

Our review of DPSC and VA procurement records for 43 identical drug items purchased by both agencies within 30 days of each other during fiscal years 1970 and 1971 showed excess costs of at least \$246,000--split approximately equally between the VA and DPSC--resulted from the differences in prices paid for these items.

From 1964 to 1971 several studies have been made by the Defense Supply Agency and the General Services Administration, separately and jointly, to determine the feasibility of a single agency having Government-wide responsibility for management of various categories of supplies including medical materials. The studies indicated differences of opinion on the feasibility of consolidating the procurement and management of medical items. Decision on this has been deferred pending the outcome of a current study.

The Office of Management and Budget in January 1972 initiated a joint study by DOD, the General Services Administration, HEW, and VA to determine the lowest cost system or combination of systems to achieve maximum economy in meeting Government-wide needs for medical material, including drugs.

We believe that procurement costs can be reduced significantly by better cooperation and coordination between the VA and DPSC. However, the differences in their procurement practices, such as the respective volumes of procurements of brand-name and generic items, use of specifications, and inspecting and testing requirements, must be reconciled to ensure that drugs will be purchased at the lowest possible cost to the Government.