



The Global Standard for Procurement and Supply

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Leading global excellence in procurement and supply

Segment 5.4 Legal Aspects of Procurement and Supply

Level: Managerial

Theme: Contracting

Knowledge: Will know and understand	Capabilities: Will be able to
<p>The impact of legal agreements on the relationships between different parties in a supply chain, including:</p> <ul style="list-style-type: none"> • Principals and agency • Assignment and sub-contracting • Novation • Confidentiality and non-disclosure agreements • Duress and undue influence • Negligence 	<p>Monitor and evaluate developments in legal aspects that affect sourcing decisions, explaining the implications to colleagues and other internal stakeholders</p>
<p>The use of express contract terms</p>	<p>Provide advice to colleagues, suppliers and other stakeholders on the interpretation of legislation (such as the Uniform Commercial Code and the UN Convention on Contracts for the International Sale of Goods) and case law, recognising when to involve other professionals for guidance</p>
<p>Legislation and case law that regulate contracts</p>	<p>Provide advice on the interpretation of legislation (such as the Uniform Commercial Code) and case law to colleagues, suppliers and other stakeholders recognising when to involve other professionals for guidance</p>

Knowledge: Will know and understand

Capabilities: Will be able to

The implications of Intellectual Property Rights (IPR) on procurement and supply

Analyse and explain to colleagues and other internal stakeholders the implications of Intellectual Property Rights including licensing, royalties and non-disclosure agreements with the supply chain

The main employment regulations that impact on procurement and supply, such as those concerning:

- Transfer of Undertakings and (Protection of Employment) regulations
- Redundancy and dismissal
- Discrimination in the workplace
- Restraint on trade
- International labour organisation and UN standards on business and human rights
- Minimum/living wage

Interpret and provide advice to colleagues and other internal stakeholders on the main employment regulations that impact on procurement and supply

Competition law that impacts on procurement and supply

Analyse and explain to colleagues and other internal stakeholders the impact of competition law on the organisation's supply chains

Regulations that cover bribery and corruption

Set standards for dealing with suppliers to ensure that regulations relating to bribery and corruption are upheld. To report any breaches of regulations to senior management or responsible authorities

Insurance provision in contracts, such as:

- Public liability
- Employers
- Professional indemnity
- Product liability
- Credit
- Cyber security and data protection
- Import/Export
- Travel

Provide advice to stakeholders on insurance provision

Related CIPS Knowledge Links

[Contract Management - http://www.cips.org/Knowledge/Procurement-topics-and-skills/Developing-and-managing-contracts/Contract-Management1/](http://www.cips.org/Knowledge/Procurement-topics-and-skills/Developing-and-managing-contracts/Contract-Management1/)

[Intellectual Property \(IP\) - http://www.cips.org/Knowledge/Procurement-topics-and-skills/Developing-and-managing-contracts/Intellectual-Property-IP/](http://www.cips.org/Knowledge/Procurement-topics-and-skills/Developing-and-managing-contracts/Intellectual-Property-IP/)

[Legislation - http://www.cips.org/Knowledge/Procurement-topics-and-skills/External-Environment/Legislation1/](http://www.cips.org/Knowledge/Procurement-topics-and-skills/External-Environment/Legislation1/)

[Terms and Conditions and the Developing of Contracts - https://www.cips.org/en-GB/Knowledge/Procurement-topics-and-skills/Developing-and-managing-contracts/Terms-and-Conditions-and-the-Developing-of-Contracts/#tabs-2](https://www.cips.org/en-GB/Knowledge/Procurement-topics-and-skills/Developing-and-managing-contracts/Terms-and-Conditions-and-the-Developing-of-Contracts/#tabs-2)

Segment 5.5 Managing Contractual Risks

Level: Managerial

Theme: Contracting

Knowledge: Will know and understand	Capabilities: Will be able to
<p>Legal issues relating to the formation of contracts with customers or suppliers, such as;</p> <ul style="list-style-type: none">• Offers• Counter offers• Acceptance• Precedence of documents	<p>Analyse the legal and commercial implications relating to the formation of contracts and explain these to colleagues and other internal stakeholders</p>
<p>The main express terms that are commonly applied in contracts for the supply of goods or services, such as:</p> <ul style="list-style-type: none">• Indemnities and liabilities• Sub-contracting and assignment• Insurances• Guarantees• Liquidated damages• Payment• Delivery and completion	<p>Interpret and revise key contract terms that are included in contracts</p>
<p>The main remedies for the default or breach of contract</p>	<p>Review contracts and recommend appropriate action to be taken in the event of default or breach of contract, including sub-contracting work without agreement</p>

Knowledge: Will know and understand

Capabilities: Will be able to

The main provisions that cover variations, claims or compensation events

Evaluate and recommend appropriate action to be taken to resolve variations, claims or compensation events

The main methods for dispute resolution including negotiation, alternative dispute resolution through mediation, conciliation and expert determination, adjudication, arbitration and litigation

Evaluate and recommend appropriate methods to resolve disputes. Take action to resolve disputes

Flow-down arrangements in supply chains that affect contracts

Apply relevant flow-down requirements in the supply chain

The use of key milestones in contract management and project risk management

Establish and review key milestones and implement appropriate risk management actions

The impact of supply chain risk on organisation reputation

Develop and manage approaches to mitigate the impact of supply chain risk on organisational reputation, escalating significant issues as appropriate

Related CIPS Knowledge Links

[Negotiation - Tools and Templates - https://www.cips.org/knowledge/procurement-topics-and-skills/strategy-policy/negotiation/negotiation-tools/](https://www.cips.org/knowledge/procurement-topics-and-skills/strategy-policy/negotiation/negotiation-tools/)