



Australian Government

Department of Education, Employment and Workplace Relations

PSPPROC503A Manage contract performance

Release: 1

PSPPROC503A Manage contract performance

Modification History

Unit Descriptor

This unit covers the implementation of strategies that ensure effective contract performance 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 managing of the business relationship, managing performance of the contract, managing contract issues, and implementing a communication/information strategy. In practice, managing contract performance 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 etc.

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 risk PSPPROC502A Establish contract management arrangements PSPPROC504A 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The superseded unit **PSPPROC404A Manage contracts** is equivalent to the three units: PSPPROC502A Establish contract management arrangements + PSPPROC503A Manage contract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 OR PSPPROC502A - 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 Manage the business relationship	1.1 Probity is managed in accordance with organisational requirements, legislation, policy and public sector standards 1.2 Obligations to the contractor are met in accordance with contractual arrangements 1.3 Consideration of conflicts of interest and their resolution are recorded in accordance with public sector standards and organisational requirements 1.4 Relationship with contractor is managed through formal and informal mechanisms in accordance with organisational policy and procedures 1.5 Business relationship is managed in the public interest in accordance with public sector standards and organisational requirements
2 Manage performance of the contract	2.1 Start-up or transition arrangements are implemented in accordance with contract requirements and organisational procedures 2.2 Contract management plan is monitored for effectiveness on a regular basis and adapted as necessary during the life of the contract 2.3 Performance of the contract is monitored against key performance indicators and tracking milestones to ensure all obligations under the agreement are being met 2.4 E-procurement, financial and other resources are managed as necessary in accordance with contractual requirements and organisational procedures

- 2.5 Emerging and potential **risks** are identified and managed in accordance with organisational risk management procedures
- 3 **Manage contract issues**
 - 3.1 Contract **variations** are managed in accordance with the contract management plan and organisational policy and procedures
 - 3.2 **Early signs of under-performance** are identified and **action** is taken to improve performance to the agreed level and is documented in accordance with the contract communication/information policy
 - 3.3 **Disputes/complaints** are investigated and **resolved** or referred in accordance with contract management plan and contractual arrangements
 - 3.4 **Negotiation** of issues relating to the contract is conducted and approvals are obtained in accordance with stipulations in the contract
 - 3.5 Conflict is addressed and resolved where possible or other **actions** are taken in accordance with contractual arrangements
- 4 **Implement communication/information strategy**
 - 4.1 **Communication** on the performance of the contract is maintained with all stakeholders in accordance with organisational protocols and public sector standards
 - 4.2 Management reporting is carried out in accordance with tracking milestones and organisational requirements
 - 4.3 Contract information is maintained for **organisational purposes** in accordance with organisational policy and procedures

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:

using communication and negotiation with contractor and stakeholders involving complex oral and written exchanges

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

resolving disputes/conflict/complaints or making judgments about when to refer them to others

building/managing effective working relationships

writing management reports and keeping records of meetings, liaisons, notes and follow-up action, requiring precision of expression

responding to diversity, including gender and disability

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 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 environment

legal aspects of negotiation

aspects of law of contracts, trade practices law and commercial law relevant to the management of contracts relating to complex procurement

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

PSPPROC502A Establish contract management arrangements

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)

management of contract performance in a range of (3 or more) contexts (or occasions,

Resources required to carry out assessment

over time)

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 managing contract performance, including coping with difficulties, irregularities and breakdowns in routine

management of contract performance 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

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.

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

Legislation, policy and standards may include

financial management legislation
government
procurement/purchasing/contracting legislation, policy and guidelines
public sector standards
ethics standards
codes of conduct/ethics
cross-cultural and social justice issues
environmental purchasing

Formal and informal mechanisms may include

non-confrontational interaction
hospitality
formal contract variations
formal negotiations

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

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
- standing offers

Risks might include

- suppliers' inability to meet agreements
- end users' or buyers' inability to meet obligations
- limited number of suppliers
- client considerations not fully understood
- options for people with limited language/literacy skills
- implications if dependence on one supplier is enshrined versus risks in lack of continuity and consistency in services provided
- other environmental influences

Variation to agreements may include arise change of scope

from	negotiation of new terms and conditions dissolution of contracts inability to deliver
Early signs of under-performance may be detected through	tracking milestones regular meetings meeting records and follow-ups file management - audit trail stakeholder surveys on performance ongoing review of deliverables
Actions to improve performance may include	discussion with contractor regular interaction ongoing performance feedback expert advice
Disputes may include	disputes over: requirements delivery schedules price changes additional tasking payment schedules complaints from third parties formal versus informal eg unethical versus criminal behaviour
Techniques available to resolve disputes include	conference negotiation mediation arbitration resort to contractual agreements legal considerations
Negotiation of issues may include	contract variations continuous improvement innovations

	non-compliance
	consequences
Actions (as a result of unresolved conflict) may include	mediation
	court action
	termination of contract
Effective communication strategies may include	clear communication
	understanding the needs of the service provider and the client
	setting regular times to talk, meet or check on progress
	protocols for dealing with other stakeholders
	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
Organisational purposes may include	probity
	governance requirements
	relevant details extracted, collated and arranged in a format for reports and other documents

Unit Sector(s)

Competency field

Procurement&Contract Management