

**The Welsh Assembly Government's response to the report of the National Assembly Audit Committee's report on Contract for the provision of the out-of-hours GP service in Cardiff:-**

The Welsh Assembly Government is grateful for the report. We welcome the findings and offer the following response to the five recommendations in the report

**1 Recommendation**

We recommend that public sector bodies should:

- Where appropriate, and being careful to maintain fairness, make pre-tender contact with the market to discuss and clarify the specification, particularly if it is complex or unusual;
- Offer potential bidders opportunities to discuss any potential ambiguity about the interpretation of the service specification before tenders are submitted; and
- Include a glossary in their service specification that defines any potentially ambiguous terms.

***Accepted** The Welsh Assembly Government has issued two Welsh Health Circulars WHC(2005)083 and WHC (2006)025 specifically addressing the issues raised by the Wales Audit Office and more latterly the specific points made by this Audit Committee. Revised Standing Orders for Local Health Boards and Trusts are being developed and these recommendations will be fully addressed within the revised documents. It is anticipated that these will be completed within the next 3 months following a review of the relevant regulations..*

**2 Recommendation**

We recommend that public sector bodies should confirm that referees are in a position to comment authoritatively on the capacity of the company to provide the services being tendered for, that referees have no potential conflicts of interest, and that all references are fully recorded and retained.

***Accepted** We would regard this as good practice and have reminded NHS bodies of their responsibilities through the recently issued circulars. We will ensure that all other public bodies have their attention drawn to the report and specifically to this recommendation.*

**3 Recommendation**

We recommend that LHBs, in exercising their duty to apply normal standards of commercial prudence, should be guided by Treasury and Office of Government Commerce guidance on the financial checks that need to be carried out on companies bidding for contracts, with particular reference to the need to verify that new companies have the financial capacity to deliver the service adequately

***Accepted** This issue was addressed in the circular DGM(95)65 and reinforced in WHC (2005)083 and latterly in WHC(2006)025. The attention of the organisations was drawn to the above guidance in the circulars.*

**4 Recommendation**

We recommend that when awarding contracts for patient services to new suppliers, LHBs should develop risk management and contingency plans proportionate to the risks in cases of service or financial failure

**Accepted.** *We regard this as one of the normal processes supporting good contracting. Organisations should assess financial, clinical and wider service factors as part of their plans. This advice was also included in the guidance issued by the Assembly to support LHBs in addressing the changes arising from GP opting out of their OoH responsibilities. Organisations have been reminded of their responsibilities in the circulars WHC (2005)083 and WHC (2006)025*

**5 Recommendation**

We recommend that where public sector bodies decide to award additional funding to contractors outside the terms of a contract, they should:

- Robustly assess the evidence that there are exceptional circumstances to justify the funding; and
- Fully record the basis of their decision.

**Accepted** *We regard this as one of the normal processes supporting good contracting. All organisations are expected to have robust mechanisms for monitoring contracts and agreeing action arising from this process.*

*Organisations have been reminded of their responsibilities in the circulars WHC (2005)083 and WHC (2006)025*