
Subject: Contract Management
Section: Administration
Responsibility: Chief Executive Officer



Objective

An established contract management framework is a requirement of mandated health services that outlines the requirements for contract implementation and management for maximum benefit from the procurement outcome.

Definitions

Chief Procurement Officer (CPO) - The Chief Procurement Officer role is established by the Chief Executive Officer of a mandated health service. The role has visibility and oversight of the entire non-salary spend profile of the health service.

Contract Management is the systematic and efficient management of contract creation, execution and analysis for the purpose of maximising financial and operational performance and minimising risk.

Health Purchasing Victoria (HPV) - Established in 2001 to improve the collective purchasing power of Victorian public health services and hospitals. HPV achieves 'best value' outcomes in the procurement of health related goods, services and equipment through more than 40 contract categories.

Principles

Health purchasing policies are made by the Health Purchasing Victoria (HPV) Board in accordance with s134 of the Health Services Act 1988. These policies are legally binding, effective from date of publication in the Government Gazette, and must be complied with.

The health purchasing policy framework is based upon the Victorian Government Purchasing Board (VGBV) supply policies and must be complied with in conjunction with s1.4.3 of the Victorian health funding conditions.

A contract management framework must ensure roles and responsibilities are clearly identified and defined, include the development of procurement strategies and plans, and that these are implemented and monitored for compliance.

The Chief Executive Officer must ensure that:

- contracts are managed on behalf of the health service by people with sufficient capability;
- contracts clearly define the deliverables, performance standards, and review mechanisms required from the supplier;
- Kerang District Health's contract management strategy is reviewed annually to confirm alignment with the procurement profile of Kerang District Health and broader government objectives.

The Chief Procurement Officer must ensure:

- Contract Management is conducted in a manner appropriate to the risk and complexity of the procurement activity, with appropriate record keeping and monitoring mechanisms;
- Collective Purchasing (complying with HPV collective purchasing agreements, reporting compliances and assisting with identification of aggregations opportunities);
- A KDH Purchase Order is issued to suppliers and contractors when goods and services are being purchased;
- Keep an appropriate record of contracts on a contracts register;
- Monitor contracts to ensure that key events are managed effectively including:
 - ✓ the contract expiry date, by initiating the necessary procurement action well in advance of expiry;
 - ✓ that timely decisions are made with regard to any contract options available;
 - ✓ the expiry date of insurance or other relevant certificates and that new certificates are obtained prior to expiry.

Robert Jarman
Chief Executive Officer

Aligned Policies

KDH Purchasing protocol

KDH Procurement Complaints Management protocol

Standards:

NSQHS Standard 1 Governance 1.1.1

AACQA Standard 1 – 1.7

Referencse:

State and Commonwealth Legislation - Health Services Act s134

Health Purchasing Policy, 4 - Contract Management and Asset Disposal, Health Purchasing Victoria.

Bendigo Health Policies and Protocols

Date Developed:

15.05.2015

Review Date/s:

Next Review Date:

15.05.2018