



**Australian Government**

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

# **PSPPROC602B Direct the management of contracts**

**Release: 1**

## PSPPROC602B Direct the management of contracts

### Modification History

### Unit Descriptor

This unit covers management of contracts for strategic purchases to effectively minimise risks and achieve value for money to meet an organisations core objectives. It includes managing contract establishment, performance and evaluation.

In practice, directing the management of contracts may overlap with other public sector generalist and specialist work activities such as acting ethically, applying government systems, managing resources, managing client services, managing risk, etc.

This unit replaces and is equivalent to PSPPROC602A Direct the management of contracts.

### 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 <b>Manage contract establishment</b>	<p>1.1 The requirements of <b>contracts and strategic initiatives</b> are discussed, clarified, and agreed by all parties</p> <p>1.2 Responsibilities for establishing and carrying out procedures are assigned to achieve contract</p>

outcomes

- 1.3 Effective communication strategies and processes are established and implemented to assist ongoing communication between **stakeholders** and contractors
  - 1.4 Relationship management is undertaken at all levels of personnel involved in procurement and contract management
  - 1.5 Strategic relationships are established and managed to improve procurement capability and performance
  - 1.6 Risk management plans are updated in accordance with organisational policy and procedures
- 2 **Manage contract performance**
- 2.1 Progress of contracts is **monitored** against set targets and performance measures to ensure success of procurement activities
  - 2.2 Should monitoring find that set targets and performance measures are not being met, action is taken to rectify performance in a timely manner
  - 2.3 Advice and support are provided to solve problems, make improvements and maintain progress
  - 2.4 Opportunities to improve procurement outcomes are sought and negotiated with contractors
  - 2.5 Approvals are provided/gained for contract **variations** negotiated and agreed between the parties
  - 2.6 Opportunities are provided for stakeholders and contractors to have input into and receive feedback on progress during the performance contracts
- 3 **Manage contract evaluation**
- 3.1 Evaluation of contract performance is undertaken relative to planned performance measures and in consultation with stakeholders and contractors
  - 3.2 Where stakeholders and contractors do not agree, dispute resolution is undertaken in accordance with organisational policy and procedures
  - 3.3 Conclusions are detailed against agreed criteria to provide a complete picture of **performance of**

**contractors, the organisation's procurement processes and value for money**

- 3.4 The 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 in accordance with organisational requirements and used to continuously improve future procurement activities
- 3.6 Contractors and stakeholders are advised of evaluation outcomes in a timely manner in accordance with organisational guidelines

## 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:

managing strategic relationships

reading and applying complex, formal documents such as contracts, legislation and guidelines and applying them to contract management and industry development

networking with diverse clients, contractors and end users

responding to diversity, including gender and disability

problem solving, including conceptual and reasoning skills

undertaking research and analysis

managing financial and other resources

measuring the performance of strategic initiatives

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

aspects of law of contract, trade practices law, commercial law relating to contract management

probity principles and issues

government procurement environment

legal requirements of government contracting

financial rules and regulation requirements

implications of particular contracting arrangements

whole-of-life considerations

procurement management processes

equal employment opportunity, equity and diversity principles

cultural issues relating to contract management and industry development

relationship management at all different levels of personnel

public sector legislation including occupational health and safety and environment



## 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:

PSPETHC601B Maintain and enhance confidence in public service

PSPLEGN601B Manage compliance with legislation in the public sector

PSPGOV601B Apply government systems

PSPMNGT602B Manage resources

PSPMNGT604B Manage change

PSPMNGT606B Manage quality client service

PSPMNGT608B Manage risk

PSPPROC604A Plan for strategic procurement

PSPPROC605A Coordinate strategic procurement

PSPPROC606A Negotiate strategic procurement

### 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)

direction of contract management in a range of (3 or more) contexts (or occasions, over time) including 1 non-traditional procurement/finance activity such as a strategic initiative for industry development

### **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 situations likely to be encountered when directing the management of contracts

### **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 directing the management of contracts, including coping with difficulties, irregularities and breakdowns in routine

direction of contract management in a range of (3 or more) contexts (or occasions, over time) including 1 non-traditional procurement/finance activity such as a strategic initiative for industry development

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

portfolios

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

## 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.

#### **Contracts and strategic initiatives may include**

non-traditional procurement/finance activities  
 strategic procurement activities such as industry development  
 in-house option directives  
 inter/intra-government agreements  
 memoranda of understanding/memoranda of agreement  
 public private partnerships  
 purchases from suppliers

#### **Stakeholders may include**

end users  
 customers/clients  
 sponsors  
 potential providers/suppliers  
 current providers/suppliers  
 technical or functional experts or advisers  
 Federal, State/Territory and/or Local Government  
 the organisation  
 other public sector organisations  
 employees  
 unions or staff associations  
 industry bodies  
 local communities and society as a whole  
 lobby groups, special user groups

#### **Monitoring may involve**

progress meetings  
 visits to the contractor's premises

	provision of samples
	regular progress reports from the contractor
	independent audit
	end user feedback
<b>Contract variation may include</b>	modification of:
	targets
	performance measures
	procurement plans
	resourcing
	monitoring and evaluation processes
<b>Evaluation of contractor performance may include</b>	strengths and weaknesses
	client acceptance of service delivery (client satisfaction)
	achievements in 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, occupational health and safety, and affirmative action
	achievement 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
<b>Evaluation of the organisation's</b>	effectiveness of project management including the project plan and the

**procurement processes may focus on**

responsibilities and accountabilities set out in it

quality of the business case, as indicated by the achievement of planned outcome and the 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

methods for controlling variations in cost, time, quality and performance from the 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

**Value for money must reflect**

whole-of-life program benefits

residual values

costs of parts

servicing and maintenance

industry benchmarks

**Unit Sector(s)****Competency field**

Procurement&Contract Management