

12094 COMPETITIVE PROBLEMS IN THE DRUG INDUSTRY

for effective procurement. Therefore, a new system has to be devised to manage not only stock items but high demand items that may not need to be stocked because they may be supplied by means of commercial distribution.

As you can see, we are attempting a fundamental improvement in procurement and supply management which we consider to be responsive not only to OMB's June 4, 1974, memorandum but to the criticisms of GAO in its 1973 Report on Drug Procurement. Development of the single system will be difficult, but each agency is working together diligently toward this end.

As to the current status of the Committee's effort, the first and immediate effort will be to eliminate duplication in central procurement and to effect the necessary purchasing assignments without duplication to DOD and to VA. The next step is to bring under control the items which meet predetermined criteria for central procurement which are now being procured locally. The task group submitted a preliminary report dated January 14, 1975, which described as a concept a management system in which non-cataloged locally purchased items would be reported through a data collection system,