**Introduction**

This policy outlines the requirements for establishing a governance framework to monitor and manage procurement across Casterton Memorial Hospital.

The Procurement Governance policy has three components:

* Procurement government framework – establishes the processes, authorities, accountabilities and relationships for Casterton Memorial Hospital to manage an efficient and effective procurement function.
* Evaluation and compliance – outlines the role of Casterton Memorial Hospital to ensure compliance with Health Purchasing Policies.
* Procurement complaints management – establishes how complaints or a concern raised by a supplier in relation to the process and probity applied by a Casterton Memorial Hospital, when carrying out a procurement activity, is managed.

The following figure illustrates the end to end procurement process model. The Procurement Governance policy applies to the entire procurement process.

**8**

**Opportunity**

**Assessment**

**Contract**

**Management**

**7**

**Contract**

**Transition**

**Category**

**Management**

**Engagement**

 **Analysis**

**Negotiation**

**5**

**Sourcing**

**Strategy**

**Invitation to**

**Supply**

1. **Procurement Governance**

The Chief Executive Officer (CEO) of Casterton Memorial Hospital is accountable to HealthShare Victoria for ensuring that all procurement activities comply with HealthShare Victoria policies and directives that are made in accordance with s134 of the Health Services Act 1988 (the Act). The CEO is responsible for establishing and implementing Casterton Memorial Hospital procurement governance framework.

The CEO must set up the governance framework before undertaking any procurement activity.

The CEO must establish the role of Chief Procurement Officer (CPO) that has visibility and oversight of the entire non-salary spend profile of the health service. This includes, but is not limited to, consumable supplies including prostheses and pharmaceuticals, capital equipment, information technology supplies and services, engineering, facilities management and support services, and professional and clinical services.

The CPO, or a senior executive assigned to this role, must:

* Hold a qualification in procurement or hold qualifications with a definable procurement component; or
* Have experience and expertise in managing a procurement function (or have access to procurement expertise and advice) that matches the health service’s procurement profile.

As such the CEO has nominated the Corporate Services Officer (CSO) as the Chief Procurement Officer (CPO) for Casterton Memorial Hospital.

The CEO **must** ensure that:

On an annual basis the procurement strategy and its associated components, are aligned with the procurement profile of Casterton Memorial Hospital and that it is aligned with HealthShare Victoria objectives.

The CEO is responsible for providing information to the Casterton Memorial Hospital Board, on matters related to the procurement governance framework and any strategic procurement initiatives.

**CPO Responsibilities**

The CPO is responsible for providing expert advice and guidance to the CEO on matters related to the procurement governance framework and any strategic procurement initiatives.

The CPO must:

* Endorse major procurement categories;
* Oversee the development, application and on-going assessment of the governance framework for approval by the CEO or the Casterton Memorial Hospital Board, including:
* Assessing the capability of Casterton Memorial Hospital and develop plans to improve capability to ensure it is appropriate for the scope, nature and complexity of the procurement activity carried out by Casterton Memorial Hospital.
* Identifying major procurement categories for Casterton Memorial Hospital. and
* Reviewing performance in procurement and capability at regular intervals and report annually to the CEO or Board.
* Ensure that all procurement activity applies strategies, policies, procedures, practices and probity that comply with Health Purchasing Policies and any other requirements on the Health Services Act 1988, statutory or policy requirements of other government bodies, or directed by the CEO/Board through the instrument of delegation.
* Ensure that probity is maintained in all purchasing, tendering and contracting activities of Casterton Memorial Hospital through the implementation of an appropriate probity assurance framework.
* Ensure that the complaints management and reference group establishment process demonstrates due process and integrity.
* Ensure there are processes in place to maintain the security of confidential and commercially sensitive information to which Casterton Memorial Hospital has access further to their tendering, purchasing and contracting activities.
* Develop a procurement strategy for Casterton Memorial Hospital.

**Governance Framework**

The governance framework is underpinned by a procurement strategy for Casterton Memorial Hospital. This strategy provides an overview of the organisation’s procurement profile and includes the following components:

* Procurement Activity Plan which documents Casterton Memorial Hospital procurement strategy at both an organisational level and individual procurement level;
* Contract Management Strategy that provides a framework, based on the spend profile of Casterton Memorial Hospital, for how procurement categories and individual procurement will be managed at the contractual stage;
* Supplier Engagement Plan that documents all the processes, systems and communication strategies to maintain good relationships with existing and prospective suppliers; and
* Procurement Capability Plan that identifies the steps to be taken to improve capability with Casterton Memorial Hospital to be able to undertake all procurement needs of the entity.

Casterton Memorial Hospital standard procurement documents must be used, and approval process followed, for all procurement operations within Casterton Memorial Hospital.

The CPO must ensure:

* Casterton Memorial Hospital works proactively with suppliers and HealthShare Victoria to transition within the designated timeframes to new HEALTHSHARE VICTORIA collective agreements;
* Contract Management is conducted in a manner appropriate to the risk and complexity of the procurement activity, with appropriate record keeping and monitoring mechanisms;
* Collective Purchasing (complying with HealthShare Victoria collective purchasing agreements, reporting compliances and assisting with identification of aggregations opportunities);
* A Casterton Memorial Hospital Purchase Order is issued to suppliers and contractors when goods and services are being purchased;
* Keep an appropriate record of contracts on a contracts register;
* Monitor contracts to ensure that key events are managed effectively including:
* The contract expiry date, by initiating the necessary procurement action well in advance of expiry;
* That timely decisions are made with regard to any contract options available;
* The expiry date of insurance or other relevant certificates and that new certificates are obtained prior to expiry.

**Procurement Activity Plan**

The procurement activity plan details anticipated- procurement activity for at least the next 12-18 month period. The activity plan must be reviewed at least annually to keep the market informed of changes or developments. A high-level summary plan must be published on the health service website to improve transparency for suppliers.

**Contract Management Strategy**

A contract management strategy defines upfront how procurement categories and individual procurements will be managed at the contractual stage based on their complexity level. It is a high level document that forms part of Casterton Memorial Hospital procurement strategy.

**Supplier Engagement Plan**

A supplier engagement plan documents the processes, systems and communication approaches put in place to ensure the highest level of trust and accountability in all dealings with suppliers. It encompasses keeping the market informed about supply opportunities, managing supplier relationships during the procurement process, and managing complaints and debriefs. Providing timely, accurate and relevant information to the market is central to maintaining a positive view of government and supporting supplier participation in the government market.

**Procurement Capability Plan**

The identification of capability development initiatives within Casterton Memorial Hospital procurement strategy and procurement activity plan will assist in appropriate decision making and prioritisation. It will support specific initiatives that will be undertaken to improve Casterton Memorial Hospital procurement policies, procedures, processes and systems that enable the effective administration of the procurement function and to driving continuous improvement. This will also assist in determining what plans and programs are established to assist with training, recruitment, professional development, and retention of staff skilled in procurement.

1. **Evaluation and Compliance of Procurement Activity**

Casterton Memorial Hospital is required to submit formal compliance and other reports to HealthShare Victoria to assist HealthShare Victoria in its role of ensuring probity and implementing and reviewing policies and practices to promote best value in health sector procurement.

The HealthShare Victoria Board in accordance with the Health Services Act 1988 may request that the CEO audit compliance with purchasing policies and HealthShare Victoria directions and provide and audit report to the HealthShare Victoria Board.

HealthShare Victoria may or require Casterton Memorial Hospital to undertake an audit, of a health services procurement policies and /or practices, to evaluate the effectiveness of the Health Purchasing Policies or the implementation of those policies by Casterton Memorial Hospital.

Casterton Memorial Hospital is required to comply with HealthShare Victoria reporting requirements to assist HealthShare Victoria in its role of ensuring probity and implementing and reviewing policies and practices to promote best value in health sector procurement.

Specific health service reporting requirements include:

* Audit reports detailing the outcomes of audits of compliance with HealthShare Victoria purchasing policies and HealthShare Victoria directions as requested by the HealthShare Victoria Board in the HealthShare Victoria Audit Schedule or as part of a separate request in accordance with policy directions.
* An annual attestation of compliance with the HealthShare Victoria Health Purchasing Policies in the Casterton Memorial Hospital’s annual report of operations identifying material non-compliance issues.
* An annual report to HealthShare Victoria of Casterton Memorial Hospitals’ compliance with the HealthShare Victoria Health Purchasing Policies identifying all non-compliance issues and remedial actions relating to the issues(s).
* An ongoing obligation to report to HealthShare Victoria material non-compliance issues that arise in relation to the HealthShare Victoria Health Purchasing Policies as soon as Casterton Memorial Hospital becomes aware of the issues and remedial actions relating to the issue(s).
* Periodic status reports to HealthShare Victoria of compliance with HealthShare Victoria collective agreements identifying any non-compliance issues and remedial actions relating to the non-compliance issue(s).
* Annual submission of Casterton memorial Hospital’s activity reports:
1. Procurement activity plan setting out all procurement activities forecast for the next 12-18 months (published on CMH Web site)
2. Current contracts register with a list of all current contracts in place at the time of submission.
3. Details of any on selling arrangements as per clause Casterton Memorial Hospital’s ‘Collective Purchasing’ policy.
* Other specific reporting requirements communicated to Casterton Memorial Hospital in advance of the requirement.

Casterton Memorial Hospital audit reports and annual attestations of compliance to the HealthShare Victoria Health Purchasing Policies must be verified by Casterton Memorial Hospital’s Audit and Risk Committee or the Board.

1. **Procurement Complaints Management**

A procurement complaint is an issue or concern expressed by a supplier in relation to the procurement process and probity applied by Casterton Memorial Hospital when carrying out a procurement activity. The complaint should be a letter, email or fax lodged with the CEO or CPO.

The Complaints Policy sets out the process and procedures for addressing complaints and has been implemented to ensure that the procurement complaints are treated fairly and in a timely manner. The Complaints Policy outlines:

* How an investigation into a complaint will be conducted;
* What documentation Casterton Memorial Hospital requires from the complainant in terms of scope and format;
* Contact and lodgement details for all documents;
* Timelines for conducting the investigation and providing a response;
* The range of outcomes available to Casterton Memorial Hospital in responding to a complaint;
* The escalation process for a review by HealthShare Victoria, should the findings and actions taken by Casterton Memorial Hospital not resolve the matter to the satisfaction of the complainant;
* Details other government bodies that may be able to assist; and
* Records of all procurement complaints will be maintained by the CPO (or their delegate) on the Procurement Complaints Register.

Casterton Memorial Hospital is to inform the HealthShare Victoria Board within five working days of a complaint that could not be resolved to the satisfaction of both parties.

Casterton Memorial Hospital must maintain a register and annually report to the Board the following information in relation to each complaint received:

* Procurement activity to which the complaint relates;
* status of the complaint confirming:
* Whether the complaint was resolved;
* Whether it is still under investigation; or
* Whether it could not be resolved.

A complainant can refer a complaint to the HealthShare Victoria Board for review if they are not satisfied with the findings and actions of Casterton Memorial Hospital. This could be related to the management of the complaint or the application of the Health Purchasing Policies.

Complaints submitted to the HealthShare Victoria Board must be lodged by letter, email or fax within 10 working days of the receipt of the findings by the organisation to:
The Chair

HealthShare Victoria Board

Health Purchasing Victoria

Level 34, 2 Lonsdale Street

Melbourne Victoria 3000

The complainant must provide the following material:

* Evidence that Casterton Memorial Hospital did not correctly apply Health Purchasing Policies in relation to a procurement activity;
* Evidence that Casterton Memorial Hospital complaints management procedures were not applied correctly;
* A copy of all relevant correspondence between the complainant and Casterton Memorial Hospital in relation to the nature of the complaint; and
* Any additional material requested by the HealthShare Victoria Board to assist in the findings.

The HealthShare Victoria Board:
* Will inform Casterton Memorial Hospital and complainant of its findings and any further action it intends to take in relation to the matter;
* Can require the CEO to audit its application of the Health Purchasing Policies in relation to the procurement activity;
* Can inform the Minister of Health of its review of a complaint and advise the Minister of further action that could be taken; and
* May note the outcome of a review in relation to any complaint in its annual report to Parliament.

**Evaluation**

Casterton Memorial Hospital is to ensure that this policy and all other related policies are to be reviewed on an annual basis or as required in accordance with its Governance guidelines.

**CMH Key Aligned Documents**

*CMH Policy - Procurement Policy Framework*

*CMH Policy - Strategic Procurement Process Policy*

*CMH Policy - Collective Procurement Policy*

*CMH Policy – Collective Procurement Under HSV Contracts*

*CMH Policy – Health Purchasing Compliance Statement*

*CMH Policy - Complaints & Feedback Management Policy*

*CMH Policy - Contract Management Strategy*

*CMH Policy – Contract Management Plan*

*CMH Guidelines - Strategic Procurement & Contract Management Procedures & Guidelines*

*CMH Guidelines - Clinical Incident Procurement Procedure*

*CMH Annual Procurement Activity Plan*

*CMH Supplier Engagement Plan*

*CMH Procurement Capability Plan*

*CMH Policy - Asset Management*

*CMH Instrument of Delegations*

*CMH Financial Management Policy*

*CMH Financial Code of Practice*

**Key Legislation, Acts and Standards**

*Health Purchasing Policies are made by the HealthShare Victoria Board in accordance with s134 of the Health Services Act 1988 (the Act). Casterton Memorial Hospital is a Schedule 5 public hospital and must comply with Health Purchasing Policies*.

**References**

*Health Purchasing Policy - Procurement Governance – Establishing a governance framework for procurement,*

*HEALTHSHARE VICTORIA 26 June 2014, accessed at: www.HealthShare Victoria.org.au*

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| --- | --- |
| ***Category (See CMH Policy)*** | ***Risk Rating*** |
| Likelihood of Adverse Event occurring.   *(Almost Certain, Likely, Possible, Unlikely, Rare*) | Possible |
| Consequence *(Insignificant, Minor, Moderate, Major, Extreme)* | Minor  |
| Overall Risk Rate  (Extreme, High, Medium, Low) | Medium  |

|  |  |  |  |
| --- | --- | --- | --- |
| **Document Version** | **Author of Changes** | **Date** | **Change Details** |
| 2.1 | Loren Hulm | March 2022 | * Change of name from Health Purchasing Victoria (HPV) to HealthShare Victoria (HSV)
 |

**Signed off:** ……………………………………………………….

 **Chief Executive Officer**

**Dated: ………………………………….**

**Author:** Barwon South West Procurement Reform Committee

**Validated:** Loren Hulm – Corporate Services Officer

**Approved:** Executive

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