

PROCUREMENT OF GOODS AND SERVICES - SCHN POLICY[®]

DOCUMENT SUMMARY/KEY POINTS

- To ensure that SCHN procurement activities for goods or services complies with NSW Ministry of Health policies.
- To minimise risks in procurement activities for the Network.
- To achieve value for money in the procurement of goods or services.
- To maximise agreements with suppliers.
- To ensure ongoing competition for the provision of goods or services.
- To ensure suppliers have capacity to meet the Hospital's operational needs.
- To comply with the code of conduct when liaising with SCHN suppliers.
- To maintain adequate records including supplier quotations in all procurement activities.

Approved by:	SCHN Policy, Procedure and Guideline Committee	
Date Effective:	1 st October 2014	Review Period: 3 years
Team Leader:	Manager [CHW & SCH]	Area/Dept: Corporate Services

CHANGE SUMMARY

- This document has been updated to include the latest NSW Ministry of Health Goods and Services procurement manual released on the 8th August 2013.
- The changes include the disclosure of all contracts over \$150K (GST inclusive) in line with GIPA.

READ ACKNOWLEDGEMENT

- All staff should be aware of this policy.
- All managers should read and acknowledge they understand the contents of this policy.

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Procurement Policy

NSW Ministry of Health has strict policies for the procurement of goods or services which are summarised in this policy including using whole of Government contracts and complying with NSW Procurement policy including the code of practice.

Whole of Government Contracts

SCHN employees or volunteers are required to purchase goods or services from NSW Government contracts. A catalogue of items is available in **NSW Procurepoint**:
<http://www.procurepoint.nsw.gov.au>

A purchase order is required for the supply of all goods and services to the SCHN sites. The purchase requisition should reference the quotation number and date selected and value of alternate quotes not selected.

SCHN staff must comply with the following in all procurement activities for the Network.

1. The **NSW Ministry of Health Goods and Services Procurement policy** located at:
<http://www.health.nsw.gov.au/policies/manuals/Documents/Goods-Services-Policy-Manual.pdf>
2. **SCHN Delegations Manual** located at:
<http://chw.schn.health.nsw.gov.au/o/documents/policies/policies/2013-9050.pdf>
3. **NSW Ministry of Health Code of Conduct policy** located at:
http://www0.health.nsw.gov.au/policies/pd/2012/pdf/PD2012_018.pdf
4. **Conflicts of Interest must be disclosed** as soon as possible. See SCHN policy located at: <http://chw.schn.health.nsw.gov.au/o/documents/policies/policies/2011-9005.pdf>

Integrity and Impartiality

SCHN staff must treat all bidders in a fair and equitable manner avoiding preferential treatment and provide the same information to all parties in a consistent manner during the procurement and evaluation process. Therefore if three quotes or tenders are required each supplier must have access to the same information.

Effective Competition

The procurement process must maximize competition and ensure value for money is achieved during the procurement process. Therefore one supplier should not continually be asked to provide quotes for similar smaller tasks under \$30,000. This type of purchasing should be provided through a panel of suppliers who compete on a regular basis for price and quality.

Total cost of Ownership

The procurement process must ensure that the total cost of the equipment or services are quoted upfront and equipment purchases should include consumables, maintenance

agreements for up to five years (paid annually) to ensure all known costs are including in an agreement.

Procurement process

The procurement process must generally follow a seven stage process including:

1. Needs analysis
2. Funding approval
3. Procurement Planning
4. Preparation of specifications
5. Evaluation of quotes
6. Contract management
7. Procurement evaluation

Risk management

Consideration of risk is a necessary part of the procurement process including the following:

- **Risk Identification:** identifying risks associated with the project.
 - What incidents could occur and why.
- **Risk Assessment:** the likelihood and magnitude of the risks.
 - Develop a likelihood and consequence matrix.
- **Risk Mitigation:** strategies for pre-empting and treating the occurrence of a risk.
 - Identify options for reducing the likelihood of the risk occurring and treatment strategies including risk mitigations plans.
- **Risk Allocation:** detailing responsibility for managing a risk.
 - Specifying the degree of responsibility for avoiding the occurrence of the risk and the treatment of the risk should the risk be realised.

Monitoring and Control: identifying new risks as they emerge.

Code of Conduct and Business Ethics

SCHN has a strict policy for staff and suppliers involved in the procurement process for provision of goods or services. These following policies must be adhered to and is available on the SCHN Intranet.

- Code of Conduct policy (SCHN coversheet to MoH Code of Conduct):
<http://chw.schn.health.nsw.gov.au/o/documents/policies/policies/2011-9004.pdf>
- Business Ethics policy:
<http://chw.schn.health.nsw.gov.au/o/documents/policies/policies/2011-9007.pdf>

Quotation or tendering thresholds

The following requirements are applicable to purchase of goods or services including consultants, equipment, consumables, stock items or equipment hire. The exception is when there is only one supplier for that type of goods or service. In such situations the purchase requisition must contain comments that the goods or services are not available from any other vendor.

Key Requirements:

Expenditure value (GST inclusive)	Purchase requirements
Less than \$3,000	No written quotation necessary
More than \$3,000 And up to \$30,000	At least one written quotation
More than \$30,000 And up to \$250,000	Three written quotations. This includes whole of Gov't panel or standing offer NSW State contracts which are not fixed prices. <i>Note: SCHN Policy requires a Business Case for all equipment purchases over \$25,000.</i>
More than \$250,000	Open Tender required NSW Government standing offer or whole of Government Contract items do not require open tender.

Note: Procurement activity above \$250,000 or considered high risk requires the appointment of a responsible office who co-ordinates the procurement activity including establishment of a risk management register and follow the seven stage procurement process. Such activity requires the development of a procurement plan addressing any risks and approved by the SCHN Finance and Performance Committee.

Open Tenders

- Tenders are conducted by HealthShare or Public Works (construction) take up to approximately 6 months or possibly longer.

Purchase from a Standing Offer Agreement

(Whole of Government Contracts, Lead Agency or NSW Health contract)

If the Agreement is a panel contract, then value for money should be demonstrated by seeking at least three quotes.

The rules addressing financial thresholds do not apply when purchasing from an existing Standing Offer Agreement, and there is no requirement to conduct a tender as the open market has already been used in establishing the Agreement. Wherever possible a minimum of three (3) quotes is required for Government contact items. The exception is fixed price Government contracts.

Splitting Identical Purchases

It is unacceptable to divide a particular procurement activity into separate orders or use a particular method to calculate the estimated total value for the purpose of circumventing an approach to the open market or avoid obtaining additional quotes or open tender etc.

Therefore the expenditure values stated above are the total estimated expenditure over the proposed agreement term. **E.g. Annual expenditure of \$100,000 for good or services over a three year agreement totals \$300,000 requires an open tender.**

SCHN expert advice

Procurement of goods and services must be referred to the appropriate area for expert advice prior to commencing any procurement activity.

Category	Contact Position	Contact Phone Number
Clinical Products	Clinical Product Coordinators	Randwick – 9382 3665 Westmead – 9845 3640
Clinical Equipment	Biomedical Engineering	Randwick – 9382 5202 Westmead – 9845 2586
IT Services software or hardware	IT Services Manager	Both campuses 9845 0456
Facility minor works or modifications	Manager Corporate Services Health Service Planner	Randwick – 9382 1308 Westmead – 9845 3510
Office Furniture (desks or workstations)	Manager Corporate Services Health Service Planner	Randwick – 9382 1308 Westmead – 9845 3510
Office Furniture (Chairs)	Manual Handling & Ergonomic Coordinator, Work Health and Safety	Both sites - 9845 3555
Voice Communication	Manager Corporate Services Voice Communication Manager	Randwick – 9382 1308 Westmead – 9845 3609

Disclosure of contracts over \$150,000

All procurement activity resulting in contracts (includes purchase orders) valued in excess of \$150,000 (GST inclusive) must to be disclosed in accordance with NSW Policy Directive PD 2011_11 locate at: http://www0.health.nsw.gov.au/policies/pd/2011/pdf/PD2011_011.pdf

The SCHN Finance Department coordinates the disclosure of all purchases over \$150,000

Performance Reporting - consultants or service providers

All consultants and contractors (i.e. service providers), engaged by SCHN for goods and services contracts valued over \$30,000, are to have their performance reported and recorded (see details and guidelines below).

Records must be maintained by each Department to meet NSW Treasury requirements to departments for annual reporting compliance. Each Department is to record engagements valued less than \$50,000 including the total number of consultancies and the total cost and, for those engagements over \$50,000, name of the consultant, title of project (identifying the true nature of the work) and actual costs.

For further information refer to the NSW Ministry of Health Procurement Policy.

Tendering & Gateway review

All tenders are conducted by HealthShare which requires approval by the Chief Executive before a tender can proceed. The overall tendering process can take approximately 6 months or more if it is a complex procurement agreement. Complex procurement above \$10M and not on state contract requires a Gateway review.

For further inform use the following link.

- **NSW Procurement Gateway Review System:**
<http://www.procurepoint.nsw.gov.au/before-you-buy/gateway-review-system>

Environmentally sustainable procurement

The NSW Government Sustainability Policy, the NSW Health Environmental Sustainability Strategy 2012-2015, and the NSW Health Waste Reduction and Purchasing Policy (WRAPP) provide guidance and targets for SCHN to become a more environmentally sustainable entity through the following activities:

1. Reducing waste;
2. Encouraging the efficient use of energy and water;
3. Increasing recycling;
4. Procuring goods with recycled components;
5. Selecting suppliers with environmentally sustainable business practices; and
6. Resourcing and procuring efficient appliances.

Environmentally sustainable procurement is a mandatory consideration.

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