

HISTORICAL AND REVISION NOTES

Revised section	Source (U.S. Code)	Source (Statutes at Large)
2457(a)	10:2451 (note).	Aug. 5, 1974, Pub. L. 93-365, §302(c) (1st-3d sentences), 88 Stat. 402. Oct. 7, 1975, Pub. L. 94-106, §814(a)(1), 89 Stat. 540; restated July 14, 1976, Pub. L. 94-361, §802, 90 Stat. 930.
2457(b)	10:2451 (note).	July 14, 1976, Pub. L. 94-361, §803(b) (1st-4th sentences), 90 Stat. 931.
2457(c)	10:2451 (note).	July 14, 1976, Pub. L. 94-361, §803(a) (1st, 2d sentences), (c), 90 Stat. 930, 931.
2457(d) (words before (1)), (1) (related to (a)(1) and (2)).	10:2451 (note).	Aug. 5, 1974, Pub. L. 93-365, §302(c) (5th sentence), 88 Stat. 402; Oct. 7, 1975, Pub. L. 94-106, §814(c), 89 Stat. 540.
2457(d)(1) (related to (a)(3)).	10:2451 (note).	July 14, 1976, Pub. L. 94-361, §803(b) (last sentence), 90 Stat. 931.
2457(d)(2)	10:2451 (note).	Oct. 7, 1975, Pub. L. 94-106, §814(b), 89 Stat. 540.
2457(d)(3)	10:2451 (note).	Oct. 7, 1975, Pub. L. 94-106, §814(a)(3), 89 Stat. 540; restated July 14, 1976, Pub. L. 94-361, §802, 90 Stat. 930.
2457(d) (4)-(6).	10:2451 (note).	July 14, 1976, Pub. L. 94-361, §803(a) (3d-last sentences), 90 Stat. 930.
2457(d)(7), (8).	10:2451 (note).	Aug. 5, 1974, Pub. L. 93-365, 88 Stat. 399, §302(c) (6th, last sentences); added Sept. 8, 1982, Pub. L. 97-252, §1121, 96 Stat. 754.
2457(e)	10:2451 (note).	Oct. 7, 1975, Pub. L. 94-106, §814(a)(2), 89 Stat. 540; restated July 14, 1976, Pub. L. 94-361, §802, 90 Stat. 930.
2457(f)	10:2451 (note).	Aug. 5, 1974, Pub. L. 93-365, §302(c) (4th sentence), 88 Stat. 402.

In the introductory matter of subsection (a), before clause (1), the word "equipment" is substituted for "impedimenta" in section 302(c) of the Department of Defense Appropriation Authorization Act, 1975 (Pub. L. 93-365, Aug. 5, 1974, 88 Stat. 402), for clarity and for consistency with section 814(a)(1) of the Department of Defense Appropriation Authorization Act, 1976 (Pub. L. 94-106, Oct. 7, 1975, 89 Stat. 540), which is restated as part of this subsection.

In subsection (a)(1), the word "undertake" is omitted as surplus. The word "members" is substituted for "countries" for consistency. The words "including the United States" are omitted as unnecessary.

In subsection (a)(2), the words "The Secretary of Defense shall also" are omitted as unnecessary. The word "maintain" is substituted for "develop" because it is more appropriate.

In subsection (a)(3), the words "of other members of the North Atlantic Treaty Organization whenever such equipment is to be used by personnel of the Armed Forces of the United States stationed in Europe under the terms of the North Atlantic Treaty" are omitted as unnecessary because of the restatement. The words "Such procedures shall also take into . . . to be procured" are omitted as unnecessary. The text of section 814(a)(1) (4th, last sentences) is omitted as executed.

In subsection (b), the words "It is the sense of the Congress", "It is further the sense of Congress", "It is the Congress' considered judgment", "properly", "Accordingly", and "pursuant to these ends" are omitted as unnecessary.

In subsection (c)(1), the word "should" is substituted for "shall" for clarity.

In subsection (d)(1), the word "members" is substituted for "allies" for consistency. The words "The Secretary of Defense shall include in the report to the

Congress required by section 302(c) of Public Law 93-365, as amended" are omitted as unnecessary because of the restatement.

In subsection (d)(2), the words "The report required under section 302(c) of Public Law 93-365 shall include" are omitted as unnecessary because of the restatement.

In subsection (d)(3), the words "he shall report that fact to the Congress in the annual report required under section 302(c) of Public Law 93-365, as amended" are omitted as unnecessary because of the restatement.

In subsection (d)(4), the words "The Secretary of Defense shall, in the reports required by section 302(c) of Public Law 93-365, as amended" are omitted as unnecessary because of the restatement.

In subsection (d)(5), the words "if none exist" are substituted for "In the absence of such common requirements" to eliminate unnecessary words. The words "the Secretary shall include a discussion of the" are omitted as unnecessary because of the restatement.

In subsection (d)(6), the words "The Secretary of Defense shall also report on" are omitted as unnecessary because of the restatement.

In subsection (d)(7), the words "those programs" are substituted for "all such existing and planned programs" and "all such programs" to eliminate unnecessary words.

In subsection (f), the words "The Secretary shall submit the results of these . . . to Congress" are omitted as unnecessary because of the source provisions restated in subsection (d)(1). The word "submit" is substituted for "cause to be brought" to eliminate unnecessary words. The words "in order that the suggested actions and recommendations can" are omitted as unnecessary because of the restatement.

AMENDMENTS

2011—Subsec. (e). Pub. L. 111-350 substituted "section 8302 of title 41" for "section 2 of the Buy American Act (41 U.S.C. 10a)".

2003—Subsec. (d). Pub. L. 108-136 struck out subsec. (d) which related to Secretary's biennial submission of report to Congress.

1996—Subsec. (e). Pub. L. 104-106 substituted "the Buy American Act (41 U.S.C. 10a)" for "title III of the Act of March 3, 1933 (41 U.S.C. 10a)".

1990—Subsec. (d). Pub. L. 101-510 substituted "Before February 1, 1989, and biennially thereafter" for "Before February 1 of each year".

§ 2458. Inventory management policies

(a) POLICY REQUIRED.—The Secretary of Defense shall issue a single, uniform policy on the management of inventory items of the Department of Defense. Such policy shall—

(1) establish maximum levels for inventory items sufficient to achieve and maintain only those levels for inventory items necessary for the national defense;

(2) provide guidance to item managers and other appropriate officials on how effectively to eliminate wasteful practices in the acquisition and management of inventory items; and

(3) set forth a uniform system for the valuation of inventory items by the military departments and Defense Agencies.

(b) PERSONNEL EVALUATIONS.—The Secretary of Defense shall establish procedures to ensure that, with regard to item managers and other personnel responsible for the acquisition and management of inventory items of the Department of Defense, personnel appraisal systems for such personnel give appropriate consideration to efforts made by such personnel to eliminate wasteful practices and achieve cost savings in the acquisition and management of inventory items.

(Added Pub. L. 101-510, div. A, title III, § 323(a)(1), Nov. 5, 1990, 104 Stat. 1530; amended Pub. L. 102-190, div. A, title III, § 347(a), Dec. 5, 1991, 105 Stat. 1347.)

AMENDMENTS

1991—Subsec. (a)(3). Pub. L. 102-190 added par. (3).

IMPLEMENTATION OF 1991 AMENDMENT

Secretary of Defense to establish uniform system of valuation described in subsec. (a)(3) of this section not later than 180 days after Dec. 5, 1991, see section 347(c) of Pub. L. 102-190, set out as a note under section 2721 of this title.

MANAGEMENT OF CONVENTIONAL AMMUNITION INVENTORY

Pub. L. 113-291, div. A, title III, § 352(a), (b), Dec. 19, 2014, 128 Stat. 3347, provided that:

“(a) CONSOLIDATION OF DATA.—Not later than 240 days after the date of the enactment of this Act [Dec. 19, 2014], the Under Secretary of Defense for Acquisition, Technology, and Logistics shall issue Department-wide guidance designating an authoritative source of data for conventional ammunition. Not later than 10 days after issuing the guidance required by this subsection, the Under Secretary shall notify the congressional defense committees [Committees on Armed Services and Appropriations of the Senate and the House of Representatives] on what source of data has been designated under this subsection.

“(b) ANNUAL REPORT.—The Secretary of the Army shall include in the appropriate annual ammunition inventory reports, as determined by the Secretary, information on all available ammunition for use during the redistribution process, including any ammunition that was unclaimed and categorized for disposal by another military service during a year before the year during which the report is submitted.”

IMPROVEMENT OF INVENTORY MANAGEMENT PRACTICES

Pub. L. 111-84, div. A, title III, § 328, Oct. 28, 2009, 123 Stat. 2255, provided that:

“(a) INVENTORY MANAGEMENT PRACTICES IMPROVEMENT PLAN REQUIRED.—Not later than 270 days after the date of the enactment of this Act [Oct. 28, 2009], the Secretary of Defense shall submit to the congressional defense committees [Committees on Armed Services and Appropriations of the Senate and the House of Representatives] a comprehensive plan for improving the inventory management systems of the military departments and the Defense Logistics Agency with the objective of reducing the acquisition and storage of secondary inventory that is excess to requirements.

“(b) ELEMENTS.—The plan under subsection (a) shall include the following:

“(1) A plan for a comprehensive review of demand-forecasting procedures to identify and correct any systematic weaknesses in such procedures, including the development of metrics to identify bias toward over-forecasting and adjust forecasting methods accordingly.

“(2) A plan to accelerate the efforts of the Department of Defense to achieve total asset visibility, including efforts to link wholesale and retail inventory levels through multi-echelon modeling.

“(3) A plan to reduce the average level of on-order secondary inventory that is excess to requirements, including a requirement for the systemic review of such inventory for possible contract termination.

“(4) A plan for the review and validation of methods used by the military departments and the Defense Logistics Agency to establish economic retention requirements.

“(5) A plan for an independent review of methods used by the military departments and the Defense Logistics Agency to establish contingency retention requirements.

“(6) A plan to identify items stored in secondary inventory that require substantial amounts of storage space and shift such items, where practicable, to direct vendor delivery.

“(7) A plan for a comprehensive assessment of inventory items on hand that have no recurring demands, including the development of—

“(A) metrics to track years of no demand for items in stock; and

“(B) procedures for ensuring the systemic review of such items for potential reutilization or disposal.

“(8) A plan to more aggressively pursue disposal reviews and actions on stocks identified for potential reutilization or disposal.

“(c) GAO REPORTS.—

“(1) ASSESSMENT OF PLAN.—Not later than 60 days after the date on which the plan required by subsection (a) is submitted as specified in that subsection, the Comptroller General shall submit to the congressional defense committees [Committees on Armed Services and Appropriations of the Senate and the House of Representatives] a report setting forth an assessment of the extent to which the plan meets the requirements of this section.

“(2) ASSESSMENT OF IMPLEMENTATION.—Not later than 18 months after the date on which the plan required by subsection (a) is submitted, the Comptroller General shall submit to the congressional defense committees a report setting forth an assessment of the extent to which the plan has been effectively implemented by each military department and by the Defense Logistics Agency.

“(d) INVENTORY THAT IS EXCESS TO REQUIREMENTS DEFINED.—In this section, the term ‘inventory that is excess to requirements’ means inventory that—

“(1) is excess to the approved acquisition objective concerned; and

“(2) is not needed for the purposes of economic retention or contingency retention.”

REPORT ON INVENTORY AND CONTROL OF MILITARY EQUIPMENT

Pub. L. 106-65, div. A, title III, § 363, Oct. 5, 1999, 113 Stat. 576, provided that not later than Aug. 31, 2000, the Secretary of Defense was to submit to the Committees on Armed Services of the Senate and the House of Representatives a report on the inventory and control of the military equipment of the Department of Defense as of the end of fiscal year 1999, and that not later than Nov. 30, 2000, the Inspector General of the Department of Defense was to review the report and submit comments to the committees.

BEST COMMERCIAL INVENTORY PRACTICES FOR MANAGEMENT OF SECONDARY SUPPLY ITEMS

Pub. L. 105-261, div. A, title III, § 347, Oct. 17, 1998, 112 Stat. 1980, provided that:

“(a) DEVELOPMENT AND SUBMISSION OF SCHEDULE.—Not later than 180 days after the date of the enactment of this Act [Oct. 17, 1998], the Secretary of each military department shall submit to Congress a schedule for implementing within the military department, for secondary supply items managed by that military department, inventory practices identified by the Secretary as being the best commercial inventory practices for the acquisition and distribution of such supply items consistent with military requirements. The schedule shall provide for the implementation of such practices to be completed not later than five years after the date of the enactment of this Act.

“(b) DEFINITION.—For purposes of this section, the term ‘best commercial inventory practice’ includes cellular repair processes, use of third-party logistics providers, and any other practice that the Secretary of the military department determines will enable the military department to reduce inventory levels while improving the responsiveness of the supply system to user needs.

“(c) GAO REPORTS ON MILITARY DEPARTMENT AND DEFENSE LOGISTICS AGENCY SCHEDULES.—(1) Not later

than 240 days after the date of the enactment of this Act, the Comptroller General shall submit to Congress a report evaluating the extent to which the Secretary of each military department has complied with the requirements of this section.

“(2) Not later than 18 months after the date on which the Director of the Defense Logistics Agency submits to Congress a schedule for implementing best commercial inventory practices under section 395 of the National Defense Authorization Act for Fiscal Year 1998 (Public Law 105-85; 111 Stat. 1718; 10 U.S.C. 2458 note), the Comptroller General shall submit to Congress an evaluation of the extent to which best commercial inventory practices are being implemented in the Defense Logistics Agency in accordance with that schedule.”

INVENTORY MANAGEMENT OF IN-TRANSIT ITEMS

Pub. L. 105-261, div. A, title III, §349, Oct. 17, 1998, 112 Stat. 1981, as amended by Pub. L. 106-398, §1 [[div. A], title III, §386], Oct. 30, 2000, 114 Stat. 1654, 1654A-88, provided that:

“(a) REQUIREMENT FOR PLAN.—The Secretary of Defense shall prescribe and carry out a comprehensive plan to ensure visibility over all in-transit end items and secondary items.

“(b) END ITEMS.—The plan required by subsection (a) shall address the specific mechanisms to be used to enable the Department of Defense to identify at any time the quantity and location of all end items.

“(c) SECONDARY ITEMS.—The plan required by subsection (a) shall address the following problems with Department of Defense management of inventories of in-transit secondary items:

“(1) The vulnerability of in-transit secondary items to loss through fraud, waste, and abuse.

“(2) Loss of oversight of in-transit secondary items, including any loss of oversight when items are being transported by commercial carriers.

“(3) Loss of accountability for in-transit secondary items due to either a delay of delivery of the items or a lack of notification of a delivery of the items.

“(d) CONTENT OF PLAN.—The plan shall include for subsection (b) and for each of the problems described in subsection (c) the following information:

“(1) The actions to be taken by the Department, including specific actions to address underlying weaknesses in the controls over items being shipped.

“(2) Statements of objectives.

“(3) Performance measures and schedules.

“(4) An identification of any resources necessary for implementing the required actions, together with an estimate of the annual costs.

“(5) The key management elements for monitoring, and for measuring the progress achieved in, the implementation of the plan, including—

“(A) the assignment of oversight responsibility for each action identified pursuant to paragraph (1);

“(B) a description of the resources required for oversight; and

“(C) an estimate of the annual cost of oversight.

“(e) GAO REVIEWS.—(1) Not later than 60 days after the date on which the Secretary of Defense submits the initial plan to Congress, the Comptroller General shall review the plan and submit to Congress any comments that the Comptroller General considers appropriate regarding the plan.

“(2) The Comptroller General shall monitor any implementation of the plan and, not later than 1 year after the date referred to in paragraph (1), submit to Congress an assessment of the extent to which the plan has been implemented.

“(f) SUBMISSIONS TO CONGRESS.—The Secretary shall submit to Congress any revisions made to the plan that are required by any law enacted after October 17, 1998. The revisions so made shall be submitted not later than 180 days after the date of the enactment of the law requiring the revisions.”

INVENTORY MANAGEMENT

Pub. L. 105-85, div. A, title III, §395, Nov. 18, 1997, 111 Stat. 1718, provided that:

“(a) DEVELOPMENT AND SUBMISSION OF SCHEDULE.—Not later than 180 days after the date of the enactment of this Act [Nov. 18, 1997], the Director of the Defense Logistics Agency shall develop and submit to Congress a schedule for implementing within the agency, for the supplies and equipment described in subsection (b), inventory practices identified by the Director as being the best commercial inventory practices for the acquisition and distribution of such supplies and equipment consistent with military requirements. The schedule shall provide for the implementation of such practices to be completed not later than three years after the date of the enactment of this Act.

“(b) COVERED SUPPLIES AND EQUIPMENT.—Subsection (a) shall apply to the following types of supplies and equipment for the Department of Defense:

“(1) Medical and pharmaceutical.

“(2) Subsistence.

“(3) Clothing and textiles.

“(4) Commercially available electronics.

“(5) Construction.

“(6) Industrial.

“(7) Automotive.

“(8) Fuel.

“(9) Facilities maintenance.

“(c) DEFINITION.—For purposes of this section, the term ‘best commercial inventory practice’ includes a so-called prime vendor arrangement and any other practice that the Director determines will enable the Defense Logistics Agency to reduce inventory levels and holding costs while improving the responsiveness of the supply system to user needs.

“(d) REPORT ON EXPANSION OF COVERED SUPPLIES AND EQUIPMENT.—Not later than March 1, 1998, the Comptroller General shall submit to Congress a report evaluating the feasibility of expanding the list of covered supplies and equipment under subsection (b) to include repairable items.”

DIRECT VENDOR DELIVERY SYSTEM FOR CONSUMABLE INVENTORY ITEMS OF DEPARTMENT OF DEFENSE

Pub. L. 104-106, div. A, title III, §352, Feb. 10, 1996, 110 Stat. 266, provided that:

“(a) IMPLEMENTATION OF DIRECT VENDOR DELIVERY SYSTEM.—Not later than September 30, 1997, the Secretary of Defense shall, to the maximum extent practicable, implement a system under which consumable inventory items referred to in subsection (b) are delivered to military installations throughout the United States directly by the vendors of those items. The purpose for implementing the system is to reduce the expense and necessity of maintaining extensive warehouses for those items within the Department of Defense.

“(b) COVERED ITEMS.—The items referred to in subsection (a) are the following:

“(1) Food and clothing.

“(2) Medical and pharmaceutical supplies.

“(3) Automotive, electrical, fuel, and construction supplies.

“(4) Other consumable inventory items the Secretary considers appropriate.”

DATE OF ISSUANCE OF POLICY

Pub. L. 101-510, div. A, title III, §323(b), Nov. 5, 1990, 104 Stat. 1530, provided that: “The policy required by section 2458(a) of title 10, United States Code (as added by subsection (a)), shall be issued not later than 180 days after the date of the enactment of this Act [Nov. 5, 1990].”

CHAPTER 146—CONTRACTING FOR PERFORMANCE OF CIVILIAN COMMERCIAL OR INDUSTRIAL TYPE FUNCTIONS

- Sec. 2460. Definition of depot-level maintenance and repair.
- 2461. Public-private competition required before conversion to contractor performance.