

Appendix A:

Submissions and comments

We have consulted with Bass Coast Health, HealthShare Victoria, Monash Health, Peter MacCallum Cancer Centre, South West Healthcare and Terang and Mortlake Health Service, and we considered their views when reaching our audit conclusions. As required by the *Audit Act 1994*, we gave a draft copy of this report, or relevant extracts, to those agencies and asked for their submissions and comments.

Responsibility for the accuracy, fairness and balance of those comments rests solely with the relevant agency head.

Responses received

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2 June 2025

Mr. Dave Barry
Deputy of The Auditor – General
Level 31, 35 Collins St,
Melbourne Vic. 3000

Dear Mr. Barry,

Re: Proposed report – HealthShare Victoria Procurement

Thank you for providing a copy of the VAGO proposed report relating to HealthShare Victoria Procurement processes.

Bass Coast Health acknowledges the report's recommendations and will work collaboratively with HSV to implement the recommendations as required.

If you require further clarification in relation to Bass Coast Health's response to the proposed report, please contact Shaun Brooks, Chief Financial Officer

[REDACTED]

Kind regards,

[REDACTED]

Professor Simone Alexander
Interim Chief Executive Officer
Bass Coast Health

CC: Shaun Brooks, Darren Taylor – Bass Coast Health
[REDACTED] - VAGO

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D25/57810

Mr Andrew Greaves
Auditor-General
Level 31
35 Collins Street
MELBOURNE VIC 3000



Dear Auditor General

POPOSED INDEPENDENT ASSURANCE REPORT TO PARLIAMENT: HEALTHSHARE VICTORIA PROCUREMENT

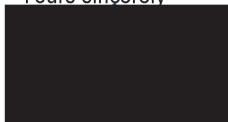
Thank you for the opportunity to respond to the proposed report on HealthShare Victoria Procurement.

DTF notes the findings and recommendations raised in the report. I am grateful for VAGO's work to help ensure HealthShare Victoria continues to improve its approach to managing procurement and logistics for Victoria's public health system.

My department will engage with the Department of Health to explore opportunities to further improve Victorian health procurement outcomes.

I confirm that I am not aware of any investigations or proceedings that are underway in relation to this audit and have not identified any material inaccuracies in the report.

Yours sincerely



Chris Barrett
Secretary

3/6/2025





HealthShare Victoria
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Andrew Greaves
Auditor-General
Victorian Auditor-Generals Office
Level 31, 35 Collins Street
Melbourne Vic 3000

6 June 2025

Re: Proposed report: HealthShare Victoria Procurement ed: 23/5/2025

Dear Mr Greaves

Thank you for your letter of 23 May 2025, providing HealthShare Victoria the opportunity to review and comment on the proposed report (Report) for HealthShare Victoria (HSV) Procurement dated 23 May 2025.

In respect to the three findings in the report, HSV makes the following comments:

- a. Key Finding 1: HSV acknowledges the use of actual savings and benefits (rather than estimated savings as per the HSV Benefits Framework) would improve measurement of the outcomes delivered from collective agreements. To-date, this has not been possible due to data challenges (quality, completeness, timeliness, functional equivalent matching) impacting accurate reporting of actual savings and benefits. HSV accepts the proposed recommendation noting this will be a significant investment of time and resources to align data capture and reporting in collaboration with Department of Health and health services to make this possible.
- b. Key Finding 2: HSV supports the opportunities for improvement in benchmarking practices in assessing outcomes and business case documentation. Business case changes are straight forward to introduce however the benchmarking changes will need careful consideration of privacy and confidentiality obligations.
- c. Key Finding 3: Health service spending outside collective agreements (referred to as contract leakage) has to-date been an area of ambiguity and limited focus for health services compounded by data limitations and a lack of resources. However, HSV has been collaborating with health services to address this, and initiatives are underway to improve tracking and analysis of potential contract leakage consistent with the proposed recommendation.

We have attached an action plan responding to the recommendations including timings to this letter. **Attachment 1:** HSV Procurement Draft Recommendation Action Plan

HSV appreciates the professional and collaborative approach from your team throughout the audit. We are available to meet with VAGO to discuss our feedback and clarify any questions.

If you have any questions, please do not hesitate to contact Brett Comer, Interim Chief Financial Officer at [REDACTED].

Yours sincerely,

A black rectangular box redacting the signature of John Delinaoum.

John Delinaoum
Acting Chief Executive

Official

Page 1 of 1

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HealthShare Victoria action plan to address recommendations from HealthShare Victoria Procurement

No.	VAGO recommendation	Acceptance	Agreed management actions	Target completion date
1	In collaboration with health services, develop and implement a statewide common catalogue and standardised classification system for accounts payable and purchase order data across the sector.	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> In part <input checked="" type="checkbox"/> In principle	Agrees in principle with the proposed benefits of developing a statewide common catalogue and standardised classification system. This is a significant undertaking which will require funding and support from the Department of Health. The initiative would be phased over two years with a funding proposal to undertake consultation, discovery and design in FY26 before implementation in FY27.	July 2027
2	In collaboration with health services, improve how it tracks and validates actual savings and benefits for all collective agreements by: <ul style="list-style-type: none"> • establishing a clear method for validating savings achieved by health services • consistently tracking purchase volumes, unit prices and actual spending • using supplier data for all health service purchases to calculate actual savings and benefits. 	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> In part <input checked="" type="checkbox"/> In principle	This is predicated on being able to implement recommendation 1. Agreed with proposed change to include all health service purchases from suppliers both on or off-contract. This will assist with monitoring total health service expenditure, potential saving and benefit opportunities and contract leakage.	September 2027

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3	Implement a benefits realisation plan for each collective agreement that clearly outlines how HSV and health services should track and validate financial and non-financial benefits throughout the contract lifecycle.	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> In part <input type="checkbox"/> In principle	<p>This is predicated on being able to implement recommendation 2.</p> <p>Agreed with clarity sought on what should be contained in benefit realisation plan, given that currently realised benefits can't be measured by HSV and would be subject to resource capacity. Additionally, recommend that health services receive from HSV a guide to implementing any proposed changes arising from the collective agreement that best optimise benefit realisation at a health service level.</p>	September 2027
4	Communicate to all health services the conditions under which they can undertake secondary procurement within collective agreements, including any approval or reporting requirements.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> In part <input type="checkbox"/> In principle	<p>Agreed with recommendation on improving guidance on how health services can remain compliant with HSV PPs when undertaking secondary procurement within collective agreements.</p>	April 2026
5	<p>Improve business case documentation by making sure all sourcing proposals and outcomes:</p> <ul style="list-style-type: none"> • clearly define objectives • include a strategic analysis for establishing or renewing collective agreements. 	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> In part <input type="checkbox"/> In principle	<p>Agreed. HSV has commenced updating its business case documentation with view to finalise this in FY26.</p>	April 2026

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6	In line with best practice, develop a benchmarking policy to guide regular benchmarking exercises across all major procurement categories.	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> In part <input checked="" type="checkbox"/> In principle	Agreed noting that any benchmarking should be developed in collaboration with the Department of Health to support its adoption and use by the sector and that any benchmarking is limited to publicly available information and not commercially sensitive.	July 2026
7	In collaboration with health services develop and deploy its data analytics tools to support HSV and Victorian health services to: <ul style="list-style-type: none"> • monitor on and off contract spend with collective agreements • improve tracking and analysis of potential contract leakage. 	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> In part <input type="checkbox"/> In principle	Agreed. Note in agreeing to this it can only occur with all health services support, engagement and partnership as the tool is deployed to health services who then must assess possible non-compliance and then the health service must confirm anomalies and then HSV are able to look at any non-compliance notified to HSV.	December 2026



Finance Executive Office

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6 June 2025

Mr Andrew Greaves
Auditor-General
Victorian Auditor General Office
Level 31, 35 Collins Street
Melbourne VIC 3000

Dear Mr Greaves,

Proposed draft report – HealthShare Victoria Procurement

Thank you for your invitation to comment on the Victorian Auditor-General Office's proposed draft report HealthShare Victoria Procurement.

Monash Health welcomes your findings and accepts your recommendations. We look forward to working with HealthShare Victoria in addressing these findings.

I thank your staff for their work and conduct during this engagement.

Yours sincerely



Rachelle Anstey
Deputy Chief Executive | Chief Financial Officer

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**Community-based
services across
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4 June 2025

Mr Dave Barry
Deputy of the Auditor-General
Victorian Auditor-General's Office
Level 31, 35 Collins Street
Melbourne Vic. 3000

Dear Mr Barry,

Thank you for your correspondence dated May 23 2025, reference 34898 25, regarding the proposed report *HealthShare Victoria Procurement* for our review and commentary.

We acknowledge the proposed report, and the provisional Peter MacCallum Cancer Centre (Peter Mac) feedback contained within and VAGO's response. The report accurately reflects our comments and recommendations of the VAGO audit report and findings.

When engaged, Peter Mac looks forward to collaborating with HealthShare Victoria on the action items to achieve a mutually beneficial outcome.

We have nothing further to add at this time.

Yours sincerely,



Professor Jason Payne
Chief Executive Officer
Peter MacCallum Cancer Centre

Patron: Her Excellency Professor the Honourable Margaret Gardner AC – Governor of Victoria

Peter Mac respectfully acknowledges the Traditional Owners of the land, the Wurundjeri Woi- Wurrung people of the Kulin Nation. We pay our respects to Elders past and present.



10 June 2025

Dave Barry
Deputy of the Auditor-General
Victorian Auditor-General Office
Level 31/35 Collins Street
MELBOURNE VIC 3001

Dear Deputy Auditor General

Thank you for providing the proposed report on HealthShare Victoria Procurement and the opportunity to provide feedback.

I note there are no recommendations for South West Healthcare in the report. South West Healthcare has reviewed the proposed report and has no feedback. We are committed to continuing to work with HealthShare Victoria to improve procurement outcomes.

Should you require further information, please contact Jacob Taylor, Acting Executive Director Finance and Corporate on [REDACTED]

Thank you for the opportunity to provide feedback.

Your sincerely



Craig Fraser
Chief Executive Officer

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TERANG & MORTLAKE
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28th May 2025

Dave Barry

Deputy of the Auditor – General

Victorian Auditor-General's Office

Re: Proposed report: HealthShare Victoria Procurement

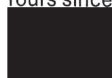
Dear Mr Barry

Thank you for the opportunity to respond to the proposed report *HealthShare Victoria Procurement*.

We agree with the recommendations of the report acknowledging our minor role in the review and our reliance on HSV to action them. We have a supportive and productive relationship with HSV and feel the recommended actions will enhance the benefits to our health service.

Please contact us if we can be of further assistance and we look forward to the final report.

Yours sincerely



Julia Ogdin

Chief Executive Officer

Terang and Mortlake Health Service

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