

## **The Role of Autonomous Institution for the Procurement of Medicine, Medical equipment, Warehousing and Distribution**

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**Abstraction:** As an autonomous public institution to procure drugs and medical devices, with the role of procurement, storage and distribution to all health service units starting from the National, Referral Hospitals, Regional Hospitals and district health centers in the Timor-Leste region. In the process of implementing the role, there are many difficulties that can hinder the process of procurement, storage and distribution of drugs and medical devices. To find out the existing strength to carry out the task, it can be seen from the number of employees and the facilities that support the work. So that you can know the specifications of carrying out work with a focus on individual capacity as a public servant, know work performance based on education level, rank, position and technical experience using technological equipment to carry out work according to tasks and responsibilities according to work units so as to guarantee effective and efficient service quality.

The theory used is: Definition of Work according to Wjs. Poerwadar Minta (2002), Procurement Theory according to Indra Bastian (2010: 263), Definition of warehousing (Warehousing) according to Warman, (2010: 75), Definition of Health according to "World Health Organization" (WHO), Agency Theory according to (Ichsan, 2013) and Resource dependence theory according to Abraham Kaplan (1964).

The methods used are: qualitative methods according to Arifuddin (2009:57, data collection techniques using observation techniques, interview techniques, documentation techniques. Data analysis techniques using analysis diagrams according to qualitative methods from Miles & Huberman (1992:15) and triangulation of original data.

The results of the study show that As an autonomous public institution to procure drugs and medical devices as a public institution accepts work contracts with a structure and workforce consisting of an Executive Director or President of Administration advisor, Medical Section, Director of Warehousing and Distribution, Director of Finance and Logistics Administration and equipment, Director of Procurement, has the ability and responsibility to carry out work based on procedures and orientation according to the work plan in the list of procurement that has been selected. The procurement process is in accordance with the list from the essential medicine list. Therefore essential medicine list needs to make revisions for the actual data on drugs and medical devices before purchasing, but this is the competence of the ministry of health.

Conclusion The role as an autonomous public institution to procure drugs and medical devices when receiving procurement quantification documents and financial estimates for purchases from the national health laboratory which has been approved by the Ministry of Health, As an autonomous public institution to procure drugs and medical devices, begins the procurement process based on the quantification from the Ministry of Health. By participating in the quantification process, the preparation of data information to stock is still in the warehouse and the pipeline stock is still in the deliberation process, so as to facilitate the quantification process, so that there is no over stock and stock out.

**Key Words:** Institutional Autonomy, Warehousing, Distribution, Health Medicines and Equipment health.

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### **1.1. Background of the problem**

The autonomous institution for Procurement of Medicine and Health Equipment Timor-Leste has special autonomy with the role of how to procure medicine, warehousing and medical equipment and distribution to health service centers such as the Guido Valadares National Hospital in Dili, Referral Hospitals, Regional Hospitals to health service centers in rural area and tribes throughout Timor-Leste.

In the process of implementing the role as a public and autonomous institution, there are still many difficulties encountered that can hinder the process of procuring medicine, medical equipment, warehousing and distribution. To find out the strengths and weaknesses in carrying out the role as an autonomous public institution can be seen from the number of employees and existing service support facilities. In order to be able to know specifically the implementation of work that focuses on individual abilities as public servants, be able to carry out work according to the level of education, experience and technical ability to use electronic devices to support the implementation of work according to service units so as to guarantee service effectiveness and efficiency.

At present the process of service between public institutions and from public institutions to the community is a very serious public problem because it greatly hinders the need to obtain administrative services

from the government to become a requirement as a community activity to support very complex life processes. Therefore the ability of employees as public servants as a determinant factor in the implementation of the role of public institutions. Autonomous institutions for the procurement of medicine, medical equipment, warehousing and distribution need serious attention to work support facilities, employees and service processes as health institutions that are relevant to their main duties.

Through this research, we can find out the social phenomena faced by autonomous institutions for the procurement of medicine, equipment, warehousing and distribution of medical devices as well as public institutions in the process of implementing services. In the organizational structure, employees, facilities, regulations and finances are sufficient but there are still other inhibiting factors that are difficult to identify and mention to ensure the functioning of the institution properly and correctly, because it is an autonomous institution that plays the role of procuring treatment, medical equipment, Warehousing and distribution hold on to the health of the entire people of Timor-Leste.

Based on the results of the researchers' observations that the difficulties faced by these autonomous health institutions include: 1) Lack of finance from the government for the procurement of drugs and medical devices, 2) Quantitative data/estimation of treatment is not yet balanced, 3) Procurement process is very slow, 4) there is no supervision and actualization of treatment lists, 5) Training to increase the ability of employees, 6) lack of service support facilities, some identification of these problems becomes an obstacle to achieving work effectively and efficiently.

As a distributor of medicine, medical equipment that supports the lives of many people, there needs to be maximum responsibility to support services through government politics, finances, facilities, employee capabilities so that they can carry out work professionally, as public servants in a democratic country. In the era of democratization, people have the freedom to criticize the public service process, evidence from the government through the Guido Valadares National Hospital has always received criticism about the service process lacking doctors, medicines and service support facilities, so that patients always get a prescription to buy their own medicine at the pharmacy. If you look at these facts, you can compare the process of health services in private clinics to being better, health services in national hospitals belong to the people of Timor-Leste.

The development of science and technology is very fast, has an impact on the community to get services from the government quickly and precisely according to their needs and interests, because they consider public institutions to adapt more quickly, therefore the government as a public servant needs serious attention to public institutions as direct servants community such as the relationship between autonomous institutions for the procurement of drugs, health equipment with the National Hospital, referral hospitals to all health service units in all corners of Timor-Leste. Because of this, important data regarding drugs and medical devices needs serious control to make plans. Current technological developments help human resources in public institutions to organize work within institutions on time, with fast and accurate data needs. To carry out the service process as a public institution properly, it needs human resources who have the ability to use modern technical tools.

### **1.2. Formulation of the problem**

Based on the description of the background of the problem, the formulation of the research problem is as follows:

- What is the planning process for Procurement of Medicine, Health Equipment?
- What is the Process for Warehousing of Medicine and Medical Equipment?
- What is the Process for the Distribution of Medicines and Health Equipment?
- What are the difficulties encountered in the process of procuring medicine, storage and medical equipment?

### **1.3. Research Objectives**

Based on the description of the background and the formulation of the problem, the purpose of the research this as follows:

1. To find out how the planning process for Procurement of Medicine, Equipment Health ?
2. To find out how the process of storing medicine and equipment health?
3. To find out how the process of distributing medicine and equipment health?
4. To find out how the difficulties encountered in the procurement process Medicine, Warehousing and Medical Equipment?

### **1.4. Benefits of Research**

Based on the description of the background of the problem, the formulation of the problem and the research objectives, then the benefits of this research are as follows:

1. To know in depth about the systematics of thesis writing and use theory in writing scientific proposals.
2. To improve the ability of writers to justify theory with reality in the practice of writing scientific papers that match the research title.

### **2.1. Role of Theory**

Daryanto S.S (1988: 121) says role is a characteristic in which a person is expected to do the job according to the existing duties and positions, in the organization, the group and the symbol itself.

Then W.J.S. Poerwadar Minta (197:383)), said the role as a job waiting from someone to the community, and also the role as part of the work will be carried out.

### **2.2. Definition of Work**

Tuir Wjs. Poerwadar Minta (2002) says "Work as carrying out an activity", according to Taliziduhu Ndraha (1991), says "Work as a process of generating or managing a new value in a work unit, transferring or implementing new value in other equipment to meet other needs".

### **2.3. Definition of Autonomy**

The central government delegates authority to regional governments to carry out their own activities in a government system called regional autonomy. The definition of local autonomy is quoted from the book Decentralization and Regional Autonomy (2007) by Syamsuddin Haris, quoted by F Sugeng Istianto saying that local autonomy is a right and power to manage one's own household. According to Ateng Syarifuddin Regional autonomy means freedom or self-determination but not for independence but freedom that has limitations or occurs as a good condition but there is responsibility. According to Syarif Saleh, regional autonomy as a right to regulate and orient oneself means that this right still exists in the central government. Serafica Gischa (2022)

### **2.4. Procurement Theory**

Indra Bastian (2010: 263), says the acquisition of goods and services in a way and time that produces the best value for the company. Furthermore, Marbun (2012: 35), the acquisition of goods and services logically and systematically, following the applicable norms and ethics, as well as standard procurement methods. According to Christopher & Schooner (2007) quoted by Badzlina Daroyani Novitaningrum (2014), the acquisition of goods and services in a transparent, efficient, effective manner is in accordance with the wishes and needs of users.

### **2.5. Definition of Warehousing**

According to Warman, (2010:75). Saying that warehousing is not just a place to store goods, but the process of servicing goods starting from receiving goods, registering goods, storing goods, selecting goods, marking goods, to the process of distributing goods.

Storing according to the Warehousing Management Institute (2008) says warehousing as a place with the function of storing goods before other processes. Because of that, warehousing is a solution in the process of servicing goods that are effective and efficient in planning for the preparation of production results in an industry or company. According to Warman (2010: 5) Warehouse as a building used to store construction goods and trade goods, thus the warehouse means a place to store goods, according to Dodi Permadi (2016) says the warehouse as part of the logistics system with an important role in customer service with a total cost minimal.

### **2.6. Definition of Treatment Distribution**

Treatment Distribution System means managing the network of facilities, personnel, procedures, and ensuring good and correct quality, accumulating with patient orientation in preparation of treatment and information to patients.

The main goal for good drug distribution must be a quality assurance system from distributors, including the process of distributing equal medication and managing properly to get medication that still needs to be used, ensuring safety and using good and correct medication.

### **2.7. Definition of Healthy**

The definition of health according to the "World Health Organization" (WHO) says it covers a very broad area, as "a good and complete condition in terms of physical, mental or social, not limited to disease or disability".

From the definition above, the authors argue that health according to WHO includes ideal health conditions, both in terms of biology, psychology, and social aspects. This means that someone can carry out activities with the maximum and optimal. In addition, WHO also describes other healthy characteristics that we

need to know: physically and mentally healthy, not including external parts, healthy related to the internal or external environment, spiritual health, mental health. And healthy as a creative and productive life.

## **2.8. Agency Theory**

In agency theory, it describes two parties who carry out economic activities that are contradictory to each other as the main and agent. Agency relationship as a contract between one or more people (main) instructs another person (agent) to perform a service representing the main and authorizes the agent to make good decisions towards the main, Ichsan (2013). If the main party and the agent have the same goal, then the agent still supports carrying out what is ordered by the main party.

## **3.1. Research Approach**

The approach technique as an idea from the authors to get closer to the informants in the research process is based on the research title. According to Syaifuddin Sagala (2005:68) say the approach technique as a method used to achieve instructional goals. In addition, according to Nurma (2009: 1) said, the approach as an action that is seen from the strategy and planning to achieve goals.

In this study, researchers used a descriptive qualitative research type. According to Punaji Setyosari (2012:39) say; "Descriptive qualitative approach that aims to explain or describe a situation, event, object whether people or everything related to research."

## **3.2. Data Collection Procedures**

Data collection techniques as a principal and important step in research with the aim of obtaining data related to the research title, namely the Role of Autonomous Institutions in the Procurement of Medicine, Health Equipment. According to Sugiyono (2009: 224), data collection techniques are the correct strategy in a study because the principal objective of research is to obtain data, in this study using data collection techniques in the form of: Observation Techniques, Interview Techniques and Documentation Techniques.

Data analysis techniques Sugiyono (2014: 224) says, data analysis means the process of collecting the results of interviews that are systematic and structured and makes it easier for researchers and others to understand better.

In analyzing the research data, researchers used qualitative data analysis diagrams from Miles & Huberman (1992:15). which consists of four components, namely: Data Collection, Data Reduction, Data Presentation and Data Verification.

## **4.1. General description Place of the Research**

Autonomous institution for the procurement of medicine, health equipment as an autonomous public institution but under the supervision of the Ministry of Health. With the aim of implementing or stabilizing a health system that is consistent and of quality, in the process of procuring safe and effective medicines needed for procurement and distribution to all health care centers in Timor-Leste to serve the community according to the type of disease suffered. The function of an autonomous institution is to procure medicine, health equipment, storage as a facilitator of health equipment for the community. As a provider of health facilities for the benefit of the community, there needs to be legality from the government to guarantee the safety of health services to the community.

The legal basis is in accordance with Government Decree no 2/2004 Autonomous institutions for procurement of treatment, storage and medical equipment in February 2003 in the first Government Ministry Cabinet (I) as a political policy formulation to establish state-owned companies with autonomy from the government to import medicine, equipment and distribution of medical devices to all public health service centers in Timor-Leste.

Autonomous institutions for the procurement of medical treatment, storage and medical equipment have divisions with clear duties and responsibilities, authorities and powers as follows:

1. President Administrative Advisor  
Leading the head of the unit, control the work carried out by all units.
2. Oxygen Procurement and Production Unit  
The main task is to carry out the tenderization process for each expenditure and procurement of treatment and other needs according to requests from the Ministry of Health.
3. Warehousing and Distribution Unit  
Providing warehouses, managing new medical systems and those that will be distributed
4. Quality Control Unit  
Carry out tests for new incoming medication and identify medications that are still in stock.
5. Finance Unit

Prepare financial reports to the presidential advisory administration and the ministry of health, and pay bills according to medical invoices as requested.

6. Administration Unit

Carry out internal administrative work regarding work related to work discipline

The autonomous institution for the procurement of treatment, medical equipment and warehousing currently has sufficient human resources and service support facilities to carry out its duties and responsibilities as a state-owned company institution to provide warehouses, medical equipment and distributors to all health service units in Timor-Leste

#### **4.1. The planning process for the procurement of medicine and Health Equipment**

According to the procedures and data-based orientation of the quantity plan for procurement and selection of medication, the process must conform to the essential treatment list. Therefore, the list of essential medicines must be revised every 2 or 3 times, for the actualization of procurement, but this is in accordance with the competence of the Ministry of Health, the national pharmacy and treatment unit, for the preparation of the quantity of procurement, based on consumer data from health service centers throughout Timor-Leste. . An autonomous institution for the procurement of medical treatment and medical equipment when it has obtained a list of essential treatments approved by the Ministry of Health and estimates for purchasing from a national health laboratory. Participate in the quantification process, prepare data information for the actual stock in the warehouse and pipeline stock that is still in the deliberation process, so that the quantification process can be facilitated so that over stock and stock out do not occur.

(Ezekutivu Director /Administrative Advisor to Enf. Santan Martins, 10-18-2022)

#### **4.2. Warehousing and Distribution Process**

Receiving new products from suppliers who have received inspection from an independent commission that carries out duties as inspection, receiving and inspection of products to be warehoused according to warehouse management, also and some items that have received orientation from the factory need to be warehoused according to this orientation (store at cold temperatures, etc.).

Actualization and editing of data according to the items received are edited with an electronic system/data base. The quantity of items that have been received for storage continues the distribution process, regarding the quantity that will cover one year it is the competence of the Ministry of Health (Pharmacy and Medicine Unit)

The distribution process is in accordance with existing competencies, providing the same service. Distribution to Guido Valadares Nacional Hospital, Five Referral Hospitals which will be distributed every month to health service centers in Timor-Leste, including RAEOA which will be distributed every 3 months.

Still serving emergency requests and extra requests for sudden needs from health care units. The request from the municipal health service center must be analyzed and approved and forwarded to the institution for procuring medical treatment and equipment to manage the planning process for the on-demand procurement and supply of approved medical products.

(Directris Warehousing and Distribution, Mrs. Saturlina Ximenes, 24-10-2022)

#### **4.3. Fund Allocation Process.**

If the spending funds are not sufficient, based on the allocation of the state revenue and expenditure budget, for example in 2022 for spending on medicinal products it is only USD 5,611,500.00 with categories for work expenses and office stationery and also expenditure service costs used for procuring regular vaccine drugs and family planning products as much as USD 960,000.00, need to report to the ministry of health as the owner of the job.

Since 2020 the allocation of funds for procuring treatment has been less than in 2018 and 2019. Due to the global situation in the era of the COVID 19 pandemic, drug prices have risen. Many of our procurement projects are published according to market prices and the funds we have, but other companies provide procurement with more than our funds.

In the past two years there has been no approved contingency fund to guard against possible increases in drug prices and for next year's spending.

Every year there is always a plan based on quantity data from the Ministry of Health, the National Unit of Pharmacy and Medicine. If the data in the expenditure budget plan does not match the allocation of funds, then when spending does not reach the target, therefore we must carefully study the expenditure data with the total allocation of funds so that spending is efficient.

Autonomous institutions for the procurement of medicine and medical equipment have a workforce that is based on work experience in existing units, therefore, currently 25% of specialized personnel in the fields of pharmacy, analysis, pharmacists and 15% of general staff support administrative service process. Need to add special staff according to the work field of each unit as a public institution.

The available human resources are not sufficient, according to the criteria as a public institution from the state civil service agency, each unit has a minimum of 50 staff, the reality shows that currently each unit only has 20 staff.

(Directris of Administration, Finance and, Sra.Cesaria S.Fernandes, 21-10-2022)

#### **4.4. Process Planning and Budget Approval Methods**

Analysis of the quantity list that has been submitted to the ministry of health through the general work performance section, the National Pharmaceutical and Medicine Unit as the applicant, after which the approval unit determines the category of medication and medical equipment to be purchased, checks the price of the product and determines the urgent list for more products priority for procurement according to government decree (DL 2/2009 alterado DL 12/2016 11 de Maio).

The National Legalization Unit must give approval according to the shopping list for medicine and health equipment to serve requests from health service units in all corners of Timor-Leste based on data on diseases suffered by the community, if medical supplies and health service support facilities are lacking, the number of people with the disease will increase. is high and the death rate is also increasing.

(Director of Budget Approval Nelson Da Costa Correia, 19-10-2022)

#### **4.3. Data Interpretation**

Procedures and orientation regarding quantitative planning for procurement of treatment selection, this process through the essential treatment list. Actually, the essential medicine list needs to be revised every 2 or 3 years to actualize spending data, but this is the competence of the ministry of health for the National Unit of Pharmacy and medicine to prepare spending based on request data from health service centers throughout Timor-Leste.

Autonomous institutions for the procurement of medical treatment and medical equipment as public institutions that are trusted by the Ministry of Health to procure drugs and health equipment are considered as agencies so that the activities of the two institutions carry out economic activities but are opposite to each other, namely as principals and agents. Agency relationships as contractors mean that one or two more people (principals) give orders to other people as agents to perform a service on behalf of the principal and give power to the agent to make good decisions for the principal, this process is interpreted with agency theory from Ichsan, 2013. If the principal and the agent has a goal, the mother as an agent still helps carry out what is ordered by the principal.

#### **5.1. Conclusion**

Autonomous institution for the procurement of medical treatment and health equipment as a public institution that carries out work contracts from the ministry of health to prepare medical treatment, medical equipment and wards with a work structure consisting of several work units having the capabilities and expertise and responsibilities according to work procedures written in the work contract to make expenditures in accordance with the essential medicine list of all health service units in Timor-Leste. The role of the autonomous institution for the procurement of medical treatment and medical equipment, if you have received quantity documents that have been validated from the ministry of health, and estimates for expenditure from the national health laboratory, start preparing for storage for safe and cold storage, so that they can process distribution so that over stock does not occur and stock out.

#### **5.2. Recommendation**

Judging from the process of working relations between the autonomous institution for the procurement of medical treatment and health equipment and the Ministry of Health as the funder, the following recommendations are recommended:

##### **I. Ministry of Health.**

1. The Ministry of Health as the owner of the work must prepare an adequate budget because it has a role in improving the health of the people of Timor-Leste.
2. The Ministry of Health must have an appropriate list of essential medicines according to the needs of public health services.
3. The Ministry of Health must prepare human resources who have the expertise to use medical equipment.

4. The Ministry of Health must execute work contracts with autonomous institutions for the procurement of medical treatment and medical equipment in accordance with the laws in force in Timor-Leste.

## **II. Autonomous institution for procuring medicine and health equipment as an institution Public**

1. Autonomous institutions for the procurement of medical treatment and medical equipment must procure spending on medical treatment and health equipment according to the list from the ministry of health.
2. Autonomous institutions for the procurement of medical treatment and medical equipment must be prepare good storage.
3. Autonomous institutions for the procurement of medical treatment and medical equipment must be distributed accordingly list of requests from the health service unit in the essential medicine list.
4. Autonomous institutions for the procurement of medical treatment and medical equipment must compile financial reports to the ministry of health according to the amount of funds received.

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