Fourth, responsibility for all quality assurance activities relative to Federal purchase of drugs should be assigned to the Food and Drug Administration.

Turning to page 7, to improve the direct procurement and supply of drugs by Federal agencies, we recommended that the OMB take the lead in developing policies and procedures, including consolidating requirements, to increase agency cooperation in buying drugs, and achieving substantial savings through large-volume buys. Field installations should be authorized to obtain their drug requirements from any centralized Government supply source.

The VA should develop specifications for all new drugs which it decides to manage centrally and centrally managed drugs, for which it currently has no specifications.

Third, the Department of Defense should revise its policy to ensure that drugs will be obtained centrally whenever savings would result.

Fourth, Defense and VA should develop specifications which would satisfy all Federal agencies' requirements.

Fifth, Defense should develop, for reporting local drug purchases, a uniform reporting system aimed at requiring all military activities with individual drug purchases exceeding specified criteria to report their purchases; and require centrally managed drugs purchased from other than a central manager to be reported.

Sixth, the VA should require that its central office supply service prepare lists of summary and exception data from the information reported; require local field stations to report their purchase data correctly and consistently; and see that all vendors report detailed sales data when required, by contracts.

Seventh, Defense and VA should consider using a standardized coding system, such as the National Drug Code, for identifying local purchases of drugs not having Federal stock numbers.

Eighth, Defense, HEW and VA should review the frequency and type of inspections required and the related changes needed to transfer to FDA of all quality assurance responsibilities pertaining to purchases of drugs by Federal agencies.

Mr. Chairman, this is a fairly long report, but it seems to us it might be useful to have it inserted in the record.

Senator NELSON. It will be received for the record.

Mr. STAATS. This is a very brief summary of that report.

On page 9 we point out that the OMB—and this gets to your question of a few minutes ago—in commenting on our final report, by letter dated January 14, 1974, stated that the study group had completed its report and had made recommendations which are currently under review by the principal agencies involved. The OMB stated also that the findings and recommendations of its study closely paralleled those of the GAO report.

Mr. GORDON. Are there any differences between your recommendations and the recommendations of the OMB report?

Mr. AHART. I think, Mr. Gordon, that the recommendations of their report would be somewhat more specific than ours, because they made an in-depth study of the various agencies concerned, and probably went much more deeply into it.