



Aboriginal and Torres Strait
Islander Health Practice
Chinese Medicine
Chiropractic
Dental
Medical
Medical Radiation Practice
Nursing and Midwifery
Occupational Therapy
Optometry
Osteopathy
Pharmacy
Physiotherapy
Podiatry
Psychology

Australian Health Practitioner Regulation Agency

Procurement Policy

May 2018

Contents

1. Procurement Policy Objective	4
1.1 Alignment to NRAS Strategy	4
1.2 Procurement Vision.....	4
1.3 Procurement Mission	4
1.4 Procurement Outcomes Statement	4
1.5 Procurement Principles	4
1.6 Procurement Strategies	4
1.7 Procurement and Risk	4
1.8 Records Management and Procurement.....	4
1.9 Probity in Procurement.....	5
2. Procurement Strategy	5
2.1 Contract Management Planning Strategy	5
2.2 Supplier Engagement Plan	5
2.3 Complexity Assessment	5
2.4 Out of Scope	5
3. Complexity Assessment	6
4. Procurement Governance and Approvals Framework	7
4.1 The Procurement & Strategy Manager role and responsibilities	7
4.2 The Category Manager’s role and responsibilities	8
4.3 The Financial Delegate’s role and responsibilities	8
5. Market Analysis and Review	8
6. Market Approach	8
6.1 Market approach principles	9
6.2 Information AHPRA will provide at a minimum when approaching the market	9
6.3 Means for managing vendor submissions	9
6.4 Exemption from contestable process and/or pre-determined market approach.....	9
7. Evaluation, Negotiation and Selection	10
8. Privacy Impact Assessment (PIA)	10
9. Contract Execution	10
10. Contract Management	10
10.1 Contract Variations.....	11
10.1.1 Non-financial variation	11
10.1.2 Financial Variation	11

10.2 Contract Splitting..... 11
11. Non-Compliance with Procurement Policy..... 11
APPENDIX 1 12

1. Procurement Policy Objective

1.1 Alignment to NRAS Strategy

The objective of procurement is to support the priorities and strategies of the NRAS Strategy 2015-2020.

1.2 Procurement Vision

To facilitate successful procurement outcomes.

1.3 Procurement Mission

To lead, manage and support AHPRA in a timely manner to deliver optimal procurement solutions.

1.4 Procurement Outcomes Statement

To obtain value for money when procuring goods and services, whilst ensuring confidence in the integrity of AHPRA's procurement processes.

1.5 Procurement Principles

- Application of appropriate level of governance, responsibility and capability according to the level of procurement risk and capability
- Effective, efficient and ethical use of resources to achieve value for money outcomes
- Procurement processes will be conducted fairly, confidentially, ethically and with integrity
- Effective competition through non-discriminatory procurement processes

1.6 Procurement Strategies

- Identify and leverage procurement opportunities to deliver efficient and effective outcomes
- Implement procurement solutions that focus on delivering value and mitigate risk
- Provide excellence in internal and external relationship management programs
- Develop procurement capability in our people
- Support supplier innovation through supply market knowledge, gained from market interaction, industry research and forums and an understanding of relevant industry benchmarks
- Provide procurement systems that support business and AHPRA's needs
- Collaborate with business areas through strategic sourcing and category management procurement

1.7 Procurement and Risk

- All procurement activities embody a degree of risk that can never be completely eliminated. However, risks can be identified and managed. This requires strategies to mitigate risk and contingency planning to respond to risk should these occur.
- Risk is to be reviewed and managed through the life of a procurement activity. Risk should be reviewed at the initial sourcing stage, again at the supplier selection stage and during contract management. Risk is to be managed in accordance with AHPRA's Risk Management Framework.

1.8 Records Management and Procurement

- Documents are to be retained in accordance with AHPRA's Record Management Policy.
- All procurement and contract related documents that assist the appropriate approval authority to exercise their decision-making must be retained in the purchasing system.

1.9 Probity in Procurement

Probity in the context of AHPRA's commercial dealings means a process that is fair, ethical and demonstrates propriety.

The principles used to promote probity throughout all stages of the procurement process are:

- fairness and impartiality;
- use of a competitive process, where consistent with this policy;
- consistency and transparency of process;
- security and confidentiality; and
- identify and address conflicts of interest..

For more detail refer to AHPRA's Procurement Probity Guidelines and the [Conflict of Interest procedures](#).

2. Procurement Strategy

AHPRA's Procurement Strategy, including the procurement governance framework, is the approach around which procurement activity for AHPRA and the Boards is undertaken.

The procurement governance framework is underpinned by the procurement strategy and is designed to deliver:

- A robust governance structure
- Consistent policy application and compliance
- Maximised leveraging opportunities through category management
- Increased management of procurement activity and spend
- Streamlined and simplified procurement processes
- Improved efficiency and reduced process costs
- Ensure probity

This Strategy provides an overview of the organisational procurement profile and includes the following:

2.1 Contract Management Planning Strategy

This is an overarching strategy to manage contracts by complexity supported by a contract management toolkit for individual contracts. Contracts can either be managed by Category Managers or by business unit contract managers. For more detail refer to AHPRA's Contract Management Framework.

2.2 Supplier Engagement Plan

This plan represents an overarching approach to engaging suppliers. Supplier engagement will be an ongoing process that underpins AHPRA's approach to the supply market and contextualises the complexity of each engagement.

2.3 Complexity Assessment

An annual complexity assessment will be conducted by an analysis of AHPRA's spend activity and an assessment of the suppliers in the market. This will be conducted on identified categories of spend based on risk and criticality of supply. This will be reviewed and approved by the Procurement & Strategy Manager annually.

2.4 Out of Scope

Accreditation funding agreements are not covered under this policy as they are subject to a separate process of assignment and reassignment under the National Law.

3. Complexity Assessment

The approach to market for each procurement category of spend is determined by undertaking a complexity assessment of the risk, value and criticality of supply for that category.

Carrying out an assessment of complexity at the category level can identify individual procurement(s) and strategic and high-risk procurement(s) that require an individual complexity assessment.

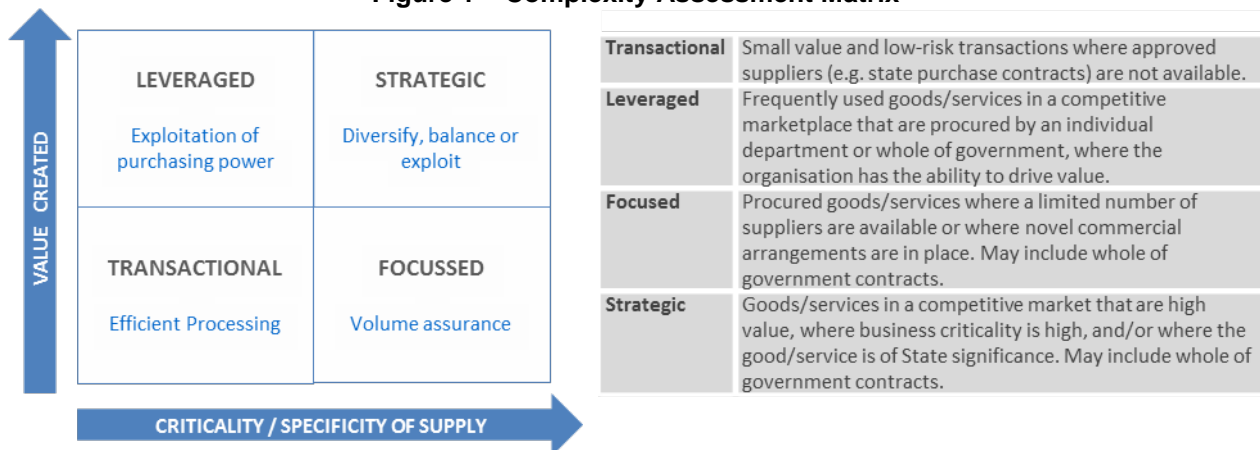
An assessment of complexity must:

- identify and measure the internal and external factors that affect the procurement;
- set out the characteristics of the good or service being purchased;
- assess the capacity, capability and motivation of the market to supply the goods or service;
- set out the value created by the procurement to the organisation and analyse opportunities to improve value-for-money;
- analyse the potential for aggregating purchasing demand;
- analyse the potential within the overall procurement need to improve the opportunities for local businesses and small to medium enterprises to participate in government procurement; and
- investigate the best way to approach the market that is cost effective to suppliers and buyers and considers opportunities for local businesses to participate.

The outcome of the complexity assessment will align to procurement categories and individual procurements into one of four quadrants of complexity.

The complexity assessment of each procurement category of spend is plotted according to Figure 1 below.

Figure 1 – Complexity Assessment Matrix



- The procurement spend analysis and category complexity classification will be refreshed annually to ensure currency and relevance.
- Further assessment of the complexity profile will be undertaken for those categories identified for AHPRA-wide category management strategies.
- At the individual procurement level, the complexity of categories will be reassessed to ensure currency and appropriateness. This will be primarily for those categories identified as more complex or of greater risk.
- Complexity assessments will not be undertaken for procurement that is part of an aggregated purchasing arrangement i.e. panel arrangements, whole of Government contracts etc.

4. Procurement Governance and Approvals Framework

AHPRA’s procurement governance framework and structure identifies roles and responsibilities, and processes to manage its procurement activities in an efficient and effective manner (Figure 2 below).

The need for an approval of a Sourcing Strategy Decision is in relation to the proposed market approach method. Approval from the financial delegate (in accordance with AHPRA’s Financial Delegations Policy) must be obtained prior to the market approach and contract execution. Examples of the approval process can be found in Appendix 1.

Figure 2 – Procurement Governance and Approvals Framework

		Sourcing Decision/Strategy Approver		
Total Contract Value (\$)	High (>\$1m)	7 Procurement & Strategy Manager	4 Procurement & Strategy Manager AND National Director	1 Procurement & Strategy Manager AND Executive Director
	Medium (\$250k - \$1M)	8 Procurement & Strategy Manager	5 Procurement & Strategy Manager	2 Procurement & Strategy Manager AND National Director
	Low (\$150k - \$250k)	9 Category Manager	6 Category Manager	3 Procurement & Strategy Manager
		Transactional	Leveraged/Focused	Strategic
		Complexity		

Procurement Value	Approach
Below \$50,000	<ul style="list-style-type: none"> 1 quote minimum (2 recommended), procurement process approved by Financial Delegate
\$50,000 - \$150,000	<ul style="list-style-type: none"> 3 quotes, procurement process approved by Financial Delegate

- The National Executive (NE) members will provide strategic oversight of procurement activity across AHPRA.
- The Business Services Leadership Team (BSLT) will provide an advisory and support role to the NE.

4.1 The Procurement & Strategy Manager role and responsibilities

- Providing advice to the BSLT and the NE on matters related to the procurement governance framework;
- Review procurement activity for compliance with policies, procedures and probity;
- Overseeing the development, application and ongoing assessment of the governance framework;
- Determining the appropriate market approach for a procurement activity depending on the complexity and risk assessment;
- Ensuring that the complaints management process demonstrates due process and integrity; and
- Reviewing and approving:

- individual procurement activity in the complexity quadrants of strategic, leveraged and focussed in accordance with the Procurement Governance Matrix.

4.2 The Category Manager's role and responsibilities

- Lead, manage, guide and/or support procurement activity;
- Determine the appropriate market approach for a procurement activity depending on the complexity and risk assessment; and
- Review and approve:
 - individual procurement activity in the complexity quadrants of leveraged, focussed and transactional in accordance with the Procurement Governance Matrix.

4.3 The Financial Delegate's role and responsibilities

- Ensure that individual procurement activity is undertaken either in accordance with the pre-determined market approach or, as determined by the appropriate governance authority; and
- Approve recommended engagements with suppliers/service providers once satisfied that all procurement requirements have been met.

5. Market Analysis and Review

- AHPRA's approach is scaled according to the complexity and risk of the procurement activity and will include an analysis of the supply market and the procurement needs of the business area. The intention is to gain an understanding of supplier power, financial health, new entrants, buyer power, substitutes and market internal competition. When market research does not provide enough information, further information may be sought via an appropriate approach to market.
- Procurement specialists will lead, manage, support or guide the procurement sourcing process based on a risk and complexity assessment. This will be undertaken in partnership with business areas. For a highly complex procurement activity, a procurement plan will be developed.
- A new sourcing process and analysis will not be required when purchasing from an existing supplier panel arrangement or an existing Master Services Agreement.

6. Market Approach

- AHPRA will approach the market in a manner that is commensurate with the level of procurement risk and complexity. This will be managed through the different levels of procurement governance and will be determined at the start of the procurement process.
- For procurement activity that will be led, managed or guided by procurement category managers, an assessment of the appropriate market approach will be conducted and approved by the appropriate governance authority before approaching the market. The procurement approach will be developed/prepared/reviewed by the category manager and/or business area. The level of involvement of the category manager and business area will be determined at the initial planning stage and will be based on the procurement complexity, risk, and value, as well as the resourcing availability and level of procurement capability.
- For procurement activity that is of lower value and low risk and complexity, the approach to market will be commensurate with the risk and complexity. Business areas will be guided on the appropriate approach to market and the probity requirements for their procurement.
- Probity is central to the conduct of the AHPRA's procurement activity and planning and management of this activity will be undertaken through a documented process. For high-complex and/or high-risk procurements where it is identified that a greater focus on probity is required, external probity services may be sourced. This will be identified in the initial planning stages of the procurement. Refer to AHPRA's Procurement Probity Guidelines.

6.1 Market approach principles

AHPRA will:

- utilise a variety of methods to approach the market including Expression of Interest, Request for Tender, Request for Quote, Request for Proposal, Request for Information.
- apply an appropriate market approach that ensures fairness and equity for potential suppliers, provides sufficient time for suppliers to prepare their submissions commensurate with the complexity of the procurement, eliminates potential barriers for suppliers including small to medium enterprises, and ensures confidentiality and security of all supplier bids.
- outline the following requirements in the approach to market:
 - evaluation criteria and any weightings
 - conditions for participation in the bid process
 - evaluation plan for supplier selection (scalable to the complexity of the procurement)
 - short listing process where relevant
 - Australian Standards where relevant
 - foster innovative or alternate solutions where appropriate
 - structure specifications so they are useful for small to medium enterprises where appropriate

6.2 Information AHPRA will provide at a minimum when approaching the market

- address and contact officer managing the market approach/procurement
- sufficient supply requirements to meaningfully inform the supply market
- process timelines
- details of where documentation can be obtained, submissions will be received, and where to obtain further information (if relevant)
- evaluation criteria that will be used by AHPRA to assess a respondent's suitability

6.3 Means for managing vendor submissions

- utilise State/Commonwealth tender websites for an open market approach
- secure e-Tender facility to receive electronic submissions
- secure physical tender box (used if appropriate and approved by the Category Manager)
- submissions will be recorded by a minimum of two officers
- suppliers will be notified that their submission has been received
- Late submissions will be referred to the Procurement and Strategy Manager for determination ensuring that acceptance of a late submission will not compromise the integrity of the market approach.

6.4 Exemption from contestable process and/or pre-determined market approach

A procurement activity may be exempted from a pre-determined market approach and/or contestable process, regardless of value, if the exceptional circumstances are approved by the Chief Executive Officer (or Agency Management Committee, depending on level of financial delegation) on the recommendation of a National Director.

7. Evaluation, Negotiation and Selection

- AHPRA will conduct fair and transparent evaluation processes to assist the selection of the preferred supplier. The evaluation and decision making process will be documented and will be conducted according to probity, fairness, consistency, impartiality, and against the published evaluation criteria (and weightings where relevant). Evaluation members will declare, document and address real, perceived or potential conflict of interest before the commencement of the evaluation process.
- To ensure the fair and equitable evaluation of submissions in accordance with the evaluation criteria specified in the market approach documentation, an evaluation matrix is used. An evaluation report can also support the evaluation matrix.
- Negotiations with suppliers will be undertaken if an evaluation panel decide that this will add value to the outcome of the procurement activity. The negotiation process will be transparent, recorded and conducted in a manner that is fair and equitable to all shortlisted suppliers.
- Further information, improvements to a bid, or a best and final offer can be included in the negotiations; however, any accepted improvements must be within scope of the market approach. A negotiation plan can be used to provide structure and guide the negotiation process.

8. Privacy Impact Assessment (PIA)

Privacy impact assessment must be completed if a contract is likely to involve the handling of:

- **personal information** – this means information or an opinion about an identified individual, or an individual who is reasonably identifiable from the information or opinion;
- **health information** – this means personal information that is about a person's health or disability, relates to health services provided to a person or genetic information; or
- **protected information** - being information obtained in the course of exercising functions under the Health Practitioner Regulation National Law.

If a contract is likely to involve collection, use or disclosure of these sorts of information, you should consult with National Office Legal Services about appropriate arrangements for protecting privacy.

9. Contract Execution

- After the evaluation and negotiation process, and before any contracts are entered into, approval is sought from the relevant Financial Delegate in accordance with AHPRA's Financial Delegations.
- The supplier must not commence work or supply goods and services until a contract has been executed by both parties. If work has commenced prior to approval, then this is considered a non-compliant procurement process and must be reported to the category manager for actioning and reporting.

10. Contract Management

- Contract management at the organisational level will be determined through AHPRA's Contract Management Framework. This framework outlines what is required to manage categories that have been identified as representing a significant proportion of AHPRA's spend.
- These category contracts will outline the performance requirements, review mechanisms, and deliverables required by the supplier/s.
- For individual procurement activity (managing individual contracts), a contract management plan will be developed at a minimum for those contracts that are considered high risk and critical.
- All contract engagements managed by category managers will include a contract management plan. The contract management plan will include details of expiry dates of insurance certificates.
- All contract engagements will be recorded in the contract register. Contract end dates will be monitored through this register. Exercise dates for any contract term extension options will also be monitored through the register.

10.1 Contract Variations

10.1.1 Non-financial variation

This can be approved by the appropriate financial delegate with reference to the AHPRA Financial Delegations Policy.

Financial Delegates are to ensure that subject matter expert advice is sought and obtained prior to exercising their delegation, particularly if the proposed variation applies to technical performance criteria which may have financial implications.

Proposed variations relating to insurances, indemnities, representations, undertakings etc should be referred to Business Services Legal for sign off prior to the exercise of a delegation.

NOTE: Changes to the initial requirements/scope of a contract as when it was established, are not considered a variation and may require a new procurement activity to be conducted. Please seek advice from the Procurement team.

10.1.2 Financial Variation

The financial delegate can approve a financial variation of up to 10 per cent of the initial contract value. The financial delegate has the authority at their discretion to approve two such variations to a contract.

If a third variation is required, a request for endorsement that this third variation remains within this policy is to be sought from the Procurement and Strategy Manager before seeking the Financial Delegate's approval).

If the financial variation takes the total contract value above the existing signing financial delegate's limit, the next level up financial delegate is required to approve.

The Financial Delegations have priority over all other rules or procedures that apply to procurement.

10.2 Contract Splitting

Procurement leads must not split contracts or use contract variations in order to avoid obtaining the required approval by the appropriate approving authority.

While contract managers are responsible to ensure that contract splitting does not occur, the Procurement Team will be conducting monthly spot checks for:

- ill-defined and fluid statements of work;
- contract splitting;
- contracting outside of the scope of standing offer agreements;
- inappropriate selection methods;
- administrative tasks being performed by expert consultants; and
- long-term, on-site contractor presence.

11. Non-Compliance with Procurement Policy

A Statement of Non-Compliance is to be used where a procurement or commitment has been made on behalf of AHPRA outside of the requirements of the Procurement Policy, for which no formal Request for Exemption has been approved by the CEO in advance.

Non-Compliance is not permitted and will not be approved; however, a Statement explaining the reasons for the non-compliance is required for audit purposes.

Compliance with all relevant Policies, including the Procurement Policy, is required under the Code of Conduct and non-compliance is considered a breach of the [Code of Conduct](#).

APPENDIX 1

Approvals Process

For all Procurements greater than or equal to \$150,000, Governance is applied prior to approaching the market, supported by an established Governance Gate process.

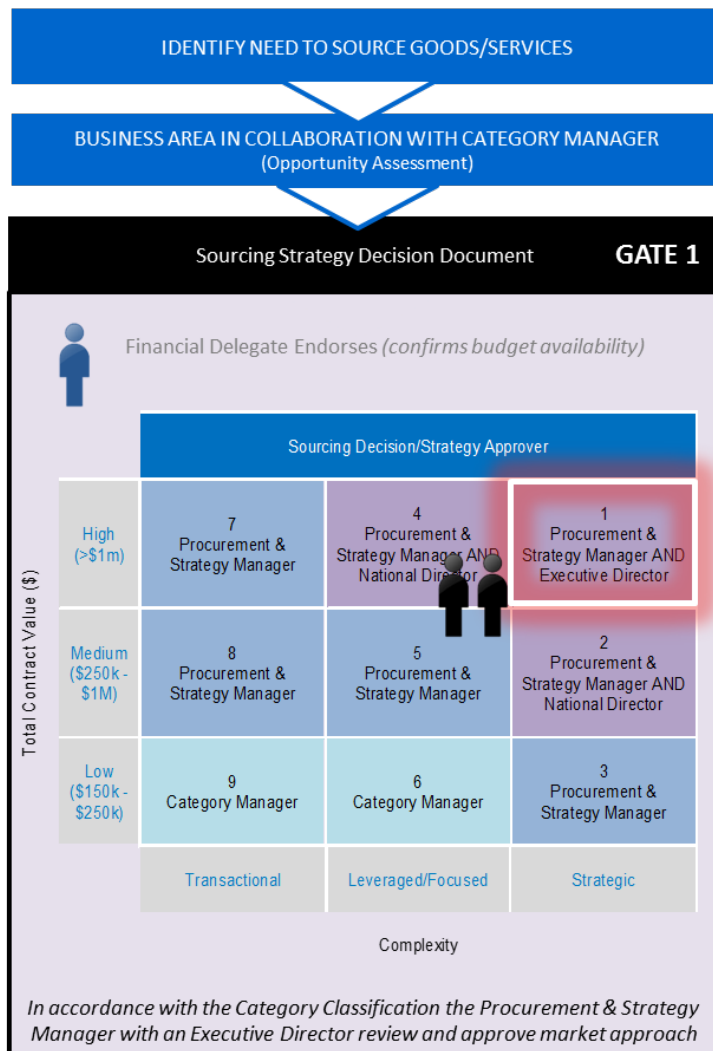
Element		Gate 1		Gate 2		
Milestone	PLANNING	MARKET PREPARATION	EVALUATION PREPARATION	SUPPLIER SELECTION	CONTRACT READINESS	CONTRACT MANAGEMENT
Output	<ul style="list-style-type: none"> Business Case and/or Sourcing Strategy Decision 	<ul style="list-style-type: none"> Market engagement documentation (RFx) 	<ul style="list-style-type: none"> Tender Evaluation Plan 	<ul style="list-style-type: none"> Preferred Supplier Recommendation 	<ul style="list-style-type: none"> Pre Contract 	<ul style="list-style-type: none"> Post contract sign
Engagement	<ul style="list-style-type: none"> Business Area / Project Lead in collaboration with Category Manager 	<ul style="list-style-type: none"> Approval of Sourcing Strategy Decision 	<ul style="list-style-type: none"> Approval of Plan by Evaluation Chair 	<ul style="list-style-type: none"> Approval of Evaluation Report & Recommendation to Financial Delegate 	<ul style="list-style-type: none"> Approval by Financial Delegate 	<ul style="list-style-type: none"> BU engages the supplier
Considerations	<ul style="list-style-type: none"> Key Stakeholders Business demand Procurement method Supplier market Cost elements Indicative schedule 	<ul style="list-style-type: none"> Tender requirements Business requirements Vendor requirements Evaluation criteria (high level) Supporting information Draft contract / terms and conditions 	<ul style="list-style-type: none"> Evaluation methodology Value for Money assessment Evaluation team composition and capability Detailed evaluation criteria and weighting Risk approach and assessment Approval process 	<ul style="list-style-type: none"> Tender evaluation report Value for money ranking Best and Final Offer (BAFO) outcomes Negotiation issues / departures from draft contract 	<ul style="list-style-type: none"> Negotiation outcomes Agreed terms and conditions of contract Agreed Statement of Work appending contract. Agreed pricing and payment terms Remedies for breach of contract Prepare for BAU transition 	<ul style="list-style-type: none"> Contract Management plan established Supplier Relationship Plan finalised Regular supplier meetings and KPI review Forward plan for future procurement activity as necessary well in advance of contract expiration
Responsibility	<ul style="list-style-type: none"> BA with CM support 	<ul style="list-style-type: none"> CM with BA support 	<ul style="list-style-type: none"> BA with CM support 	<ul style="list-style-type: none"> BA with CM support 	<ul style="list-style-type: none"> CM with BA support 	<ul style="list-style-type: none"> BA with CM support as necessary

INDEX

Business Area (BA)

Category Manager (CM) and/or Procurement Officer leading the sourcing event.

EXAMPLE 1: Procurement approvals process of a sourcing event with value >1M within a strategic category of spend



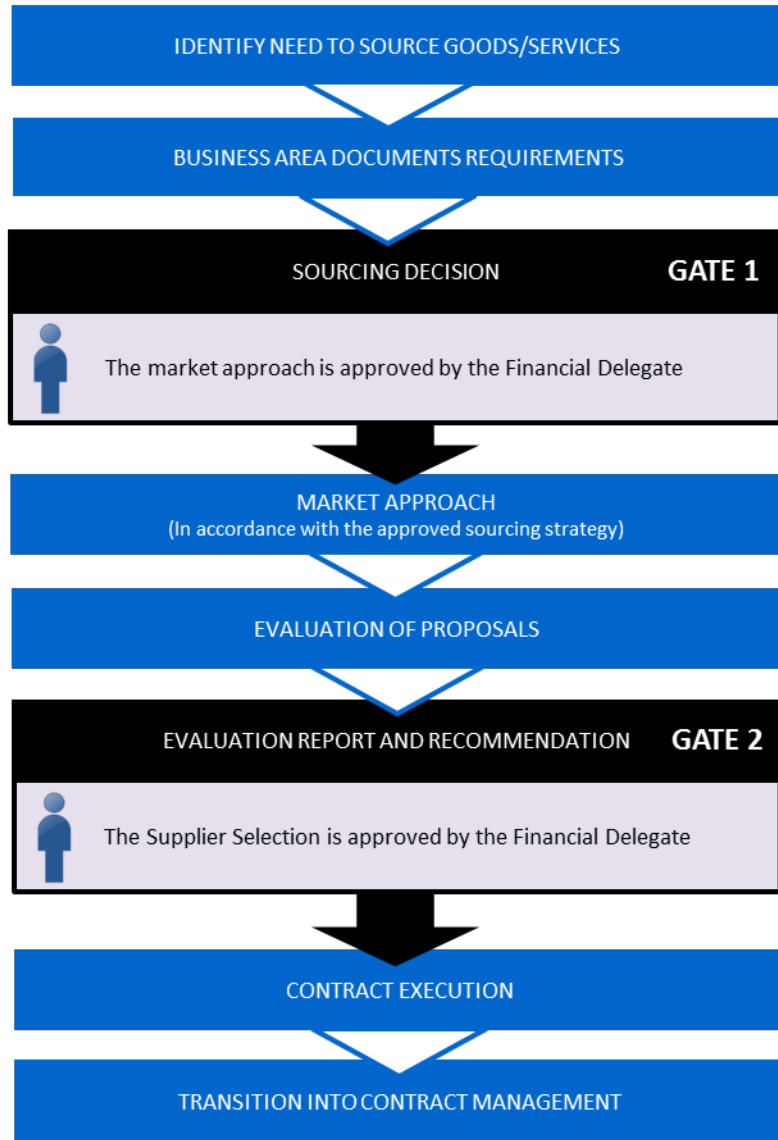
Category Managers will determine the appropriate market approach and governance protocols to be applied based on the contract value and category complexity.

The complexity assessment of each category and the value of individual procurement events (see previous slide) will set the level of approval required for the market approach which will be determined by the Category Managers for each individual procurement event.



NB: Business Areas will engage with the Category Managers from the Supplier, Partner and Contract Services (SPCS) team at the needs identification/ planning (and contract management in some instances) stages.

EXAMPLE 2: Procurement approvals process of a sourcing event with value of less than \$150,000



To enable a centre-led procurement model, AHPRA’s resource base requires a streamlined approach to low value / low risk procurement activities.

The Supplier, Partner and Contract Services (SPCS) team in consultation with the Business Services Leadership Team (BSLT) propose that dollar value thresholds are retained as market approach determining factors for all low risk low value procurement.

Procurement Value	Approach
Below \$50,000	<ul style="list-style-type: none"> 1 quote minimum (2 recommended), procurement process approved by Financial Delegate
\$50,000 - \$150,000	<ul style="list-style-type: none"> 3 quotes, procurement process approved by Financial Delegate

End users will be provided appropriate guidance, direction and document templates (via the Procurement website) for procurement with value below \$150,000 AND/OR purchasing off Panel Arrangements.

NOTE: Rules of Use to be followed. Exemption requests from Rules of Use will be approved by Category Managers. Procurement activity will be monitored.

Document control

Approver	Agency Management Committee
Policy Number	TBC
Date Approved	TBC
Date Commenced	1 January 2018
Date for Review	1 December 2021
Responsible Officer	Procurement and Strategy Manager
Sections modified	All