(Amendment E–38, September 1967)

SUBPART 101–27.3—MAXIMIZING USE OF INVENTORIES

§ *101–27.300 Scope.*

This subpart prescribes policy and procedures to assure maximum use of inventories based upon recognized economic limitations.

§ *101–27.301 Definitions.*

As used in this Subpart 101–27.3, the following terms have the meanings set forth below:

(a) "Long supply" means that increment of inventory which exceeds the stock level criteria established by the inventory manager, but excludes quantities to be declared excess.

(b) "Centrally managed item" means an item of supply or equipment which forms part of an inventory of an agency performing a mission of storage and distribution to other Government activities (e.g., GSA and DSA).

(c) "Agency managed item" means an item which is procured and forms a part of a controlled inventory of an agency and its activities for issue internally for its own use and is other than a centrally managed item.

(d) "Economic retention limit" means the maximum stock quantity on hand of an item which may be held without incurring greater costs for carrying the stock than for the costs of its disposal and resulting loss of investment.

§ *101–27.302 Applicability.*

The provisions of this subpart are applicable to all civil executive agencies.

§ *101–27.303 Reducing long supply.*

Through effective interagency matching of material and requirements before the material becomes excess, unnecessary procurements and investment losses can be reduced. Timely action is required to reduce inventories to their normal stock levels by curtailing procurement and by utilizing and redistributing long supply. In this connection, requirements for agency managed items should be obtained, from long supply inventories offered by agencies in lieu of procurement from commercial sources. Since supply requirements usually fluctuate over a period of time, a long supply quantity which is 10 percent or less of the total stock of the item is considered marginal and need not be reduced.

§ *101–27.303–1 Cancellation or transfer.*

When the long supply of an item, including quantities due in from procurement, is greater than 10 percent of the total stock of that item, the inventory manager, or other appropriate official, shall cancel or curtail any outstanding requisitions or procurements on which award has not been made for such items, and may also cancel contracts for such items (if penalty charges would not be incurred) or transfer the long supply, if economical, to other offices within the agency in accordance with agency utilization procedures. In such cases, acquisition of long supply items shall not be made from other sources such as requirements contracts.

§ *101–27.303–2 Redistribution.*

If the long supply is still greater than 10 percent of the total stock of an item despite efforts to cancel or transfer the long supply as provided in § 101–27.303–1, the inventory manager shall:

(a) Offer centrally managed items to the agency managing the item for return and credit in accordance with the procedures established by that agency; and

(b) Offer agency managed items to other agencies which manage the same item. Reimbursement shall be arranged by the agencies effecting the inventory transfer. The responsibility of locating agencies or activities requiring these items shall rest with the agency holding the long supply. However, agencies may receive a list of Government activities using particular Federal stock numbers by writing to:

General Services Administration, Federal Supply Service, Standardization Division—FMS, Washington, D.C. 20406.