



Procurement and Contract Management Policy

1. Purpose

Health Service Providers are enabled to procure goods, services and building works and maintenance necessary for their operations through:

- (a) a partial exemption under the *State Supply Commission Act 1991* for goods and services; and
- (b) a delegation from the Department of Health's Chief Executive Officer to Health Service Provider officers under the *Health Services Act 2016* for capital and maintenance works of public health service facilities, in accordance with an exemption order from the Minister for Works.

The State Supply Commission's partial exemption and the exemption order from the Minister for Works requires Health Service Providers to comply with a number of terms and conditions when undertaking procurement processes.

This Policy assists Health Service Providers to comply with the requirements of State Supply Commission policies by outlining the minimum process, documentation and governance requirements for procurement, contract development and contract management activities undertaken by Health Service Providers.

This Policy relates to the procurement of goods and services, including community services and Information and Communications Technology (ICT), and building maintenance and works. This Policy should be read in conjunction with State Supply Commission policies, the Western Australian (WA) Government's *Delivering Community Services in Partnership Policy*, the *Works Procurement Policy* and other related policies as outlined in the *Procurement Policy Framework*.

This Policy is a mandatory requirement under the *Procurement Policy Framework* pursuant to section 26(2)(d) of the *Health Services Act 2016*.

Integrity Statement

Health Service Provider staff members will conduct procurement activities to the highest standards of integrity, probity and accountability.

In complying with this Policy staff members will ensure that:

- all decisions regarding procurement are made by an appropriately authorised officer, and are transparent and capable of review
- all conflicts of interest are identified, declared and managed in the public interest
- the principles of consistency, impartiality and confidentiality are upheld
- adequate records are maintained to provide for scrutiny and review of decisions.

Staff members will comply with all requirements related to the use of the mandatory *Managing Conflicts of Interest Policy*, and the *Gifts, Benefits and Hospitality Policy*, including requirements to use the mandatory systems to register, declare and seek approval for any conflicts of interest that arise or gifts received.

Please refer to the [Integrity Policy Framework](#) for further details.

2. Applicability

This Policy is applicable to all Health Service Providers.

3. Policy requirements

3.1 Contract Development Policy Statement

3.1.1 Contract Development Process Requirements

Health Service Providers are required to comply with the requirements of State Supply Commission policies, when undertaking a procurement process.

3.1.2 Minimum Competitive Process Requirements

When procuring goods and/or services from the open market, Health Service Providers are required to apply open and effective competition by undertaking competitive sourcing processes in accordance with the tables below. The tables below set out the minimum requirements only. Health Service Providers should also consider the nature of the market, complexity and risk, process efficiency or any other relevant factors when selecting the procurement method.

Total Estimated Contract Values are based on the ongoing need over the life of the contract, including extension options and cost escalation provisions (where applicable). They are also inclusive of GST.

Total Estimated Contract Value (x)	Minimum Competitive Process Requirements (Original)
$x < \$50,000$	Determine the most appropriate procurement method including direct sourcing or verbal or written quotations based on assessment of the nature of the market, complexity and risk, and process efficiency.
$\$50,000 \leq x < \$250,000$	Seek competitive written quotes.
$\$250,000 \leq x$	Advertise an open tender through a public advertisement.

A temporary set of minimum competitive process requirements have been introduced to support economic recovery following the COVID-19 pandemic. These temporary minimum requirements will apply in lieu of the original minimum competitive requirements (set out in the above table) when there is an opportunity to purchase from a local business and one or more local businesses are invited to submit an offer.

The temporary minimum requirements will be in effect for as long as the State Supply Commission (SSC) [Open and Effective Competition Policy](#) continues to make provision for Temporary Monetary Thresholds.

Total Estimated Contract Value (x)	Minimum Competitive Process Requirements (Temporary)
x < \$50,000	Determine the most appropriate procurement method including direct sourcing or verbal or written quotations.
\$50,000 ≤ x < \$250,000	Seek written quote(s) or direct source. The request must be issued in writing, and the offer must be received in writing.
\$250,000 ≤ x < \$500,000	Seek competitive written quotes.
\$500,000 ≤ x	Advertise an open tender through a public advertisement.

Complying with Existing Procurement Arrangements

Prior to progressing to the open market, Health Service Providers must first consider whether their requirements can be met by purchasing under an existing procurement arrangement, such as a Common Use Arrangement (CUA), Whole-of-Health (WoH) contract or other standing-offer arrangement available to Health Service Providers. Where an existing procurement arrangement covers the scope of a given procurement, Health Service Providers must undertake the procurement in accordance with the buying rules of the relevant arrangement. These buying rules take precedence over the competitive requirements outlined in the above table.

Exemptions from Minimum Competitive Requirements and Existing Procurement Arrangements

In accordance with the provisions of the State Supply Commission's *Open and Effective Competition Policy* (effective as at 12 April 2019), applicable Free Trade Agreements and the *Works Procurement Policy*, exemptions from the minimum competitive process requirements may be granted where circumstances exist which support the requirements not applying. In these circumstances, Health Service Providers must submit a Request for Exemption to the Chief Procurement Officer, Health Support Services (the Chief Procurement Officer).

In addition, Health Service Providers must seek approval from the Chief Procurement Officer in accordance with the State Supply Commission's *Open and Effective Competition Policy* and the *Works Procurement Policy* for contract development processes where the intended period of the contract exceeds five years. This is intended to ensure that value for money is maintained over the long term through market testing, and that the new suppliers are provided the opportunity to tender for Government business.

Health Service Providers may also seek exemptions from the buying rules of an existing procurement arrangement where circumstances exist to support the buying rules not applying. Where the existing procurement arrangement is a CUA established by the Department of Finance, the exemption must be approved by an authorised officer within the Department of Finance with endorsement from the Director, Office of the Chief Procurement Officer, Health Support Services. Where the existing procurement arrangement is owned and managed by the Department of Health or a Health Service Provider, the exemption must be approved by the Chief Procurement Officer.

Purchasing from an Australian Disability Enterprise or an Aboriginal Business

Where there is an opportunity to:

- (a) procure from a business that is registered¹ as either an Australian Disability Enterprise or Aboriginal business
- (b) and the estimated total value of the purchase is below \$50,000

Health Service Providers may procure directly from those entities without complying with the minimum competitive requirements and approval for an exemption from the Chief Procurement Officer will not be required. However, evidence that the entity from which such a purchase is made is appropriately registered, must be recorded as part of the documentation for that procurement.

Purchases from a registered Australian Disability Enterprise or Aboriginal business with an estimated value at or above \$50,000 (incl. GST), may be undertaken without complying with the minimum competitive requirements, but will require prior exemption approval from the Chief Procurement Officer.

Non-Compliance with Contract Development Process Requirements

In the event a purchase is conducted without prior approval of a Request for Exemption where required, an Internal Memorandum must be forwarded to the Chief Procurement Officer for noting, clearly outlining the circumstances that led to non-compliance and how these will be addressed to ensure compliance in the future.

3.1.3 Procurements Pursuant to the Market-led Proposals Policy

When undertaking a procurement pursuant to the WA Government's [Market-led Proposals Policy](#), the requirements for a procurement plan will not apply.

In addition, if a procurement undertaken pursuant to the *Market-led Proposals Policy* also meets the Justification for Exclusive Negotiation characteristics and exclusive negotiations occur:

- a) The minimum competitive requirements in section 3.1.2 will not apply, to that procurement; and
- b) An evaluation report will not be required.

The decisions and actions associated with procurements pursuant to the *Market-led Proposals Policy* must still be appropriately documented so as to be consistent with the State Supply Commission's *Probity and Accountability Policy*, and relevant recordkeeping requirements (as per the *State Records Act 2000*).

3.1.4 Contract Development Documentation Requirements

Minimum Documentation Requirements

Procurements must be adequately documented throughout the procurement process, and all documentation must be recorded in accordance with the *State Records Act 2000*. The minimum level of detail is set out in the below table, and a suite of supporting templates are available. Health Service Providers should also consider the nature of the market, complexity and risk, process efficiency or any other relevant factors when determining the level of documentation to support a procurement decision.

When procuring under an existing procurement arrangement, the documentation requirements set out in the buying rules for that arrangement will take precedence over the below. Procurement initiation documentation requirements will still apply to all

¹ A registered [Australian Disability Enterprise](#) or [Aboriginal Business](#) is one that is listed in a corresponding directory identified as suitable by the Department of Finance.

procurements including purchases under an existing procurement arrangement, except when the purchase is not related to-ICT and is conducted in accordance with a “pick-and-buy” process (where an Order may be placed without the need to first obtain a quote, as per relevant CUA buying rules) under the procurement arrangement.

Modified documentation requirements apply for procurements undertaken pursuant to the *Market-led Proposals Policy*¹.

	Total Estimated Contract Value (x)				
	x < \$50K	\$50K ≤ x < \$250K	\$250K ≤ x < \$1M	\$1M ≤ x < \$5M	\$5M ≤ x
Procurement Initiation	ICT forms may apply ²	Client Request Form	Procurement Business Case ³	Procurement Business Case ³	Procurement Business Case ³
Procurement Planning					Procurement Plan
Seek Quotes or Tenders		Written Request	Written Request	Written Request	Written Request
Evaluate	Document decision ⁴	Evaluation Report	Evaluation Report	Evaluation Report	Evaluation Report
Tender Negotiation					Negotiation Plan
Award		Award and Unsuccessful Letters	Award and Unsuccessful Letters	Award and Unsuccessful Letters	Award and Unsuccessful Letters
Publish Details		Tenders WA	Tenders WA	Tenders WA	Tenders WA

¹ Such procurements will only require an Evaluation Report if their estimated total value is at or above \$5 million; or otherwise if the procurement meets the Justification for Exclusive Negotiations characteristics and exclusive negotiations occur, then no Evaluation Report will be required irrespective of contract value.

²An ICT Form (the specific form may differ depending on the nature of requirements – refer to [HSS ICT](#) for further details) is required unless the procurement relates to equipment or systems which are maintained and managed by the Health Service Provider (HSP) independently of HSS ICT, and where such an arrangement is agreed in a Memorandum of Understanding between HSS and the HSP.

³ For ICT procurements, (including procurements conducted as part of an ICT project) with a total estimated value at or above \$250,000, a Client Request Form will be sufficient to initiate the procurement process.

⁴ The standard system process and record of raising purchases and making payment of invoices is the minimum documentation sufficient to document the purchase.

Exemptions from Minimum Documentation Requirements

Subject to the limitations of the State Supply Commission’s policies, exemptions from the minimum documentation requirements may be granted where circumstances exist which support the decision not to apply the requirements. In these circumstances, Health Service Providers must submit a Request for Exemption to the Chief Procurement Officer for approval.

3.1.5 Contract Development Authorisation and Governance Requirements Contract Development Governance Requirements

When procuring goods and/or services from the open market, Health Service Providers are to seek input from procurement support functions and review bodies in accordance with the table below. Total Estimated Contract Values are based on the ongoing need over the life of the contract, not one off purchases. They are also inclusive of GST.

Total Estimated Contract Value (x)	Procurement Support Functions and Review Bodies
x < \$50,000	To be conducted locally.
\$50,000 ≤ x < \$250,000	To be facilitated by a Procurement Support Function ² for commercial (including ICT goods and services) processes. Health Support Services may provide advice on building maintenance and works processes.
\$250,000 ≤ x < \$5 million	To be facilitated by Department of Finance for commercial (including ICT goods and services) processes. Health Support Services may provide advice on building maintenance and works processes. The Department of Finance may provide advice on community services processes. Evaluation Reports to be submitted to the Health Supply Contracts Committee ³ for review prior to sign off by the authorised officer.
\$5 million ≤ x	To be facilitated by Department of Finance for commercial processes. The Department of Finance may provide advice on community services processes. Procurement Plans and Evaluation Reports to firstly be submitted to the Health Supply Council ³ , then the State Tenders Review Committee ⁴ (commercial) or Community Services Procurement Review Committee (community services) for review prior to sign off by the authorised officer.

When procuring in accordance with an existing procurement arrangement, Health Service Providers are not required to involve a Procurement Support Function except as specified in the applicable Buying Rules for the procurement arrangement.

Exemptions from Governance Requirements

Subject to the limitations of the State Supply Commission's policies, exemptions from the involvement of procurement support functions and review bodies may be granted where circumstances exist which support not applying the requirements. In these circumstances, the Health Service Providers must submit a Request for Exemption to the Chief Procurement Officer for approval.

² The Procurement Support function will be provided by HSS, if an agreement to provide those services has been established with HSS; or otherwise will be provided through an internal procurement unit within the Health Service Provider.

³ Excluding Evaluation Reports for quotes sought under a CUA which do not include a service component.

⁴ Unless the purchase is under a CUA where the Buyers Guide for the CUA directs otherwise.

Contract Development Authorisation Requirements

Health Service Providers are to ensure all contract development documents and decisions are approved in accordance with the applicable Instrument of Authorisation, and with due care and attention to the *Procurement Policy Framework*.

Additional Governance and Policy Requirements for ICT and Services Related Contract Development

Health Service Providers are also to ensure compliance with additional governance requirements when developing contracts for ICT related goods and/or services, and for specific types of services as outlined below.

ICT related goods and/or services

Health Service Providers must first confirm whether ICT Governance approval is required in accordance with the *Information and Communications Technology Policy Framework*, prior to initiating a procurement process.

Aboriginal youth services

Health Service Providers must comply with the requirements set out in Premier's Circular 2015/04 – *Aboriginal Youth Services Investment Reforms (AYSIR)*.

Where Health Service Providers undertake a procurement which falls within the scope of the AYSIR, the procurement initiation documentation must be endorsed by the Chief Procurement Officer prior to sign-off by the authorised officer in accordance with the applicable Instrument of Authorisation.

Outsourced Healthcare Services

If a procurement for the provision of healthcare services to the WA public is undertaken, Health Service Providers must consider whether any policies under the Policy Frameworks are relevant to the delivery of those healthcare services. To the extent that any policies are identified to be relevant, the contract must include a provision mandating that the delivery of those services complies with the requirements of those policies.

3.2 Contract Management Policy Requirements

3.2.1 Minimum Contract Management Process Requirements

Health Service Providers are required to manage all contracts and contractors to ensure ongoing compliance with the *Procurement Policy Framework* and government practices and processes, in accordance with the principles of open and effective competition, probity and accountability, and value for money. This includes maintaining complete records of all contract management actions and decisions in accordance with the documentation requirements below, along with supporting material justifying any decisions in accordance with the *State Records Act 2000*. In particular, performance reviews and appraisals of contractors must be undertaken prior to a contract extension for services being exercised.

3.2.2 Contract Management Documentation Requirements

Contract Event	Value Threshold (where applicable)	Documentation Requirements
Contract Establishment	Total Contract Value ≥\$1 million	Contract Management Plan ⁵

⁵ Not required for purchases for a one-off good and/or service that is not the subject of a period contract arrangement.

Contract Anniversary	Total Contract Value ≥\$1 million	Review of Contract Management Plan
Exercise Extension Option	Total Contract Value ≥\$50,000	Extension Letter
Request for Contract Variation	Total Cumulative Value of Variations ≥\$20,000	Contract Variation Memorandum
Exercising Contract Variation	Total Contract Value ≥\$50,000	Contract Variation Letter or Deed
Publishing Contract Variation Details	Total Cumulative Value of Variations ≥\$50,000	Revised Total Contract Value on Tenders WA
Contract Novation or Assignment	Total Contract Value ≥ \$50,000	Deed of Novation or Assignment

3.2.3 Contract Management Authorisation and Governance Requirements

Health Service Providers are to ensure all contract management documents and decisions are approved in accordance with the applicable Instrument of Authorisation and with due care and attention to the *Procurement Policy Framework*.

Threshold Brackets⁶ (x)	Contract Management Review and Authorisation Requirements^{7,8}
\$20,000 ≤ x < \$250,000	Contract Variation Memorandum to be approved by the Chief Procurement Officer upon cumulative contract variation value reaching this threshold bracket, and thereafter for each cumulative \$20,000 increase above the previously approved value.
\$250,000 ≤ x < \$5 million	Contract Variation Memorandum to be submitted to the Department of Finance for review ⁹ prior to submission to the Chief Procurement Officer for approval.
\$5 million ≤ x	Contract Variation Memorandum to be submitted to the Health Supply Council, then the State Tenders Review Committee (commercial) or Community Services Procurement Review Committee (community services) for review ¹⁰ prior to submission to the Chief Procurement Officer for approval.

⁶ Threshold values for contract variations refer to the total cumulative value of variations above the original contract award value published on Tenders WA.

⁷ These requirements apply to all contract variations that increase contract value within the specified threshold brackets; including variations made to contracts established under Common Use Arrangements, unless the Buyers Guide states otherwise.

⁸ COVID-19 Special Contract Variations do not need to be submitted to State Tenders Review Committee or Community Services Procurement Review Committee, regardless of value.

⁹ Department of Finance review is not required for variations to contracts under the *Delivering Community Services in Partnership Policy*, or for works contracts.

¹⁰ Involvement from Department of Finance per Health Service Providers partial exemption requirements is still required within this threshold bracket, but is provided as part of the process of submission to the State Tenders Review Committee or Community Services Procurement Review Committee.

Contract Management Plan	Contract Management Plan must firstly be submitted to the Health Supply Council, then the State Tenders Review Committee (commercial) or Community Services Procurement Review Committee (community services) for review prior to sign off by the authorised officer.
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4. Compliance monitoring

Health Service Providers must ensure the requirements under this Policy are properly documented and recorded in accordance with the *State Records Act 2000*. Health Service Providers are required to monitor their compliance with this Policy.

When necessary the System Manager may request that Health Service Providers submit compliance evidence in relation to the requirements of this Policy. In these cases the System Manager will work with Health Service Providers to agree on the information to be provided and timeframes this is required within.

5. Related documents

The following documents are mandatory pursuant to this Policy:

- The [Department of Finance](#) has provided a suite of templates for use when undertaking procurements under the *Delivering Community Services in Partnership Policy*. When undertaking community services procurements, it is mandatory to use any templates which have been provided by the Department of Finance for the purpose of undertaking community services procurements.

6. Supporting information

A range of documents and templates that inform this Policy (i.e. documents that are not mandatory to the implementation of this Policy but may support the implementation of the Policy) are available.

- The [Office of the Chief Procurement Officer](#) provides a range of templates and guides, primarily focused on supporting the documentation of internal decision making processes, and other processes specific to the WA health system.
- In addition, the [Department of Finance](#) also maintains a suite of templates and guides which support procurement and contract management processes.

7. Definitions

The following definition(s) are relevant to this Policy.

Term	Definition
Documentation Requirements	The documentation needed to adequately record information regarding a particular decision, activity, process or other action. Where available, supporting templates that provide guidance on the appropriate level of detail, should be followed.

Instrument of Authorisation	The instrument through which an officer has been provided with the authority to approve, action or otherwise make a decision in relation to an identified matter.
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8. Policy contact

Enquiries relating to this Policy may be directed to:

Title: Office of the Chief Procurement Officer

Directorate: Health Support Services

Email: ocpo@health.wa.gov.au

9. Document control

This mandatory policy will be reviewed as required to ensure relevancy and currency.

Version	Published date	Effective from	Effective to	Amendment(s)
MP0003/16	1 July 2016	1 July 2016	28 February 2017	Original version
MP0003/16 v.2.0	1 March 2017	1 March 2017	4 October 2017	Various, including revised policy structure.
MP0003/16 v.3.0	5 October 2017	5 October 2017	4 July 2018	For ICT procurements, a PBC may now be required upon direction by the Category Director, HSS. Other minor amendments to clarify application of policy.
MP0003/16 v.4.0	5 July 2018	5 July 2018	2 January 2019	The requirement for procurements from \$50,001 to \$250,000 to be facilitated by HSS has been revised to refer to facilitation by the relevant Procurement Support Function, being either HSS or other procurement unit for the business. References to 'Authorisations Schedule' have been replaced with 'Instrument of Authorisation'. References to 'Subacute Community and Aged Care Directorate' have been replaced with 'Purchasing and Contracting Unit, Department of Health'.
MP0003/16 v.4.1	3 January 2019	3 January 2019	9 August 2019	Reference to Schedule One under <i>Outsourced Healthcare Services</i> replaced with a requirement to consider whether any policies are relevant to the delivery of healthcare services. Formatting corrections throughout.

MP0003/16 v.5.0	9 August 2019	9 August 2019	10 October 2019	<i>See amendment detail below:</i>
	<p>Amendments: Treatment of some threshold boundary values has been amended by \$1 either side to align with State Supply Commission requirements, and adopt a consistent approach. Please note $\\$20K \leq x < \\$50K$ contracts are still required to follow a Verbal Quotes process at this stage with a view to having this amended by January 2020 to fully align with State Supply Commission. Once implemented this will be actioned across all policies and templates.</p> <p>Provision to instruct preparation of a PBC for ICT procurements has been amended to be position-neutral.</p> <p>References to the Office of the Chief Procurement Officer positions for the purpose of providing endorsement have been updated.</p> <p>Treatment of contract variations amended to align with State Supply Commission Policy interpretation, and clarify application of requirements.</p> <p>Direct engagement of Australian Disability Enterprises and Aboriginal Businesses for purchases under \$50,000 no longer require an exemption.</p> <p>Market-led proposals are subject to different process requirements, following the establishment of the State Supply Commission <i>Market-led Proposals Policy</i>, and accompanying revisions to the <i>Open and Effective Competition Policy</i>.</p> <p>Supporting information amended to acknowledge availability of a range of guides and templates, instead of specific documents.</p> <p>Addition of Integrity Statement.</p> <p>Policy no longer applies to Department of Health employees.</p> <p>Further minor amendments made to improve clarity in application of requirements throughout the Policy.</p>			
MP0003/16 v.5.1	10 October 2019	10 October 2019	16 December 2019	Minor amendment to section 9 regarding thresholds definition.
MP0003/16 v.6.0	16 December 2019	16 December 2019	14 July 2020	<p>The minimum requirements for verbal quotes and the completion of a Client Request Form, Evaluation Report and outcome notifications for procurement processes valued $\\$20k \leq x < \\$50k$ removed changed in section 3.1.2 and 3.1.4</p> <p>References to superseded Premier's Circular 2016/02 removed from 3.1.5</p> <p>Added new footnote to section 3.2.3</p> <p>Further minor amendments to section 1, 3.1.2 and 3.1.5 for additional clarity and to update hyperlinks.</p>
MP0003/16 v.7.0	14 July 2020	14 July 2020	21 July	Section 3.1.2 amended to allow for a revised set of temporary

				minimum requirements and align with the State Government's COVID-19 economic recovery efforts. Section 3.1.3 and section 3.1.4 amended to align with revisions to SSC Policy on treatment of market-led proposals.
MP0003/16 v.7.1	21 July 2020	21 July 2020	14 October 2020	Minor amendment to footnote 10 in section 3.2.3.
MP0003/16 v.7.2	14 October 2020	14 October 2020	Current	Minor amendment to update hyperlinks in Section 3.1.5 Contract Development Authorisation and Governance Requirements.

10. Approval

Approval by	Dr David Russell-Weisz, Director General, Department of Health
Approval date	14 February 2017

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