

	STATE OF ALASKA DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES		POLICY AND PROCEDURE NUMBER 10.03.022	PAGE 1 of 7
	Policy and Procedure		EFFECTIVE DATE February 20, 2001	
SUBJECT Disposition of Supply Inventory Items		SUPERSEDES FMOM 12.05.030	DATED 5/16/94	
TITLE Procurement and Property	CHAPTER Controlled Property, Inventory and Fixed Assets	APPROVED BY <p style="text-align: center;">Signature on File</p>		

PURPOSE

To provide detailed steps for the disposition of supply warehouse inventory items, including obsolete, spoiled, damaged, lost or stolen, items with an expired shelf life, and items with no turnover.

POLICY

Whenever possible, items to be disposed of will be charged back to the division/section responsible for requesting the Procurement Section to stock the items. Otherwise, items will be charged to a distribution account and will be allocated to sub-appropriation Collocation Codes (CC) based on prior year inventory consumption.

PROCEDURE

A. Definitions:

Obsolete Items:

Includes all inventory items which have been superseded by a product design change, items which have undergone code changes, items which have been superseded by a new form revision, or items which have become obsolete because their use is no longer required.

Spoiled Items:

Includes all items which have been exposed to light, heat, cold, water, or other which has caused a chemical property change making the items no longer viable for their intended use.

Expired Shelf Life:

Includes all items bearing a manufacturer's shelf life date ("use by" date) which is prior to the current date.

Items With No Turnover *in the past 12/24 months:*

To determine items with no turnover in the past 12/24 months, generate a Buyspeed "Inventory Performance Report."

Lost, Stolen, or Damaged Items:

Use form #25-LOST to account for these items (Attachment A). *NOTE: Damaged items are distinguished from Spoiled items (above) in that spoilage is an act of nature, while damage is caused by accident while handling.*

B. Categorizing Stock Items.

Category A: Items which are physically present in inventory, but are Obsolete, Spoiled, or have Expired Shelf Life.

Category B: Items with no turnover in past 12/24 months.

Category C: Items which were in inventory but which cannot be located, and items which were damaged while in the physical custody of the Procurement Section (Lost, Stolen or Damaged Items).

Category D: Inventory Adjustments - Overages/Shortages

C. Removing Items from Inventory.

1. *Category A - Obsolete, Spoiled, Expired Shelf Life:* Before these items are removed from inventory, the following steps shall be taken:
 - a. Contact the vendors from whom the item(s) was/were purchased and attempt to negotiate a return for credit (unlikely, but possible).
 - b. If a return for credit cannot be negotiated with the vendor, list the items on a "Property Salvage/Destruction Request" (PDSR) and process the request through normal channels for disposition instructions.
 - (1) While waiting for disposition instructions, remove the items from the active warehouse inventory, clearly identify, and store in a safe location.
 - (2) When items have been physically removed from the shelf and disposition instructions received, the full value of the items will be either charged to for the division/section that requested the items be stocked in inventory, or allocated to sub-appropriation Collocation Codes (CC) based on prior year inventory consumption, whichever is appropriate.
- NOTE: If the original decision to stock the items in inventory was made by the Procurement Officer or Warehouse Supervisor, the items shall be charged to the Procurement Section!***
- c. Budget Request Unit (BRU) Managers will be notified when the distribution occurs via a memo from the Regional Procurement Officer.

- d. The **Inventory Adjustment Accountability Report** (Form 25-LOST), shall be used to document and explain the adjustment, and must be filed with the issue document(s). The issue document(s) and supporting documentation must be retained until the next annual inventory has been completed.

2. *Category B - Items with no turnover in the past 12/24 months:*

- a. No turnover in the past 12 months. Contact the BRU Manager for the division/section that requested the items be stocked in inventory. Request confirmation that they still want the items stocked for future use.
 - (1) Inform the BRU Manager that if they no longer want the items stocked, they must requisition the remaining quantity, or it will be force issued to them.
 - (2) Also inform the BRU Manager that if they request retention, but no more items are used during the next 12 month period, the remaining stock will be force issued to them.
 - (3) This should be accomplished via a memo from the Regional Procurement Officer.
 - (a) If the answer is to retain the items, flag the item number for future reference.
 - (b) If the answer is "no," force issue the remaining stock.
- b. No turnover in the past 24 months.
 - (1) Contact the BRU Manager for the division/section that requested the items be stocked in inventory and inform them the remaining stock will be force issued. This should be accomplished via a memo from the Regional Procurement Officer.
 - (2) Force issue the remaining stock.

NOTE: If the original decision to stock the items in inventory was made by the Procurement Officer or Warehouse Supervisor, the items shall be charged to the Procurement Section!

- c. The **Inventory Adjustment Accountability Report** (Form 25-LOST), shall be used to document and explain the adjustment, and must be filed with the issue document(s). The issue document(s) and supporting documentation must be retained until the next annual inventory has been completed.
3. *Category C - Lost, Stolen, and Damaged Items:* For Lost, Stolen and Damaged items the following steps shall be taken:

- a. Normally, these items will be identified and be handled as part of the physical inventory adjustments during the annual inventory. These procedures are only for those cases where theft or damage is discovered at times of the year other than as part of the physical inventory.
- b. The charge for these items will be allocated to sub-appropriation Collocation Codes (CC) based on prior year inventory consumption.
- c. Appropriate Budget Request Unit (BRU) Managers will be notified when the distribution occurs via a memo from the Regional Procurement Officer.
- d. The **Inventory Adjustment Accountability Report** (Form 25-LOST), shall be used to document and explain the adjustment, and must be filed with the issue document(s). The issue document(s) and supporting documentation must be retained until the next annual inventory has been completed.

4. *Category D*: Inventory Adjustments - Overages/Shortages.

- a. Normally, inventory adjustments are only made during the annual inventory. See DPDR 10.03.022 for Inventory Procedures. The following procedures are only for those cases where overages or shortages are discovered at times of the year other than as part of the physical inventory.
- b. The charge for these items will be allocated to sub-appropriation Collocation Codes (CC) based on prior year inventory consumption.
- c. Appropriate Budget Request Unit (BRU) Managers will be notified when the distribution occurs via a memo from the Regional Procurement Officer.
- d. The **Inventory Adjustment Accountability Report** (Form 25-LOST), shall be used to document and explain the adjustment, and must be filed with the issue document(s). The issue document(s) and supporting documentation must be retained until the next annual inventory has been completed.

SUPPLY AND AMHS INVENTORY COLLOCATION CODES	
<u>WAREHOUSE</u>	<u>COLLO-CODE</u>
Anchorage	74020110
Fairbanks	74020210
Juneau	74020310
Valdez	74020510

AUTHORITY

AS 36.30.040; 2 AAC 12.580

IMPLEMENTATION RESPONSIBILITY

Department Supply Chief, Director of Administrative Services, Regional Directors, Regional Procurement Staff, Statewide Finance Staff.

DISTRIBUTION

All holders of the Policy and Procedures Manual; and All personnel involved in the disposition of Supply Warehouse Inventory items.

Department of Transportation and Public Facilities (DOT/PF)

Inventory Adjustment Accountability Report

(DOT/PF Form 25-LOST)

1. Date of Report: _____
2. Region: _____
3. Inventory Item Number: _____
4. Item Description: _____
5. Unit Cost: \$ _____
6. Quantity On Hand (Computer Balance): _____
7. Total Value On Hand (Computer Balance): _____
8. Actual Quantity on Hand: _____
9. Actual Value On Hand: _____
10. Quantity Obsolete: _____
11. Quantity Spoiled _____
12. Quantity with Expired Shelf Life _____
13. Quantity With No Turnover in Past 24 Months _____
14. Quantity Lost _____
15. Quantity Stolen: _____
16. Quantity Damaged: _____
17. Total Value of Loss to Inventory: \$ _____
18. Reason for adjustment or circumstances surrounding loss: _____

19. **Disposition of Items:**

- a. An Issue has been prepared to relieve inventory: Yes No
- b. A Property Salvage/Destruction Request (Form 02-610) has been prepared and is attached: Yes No
- c. A Lost/Stolen/Damaged Report (Form 02-627) has been prepared and is attached: Yes No

Printed Name of Person Making Report

Signature of Person Making Report

18. **Regional Procurement Officer Review:**

"I certify that, to the best of my knowledge, the above statements are true and correct."

Is / was negligence apparent? Yes No

If Yes, has disciplinary action been taken? Yes No

Have corrective actions been taken to prevent recurrence? Yes No

a. If Yes, what actions? _____

b. If No, why not? _____

Signature

Date Signed

Typed or printed name