

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

Orders per year under economic order quantity (EOQ)	Minimum number of requests per year to justify continuation in stock
3 and under	7
NOTE: Except for the low dollar infrequently ordered item, which requires a higher minimum, an item should be discontinued from stock if the number of requests for it is less than twice its order frequency under EOQ. For example, an item ordered six times per year under EOQ should have at least 12 requests per year to continue stockage. For 11 requests, it would cost less to order each time it was requested.	
11 orders at \$5 per order	\$55
Under EOQ:	
6 orders at \$5 per order	\$30
Holding cost (equal to ordering cost)	30
Total	60

§ 101-27.406 Disposition of stock.

Stocks of slow-moving items which are not otherwise determined to be eligible for continued stockage shall be eliminated through normal attrition and shall not be replenished. The successive actions indicated in paragraphs (a) through (c) of this section, shall be taken, as necessary, to remove stocks of inactive items from inventory.

(a) Transfer stock to other offices where needed within the agency.

(b) Transfer stock to other agencies as follows:

(1) Centrally managed items to the agency managing the item for credit; or

(2) Agency program items to agencies requiring them.

(c) Dispose of remaining stocks, as excess, after actions taken in paragraphs (a) and (b) of this section, in accordance with subpart 101-43.3.

Subpart 101-27.5—Return of GSA Stock Items

SOURCE: 35 FR 12721, Aug. 11, 1970, unless otherwise noted.

§ 101-27.500 Scope and applicability of subpart.

This subpart sets forth policy and procedures for the return to GSA for credit of items which are in long supply or for which no current or future requirements are anticipated. The provisions of this subpart 101-27.5 are applicable to all executive agencies. Federal agencies other than executive

agencies may participate in this program and are encouraged to do so.

§ 101-27.501 Eligibility for return.

GSA stock items for which no current or future agency requirements are anticipated are eligible for return to GSA for credit. Despite eligibility for return to GSA, consideration should be given to the transportation costs involved as related to the value of the items, and, where excessive, such items shall not be reported to GSA.

§ 101-27.502 Criteria for return.

Any GSA stock item to be returned to GSA by an agency which has no current or future requirements for that item shall meet the following conditions:

(a) The minimum dollar value per line item, based on the current GSA selling price, shall be:

(1) \$130 for hand tools, FSG 51, and measuring tools, FSG 52; and

(2) \$450 for items in all other Federal supply groups and classes except for tires and tubes, FSC 2610; tool kits, FSC 5180; laboratory supplies, FSCs 6630 and 6640; Standard forms, FSC 7540; paints, dopes, varnishes, and related products, FSC 8010; preservatives and sealing compounds, FSC 8030; adhesives, FSC 8040; boxes, cartons, and crates, FSC 8115; and subsistence items, FSG 89, which are not returnable and shall be considered excess, and shall be processed in accordance with part 101-43 of this chapter.

(b) The minimum remaining shelf life of this material shall be 12 months at the time of receipt by GSA.

(c) The material shall not be a terminal or discontinued item.

(d) The material shall be in either condition code A or condition code E.

[35 FR 12721, Aug. 11, 1970, as amended at 44 FR 39393, July 6, 1979; 56 FR 11939, Mar. 21, 1991]

§ 101-27.503 Allowable credit.

Allowable credit for activities returning material that is accepted by GSA will be reflected in billings by GSA and will be commensurate with the condition of the material received.

(a) Credit will be granted at the rate of 80 percent of the current GSA selling price after acceptance by GSA for new,