24 February 2016

NO ISSUE WITH MANAGEMENT OF CONSUMABLE STOCK IN PUBLIC HOSPITALS

In his report tabled today, Auditor General Colin Murphy identified no significant issue arising from a preliminary audit of the management of consumable stock in public hospitals.

Mr Murphy said the Department of Health follows good inventory practices to ensure the right items, in the correct quantities, are purchased and stored appropriately.

‘Health also has a robust selection process for choosing its consumable stock and most stock is purchased through common use agreements and whole of Health contracts,’ Mr Murphy said.

Mr Murphy said a balance is maintained between having stock levels as low as possible, without having an unacceptable risk of running out of stock.

‘One improvement opportunity is to have tracking to determine if individual items are used, lost or expired. Having this information would help minimise waste and make stock management as efficient as it can be.

‘To address this issue we have recommended Health investigate cost effective methods for measuring actual use and waste of consumables,’ Mr Murphy said.


ENDS

Background

- In the metropolitan area, the State Distribution Centre coordinates and supplies all hospitals with consumables. A single electronic imprest system links the centre to each public hospital.

- The centre holds around $6.5 million worth of consumables which is approximately 4 weeks of stock supply for all metropolitan hospitals.

- Each hospital ward has an imprest store room that carries an established level of consumable stock for that ward. When stock numbers drop below the desired level, an order is automatically generated to replenish stock back to the correct level.

- In regional WA, Health is split into 7 regions and each region manages their stock through a central hub which has a Supply Manager. With all regional hospitals using the same imprest system to monitor and replenish supply.

- Health spends about $200 million per year on consumables.