

	<b>STATE OF ALASKA DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES</b>		POLICY AND PROCEDURE NUMBER <b>10.03.020</b>	PAGE 1 of 4
	<b>Policy and Procedure</b>		EFFECTIVE DATE February 26, 1998	
SUBJECT <b>Supplies Inventories</b>		SUPERSEDES		DATED
TITLE <b>Procurement and Property</b>	CHAPTER <b>Controlled Property, Inventory and Fixed Assets</b>	APPROVED BY <p style="text-align: center;">Signature on File</p>		

## PURPOSE AND SCOPE

Stock inventories of common use supplies are maintained at the Regional/System level to support daily operations of Departmental functions. The purpose of this procedure is to state the rules for use of these inventories and outline a standard for operation of the inventory asset accounts.

## DISTRIBUTION

All holders of the Department of Transportation & Public Facilities Procedures Manual.

## PROCEDURE

### A. General

1. Supplies inventories are to be maintained at the lowest possible levels consistent with maintaining uninterrupted operations.
2. Only those items which can be physically controlled and safeguarded by the Procurement Section are to be maintained in the supplies inventory.
3. Procurement Officers will stock in inventory only common use, consumable items that either show significant repetitive use, require long lead times to procure, or for which significant cost savings can be obtained by ordering in large quantities. Durable goods items will not be maintained as part of the supplies inventory.
  - a. Items such as, but not limited to, the following will not be maintained in inventory under any circumstances:
    - (1) Asphalt Products
    - (2) Aggregate (Sand & Gravel)
    - (3) Highway Guardrail
    - (4) Highway signs
    - (5) Culvert
    - (6) Traffic Paint
    - (7) Ice Control Chemicals

(8) Any item which requires control and identification under the State Property Control Manual and/or DPDR 10.03.010 (Property Control).

- b. Supplies inventories will not be used as temporary means of storage for items purchased with End Of Year (EOY) funds, nor for purchases of items for temporary storage pending receipt of new fiscal year funds.

#### B. Adding Items To Inventory

1. When a division/section wishes to have the Procurement Section stock a particular item in inventory, they will prepare a memo to the Regional Procurement Officer, giving a complete description of the item, possible sources for the item, the estimated annual use of the item, and the justification for adding the item to inventory.
  - a. The Regional Procurement Officer will review the information submitted and determine whether or not to add the requested item to inventory.
  - b. The Regional Procurement Officer's decision on whether or not to add an item to inventory is final.

#### C. Issue of Inventory Items

1. Requests for inventory items must be made on a Stock Request form (#02-303), and submitted to the Procurement Section.
  - a. Requests for inventory items shall be segregated (submitted separately) from requests for items that must be purchased outright (direct charge).
  - b. Proper and valid financial coding and approvals must be provided by the requesting office at the time the Stock Request is submitted to Procurement.
  - c. If possible, no more than three lines of coding should be used for any single request. This is the maximum number provided for on the Transfer & Issue Invoice (T&I). Inclusion of more than three will generate additional work for the Finance Section.
2. The items requested will be pulled from inventory, a Transfer and Issue Invoice (T&I) prepared, and the items, along with copies of the T&I and the Stock Request, will either be delivered to or picked up by the requesting office.
  - a. Items not available will be either backordered or cancelled, according to regional procedures.
  - b. If charges for items issued from inventory must be distributed to more than three financial lines of coding:
    - (1) All "9's" must be entered in the first colocode and account code fields on the T&I form.
    - (2) A copy of the Stock Request must be attached to the original T&I and forwarded to the Finance Section for special processing through the Alaska Statewide Accounting System (AKSAS).

- (3) Alaska Marine Highway System (AMHS) must charge the individual requestors and split the order regardless of the number of lines of financial coding provided on the Stock Request.

#### D. Receipt Of Inventory Items By The Customer

1. Upon delivery or receipt, the receiving office should inspect the order for completeness.
2. If there are discrepancies with the order, the receiving office must notify the Procurement Section as soon as possible, but not later than seven (7) days following receipt, so that corrective action may be taken.

#### E. Returns

1. At the discretion of the Regional Procurement Officer, merchandise issued from the warehouse may be returned for credit under the following conditions:
  - a. the item is still carried in inventory; and
  - b. the item has not reached it's shelf life (i.e., expired film).
2. If an item is to be returned, the requesting office must provide the Regional Procurement Officer with a written justification as to why the item(s) should be accepted for return.
  - a. The decision of the Procurement Officer is final.
  - b. Returns solely for convenience of the requesting Office will not be approved.
  - c. Items may only be returned for credit within the same fiscal year in which they were issued.
3. Adjustments to inventory for returns must be accomplished by a correcting T&I and Agency Journal Entry (AJE).

#### F. Usage

1. Any item which has had no use in a 12-month time period will be considered for deletion from inventory.
  - a. The division/section who requested that the Procurement Section stock the item will be contacted and required to provide either:
    - (1) written justification why the item should remain in inventory; or
    - (2) written certification that they will utilize the item within the next 12 month period.
  - b. If the required justification/certification is not provided within a reasonable time, the item will be dropped from inventory in accordance with the procedures listed below (2).
2. Any item which has had no use in a 24-month time period will be deleted from inventory. Item(s) removed from inventory will be charged to either:
  - a. the division/section that requested the Procurement Section stock the item(s); or

- b. all inventory customers based upon their 12-month actual consumption (see DPDR 10.003.022 - Obsolete Items).

#### G. Accountability

1. Regional Procurement Officers are responsible and accountable for the stock inventories of supplies under their control. Discrepancies identified as part of the annual physical inventory and those discovered at other times of the year must be documented and accounted for.
2. Users of the supplies inventories will share responsibility for absorbing the cost of obsolete, damaged, or unused items (see DPDR 10.03.022 - Obsolete Items).
  - a. Exception - the division or section that requested the Regional Procurement Section stock specific items in inventory will bear the cost for all unused items remaining in inventory if the items are dropped for lack of use.
  - b. Annual adjustments to distribute these costs will be made by Headquarters Finance.

#### H. AKSAS

All transactions affecting the Supplies Inventory (i.e., issues and returns) must have a corresponding AKSAS transaction, which reflects the change to the inventory asset account.

#### I. Annual Physical Inventory

An annual physical inventory will be taken in accordance with Departmental Procedure DPDR 10.03.021. The results of the inventory will be used to adjust the on-line system inventory and AKSAS asset inventory balances.

#### J Disposition of Inventory Items (Lost, Damaged, Obsolete, etc.)

See Departmental Procedure DPDR 10.03.022.