Australian Government

Department of Education, Employment and Workplace Relations

PSPPROC502A Establish contract management arrangements

Release: 1

INDUSTRY
SKILLS
COUNCILS
Creating Australia's Future

PSPPROC502A Establish contract management arrangements

Modification History

Unit Descriptor

This unit covers the establishment of arrangements for contract management by officers whose primary role is contract management, and who may or may not have had involvement in the procurement process preceding execution of the contract.

PSPPROC410A Administer contracts is the appropriate unit for officers undertaking contract management as a minor part of their work role.

The unit includes confirming contract requirements, preparing a contract management plan, implementing contract strategies and implementing contractual arrangements.

In practice, establishing contract management arrangements may overlap with other public sector generalist and specialist work activities such as acting ethically, complying with legislation, providing client service, providing leadership, developing policy, undertaking negotiations.

This is one of 4 units of competency in the **Procurement&Contract Management** Competency field that address the requirements of contract management performed by specialist contract managers.

Related units are:

PSPPROC501A Manage contract riskPSPPROC503A Manage contract performancePSPPROC504A Finalise contracts

The superseded unit **PSPPROC404A Manage contracts** is equivalent to the three units:

PSPPROC502A Establish contract management arrangements   + PSPPROC503A Manage contract performance PSPPROC504A Finalise contracts

Equivalence may be claimed for EITHER:

PSPPROC410A Administer contracts ORPSPPROC502A - 504A inclusive, but not both.

This is a new unit of competency, added to the **Procurement&Contract Management** Competency field of the Training Package in 2004.

Application of the Unit

Licensing/Regulatory Information

Pre-Requisites

Employability Skills Information

This unit contains employability skills.

Elements and Performance Criteria Pre-Content

Elements are the essential outcomes of the unit of competency.

Together, performance criteria specify the requirements for competent performance. Text in **bold italics** is explained in the Range Statement following.

Elements and Performance Criteria

Elements and Performance Criteria

Element	Performance Criteria
1 **Confirm contract requirements**	1.1 **Legislation**, **public sector standards and organisational requirements** relating to **probity**, financial management, approvals and **other considerations** are identified for inclusion in the **contract** management plan
	1.2 Contract **requirements** are re-confirmed with all parties
	1.3 Obligations to the contractor, limits of authority and **delegations** relating to the contract are determined in accordance with contractual arrangements and organisational policy and procedures
	1.4 Start-up or transition arrangements are confirmed
2 **Prepare contract management plan**	2.1 Contract **risks** are identified and a risk management plan is developed in line with contract requirements and organisational policy and procedures
	2.2 Procedures to identify, receive and address contract **variations** are determined in accordance with the contractual requirements and organisational procedures
	2.3 **Procedures** to investigate, resolve or refer **disputes**/complaints are determined in accordance with contractual requirements and organisational procedures
	2.4 Key performance indicators are developed/negotiated and **administrative processes** are identified and approved for the life of the contract in accordance with organisational

	procedures
	2.5 **Contract management plan** that addresses all key elements is documented, approved and maintained in accordance with organisational requirements
	2.6 Ethical behaviour, probity and privacy principles are applied to all elements of the contract management plan
3 **Implement contract strategies**	3.1 The requirements of confidentiality/freedom of information are identified for the contract
	3.2 Communication requirements are identified/confirmed in line with contractual obligations and the needs of **stakeholders**
	3.3 A **communication/information strategy** is developed that matches the needs of the organisation, the contract and the contractor's business environment
	3.4 Contract review requirements are established with stakeholders
	3.5 A **contract review strategy** is developed to review management of the contract, contractor performance and user satisfaction
4 **Implement contractual arrangements**	4.1 Business relationship with contractor is established and managed in accordance with organisational policy and procedures
	4.2 Start-up or transition arrangements are implemented
	4.3 Financial, administrative and information management processes are established
	4.4 Contractual arrangements are implemented in accordance with the contract management plan

Required Skills and Knowledge

REQUIRED SKILLS AND KNOWLEDGE

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

Skill requirements

Look for evidence that confirms skills in:

communication and negotiation with contractors and other stakeholders involving complex oral and written exchanges

networking with diverse clients, contractors and end users

responding to diversity, including gender and disability

reading and applying complex documents such as contracts, legislation and guidelines

applying occupational health and safety and environmental requirements in the context of contract management

Knowledge requirements

Look for evidence that confirms knowledge and understanding of:

Commonwealth/State/Territory Government legislation, policies, practices and guidelines relating to contract management, including environmental purchasing guidance

contract management planning for a range of contractual situations

privacy and confidentiality issues

probity principles and issues

whole-of-life considerations

equal employment opportunity, equity and diversity principles

 financial and accounting issues relevant to the contract

public sector legislation including occupational health and safety and environmental

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	**Pre-requisite units** that **must** be achieved **prior** to this unit: **Nil**
	Co-requisite units that **must** be assessed **with** this unit: **Nil**
	Co-assessed units that **may** be assessed with this unit to increase the efficiency and realism of the assessment process include, but are not limited to:
	PSPETHC501B Promote the values and ethos of public service
	PSPGOV505A Promote diversity
	PSPGOV507A Undertake negotiations
	PSPGOV508A Manage conflict
	PSPGOV511A Provide leadership
	PSPGOV512A Use complex workplace communication strategies
	PSPLEGN501B Promote compliance with legislation in the public sector
	PSPPROC501A Manage contract risk
	PSPPROC503A Manage contract performance
	PSPPROC504A Finalise contracts
Overview of evidence requirements	In addition to integrated demonstration of the elements and their related performance criteria, look for evidence that confirms:
	the knowledge requirements of this unit
	the skill requirements of this unit
	application of the Employability Skills as they relate to this unit (see Employability Summaries in Qualifications Framework)
	contract management arrangements established in a range of (3 or more) contexts

(or occasions, over time)

Resources required to carry out assessment	These resources include:
	legislation, policy, procedures and protocols relating to contract management
	case studies and workplace scenarios to capture the range of contract management situations likely to be encountered
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 establishing contract management arrangements, including coping with difficulties, irregularities and breakdowns in routine
	contract management arrangements established in a range of (3 or more) contexts (or occasions, over time)
	Assessment methods should reflect workplace demands, such as literacy, and the needs of particular groups, such as:
	people with disabilities
	people from culturally and linguistically diverse backgrounds
	Aboriginal and Torres Strait Islander people
	women
	young people
	older people
	people in rural and remote locations
	Assessment methods suitable for valid and reliable assessment of this competency may include, but are not limited to, a combination of 2 or more of:
	case studies
	demonstration
	portfolios
	projects
	questioning

scenarios

authenticated evidence from the workplace and/or training courses

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

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Range Statement

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.

Legislation, **standards and organisational requirements may include**	financial management legislation
	government procurement/purchasing/contracting legislation, policy and guidelines
	public sector standards
	ethics standards
	codes of conduct/ethics
	environmental purchasing
Probity principles are	accountability
	transparency
	confidentiality
	management of conflicts of interest
	maintained to:
	ensure conformity to processes
	facilitate accountability
	ensure proponents are treated in a fair and equitable manner
	encourage commercial competition, where appropriate
	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	memoranda of understanding/memoranda of

agreement

in-house option directives

common use arrangements/standing offers

inter/intra-government agreements

letters of intent

licensing

purchases from suppliers

Contract requirements may include

terms and conditions

specifications

risk

managing hospitality

clauses dealing with:

variations

insurance/s

notices

disputes

intellectual property

privacy

confidentiality

milestones

payments

breaches

Delegations may include

compliance with instructions or finance circulars

special consideration if they concern:

long-term travel deals

long-term computer deals

long-term lease deals

issuing of indemnities

other delegates

confirmation by chief financial officer

Ministerial authorisation

Risks might include	environmental factors
	suppliers' inability to meet agreements
	end users' or buyers' inability to meet obligations
	limited number of suppliers
	implications if dependence on one suppler is enshrined versus risks in lack of continuity and consistency of services provided
Variation to agreements may include/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 agreements
	legal considerations
Disputes may include	disputes over:
	requirements
	delivery schedules
	price changes
	additional tasking
	payment schedules
	complaints from third parties
Administrative processes may include	file/records management
	audit trail
	recording meetings
	notes and follow-ups of meetings and actions agreed
	management reporting
Contract management plan may include	risk management plan
	contingency plan

communication/public relations plans

human resource management plan

disposal plan

contract review plan

setting up routines

checking quality assurance systems

transfer of legal responsibility

insurances

strategies to avoid implied acceptance of varied conditions through non-enforcement of contractual obligations

environmental/green issues

industry policy

Stakeholders may include	contractor
	organisation
	board of management
	steering committee
	industry
	advisory panel
	clients
	users
	Parliamentarians
	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
	a diary system to monitor milestones, timeframes, receipt of deliverables etc
	strategies for ensuring information flow at critical stages of the contract

Contract review strategymay 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

Unit Sector(s)

Competency field

Procurement&Contract Management