

# Competency Standard

<b>UNIT TITLE:</b> MANAGE CONTRACTUAL AGREEMENTS/COMMITMENTS		<b>NOMINAL HOURS:</b> 50
<b>UNIT NUMBER:</b> D2.TFA.CL7.04		
<b>UNIT DESCRIPTOR:</b> This unit deals with skills and knowledge required to manage agreements and/or commitments and arrangements with businesses where a legally binding contract exists.		
<b>ELEMENTS AND PERFORMANCE CRITERIA</b>	<b>UNIT VARIABLE AND ASSESSMENT GUIDE</b>	
<p><b>Element 1: Establish contractual agreements/commitments management strategies</b></p> <p><b>1.1</b> Re-confirm contract requirements with all parties for all <i>contractual agreements/commitments</i></p> <p><b>1.2</b> <i>Establish effective communication and information strategies</i> for all contractual agreements/commitments</p> <p><b>1.3</b> <i>Confirm and implement start-up or transition arrangements</i> for all contractual agreements/commitments</p> <p><b>1.4</b> Document <i>management strategy</i> for the life of individual contractual agreements/commitments</p> <p><b>1.5</b> Monitor application of the identified management strategies</p> <p><b>1.6</b> Adapt documented management strategies as required</p>	<p><b>Unit Variables</b></p> <p>The Unit Variables provide advice to interpret the scope and context of this unit of competence, allowing for differences between enterprises and workplaces. It relates to the unit as a whole and facilitates holistic assessment</p> <p>This unit applies to all industry sectors that establish contractual arrangements and/or commitments with other organisations that may include suppliers, providers, carriers and other agencies within the labour divisions of the hotel and travel industries and may include:</p> <ol style="list-style-type: none"> <li>1. Travel Agencies</li> <li>2. Tour Operation</li> </ol> <p><i>Contractual agreements/commitments</i> may be related to:</p> <ul style="list-style-type: none"> <li>• Contracts</li> <li>• Memoranda of understanding/ memoranda of agreement</li> <li>• In-house option directives</li> <li>• Common use arrangements/standing offers</li> <li>• Inter/intra-government agreements</li> <li>• Letters of intent</li> <li>• Licensing.</li> </ul>	

<p><b>Element 2: Monitor and maintain the performance of contractual agreements/commitments</b></p> <p><b>2.1</b> Manage relationship with contractors in accordance with <i>organisational policies and procedures</i></p> <p><b>2.2</b> <i>Monitor performance</i> of all contractual agreements/commitments</p> <p><b>2.3</b> Meet <i>obligations to contractors</i></p> <p><b>2.4</b> Identify and manage emerging <i>risks</i> throughout the life of all contractual agreements/commitments</p> <p><b>2.5</b> Identify <i>contract variations</i></p> <p><b>2.6</b> <i>Manage contract variations</i></p> <p><b>2.7</b> Investigate, <i>resolve disputes</i>, or refer <i>disputes/complaints</i></p> <p><b>2.8</b> <i>Negotiate issues</i> relating to contractual agreements/commitments</p> <p><b>2.9</b> <i>Maintain communication</i> on the performance of the contractual agreements/commitments</p> <p><b>2.10</b> <i>Maintain information</i> relating to contractual agreements/commitments</p> <p><b>Element 3: Complete contractual agreements/commitments and implement review strategies</b></p> <p><b>3.1</b> Finalise contractual agreements/commitments</p>	<p><i>Establish effective communication and information strategies</i> may include:</p> <ul style="list-style-type: none"> <li>• Sharing of information</li> <li>• Scheduling regular contacts to talk, meet or check on progress</li> <li>• Exchanging contact details</li> <li>• Identifying primary/sole contacts within the organisation</li> <li>• Undertaking to cooperate and work in good faith with other parties</li> <li>• Protocols for dealing with other stakeholders</li> <li>• Emergency contact arrangements</li> <li>• A diary system to monitor milestones, timeframes, receipt of deliverables and other</li> <li>• Strategies for ensuring information flow at critical stages of the contract.</li> </ul> <p><i>Confirm and implement start-up or transition arrangements</i> may be related to:</p> <ul style="list-style-type: none"> <li>• Identifying initial payment terms, timelines and conditions</li> <li>• Identifying compliance requirements and time allowances/tolerances for compliance in the first instance</li> <li>• Determining contacts within supplier organisations and others to facilitate transitions arrangements and provide support</li> <li>• Clarifying documentation to be completed.</li> </ul> <p><i>Management strategy</i> may include:</p> <ul style="list-style-type: none"> <li>• Formal contract management plan</li> <li>• Setting up routines</li> <li>• Checking quality assurance systems</li> <li>• Transfer of legal responsibility</li> <li>• Insurances</li> </ul>
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<p><b>3.2</b> Apply management strategies to contractual agreements/commitments</p> <p><b>3.3</b> Review strategies used to manage contractual agreements/commitments</p> <p><b>3.4</b> Document and explain variances between key performance indicators in the contractual agreements/commitments and actual outcomes</p> <p><b>3.5</b> Use review information on provider performances to guide recommendations for improvements to future contractual agreements/commitments</p>	<ul style="list-style-type: none"> <li>• Avoiding the implied acceptance of varied conditions</li> <li>• Non-enforcement of contractual obligations.</li> </ul> <p><i>Organisational policies and procedures</i> may include:</p> <ul style="list-style-type: none"> <li>• Key performance criteria</li> <li>• Authorisation for nominated actions, including payments, complaint, provision of data and operational information</li> <li>• Security, privacy and confidentiality</li> <li>• Scopes of authority</li> <li>• Authority to act, or commit, on behalf of the business</li> <li>• Terminate agreement/commitments.</li> </ul> <p><i>Monitor performance</i> may include:</p> <ul style="list-style-type: none"> <li>• Ensuring all obligations under agreements and other arrangements are being met</li> <li>• Ensuring knowledge of terms and conditions of agreements, arrangements and contracts</li> <li>• Applying regular monitoring activities</li> <li>• Recording monitoring activities.</li> </ul> <p><i>Obligations to contractors</i> may include:</p> <ul style="list-style-type: none"> <li>• Payments</li> <li>• Access to property, facilities and information</li> <li>• Attending scheduled meetings</li> <li>• Providing nominated assistances and/or supporting or supplementary services.</li> </ul>
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*Risks may include:*

- Suppliers' inability to meet agreements
- End user or buyers' inability to meet obligations
- Limited number of suppliers
- Applying organisational risk management procedures.

*Contract variations may arise from:*

- Change of scope
- Negotiation of new terms and conditions
- Dissolution of contracts.

*Manage contract variations should include:*

- Complying with the contents of the contract
- Complying with organisational policies and procedures
- Seeking legal advice, where appropriate
- Clarifying ambiguous terms and conditions.

*Resolve disputes may include:*

- Conference
- Negotiation
- Mediation
- Arbitration
- Resort to contractual agreements
- Legal considerations.

*Disputes/complaints* may include:

- Requirements regarding provision of goods and services
- Delivery schedules
- Price changes
- Additional tasking
- Payment schedules
- Complaints from third parties.

*Negotiate issues* may include:

- Negotiating contract variations
- Negotiating continuous improvement
- Negotiating innovations
- Negotiating instances of non-compliance
- Negotiating consequences arising as a result of non-compliance
- Adhering to stipulations as set out in the contract/agreement.

*Maintain communication* may include:

- Including all stakeholders
- Complying with organisational protocols and industry standards
- Adhering to scheduled contact times
- Attending meetings
- Providing evidence to support communications.

*Maintain information* may include:

- Addressing organisational purposes e.g. Extracting, collating and arranging relevant details in a format for reports and other documents
- Storing/filing relevant documentation
- Updating material that has changed
- Adhering to organisational policies and procedures
- Notifying relevant others of changes.

*Finalise contractual agreements/commitments* may include:

- Cancelling a contractual agreement/commitment
- Terminating a contractual agreement/commitment
- Complying with contractual agreements
- Seeking legal advice
- Providing the supplier and other stakeholders with appropriate prior notice of intention.

*Management strategies* may apply to:

- Close-out
- Renewal of the contractual agreements/commitments
- Transition arrangements to a new contract.

*Strategies used* may relate to:

- Contract management
- Supplier performance
- Stages of the contract
- Satisfaction levels

- Audit results
- 360° feedback.

*Key performance indicators* may include:

- Timelines and dates for delivery
- Service provided
- Level of compliance with promises made
- Product and service quality
- Prices
- Ease of dealing with the business
- Willingness of the business to meet emerging needs
- Willingness of the business to help address individual organisational problems.

*Use review information* may include evaluations relating to:

- The planning process
- Procurement
- Sources and methods of gathering data
- Role of audit trails
- Measuring outputs
- Meeting client needs
- Innovation
- Strategies for continuous improvement.

**Assessment Guide**

The following skills and knowledge must be assessed as part of this unit:

- The enterprise's policies and procedures in regard to entering into and managing contractual agreements/commitments
- Knowledge of the legal elements of contract, including detailed knowledge of terms and conditions, warranties and guarantees, exclusion clauses, ways to discharge a contract and remedies available to address failure to perform
- Principles of contract negotiation and ability to use negotiation techniques
- Knowledge of host country legal issues relating to contracts
- Principles of financial management
- Knowledge of privacy, security and commercial-in-confidence issues
- Knowledge of suppliers, providers and carriers, including their standard contractual terms and conditions.

**Linkages To Other Units**

- Access and retrieve computer-based data
- Work effectively with colleagues and customers
- Prepare tenders for catering contracts
- Apply catering control principles and procedures
- Establish and maintain a business relationship
- Plan and establish systems and procedures
- Work cooperatively in a general administration environment
- Maintain financial standards and records
- Manage financial performance within a budget
- Manage legal requirements for business compliance



- Prepare and submit quotations
- Manage and control operational costs
- Prepare and monitor budgets.

### **Critical Aspects of Assessment**

Evidence of the following is essential:

- Understanding of host enterprise policies and procedures in regard to entering into and managing contractual agreements/commitments
- Demonstrated ability to prepare detailed written strategies to enable effective management and monitoring of nominated contractual agreements/commitments
- Demonstrated ability to respond effectively and legally to at least six real or simulated variations in contract performance by nominated suppliers, providers or carriers
- Demonstrated ability to identify the legal obligations that flow to all parties as a result of a nominated real or simulated contractual agreement/commitment
- Demonstrated ability to generate a viable and effective review process to evaluate a nominated real or simulated contractual agreement/commitment with a supplier, provider or carrier.

### **Context of Assessment**

This unit may be assessed on or off the job:

- Assessment should include practical demonstration either in the workplace or through a simulation activity, supported by a range of methods to assess underpinning knowledge
- Assessment must relate to the individual's work area or area of responsibility.

### **Resource Implications**

Training and assessment to include access to a real or simulated workplace; and access to workplace standards, procedures, policies, guidelines, tools and equipment.

**Assessment Methods**

The following methods may be used to assess competency for this unit:

- Case studies
- Observation of practical candidate performance
- Oral and written questions
- Analysis of a portfolio of evidence, including sample contracts, amendments to contracts, terms and conditions, reviews and evaluations
- Problem solving
- Role plays including negotiation of prices, terms and conditions and other factors
- Third party reports completed by a supervisor
- Project and assignment work.

**Key Competencies in this Unit**

*Level 1 = competence to undertake tasks effectively*

*Level 2 = competence to manage tasks*

*Level 3 = competence to use concepts for evaluating*

<b>Key Competencies</b>	<b>Level</b>	<b>Examples</b>
Collecting, organising and analysing information	3	Capture information to use as the basis of a review process
Communicating ideas and information	3	Negotiate amendments to, or renewal of, contractual agreements/commitments
Planning and organising activities	3	Monitor compliance with terms and conditions of contractual agreements/commitments

	Working with others and in teams	3	Seek feedback on the operation of contractual agreements/commitments
	Using mathematical ideas and techniques	2	Calculate costs and benefits associated with contractual agreements/commitments
	Solving problems	3	Resolve instances of non-compliance with requirements of contractual agreements / commitments
	Using technology	2	Use software package to generate and record information relating to contractual agreements/commitments