

(8 ounce jar) directly from DPSC the cost would have been \$39.85 per jar, with all surcharges, instead of \$46.07 paid on the Federal price list. Total savings for this drug item alone during calendar year 1970 would have amounted to over \$4,600. Further, even with the 8 percent surcharge of the VA Marketing Center a savings of \$3.03 per jar would have been realized.

The military has made no formal arrangements to allow its activities to purchase from VA depots drug items which are not centrally managed by DPSC. During the period July 1, 1970, to December 31, 1971, military hospitals purchased about \$550,000 of the drug Macrodantin from the Federal Supply Schedule at about \$275,000 more than it would have cost to buy from VA at the contract price. This item has now been approved for inclusion in the DOD central supply system and a contract has been awarded by DPSC at prices comparable to those negotiated by the VA. But, until delivery is received under the DPSC contract, military hospitals will continue to purchase the item at the higher Federal Supply Schedule price.

Our examination of invoices and sales records for purchases totaling about \$6.2 million from four manufacturers during a recent two-year period showed that the Government incurred excess costs of about \$721,000 because (1) many drugs were purchased by local installations at prices which ranged as much as 100 percent higher than prices available to DPSC and VA Marketing Center, (2) prices paid for the same drugs differed between DPSC and VA Marketing Center, and (3) there were purchasing weaknesses at VA and DPSC field stations.