

A schedule for accomplishing the review has been developed and is presently being reviewed by GSA and the affected civil agencies.

a. As to the medical review, we plan to proceed first with a select group of medical supplies (FSC 6515, surgical instruments), working into the full category of medical material including drugs. This will require a comprehensive review with the combined technical/professional talents of all the affected civil agencies.

b. As to the nonperishable subsistence item commonality review, no significant problems are envisioned and recommendations should be completed by the end of 1968.

4. *Perishable Subsistence*

a. Substantial progress continues in cross-servicing support of Veterans Administration and HEW Public Health Service hospitals from the DSA regional subsistence offices. From the initiation of this program in April 1966 through August 1967, sales have totaled \$1,884,000 under 48 support agreements. Three additional support agreements have been signed, two effective in September 1967 and the latest which became effective in October 1967.

b. Standardization of Hospital Feeding Items. During the course of developing cross-servicing agreements with VA and PHS in perishable subsistence, it was agreed that we needed a joint review of item specifications used in hospital feeding programs. Joint DSA/VA/GSA/PHS review of hospital feeding items was completed in May 1967. Of 687 items reviewed, 462 items (67%) were acceptable for both military and civilian hospital feeding programs; of remaining items, 27% were retained by agencies to meet unique dietetic requirements of their programs and 6% were deleted as no longer required for hospital feeding.

DSA/GSA/VA/PHS will maintain continuous review of the perishable subsistence program with a view toward increasing the number of standard items and specifications. A charter is being staffed with the civil agencies for an Interagency Council to be established for this purpose.

Since May 1967 the DoD has completed the following new interagency supply support agreements:

(a) In conjunction with the Department of Interior, agreement has been reached for DSA to provide perishable subsistence support to four Bureau of Indian Affairs schools. It is expected that the annual demands from these schools will be approximately \$350,000.

(b) An agreement to support the Post Office Department for selected classes of electronics, general and industrial supplies has been consummated. Initially, annual sales of these commodities to the Post Office Department will approximate \$250,000.

There is, of course, much more to relate about the total story of DSA's performance. In addition to supply management, it is handling the administration of contracts with a value of \$21.8 billion; and is administering the DOD inventory of industrial plant equipment which now consists of 400,000 items valued at \$4 billion. Through the Defense Logistics Service Center in Battle Creek, Mich., DSA last year managed the redistribution of defense stocks, effecting a reutilization within DOD of \$1.5 billion.

Third: Other improvements in inventory management.

While Southeast Asia supply support and the integrated management of common use items have received our major attention, I would like to mention briefly our recent progress in three other aspects of supply management:

(a) *Purification of back orders.*—Annually, some 80 million requisitions are placed on the Defense supply system by requisitioning activities. One of our longstanding problems has been the tendency of requisitioners to submit duplicate requisitions when deliveries are delayed due to the need for procurement action. Requirements may also change during such periods. Unnecessary requisitions result in excess issues and inflated stock levels. During fiscal year 1967, a new system was instituted at the 22 inventory control points which requires