

WEST VIRGINIA DEPARTMENT OF TRANSPORTATION
ADMINISTRATIVE PROCEDURES
VOLUME V, CHAPTER 1

SUBJECT: INVENTORY
CHAPTER TITLE: INTRODUCTION TO INVENTORY

TABLE OF CONTENTS

I. INVENTORY DESCRIPTIONS	III. INVENTORY MANAGEMENT SYSTEM (REMIS)
A. CONSUMABLE INVENTORY (PARTS, MATERIALS, AND SUPPLIES)	A. PRIMARY RESPONSIBILITIES IN INVENTORY FUNCTIONS
B. NON-CONSUMABLE INVENTORY (FIXED ASSETS)	B. INVENTORY FUNCTIONS
C. INVENTORY STOCK LIMITS	C. REMIS INVENTORY SYSTEMS
II. INVENTORY CLASSIFICATION SYSTEMS	IV. TOPICS COVERED IN VOLUME V.
A. CLASS, TYPE, AND SUBCODE	V. APPENDICES
B. CLASS, TYPE, AND TAG NUMBER	A. LISTING OF CLASSES IN CONSUMABLE INVENTORY (PARTS, MATERIALS, AND SUPPLIES)
	B. LISTING OF CLASSES IN NON-CONSUMABLE INVENTORY (FIXED ASSETS)

I. INVENTORY DESCRIPTIONS

Effective: 12/1/2001

This chapter is an overview of the Department of Transportation's inventory systems. Here, the basic DOT inventory policies are published for the benefit of employees who are unfamiliar with the systems, and as a reference for all employees. The specific processes connected with inventory functions are briefly described in section "IV." of this chapter and are covered in detail in the subsequent chapters of this volume.

DOT "property" may be defined as any and all tangible items that the Department owns. However, some items that the DOT owns may not be included in one of the inventory systems. These (unclassified or non-inventory) items are also included in the policies in this chapter, together with the reasons they are not classified.

Excluded from this chapter and the inventory volume are vehicles, which are covered in DOT Volume IV., Equipment. All DOT vehicles are part of the Equipment Division's Equipment Inventory. They are, in essence, owned by Equipment Division and *rented* to other DOT Agencies. Each piece of equipment is assigned a unique Equipment Division "ED" number for accounting purposes. A complete listing of the types of vehicles and related equipment that are inventoried, and their rental rates, may be found in DOT Volume IV., Equipment.

All DOT inventory (excluding vehicles) may be grouped in two general categories: consumable (parts, materials, and supplies) or non-consumable (fixed assets).



A. CONSUMABLE INVENTORY (PARTS, MATERIALS, AND SUPPLIES)

Effective: 12/1/2001

Generally, consumable inventory is property that will be depleted (used up), used to make or maintain something else (such as materials used on roads and bridges), issued to the public (as are licenses and permits from the Division of Motor Vehicles), or items that wear out or are broken on a regular basis. These items are in the Parts, Materials, and Supplies (PMS) Inventory (see Section II.A.).

1. Construction and maintenance materials are used by the maintenance forces of the Division of Highways (DOH) in the building and maintaining of roads and bridges, and by the State Rail Authority (SRA) in the maintaining of railroads. They fall into two general categories:
 - a. materials stored in bulk or by weight - these are aggregates, road salt, and other loose substances that are stockpiled, and
 - b. materials stored by the piece or by size - these include steel, lumber, pipe, and related items. Typically, these materials are purchased by and stocked at the organizations that use them.
2. Fuels and lubricants (commonly called gas and lube) include gasoline, diesel fuel, motor oil, antifreeze, grease, and so forth. These products are stocked and inventoried at DOH District Headquarters, Highways' county organizations, DOH Materials Control, Soils, and Testing Division, at Highways' Equipment Division, and at the State Rail Authority.
3. Most equipment parts for the repair of vehicles are stocked and inventoried at Highways' Equipment Division, then transferred to the DOH district offices, and then transferred (as needed) to Highways' county garages. DOH Materials Control, Soils, and Testing Division and State Rail Authority also have an inventory of parts. However, Equipment Division usages some small loose parts, such as nuts and bolts (Class 503), to subordinate organizations.
4. Office supplies are stocked and inventoried at the DOH's Office Services Division. DOT organizations may receive these supplies out of Office Services' inventory or, in instances where it is more expedient and economical to do so (i.e. DOH District organizations), purchase supplies off Statewide Contract with the Purchasing Card.. When the supplies leave Office Services' inventory, they are charged out as being used - not transferred.
5. Certain other consumable items, such as license plates and decals, are stocked and inventoried at various locations within the Division of Motor Vehicles. These items are charged out of inventory when they are issued to customers or (in the case of some items) to a subordinate organization.



B. NON-CONSUMABLE INVENTORY (FIXED ASSETS)

Effective: 12/1/2001

Items that are not actually stocked, and that are typically replaced as they wear out or become outmoded, are (usually) in the Fixed Asset Inventory. These items may be transferred from one organization to another, but are not charged out of inventory as "usage."

1. Support equipment includes shop equipment (that is normally stationary), larger pieces of equipment used in highway maintenance, and specialized electronic equipment. Equipment Division administers additions and deletions of items into (or from) this inventory.
2. Office and engineering equipment includes items such as furniture, file cabinets, appliances, computers, and specialized equipment used by engineers, draftpersons, and surveyors. Transportation Finance Division, Procurement Section, administers additions and deletions into (or from) this inventory.
3. Scientific Inventory items are specialized equipment used in laboratory or field testing of various construction materials, soils, and aggregates. The DOH Materials Control, Soil, and Testing Division purchases these items (or authorizes their purchase) for use at their headquarters and also at all DOH District Materials Labs, as well as on construction sites. Transportation Finance Division, Procurement Section, administers additions and deletions into (or from) this inventory.
4. The inventory systems for buildings and real property are maintained by Transportation Finance Division. These kinds of property are not included in the Fixed Assets Inventory. Buildings, however, do each have a distinct number assigned to them by the Maintenance Division; a number is painted on or affixed to each building owned by the DOH or by the DMV.



C. INVENTORY STOCK LOCATION LIMITS

Effective 6/1/2002

1. By policy, some classes of inventory will not be kept in the inventory system for storerooms below a specified organizational level. This means that no inventory masters will be established for some inventory class items for organizations that are below the specified level.
 - a. Inventory Class Masters that will not be established for organizations below the District and Division level storerooms.
 - 016 1/2 Paint and Supplies, Paint Brushes, Roof Tar, and Roof Cement
 - 018 1/2 Cleaning Supplies
 - 019 1/2 Signs, Traffic Control Devices, Traffic Paint, and Beads
 - 023 1/2 Welding Equipment and Supplies (except for 023-009-000001 and 023-009-000002: oxygen/acetylene tanks and dollies)
 - 025 1/2 Non-expendable Tools and Supplies, Safety Equipment, Fire Extinguishers, Ladders, Scaffolding, Coolers, Tarps, Saws, Concrete Form Supplies, Heaters
 - 026 1/2 Expendable Tools, Mowers, Trimmers, Ladders
 - b. Excepted from this policy are the following:
 - For organization 0858, only locations 00 and 10 will adhere to this policy while all other 0858 locations will

not have these class masters.

- All organizations with items 023-009-000001, Oxygen/Acetylene Tanks and 023-009-000002, Oxygen/Acetylene Tank Dollies must have these inventory masters and keep these items in inventory.
2. In addition, other inventory class items will only be kept in the inventory system while physically stored in a stockroom. When these items are first assigned from the storeroom to a crew leader or a worker, they will be entered as a "usage" and will not be retained in the inventory system.
- 19 1/2 Signs, Traffic Control Devices, Traffic Paint, and Beads
 - 023 1/2 Welding Equipment and Supplies (Except Oxygen/Acetylene Tanks and Dollies)
 - 025 1/2 Non-expendable Tools and Supplies, Safety Equipment, Fire Extinguishers, Ladders, Scaffolding, Coolers, Tarps, Saws, Concrete Form Supplies, Heaters
 - 026 1/2 Expendable Tools, Mowers, Trimmers, Ladders



II. **INVENTORY CLASSIFICATION SYSTEMS**

Effective: 6/1/2002

The DOT manages and accounts for most of its property (excluding vehicles) by using two basic classification systems.

A. **CLASS, TYPE, AND SUBCODE**

All items included in the Parts, Materials, and Supplies (PMS) Inventory are assigned a class, type, and subcode number. This is a twelve digit number: three digits for class, three for type, and six for subcode.

1. Class numbers denote broad categories; for example, class 011 is for certain highway construction and maintenance materials stored in bulk (aggregates, salt, etc.). For a comprehensive listing of classes in the PMS inventory, see Appendix A in the back of this chapter.
2. Type numbers more narrowly define an item; for example, class 011 and type 000 (011-000) is limestone.
3. Subcode numbers define exactly what the item is; for example, class 011, type 000, and subcode 000001 (011-000-000001) is AASHTO #1 limestone.

B. **CLASS, TYPE, AND TAG NUMBER**

All items in the Fixed Assets Inventory are assigned a class, type, and tag number. The tag number is a unique identifying number assigned to the item. It may, sometimes, be referred to as an ID number or a sequence number. This is a twelve digit number; three digits are for the class, three for type, and six for the tag number.

1. As is the case with PMS items, the class of fixed asset items is the most general identifier of an item; for example, class 814 is for microfilm equipment.
2. The type number further defines the item; for example, class 814, type 003

- (814-003) is for microfilm cameras.
3. The tag number (as opposed to the subcode number in PMS) is a different number for each individual item in the Fixed Assets Inventory. Each item in this inventory has a tag physically attached to it bearing its own tag number. For example, class 814, type 003, tag number 009810 (814-003-009810) refers to one microfilm camera, belonging to the DOH, Traffic Engineering Division, which was purchased on November 1, 1978 at a cost of \$4,406.00.



III. **INVENTORY MANAGEMENT SYSTEM**

Effective: 6/1/2002

All employees are involved in inventory management to the extent that they must remember that DOT property is, after all, public property that has been entrusted to the DOT for legitimate and prudent use. Property is to be purchased and used in the most efficient and economical ways possible. Organizations should strive to keep their inventories stocked to be able to supply the right item at the time it is needed, but not overstocked with rarely used or obsolete items. Employees involved in inventory transactions should adhere to inventory Procedures and complete inventory forms and computer entries accurately and thoroughly.

A. **PRIMARY RESPONSIBILITIES IN INVENTORY FUNCTIONS**

Following, are the primary organizations and employee classifications that have responsibilities in performing inventory functions:

1. Transportation Finance Division, Procurement Section:

Not all DOT property is classified in one of the systems; factors such as frequency of use, amount of inventory activity, and cost are considered in whether a particular piece of property is classified or not. Procurement Section makes that decision and maintains inventory catalogs and inventory system classification masters. This Section also administers the classification listing that controls what items may be stocked in any organization; provides administrative guidance and training; does write-off evaluations on lost, stolen, or damaged items; provides support in the conducting of physical inventories; and manages commodities contract processing.

2. Business Manager:

The Business Manager's Office issues inventory policies, grants approval for inventory write-offs, and approves budgets for inventory.

3. Equipment Division:

This organization is responsible for maintaining rolling stock and support equipment catalogs, establishing equipment inventory system masters, and providing equipment procedures guidance.

4. Organization Managers:

These persons may become involved in the planning, organizing, and directing of their organization's inventory systems, as well as planning the budget for inventory.

5. Comptrollers (or Chief Financial Officers):

These individuals coordinate all inventory functions for their organization (and subordinate organizations), monitor inventory operations, and provide policy and procedural guidance.

6. Storekeepers:

Storekeepers are responsible for inventory acquisition, storage, usage, transfers, and disposal. They also set inventory system masters within the subordinate organizations and oversee physical inventories.

7. Supervisors:

These managers are responsible for inventory documentation and accountability, and for ensuring that inventory is used economically and efficiently.

8. Office Assistants:

Persons of this classification generally perform the actual computer system entries and are responsible for the accuracy of their entries. They also manage document retention for their organizations.



B. INVENTORY FUNCTIONS

Effective: 12/1/2001

1. Receipts:

Items are added to an organization's PMS Inventory either by purchase or by transfer from another organization. If an item is purchased, it is added to inventory when it is received. If the item is to be part of the Fixed Asset Inventory, a tag with the tag number is attached to the item.

2. Transfers:

If an organization has an item that another organization needs, it may be transferred. If an item is transferred from one organization to another, the receiving organization must, before receipt, be aware of and agreeable to the transfer. The receiving organization must sign a receipt, verifying that they accept the transfer.

3. Usages:

A usage occurs when a PMS Inventory item is actually "used" to make or maintain something else (road construction, vehicle repair, etc.), when a

license or permit is issued by DMV, or when an item is issued out of an organization's inventory for use of a subordinate organization that does not inventory that item. Fixed Asset Inventory items are not "used."

4. Disposal:

Surplus, unusable, or stolen property may be written off inventory, with the review of Procurement Division and approval of the DOT Business Manager. See Chapter 6 of this Volume for further guidance.



C. REMIS INVENTORY SYSTEMS

Effective: 12/1/2001

The DOT's Remote Entry Management Information System (REMIS) is a mainframe computer program which contains (among many others) files accessible through action "HW50" to make changes to inventory. Employees must be given proper clearance by management to access REMIS to effect changes to inventory files. However, all DOT employees with mainframe computer logon authority may review current inventory status through action "HWIQ." These files exist to track the receipts, transfers, usages, and current balances of items in the inventory systems. The forms and actions used to enter these activities in REMIS are detailed in subsequent chapters of this volume.

Entries into the inventory systems are typically made on the next business day after the inventory transaction takes place. Authorized employees at each organization may enter HW50 transactions for their organization only. Storekeepers have access to inventory related HW50 transactions for all of their organization (Agency and DOH District level). Authorized employees in Procurement Section may enter data into inventory related transactions on this menu for all DOT organizations.

1. Inventory related options available in this menu include:

- a. PS - Purchase System. Purchases are entered into this file, setting up a purchase master. There are fields to identify the buying organization, vendor, item, quantity, cost, and other pertinent information. A two digit location number must be entered to designate where, in the organization, the item purchased will be stocked, as well as the class, type, and subcode (if PMS) or class and type (if Fixed Asset).
- b. PR - Payable Receipt. When items are received, they are entered into REMIS in this file. This action, along with an original invoice and other documentation, alerts Finance Division, Accounts Payable Section that the vendor may then be paid. If the item is in the

PMS Inventory, entries into "PR" automatically adjust the corresponding information in the Inventory Master File.

- c. IT - Transfer. This is the transaction an organization uses to transfer stock in the PMS Inventory to another organization.
- d. IU - Usage. When PMS Inventory items (other than fuel and

lubricants) are charged out or "used," the entry is made with this transaction. Usages are also entered through DR - Daily Work Report function.

- e. IG - Gas and Lube Usage. This transaction is used to enter usage of fuels and lubricants.
 - f. IN - Non-Vendor Receipt. Entries are made into this file when materials that were previously charged out as usage must be brought back into stock. An example of this would be if ten tons of stone were charged out of stock for a road maintenance project but only eight tons are actually used; the truck would bring back the extra two tons and this material would be brought back into inventory by means of a Non-Vendor Receipt transaction.
 - g. FA - Fixed Assets. This is a transaction, whereby authorized employees may reclassify or make other changes to items in the Fixed Asset Inventory, or transfer them to other organizations.
 - h. IM - Inventory Master. This transaction allows Storekeepers and authorized organization clerks to add new inventory item masters to an organization's PMS Inventory.
2. REMIS automatically increases or decreases the inventory balance in the PMS Inventory Master File (reviewable in HWIQ) when one of the inventory related transactions (except for "PS") is performed. When a Fixed Asset item is received, the Fixed Assets Master File of the receiving organization is automatically updated as the appropriate authority makes the "FA" or "PR" entry.
 3. The PMS Inventory Master File also contains fields for Minimum Balance and Maximum Balance. These fields are used to aid Storekeepers with management of inventory. The data in these fields is to be entered by Storekeepers, in conjunction with Comptrollers (or Chief Financial Officers) to alert organizations as to what quantities of a particular item should be kept in stock. When the quantity reaches the Minimum Balance, the item should be reordered (unless the item is seasonal and reaches the minimum at a time when it is out of season). "Maximum Balance" indicates the maximum quantity of an item that can be stocked at an organization, given the space available and the amount needed to economically meet the demand.



IV. TOPICS COVERED IN VOLUME V

Effective: 12/1/2001

Following, is a brief summary of the other chapters in this volume. They are intended to provide the details pertaining to inventory functions and actions, in a systematic, easy-to-follow way.

A. **CHAPTER 3: RECEIVING ITEMS INTO INVENTORY**

This chapter deals with the processes involved in bringing items into inventory. The forms and the data entry into REMIS are explained for the following kinds of receipts:

1. From purchase. The purchase itself is not detailed here, but how purchased items get into the inventory systems is explained.
2. On transfer. A general discussion on receiving items on transfer is provided. The details of receiving goods from one organization into another on transfer

- are explained in Chapter Four.
3. From fabrication. In some cases, items are constructed by employees from other materials in stock. The details associated with accounting for that are explained.
 4. Receipt of fuel and lubricants. Materials that are delivered by tank truck into storage tanks must be dealt with differently than other kinds of receipts. The measuring methods and environment concerns associated with receiving these materials are explained.
 5. Return to stock. Receiving "free" items, unused items from construction contractors, and returning items to stock are explained.

B. CHAPTER 4: USING AND TRANSFERRING INVENTORY

This chapter explains how to report usage of various kinds of inventory and how to transfer inventory.

C. CHAPTER 5: CONTROLLING INVENTORY

Effective: 12/1/2001

This chapter explains various techniques to ensure inventory accountability. The concept of setting minimum and maximum stock levels is explained as a tool for the cost-effective management of inventory. Included in this chapter are

1. physical inventory audits,
2. spot check or periodic inventories,
3. month-end adjustment of fuel storage tanks,
4. tools for ensuring inventory accountability among organization personnel,
5. safety and security measures,
6. environmental issues, and
7. service agreement requirements.



D. CHAPTER 6: SURPLUS, UNUSABLE, STOLEN AND MISSING PROPERTY

The different methods of disposing of various types of inventory, both physically and for accounting purposes, are explained here; as well as the policies and processes to be followed when property is stolen or missing.

E. CHAPTER 7: INVENTORY CORRECTIONS

The typical errors occurring from inventory transactions and a general guide to their correction are explained here.



V. APPENDICES

The following appendices are general listings of the Class numbers and the types of items represented in them. These lists are intended to be for general reference and may not be all-inclusive.

A. LISTING OF CLASSES IN CONSUMABLE INVENTORY

Effective: 12/15/2002

CLASS	ITEMS
010	Pipe, Bands
011	Aggregate and Road Materials
012	Guardrail and Fittings
014	Dynamite, Exploders, and Supplies
015	Fuels, Lubricants, Degreasers, Anti-freeze
016	Paint and Supplies, Paint Brushes, Roof Tar, and Roof Cement
017	Lumber, Lumber Supplies, Nails, Roofing, Temporary Bridge (Lumber)
018	Cleaning Supplies
019	Signs, Traffic Control Devices, Traffic Paint and Beads
020	Steel and Fittings, Emergency Bridges
023	Welding Equipment and Supplies
025	Non-expendable Tools and Supplies, Safety Equipment, Fire Extinguishers,, Ladders, Scaffolding, Coolers, Tarps, Saws, Concrete Form Supplies, Heaters
026	Expendable Tools, Mowers, Trimmers, Ladders
028	Signals and Lighting for Highways and Railways
029	Bridge, Tunnel, Right-of-Way, and Railway Material; Fence; Gabion Baskets; Block; and Brick
030	Misc. Roadside Material, Herbicide, Grass Seed, Fertilizer, Soil Control, Pesticide, Flower Seed Items.
031	Core Drilling Equipment
500	Equipment Parts, Booster Cables, Chain Saws
501	Used Parts
502	Rebuilt Parts

503	Bulk Issue Parts
900	Office Supplies
901	Forms
902	Printing Supplies
903	Drafting Supplies
904	Microfilm
910	Vehicle Titles, Permits
920	License Plates
930	DMV Decals, Placards
950	DMV Forms
960	Polaroid Film for DMV Use
970	Laminates
980	DMV Books, Manuals
990	DMV Dealer Manuals, Clothing



B. LISTING OF CLASSES IN FIXED ASSETS INVENTORY

Effective: 12/15/2002

CLASS	ITEMS
701	Tools
702	Equipment Calibration
708	Sample Cutters
710	Ovens

711	Refrigeration
715	Bituminous Asphalt Testing Equipment
716	Nuclear Equipment/Nuclear Calibration
717	Portland Concrete Testing Equipment
718	Soils and Aggregates Testing Equipment
719	Water Testing Equipment
720	Metal Testing Equipment
721	Chemical/Paint Testing Equipment
722	Roadway Inspection
724	Salt Testing
805	Electric Powered Filing Units
811	Copier/Shredder
813	Camera/LCD Projector
814	Micro Film/Micro Fiche
815	Computer Equipment
816	Network Equipment for use by Information Services Only
829	Engineering Equipment

