

Health Report

Response to the Auditor-General's recommendations on the procurement, distribution and management of PPE stocks

Date due to MO:	15 July 2020	Action required by:	20 July 2020
Security level:	IN CONFIDENCE	Health Report number:	HR20201184
To:	Hon Chris Hipkins, Minister of Health		

Contact for telephone discussion

Name	Position	Telephone
Sue Gordon	Deputy Chief Executive, COVID-19 Health System Response	section 9(2)(a)
Kelvin Watson	Manager, COVID-19 Health and Disability Supply Chain	section 9(2)(a)

Action for Private Secretaries

Return the signed report to the Ministry of Health.

Date dispatched to MO:

Response to the Auditor-General's recommendations on the procurement, distribution and management of PPE stocks

Purpose of report

This report provides information and talking points to enable you to provide an update to Cabinet on work to address recommendations made by the Auditor-General in the report titled *Ministry of Health: Management of personal protective equipment in response to COVID-19*.

Summary

- CAB-20-MIN-0330 requires you as Minister of Health to report to Cabinet by 20 July 2020 with an update on the Ministry of Health's (the Ministry) progress on addressing the Auditor-General's recommendations on the procurement, distribution and management of personal protective equipment (PPE) stocks.
- The Auditor-General released their report titled *Ministry of Health: Management of personal protective equipment in response to COVID-19* on 17 June 2020. The report found that while the Ministry and district health boards (DHBs) had planned for a national health emergency, there were gaps in the planning about how PPE would be procured and distributed to mitigate risks of any shortages. In addition, reserve stock had not been well managed nor maintained, and guidelines for the use of PPE evolved during the pandemic causing some confusion among users.
- The report concludes that COVID-19 would have challenged any public health and disability system, and that the Ministry moved quickly to establish a new centralised system for procuring, prioritising, and distributing stock.
- The Ministry largely agree with the conclusions of the report and accepts all ten recommendations. In some cases, work ahead of the release of the report has addressed some recommendations. Overall, the recommendations provide useful guidance to the Ministry as we look to strengthen the systems and processes that support the supply of PPE and improve our preparedness for any future events.

Recommendations

The Ministry recommends that you:

- | | | |
|----|--|---------------|
| a) | Note the progress the Ministry have made on addressing the Auditor-General recommendations on the management of PPE in the early stages of COVID-19 | Yes/No |
| b) | Agree to provide an update to Cabinet on the Ministry's progress, on 20 July 2020 | Yes/No |

Sue Gordon
Deputy Chief Executive
COVID-19 Health System Response

Hon Chris Hipkins
Minister of Health
Date:

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Appendix 1: Talking points

- Earlier in July, it was agreed that an update would be provided to Cabinet by 20 July 2020 on the Ministry's progress on addressing the Auditor-General's recommendations on the procurement, distribution and management of PPE stocks.
- The Auditor-General released their report 17 June 2020. The report found that while the Ministry and DHBs had planned for a national health emergency, there were gaps in the planning about how PPE would be procured and distributed to mitigate the risks of any shortages. In addition, reserve stock had not been well managed nor maintained, and guidelines for the use of PPE evolved during the pandemic causing some confusion among users.
- The report concludes that COVID-19 would have challenged any public health and disability system, and that the Ministry moved quickly to establish a new centralised system for procuring, prioritising, and distributing stock.
- The Ministry largely agree with the conclusions of the report and has accepted all ten recommendations.
- While the Ministry is still working through all the actions that will be undertaken to address the recommendations made in the report, several pieces of work are either already underway or will be started in the coming months in response to the report and the wider learnings from COVID-19.

Progress against recommendations

- The Ministry is completing an interim update to the National Reserve Supplies Management and Usage Policy (3rd edition) to clarify roles and responsibilities for the national reserve supply, eligibility for accessing the national reserve and prioritisation. A full update will be completed once activities to address the recommendations made in the report are implemented.
- In the 2020/21 year, the National Health Emergency Plan (NHEP) will be reviewed. The updated NHEP will reflect any changes to the national reserve supply model and include clear direction to the health and disability sector on the purpose and scope of the national reserve supply, roles and responsibilities in readiness and response, and distribution at the time of an event.
- The Ministry will review the processes and accountability documents referring to the national reserve supply, to ensure alignment and clarity on roles and responsibilities at all levels. The Ministry will also work with DHBs to re-establish a nationally consistent process to review DHB health emergency plans to ensure alignment and that they meet legislative requirements and responsibilities.
- The scope and makeup of the national reserve will be reviewed in response to the recommendations and the lessons learned from the response to COVID-19, and include consideration of:
 - the range of PPE items required be held in the national reserve
 - the types, specifications and sizing requirements for each identified item
 - the volume required to meet forecast requirements.


section 9(2)(f)(iv)

- [REDACTED]
- The Ministry is working with the Health Quality and Safety Commission and health sector to establish a national clinical network. The network will consider the various COVID-19 reviews and reports in order to provide sector direction related to Infection Prevention and Control (IPC) and PPE. An initial meeting will be confirmed by end of July to commence this process.
- More broadly, the Ministry is establishing a governance framework with clear roles and responsibilities to determine and agree on the criteria for the management and purchasing of PPE in the current environment, which it would also seek to retain in a post-COVID environment. This will include:
 - a national procurement coordination function performed by an external body, with oversight, strategic direction, monitoring and funding continuing to be provided from the Ministry
 - working with stakeholders to strengthen the short-, medium- and long-term procurement strategies and plan for the active and reactive management of critical medical supplies (including PPE)
 - working with DHBs and procurement category leads to implement a reporting structure that will provide clarity on inventory forecasting and support better quality sourcing.

Timeline for addressing the recommendations

- It is anticipated that many of these actions will be completed by the end of July 2020, positioning the Ministry well to continue responding to COVID-19. This will include establishing the governance framework and completing an interim update to the National Reserve Supplies Management and Usage Policy. Other actions, such as changes to the national reserve inventory management model for PPE (and other supplies, if appropriate), may require structural shifts that will require longer to develop and implement.
- In any event, the Ministry anticipates all changes in response to the report to be implemented by the end of the 2020/21 year.

Appendix 2: Activities underway against the recommendations they address

Activity	Recommendations
<p>The Ministry is completing an interim update to the National Reserve Supplies Management and Usage Policy (3rd edition) to clarify roles and responsibilities for the national reserve supply, eligibility for accessing the national reserve and prioritisation. A full update will be completed once activities to address the recommendations made in the report are implemented.</p>	2
<p>In the 2020/21 year, the National Health Emergency Plan (NHEP) will be reviewed. The updated NHEP will reflect any changes to the national reserve supply model and include clear direction to the health and disability sector on the purpose and scope of the national reserve supply, roles and responsibilities in readiness and response, and distribution at the time of an event.</p>	2
<p>The Ministry will review the processes and accountability documents referring to the national reserve supply, to ensure alignment and clarity on roles and responsibilities at all levels. The Ministry will also work with DHBs to re-establish a nationally consistent process to review DHB health emergency plans to ensure alignment and that they meet legislative requirements and responsibilities.</p>	1, 2
<p>The scope and makeup of the national reserve will be reviewed in response to the recommendations and the lessons learned from the response to COVID-19, and include consideration of:</p> <ul style="list-style-type: none"> • the range of PPE items required be held in the national reserve • the types, specifications and sizing requirements for each identified item • the volume required to meet forecast requirements. 	3b, 6
<p>section 9(2)(f)(iv)</p> 	2, 5, 7, 8 and 9

<p>section 9(2)(f)(iv)</p> <p>[Redacted]</p> <ul style="list-style-type: none"> ■ [Redacted] ■ [Redacted] ■ [Redacted] 	<p>4, 7, 10</p>
<p>The Ministry of Health is working with the Health Quality and Safety Commission and health sector to establish a national clinical network. The network will consider the various COVID-19 reviews and reports in order to provide sector direction related to IPC and PPE. An initial meeting will be confirmed by end of July to commence this process.</p>	<p>3a</p>

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