

December 14, 2015

Provincial Auditor's report on 3sHealth procurement process released

The Provincial Auditor has completed its audit of 3sHealth's processes for procuring goods and services on behalf of its member agencies. The report was released Tuesday, December 7 and can be found in full [here](#).

"This report and the recommendations are an excellent opportunity for improvement," says Mark Anderson, vice-president of business development at 3sHealth. "The audit provided the opportunity for us to validate the work we're doing on behalf of our health system partners as well identify areas that we could make some changes that will ultimately result in a better quality service. It really was great."

3sHealth senior leadership and the provincial contracting team have already developed a timeline for implementation of recommendations outlined in the report.

The audit considered 3sHealth procurement over a 12-month period ending August 2015. During that period, 3sHealth facilitated purchases on behalf of member agencies totaling about \$221 million.

3sHealth provincial contracting staff facilitates procurement processes, on behalf of member agencies, by negotiating provincial and multi-provincial group purchasing contracts. Member agencies can also make purchases through a national group purchasing organization (GPO) that is under contract with 3sHealth. This results in increased purchasing power through shared national procurements with other provincial authorities, hospitals and shared service organizations. Through the GPO, 3sHealth and member agencies can access volume discounts gained through partnering with other jurisdictions seeking similar products.

The auditor made 13 recommendations to improve 3sHealth's processes. These are:

1. That the Board of Health Shared Services Saskatchewan approve procurement-related policies.
2. That Health Shared Services Saskatchewan provide its relevant procurement policies and procedures to the selected national group purchasing organization.
3. That Health Shared Services Saskatchewan implement procedures to identify, track, and monitor instances of non-compliance with procurement policies.
4. That Health Shared Services Saskatchewan give the Board of Directors periodic reports on significant incidents of noncompliance with procurement policies and steps taken to address them.

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5. That Health Shared Services Saskatchewan document rationale for the shared procurement method selected (i.e., internally led, single- or sole-sourced or national group purchasing organization-led procurement).
6. That Health Shared Services Saskatchewan develop a process to confirm that member agencies' and the national group purchasing agency's staff involved in shared procurement activities regularly sign conflict of interest declarations.
7. That Health Shared Services Saskatchewan document evaluations of all proposals received in response to shared procurement tenders.
8. That Health Shared Services Saskatchewan obtain approval from member agencies prior to extending existing purchase commitments with its national group purchasing organization.
9. That Health Shared Services Saskatchewan communicate to bidders the bid protest mechanism available under the New West Trade Partnership Agreement.
10. That Health Shared Services Saskatchewan track and periodically assess the performance of its suppliers of goods and services for shared procurements.
11. That Health Shared Services Saskatchewan regularly provide information on supplier performance to member agencies, senior management and the Board.
12. That Health Shared Services Saskatchewan validate annually the reasonableness of growth rates used to estimate cost savings related to inflationary price increases.
13. That Health Shared Services Saskatchewan make public its estimate of annual cost savings to the health-care system along with information to help the public understand the basis for its estimate.

3sHealth will be implementing the recommendations over the next nine months.