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AUDIT COMMITTEE REPORT ON THE PROCUREMENT OF PRIMARY CARE MEDICINES

Your letter of 9 October 2003 requested the Auditor General's advice on the Welsh Assembly Government's response to the recommendations made by the Audit Committee in its report, *The Procurement of Primary Care Medicines*, and on any follow-up action.

The Welsh Assembly Government has responded positively to the eight specific recommendations in the Audit Committee's report. In places this may not be immediately apparent as the response necessarily highlights some of the difficulties the Assembly's NHS Department faces in pursuing recommendations that represent significant change in the way the NHS does business with the pharmaceutical industry and primary care contractors.

This is particularly the case for **recommendation ii**, which refers to the advice the Assembly's NHS Department has received from its advisory body, the All Wales Medicines Strategy Group (AWMSG). For their part, the AWMSG do not believe that centralised procurement should be pursued at this time. Among the views presented by the AWMSG is that, before any piloting, detailed and costed models should be developed. In view of this, the Assembly's NHS Department intends to undertake preparatory work by asking the Welsh Procurement Initiative Team to consult with procurement colleagues in the health sector, so as to work up proposals for centralised procurement. The Assembly's NHS Department is therefore not only fully following the recommendation, but going further in the spirit of the recommendation.

It should be noted that the comments of some contributors to AWMSG's advice have been rather negative in tone, and some comments are inaccurate. For example, the suggestion that the Auditor General for Wales' report has not

considered the increased risk of supply problems indicates that Part 4 of that report has been ignored. Other comments indicate some misconceptions regarding the Auditor General's role and the proper form of consultation.

Recommendation vii outlines a plan to undertake an evaluation of Local Health Board Prescribing Incentive Schemes, but detailed of plans to evaluate other initiatives intended to improve prescribing behaviour are yet to be developed. The suggestion is that, as a first step, the Assembly's NHS Department considers with the National Audit Office Wales how these evaluations might be done. The Auditor General is happy to confirm that staff of the National Audit Office Wales will discuss with the Assembly's NHS Department how further progress on this recommendation might be achieved.

On this basis, the Auditor General is content with the response of the Welsh Assembly Government to the Committee's report. Staff of the National Audit Office Wales will monitor and discuss developments with the Assembly Government's NHS Department, and the Auditor General suggests providing the Committee with a note on progress in twelve months time.

I hope that you find this response helpful.

James Verity

Acting Private Secretary to the Auditor General for Wales