

Chapter 1

Strengthening the structure and co-ordination of ISSSTE's procurement function

This chapter describes the structure and organisation of the procurement function of the Mexican State's Employees' Social Security and Social Services Institute (ISSSTE). It also assesses the committees and mechanisms that ISSSTE uses to coordinate the high number of procurement units and to ensure communication with these units.

Introduction

Clear and strong governance structure and co-ordination of the procurement function are key for achieving strong outcomes and efficiency. Ensuring effectiveness, transparency, integrity and accountability through the structure and governance of the procurement function is therefore essential for optimising public value throughout the procurement cycle.

The OECD review found that the procurement function of the State's Employees' Social Security and Social Services Institute (*Instituto de Seguridad y Servicios Sociales de los Trabajadores del Estado*, ISSSTE) is clearly located in the organisational structure and is governed by well-defined committees. Despite a high level of physical decentralisation, ISSSTE is co-ordinated by a strong central area which manages information and strategic decisions and implements various centralised initiatives such as consolidation. However, the review also found that some co-ordination and communication problems may hinder the efficiency of those initiatives and have adverse impacts on the decentralised units.

Structure

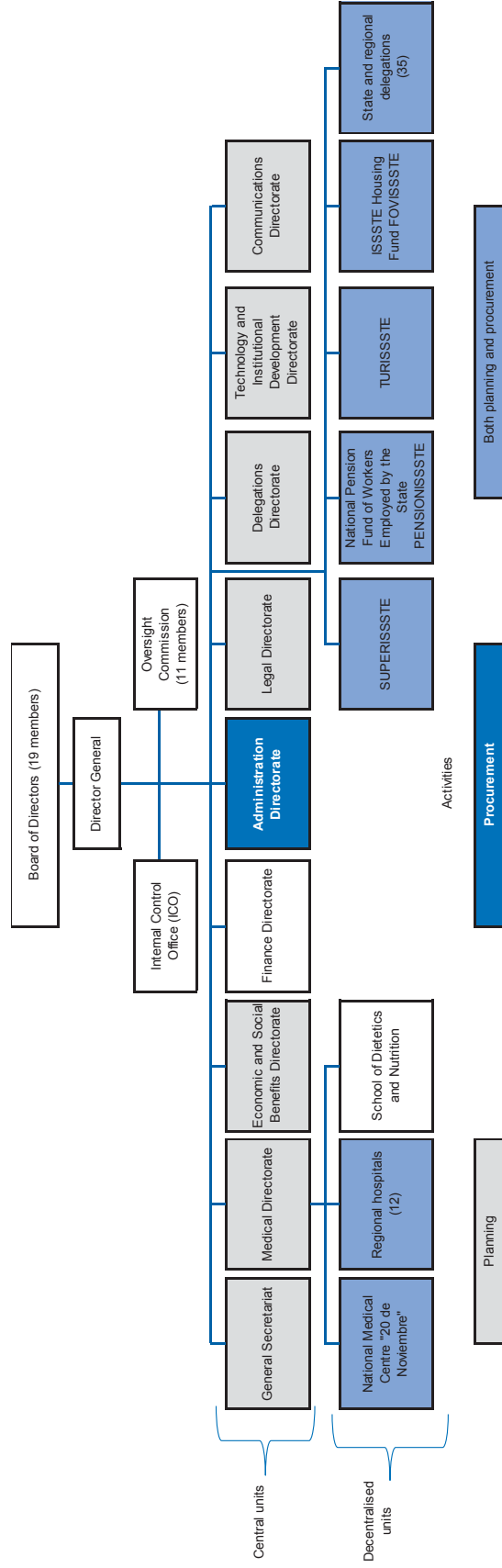
ISSSTE management structure is well defined

ISSSTE's structure is defined in its Organic Statute (*Estatuto Orgánico del Instituto de Seguridad y Servicios Sociales de los Trabajadores del Estado*).¹ The Board of Directors is the organisation's highest leadership and governance body and is in charge of setting the strategic planning, defining priorities, and designing programmes, structure and institutional frameworks. It is composed of 19 members:

- Director General of ISSSTE.
- Director General of IMSS.
- three members of the Ministry of Finance and Public Credit (*Secretaría de Hacienda y Crédito Público*), including the minister.
- Minister of Health.
- Minister of Social Development.
- Minister of Labour and Social Protection.
- Minister of Environment and Natural Resources.
- Minister of Public Administration.
- Nine representatives of worker's organisations.

ISSSTE's Director General is the legal representative of the Institute and is responsible for the management and execution of its operational activities through 9 central units and 53 decentralised units (Figure 1.1).

Figure 1.1. ISSSTE's organisational structure



Source: Based on ISSSTE (2010), *Manual de Organización General del Instituto de Seguridad y Servicios Sociales de los Trabajadores del Estado*, ISSSTE, published in the *Diario Oficial de la Nación*, 30 December 2010, <http://normateca.issste.gob.mx/view.asp?sesion=201209250440101639&infocard=201103312204482488&d=Y>, accessed 25 September 2012.

Some of the key management areas at the central level are:

- The **Administration Directorate** (*Dirección de Administración*), which plays an important and strategic role in the organisation. It is responsible, among others, for human resources policies, including staff performance; for material resources management; for the procurement, distribution and supply of medicines, medical supplies and equipment, and conservation and maintenance services as well as public works; and for the development of the annual procurement plan. It was recently mandated to propose actions to the Director General for improvement and administrative simplification in order to enhance the efficient use of human, material and financial resources.
- The **Programming and Budget area of the Finance Directorate** (*Dirección de Finanzas*) was recently transferred under the Administration Directorate, in order to regroup some essential elements of the management such as budget, planning and procurement, and for the Administration Directorate to have a strategic view of the whole organisation.
- The **Medical Directorate** (*Dirección Médica*) acts as a user area, having solely a planning role, defining and identifying the organisation's needs in terms of medicines, medical supplies and equipment (including maintenance), as well as public works (e.g. hospitals).
- The **Delegations Directorate** (*Dirección de Delegaciones*) is the link between the central level and the delegations. It plays a facilitation and co-ordination role.

Finally, ISSSTE also has an Oversight Commission (*Comisión de Vigilancia*) that acts as an internal control office whose main function is to assist ISSSTE's senior management in the supervision of its operations. It is composed of a total of 11 members from the Ministry of Finance and Public Credit, the Ministry of Public Administration (*Secretaría de la Función Pública*, SFP), the Ministry of Health (*Secretaría de Salud*), ISSSTE and representatives of worker's organisations.

ISSSTE procurement function is well integrated in the organisation, yet highly physically decentralised

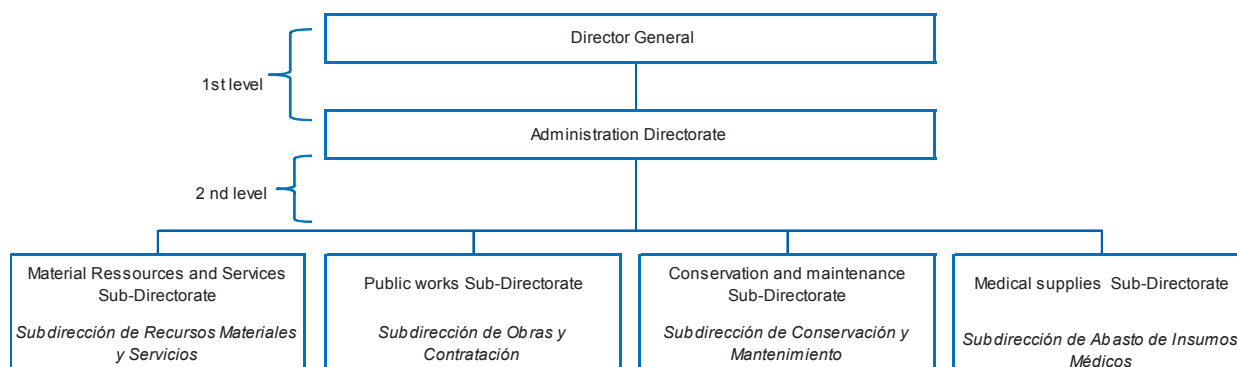
The organisation and structure of a procurement function are important elements for ensuring an effective and accountable system. Weak governance in public procurement hinders market competition and increases the price paid by government for goods and services, which directly impacts public expenditure and hence, resources. This may, in turn, result in inadequate supply, negatively impacting other activities. An effective procurement function plays a strategic role in avoiding the mismanagement and waste of public funds while ensuring that goods and services of the right nature, quantity and quality are obtained.

The position of the procurement function within the organisational hierarchy is often a good indication of the importance given to procurement as a strategic function and to its level of accountability. Generally, the closer the procurement function is to the upper-management levels of an organisation, the greater the strategic role it can play.

The OECD review found the structure of ISSSTE's procurement function to be well-defined and integrated in its governance system. At the central level, ISSSTE places significant structural weight on the role of procurement, with the areas directly involved in procurement activities located two levels below the Director General. In addition, there

seems to be a direct and informal line of communication between some of the sub-directors and the Director General (see Figure 1.2).

Figure 1.2. Structure of the procurement function at the central level



Source: Based on ISSSTE (2010), *Manual de Organización General del Instituto de Seguridad y Servicios Sociales de los Trabajadores del Estado*, ISSSTE, published in the *Diario Oficial de la Nación*, 30 December 2010, <http://normateca.issste.gob.mx/view.asp?sesion=201209250440101639&infocard=201103312204482488&d=Y>, accessed 25 September 2012.

However, in view of the size of the Mexican territory, and in order to be in close proximity to the user areas (clinics, family medical units, etc.), ISSSTE's procurement function is highly physically decentralised. As a result, 96 procurement units are present in:

- 4 Sub-directorates (Material Resources and Services, Public Works; Conservation and Maintenance; and Medical Supplies) of the Administration Directorate at the central level;
- 48 local units (35 delegations, 12 regional hospitals and the National Medical Centre "20 de Noviembre"); and
- 4 entities providing some of ISSSTE's non-medical services (SuperISSSTE, FOVISSSTE, TURISSSTE and PENSIONISSSTE).

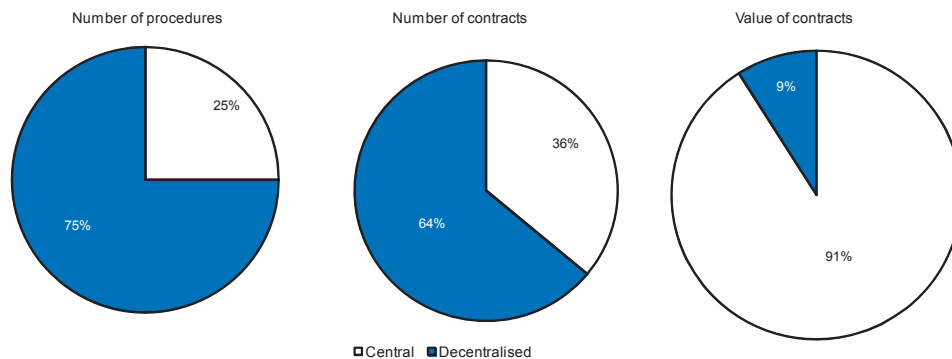
As indicated in Table 1.1, ISSSTE classifies delegations as either type A or type B according to the number of beneficiaries registered and to the budget allocated.

According to data collected by Compranet, the e-procurement system of the Mexican Federal Government, three-quarters of the recent procurement procedures and two-thirds of contracts were carried out at the local unit level (Figure 1.3). However, the overall value of these procedures and contracts remains low compared to that of the central level, representing less than 10% of the organisation's procurement spending. This implies that most of the procurement activities in the local units relates to a large volume of low-value contracts.

Table 1.1. ISSSTE's types of delegation

Type A delegations			
1. Chihuahua	2. State of México	3. North Zone Federal District (<i>Distrito Federal Zona Norte</i>)	4. East Zone Federal District (<i>Distrito Federal Zona Oriente</i>)
5. West Zone Federal District (<i>Distrito Federal Zona Poniente</i>)	6. South Zone Federal District (<i>Distrito Federal Zona Sur</i>)	7. Veracruz	
Type B delegations			
8. Aguascalientes	9. Baja California	10. Baja California Sur	11. Campeche
12. Chiapas	13. Coahuila	14. Colima	15. Durango
16. Guanajato	17. Guerrero	18. Hidalgo	19. Jalisco
20. Michoacán	21. Morelos	22. Nayarit	23. Nuevo León
24. Oaxaca	25. Puebla	26. Querétaro	27. Quintana Roo
28. San Luis Potosí	29. Sinaloa	30. Sonora	31. Tabasco
32. Tamaulipas	33. Tlaxcala	34. Yucatán	35. Zacatecas

Source: Information provided by ISSSTE.

Figure 1.3. Level of decentralisation of ISSSTE's procurement activities (2008-2011)

Note: Excludes FOVISSSTE, SuperISSSTE, TURISSSTE and PENSIONISSSTE.

Source: Author's calculation based on data from Compranet and SFP, with corrections by ISSSTE.

The organisation relies on a strong central procurement area

Despite being highly physically decentralised, ISSSTE's procurement function is co-ordinated by a strong central area which manages information and strategic decisions and implements various centralised initiatives such as consolidation. As shown in Figure 1.2, four central procurement sub-directorates are present in the Administration Directorate. They are in charge of consolidating the different requirements received from the central and decentralised units (delegations, hospitals and the medical centre).

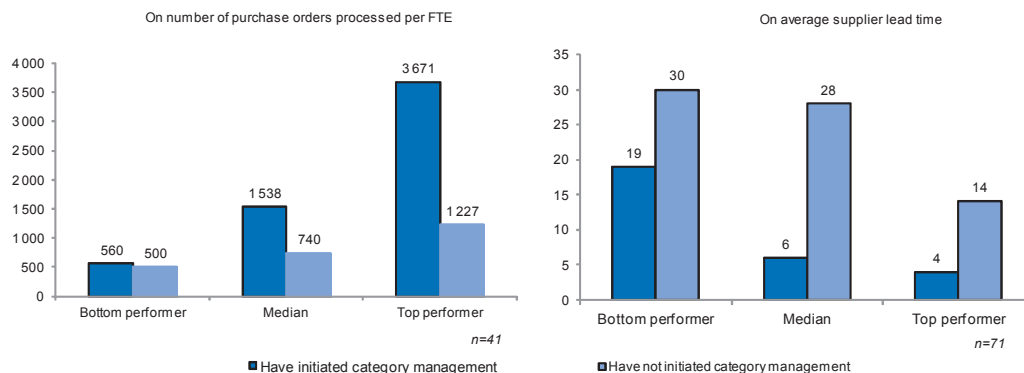
Notably, these central sub-directorates are structured around categories of goods and services, which allows for greater expertise and efficiency. Some of them have taken the specialisation one step further, with divisions dedicated to a selected group of goods or services. For example, there are three commodity groups in the Medical Supplies Sub-directorate: one for medicines (*Jefatura de Servicios de Adquisición de Medicamentos*), one for healing material (*Jefatura de Servicios de Adquisición de Material de Curación*) and one for medical equipment (*Jefatura de Servicios de Adquisición de Instrumental y Equipo Médico*).

There is also some level of specialisation in Type A delegations since they have two procurement units: one for goods (*Departamento de Adquisiciones*) and the other for public works and general services (*Departamento de Obras y Servicios Generales*). In view of their lower level of procurement activities, Type B delegations only have one procurement unit (*Departamento de Recursos Materiales y Obras*) that procures a wide range of goods and services.

The structure used by ISSSTE in some of its procurement areas is in line with the concept of “commodity/category management”. As an alternative approach to transactional procurement under which procurement officers buy a large range of very different goods and services, commodity/category management involves strategically developing, assessing and monitoring procurement and supplier performance for specific commodities or categories of commodities. These commodities and categories become more manageable from an organisation’s procurement perspective because each one requires its own market intelligence, sourcing strategies and supplier relationship management programmes.

Such a structural and strategic approach is increasingly being recognised for the significant efficiency and benefits it can bring to an organisation. As an example, category management programmes can result in shorter supplier lead times and higher efficiency in issuing purchase orders to the organisation (Figure 1.4). While category management may not be the sole source of these benefits, it is nonetheless an important element of the more sophisticated procurement systems in place. Furthermore, category management brings other benefits, such as greater product expertise, not only as it relates to market intelligence, but related to awareness of possible contractual risks as well. The structure defined by ISSSTE for its procurement function is therefore commendable and worthwhile of being replicated in other Mexican entities.

Figure 1.4. Impact of investment in category management



Sources: APQC (2011), “Employees significantly more efficient with category management”, APQC, 10 March, Houston, TX, www.apqc.org/knowledge-base/documents/employees-significantly-more-efficient-category-management, accessed 8 November 2011; and APQC (2011), “Procurement category management: faster PO cycle time”, APQC, 17 February, Houston, TX, www.apqc.org/knowledge-base/documents/procurement-category-management-faster-po-cycle-time, accessed 8 November 2011. Copyright ©2011 APQC. All right reserved.

Co-ordination and communication

Well-defined committees and working groups support the procurement function

A number of well-established committees support the management of ISSSTE's procurement function. Some of them relate to the control of the procurement operation:

- The Goods, Leasing and Services Committee (*Comité de Adquisiciones, Arrendamientos y Servicios*) and the Public Works Committee (*Comité de Obras Públicas*) (ISSSTE, 1997; ISSSTE, 2006). These two committees are in charge, among others, of reviewing the use of exceptions to public tendering. Similar sub-committees for goods, leasing and services (*Subcomité de Adquisiciones, Arrendamientos y Servicios*) are in place in all local units, as well as some committees for public works (*Subcomité de Obras Públicas*).
- The Internal Control and Performance Evaluation Committee (*Comité de Control y Desempeño Institucional*, COCODI), created in 2010, addresses risk management and control, and is comprised of senior management from ISSSTE and staff from SFP.²
- Like other entities of the Mexican federal government, ISSSTE is also subject to control and audits by the Ministry of Public Administration's Internal Control Office (*Órgano Interno de Control*, ICO). Twelve other ICO delegations cover ISSSTE's 35 delegations.

More information on the role and responsibilities of these committees and units is available in Chapter 3.

Committees are also in place for revising solicitation documents. At the central level, the SURECON (*Subcomité de Revisión de Convocatorias*) reviews such documents for all public tendering procedures and restricted invitations (Invitations to at least three suppliers – *Invitaciones a cuanto menos 3 personas*) for medical supplies. The user area, the procurement area, the legal area and the ICO participate in the process. Similar sub-committees are also in place for all decentralised units.

Finally, various other working groups and teams were identified in the course of this review, some of them recently created to better manage risks as well as to improve transparency and accountability in some decision-making processes. These working groups and teams include:

- The Scientific and Medical Advisory Council (*Consejo Asesor Científico y Médico*) created in early July 2012 and composed of 19 experts from the health sector outside of ISSSTE. Among others, it selects the medicines and treatments that ISSSTE's medical units are authorised to provide.
- A Tactical Supply Group chaired by the Director General of ISSSTE that discusses the supply of medicines, procurement and delivery issues as well as ongoing projects, and monitors agreements in place.
- A Tactical Supply sub-Team, established following the creation of the Supply Control Board (*Tablero de Control de Abasto*), meets weekly to discuss medicines and medical products for which supply may be at risk (low or inexistent stock, late delivery, etc.) and follow-up procurement activities.

- Multi-disciplinary teams within the Infrastructure Sub-directorate (*Subdirección de Infraestructura*) of the Medical Directorate (*Dirección Médica*) to improve the quality of market research.
- A Quality Sub-Committee (*Subcomité de la Calidad*) in the Public Works Sub-directorate (*Subdirección de Obras y Contratación*) identifies opportunities for improving the procurement procedures under the ISO certification in place.
- The working groups “zero recurrences-zero observations” (*cero recurrencias-cero observaciones*), which meet every month to identify and evaluate the risks associated with each unit. These groups were mentioned by five delegations, including East Zone Federal District (*Distrito Federal Zona Oriente*) and Yucatan. They are composed of the head of the delegation, three deputy delegates, and two chiefs (*titulares*) of unit, and have the support of the delegation's ICO.

The co-ordination of the medicine supply has recently been strongly improved

The procurement cycle should be governed by a co-ordinated procurement organisation with a unified and well-recognised strategic mandate. It should also be mainstreamed and well-integrated into the governance system of the organisation as a whole, recognising the procurement function as a strategically important component (OECD, 2009).

As previously indicated, the management and strategic planning of the procurement function are essentially performed at the central level, with the central office providing strategies and rules to the decentralised units. This current co-ordination structure and the existence of a capable central procurement group position ISSSTE to achieve its objective, among others, by implementing a unified approach to procurement across the whole organisation.

Strong elements of co-ordination can be found in ISSSTE, such as in the definition and consolidation of requirements for medicines and subsequent procurement through centrally consolidated contracts. As a first step, medicine requirements are identified annually by each local unit and communicated to the Infrastructure Sub-directorate of the Medical Directorate. There, they are validated according to factors such as historical data and seasonality of illness. As part of that process, each delegation must travel to Mexico DF to discuss potential adjustments and for final agreement to be reached. Periodic consultations also take place to identify changes in consumption behaviour and to determine if any adjustments are required to the agreed-upon requirements.

ISSSTE has recently reinforced its collaboration with external entities on potential procurement synergies for medicines and medical equipment. This includes the recent joint procurement undertaken with other entities of the Mexican health sector (see Chapter 5 for a more detailed discussion).

However, the requirement forecasting process identified above has at times proven inadequate, resulting in a medicine supply crisis in 2011 and early 2012, when several delegations experienced historically low stock levels. Contrarily, lack of visibility and availability of data for stock management resulted in excessive procurement of some other medicines, with warehouse stock exceeding three to four times what was necessary to meet the demand.

In order to deal with this situation, ISSSTE took actions to strengthen the management and co-ordination of its medicine stock and requirement planning. Among others, it created the Supply Control Board (further discussed in Chapter 4) in February 2012. This stock management tool allows key internal stakeholders – such as delegates, hospital directors and relevant units at the central level – to have access to regularly updated data on the stock of medicines and certain medical equipment in all medical units and in the National Distribution Centre. Through this tool, ISSSTE is able to identify and address potential future supply difficulties and to validate the forecasted requirements against actual consumption. ISSSTE also has implemented an initiative to improve the integration and effectiveness of SIAM (*Sistema Integral de Abasto de Medicamentos*), the medicine stock management system used at the local level, as many units were not keeping it up to date and have had difficulties generating reports.

In addition, ISSSTE has recently strengthened its relationship with the National Chamber of the Pharmaceutical Industry (*Cámara Nacional de la Industria Farmacéutica*, CANIFARMA). As from 2012, monthly meetings are now held to discuss processes and requirements in order to find solutions to problems such as products not being supplied on a regular basis. As such, CANIFARMA committed to provide ISSSTE with a list of production times for each product. In return, CANIFARMA requested that ISSSTE provide more detailed advance notice of its requirements than the current annual plan, thereby allowing for the preparation of necessary stock and production schedules in order to avoid facing penalties for late delivery. While such dialogue can be expected to improve the supply security of medical products, due care should be taken to ensure that it does not facilitate collusive behaviour among suppliers.

More effective and agile co-ordination and communication are needed

Although most of ISSSTE's procurement units are implanted in close proximity to the user areas to better provide services, it is necessary for the procurement system to operate as a unified whole. This can only be achieved if the procurement system has a common mission, vision and values, and a common co-ordinating management unit, which can direct procurement officers as a group in order to improve the procurement function across the whole organisation.

Despite the positive aspects mentioned above, this OECD review found that ISSSTE's current procurement system does not fully reach the objective of operating as a unified whole. This can partly be explained by the absence of an explicit and comprehensive procurement strategy, which should be developed and clearly communicated to all procurement units (Chapter 4). ISSSTE's board of directors has recently made efforts to increase the visibility of the procurement function and to increase collaboration between the procurement units and the user areas. However, there are still some communication and transactional problems, both on a vertical basis (between the central and decentralised units) and on a horizontal basis (among procurement units).

For example, delegations have indicated that they have had trouble receiving answers from central areas to their questions regarding the procurement process or policies. In some cases, the local units seek responses directly from SFP, but report a long response time and have thus reduced the frequency of such requests. In addition, the ICO mainly supports improvements to the procurement function through audits and recommendations to the COCODI. There does not seem to be a mechanism in place for the procurement units to interact in an informal basis with the ICO to discuss the adequacy of their actions or ways to avoid recurrences of incorrect practices already identified in audits. The ICO is

therefore often perceived as a police function. ISSSTE could enhance discussions and joint efforts with the ICO to focus more on preventing errors and incorrect practices, thereby improving the perception of the procurement agents and making the relationship more open and flexible. Furthermore, procurement units could be given the opportunity to comment on draft audit reports before they are finalised.

Similarly, co-ordination amongst the local units could be enhanced. While the Delegations Directorate has a significant impact through the co-ordination of the medical activities of the delegations, it has little – if any – involvement in their procurement activities. Even though national meetings are held with all delegations and the head offices to exchange information (three in each of 2011 and 2012), some stakeholders consider that the central areas (and the Delegation Directorate) are always a step behind what is happening in the delegations. This also results in divergences in how delegations undertake procurement processes. In order to improve the consistency and results of the procurement units, ISSSTE could consider ensuring that strong and constant co-ordination mechanisms be put in place in the local units, either by reinforcing existing mechanisms, such as enhancing the role of the Delegations Directorate or of regional sub-committees, or by implementing new ones.

ISSSTE could also increase its use of ICT already in place or available to improve the efficiency of the communication between central areas and local procurement units and ensure a more regular dialogue. A good example would be the use of videoconferences to facilitate the annual requirement discussion between the local units and the Infrastructure Sub-directorate; as the current practice of delegations going to Mexico City results in a significant waste of effort, time and money.

There is significant loss of knowledge due to the lack of proper communication mechanisms

Since the beginning of 2012, improvements have been made in sharing best practices among delegations. However, these remain on the medical side and more effort is needed to replicate this initiative in fields such as procurement. While limited co-ordination has been provided by the central areas, the local procurement units continue working in relative isolation, resulting in diverging processes and a lack of knowledge sharing (lessons learnt and past experiences). According to interviewees, there is little horizontal communication among ISSSTE's different regional procurement areas. Experiences and knowledge gained in the procurement process are thus not often discussed, and most of the procurement units do not benefit from expertise developed in other parts of the organisation.

In addition, decentralised units indicated that communication from the centre is insufficient, particularly as it relates to developing central procurement strategies and to addressing difficulties experienced by procurement units in applying policies. Decentralised units reported that they and their user areas are rarely if ever involved in the establishment of central initiatives, and that there is not an adequate follow-up to assess the impacts of such initiatives. As an example, the basis on which products are selected to be covered by a central consolidated contract is unclear to them, and they are not asked about their past experiences with such products and their potential suppliers. Not only does such a lack of communication result in a significant level of information and expertise accumulated internally throughout the years not being taken into consideration in the development of the strategy, but in some risks not being adequately

mitigated as well. Central areas of ISSSTE could consult the decentralised units about the pertinence of different initiatives, especially for those with delivery problems.

Significant synergy and efficiencies could be achieved through a regular exchange of experiences and knowledge among the procurement units. For that purpose, ISSSTE could ensure that decentralised units are systematically consulted in the development of central procurement strategies that have an impact on them. Follow up to assess the positive and negative impacts of such strategies should be carried out and relevant corrective actions taken as needed.

ISSSTE could also strengthen the existing communication channels, and implement new ones where appropriate, between the procurement units and with stakeholders involved in public procurement as to facilitate the development and transfer of knowledge as well as the adoption of best practices. This could include the development of expert teams, creation of central centre of information, regular meetings and events, as well as an online group discussions or forums where procurement officers can exchange information and discuss their experience, best practices and challenges. ISSSTE could also create a central database of lessons learnt and best practices from all procurement units, subject to appropriate validation. This information could then be made available to all procurement officials through the intranet. The Dutch Public Procurement Expertise Centre (PIANOo) is an interesting example of information and knowledge transfer practices (Box 1.1).

Finally, enhanced interfaces between the units and the central area could be established, facilitating and streamlining vertical and horizontal communication. This could be achieved through the regional committees or through identifying “central specialists” as official points of contact to assist decentralised units in the interpretation and application of policies or in the development of procurement strategies.

Box 1.1. PIANOo: A community of practice in the Netherlands

The Public Procurement Expertise Centre (PIANOo) was created in 2005 by the Dutch Ministry of Economic Affairs as a knowledge network to increase the professionalism of public procurement in the Netherlands. It helps facilitate the management and democratisation of knowledge on that field, crossing the boundaries between practices, science, law and policy, between countries as well as between governments and markets. Its expertise is built up through a large network of around 3 500 public procurement professionals and contracting authorities.

The first step taken was the introduction of the PIANOo-desk (www.pianoo-desk.nl), a discussion platform where public sector procurement professionals and contracting authorities can exchange experiences, ask questions, take part in discussions, share files, collaborate on documents and plan projects. In view of the informal nature of that community and the high volume and diversity of the information exchanged, members asked PIANOo to summarise discussions, to draw conclusions and to intervene when answers are not in line with the law.

The role of PIANOo was expanded in 2008 when it was decided to evolve it into an expertise centre making authoritative statements on subject matter. Two expert groups headed by University professors were founded: one is involved in the legal matters surrounding public procurement while the other covers the economic aspects of the profession. Issues that are not well solved on PIANOo-desk are transferred to one of the expert groups to make a position paper. Key themes on PIANOo in 2013 include market knowledge, the position of procurement in the organisation, innovation-focused procurement, innovative procurement and sustainable procurement.

Box 1.1. PIANOo: A community of practice in the Netherlands (cont.)

PIANOo crosses the boundary of public procurement professional. Policy-makers are stimulated to become members of the community and regular meetings are held to discuss policy-related topics. Interaction with the market place is also stimulated to promote supply chain integration and market knowledge. For example, business companies are invited to comment on model requests for proposals and other contractual documents available through a digital interactive library. PIANOo also organises joint meetings with the industry at which economic operators and public sector contracting authorities meet to discuss tendering and ways to improve tendering strategies.

In addition to the PIANOo-desk, a large range of products and services are now available from PIANOo, including:

- A main website (www.pianoo.nl), intended for both public and private sector organisations, where are available public procurement-related information, advice, useful tools and model documents, including weekly publication of summary and explanation of related jurisprudence and the newest judicial verdicts.
- A Q&A section where public procurement and tendering professionals can find answers to more complex questions.
- Publications (e.g. practical guides and brochures) on various topics, providing a mixture of practical knowledge and scientific insights. Position papers are also developed by the PIANOo Tendering Law expert group to tackle complex legal issues in procurement practice and provide advice and recommendations.
- Various events, including an annual conference, regional meetings held in different locations across the Netherlands, monthly PIANOo lunch meetings as well as joint meetings with the industry.

With the success of PIANOo in the Netherlands, it was decided to create a similar platform on a European scale. Together with Consip, the Italian central purchasing body, PIANOo is responsible for the resulting EU Public Procurement Learning Lab.

Sources: www.pianoo.nl/about-pianoo and Tazelaar, K. (2010), "Pianoo, a Knowledge Network for Public Procurement", presentation at the 4th International Public Procurement Conference, Seoul, South Korea, August 2010, www.ippa.org/IPPC4/Proceedings/14ProcurementProfession/Paper14-6.pdf, accessed 4 October 2013.

Proposals for action

In order to improve the structure, governance and communication of its procurement function, ISSSTE could:

1. Enhance the co-ordination of the local procurement units by reinforcing existing mechanisms, such as enhancing the role of the Delegations Directorate or of regional sub-committees, or by implementing new ones.
2. Undertake discussions with the ICO so that it focuses more on preventing errors and incorrect practices. Procurement units could be provided with the opportunity to comment on draft audit reports prior to them being finalised.
3. Increase the use of ICT already in place or available to improve the efficiency of the communication between central areas and local procurement units, for

- example to avoid the obligation for delegations to go to central headquarters for the requirement validation process.
4. Ensure that decentralised units are systematically consulted in the development of central procurement strategies that impact them. Follow up to assess the positive and negative impacts of such strategies should be carried out and relevant corrective actions taken as needed.
 5. Strengthen the existing communication channels, and implement new ones where appropriate, between the procurement units to facilitate knowledge development and transfer as well as the adoption of best practices.
 6. Create a central database of lessons learnt and best practices from all procurement units, subject to appropriate validation and concurrence. This information could then be made available to all procurement officials through the intranet. And,
 7. Establish enhanced interfaces between the decentralised units and the central area, facilitating and streamlining vertical and horizontal communication. This could be achieved through the regional committees or by identifying “central specialists” as official points of contact to assist decentralised units in the interpretation and application of policies or in the development of procurement strategies.

Notes

1. Available at www.issste.gob.mx/instituto/normateca.html, accessed 4 October 2012.
2. FONVISSSTE and SuperISSSTE do not participate in ISSSTE's central COCODI.

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