PURPOSE:

- To ensure a consistent approach to the purchasing of all goods and services at Rochester and Elmore District Health Service (REDHS) in line with Health Purchasing Victoria (HPV) requirements.
- To ensure that the purchase of goods or services by REDHS is conducted through preferred suppliers or contractors (note: preferred suppliers/contractors are those covered under HPV or those with whom REDHS has entered into pricing agreements or contracts) in line with the Victorian Government Procurement Board (VGPB) standards and considering the application of the Victorian Industry Participation Policy (VIPP) as appropriate.
- REDHS' procurement policy enables all staff within REDHS to have access to supplies and equipment to carry out their duties.
- To provide direction for all involved in purchasing, contracts management and tendering

SCOPE:

This policy applies to all REDHS staff, Board of Directors, visiting Medical Officers and volunteers

DEFINITIONS:

Conflicts of Interest

Conflicts of interest in the public sector are conflicts between public duties and private interests. A conflict of interest can arise from avoiding personal losses, as well as gaining personal advantage — whether financial or otherwise. These can be actual, potential or perceived.

- An actual conflict of interest is one where there is a real conflict between an employee's public duties and responsibilities, and their private interests.
- A potential conflict of interest arises where an employee has private interests that could conflict with their public duties.
- A perceived conflict of interest can exist where a third party could form the view that an employee's private interest could improperly influence the performance of their duties, now or in the future.

Critical Incident

A critical incident is any event or series of events that is sudden, overwhelming, threatening or protracted that may have a detrimental impact on the delivery of health services by REDHS. Refer to REDHS Emergency Management Policy

Contract Register

All contracts must be recorded by REDHS on the contract register. The Stores Officer is responsible for maintaining the REDHS Contract Register.

Probity

Honest, proper, fair and ethical conduct in all matters. Refer to REDHS Procurement Probity policy

Gifts and Benefits

Gifts and benefits are defined as any item or service with a value greater than $50 individually or in aggregate and include goods, services, travel or hospitality received by a member of REDHS, as a consequence of their employment at REDHS. It does not include those benefits received by employees from REDHS as part of their employment terms. See also REDHS policy Gifts and Benefits - Board and Staff

POLICY STATEMENT:
REDHS employees will:

- Follow the process and approval requirements in accordance with REDHS's Instrument of Delegation and REDHS procurement policies
- Ensure that REDHS engages any contractors who has entered into a State Purchase Contract with HPV unless when granted an exemption.
- Advise their Manager of any actual, potential or perceived conflict of interest at the earliest possible time.
- Act ethically, manage conflict of interest and maintain confidentiality of personal and commercial information consistent with their legal obligations.
- Not purchase goods or services from a Supplier who does not have a valid Australian Business Number unless the Supplier can produce satisfactory evidence that they are not required to hold one.
- Not split purchase orders for identical goods or services, or vary approval, in order to circumvent established internal financial delegations.
- Ensure that where a purchase transaction is to be conducted by electronic means, the other party to that transaction has consented to that method of conduct
- Ensure that an appropriate balance is met between services and staff within the organization, having the required resources to carry out their duties to support safe practice and quality and the organization's priorities and financial management requirements.
- Where feasible, REDHS will practice sustainable procurement of supplies including considerations of possible environmental impact.
- Ensure that sufficient stock for a minimum of two weeks will be maintained using the imprest system, considering delivery schedules and availability of stock.
- Support REDHS' commitment to the utilization of local suppliers, contractors and service providers, within REDHS catchment and where they are reasonably competitive, in order to support the local community. A local supplier will be given preference if they are price competitive within a margin of:
    - 7.5% above other competing suppliers for the purchase of goods or services< $25,000;
    - 5% above other competing suppliers for the purchase of goods or services between
    - $25,000 - $150,000; or
    - 2.5% for a procurement value in excess of $150,000.
- Ensure assets valued over $1,000 will be recorded in the Assets Register and General Ledger.

RESPONSIBILITIES:
The Chief Procurement Officer will prepare a detailed Procurement Activity Plan annually of all anticipated significant procurement activities of REDHS in the next 12-24 months. A high-level summary plan of the activities must be published on REDHS's website www.redhs.com.au

Documentation and Submission
Any submission sent to the Chief Executive Officer for approval, must be supported by the following:

- Fixed Asset Form. Fixed Assets being capital items with a value of greater than $1,000 See also Fixed Assets Policy

Authority Levels
The employee authorised by the Instrument of Delegation to approve the appropriate level of expenditure is the "authorised delegate" for these procedures.

Authority to Accept a Trial
(See also REDHS Policy - Visiting Company Representatives)
Goods and services must not be accepted on a trial basis on behalf of REDHS, unless the arrangement is documented and signed off by Executive Manager authorised to approve the relevant level of expenditure if the transaction proceeds. **Free Service**
An offer to REDHS of equipment supplied at no charge that is offered on the basis of REDHS buying other goods or services from the supplier, should not be accepted unless the arrangement is documented and is signed off by the Chief Executive Officer and a REDHS delegate authorised to approve the relevant level of expenditure on the purchased goods or services

Equipment and Consumables for Use in Clinical Areas
No equipment or consumables may be introduced into REDHS clinical areas without the approval of the OHS Committee.

Technology
Opportunities will arise with changes to technology. With these opportunities, the principles applicable to the purchasing policy and procedure listed in this policy remain.

Procurement Process
All procurement activities at REDHS will be carried out in accordance with the REDHS Purchasing and Contracts Management Policy.

The Stores Officer will ensure that a complexity assessment is conducted to determine the optimal approach to market in all circumstances where the anticipated level of expenditure is in excess of $50,000 Ex GST. Each sourcing activity requires individual assessment in terms of risk, value, business needs, market capability etc. Each complexity assessment contributes to the selection of the appropriate sourcing strategy. Initial assessment for any procurement strategy should consider the alignment to corporate directions, reputational risk and local needs. Once REDHS reputational risk and strategic considerations are considered the following framework provides an indication of the opportunities at a commodity level. This complexity assessment should influence REDHS in assessing the appropriate commodity strategy. The CPO is to approve all REDHS Business Cases to ensure that the recommended approach to market process is suitable.

Complexity Assessment Framework

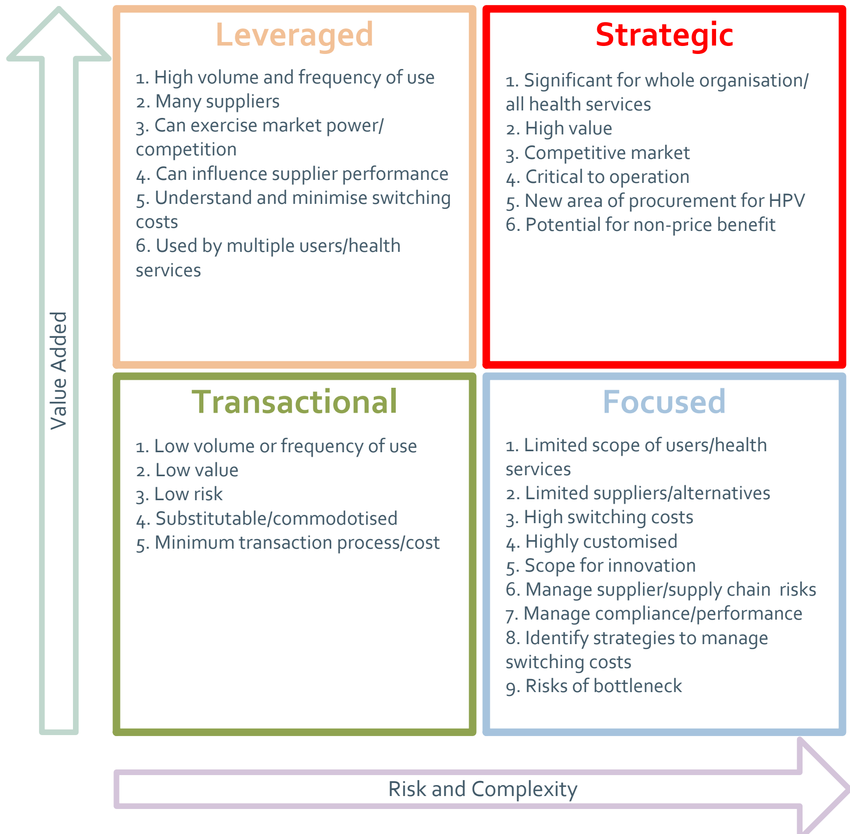

Figure 1. Complexity Assessment Matrix

Methods of Purchasing
Approval to exercise the delegation must be obtained before the purchasing process is commenced.

Irrespective of which of the methods described below is used, the outcome of the purchasing procedure will be a contract between REDHS and the supplier of the goods or services. Every purchase must therefore be documented fully as required by this procedure and those documents recorded and stored in a way which will enable REDHS to properly exercise its contractual rights and discharge its associated obligations.

All purchases of goods and services must comply with the requirements of the REDHS Financial Management Information System (FMIS) regardless of the type of purchase method used.
Where possible, all purchases should be made from preferred suppliers/ contractors. Where a preferred supplier is nominated and the complexity assessment rating is low then only one quote is required for a purchase up to $25,000. In instances where services or goods are required that are a "one off" purchase the selection of an appropriate contractor/ supplier should be made in accordance with REDHS Policy Statement – Contracts as detailed below.

The following are the purchase methods to be used by REDHS:

Purchase Order
If there is no other documentation, the Purchase Order on its own represents the contract between REDHS and the provider of the goods or services.
A Purchase Order generated electronically by the system is the basic authority for payment for purchase of goods or services of any value. The Purchase Order is generated via FMIS. The name of the Purchasing Officer that appears on the order will be authorized by REDHS to place the order with the supplier. The Purchase Order will be processed electronically in accordance with the approval levels in the REDHS Instrument of Delegation. No physical signature is required on a Purchase Order that has been electronically generated. All Purchase Orders are to be GST Exclusive.

The full Terms and Conditions relating to Purchase Orders are to be consulted on the REDHS Internet site.

If the REDHS delegate authorised to approve the Purchase Order deems it necessary to change the standard terms and conditions to address any specific circumstances in which that Purchase Order is being used approval and any subsequent changes must be obtained from the Chief Executive Officer in accordance with the Instrument of Delegation.

Request for Quotation (RFQ)
This process is generally used for purchases less than $150,000 and could be extended to more than one supplier.

1. A quotation, to enable REDHS and the supplier to enter into a binding contract in the event that REDHS elects to accept the quotation, should be requested from a prospective supplier(s). Both the 'RFQ' and the quotation are to be in writing. The quotation should contain the following information necessary as to:
   - Description of the goods or services.
   - Price, including method of payment and any discounts or rebates offered and any price payment schedule.
   - Terms of delivery, including passing of ownership in the case of goods.
   - Specifications including conditions and Key Performance Indicators.
   - Any other relevant matters, such as warranties and REDHS insurance and indemnity requirements.
   - Training
2. It is the responsibility of the REDHS delegate signing the Request for Quotation or Responsible Contract Manager to liaise with the Procurement Manager to ensure any proposed amendments have been made to the standard terms and conditions of the Request to address any specific circumstances in which that Request is being used.
3. Once an acceptable quotation has been identified and approved in accordance with the Instrument of Delegation, the relevant Manager may then generate an electronic Purchase Requisition.
4. A letter of acceptance of the successful quotation should be prepared by the Procurement Manager in the format prescribed by the Executive Secretary and must:
   - specify the documents constituting the contract so created; and
   - be signed by a REDHS delegate authorised to approve the relevant level of expenditure.
   - include the Purchase Order generated by the CEO or Manager.

For Expenditure Up to $2,500
One written quote is required

For Expenditure Greater than $2,500 and less than $25,000
Two written quotations are required,

For Expenditure Greater than $25,000 and Less than $150,000
Supply Department will obtain three quotation on request

For Expenditure Greater than $150,000.

All contracts with a value of more than $150,000 are subject to an approach to the open market through a public tender The CEO will lead the tender process for all procurement in excess of $150,000 in consultation with the Procurement Manager from Bendigo Health Care Group.

Note:

- ***Exceptions to the above process must be in accordance with Health Purchasing Victoria Procurement Policies.***
- ***Due to regional isolation, there may be times that REDHS approaches the market for multiple quotes and is successful in obtaining less than the required number of quotes. In this case the attempt has been made and can be documented as meeting the requirements for obtaining quotes.***
- ***Where the goods or services are for a specialised nature or designed specific to purpose, then one written quote is required for up to $150,000***
- ***Where there is a preferred supplier engaged in a contract with REDHS, then one written quote is required for up to $150,000. The market it tested at the time of selecting a preferred supplier or panel of preferred suppliers.***

Request for Information (RFI) and/or Brief to Design and Construct
These methods of purchase are used for projects that may be unique or complex, and where little information is available to REDHS, upon which to develop its own specification. They are not commonly used by REDHS and only then upon instruction from the Chief Procurement Officer or the Board.

Tender
This purchasing method will usually be used by REDHS for purchase of either goods or services in excess of $150,000 and may be employed for other reasons. Once the need to proceed to tender is agreed upon the decision should be fully documented. The process is as follows:

Tender Preparation

1. The Procurement Manager in consultation with the Responsible Contract Manager and the Executive (or delegate) recommends the process to be used and if that should include an initial public request for expressions of interest. The Procurement Manager will also recommend whether tenders are to be invited using the public advertisement method or the selective tender method.
2. In the interests of fairness and equity to all parties intending to submit, contact or communication with prospective tenderers must cease once tender preparation has commenced.
3. The Procurement Manager will ensure that the Chief Executive Officer confirms that funds are available.
4. Approval to proceed to tender is then sought in accordance with the Instrument of Delegation.
5. If approved to proceed to tender, the decision will be implemented by the Procurement Manager.
6. The Procurement Manager in consultation with the project team/executive or manager prepares tender documentation. These documents require careful consideration because they will form the basis of the contract should there be a successful tenderer. Tender documents include:
    - The general REDHS terms and conditions of tender, which must incorporate selection criteria specific to the project, and a weighting of those criteria (if needed).
    - A specification of need, including key performance indicators and a process by which those indicators will be monitored and evaluated during the term of any contract with a successful tenderer.
    - A Form of Tender, which must include a requirement for a Statement of Compliance to be completed by every tenderer.
    - Time frames including Tender Release, Tender Close, Tender Evaluation Complete and Contract Commencement dates.
    - A public advertisement where necessary.
    - A contract checklist to ensure there are no elements missing in the process.
7. If the value of the tender is over $50K per year, the Chief Executive Officer will consider, if necessary, the tender documentation be referred to Bendigo Health Procurement Manager or a legal advisor.

8. The relevant Executive will appoint a tender evaluation panel. This may include the project team and any additional appropriately qualified persons as considered necessary. In all cases the Procurement Manager or delegate is to be a member of the evaluation panel. REDHS may choose to outsource the tender evaluation role.

Tender Procurement

- Whether public or selective tender is used, the Chief Executive Officer will be responsible for convening information sessions and acting as contact point for communication with prospective tenderers. There will be no contact between any REDHS staff and potential tenderers except as approved by the tender evaluation panel.
- If public tender has been specified, tenders are advertised by the Chief Executive Officer.
- The Chief Executive Officer is responsible for the security of tender documents once lodged and for opening and recording of tenders in accordance with best practice protocols. This will also involve the Executive Assistant.
- If it is a public tender a list of respondents who submit a tender or expression of interest is developed by the Procurement Manager.
- Whether a public or selective tender, REDHS will inform suppliers of receipt of their tender application; immediate notification in the case of electronic submission, or within five (5) days for hard copy applications.

Tender Evaluation

1. The Tender Evaluation Panel evaluates the tenders in accordance with the selection criteria as weighted. This evaluation process must include negotiation of all issues required to enable REDHS to respond to the tender by either accepting or rejecting the tender as a formal offer by the tenderer. After the panel conducts any necessary post-tender negotiations and/or interviews a short list of preferred tenderers is developed.
2. Probity and confidentiality must be maintained at all stages of the tender evaluation process.
3. Chief Executive Officer will advise in writing tenderers not included on the short list that their tenders have been unsuccessful.
4. The Panel prepares an evaluation report including its recommendation as to which (if any) of the tenders/offers should be accepted. REDHS will always specify and retain the right to not appoint.
5. The evaluation report, together with a tender checklist and recommendation, is submitted by the panel to the relevant Executive for consideration and instruction for further action, along with all other appropriate documentation such as a draft letter of acceptance of offer, inclusive of any necessary clarification of non-conforming responses.
6. A letter of acceptance of offer in the prescribed format signed by the authorised delegate is provided by REDHS to the preferred supplier. This letter, the tender documents prepared by the Executive Officer, Purchase Order and the successful tender together normally constitute the whole contract. A separate agreement is required only if it is necessary to record acceptance by REDHS of a non-conforming tender.
7. Executive will notify in writing all other short-listed tenderers that their tenders have been unsuccessful and that a debrief session is available if required. The Executive, in conjunction with at least one other member of the Evaluation Panel, will conduct the debrief sessions.

Contract and Performance Management

Each manager must actively participate in the management of contracts relating to their particular areas of responsibility. This includes:

- participation in the development of selection criteria and key performance indicators for inclusion in tender documentation and (where appropriate) Requests for Quotation (RFQ)
- reviewing performance of the provider of goods or services under the contract conditions at least annually or more often if required by the terms of the contract.

Where a significant breach by a HPV contracted Supplier occurs and the matter is not able to be resolved directly with the Supplier, HPV must be notified immediately

GENERAL PROVISIONS:

- Except as otherwise specified in this Policy, choice of purchasing method is the responsibility of the REDHS employee authorised within the authority of the Instrument of Delegation to approve the relevant level of expenditure (the "authorised delegate") in consultation with the Procurement Manager. The Procurement Manager will ensure that a complexity assessment is conducted to determine the optimal approach to market in all circumstances where the anticipated level of expenditure is in excess of $50,000.
- Any purchase may be subject to a random probity audit.
- The Executive Assistant will scan original documents comprising a contract into the REDHS electronic contract filing system. Because the original will always be preferred to a copy for evidence purposes, original documentation will be securely filed in the Executive file and kept available for reference if required.
- It is a standing REDHS requirement that when signing any document which has the effect of legally committing the Health Service, every REDHS employee must print his/her name adjacent to their signature and endorse the document with the date of signing.
- In cases where the document requires the relevant signature to be witnessed by another person, the signing must be done in the presence of the witness, and in accordance with any other specific procedure required by the nature of the document.
- Where a department or individual is involved in offering a tender, for example tendering for the purchase of REDHS equipment for private ownership, no preferential treatment will be allowed.
- If a REDHS employee is involved in preparing an in-house tender for any project which REDHS has also put out to public or selective external tender, he/she must not take part in developing or evaluating that tender or any other tender submitted relating to the same project.
- Delegation of authority to a staff member temporarily acting in a more senior position should be in writing. Written approval of a temporary delegation for a specified period should to be forwarded to accounts payable to notify the change in delegation.

Product Recall – HPV Recallnet
All therapeutic product recall notifications are managed in a consistent and timely manner with the goal being to minimize risks to patients and staff. REDHS uses Recallnet as the primary system for receiving and responding to recall notifications and documenting actions
Recallnet: A national single electronic therapeutic product recall notification system developed by HS1 Australia and the National Electronic Health Transition Authority (NEHTA) to streamline the process for issuing and receiving therapeutic goods recall notices within the healthcare sector.

Contact Person:
REDHS delegate, Procurement Manager is the primary contact for the Recallnet System. The primary contact for Recallnet, liaises with the Delegate and Recallnet to facilitate a prompt and effective response.

Recall Delegate:
Coordinates the response.
The following staff are responsible for coordinating the response: Procurement Manager, Corporate Service Assistant, Stock items and Pharmaceuticals with support from Acute Unit Manager, Equipment recalls are checked with Maintenance Supervisor and Biomedical Contractor.
Procedure:

1. The Contact person receives notification from Recallnet. Recallnet notifications will include:
    - Product description
    - Supplier
    - GTIN (global trade item number)
    - Batch number
    - Type of recall
2. The Contact person determines whether the item for recall is a stock item, non-stock item or pharmaceutical item and redirects notification to appropriate Recall Delegate.
3. The Delegate ascertains whether REDHS currently stocks the item in question.

4. If stock is not held, the Delegate reports this back to the Contact person who responds to Recallnet and signs off on the notification.
5. If stock is held the Delegate collects all affected stock and returns to the supply department for return to supplier.
6. Procurement staff ensure that account credits are provided by the supplier as applicable.
7. The Procurement Manager and Delegate will find a suitable replacement of recalled stock if required.
8. The Procurement Manager documents in Recallnet quantity of stock being returned to supplier and signs off on notification.

Critical Incident

In the event of a Critical Incident at REDHS, REDHS Emergency Management policy will apply.
In a critical incident, REDHS may adopt streamlined and flexible procurement processes to facilitate an immediate response to an emergency, crisis or disaster. This process needs to take into account value for money, accountability and probity to the extent that they can be applied given the severity and urgency of the incident with appropriate record keeping processes

Critical incidents process

To show accountability for decision making, during a critical incident REDHS is required to record the following information (at a minimum):

- the good/service being procured
- the purpose of the procurement activities
- the total value of the procurement (excluding GST)
- the name and contact details of the supplier
- a short summary of the procurement process followed
- contact details of the party managing the procurement

REDHS annual report is to separately disclose the following information regarding procurement activity during a critical incident:

- total value of goods purchase
- the nature of the critical incident to which the procurement values relate the CEO is to define the date at which procedures under critical incidents ceased

REFERENCES and ASSOCIATED DOCUMENTS:

- REDHS Procurement Governance Policy
- REDHS Procurement Probity Policy
- REDHS Procurement Complaints Policy
- REDHS Fixed Assets Policy
- REDHS Emergency Management policy
- REDHS Gifts and Benefits - Board and Staff Policy
- REDHS Delegation of Authority
- REDHS Privacy and Confidentiality Policy
- Code of Conduct for Victorian Public Sector Employees
- Critical Incident Procurement Policy

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