



Australian Government

Department of Education, Employment and Workplace Relations

LMFFT5015B Establish and implement contracts for external goods or services

Revision Number: 1

LMFFT5015B Establish and implement contracts for external goods or services

Modification History

Not applicable.

Unit Descriptor

Unit descriptor	This unit applies to the initiation and completion of contract arrangements with identified suppliers.
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Application of the Unit

Application of the unit	
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Licensing/Regulatory Information

Not applicable.

Pre-Requisites

Prerequisite units	Nil	

Employability Skills Information

Employability skills	This unit contains employability skills.
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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 required skills and knowledge section and the range statement. Assessment of performance is to be consistent with the evidence guide.
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Elements and Performance Criteria

ELEMENT	PERFORMANCE CRITERIA
1. Document goods/services to be contracted	1.1. Specifications for the contract are drawn up identifying: 1.1.1. goods and/or services to be provided 1.1.2. criteria to be met 1.1.3. financial arrangements 1.2. Contract details are checked for compliance with enterprise purchasing policy or procedures 1.3. Contract is provided to potential suppliers in accordance with the enterprise practices
2. Negotiate contract with supplier	2.1. Requirements of the supply contract are discussed 2.2. Contract specification requirements are understood by the relevant parties 2.3. Areas of ambiguity or concern are clarified and resolved 2.4. Negotiations are undertaken with selected supplier for the contracting of required goods or services on a "without prejudice" basis 2.5. Conditions for supply of goods/services are agreed between the enterprise and the supplier, including the determination of key performance indicators 2.6. Alternative suppliers are negotiated with if agreement is unable to be reached 2.7. Contract price and conditions are negotiated and agreed 2.8. Negotiations conform to established enterprise requirements and relevant legislation
3. Complete contract negotiations	3.1. Contract documentation is drafted in accordance with relevant legislation, enterprise procedures and negotiated conditions of service and supply 3.2. Technical support in the drafting of contracts is accessed where required 3.3. Contract provisions are confirmed internally as required by enterprise practices or purchasing policy 3.4. Contract documentation is signed and exchanged between the relevant parties
4. Complete enterprise contract requirements	4.1. Supply of contracted goods or services is monitored and appropriate financial arrangements are approved 4.2. Workplace approved systems are used to file information to ensure traceability of orders and financial transactions 4.3. Organisational systems that require interaction with suppliers are identified and used where appropriate

ELEMENT	PERFORMANCE CRITERIA
	4.4. Quality assurance procedures for supplied goods/services are identified and applied 4.5. Information about the contract is communicated to appropriate personnel 4.6. Documentation relating to regulatory requirements, including supplier safety information is obtained and stored in accordance with workplace procedures

Required Skills and Knowledge

REQUIRED SKILLS AND KNOWLEDGE

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

Required skills

- research, collect, organise and understand information related to contracting, including the relevant legal, technical, regulatory, fiscal, cultural, environmental and safety requirements
- communicate ideas and information in a clear and unambiguous fashion and ensure that all communications satisfy the intent and legal requirements associated with contracting
- plan and organise activities, including the preparation, completion, execution and finalisation of the contract within the specified timeframe and to avoid any back tracking, workflow interruptions or wastage
- work with others in a team by recognising dependencies and using cooperative approaches to optimise workflow and productivity
- use mathematical ideas and techniques to correctly complete calculations required to establish and implement the contract
- create and apply systematic problem solving techniques to anticipate contracting problems, avoid supply difficulties
- use the workplace technology related to contracting, including calculators, computing/computer-aided systems and relevant contracting software

Required knowledge

- enterprise operating procedures and requirements
- organisation resources, capacities and capabilities
- contract management, preparation, submission and review processes
- contract evaluation processes
- financial and legal requirements for contracting
- relevant legislation relating to contracting and contracting for goods and/or services of the organisation

Evidence Guide

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.

Critical aspects of evidence

- Locate, interpret and apply relevant information to the contract negotiations and provisions
- Apply safety requirements throughout the work sequence, including the use of personal protective clothing and equipment
- Establish and implement at least two significant contracts covering the following actions/activities:
 - establish the specification of the goods/service
 - identify and access probable suppliers
 - negotiate contracts considering:
 - legal and financial considerations requirements for the contract
 - requirements of workplace policy and procedures
 - discuss contract provisions and provide necessary explanations
 - check contract provisions as required by enterprise procedures
 - finalise contracts and file appropriate documentation
 - identify the impact of contract outcomes in terms of commercial risks
- Suggest improvements to purchasing operations and where appropriate, negotiate changes
- Work effectively with others

Resource implications

Goods or services required to be contracted, appropriate purchase order, formal contract or other documentation, enterprise supply or purchasing policy, suppliers

Method of assessment

Assessment methods must confirm consistency of performance over time and in a range of workplace relevant contexts.
 Assessment should be by direct observation of tasks and/or samples of work and questioning on underpinning knowledge.
 Assessment should be conducted over time and will generally be in conjunction with assessment of other

EVIDENCE GUIDE	
	units of competency.
Context of assessment	Assessment may occur on the job or in a simulated workplace facility with relevant equipment, simulated work instructions and deadlines.

Range Statement

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.

Unit scope	• This unit covers the work involved in organising the initiation and completion of contract arrangements with identified suppliers. Contracts are generally in written form • The function is undertaken in accordance with established enterprise procedures and practices may include requirements recommended by manufacturers
Unit context	• OHS requirements include legislation, building codes, material safety management systems, hazardous substances and dangerous goods codes and safe operating procedures • Work is carried out in accordance with legislative obligations, environmental legislation, relevant health regulations, authorised handling procedures and organisation insurance requirements • Work requires individuals to demonstrate organisational ability, discretion, judgement and problem solving skills
Workplace environment	• Work is generally performed on a one-to-one basis with the client or client group • Customers or suppliers may be internal or external • The competency may apply in the workplaces that are involved in the function
Machines/equipment may include:	• any machine typically used in the furnishing sector concerned • micro-processor or computer controlled machines • both production and facility equipment used in the enterprise.
Tools	Tools, equipment and spares or consumables may be involved

RANGE STATEMENT**Information and procedures**

- Work procedures/instructions
- Specification of the required goods or services
- Supply system directories, indices, catalogues
- Prevailing contract law
- Legislation/regulations/national and industry codes and practices relevant to the goods/services
- Quality and Australian standards and procedures

Unit Sector(s)**Unit sector**

Furnishing Technology

Competency field**Competency field****Co-requisite units****Co-requisite units**
