

**§ 101-27.000**

**41 CFR Ch. 101 (7-1-07 Edition)**

**§ 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

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