

§ 101-27.000

§ 101-27.000 Scope of part.

This part provides policies, principles, and guidelines to be used in the management of Government-owned inventories of personal property.

[29 FR 15997, Dec. 1, 1964]

Subpart 101-27.1—Stock Replenishment

§ 101-27.101 General.

Each agency shall establish and maintain such control of personal property inventories as will assure that the total cost involved will be kept to the minimum consistent with program needs. For purposes of stock replenishment, inventories may be considered to be composed of active inventory which is that portion carried to satisfy average expected demand, and safety stock which is that portion carried for protection against stock depletion occurring when demand exceeds average expected demand, or when leadtime is greater than anticipated.

(a) In establishing active inventory levels, consideration shall be given to the average demand of individual items, space availability, procurement costs, inventory carrying costs, purchase prices, quantity discounts, transportation costs, other pertinent costs, and statutory and budgetary limitations.

(b) In establishing safety stock levels, consideration shall be given to demand and leadtime fluctuations, essentiality of items, and the additional costs required to achieve additional availability.

[29 FR 15997, Dec. 1, 1964]

§ 101-27.102 Economic order quantity principle.

The economic order quantity (EOQ) principle is a means for achieving economical inventory management. Application of the EOQ principle reduces total variable costs of procurement and possession to a minimum.

[41 FR 3858, Jan. 27, 1976]

§ 101-27.102-1 Applicability.

All executive agencies, except the Department of Defense, within the United States, excluding Alaska and

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Hawaii, shall replenish inventories of stock items having recurring demands, except items held at points of final use, in accordance with the economic order quantity (EOQ) principle.

[29 FR 15997, Dec. 1, 1964]

§ 101-27.102-2 Guidelines.

Guidelines for implementing the EOQ principle of stock replenishment are in the GSA Handbook, The Economic Order Quantity Principle and Applications, issued by the Federal Supply Service, GSA. The handbook is identified under national stock number 7610-00-543-6765 in the GSA Supply Catalog, and copies may be obtained by agencies in the same manner as other items in that catalog. The public may purchase the handbook from the Superintendent of Documents, U.S. Government Printing Office, Washington, DC 20402.

[41 FR 3858, Jan. 27, 1976]

§ 101-27.102-3 Limitations on use.

(a) When there are no limiting factors which preclude its application, such as space or budgetary limitations, the basic EOQ techniques shall be used.

(b) When a space, personnel, or budgetary limitation precludes application of the basic EOQ technique, a modification of the technique may be made provided the modification produces:

(1) The fewest possible replenishments for a given level of inventory investment; or

(2) The lowest possible level of inventory investment for a given number of replenishments.

(c) When quantity purchase discounts or volume transportation rates will produce savings greater than the increased variable costs involved in procurement and possession, the economic purchase quantity (EPQ) principle shall be used as described in the GSA Handbook, The Economic Order Quantity Principle and Applications.

[29 FR 15997, Dec. 1, 1964, as amended at 31 FR 9541, July 14, 1966; 41 FR 3858, Jan. 27, 1976]

§ 101-27.103 Acquisition of excess property.

Except for inventories eligible for return to GSA for credit pursuant to the

Federal Property Management Regulations

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provisions of § 101-27.501 and for inventories for which an economic retention limit has been established in accordance with the provisions of subpart 101-27.3 of this part, inventory levels may be adjusted upward when items of stock are to be acquired from excess sources. Such adjustments should be tempered by caution and arrived at after careful consideration. Generally, acquisitions of items for inventory from excess sources shall not exceed a 2-year supply except when:

(a) A greater quantity is needed to meet known requirements for an authorized planned program.

(b) The item is not available without special manufacture and a predictable requirement exists.

(c) Administrative determination has been made that in application of the EOQ principle of stock replenishment within an agency an inventory level in excess of 2 years is appropriate for low dollar-volume items.

(d) The items are being transferred into authorized stock funds for resale to other Government agencies.

[34 FR 200, Jan. 7, 1969, as amended at 41 FR 3858, Jan. 27, 1976]

Subpart 101-27.2—Management of Shelf-Life Materials

§ 101-27.201 Scope of subpart.

This subpart provides for the identification, designation of useful life, and establishment of controls for shelf-life items to minimize loss and insure maximum use prior to deterioration. A shelf-life item is any item possessing deteriorative or unstable characteristics to the degree that a storage period must be assigned to assure the issuance of material that will perform satisfactorily in service.

[32 FR 6493, Apr. 27, 1967]

§ 101-27.202 Applicability.

This subpart 101-27.2 is applicable to all executive agencies except the Department of Defense. The principles and objectives prescribed in this subpart are in consonance with those adopted by the Department of Defense

in the establishment of shelf-life procedures for use by military activities.

[32 FR 6493, Apr. 27, 1967]

§ 101-27.203 Program objectives.

In order to assure maximum use of shelf-life items, each executive agency shall:

(a) Identify shelf-life items, including any new items to be placed in inventory, which have a limited shelf-life period.

(b) Establish the shelf-life period of such items and procedures for controlling their procurement, storage, and issue.

(c) Inspect or test certain shelf-life items prior to deterioration to determine if the shelf-life period can be extended.

(d) Conduct inventory management analyses to determine if shelf-life stocks are expected to be utilized prior to the expiration of the original or any extended shelf-life period, and, if not, arrange for transfer of such stock in sufficient time to permit usage prior to deterioration.

(e) Make available for Government-wide distribution, through excess property channels, any stocks which cannot be utilized through normal supply channels.

[32 FR 6493, Apr. 27, 1967]

§ 101-27.204 Types of shelf-life items.

Shelf-life items are classified as non-extendable (Type I) and extendable (Type II). Type I items have a definite storage life after which the item or material is considered to be no longer usable for its primary function and should be discarded. Type II items are those for which successive reinspection dates can be established when the items have a continued usability as determined by examination based upon criteria that have been agreed upon. Examples of Type I items are drugs and medicines with certain characteristics. Examples of Type II items are paint and ink.

[40 FR 59595, Dec. 29, 1975]

§ 101-27.205 Shelf-life codes.

Shelf-life items shall be identified by use of a one-digit code to provide for uniform coding of shelf-life materials by all agencies.