from vendors on the volume of drugs they have sold Federal agencies under (1) advertised contracts and (2) negotiated FSS contracts.

VA requires its field stations to report all local purchases of drugs to the VA Data Processing Center, Austin, Texas, which lists the data in the quarterly Drug Acquisition Report. This report is sent to VAMC for review and evaluation to determine whether the field stations are (1) purchasing locally drugs which could be supplied more economically if they were available in depot stocks or (2) purchasing in ways VAMC previously designated, such as from depot stocks, through special contracts providing for decentralized procurement and through FSS contracts.

VA's basic criterion for considering whether a drug should be centrally stocked is that local purchases should amount to $10,000 or more a year. All items that qualify under the criterion are not assured of being considered. In part, this is due to (1) the sheer volume of the Drug Acquisition Report--approximately 120,000 transactions listed on 4,500 pages, (2) the lack of item summaries and exception data, and (3) errors and inconsistencies due to VA field stations' failure to adhere to prescribed reporting requirements. One individual reviews the report.

To test the report's effectiveness, we had to devise a special computer program to isolate and summarize purchase data on potential candidates for central management. This test covered the reports for September 1970 through May 1971 and revealed 273 items which were not being centrally stocked although they satisfied the local purchase criterion. VA officials explained that 219 of the items were inappropriate for central stocking because some needed refrigeration, some were blood derivatives, and different intravenous systems required various types and sizes of intravenous solutions. VA officials said that, of the remaining 54 items, 24 were already being studied for central stocking and 30 would be considered.

In September 1972 VA officials informed us that, of the 30 items, 8 had not been selected for central stocking for such reasons as declining purchases, insufficient price break for bulk procurement, and the delay in waiting for FDA efficacy determinations. Of the remaining items, 9 were still being studied and 13 had been or were being centrally