordance with criteria using a legislative decision making process.

2.2 Eligibility or liability of contracts is confirmed or denied in accordance with applicable statute law and case law.

2.3 Decisions are made and notified to customers in accordance with organisational policy and procedures.

Required Skills and Knowledge

This section describes the essential skills and knowledge and their level, required for this unit.

Required skills:

Look for evidence that confirms skills in:

- reading and analysing complex and formal documents, such as contracts, legislation and related materials and applying them to work situations
- communicating with others involving exchanges of complex information when gathering information and notifying customers of decisions relating to obligations that have arisen in relation to contracts
- using technology to conduct research, make enquiries, review available data, access legislative requirements and record outcomes
- responding to diversity, including gender and disability, when dealing with customers
- applying environmental and occupational health and safety procedures to administrative work and when dealing with customers

Required knowledge:

Look for evidence that confirms knowledge and understanding of:

- sources of contract law
- rules of construction of contracts
- privacy doctrine of contracts
- what may constitute a breach of contract
- termination of contract, e.g. by consent, by frustration, etc.
- legislative decision making process
- principles applicable to assignment of contractual rights
- confidentiality provisions

Evidence Guide

The Evidence Guide specifies the evidence required to demonstrate achievement in the unit of competency as a whole. It must be read in conjunction with the unit descriptor, performance criteria, The range statement and the Assessment Guidelines for the Public Sector Training Package.

Units to be assessed together

Co-assessed units that may be assessed with this unit to increase the efficiency and realism of the assessment process include:

- PSPETHC401A Uphold and support the values and principles of public service
- PSPREV401A Identify and apply statute law
- PSPREV402A Undertake legislative decision making
- PSPREV403A Manage information on legal entities, relationships and property
- PSPREV405A Assess applications for grants, subsidies and rebates
- PSPGOV402B Deliver and monitor service to clients

Overview of evidence requirements

In addition to integrated demonstration of the elements and their related performance criteria, look for evidence that confirms:

- knowledge requirements of this unit
- skill requirements of this unit
- application of employability skills as they relate to this unit

The assessment environment should not disadvantage the candidate and where the person has a disability the principle of reasonable adjustment should be applied during assessment.

Resources required to carry out assessment

These resources include:

- legislative decision making process
- government legislation, regulations, rulings, Commissioner's practices and other applicable case law relating to contracts
- organisational procedures and protocols relating to interpretation and assessment of contracts
- scenarios and case studies to capture the range of situations likely to be encountered when interpreting and assessing contracts
- access to relevant systems

Where and how to assess evidence

Valid assessment of this unit requires:

- a workplace environment or one that closely resembles normal work practice and replicates the range of conditions likely to be encountered when interpreting and assessing contracts, including coping with difficulties, irregularities

and breakdowns in routine

- interpretation and assessment of contracts in a range of three or more contexts or occasions, over time

Assessment methods should reflect but not exceed workplace demands, such as literacy, and the needs of individuals who might be disadvantaged.

Assessment methods suitable for valid and reliable assessment of this unit must use authenticated evidence from the workplace and/or training courses and may include a combination of two or more of:

- workplace projects
- simulation or role plays
- case studies and scenarios
- portfolios

The assessment environment should not disadvantage the candidate and where the person has a disability the principle of reasonable adjustment should be applied during assessment.

For consistency of 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.

Range Statement

The range statement provides information about the context in which the unit of competency is carried out. The variables cater for differences between States and Territories and the Commonwealth, and between organisations and workplaces. They allow for different work requirements, work practices and knowledge. The range statement also provides a focus for assessment. It relates to the unit as a whole. Text in *italics* in the Performance criteria is explained here.

Elements of a contract include:

- parameters of agreement
- consideration
- intention to create legal relations
- impartiality

Conditions are:

- important contractual terms in a contract where a breach deprives the innocent party of substantially the whole intended benefit from the contract, and allows the party to terminate the contract and sue for damages

Warranties are:

- less important terms in a contract where a breach will not deprive the innocent party of substantially the whole intended benefit from the contract, and will only entitle the innocent party to sue for damages

Contingencies are:

- obligations that are conditional upon the happening of a prescribed event

Unit Sector(s)

Not applicable.

Competency field

Revenue Administration.