

10610 COMPETITIVE PROBLEMS IN THE DRUG INDUSTRY

number has been assigned to every drug, and these numbers could be used when a Federal supply number has not been assigned.

CONCLUSIONS

Both the military services' and VA's reporting systems for local purchases have weaknesses. Specifically, the lack of uniform reporting, the lack of evaluation criteria, the failure to evaluate many items that qualify for consideration for central management, and omissions from the local purchase reports suggest that many items that should be centrally managed are not and are therefore being procured locally at unnecessarily high prices.

To implement its stated policy of buying from the most economical source, DOD should establish a uniform reporting system for local drug purchases, including centralized review and evaluation of the reports of all the services, probably by DPSC. Candidates for central procurement should be recommended to DMMB.

RECOMMENDATIONS

We therefore recommend that the Secretary of Defense have DMMB:

- Develop, for reporting local drug purchases, a uniform system aimed at requiring all activities which made specified total dollar purchases of individual drugs during the reporting period to report their purchases.
- Require that centrally managed drugs purchased from other than the central manager be reported.

Although the basic concept of VA's Drug Acquisition Report is sound, it could be more effectively used. We therefore recommend that the Administrator, VA, require (1) the Central Office Supply Service to prepare lists of summary and exception data from the information reported and (2) local field stations to report their purchase data correctly and consistently. Further, we recommend that the Administrator see that vendors report their sales under FSS contracts on an individual-item basis when this is required by such contracts and, when not required, negotiate such