are convinced, would raise their prices. On the other hand, the volume of data received, from our standpoint, would be unmanageable and to cope with it would require, we think, an unreasonable Government resource. In other words, we do not believe the effort would be cost productive and it would have a particular adverse effect on the small business firm.

This is not an arbitrary decision. In an effort to get more detailed information from schedule contractors, we surveyed 33 of our largest contractors. Each one was asked if he could furnish the detailed report suggested by the General Accounting Office. None of the firms solicited were able to supply the information. Some of them replied that if they were forced to furnish the information, new programs within their organizations would have to be written and implemented. The implication was strong that cost of this would be passed on. We have, however, written into its sections A and C, Federal Supply Schedule contracts, a requirement that the contractors must furnish a report of sales on a line item basis, quarterly; and for section B, the only change we have made is to require quarterly, rather than semiannual reports.

The fifth recommendation with which VA is involved asked that we "Consider using a standardized coding system, such as the National Drug Code for identifying local purchases of drugs not having Federal stock numbers."

A national drug code listing was prepared and programed for nine character input. We have continued to accumulate NDC data as it pertains to the nine characters. Subsequently, the FDA changed the NDC number from a 9 to a new 10 character sequence. We understood informally from FDA that other changes in sequencing were probable. Therefore, we suspended further computer programing because of possible expansion of the labeler code from five to six characters and because of the transition by industry to the five character labeler code. A revision of our computer system is being made to accommodate the new 10 character sequence, which we hope will be sustained.

The sixth recommendation, and it is the final one which came to us, would have the Secretaries of Defense, HEW, and the VA Administrator, "Review the frequency and type of inspections required and the related changes needed to facilitate the transfer to FDA of all quality assurance responsiblities pertaining to the purchase of drugs for Federal agencies."

Mr. GORDON. Dr. Lee, may I interrupt for a second?

How many people presently are performing quality assurance functions in the Veterans Administration?

Dr. LEE. Three people. But they add up to 1½ people-days—people-years, if you wish. They do other things for us in the majority of their time.

Mr. GORDON. Will these resources be transferred to the Food and Drug Administration?

Dr. LEE. This is in negotiation at the present time. A position which we, the VA have taken is that perhaps it would be wise to keep these people who are part time in that occupation, doing other important things for us, available simply for cross-check and for various kinds of efforts to double check on whatever comes to us.