**Purpose**

Casterton Memorial Hospital, under s134 of the Health Service Act 1998 (the Act) is bound to comply with Health Purchasing Policies made by HealthShare Victoria (HSV). These Health Purchasing Policies are made by the HSV Board in accordance with s134 of the Health Act 1988 (the Act).

All Schedule 1 and 5 public hospitals and health services as listed under the Act must comply with these policies which are legally binding, effective from 24th June 2016.   
  
The Health Purchasing Policy framework is based upon the Victorian Government Purchasing Board (VGPB) supply policies, and **must be** complied with in conjunction with any relevant provisions of the current Victorian health policy and funding guidelines. The five policies are as follows;

1. Procurement Governance
2. Procurement Strategic Analysis
3. Market Approach
4. Contract Management and Asset Disposal
5. Collective Purchasing

The purpose of this policy is to ensure compliance with HSV directions and purchasing Policies. Compliance will ensure that appropriate approval; procurement planning and evaluation processes are implemented throughout Casterton Memorial Hospital to achieve:

* Value for money in procurement;
* Appropriate levels of control and probity; and
* To achieve compliance to legal and HSV obligations.

This policy covers all activities related to the acquisition of all goods and services regardless of their value.  
   
**Target Audience**This policy and its associated procedures are mandatory for all Casterton Memorial Hospital departments and employees.

**Definitions**

**Governance** - Governance can be defined as the processes by which Casterton Memorial Hospital holds itself to account for defensible and justifiable procurement decisions and processes. Governance embodies demonstration of leadership, accountability and responsibility.

**Compliance** –Is to be compliant with a legal agreement or established standards, goods, services and/or processes are required to adhere to the specified requirements.

**Procurement Strategic Analysis** – A procurement strategy describes the contribution that effective procurement will make to fulfil an organisations/health services aims and objectives. The definition of procurement in this context is not limited to purchasing – it can have a wider meaning and can address the ways in which the organisation/health service can deliver its services – from providing the service in-house to joint commissioning and outsourcing.

**Collective Purchasing** – Is a collective purchasing agreement set by HSV as mechanism to leverage demand and drive a better value for money outcome.

**Policy**

This Casterton Memorial Hospital Compliance Policy and its associated guidelines and procedures sets the minimum requirements for all procurement activities at Casterton Memorial Hospital.

This overarching procurement governance document is further defined into three (3) major components, these components detail the procurement processes to be followed when undertaking procurement. Following these procurement policies which will ensure Casterton Memorial Hospital is compliant with HPV procurement framework. The three policies are:

* Procurement Governance;
* Procurement Strategic Analysis; and
* Collective Purchasing

**Procurement Governance**The policy aims to ensure the most stringent accountability, compliance and probity guidelines are met from the outset. The policy outlines the requirements for establishing a governance framework to monitor and manage procurement across Casterton Memorial Hospital. This is mandated for all Schedule 1 and 5 public hospitals and health services as listed under the Health Services Act 1988.

**Procurement Strategic Analysis**This policy outlines the requirements for determining the complexity level of the procurement activities undertaken by Casterton Memorial Hospital, and assessing the capability level needed to match the complexity of a procurement activity. The policy is mandated for all Schedule 1 and 5 public hospitals and health services as listed under the Health Services Act 1988.

**Collective Purchasing**

This new policy replaces the current HSV Principal Purchasing Policy. It encourages deeper spend analysis to identify further aggregated purchasing opportunities for the State and provide a consistent reporting framework for the Minister for Health to demonstrate how health services are driving greater value via procurement decisions.

This is mandated for all Schedule 1 and 5 public hospitals and health services as listed under the Health Services Act 1988.

**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 HPV 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 (HSV) 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,*

*HSV 26 June 2014, accessed at: www.healthsharevic.org.au*

|  |  |
| --- | --- |
| ***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

**Initial Compilation:** February 2016

**Previous Review Date:** February 2021

**Current Review Date:** March 2022

**Next Review:** March 2023

**Distribution:** Hospital Policy & CMH Procurement Manuals

**File:** (J:)Hospital Policy & Procedure Manual/Master Copies/Hospital Policy/Hospital Policy & CMH Procurement