


Title	Procurement Governance Framework			
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BACKGROUND

Staff in public sector organisations must be able to demonstrate high levels of integrity in processes while pursuing value for money outcomes in relation to expenditure of public funds and meeting the public interest.

South Gippsland Hospital (SGH) requires a documented framework to ensure that:

- roles, responsibilities, authorities, and accountabilities are clearly articulated and understood
- the CEO has developed a strategy, systems, policy, practices and processes to monitor and benchmark performance
- the CEO asks appropriate and regular questions about procurement activity and procurement outcomes
- risks are identified, mitigated, and/or improved; and
- complaints are treated fairly and in a timely manner.

POLICY

SGH is committed to ensuring a fair, ethical and accountable environment for the conduct of procurement activities with suppliers, contractors and goods and services providers.

SGH's Procurement Policy shall be based on the principles of value for money, probity, open and effective competition and well structured, ethical processes. These principles are intended to provide consistency in the approach to SGH's procurement and a transparent basis upon which procurement decisions are made.

SGH will deliver a cost effective, transparent and accountable procurement system that complies with all relevant laws, regulations and standards.

The SGH Procurement Policy is aligned with five Health Share Victoria (HSV) Policies and SGH's strategic goals.

RELATED DOCUMENTS

South Gippsland Hospital:

- [Contract Management Policy and Procedure](#)
- [Asset Management Policy](#)
- [Instrument of Delegation](#)
- [Gift, Benefits & Hospitality Policy](#)
- [Complaints, Compliments and Suggestions Policy and Procedure](#)
- [Code of Financial Practice](#)
- [Code of Conduct Policy](#)

This policy must also be read in conjunction with the HSV Procurement Strategy, the HSV Policies and associated guidelines, and HSV's own policies and guidelines on conflict of interest; hospitality, gift and benefits; complaints management; and exemption.


The HSV Policies include:

- Governance
- Purchasing
- Strategic Analysis
- Contract Management and Asset Disposal
- Collective Purchasing and Supply Chain

SCOPE

All SGH staff and the policy applies to all SGH procurement activities.

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PURPOSE

The purpose of this policy is to


- document roles, responsibilities, and capabilities; and
- outline the overarching structure of procurement activities including planning, sourcing and contract management at SGH; and
- articulate the base principles that apply across all policies in the framework that governs procurement and contracts; and
- provide an understanding and interface to the purchasing policies of Health Share Victoria; and
- ensure compliance with internal procurement procedures and the organisation objectives.


This Policy Framework will provide visibility and a tool to manage procurement activities across the health service and ensure annual requirements are carried out, such as:

- Conducting a self-assessment against HSV's Purchasing Policies, collective agreements, and supply chain
- Attesting compliance to HSV's Purchasing Policies within the SGH annual report
- Reporting on any emergency procurement
- Submitting a Procurement activity plan and publish on the SGH website, a current register of contracts and notifying any approved on-selling arrangements.

DEFINITIONS

(CATEGORY) ANALYSIS	The analysis conducted to understand the category (or an individual procurement) in terms of the demand profile, total cost, business needs, specification of requirements for the goods or services, market dynamics, in particular the number of potential suppliers and level of market competitiveness, the social, technological, political, legal and economic environment of the category, the complexity and risks.
CAPABILITY	Competence, capability and capacity are often used interchangeably to describe an individual's or organisation's ability to perform tasks or activities effectively. In the context of managing procurement activity, the term 'capability' is increasingly used to describe the combination of an organisation's expertise, resourcing, systems, policies and processes to execute and manage specific procurement tasks and activities.
CHIEF PROCUREMENT OFFICER (CPO)	The CEO is the CPO, and will provide strategic expert advice and oversight of the procurement function to drive and ensure value-for-money outcomes in the organisation. The CPO is responsible for developing and monitoring a number of strategic procurement activities. In this policy framework the reference to CPO and CEO is one and the same.
CONTRACT MANAGEMENT	The process of ensuring the contractual obligations of successful suppliers is met during the life of the contract. Elements of contract management include supplier performance management, monitoring contract activity including acquittal against budgets, invoicing against contract prices/rates, review of KPI's and contract activity, and may involve regular meetings with stakeholders and/or suppliers. Proactive management will also seek to work with supplier to identify opportunities for additional benefits from the contract.
COMPLEXITY	Complexity refers to the level of difficulty and risk involved in procuring a good or service and requires analysis of the dynamics of the supply market. Assessment involves: <ul style="list-style-type: none"> - Setting out the business requirements of the goods or service being purchased including the importance to the organisation and any risks involved.

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	<ul style="list-style-type: none"> - Identifying and measuring internal and external factors that affect the procurement. - Assessing the capacity, capability and motivation of the market to supply the item. - Analysing opportunities to improve value for money. - Analysing the potential for aggregating purchasing demand. - Investigating the best way to approach the market that is cost effective to suppliers and buyers and considering opportunities for local businesses to participate. <p>There are four (4) complexity levels – Transactional/Leveraged, Focused, Strategic. Market Analysis Tool (Complex) can be used to determine the quadrant.</p>			
EVALUATION	<p>Evaluation is the systematic consideration of the value, quality, importance or worth of something or someone. Procurement processes often require judgements to be made, for example deciding whether to approve a potential supplier, deciding which offer represents best value, or deciding whether to single source or adopt a different strategy. This means that the decision-making processes to evaluate alternative options need to be systematic and repeatable, and because of the obligation to demonstrate probity, decision-making also needs to be transparent and recorded.</p>			
HEALTH PURCHASING POLICIES	<p>A set of rules to promote best practice in conducting and documenting procurement practices in public hospitals or health services.</p>			
INVITATION TO SUPPLY / APPROACH TO MARKET	<p>The process involved in engaging the market to provide a proposal(s) to supply the good or services to be procured. This includes the process of evaluating responses and recommending one or more suppliers to negotiate a final agreement or contract.</p>			
PROCUREMENT	<p>It is to be noted that procurement is the combination of all actions necessary in the acquisition of goods, equipment, pharmaceuticals or services (“the Requirements”) that are required by SGH, from the time when the need is identified until the Requirements have been provided and all associated administrative functions (including procurement processes and contract performance management) are completed.</p> <p>This includes: Specifying and documenting of the requirement - Approval of funding source - Assessment of risk and complexity -Selection of a procurement pathway- Obtaining quotations or calling invitations to supply - Evaluation of quotations or offers - Procurement activities required to order and receive goods - Selecting the supplier - Raising a purchase order number - Purchase order/ Procurement Process, and Contract approvals as per the Instrument of Delegation - Putting a contract or pricing agreement in place - Warehouse and inventory management - Provision of goods to customers - Managing the supplier’s performance - Certifying receipt of goods or completion of services - Processing of invoices and payment of claims- Evaluating the contract at the end of life cycle.</p>			

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PRINCIPLES

Procurement Principles

The following principles ensure consistency in the approach to SGH's procurement and a transparent basis upon which purchasing decisions are made:

- **Compliance with Statutory Requirements** - All purchasing actions must comply with all relevant laws, regulations and standards. This policy endorses the principles of the purchasing policies released by HPV in 2014.
- **Value for Money** - Value for money relates not only to purchase price, but also to factors such as: fitness for purpose; reliability; availability; delivery cost; whole of life costs; operating and disposal costs; and after sales support and warranties. Decisions on the basis of value for money must be supported by objective evidence of cost, benefits and structured procedural steps documented in a business case.
- **Professional Integrity and Probity** - SGH purchasing should be managed at all times in a manner which ensures ethics, probity, and the highest professional standards. The following six (6) probity principles should form the basis of all SGH business dealings and the organisation's procurement activities must satisfy these principles: Fairness and impartiality; Use of a competitive process; Consistency and transparency of process; Security and confidentiality; Identification and resolution of conflicts of interest; Development of probity plan for tenders valued at more than \$10 million.
- **Open and Fair Competition** - The procurement process should ensure that providers have access to the SGH business, and that there is equity, transparency and confidence in the process. In general, there is a need to show that the following conditions exist when selecting a provider of goods or services: Timely availability of information to prospective suppliers; Independence of action by buyer and seller; Absence of bias and favouritism; Competitive entry for new and small sellers.
- **Well-structured Processes** - Integrity in relation to the procurement process is important because it leads to more efficient and cost-effective spending of public funds; it protects credibility and reputation; it maintains consistency with public sector values, statutory requirements, and policies issued by HSV; and the community expects public sector organisations to follow best practice.
- **Accountability & Transparency** - Management controls and systems are established which clearly define responsibility and accountability for procurement actions and decisions. Supporting documentation should be retained to enable independent scrutiny of decisions taken, and to demonstrate the application of requirements including the Instrument of Delegation.
- **Ethical processes** - Applying high ethical standards helps to ensure the best outcome in a procurement process. Ethical behaviour and good probity practices enhance an organisation's reputation, and this in turn increases business confidence.
- **Confidentiality** - Information obtained from prospective providers, either verbal or written, should always be treated as commercially confidential, and must not be disclosed to other providers or staff who are not authorised to receive such information.
- **Customer Service** - Procurement officers have a duty to ensure that within the bounds of procedure and policy, goods and services are provided in the right place at the right time to wards, units, programs and departments.
- **Risk Management** - Risk management should be a key consideration in any procurement activity. Systems and practices should be implemented and maintained to effectively identify and minimise potential financial and other risks (e.g., support, quality, product guarantees) to SGH in the purchasing of goods and services. Risk management processes are guided by SGH Risk Management Policy & Framework. Each procurement activity must have completed a Risk Assessment (with the exception of Oracle catalogued items and consumables and equipment pre-approved Supply Department) to identify and document consideration of all risks inherent in the activity.

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Suppliers Principles

The following principles underpin the selection of suppliers. Suppliers must demonstrate they can offer and achieve

- value for money;
- timely responses;
- safety record;
- adherence to SGH's policies, guidelines and regulations;
- participation in a SGH's induction program;
- reliability;
- quality;
- efficiency; and
- compliance with relevant standards, industry regulations and approval of the Therapeutic Goods Administration, or other regulation authority.

Probity Principles


Probity ensures the integrity of procurement decisions and is necessary to ensure that expenditure of public sector funds is carried out in accordance with government requirements in an economical, efficient, transparent and effective manner.

SGH's probity principles include:

- Accountability of participants and transparency of the procurement processes.
- Fairness and impartiality in carrying out the procurement process.
- Identification and management of actual, potential and perceived conflicts of interest.
- Maintenance of confidentiality and security of documentation and information.
- Attainment of value for money.
- Referencing the whole of life costs for an item, including upfront cost, consumables, servicing, repairs, and output when assessing value and true cost.

PROCUREMENT GOVERNANCE FRAMEWORK

- The SGH procurement governance framework provides a basis for managing procurement and will define the mechanisms to plan and execute procurement decisions that achieve organisation objectives and ensures procurement best practice.
- The CPO is responsible for establishing and implementing these roles to meet the needs of the procurement governance framework.
- The SGH 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 and/or to be accessed by public hospitals and health services. It also provides a means of monitoring policy compliance.
- All procurement processes are managed centrally by Facilities Management staff who provide services to all other services across SGH. Some transactional purchasing may occur at a business unit but must be undertaken within the purchase requisition process managed by a supply/purchasing department.

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Roles and Responsibilities

- The roles and responsibilities of the Chief Procurement Officer support procurement governance in the management of programs, projects and business operations to ensure compliance with our procurement policies (aligned to HSV Purchasing Policies requirements).
- The CEO is responsible for establishing and implementing these roles to meet the needs of the procurement governance framework.
- SGH will ensure
 - the establishment, maintenance and embedding of appropriate governance arrangements;
 - the agency is efficient, effective and economical;
 - appropriate processes are in place covering the acquisition lifecycle;
 - has appropriate capability to manage the acquisition throughout the acquisition cycle;
 - is able to demonstrate that any financial commitment, obligation or expenditure delivers value for money for SGH and/or the State; and
 - undertakes investment planning and evaluation of performance when SGH planning has identified the need to acquire significant services, assets or infrastructure.

Compliance

- SGH will benchmark its policy framework to the Health Purchasing Policies for public hospitals and health services.
- SGH policy requirements must be met and will be monitored on a regular basis by SGH's CPO and reported to the SGH Board.

Conflict of Interest

- All employees undertaking procurement or contract management activities must declare any actual, potential or perceived conflict of interest as soon as it becomes known, to the relevant Director.
- A record of the disclosure must be kept, and the strategy applied to address the conflict recorded, or if found not to be a conflict, the evidence supporting this assessment must be documented.

PROCUREMENT

Process


In all sourcing activities SGH 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.

This requires SGH to

- undertake an analysis of the spend involved and categorise the spend according to similar goods or services and common end users and suppliers;
- analyse the total cost of ownership, market and environmental factors, risk and complexity associated with each category and determine the potential for collective procurement to add value to the category through leveraging market power or other factors, to segment spend categories;
- provide a guide, based on the category segmentation, to the best market approach and contract management strategy for each category;
- match the resource allocation for sourcing and contract management, both in terms of time and capability, to the procurement;
- approval of spend at SGH is managed by a Delegation of Authority approved by the Board.

The CPO must approve the categorisation of spend and the intended approach to market for each category.

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Market Approach

Market approach involves informing the potential supply market about our requirements. Approaching the market is predominantly a process task, to ensure all potential suppliers are treated fairly, have access to the same information, and that standards of probity, confidentiality, and security are applied in the conduct of all actions between the health service and supplier(s).

When SGH is undertaking an individual procurement activity, the HSV market approach policy applies to the following stages of procurement:

- developing a plan for a market approach: and
- evaluating, negotiating, and selecting the preferred supplier(s)

Values

Procurement Categories 1 to 4

- Standard financial delegations and approvals apply with a SGH purchase order constituting the agreement to supply goods and/ or services.
- A formal contract is required for
 - all goods and services over \$ 20,000 ex-GST;
 - all equipment maintenance requirements;
 - if the procurement is for the engagement of a consultant;
 - where the activity involves a level of risk for SGH.

Category 1 Procurement \$0 - \$2500

- A minimum of 1 verbal quote

Category 2 Procurement \$2501 - \$10,000

- A minimum of 1 written quote, two preferred

Category 3 Procurement \$10,001 - \$50,000

- A minimum of 2 written quotes is required.
- Should the lowest quote not be selected, rationale for the decision must be provided and the expenditure approved by the CEO (amounts up to \$50,000).
- All procurement over \$50,000 must be approved by the Board.

Category 4 Procurement \$50,001 - \$149,999


- A minimum of 3 written quotes, which must be obtained by or in conjunction with the Supply department. Subject to analysis, Supply may recommend to apply the Category 5 approach.

Category 5 Procurement \$150,000 +

Complexity and risk analysis process to be undertaken which will determine the market approach to be taken.

All Category 5 procurement activity must be conducted by the CEO

- SGH has adopted a procurement process in accordance with HSV's procurement policies.
- Procurement for all goods and services with a Whole of Life (WOL) cost above \$150,000 is undertaken using a category management methodology. This involves researching and understanding the impacts of various market and other factors, including industry and market structure, aggregation of demand, total cost of ownership, product lifecycle and risk. The outcomes of this analysis in turn determine the approach to market.
- Amounts over \$150,000, initial category management begins at opportunity assessment and continues to evolve through engagement, detailed market analysis and the development of a tailored sourcing strategy. Further, category management encompasses the entire procurement lifecycle to ensure the value captured in the sourcing phase is realised and enhanced in the contract management phase and draws on this experience to contribute to the development of the strategy when re-sourcing the category.

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The CEO may seek a procurement exemption, via the board, with consideration of the following reasons that may justify an exemption:

- where the activities or requirements can only be supplied by a limited number of suppliers due to the expertise required and no other alternative exists. The expertise required must refer to individual details of the project or technical expertise and not the general area of work.
- where a third party has previously undertaken related work or activities on behalf of South Gippsland Hospital and as a result of this work there is a commercial benefit for South Gippsland Hospital to award a subsequent supply arrangement to the same third party
- matters of urgency including protection of human life or health, security or safety as a consequence of an unforeseen event or occurrence.
- for additional delivery of goods and services that are intended either as replacement parts, extensions or continuing services for existing equipment, software, services or installations where a change in supplier would necessitate the procurement of goods and service that do not meet the requirements for interoperability or interchangeability
- where it is intended to procure a prototype of first good or service intended for a limited trial or that is developed in the course of, and for, a particular contract for research, experiment, study or original development
- for the protection of patents, copyrights or other exclusive rights or proprietary information
- for goods purchased on a commodity market or for purchases made under advantageous conditions including unsolicited innovative proposals
- as a result of a design contest
- the requirement is for works of art
- expenditure on procurement of goods and services from the following:
 - Commonwealth, State/Territory departments within Australia
 - Other Victorian Government departments
 - All Victorian public sector entities.
- directives given by the Minister for Health or other relevant Ministers
- expenditure for products and services where the relevant brand or supplier(s) has been specified under legislation or regulation or other government directive.
- expenditure on the services of authorised persons undertaking audits for the Victorian Auditor-General's Office.

Note: The request for procurement exemption form (#1543) must be completed by the CPO/CEO and signed off by the Board Chair

To assist in implementing a structured category management framework, South Gippsland Hospital has adopted the following elements into an eight-phase procurement process, made up of:

- 1. Opportunity assessment** involves the process of evaluating an idea, concept, or opportunity to determine whether there is sufficient strategic, market, and financial merit for continued consideration and the possibility of establishing a collective agreement or consolidating procurement activities within South Gippsland Hospital.
- 2. Stakeholder engagement** is the process where all stakeholders who may be affected by the decisions made, are given the opportunity to provide subject matter advice and input or can influence the implementation of any outcomes.
- 3. Analysis** involves a detailed examination of the elements involved in or influencing a procurement activity. This includes
 - spend analysis - involves understanding South Gippsland Hospital's current procurement patterns including the total value, categories of spend and any seasonal or other trends. It also helps identify key supplier relationships;

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- market analysis - to understand the dynamics of the market, product/service lifecycle and environmental factors, and to help identify the best approach to market;
- risk analysis - to identify and assess factors that may hinder the success of achieving the required outcomes. A risk analysis tool is used to help identify preventive and mitigating actions to manage and track identified risks;
- complexity assessment - using the outcome of these analyses to understand the intricacy and scope of issues involved in procuring the goods or services to derive best value for money outcomes.
- complexity analysis - undertake further complexity analysis if the category assessment provides insufficient details or the rules of the use of an HPV Collective agreement require it
- engaging an independent probity advisor based on the complexity of the procurement or risk to the organisation.

4. Sourcing Strategy uses the analysis findings to plan the approach to market. The details are systematic and fact-based for optimising the supply base and improving the overall value for money based on the total acquisition cost. This will include the approach to market methodology whether this is open, targeted or selective. There may be a requirement to outsource the process of approaching the market, with larger capital projects, to subject matter experts.

5. Invitation to supply is the point at which SGH approaches the market requesting potential or identified suppliers to respond to a sourcing need. This may be in the form of

- A Request for Quote (RFQ)
- A Request for Tender (RFT)
- An Expression of Interest (EOI)
- A Request for Proposal (RFP)

The minimum information required includes:


- name and address of SGH
- details of the supply requirement
- process timelines
- address where documentation can be obtained
- address where further information will be provided (if relevant)
- address for receiving submissions
- contact details for person(s) managing the market approach

Late Submissions may be accepted with the following protocols:

- late submissions are not to be accepted unless the supplier can clearly document to the satisfaction of the mandated health service's Chief Procurement Officer (CPO) that an event of exceptional circumstances prevailed
- the CPO must also be satisfied that accepting a late submission would not compromise the integrity of the market approach
- ensure the details of late submission and the decision-making process for including or excluding late submission are included in the evaluation recommendation

Evaluation of bids from suppliers

- conduct the evaluation process with probity, fairness, consistency and impartiality and evaluate against the same specified criteria and weighting where provided
- clearly define the role of the probity auditor/probity advisor and/or advisory groups formed to advise and assess elements of a submission
- note and address any real or potential conflict of interest before starting the evaluation process
- separate the roles of the probity auditor and probity advisor for procurement activity that is critical and/or high risk
- document, and be able to defend, all stages of the decision-making process

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6. **Negotiation** includes the entire process from evaluation of responses to supplier selection & appointment including contract negotiation and execution. During this phase, negotiations may involve improving value for money outcomes for SGH agreeing solutions to contractual differences or requests for best and final offers where there are two or more suppliers who provide equal value for money.

SGH must ensure:

- the negotiation process is transparent, recorded and conducted in a manner that is fair and equitable for all parties shortlisted
- negotiation outcomes are clearly defined and documented
- negotiations seeking further information, improvements to a supplier's bid or a best and final offer are conducted in a consistent manner and that any accepted improvements are within the scope of the market approach

7. Supplier Selection

SGH must:

- inform all suppliers of the status of their submissions
- create a formal agreement between parties for the selected supplier(s) which clearly outlines the responsibilities of both parties including any commitments made in the supplier response to the invitation to supply concerning delivery of the requirements and performance measures
- debrief unsuccessful suppliers in relation to their submission, if requested

Contract Transition is the planning and implementation of all necessary steps to move from one supply arrangement to another whether this be with different suppliers or moving from one agreement to a new agreement with the same supplier.

Contract Management are the activities conducted by SGH to ensure compliance with agreed deliverables as part of an established contract and seek opportunities to achieve ongoing value for money outcomes from the contract.

The following mandatory clauses only apply to procurement-related contracts where SGH engages with third-party vendors and is responsible for formalising the agreement.

Mandatory Clauses must include a **transition, confidentiality and supplier code of conduct clauses**. The inclusion of the Transition Clause supports HSV's function in providing value for money through aggregated demand in HSV's Collective Agreements and Supply Chain. The inclusion of the Supplier Code of Conduct clause supports the Victorian Government's commitment to ethical, sustainable, and socially responsible procurement. The inclusion of the Confidentiality Clause supports health services and the supplier in ensuring probity and confidentiality between all parties. The details are outline over the next two pages.


Transition Contract Clause

"If HealthShare Victoria enters into a contract in respect of Goods (or Services) which may apply to all Victorian public hospitals, denominational hospitals, private-operated hospitals and/or metropolitan health services (as listed in schedules 1, 2, 4 and 5 of the Health Services Act 1988 (Vic) ("the State wide contract"), then: a) the Organisation may give notice to the Contractor that it wishes to purchase the Goods (or Services) on the terms and conditions of the HealthShare Victoria contract from a future specified date; and b) this Agreement shall end on the date specified by the Organisation; and c) the Contractor shall have no claim against the organisation or its agents, employees, officers or servants in respect of this Agreement ending or the Organisation exercising its rights under this clause.

Confidentiality Contract Clause

"Use of Confidential Information

- a) *The Contractor must (and must ensure that its employees, agents and advisers will):*
- use and reproduce Confidential Information only to perform its obligations under this Agreement;*
 - not disclose or otherwise make available Confidential Information other than to personnel who*

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have a need to know the information to enable the Contractor to perform its obligations under this Agreement.

b) All Confidential Information will remain the property of the Organisation and all copies or other records containing the Confidential Information (or any part of it) must be returned by the Contractor to the Organisation on termination or expiry of this Agreement

c) The Contractor accepts that the Organisation is required to supply data and information to HealthShare Victoria about their current pricing and usage volume, pursuant to legislation. The Contractor unconditionally waives any rights that would prevent this supply from taking place and undertakes to desist from any action to enforce such rights.

d) The Contractor acknowledges that the Organisation will be entitled (in addition to any other remedy it may have) to seek an injunction or other equitable relief with respect to any actual or threatened breach by the Contractor of this and without the need on the part of the Organisation to prove any special damage.

Disclosure

The Contractor hereby acknowledges and/or consents to:


- a) the Organisation providing any information which the Organisation has obtained from the Contractor pursuant to the Invitation to Supply, the Offer and/or this Agreement (including financial information) to third parties for the purposes of benchmarking, monitoring, comparison or evaluation of:

 - i. contracts of this type; or*
 - ii. the purchase of the Goods,*
 with the Organisation taking reasonable steps (in its opinion) to keep such information confidential (including requiring the relevant third party to sign a confidentiality agreement) (include reference to confidential agreement only if contractor demands it).*
- b) the Organisation (or such other public sector agency as may, from time to time, be responsible for doing so) publishing, whether on the internet or otherwise, all such information as is necessary to comply with the requirements of HSV Purchasing Policies;*
- c) the Organisation making available all information requested to HealthShare Victoria;*
- d) the Organisation making available to the Victorian Auditor-General all information that is requested by the Auditor-General;*
- e) the Organisation making available all information in relation to the Contractor or this Agreement as may be required to comply with its obligations under the Freedom of Information Act 1982 (Vic);*
- f) the Organisation making available, Confidential Information to Parliament, the Governor, Cabinet or a Parliamentary or Cabinet committee or sub-committee;*
- g) the Organisation making available, Confidential Information to any agency, authority, instrumentality, Minister or officer of the State to whom it is customary for the Organisation to disclose the Confidential Information (whether or not the Organisation are legally obliged to do so);*
- h) only being able to make public announcement in relation to this Agreement with express prior written consent of the Organisation.*

Non-disclosure of patient information The Contractor shall ensure that its employees or agents are made aware and comply with the provisions of section 141 of the Health Services Act 1988 (Vic) and section 346 of the Mental Health Act 2014 (Vic) (where relevant) which relate to the unlawful disclosure of patient information.

Contractor Privacy

The Contractor acknowledges that it will be bound by the Information Privacy Principles and any applicable Code of Practice with respect to any act done or practice engaged in by the Contractor under or in connection with this Agreement or any Purchase Order Contract in the same way and to the same extent as the State or the Organisation would have been bound had it been directly done or engaged in by the State or the Organisation.

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Data protection

The Contractor acknowledges that it will be bound by the Protective Data Security Standards and will not do any act or engage in any practice that contravenes a Protective Data Security Standard in respect of any data collected, held, used, managed, disclosed or transferred by the Contractor, on behalf of the Organisation, under or in connection with this Agreement.

Indemnity

The Contractor indemnifies the Organisation in respect of any loss, liability or expense suffered or incurred by the Organisation out of or in connection with a breach of the Contractor's obligations under, except to the extent that the loss, liability or expense is directly caused by a negligent or wrongful act or omission of the Organisation or any of its officers or employee

Supplier Code of Conduct Clauses

Invitation to Supply Document Clause

Supplier Code of Conduct

- a) The Victorian State Government is committed to ethical, sustainable and socially responsible procurement and we expect the same high standards of our Suppliers.*
- b) The Victorian State Government's Supplier Code of Conduct is available at the Victorian Government Purchasing Board website: <https://www.buyingfor.vic.gov.au/supplier-code-conduct>*

Updates and amendments to the Code will also be made available at this website. Respondents are to familiarise themselves with the Supplier Code of Conduct and include in their response the completed Commitment Letter

Contract Agreement Clause

Supplier Code of Conduct


- a) The Victorian State Government's Supplier Code of Conduct is available at the Victorian Government Purchasing Board website: <https://www.buyingfor.vic.gov.au/supplier-code-conduct>. Updates and amendments to the Code will also be made available at this website.*
- b) The Contractor acknowledges that:*

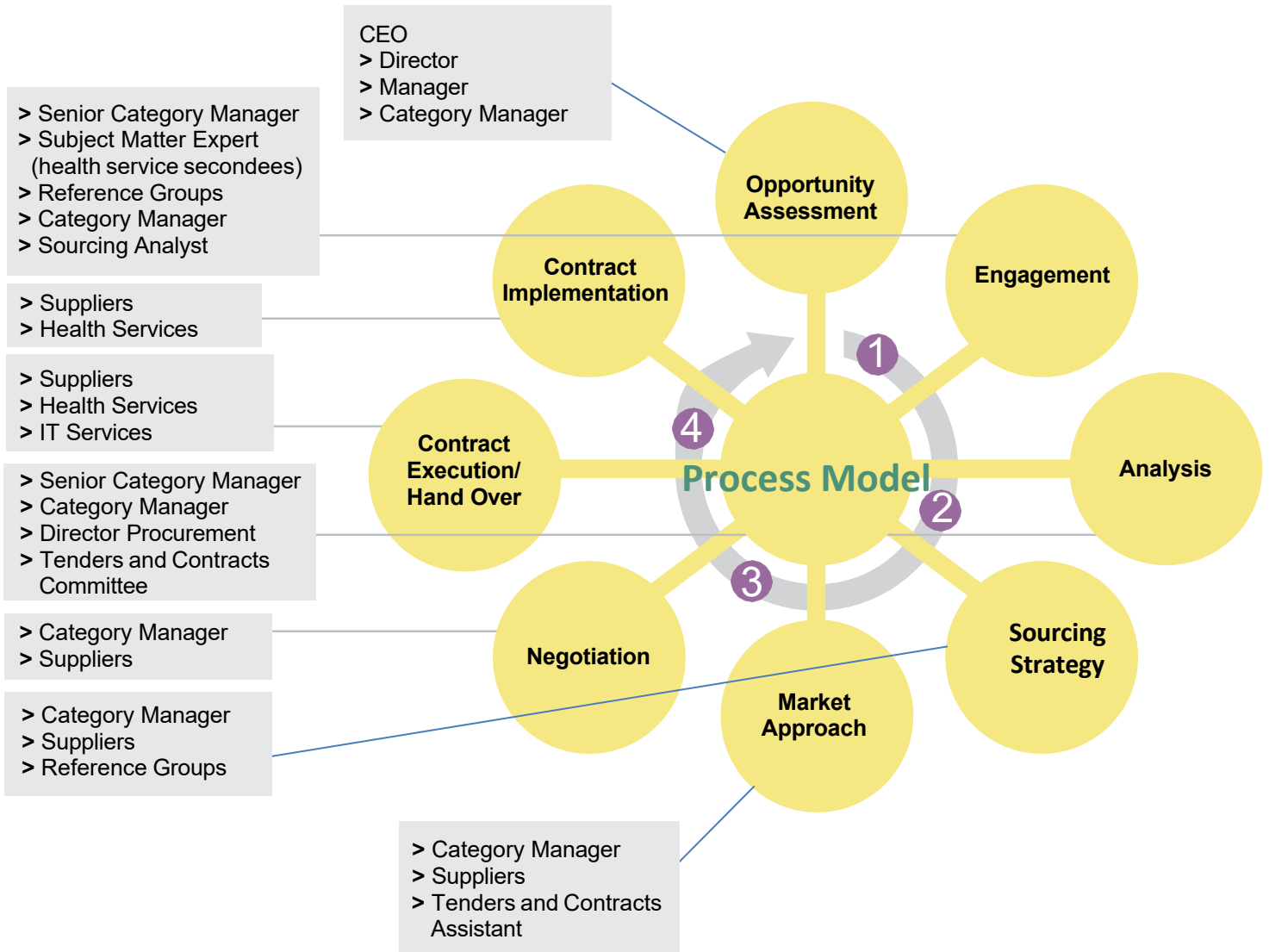
- i. the Supplier Code of Conduct is an important part of the State's approach to procurement and describes the State's minimum expectations regarding the conduct of its suppliers;*
- ii. the Contractor has read the Supplier Code of Conduct; and*
- iii. the expectations set out in the Supplier Code of Conduct are not intended to reduce, alter or supersede any other obligations which may be imposed on the supplier, whether under this Agreement or at Law'*

Purchase Order Terms and Conditions Clause


Supplier Code of Conduct

- a) The Victorian State Government's Supplier Code of Conduct is available at the Victorian Government Purchasing Board website: <https://www.buyingfor.vic.gov.au/supplier-code-conduct>. Updates and amendments to the Code will also be made available at this website.*
- b) The Contractor acknowledges that:*
 - i. the Supplier Code of Conduct is an important part of the State's approach to procurement and describes the State's minimum expectations regarding the conduct of its suppliers;*
 - ii. the Contractor has read and aspires to comply with the Supplier Code of Conduct; and*
 - iii. the expectations set out in the Supplier Code of Conduct are not intended to reduce, alter or supersede any other obligations which may be imposed on the supplier, whether under this Agreement or at Law'*

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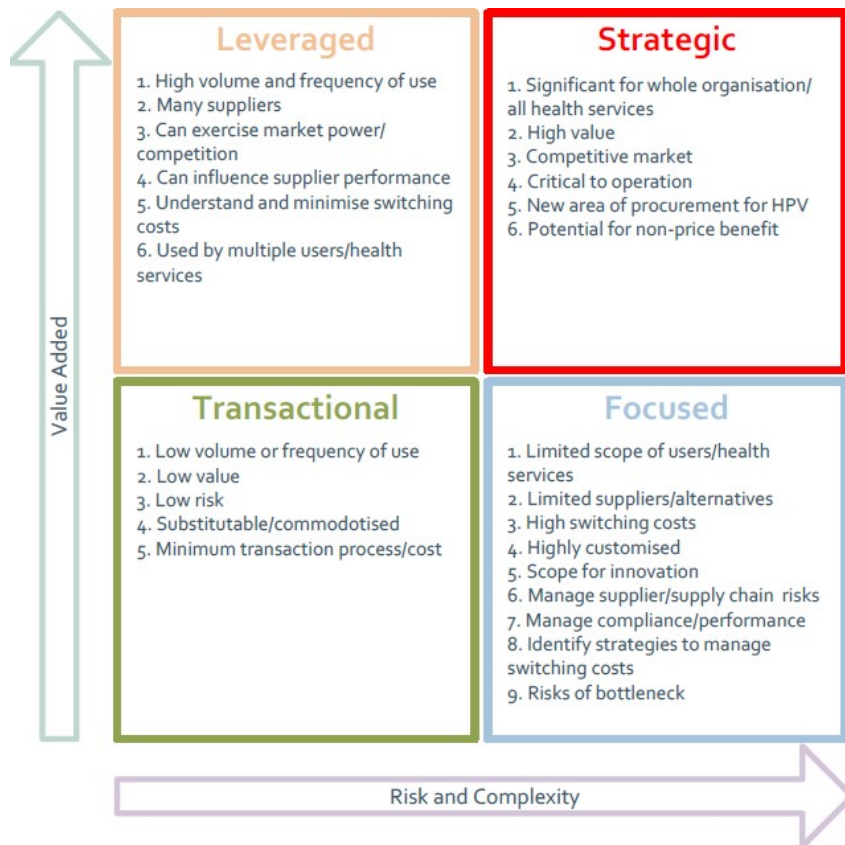


The analysis phase, adopting a category management methodology, will be undertaken using standard tools and templates. This will involve the completion of the following a Complexity Assessment Tool and a Market Analysis Tool. The outcome of this analysis will then determine the complexity of the procurement and then assign a procurement approach based on the complexity quadrant below. This in turn will determine the market approach strategy for each activity

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Complexity Assessment Framework

The analysis phase, adopting a category management methodology, will be undertaken using standard tools and templates. This will involve the completion of the following a Complexity Assessment Tool and a Market Analysis Tool. The outcome of this analysis will then determine the complexity of the procurement and then assign a procurement approach based on the complexity quadrant below. This in turn will determine the market approach strategy for each activity.



Market Approach Strategy


Complexity Assessment Quadrant	INVITATION TO SUPPLY			
	EOI	RFI	RFQ	RFT
Transactional	✓		✓	
Leveraged	✓		✓	
Focused	✓		✓	
Strategic	✓	✓		✓

EOI - expression of interest

RFQ- Request for quote

RFI – Request for information

RFT- Request for tender

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Strategic Analysis

- To assist with planning the strategic direction of procurement an annual analysis of complexity, risk, and of the prevailing conditions of the market is undertaken.
- The outcomes of these assessments inform the approach to market and are to be used as an adjunct to the financial thresholds.
- Staff, systems and processes must be in place to ensure that sufficient expertise and other resources are in place to carry out the procurement successfully and achieve best value outcomes.

PROBITY


- SGH must ensure probity in its entire procurement process.
- Probity is the evidence of ethical behaviour in a particular process. It contributes to sound procurement processes that accord equal opportunities for all participants. A good outcome is achieved when probity is applied with common sense.
- Probity should be integrated into all procurement planning and should not be a separate consideration.
- The procurement process rules must be clear, open, well understood and applied equally to all parties to the process.
- SGH should not seek to benefit from supplier practices that are objectionable, dishonest, unethical or unsafe.
- Procurement of services should be conducted in a way that recognises that suppliers are accountable for the delivery of services in the same way as if SGH carried out the service itself.
- In carrying out one's duties, SGH staff, contractors and health services participants must not allow themselves to be improperly influenced by family, personal or business relationships.

Personal and Corporate Sponsorships

- The policies related to Gifts, Benefits and Hospitality Policy.

CONFIDENTIALITY

- Documents on purchasing and information received from tenderers must be kept confidential.
- The identity of bidders should not be disclosed during the selection process.
- A "clear desk" policy is recommended when handling purchasing information.
- It is the responsibility of the manager of the purchasing process to ensure bids are seen only by appropriate staff.
- All invitations to supply documentation must be kept in a secure location when not in use.
- Negotiations after the closure of the tender must not adversely affect the confidence of participants in the process.
- Manage both written and telephone communication carefully to ensure that all bidders receive the same information.
- Select tender evaluation panel members on the basis of their expertise in and knowledge of the evaluation criteria.
- Establish an official SGH file at the beginning of the process and ensure that all communications with bidders and the deliberations of the tender evaluation panel are properly recorded.
- Brief all panel members on their responsibilities with regard to advising of potential or actual conflicts of interest both before and during the process, and act swiftly when conflicts of interest arise.
- The CEO is responsible for monitoring the tender process.

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CRITICAL INCIDENT

In a critical incident, SGH may adopt streamlined and flexible procurement processes to facilitate an immediate response to an emergency, crisis or disaster. If such a process is adopted, SGH must:

- 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
- adopt minimum record keeping processes

The following information must be recorded with a view to being accountable for decisions in relation to:

- the good/service being procured
- the purpose of the procurement activity
- the total value of the procurement (including 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

A register must be maintained by the CPO and reported annually to the Board the following information regarding procurement activities during a critical incident:

- total value of goods purchased
- total value of services purchased
- the nature of the critical incident to which the procurement values relate
- the date at which procedures under critical incidents cease

COMPLAINTS MANAGEMENT

To minimise or avoid supplier complaints, SGH must

- ensure clarity of sourcing documentation;
- provide sufficient time to allow potential respondents to prepare and lodge a response to an approach to the market;
- ensure that sourcing rules and the evaluation plan are followed;
- ensure that insurance and liability capping requirements are appropriate for the procurement before the process begins.

However, complaints may still arise and SGH must promote a robust complaints management process.

To ensure transparency, accountability and effective complaints handling, SGH must follow the process in the SGH complaints management policy in handling complaints received. Where a complainant is unhappy with the outcome of the complaint investigation or would like to escalate the issue, SGH must provide details of other government organisations that can be approached by the complainant.


SOCIAL PROCUREMENT

Access for Small Medium Enterprises (SME)

SGH will participate in procurement practices that facilitate and encourage small medium enterprises to access procurement opportunities at SGH. As defined by the Australian Bureau of Statistics, small to medium enterprises are organisations with 0-199 staff and, for the purpose of this policy, include local businesses, social benefit suppliers and not for profit organisations.

To facilitate SME engagement, SGH is required to (where appropriate)

- allow for continuity of any arrangements with local businesses, where the impact and benefit to the local community is the best value outcome for the particular good or service;
- implement procurement practices that provide opportunities for SMEs to participate in new and upcoming procurement activities;

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- encourage supply chain management within existing and new collective agreements to involve more SMEs.

Sustainable Purchasing

SGH objectives include a commitment to embed sustainable procurement practices into health. This is because over 60% of the environmental impact of healthcare provision occurs as an indirect result of purchased goods and services.

SGH commitment to improve sustainable health procurement practices includes

- identifying those categories within the supply chain and managed by HSV, that have significant environmental impacts, social impacts, or other sustainability risks and then investigating viable means of mitigating these impacts or risks on behalf of health services;
- evaluating environmental management, by potential suppliers, within the assessment of value for money during Invitations to Supply (ITS);
- seeking to procure, within ITS, environmentally-preferred goods and services that meet health service needs and provide value for money;
- reporting to the Department of Health on metrics relating to the environmental sustainability of health supply chain.

COLLECTIVE PURCHASING

It is understood that SGH must:


- only purchase from a HSV collective agreement, arrangement, or supply chain, any good or service that has been sourced by HSV
- be actively responsible and accountable for the establishment of internal processes and ongoing requirements of compliance with HSV collective agreements
- be compliant with HSV collective agreements, supply chain conditions/specifications, approved State Purchasing Contracts, opportunities, and this includes reporting
- apply for an exemption from HSV collective agreements, supply chain arrangements, and HSV approved SPC only in specific circumstances

If the CEO or delegate has capability and capacity, they will assist HSV to identify, provide, and nominate potential aggregate opportunities. SGH will assist HSV to understand any spend analysis or complexity assessment that may indicate grounds for aggregate demand or benefits from HSV involvement in a collective agreement process.

SGH will collect / submit data to assist in the identification process and develop the HSV sourcing program.

Additionally, SGH will provide input into the development of business cases as requested, as well as nominate participants in consultative and advisory groups where appropriate and if capacity in the areas of products or services.

Specifically, SGH may (although unlikely due to capacity) assist in the development of key performance indicators, contract management plans, evaluate bid responses, provide information to understand the organisation's resourcing, clinical and other operational requirements.

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PROCUREMENT PERFORMANCE MONITORING

The CEO is responsible for ensuring SGH procurement policies, strategy and procedures comply with the HSV Health Purchasing Policies, and other relevant government legislation and requirements e.g., the Victorian Industry Participation Policy, and good probity practice.

All SGH staff are responsible for ensuring that procurement practices within SGH are conducted in accordance with the SGH policy and procurement strategy.

The SGH CEO is responsible for ensuring compliance to the SGH procurement policy, procedures and practices. This responsibility can be delegated to the executive leadership team of SGH.

The SGH Board will conduct regular audits to ensure procurement and probity practices are in alignment with policy and may require the SGH CEO to provide a compliance statement in SGH annual report to the Minister.

Any variation to the process must be authorised by the SGH CEO. The SGH Procurement Governance Framework will be reviewed annually.

ASSET DISPOSAL

The SGH Asset Management Policy outlines requirement for asset disposal.

REFERENCES

Standing Directions – Health Services Act 1988
 Bairnsdale Regional Health – Procurement Policy (October 2023)
 Bass Coast Health Procurement Strategy (2020)
 Bass Coast Health Procurement Policy (April 2025)
 Peninsula Health Procurement Policy – April 2018 (2020)
 HSV Purchasing Policies training (November 2023)
[Purchasing Policies » HealthShare Victoria](#)

CONTRIBUTORS

Contributors	Name/Position	Department/Committee
Policy Owner	Paul Greenhalgh, CEO	
Lead Reviewer	Paul Greenhalgh, CEO	
Contributor/s	Emmah Welsh, Former CPO	
Gender Impact Assessment Required	No	
Previous Approvals	Chris Trotman, CEO 2019 Paul Greenhalgh, CEO 2020,2022 31 August 2023 November 2023 August 2024	ARMC ARMC ARMC
Approved Date	27 August 2025 ARMC & Board 25 September 2025	