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Department:	Corporate Services	**Responsibility:**	Director Corporate Services
Section:	Procurement	**Authority:**	Board of Directors

PURPOSE

An established procurement governance framework is a requirement of mandated health services before undertaking any procurement activity.

STATEMENT/S

Health purchasing policies are made by the HealthShare Victoria Board, in accordance with s134 of the Health Services Act 1988. These policies are legally binding, effective from date of publication in the Government Gazette, and must be complied with.

DEFINITIONS

Accountable Officer (AO) – The AO identifies the roles and responsibilities, processes, and performance standards within the governance framework. At Kerang District Health, the AO is assigned to the Chief Executive Officer.

Chief Procurement Officer (CPO) - The Chief Procurement Officer role is established by the Accountable Officer/Chief Executive Officer of a mandated health service. The role has visibility and oversight of the entire non-salary spend profile of the health service. At Kerang District Health, the CPO is assigned to the Director of Corporate Business position.

Procurement Strategy - A procurement strategy provides an overview of the organisation's procurement profile and includes several components including a procurement activity plan, a contract management strategy, a supplier engagement plan and a capability development plan.

Procurement Activity Plan - A procurement activity plan provides detailed planned procurement activity for at least the next 12 to 18-month period. It should be based on the best available information and reviewed at least annually to keep the market informed of changes or developments.

Procurement Complaints Management - A mandated health service requires a complaint management process that can investigate and respond to complaints made in relation to procurement processes. The process must ensure investigations are dealt with and specifies what documentation is required from the complainant and in what format, contact and lodgement details, timelines for conducting the investigation and providing response, range of outcomes available to the organisation providing the response, a process for review by HealthShare Victoria (HSV) if the findings and actions taken by the organisation do not resolve the matter to the satisfaction of the complainant, and other government bodies that may be able to assist.

HealthShare Victoria (HSV) - Established on 1st January 2021 to improve the collective purchasing power of Victorian public health services and hospitals. HSV achieves 'best value' outcomes in the procurement of health related goods, services and equipment through more than 40 contract categories.

POLICY

The health purchasing policy framework is based upon the Victorian Government Purchasing Board (VGBV) supply policies and must be complied with in conjunction with s1.4.3 of the Victorian health funding conditions.

A procurement governance framework must ensure roles and responsibilities are clearly identified and defined, include the development of procurement strategies and plans, and that these are implemented and monitored for compliance.

The Chief Executive Officer

- Is responsible for establishing, implementing and maintaining Kerang District Health procurement governance framework before undertaking any procurement activity.
- Must ensure roles and responsibilities are clearly identified and defined, procurement strategies and plans are developed, implemented and monitored for compliance.
- Must establish the role of the Chief Procurement Officer (CPO) to have visibility and oversight of the entire non-salary spend profile of Kerang District Health.
- Must ensure that Kerang District Health procurement strategy is reviewed annually to confirm alignment with the procurement profile of Kerang District Health and broader government objectives.
- Must ensure that evaluation and compliance activities take place and that a compliance audit/report is endorsed and submitted to the HSV Board.

The Chief Procurement Officer

The CPO Must:

- Hold qualifications in procurement and/or;
- Have experience and expertise in managing a procurement function.
- Be a senior executive.
- Provide expert advice and guidance on matters related to the governance framework;
- Endorse major procurement categories.
- Oversee the development, application and ongoing assessment of this governance framework.
- Ensure that all procurement activity applies with strategies, policies, procedures, practices, and probity that comply with HSV Purchasing Policies, and other requirements in the *Financial Management Act 1994 (Vic)* or imposed by the AO;
- Assess the procurement capability of the health service on an annual basis;
- Identify major procurement categories;
- Review performance and capability at regular intervals;
- Report annually to the AO on the health services' procurement activities;
- Develop a procurement strategy for Kerang District Health which includes:
  - Procurement Strategic Analysis with a complexity assessment (identifies procurement spend profile, assessment of procurement activity before it begins)
  - Market Analysis Review (which considers the outcomes of the complexity analysis and further market analysis, considerations on when to engage an independent probity advisory or auditor – based on risk, preparations of business cases supporting decisions to proceed with procurement)
  - Capability Assessment (to be carried out with appropriate knowledge and expertise)
  - Market Approach (developed and applied to encourage participation, adopts a market engagement strategy, is fair and equitable, eliminates unnecessary barriers ensuring all potential suppliers are treated fairly, have access to similar information and that standards of probity, confidentiality and security are applied) outlines the management of submissions, evaluations of bids from suppliers, negotiation processes and supplier selection.

  - Contract Management & Asset Disposal (conducted in a manner appropriate to the risk and complexity of procurement activity, with appropriate record keeping and monitoring mechanisms, and developing asset disposals processes)
  - Collective Purchasing (complying with HSV collective purchasing agreements, reporting compliances and assisting with identification of aggregations opportunities).
- Ensure that procurement complaints management processes exist, is equitable and that complaints are managed according to this policy.
- Ensure reference group establishment processes demonstrate due process and integrity.
- Ensure that a high-level summary of the Kerang District Health Procurement Activity Plan is published on the Kerang District Health website to improve transparency for suppliers.

Auditing and Compliance

- Annually, KDH is required to conduct a self-assessment against the HSV policies, collective agreements and supply chain. In addition, a Procurement Activity Plan (PAP) is completed and put on the KDH website. The self-assessment, the PAP and all contracts and on-selling agreements are then submitted to the compliance team at HSV for review.
- A triennial audit on compliance with HSV polices will be undertaken by the KDH appointed internal auditor;
- Audits are undertaken in line with the HSV audit schedule or as part of a separate request from HSV;
- The audit will detail outcomes of compliance against the HSV policies
- The final audit report needs to be tabled at the Audit and Risk Committee and then approved by the Board of Directors. Evidence of the Board approval needs to be attained.

KEY ALIGNED/RELATED DOCUMENTS

KDH Policy – Instrument of Delegation

HSV Purchasing Policy 1 – Governance

- KDH Procedure – Procurement Strategy
- Plan – Annual Procurement Activity Plan (PAP)
- KDH Procedure – Procurement Capability Statement
- KDH Procedure – Procurement Capability, Assessment and Development Plan
- KDH Procedure – Supplier Engagement Plan
- KDH Procedure – Procurement Critical Incident Procedure
- KDH Procedure – Procurement Complaints Management

HSV Purchasing Policy 2 – Strategic Analysis

HSV Purchasing Policy 3 – Market Approach

- KDH Procedure – Purchasing

HSV Purchasing Policy 4 – Contract Management and Asset Disposal

- KDH Procedure – Contract Management
- KDH Procedure – Contract Management Strategy
- KDH Procedure – Asset Management (Acquisition, Operation, Maintenance, Disposal)

HSV Purchasing Policy 5 – Collective Purchasing and Supply Chain

- KDH Procedure – Purchase of Goods and Services

KEY LEGISLATION, ACTS & STANDARDS

Health Services Act 1988 s134
NSQHS Standard 1 - Governance
ACQSC Standard 8 – Organisational Governance

REFERENCES

Health Services Act 1988 s134

EVALUATION

Annual audit of complaints and reported incidents of non-compliance to this policy.

DOCUMENT DEVELOPMENT / REVIEW PROCESS

This document will be reviewed and updated every three (3) years or following substantial changes to relevant legislation, regulation or safety and quality standards.

Approval and Review of Policy

	Name	Position	Service/Program/ Final Endorsement	Date
Document Owner:	M Maritz	DCB		
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Contributors:				
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