



Australian Government

Department of Education, Employment and Workplace Relations

RTE5920A Negotiate and monitor contracts/commercial agreements

Release: 1

RTE5920A Negotiate and monitor contracts/commercial agreements

Modification History

Not applicable.

Unit Descriptor

This competency standard covers the process of negotiating contracts and/or commercial agreements with clients and others. It requires the ability to establish agreements with sources external to the enterprise, complete contract documentation, and monitor the performance of contracts. Negotiating contracts/commercial agreements with clients and others requires knowledge of contract/commercial law, formulation and negotiation, enterprise business policies and plans including procedures for maintenance of confidentiality, and selection and appropriate application of technology, information systems and procedures.

Application of the Unit

Not applicable.

Licensing/Regulatory Information

Not applicable.

Pre-Requisites

Not applicable.

Employability Skills Information

Not applicable.

Elements and Performance Criteria Pre-Content

Not applicable.

Elements and Performance Criteria

Elements and Performance Criteria

Element	Performance Criteria
1 Establish agreements with sources external to the enterprise	1.1 The enterprise requirements of a business relationship with external sources are identified and defined. 1.2 The range of acceptable outcomes from a negotiation are established. 1.3 Contact is made with individuals, bodies or corporations, the appropriate individual is identified, and requirements of an agreement are discussed and mutually acceptable terms agreed. 1.4 Sound practice and procedure for business meetings are maintained and all agreements are documented.
2 Complete contract/commercial agreement documentation	2.1 Requirements of the contract/commercial agreement are clearly documented and understood by the relevant parties. 2.2 Areas of ambiguity or concern are clarified and resolved. 2.3 Conditions for service or supply are agreed between the parties including the determination of key performance indicators. 2.4 Alternative processes are undertaken where agreement is unable to be reached in accordance with enterprise procedures. 2.5 Negotiations conform to established enterprise requirements and relevant legislation. 2.6 Contract/commercial agreement documentation is signed and exchanged between the relevant parties.
3 Monitor the performance of contracts/commercial agreements	3.1 The rights and obligations of parties to a contract/commercial agreement are identified, and appropriate methods of addressing non-performance are implemented. 3.2 Professional and regulatory bodies available to support commercial grievance processes are

identified and consulted when required.

- 3.3 Completion of contract/commercial agreement against key performance indicators is monitored.
- 3.4 Issues in respect to non-compliance are advised to the other party in writing.

Required Skills and Knowledge

Not applicable.

Evidence Guide

What evidence is required to demonstrate competence for this standard as a whole?

Competence in negotiating contracts requires evidence that contracts/commercial agreements have been successfully and appropriately negotiated and monitored within an enterprise. The skills and knowledge required to negotiate and monitor contracts/commercial agreements must be **transferable** to a range of work environments and contexts. For example, this could include different services, supplies of goods, contract/commercial agreement formats, and enterprise procedures.

What specific knowledge is needed to achieve the performance criteria?

Knowledge and understanding are essential to apply this standard in the workplace, to transfer the skills to other contexts, and to deal with unplanned events. The knowledge requirements for this unit are listed below:

contract/commercial law applicable to the type of agreement

processes of formulation and negotiation of contracts/commercial agreements

enterprise business policies and plans including procedures for maintenance of confidentiality

selection and appropriate application of technology, information systems and procedures.

What specific skills are needed to achieve the performance criteria?

To achieve the performance criteria, some complementary skills are required. These skills include the ability to:

establish agreements with sources external to the enterprise

complete contract/commercial agreement documentation

monitor the performance of contracts/commercial agreements.

What processes should be applied to this competency standard?

There are a number of processes that are learnt throughout work and life, which are required in all jobs. They are fundamental processes and generally transferable to other work functions. Some of these are covered by the **key competencies**, although others may be added. The questions below highlight how these processes are applied in this competency standard. Following each question a number in brackets indicates the level to which the key competency needs to be demonstrated where 0 = not required, 1 = perform the process, 2 = perform and administer the process and 3 = perform, administer and design the process.

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| 1. How can communication of ideas and information (3) be applied? | Through contacts with clients and others in management team. |
| 2. How can information be collected, analysed and organised (3) ? | Through use of available information sources. |
| 3. How are activities planned and organised (3) ? | Through analysis of work against contract and/or commercial agreement specifications. |
| 4. How can team work (3) be applied? | Through consultation with others on contract and/or commercial agreement preparation. |
| 5. How can the use of mathematical ideas and techniques (3) be applied? | Through calculations involved in establishing and monitoring the contract/commercial agreement. |
| 6. How can problem-solving skills (3) be applied? | Through negotiations to resolve disputes and issues that arise. |
| 7. How can the use of technology (3) be applied? | Through use of computers and communication systems. |

Are there other competency standards that could be assessed with this one?

This competency standard **could** be assessed on its own or in combination with other competencies relevant to the job function.

There is essential information about **assessing this competency standard for consistent performance** and **where and how it may be assessed**, in the Assessment Guidelines for this Training Package. All users of these competency standards must have **access** to the **Assessment Guidelines**. Further advice may also be sought from the relevant **sector booklet**.

Range Statement

Range of Variables

The Range of Variables explains the contexts within which the performance and knowledge requirements of this standard may be assessed. The scope of variables chosen in training and assessment requirements may depend on the work situations available

What **external sources** may be relevant to this competency standard?

External sources may include banks, accountants, legal representatives, sub-contractors, suppliers of services, suppliers of capital equipment items, and government departments.

What **requirements** may be relevant to contract documentation?

Contract/commercial agreement requirements may relate to the following:

- quality or enterprise work specifications and procedures
- manufacturers specifications and/or suppliers handling and storage advice
- workplace operating procedures and policies
- supplier and/or client instructions
- legal and contract documentation
- Materials Safety Data Sheets
- communications technology equipment, oral, aural or signed communications
- personal and work area work procedures and practices
- applicable State, Territory and Commonwealth legislative framework concerning contracts and trade practices
- OHS in terms of duties of employers, employees, suppliers and contractors
- contracts
- hazardous substances and dangerous goods
- environment protection
- equal opportunity, equal employment opportunity and affirmative action
- standards and certification requirements
- license, patent or copyright arrangements
- quality assurance procedures

emergency procedures.

For more information on contexts, environment and variables for training and assessment refer to the Sector Booklet.

Unit Sector(s)

Not applicable.