

Subpart 101-27.4—Elimination of Items From Inventory

SOURCE: 32 FR 12401, Aug. 25, 1967, and 32 FR 12721, Sept. 2, 1967, unless otherwise noted.

§ 101-27.400 Scope of subpart.

This subpart establishes policy and procedures designed to assure that items which can be obtained more economically from readily available sources, Government or commercial, are eliminated from inventory. For items which are not readily available from Government or commercial sources or are being held in inventory for a one time construction project, this subpart shall be applied to the extent feasible by the activity managing or controlling such inventories.

§ 101-27.401 [Reserved]

§ 101-27.402 Applicability.

The provisions of this subpart are applicable to all executive agencies in connection with inventory items maintained at stocking activities other than Government wholesale supply sources.

§ 101-27.403 General.

By eliminating inactive items and slow-moving items which are readily available, when needed, from Government wholesale supply activities or from commercial sources, the costs to the Government in inventory investment and for maintaining the items in inventory can be eliminated. An "inactive item" is an item for which no current or future requirements are recognized by previous users and the item manager. A "slow-moving item" is an item for which there are current or future requirements, but the frequency and quantity of such requirements do not make it economical to stock them in lieu of obtaining requirements from other sources when needed. However, "standby or reserve items" are not to be eliminated from inventories. A "standby or reserve item" is an item for which a reserve stock is held so that the items will be available immediately to meet emergencies for which there is insufficient time to procure or requisition the items without endan-

gering life or causing substantial financial loss to the Government.

[41 FR 3859, Jan. 27, 1976]

§ 101-27.404 Review of items.

Except for standby or reserve stocks, items in inventory shall be reviewed periodically (at least annually) to identify those which are inactive and slow-moving. This review may be conducted coincidentally with the normal replenishment or long supply reviews. The estimate of current or future requirements for an item shall be based on its recent history of recurring requirements. Standby items shall also be reviewed at appropriate intervals to substantiate their qualification for inclusion in that category.

§ 101-27.405 Criteria for elimination.

Inactive items, items which no longer qualify as standby, and slow-moving items which are readily available, when needed, from Government or commercial sources shall be eliminated from inventory. The determination of a slow-moving item shall be based on a comparison of the costs for continuing to maintain it in stock as opposed to the costs for ordering it from outside sources each time it is requested. This comparison shall also consider any difference in price and transportation costs for each alternative. In the absence of criteria for stockage of an item developed and used by an agency, the desired results will be obtained through application of the following table:

Orders per year under economic order quantity (EOQ)	Minimum number of requests per year to justify continuation in stock
12 and over	24
11	22
10	20
9	18
8	16
7	14
6	12
5	10
4	8