

PUBLIC ACCOUNTS COMMITTEE

QUESTIONS

Procurement of Biomedical Equipment – Ministry of Health & Medical Services

Question 1: Did the Ministry of Health & Medical Services ('MHMS') through the Fiji Pharmaceutical and Biomedical Services Centre ('FPBSC') comply with the Procurement Regulations 2010, related policy/guidelines and accepted best practices guides in planning procurements for bio-medical equipment?

7.1.1 Risks associated with procurements not identified and considered

1. Please explain why the Ministry's procurement plan still in draft form?

Procurement Plan is prepared annually, endorsed and submitted to Ministry of Economy.

7.1.2 Inadequate scoping for specifications

2. Please explain why didn't the Ministry identify and consider the risks associated with the procurement of equipment and the right people to be involved in the procurement process?

The Ministry has a formal process in the selection of relevant technical people for evaluation of any purchase of any medical products.

We coopt technical people in the hospital inclusive of specialized fields on any purchase of equipment.

3. Why use of Third Party assistance in developing Specification acquired while knowing that it is a conflict of interest?

Can you please clarify

The Ministry has a formal process in the selection of relevant technical people for evaluation of any purchase of any medical products.

Market Research is an additional process the Ministry undertakes to develop specification and availability of the products in the market. This allows a fair assessment of all the products being bidden and allows for the elimination or recommendation of suppliers with proper justification.

4. Does the Ministry have qualified biomedical personnel?

Yes, these officers are graduates of the Fiji National University.

5. Please explain why the new specification guide for bio-medical equipment is still incomplete since 2012?

A consultation in December 2018 was undertaken by the Ministry and a generic specification catalogue was developed for high end equipment.

6. Can the Ministry advise whether the items noted in Table 1: Examples of issues noted at CWM Hospital were fully utilised? If yes, please explain how. Also explain to the Committee that during the physical inspections carried out on February 2017 and again on June 2018 by the Auditors, it was revealed the some equipment's were not fully utilised due to the absence of other specifications required for the equipment to be fully functional.

These equipment were purchased on a phase out method whereby equipment accessories landed in the country at different times and later installed by the Biomedical Engineers.

There were some process gaps in our previous purchase and the Ministry identified strategies to strengthen these areas.

6.1.3 Proper Procurement justifications not made.

7. Please advise the Committee on whether the tenders highlighted in Table 2: Six Tender Sampled have been supported with proper business cases?

Purchase Plan of any equipment or medical products are developed and authorized through the Clinical Service Network and the strategic health services plan.

8. Explain how did the Ministry engaged in procuring additional equipments costing around \$6.4 million even though it was not part of the 4-year Procurement Plan?

The Annual Procurement Plan for replacement equipment remains as the priority guide for purchase. However, there are shortfalls within the procurement period which results in additional purchases to be identified to meet the demand of health services.

9. Does the Ministry have the proper resources, guidelines and monitoring mechanisms to address future reoccurrences as such?

The Ministry is working on a replacement plan inclusive of a monitoring and evaluation that to ensure all biomedical equipment are replaced in a timely manner.

10. Has the FPBS developed an SOP of its tender process to address risk associated factors related to procurements not identified and considered?

There is an SOP for tender process.

11. Has the FPBS finalised the SOPs for planning and sourcing bio-medical equipments?

SOP for Biomedical Equipment is in place.

12. What is the progress of FPBS preparation of the Minimum Equipment Standard list for each facility and for the Ministry?

The standardization of the minimum standard equipment list is still in progress.

13. Has the Ministry finalised and endorsed the 5 year replacement plan for the biomedical equipment?

The Ministry is working on a replacement plan of all diagnostic equipment.

Question 2: Did the Ministry of Health & Medical Services comply with the Procurement Regulation 2010, related policy/guidelines and accepted best practices guide in sourcing of procurements of bio-medical equipment?

7.2.1 Delays in Evaluation of Tenders

1. Please advise what strategies are put in place to address the delays in the evaluation of tenders as reflected in Table 3: Time Taken for Evaluation of Tenders?

There were process gaps identified in the audit report and the Ministry has put in place strategies to address these gaps which includes strengthening of human resource capacity and putting in place relevant processes.

The Ministry now has a process in place for the evaluation of any purchase of medical products.

7.2.2 Evaluation not done according to requirements and documentary evidence not maintained to substantiate evaluation decisions.

2. Explain why are there inconsistencies in the technical evaluation as heightened by the Auditor-General in Table 4: Details of Inconsistencies – CTN 56/2015 and explain why is the Evaluation Committee not following the Bidding process by not awarding the contract to the most economic supplier as highlighted in Table 5: Comparison of the Cost Analysis?

The selection of equipment is always considered on the platform of value for money towards optimizing patient care.

3. The Committee noted that the Cardiotocograph Equipment (CTG) was not withdrawn and was not accessed during the technical stage. Explain why was it included in the final stage and not during the technical stage of the tender process?

There were some process gaps in the Ministry's previous purchases. Providing patient care took precedence over process. This however, has been rectified with the current team putting in place a SOP for procurement through the tender process.

4. Can you inform the Committee on whether the National Biomedical Services Policy has been fully implemented with the necessary resources capability?

The Ministry now has National Biomedical Services Policy which is being implemented with necessary resources capability.

Question 3: Did the Ministry of Health & Medical Services comply with the Procurement Regulation 2010 and related guidelines and accepted best practices in managing contracts for bio-medical equipment?

7.3.1 Non-compliance with contract requirements

1. How does the Ministry ensure that the high value equipment's attained has the 'value for money'?

and suppliers are compliant with the contract requirements?

The Ministry now has a formal process in the evaluation of any purchase of any medical products.

7.3.2 Lack of assessment and monitoring of suppliers' performance

2. Please confirm whether the equipment's worth of \$5.5million listed on Table 6: Suppliers non-performance to the technical specifications have met all the agreed specifications?

With the formal processes in place of the evaluation of any purchases made, the Ministry has now strengthened the contract that it enters into with the supplier of various products.

3. Please advice on the close monitoring process and performance report of the supplier that were awarded with two contracts worth of \$12.6million?

There were process gaps that were identified by the audit and the current team is now rectifying these gaps by strengthening the various stages of the procurement processes.

As explained, we have made improvements in the contract that we enter into with the suppliers and also monitor contracts and supplier performance.

This is in addition to the proper examination of contracts by the Solicitor-General's Office.

4. How does the Ministry monitor the performance and compliance of these high value equipment's mentioned in the audit report especially when the same contractor was awarded another contract of \$3.1million in 2016?

This is the same as in 3 above.

7.3.3 Record keeping processes and systems were inadequate

5. Does the FPBSC have an automated records management system in place that records all procurements files?

There is an automated records management system in place. An SOP and check-list has been developed to further strengthen processes.

Random audit checks are undertaken by supervisors to ensure credibility.

6. How has FPBSC address the missing records identified by the Auditor-General listed on Table 7: Documents not contained in the procurement files & impact on the audit?

Appropriate protocols are put in place to safeguard the records. There is an electronic register now in place.

7.3.4 Post-procurement review not practiced

7. Can FPBSC explain why there were no resources allocated for post procurement reviews?

There were process gaps encountered previously and FPBS is in the process of developing SOPs to address post procurement reviews.

7.3.5 Inconsistent contract administration

8. Why were there inconsistencies in procurement contract templates used for procurement of bio-medical equipment?

The Ministry is liaising closely with SG's Office to address this issue and it's a work in progress.