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UNITED STATES GENERAL ACCOUNTING OFFICE  
WASHINGTON, D C 20548

CIVIL DIVISION

MAR 5 1970

Dear Mr. Spangler

As you know, we recently examined into the Federal Supply Service's (FSS) procedures and practices relative to the identification and elimination of nonessential items from the stores system. In making this examination, we noted a related matter that seemed to be in need of attention, namely, the setting of certain stocking patterns for stores items.

In analyzing demand data that had been furnished to us by FSS in November 1969, we noted that many low-demand items were authorized for stocking in all ten GSA regions, as shown in the following table.

<u>Number of orders received during fiscal year 1969</u>	<u>Number of stock items authorized</u>
0 - 5(a)	
6 - 60	1,016
61 - 120	1,177
121 - 180	1,200
181 - 240	<u>1,082</u>
Total	<u>4,475</u>

(a) Items with five or less calls are to be reviewed by FSS for conversion to a nonstock status.

In December 1969, we began a review of FSS' stocking patterns because it appeared that improvements could be made. In January 1970 FSS inventory management officials advised us that consideration was being given to the awarding of a contract to a commercial firm for a study of stocking patterns. We understand that the primary objective of this proposed study is the establishment of optimum levels of stocking of stores items at various locations.

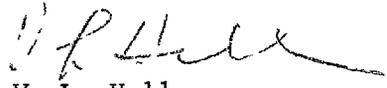
Since the proposed study apparently is to cover essentially the same ground as that contemplated by our review, we have decided not to proceed

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further with our review at this time. We would appreciate being notified of the implementation of the proposed study and being informed of the results of such study as may be made.

We will be pleased to discuss the above matters with you if you so desire.

Sincerely yours,



V. L. Hill  
Assistant Director

Mr. Lewis E. Spangler  
Acting Commissioner  
Federal Supply Service  
General Services Admin-  
istration