

single specification which would be Federal rather than an agency specification. We will approach DOD to establish such a system.

Another recommendation was that the VA should make a number of changes in its existing system for reporting VA field station drug procurements, and should insist that Federal Supply Schedule contractors report detailed sales data when required by contracts.

We are currently improving our internal reporting system. This recommendation did not propose any change in data input, but rather that the data be consolidated into different report formats and that greater care be exercised in accurate reporting. We plan to supplement our current reports with summary reports as proposed by GAO. We expect to implement this summary reporting system for the period ending June 30, 1974. Our computer system is currently being programed to accomplish this.

We are working with the General Services Administration on the problem of reporting of vendor sales. That is not an easy thing, the impact of contractors' operating costs, this has a particular adverse effect on a small business firm.

If the Federal Government imposes detailed and complex reporting systems upon contractors, this impacts the contractor's operating costs. This has a particularly adverse effect upon the small business firm. Our past practice has been to rely upon the amount and type of data available from each firm's existing internal reporting process. This has resulted in a lack of uniformity of data and the inability to assess its validity. In some instances, we feel firms tend to understate the volume of sales to the Federal Government. Others appear to have overstated such sales in order to retain marginally justified contracts. Few firms maintain records of sales both by individual item and individual Federal activity in a readily retrievable form.

On the two most widely used commodities by VA—drugs and food—we have relied upon our own internal reporting of field station purchases and orders rather than upon vendors' sales records. This is an alternative, but might prove too costly if extended Governmentwide. We will continue to work with the General Services Administration, which has regulatory responsibility in this matter, to improve existing vendor sales reporting systems.

Another recommendation proposes that the DOD and VA consider using a standardized coding system, such as the National Drug Code. The VA has already decided to use the National Drug Code for identifying drug purchases. We cannot fully implement this decision until HEW completes the assignment of National Drug Codes to virtually all items. We have already begun input of the NDC where available into our records, so that we can begin its use when the system is complete. Our information is that it is about 75 percent completed. It is a responsibility of the HEW and one over which we have not sought nor do we seek any control.

The final GAO recommendation affecting the VA was that the DOD, HEW and VA should review the frequency and types of inspections required and the related changes needed to facilitate the transfer to FDA of all quality assurance responsibilities pertaining to purchases of drugs by Federal agencies.