THE PPIR PROTOCOL FOR ENGAGEMENT

(Revision 1 - July 2013)

PREFACE

The report *Professional Performance, Innovation and Risk in Australian Engineering Practice Report* (Nov 2009) (**PPIR Report**) recommends that the application of the PPIR Protocol for Performance by individual professional engineers should be supported by a contracting protocol for companies and public sector entities operating in the engineering industry or profession as suppliers, customers or employers.

While the initial recommendation of the PPIR Report was to develop an Australian Standard via Standards Australia, it was subsequently agreed that the document, initially identified as AS.PPIR, should remain a guidance document and will be entitled the PPIR Protocol for Engagement.

INTRODUCTION

Scope

This Protocol informs and guides companies and public sector entities operating as clients, suppliers or employers on the essentials in making effective use of the knowledge and experience of Professional Engineers to achieve optimum outcomes and value for money in considering and undertaking an Engineering Task.

Purpose

This Protocol provides a template for the parties to an Engineering Task to reach a clear and shared understanding of what the Engineering Task is about and how the parties should establish a cost-effective, balanced working relationship for undertaking and accomplishing that Engineering Task by:

- communicating effectively, particularly at the interface of the different viewpoints, interests and expectations of the parties involved;
- providing a streamlined yet systematic process of identifying and resolving important issues 'up front';
- setting up a consistent way to draw out and compare what the parties can offer each other commercially and technically;
- calling for risk allocation based on a fully integrated approach to risk management, leading to arrangements responding to the realities of the Engineering Task.

Use

This Protocol may be used by clients, suppliers and employers in the engineering industry and profession in their approach to matters such as the following:

- Specifying and responding to tenders and evaluating tender submissions for the supply of engineering products or services and documenting the subsequent supply arrangement;
- Exploring and managing the uncertainties of, and/or the special possibilities for, innovation in acquiring engineering products or services;
- Reviewing and redrafting corporate quality assurance, risk management and other internal policies and procedures on managing the purchase, supply or use of engineering products and services;
- Promoting the quality of engineering products and services offered by companies which have adopted this Protocol;
- Guiding the effective resolution of commercial disputes about engineering products or services.

Using this Protocol the parties involved should ensure that they and the individual Professional Engineers involved in the purchase, supply or use of engineering products and services comply with the provisions and aims of the PPIR Protocol for Performance.

Reference Documents

The following documents and Standards are referenced in this Protocol:

- PPIR Protocol for Performance: see www.ppir.com.au;
- PPIR Report: Professional Performance, Innovation and Risk in Australian Engineering Practice – The Warren Centre for Advanced Engineering;
- AS 4122: General conditions of contract for consultants;
- AS/NZS 4801: Occupational health and safety management systems - Specification with guidance or use;
- AS/NZS ISO 9001: Quality management systems – Requirements;
- AS/NZS 14001: Environmental management systems – Requirements with guidance for use; and
- AS/NZS ISO 31000: Risk management – Principles and guidelines.

OPERATIVE PART

1. Relevant Parties And Other Stakeholders

The Client Principal and the Engineering Principal should work together to develop a shared understanding of the Relevant Parties to, and Other Stakeholders in, the Engineering Task and the relationships between them.

When considering who the Relevant Parties are, the Client Principal and the Engineering Principal should take reasonable steps to identify:

- the Client entity and the other entities directly involved in the Engineering Task, their roles and the individuals by whom they are represented;
- the other key individuals and entities participating in the Engineering Task and their specific roles and responsibilities.

The Client Principal and the Engineering Principal should take reasonable steps to:

- map the relationships amongst the Relevant Parties and Other Stakeholders for the purposes of the Engineering Task, considering both the individual persons and the entities involved; and
- assess the individual interests and expectations of the Relevant Parties and Other Stakeholders and the likely impact of these interests and expectations on the Engineering Task.

In the context of the outcomes of the consideration of these issues the Client Principal and the Engineering Principal should:

- agree on the approach that should be taken to address the interests and expectations of Relevant Parties and Other Stakeholders relevant to the Engineering Task; and
- re-assess these issues and approaches throughout the Engineering Task and respond accordingly.

2. The Engineering Task

The Client Principal and the Engineering Principal Assess should:

- agree the objectives, scope, extent, context and interfaces of the Engineering Task, exploring particularly the relevant expectations and outcomes and the perceived best interests of the Client;

- consider and agree on any alternative methods of achieving the objectives, scope, extent and interfaces of the Engineering Task, given its context;
- document the agreed Engineering Task and any exclusions, ensuring that the documentation is wholly consistent with what has been agreed;
- regularly re-examine whether the objectives, scope, extent, context and interfaces of the Engineering Task have changed and agree on the appropriate response.

If the Engineering Task and any exclusion therefrom cannot be agreed, consider whether it is appropriate to undertake it.

3. Competence To Act

The Engineering Principal should discuss with the Client Principal the Engineering Principal's assessment of the competencies and resources appropriate to the Engineering Task and any material uncertainties in these respects.

The Client Principal and the Engineering Principal should:

- agree as to how any uncertainties regarding competencies and resources are to be handled or failing such agreement, consider whether it is appropriate to undertake the Engineering Task; and
- regularly re-examine these issues throughout the Engineering Task and agree on any consequent response.

4. Statutory Requirements And Public Interest

The Client Principal and the Engineering Principal should discuss and agree on the relevance to the Engineering Task of:

- laws, legislations, regulations and ordinances;
- safety, environmental, public health and other public interest issues; and
- latent liability issues,

and the ways in which these issues may impact upon or change the definition of the Engineering Task or the proposed approach to its management and accomplishment.

NOTE: The relevance of applicable Australian and international standards should also be considered.

5. Risk Management

The Client Principal and the Engineering Principal should discuss and agree on:

- the identification and assessment of the risks related to or associated with the Engineering Task as a whole and, where appropriate, within and between its elements;
- an appropriately documented approach to manage the identified risks in the Engineering Task; and
- an appropriately documented approach to respond to and manage the consequences of unidentified risks in the Engineering Task.

The approach to the delegation of risk accountability should:

- apply the basic principles that risk accountability lies with the parties best able to respond to that accountability and that those parties have the capacity and willingness to accept that accountability; and
- document any exceptions to this basic principle and its justification, including the constraints of existing law or regulation.

The Client Principal and the Engineering Principal should discuss and agree on effective systems to be applied throughout the Engineering Task for:

- recording, tracking monitoring and reporting upon in a timely manner all material risk management issues and actions; and
- re-examinaing regularly the effectiveness of risk management performance and communication throughout the Engineering Task and responding accordingly.

6. Engineering Innovation

The Engineering Principal should review with the Client Principal the nature of and basis for the proposed approach to Engineering Innovation in the Engineering Task and the related issues for the Engineering Task in respect of:

- skills, knowledge and resources;
- intellectual property; and
- risk profile.

The Engineering Principal should discuss and agree with the Client Principal the approach to be taken throughout the Engineering Task to use Engineering Innovation effectively.

7. Engineering Task Management

The Engineering Principal should review with the Client Principal:

- the approach to managing the Engineering Task that confirms that the Engineering Task can be carried out and accomplished as agreed; and
- the steps taken to maintain the transparency and integrity of all transactions involved in the Engineering Task in the context of prevailing community and professional standards.

The Engineering Principal should:

- develop and maintain an effective system of timely communication between all those directly involved in performing the Engineering Task and between the Engineering Principal and the Client Principal; and
- upon completion of the Engineering Task, review with the Client Principal a documented assessment of the performance and outcomes accomplishing the Engineering Task.

8. Contractual Framework

The Client Principal and the Engineering Principal should ensure that any contract or other such evidence of agreement governing or relevant to the Engineering Task is:

- consistent with the provisions of this Protocol;
- based on the agreements reached between the Client Principal and the Engineering Principal and does not override or diminish the intent of such agreements; and
- responsive to any third party arrangements or contracts relevant to the Engineering Task and to any third party issues so raised.

NOTE: Third party arrangements could include certified management systems to AS/NZS ISO 9001, AS/NZS 14001, AS 4801 and compliance with standards such as AS 4122 and other formal and industry accepted standards covering contractual issues.

If the Client Principal and the Engineering Principal cannot reach agreement on any of the above issues, consider whether it is appropriate to undertake the Engineering Task.

Definitions

In this Protocol, the following definitions are used:

Client means the entity or individual who is the client of the Engineering Task.

Client Principal means the individual representing the Client.

Engineering Principal means the individual ultimately responsible and accountable for undertaking and accomplishing the Engineering Task.

Engineering Task means work done by a Professional Engineer or a corporate or partnership grouping of Professional Engineers in the ordinary course of professional engineering practice.

Engineering Innovation means the application of new scientific or technological knowledge or the application of existing scientific or technological knowledge in new ways, in a commercial context.

Professional Engineer means a person holding an engineering qualification from a university degree course accredited by Engineers Australia and who has undergone a period of formation in the workplace.

Relevant Party means a party that has a direct commercial interest in the Engineering Task, be that contractual or otherwise.

Other Stakeholder means a person or entity other than a Relevant Party that has a current or latent material interest in the Engineering Task and may include the public or community at large.

NOTE: Where defined terms are used throughout this Protocol, they are capitalised.

PPIR - A New Performance Protocol for Australian Engineering Professionals

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Established within the Faculty of Engineering in 1983 to mark 100 years of engineering education at The University of Sydney