

# Contract Administration [L3M3]

## Target Audience:

This qualification will prepare intermediate level learners looking to specialise in procurement and supply (Particularly Contract management) and to progress onto the CIPS Level 4 Diploma in Procurement and Supply.

**Hours:** 60 Hours

**Pre-requisite:** Basic understanding of how supply chain works. This is the second entry level qualification, there are no formal entry requirements

## 1.0 Know the administrative content and key tasks

associated with commercial contracts

### 1.1 Identify types of contracts and agreements

- Spot purchases
- Term contracts
- Framework agreements (or blanket orders/panel agreements)
- Call offs

### 1.2 Describe the purpose of the documents that compose a contract for the purchasing or supply of goods and/or services

- The specification
- The key performance indicators (KPIs)
- The contract terms
- The pricing schedule
- Other schedules (such as health and safety, use of subcontractors)
- Non-disclosure/confidentiality agreements

### 1.3 Describe the stages involved in forming contracts for the purchasing or supply of goods and/or services

- Requests for quotations/information/tender enquiries
- Quotations/tenders received

- Orders/acceptance of tenders
- Delivery notes/acknowledgements
- Invoicing and payment
- The use of contract registers

1.4 Describe how to develop and present business cases to justify expenditure on supplies, services or projects

- Costs
- Benefits
- Options
- Alignment with organisational needs
- Timescales

## 2.0 Understand how to achieve competitive pricing and the role of negotiation in procurement and supply

2.1 Explain the use and comparison of competition to obtain quotations on price

- The use of competitive pricing with suppliers through monitoring prices and obtaining quotations
- Comparing historical prices with newly quoted prices and evaluating the reasons for any significant discrepancies
- Taking appropriate actions to secure competitive pricing

2.2 Recognise the role of commercial negotiations in the work of procurement and supply

- Definitions of commercial negotiation
- Collaborative win-win integrative approaches to negotiation
- Distributive win-lose distributive approaches to negotiation
- Negotiation in relation to the stages of the sourcing process

- Sources of conflict that can arise in the work of procurement and supply

- The influence of stakeholders in negotiation

### 2.3 Explain approaches to negotiate competitive prices

- The link between costs, price, margins and mark-ups
- Use available data on submitted prices

- Retain or improve other aspects of value for money

such as quality, availability and sustainability within the negotiation process

- Analyse actual outcomes from the negotiation

process with planned outcomes and evaluate the reasons behind any differences

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## 3.0 Know how effective tendering is achieved

### 3.1 Identify the initial actions processes associated with

the tendering process

- Supply/market research
- Early supplier engagement
- Pre-contract dialogue
- Develop and improve commercial and technical

solutions

### 3.2 Describe initial tender process documentation and

associated content

- Invitations to tender
- KPIs
- Contract terms
- Pricing schedule and other special to type schedules
- Prequalification questionnaires

### 3.3 Identify the tender evaluation and acceptance process

- Check tender details and take any necessary

remedial actions

- Assess tender proposals against initial requirements
- Awareness of specification creep

3.4 Outline the regulations that can impact on the tendering process

- International frameworks
- Non-discrimination
- Free movement of goods
- Freedom to provide services
- Freedom of establishment
- Equality of treatment
- Transparency
- Mutual recognition
- Code of ethics
- Codes of conduct

## 4.0 Understand how to measure contract performance

4.1 Describe the use of data as a contract performance measure

- Types of data
- Data gathering and analysis methods
- Actions to address under performance
- Penalty clauses

4.2 Explain the use of Key Performance Indicators (KPI)

- Quality performance
- Cost management
- Resources and delivery
- The use of audits to verify performance and costs
- The use of SMART targets for supplier performance

and agree their application with suppliers and other stakeholders

- Agree mitigating actions with suppliers and other

stakeholders

4.3 Explain types of contractual risk and how to manage them

- Use of risk registers
- Internal organisational risk
- Market economic risk
- Performance based risk