



Australian Government

Department of Education, Employment and Workplace Relations

PSPPROC508A Make procurement decisions

Revision Number: 2

PSPPROC508A Make procurement decisions

Modification History

PSPPROC508A Release 2: Layout adjusted. No changes to content.

PSPPROC508A Release 1: Primary release.

Unit Descriptor

This unit covers advanced decision making for complex procurement within established guidelines, policies and procedures. It includes understanding and applying legal and policy obligations in addition to the other factors that may influence decisions when selecting effective procurement methods, and undertaking contractual arrangements and supplier choice in an accountable and transparent environment.

In practice, making procurement decisions may overlap with other public sector and local government generalist and specialist work activities, such as acting ethically, complying with legislation, providing client service, providing leadership, developing policy, and undertaking negotiations.

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. Comply with legal and policy obligations implicit in making procurement decisions	1.1. <i>Legislative and policy requirements</i> and <i>organisational objectives</i> and goals are identified and applied to inform procurement decisions. 1.2. <i>Probity principles</i> of fairness and impartiality are applied and managed when making procurement decisions at all stages of the procurement process.
2. Establish context for the procurement activity	2.1. <i>Factors</i> that may influence procurement decisions are identified and considered in the context of legislation, policy and organisational/business requirements to support effective decision making. 2.2. <i>Consultation takes place with stakeholders to determine likely impact of key factors at all stages of procurement process.</i> 2.3. <i>Procurement decisions taken reflect this consideration of key factors affecting the procurement.</i> 2.4. <i>Factors affecting procurement decisions are documented.</i>
3. Select and approve procurement methods	3.1. <i>Procurement methods</i> are selected based on jurisdictional, legislative and policy requirements and suitability for the procurement requirements. 3.2. Factors and <i>risks</i> are considered in selecting procurement method. 3.3. Justification for selected procurement method is recorded. 3.4. <i>Approvals</i> for the selection of procurement methods are exercised in accordance with jurisdictional and organisational policy and procedures, and recorded.
4. Select and approve contractual arrangements	4.1. <i>Contractual arrangements</i> are selected, based on jurisdictional and policy requirements and suitability for the procurement requirements. 4.2. Factors and risks are considered in selecting contractual arrangements. 4.3. Justification for selected contractual arrangements is recorded. 4.4. Approvals for the selection of contractual arrangements are exercised in accordance with jurisdictional and organisational policy and procedures, and recorded.
5. Identify and consider factors affecting supplier	5.1. <i>Supplier capability</i> is researched and assessed as part of offer evaluation.

- choice**
- 5.2. Supplier ***supply chain management*** considerations are researched and applied in the context of policy requirements when making procurement decisions.
- 5.3. Broader ***value for money*** considerations are applied to support and inform decisions.
- 6. Conduct tender evaluation**
- 6.1. ***Tender evaluation panel*** or similar is formed when required by policy or to meet probity requirements.
- 6.2. Advice, support and guidance on procurement processes and probity requirements are provided to members of the tender evaluation panel.
- 6.3. Using negotiation and communication skills and procurement knowledge, ***issues*** that arise during the tender evaluation process are resolved.
- 6.4. Tender decision-making processes and decisions reached are documented in a format suited to the procurement being undertaken and according to organisational policy and processes and probity requirements.
- 6.5. Written procurement recommendations are made to the approval delegate after considering advice of panel.
- 7. Maintain effective accountability and transparency in procurement decision making**
- 7.1. Records, including ***plans and sub-plans***, are maintained to provide an effective audit trail of decisions taken throughout the procurement process.
- 7.2. Compliance with jurisdictional and organisational ***procurement reporting requirements*** is maintained.
- 7.3. ***Records*** are maintained to provide aggregate procurement reporting requirements internal and external to the organisation.

Required Skills and Knowledge

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

Required skills

- communication skills to:
 - consult and negotiate with contractors and stakeholders
 - network, within probity boundaries, with contractors and stakeholders
 - write a business case
 - read complex documents, such as contracts, legislation and guidelines
 - provide feedback
- teamwork skills to:
 - model effective team management approaches
 - respond to diversity
- problem-solving skills to:
 - resolve complicated procurement issues
 - develop options for inclusion in a business case
 - apply decision-making processes or methodologies
- initiative and enterprise skills to:
 - apply the content of complex documents, such as contracts, legislation and guidelines
 - apply OHS, environmental, sustainability and corporate social responsibility practices in the context of making procurement decisions
- planning and organising skills to:
 - undertake research and business analysis
 - document procurement decisions
 - manage and update procurement plans
- learning skills to keep up-to-date with:
 - best practice examples in procurement practice
 - 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 procurement, including environmental purchasing and corporate social responsibility guidance
 - such as OHS and equity and diversity
- organisational procurement policies, practices and approval processes

- procurement planning for a range of complex procurement requirements and outcomes
- decision-making processes and methodologies
- probity principles and issues
- codes of conduct, codes of practice and standards of individual behaviour relating to procurement decisions
- government procurement environment
- legal requirements of government procurement
- implications of particular procurement arrangements
- whole-of-life considerations
- financial and accounting issues relevant to the procurement
- cultural issues relating to complex procurement and industry development in certain sectors
- relationship management
- equal employment opportunity relevant to the procurement
- OHS requirements relevant to the procurement
- environmental, sustainability and corporate social responsibility principles relevant to the procurement

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 making procurement decisions consistently and in accordance with legislative and organisational requirements.
Critical aspects for assessment and evidence required to demonstrate competency in this unit	Assessment must confirm the ability to: • apply a detailed understanding of legal and policy settings to particular procurement activities to achieve procurement results • undertake market research and consultation with stakeholders • decide on and apply effective procurement methods, including type of contractual arrangement to be used, to suit the nature of the procurement being undertaken • identify and consider a range of factors that might affect the choice of supplier so that the procurement decision is robust, achieves value for money, withstands scrutiny and contributes to the organisation's business direction • obtain the necessary resources and expertise to convene an effective tender evaluation panel • demonstrate accountability and transparency in procurement decision making • act within own delegation and refer promptly to higher authority when this is not possible. Consistency in performance 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.
Context of and specific resources for assessment	The unit of competency is to be assessed in the workplace or a simulated workplace environment. Access may be required to: • legislation, policy, procedures and protocols relating to procuring goods and services and managing contracts • codes of conduct and codes of practice • workplace scenarios and case studies relating to a range of procurement activities associated with making procurement decisions • case studies that incorporate dilemmas, and probity requirements relating to making procurement decisions.

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 planning for procurement outcomes
- review of documents demonstrating sound procurement decisions made or reviewed by the candidate across all stages of the procurement cycle, exercise of delegations or approval authority, or 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. 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:

- PSPETHC501B Promote the values and ethos of public service
- PSPGOV507A Undertake negotiations
- PSPLEGN501B Promote compliance with legislation in the public sector
- PSPPROC503B Manage contract performance
- PSPPROC504B Finalise contracts
- PSPPROC505A Manage procurement risk
- PSPPROC506A Plan to manage a contract
- PSPPROC507A Plan for procurement outcomes.

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.

- Legislative and policy requirements*** may include:
- commonwealth or state and territory legislation
 - council rules and by-laws
 - equal employment opportunity and anti-discrimination law
 - free trade and other international agreements
 - commonwealth, and state or territory government procurement guidelines
 - environmental and sustainable procurement
 - OHS legislation and policies
 - corporate social responsibility policies
 - organisational policies and practices.
- Organisational objectives*** may be contained in:
- political directives
 - commonwealth, and state or territory government needs
 - responses to government strategic papers, such as White Papers, for example on long-term capability of the public sector to deliver government policy objectives
 - organisational strategic and business plans.
- Probity principles:***
- may include:
 - accountability
 - transparency
 - confidentiality
 - management of conflict of interests
 - impartiality
 - are maintained to:
 - ensure conformity to processes
 - facilitate accountability
 - ensure proponents are treated in a fair and equitable manner
 - encourage commercial completion
 - preserve public and private sector confidence in government processes.
- Factors*** may include:
- where and why the need arises and for which unit or location
 - degree of dependency of organisation on the procurement

- identification of business success factors
 - value of business
 - complexity of marketplace
 - capacity of market
 - supply chain
 - political influence
 - political imperatives
 - budgetary constraints
 - collaborative arrangements
 - Australian industry involvement requirements
 - environmental issues
 - extent of competition
 - value for money considerations
 - level of risk, complexity and sensitivity of the procurement
 - new capability or replacement/enhancement of existing resources
 - intellectual property ownership
 - policy requirements or changes, e.g. ethical and social.
- Stakeholders** may include:
- end users, customers or clients, and sponsors
 - potential providers or suppliers
 - current providers or suppliers
 - technical or functional experts or advisers
 - commonwealth, state or territory, and local government
 - international governments
 - buying organisation
 - other public sector organisations
 - employees, unions and staff associations
 - industry bodies
 - local communities
 - lobby groups and special user groups.
- Procurement methods** may include:
- open tender or proposal
 - select tender
 - restricted tender
 - direct sourcing
 - sole sourcing
 - staged procurement.
- Risks** may include:
- risk identified during market research
 - criticality of the procurement to the organisation
 - supplier-related risk
 - product-related risk
 - organisation-related risk

- market-related risk
 - national security risk
 - political risk
 - corruption risk
 - probity risk.
- Approvals** may require:
- delegate authorisation
 - ministerial authorisation
 - compliance with instructions or finance circulars
 - expert advice
 - other internal approval processes.
- Contractual arrangements** may include:
- whole of government arrangements
 - existing agency or departmental agreements
 - leasing arrangements
 - alliance and partnership arrangements
 - memoranda of understanding and memoranda of agreement
 - contracts
 - standing offers
 - deeds of agreement
 - inter and intra-government agreements
 - outsourcing arrangements
 - in-house agreements.
- Supplier capability** may include:
- financial viability/capacity, including insurances
 - past performance
 - skills and expertise of key personnel
 - quality accreditations
 - adequacy of proposed methodology and approach
 - technical merit of the proposed good or service
 - industrial relations record
 - technical and contractual compliance
 - observance and promotion of OHS requirements
 - compliance with commonwealth, state and territory policies regarding discrimination, workplace relations, environmental, sustainability and social responsibility
 - compliance with codes of conduct, codes of practice and expected standards of behaviour.
- Supply chain management** may include:
- interconnected businesses
 - product and service packages
 - consumption of raw materials
 - movement and storage of raw materials
 - work-in-process management
 - manufacturing flow

- point of origin to point of consumption
 - channel partners
 - events that may disrupt supply
 - performance measurement
 - logistics and transport
 - warehousing.
- Value for money*** may include:
- benefits versus cost
 - fitness for purpose
 - whole-of-life costs, including maintenance, warranty and operating costs
 - market considerations
 - government policy objectives, e.g. industry development and employment creation
 - strategic partnerships
 - quality
 - risks
 - supplier capacity
 - climate change, environmental considerations and energy conservation
 - disposal value.
- Tender evaluation panel*** may include:
- tender evaluation working groups
 - selection panels
 - expert advisory sub-panels
 - subject and technical experts
 - users
 - past and present contract managers
 - probity experts.
- Issues*** may include:
- differences of opinion between panel members about:
 - processes or technical content
 - business needs or intentions of their organisation
 - attempted influence by suppliers
 - scope creep by clients
 - lack of familiarity with software or other tools.
- Plans and sub-plans*** may include:
- procurement plan
 - bid evaluation plan
 - contract negotiation plan
 - contract management plan
 - risk management plan
 - contingency plan
 - probity plan
 - communication and public relations plan
 - human resource management plan

- Procurement reporting requirements** may include:
- disposal plan
 - contract review plan
 - environmental sustainability plan
 - industry policy plan
 - business continuity plan.
 - public notification of:
 - business opportunities
 - contracts and other agreements to supply (e.g. AusTender or similar system)
 - annual or other forward procurement plans
 - annual reports
 - senate/parliament reports
 - internal reports.
- Records** may include entries into:
- financial management systems
 - reporting systems
 - database systems
 - central registers and repositories.

Unit Sector(s)

Not applicable.

Competency field

Procurement and Contract Management.

Co-requisite units

Co-requisite units	
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