

# Casterton Memorial Hospital



## Procurement Strategy

2023 – 2025

# CASTERTON MEMORIAL HOSPITAL

## Procurement Strategy 2023 - 2025

### Document History

### Document Location

This document is only valid from the day it was printed and approved. The electronic copy of this document will be accessible via Applications Tab – PROMPT of the Casterton Memorial Hospital Intranet.

### Revision History

Version	Revision Date	Summary of Changes	Prepared By	Approved By
1.0	December 2023	Update to reflect new HSV Purchasing Policies (Jan 2023)	Jason Wass <sup>1</sup>	Internal Audit & Risk Committee

### Distribution

This document has been distributed to:

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### Related Documents

Other internal and external documents relevant to this document:

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<i>Refer to Related Documents List contained at the end of this Policy.</i>			

<sup>1</sup> Regional Procurement Program Lead

# CASTERTON MEMORIAL HOSPITAL PROCUREMENT STRATEGY 2023 -2025

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## PROCUREMENT STRATEGY 2023 -2025

### Purpose

Casterton Memorial Hospital's procurement strategy aims to provide guidance and support to employees for planning, sourcing and contract management of procurement activities to ensure compliance with internal procurement procedures (aligned to HealthShare Victoria's Purchasing Policies) and the organisation objectives.

### Procurement Objectives

HealthShare Victoria (HSV) have established a strategic plan for 2021-2025. This strategy includes a list of the procurement objectives for the organisation and is aligned to a strategic goal. The strategic plan can be found at:

<https://healthsharevic.org.au/assets/Uploads/HSV-Strategic-Plan-2021-25.pdf>

Casterton Memorial Hospital's procurement objectives align with the HSV objectives and include:

- Ensuring probity equity, integrity and honesty in all procurement activities
- Following the principles of:
  - High standards of behaviour and actions in the conduct of procurement processes. Equity, confidentiality, avoiding conflicts of interest, and consumer/supplier confidence in the integrity of procurement processes
  - Applying good probity practices in managing procurement activities. The CEO has the flexibility to conduct procurement activities using appropriate capability to provide value for money outcomes
  - A balanced judgement of a range of financial and non-financial factors considering the mix of quality, cost and resources, fitness for purpose, total cost of ownership and risk
  - The relationship between the complexity of a procurement project and the capability of the organisation to conduct it to achieve a good procurement outcome
  - Obtain goods and services that meet specification, are delivered on time at competitive prices from financially stable suppliers
  - Obtains best value for money based on whole of life cost
  - Consistent procedures are followed in accordance with Casterton Memorial Hospital's procurement policies
- Ensuring operational, commercial, financial and legal risk is reduced and standards of probity meet HSV requirement.
- Benchmarking policy framework against other equivalent health services.

### Procurement Profile

The Health Service procures goods and services across the whole organisation. Procurement transactions are undertaken by the Residential Care / Acute / Catering / Environmental Services / Administration / Maintenance / Community Health / Theatre / Community Home Nursing. The CPO and executive team are responsible for supporting these supply streams in terms of guidance and procurement services as required. The Health Service also participates in a regional central supply model which gives it access to a small number of dedicated procurement professionals who work with and across the region membership.

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## Governance Structure

### Procurement Governance Framework

Casterton Memorial Hospital's procurement policy clearly defines our Procurement Governance Framework. There is a clear definition of accountability and auditability of all procurement decision made within our organisation. The governance structure is flexible enough to purchase/source in a timely manner all goods and services required by the organisation. It also provides a means of monitoring policy compliance.

The CEO is responsible for establishing and implementing these roles to meet the needs of the procurement policy. All procurement processes are managed centrally by the Internal Audit & Risk Committee which provides oversight to all other divisions/business units across Casterton Memorial Hospital.

### Roles and Responsibilities

The Casterton Memorial Hospital's Corporate Service Officer undertakes the role of the Chief Procurement Officer (CPO). The CPO has visibility and oversight of the entire non-salary spend profile of Casterton Memorial Hospital, this includes, but is not limited to, consumable supplies including prosthesis and pharmaceuticals, capital equipment, information technology supplies and services, engineering, facilities management and support services, and professional and clinical services.

The CPO must:

- Provide expert advice and guidance to the CEO on matters related to procurement governance framework and any strategic procurement initiatives
- Endorse major procurement categories
- Oversee the development, application and on-going assessment of the governance framework for approval by the CEO, including:
  - i. 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
  - ii. Identifying major procurement categories for Casterton Memorial Hospital
  - iii. Reviewing performance in procurement and capability at regular intervals and report annually to the Audit and Risk Committee
- Ensure that all procurement activity applies strategies, policies, procedures, practices and probity that comply with HSV's HPPs and any other requirements in the *Health Services Act 1988* or imposed by the Board through the Instrument of Delegation/Delegation of Authority
- Ensure that the procurement complaints management and reference group establishment process demonstrates due process and integrity

The Internal Audit & Risk Committee will coordinate all procurement activity across Casterton Memorial Hospital. The CEO supports procurement governance in the management of programs, projects and business operations to ensure compliance with Casterton Memorial Hospital procurement policies (aligned to HSV's Purchasing Policy requirements).

## Procurement Process

The procurement process is based on the types of sourcing that is undertaken by Casterton Memorial Hospital. In all sourcing activities Casterton Memorial Hospital will adopt a strategic approach, using category segmentation to guide the procurement approach for any given good or service, to derive best value for money outcomes.

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Initial assessment for any procurement strategy should consider the alignment to corporate directions, reputational risk and local needs. Once Casterton Memorial Hospital reputational risk and strategic considerations are considered the following framework provides an indication of the opportunities at a commodity level.

Approval of spend at Casterton Memorial Hospital is managed by the Instrument of Delegation/Delegation of Authority approved by the Board. The CEO must approve the categorisation of spend and the intended approach to market for each category.

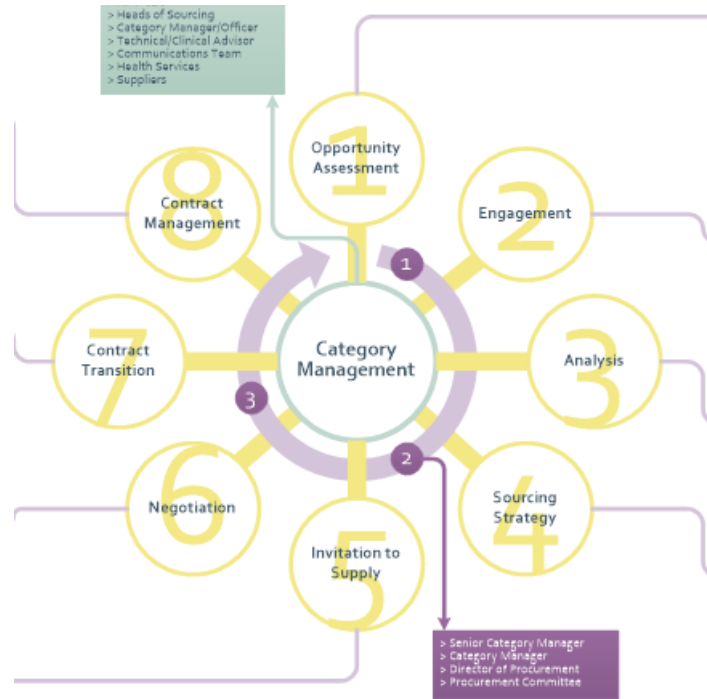


Figure 1. Procurement Model

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## Complexity Assessment Framework

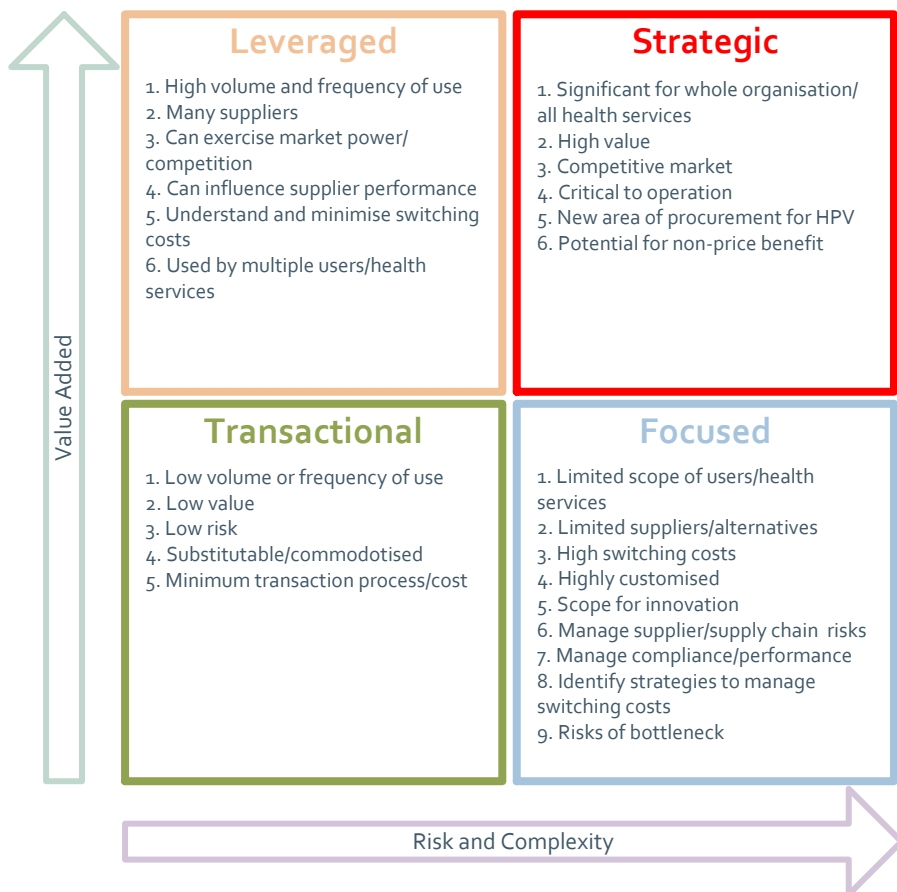


Figure 2. Complexity Assessment Matrix

### Market Approach Strategy

The category analysis and complexity assessment provides Casterton Memorial Hospital with an in depth understanding of the market and the various factors that influence a procurement activity. Once a complexity assessment is completed, the options on how to approach the market can be narrowed. Further analysis will assist in choosing the optimal approach to market and how best to engage with the market. It is important to note that the level of probity oversight should match the sourcing strategy undertaken for any procurement activity, as well as the level of probity risk.

Complexity Assessment Quadrant	EOI	RFI	RFQ	RFT	RFP
Transactional <i>Probity – Auditor role may be required in limited cases</i>			✓	✓	
Leveraged <i>Probity – Auditor role applicable in some instances</i>	✓			✓	
Focused <i>Probity – Auditor and Advisor recommended</i>			✓		✓
Strategic <i>Probity – Separate Auditor and Advisor recommended</i>	✓	✓	✓	✓	✓

Table 1. Recommended Market Approach Strategies

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Departure from the recommended options for the approach to market for a sourcing process as detailed above should only be considered in exceptional circumstances, cannot be used for the purpose of avoiding competition, and must be approved by the relevant delegate for approving the procurement process.

### Procurement Activity Plan

Casterton Memorial Hospital's CPO will prepare an annual Procurement Activity Plan focusing on ensuring key contracts are updated, relevant staff training is provided and any policy change is completed. Casterton Memorial Hospital will provide the Procurement Activity Plan and Contracts Register to HSV on an annual basis or upon request.

### Supplier Engagement Plan

The Casterton Memorial Hospital's CPO will prepare an annual Procurement Activity Plan of all anticipated significant procurement activities of Casterton Memorial Hospital for the upcoming next 12 months. A high-level summary of the activities will be published on the Casterton Memorial Hospital's website. This plan may include details of the procurements planned, the proposed market approach and timing (when known). This will be updated regularly as changes occur to the plan.

The method for informing suppliers of actual supply opportunities will depend on the proposed approach to market. These can be broadly categorised as either:

- An open approach to market – publicly advertised Request for Quotes, Request for Tenders or Expressions of Interest;
- A closed market approach – selective Request for Quotes, Requests for Tenders, Expressions of Interest or direct negotiations with a sole supplier.

Market engagement activities undertaken in the procurement process may include:

- Meeting regularly with suppliers to understand how the contract is operating and opportunities for improvement prior to returning to the market;
- A formal request for information undertaken prior to development of the sourcing strategy to better understand the market;
- Seeking expressions of interest where the capability of the market to supply the requirement is not fully understood.

Casterton Memorial Hospital will offer a tender debrief to suppliers who were unsuccessful in their tender bid. This generally applies to tenders and contracts that fall in to the strategic and focused procurement complexity categories however a debrief may be provided on request.

Casterton Memorial Hospital has developed a dedicated procurement complaints management policy and the process for lodging a complaint is available to suppliers on the Casterton Memorial Hospital website.

### Capability Plan

Casterton Memorial Hospital needs to ensure that the size, complexity and risks associated with Casterton Memorial Hospital's procurement profile are matched to the capacity and capability of staff members, who need to have the required procurement skills and experience.

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## Contract Management Strategy

All procurement activities are conducted in accordance with Casterton Memorial Hospital policies and in line with HSV's Purchasing Policies.

Casterton Memorial Hospital will manage its contracts in a manner that is appropriate for the complexity and risk of the procurement activity.

The CPO must ensure that contracts:

- Are managed by people who have sufficient skills sets and capability; and
- Clearly define the deliverables, performance standards and review mechanisms required of the supplier/s.

Casterton Memorial Hospital will:

- Keep all relevant records and contract documentation using MS Excel spreadsheet for management;
- Monitor contracts to ensure they are being managed effectively; and
- Ensure that contract management plans are implemented and monitored effectively.

## Appendices

- Procurement Policy
- Procurement Activity Plan
- Capability Development Plan
- Supplier Engagement Plan
- Contract Management Strategy
- Instrument of Delegation/Delegation of Authority
- Business Continuity Emergency Management Plan
- Conflict of Interest Procedure
- Gifts, Bribes and Benefits
- Procurement Complaints Management
- Code of Conduct
- Financial Code of Practice
- Critical Incident Procurement Procedure
- Asset Disposal Procedure