

WEST VIRGINIA DEPARTMENT OF TRANSPORTATION
ADMINISTRATIVE PROCEDURES
VOLUME V, CHAPTER 3

SUBJECT: INVENTORY
CHAPTER TITLE: RECEIVING ITEMS INTO INVENTORY

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I. **INTRODUCTION**

Effective: 1/1/2003

This chapter deals with the process of physically receiving items into the Department of Transportation's inventory. Items may be acquired through purchases from a vendor, transfers from another DOT organization or another state or federal agency, or donations from a private or public concern. Once an item has been physically received by an organization's employee, regardless of how it has been acquired, it becomes DOT property and the first step in the DOT inventory process has been completed.

To safeguard state property and to ensure that proper paperwork and computer entries are maintained, these procedures must be followed. These procedures will also aid organizations in maintaining orderly and accurate inventories, which is essential to the operations of each organization and the DOT.



II. **POLICIES**

Whenever practical, an authorized receiver (see DOT Volume VI, Chapter 10, Section III) should accept delivery or pick up goods. If no authorized receiver is available to physically receive the goods, another employee may do so. However, the order must be checked (as

explained in the following points) and the shipping document signed by an authorized receiver before PR entries are made to REMIS.

- Physical receipt of goods will be restricted to the following:
 - the *specifically* ordered make, model, type, size, etc., in accordance with the contract and purchase order specifications;
 - the *specifically* ordered quantity, but if a partial delivery is accepted, a commitment of when the remainder will be delivered must be obtained from the vendor;
 - all items must be visually inspected for damage and, if there is any damage, it must be noted on the receiving papers; the employee inspecting the goods and the person delivering the goods must both sign the receiving papers, and (unless otherwise specified in the contract) the employee inspecting the goods must write "refused" on the papers and refuse to accept the items;
 - if, while uncrating, damage or loss is discovered, the employee must stop uncrating, retain all merchandise and packing material in the same condition as it was received, and contact the vendor immediately by telephone and in writing - do not use any of the merchandise and do not destroy any packaging material;
 - substitutions, normally, must be approved by the organization manager (or designee) before delivery.
- An appropriate DOT employee will witness the delivery and direct the delivery person(s) in the placement of all delivered items.
- Placement and storage of each delivered item will only be to secure, designated areas of state owned/leased property.
 - Storeroom items are to be separated, marked, accessible and orderly.
 - Construction site items are to be placed in a safe area, as directed by the project engineer or supervisor.
 - Yard items are to be separated, accessible and (if possible) placed on level ground.
 - Hazardous materials are to be put **only** in designated areas, sheds, or other storage facilities.
- Once orders are placed with a vendor, the storekeeper or buyer will notify the personnel who will be receiving the order and supply them with a copy of the purchase order (or change order) or a print of the Form DOT-5C, whichever is applicable.

III. RECEIVING INVENTORY BY PURCHASE

Effective: 1/1/2003

When an organization purchases items, how they are physically received and how their receipt is documented depends on the kind of items purchased. While many pieces of inventory are simply delivered to the organization's dock or to a neutral location to be stocked as soon as possible, many kinds of construction materials must be delivered to a location where they will remain until used. Still others, such as fuel and other liquids require measurements to be taken before and after delivery. Likewise, the paperwork required at delivery varies according to the kind of items being received.

A. BASIC RECEIVING PROCESS

If possible, an authorized receiver (see DOT Volume VI, Chapter 10, Section III) should be present when items are delivered to confirm that the delivery document matches what is being delivered and that the item(s) appear to be in good condition, and to take the actions proscribed in Section II of this Chapter (Policies) if the order is short, damaged, or substituted. If another employee physically receives the goods, an authorized receiver must perform the above inspection as soon as possible. After this inspection, the authorized receiver will sign the delivery document, verifying that he or she received the shipment. The vendor's delivery document (packing slip, delivery ticket, counter receipt, etc.) is the official DOT receipt document. The authorized receiver will submit the organization's copy of this document to the appropriate Office Assistant (or other individual) for processing.

B. CONSTRUCTION AND MAINTENANCE MATERIALS

Effective: 1/1/2003

1. Class 11 materials (aggregates and other materials stored in bulk or by weight) are delivered to stockpiles, often on the lot of the organization that will be using them.
 - a. The employee receiving the delivery ticket from the driver should make sure that the ticket has been signed by a weighmaster, as required by the contract. If the load appears to be short, the receiving employee will contact Enforcement Division to have them check the weight of the material. Likewise, if the material appears to be substandard (too much moisture, wrong size aggregate, etc.) the receiving employee will contact a materials testing technician (from DOH's Materials Control, Soil, and Testing Division or from a DOH district materials lab) to perform quality assurance testing.
 - b. The license number and the number of axles of the delivery truck must be noted on the delivery ticket by the receiving employee.
 - c. If the material being delivered is being stockpiled at a new location, care should be taken to find level ground for the

stockpile. If no level ground is available and accessible, a survey crew must be called to take original ground sections, so that future cross-section inventories of the material will be accurate. The survey crews are usually called from Division of Highways (DOH) District Headquarters.

2. Steel, lumber, pipe, and other materials stored by the lineal foot are delivered to organization lots, where they will remain until used or transferred to other organizations. On the lot, they will be stored separately in bins, racks, or whatever receptacle that is designated by organization management.

C. FUELS AND LUBRICANTS

Effective: 5/1/2007

Refer to Division of Highways Administrative Operating Procedures [Section V., Chapter 13, Gas and Lube Inventory.](#)



D. FIXED ASSETS

Effective: 5/15/2007

Assets with a unit cost of \$5,000 or greater should be procured using IEXP authorization. Items purchased in the amount of \$5,000 or less must be expensed at the time of purchase. Organizations must have a balance in their IEXP authorization to purchase assets over \$5,000. The following table provides authorizations for the appropriate equipment type:

Procurement of Fixed Assets Over \$5,000*		
Equipment Type	Series	Authorization
Shop	600	IEXP008
Scientific	700	IEXP072
Office	800	IEXP authorization
*Purchases less than \$5,000 will be purchased using the appropriate expense authorization.		

IV. RECEIVING INVENTORY ON TRANSFER

Effective: 1/1/2003

Any transfers of items should be coordinated through organization storekeepers. Typically, a transfer occurs when one organization needs an item which another organization has and it is determined to be feasible to transfer the item. (Current inventory balances of the inventory of any DOT organization are available through the "Inventory" and "Fixed Assets" files on REMIS (HWIQ).) There should always be agreement between the transferring and the receiving organizations before the item is moved (physically and in the inventory records on the computer). When the item is received, the appropriate employee at the receiving organization should sign the Form DOT-6, from the transferring organization,

verifying that the item is accepted on transfer and that it has been received.

Both organizations will retain a copy of the Form DOT-6 which has been signed by the receiving organization. The DOT-6 may need to be presented to prove or disprove any transfer dispute uncovered by the Inventory Transfer Confirmation Report verification process (see Chapter 5 of this volume, under "III.E.").



V. **TAGGING FIXED ASSETS**

Effective: 5/15/2007

Non-consumable items are, generally, brought into the Fixed Assets Inventory and tagged only if their purchase price or value is \$5,000 or greater. However, individual organizations are (at their own option) permitted to include and tag items costing or valued at between \$500 and \$5,000 in the Fixed Assets Inventory. Organizations are required to report purchases of assets by submitting Form DOT-877, with a unit cost of \$500 to \$5,000, to Finance Procurement Section. No item with a unit cost of less than \$500 should be added to the Fixed Asset Inventory. Items that will not become part of the Fixed Assets Inventory are purchased under the appropriate expense authorization. Items that will become part of the Inventory are purchased under the appropriate inventory authorization. Following, are exceptions to these general rules.

- Shop Equipment: organizations may (at their own option) include and tag any item. Equipment items with a unit cost of less than \$5,000, but are in the catalog, should be added to the shop equipment inventory by normal process.
- Scientific Inventory: organizations may (at their option) include and tag any item.
- Computers and Computer Equipment: Information Services Division will purchase, enter into the Fixed Assets Inventory, and tag all of these items, regardless of their cost.

Before a Fixed Asset Inventory item is brought into inventory (whether from purchase, as a component build-up item, or as a fabrication) the receiving or owning organization must prepare a Form DOT-877 and submit the original of this form and one copy to Transportation Finance Division, Procurement Section, via a Form DOT-19 (Document Transmittal), unless the item is Support Equipment; in that case, the Form DOT-877s would be submitted to Equipment Division. A copy will be retained at the organization. It is the responsibility of the receiving or owning organization to ensure that all costs of the item are reflected on the DOT-877.

Procurement Section, (or Equipment Division if a Support Equipment item) will review the DOT-877 for completeness and correctness of information. Entry of the Fixed Assets Inventory Master Record into the REMIS System and annotation of the Form DOT-877 with the date entered into the system will be made by Procurement Section. The original DOT-877 will remain on file at Procurement Section with annotated copies going to the receiving/owning organization and to their lead organization (if applicable). Prior to assignment to individual employees, offices, or shops, all Fixed Assets Inventory items will have a Fixed Assets Inventory Property Tag or Sequence Number assigned and affixed to them. Procurement Section issues the tags and the numbers to all DOT agencies for use on

fixed asset items. Procurement also determines the size, shape and physical appearance of the tags. The actual attaching of the tags is usually done by the organization's storekeeper or by other individuals approved by management; this employee should be familiar with the appropriate placement of the tag, based on the item being inventoried.

In the event that the size or shape of an item will not readily permit the Fixed Assets Inventory Property Tag to be attached, the assigned Tag Number may be engraved. If the number is engraved on an item, the corresponding Fixed Assets Inventory Property Tag must then be destroyed.

A. COMPONENT BUILD-UP ITEMS

Effective: 1/1/2003

When two or more items are purchased to form one inventory item (with one tag), a component build-up item is received. This requires a Form DOT-877 to be processed and distributed, in the same manner as is explained above.

B. FABRICATIONS

Organizations may build or "fabricate" items from existing inventory materials. This involves inventory usages and results in a new item to be added to inventory and tagged.

1. Prior to any attempt to fabricate any potential inventory item, the initiating (owning) organization must contact Transportation Finance Division, Procurement Section, (if the item is to be an Office and Engineering item in the Fixed Asset Inventory) or Equipment Division (if it is to be a Support Equipment item) and inform them of their intentions to initiate a fabrication and to ensure that the finished item is to be included in inventory. The initiating organization must provide an approximate dollar value when making the notification.
2. To accurately capture all the labor costs along with costs for all purchased parts, components, equipment charges, and inventory usages associated with the fabrication, the initiating organization must request that a "PMI Authorization" (Account 4056) be opened to collect all the costs. When more than one inventory unit is being fabricated, all costs must be appropriately divided among the units.
3. The request for opening and closing the PMI Authorization is the responsibility of the initiating organization and is accomplished with the initiation of a Form BF-98. Once the fabrication has been completed, the initiating organization must prepare a Journal Voucher to credit the PMI Authorization and to debit the appropriate IEXP Authorization.
4. A Form DOT-877 (no DOT-5 is necessary) must be prepared for each inventory unit by the owning organization and forwarded to Procurement Section (or Equipment Division, if Support) along with the Journal Voucher. The total cost or value of the inventory unit must equal all costs as reported in the "Breakdown of PM Authorization Charges" of the Form DOT-877.
5. Procurement Section (or Equipment Division, if Support) will review the Form DOT-877 for completeness and correctness, ensuring that all costs

have been properly charged. Procurement Section (or Equipment Division, if support) will enter the information on DOT-877 into REMIS Fixed Assets Inventory System and enter the Journal Vouchers for the charges incurred in fabricating the inventory unit from the PMI Authorization to the Fixed Assets Inventory Account.

C. ENHANCEMENTS

Effective: 1/1/2003

An enhancement to an already existing inventory item that increases its value is added to the Inventory Master by charging it to the appropriate IEXP Authorization and completing a Form DOT-877 with all the pertinent information on the basic unit and the "Add Ons" detailed in the "Breakdown of PM Authorization Charges" Section of the DOT-877. When an item that is already in inventory (and is already tagged) is "enhanced," no tagging or retagging is required.



VI. NON-VENDOR RECEIPTS

There are several situations in which items that were not purchased by nor transferred to an organization must be entered into the organization's inventory. These situations require a "Non-Vendor Receipt" transaction to keep inventory systems accurate.

A. RETURNING UNUSED ITEMS TO STOCK

This situation occurs when items (usually construction materials) are charged out of an organization's inventory as a usage, and then are not used. For example, if ten tons of crushed stone were charged out of a DOH organization's inventory to be used in repairing a road shoulder and only eight tons were actually used, the remainder two tons of stone would have to be brought back into inventory with a non-vendor receipt.

1. In such a case, the employee physically returning the materials to stock has the responsibility of notifying the organization storekeeper or designee of the return and the amount of materials returned.
2. The storekeeper or designee must prepare a Non-Vendor Form DOT-5 (Inventory Adjustment). From this form, entries are made into REMIS to effect the "receipt."
 - a. The Non-Vendor DOT-5 must contain the inventory unit cost at which the items were originally charged. Since the inventory item cost is a running average, the item's current unit cost may not be the same as originally charged. Therefore, refer to the REMIS TSO Field Report 301, "Inventory Detail by Item Number" or the PMS Detail Report.
 - b. If the authorization number previously charged is unknown,

- an overhead authorization must be credited at current cost.
- c. The original DOT-5 will be sent to Transportation Finance Division, Procurement Section.
3. To prevent double charges of the material, the organization must also complete an Accounting Journal Voucher (JV), Form BF-143. The original JV, with the original Non-Vendor DOT-5 attached, is transmitted on Form DOT-19, Inventory Transmittal, to Procurement Section. A copy of the Form BF-143 is to be kept at the originating organization, together with a copy of the DOT-5.

B. "FREE" ITEMS

Effective: 1/1/2003

A "free" item is any commodity which is offered as a donation or at no charge to any agency or organization of the DOT.

1. Organization management will use the following guidelines in deciding whether or not to accept free or donated items.
 - a. Under no circumstances will the acceptance of free or donated materials be made with any understanding of an exchange for services or as a retribution of any kind.
 - b. Prior to acceptance, the material will be evaluated and a written report will be prepared by a knowledgeable employee using the following rules:
 - (1) The organization or agency must have a use for the material.
 - (2) The material must be in good condition.
 - (3) No material with a hazardous waste potential will be accepted.
 - (4) Obtaining the material must be economical.
 - An estimate of any costs associated with transporting the material will be made and a unit cost determined.
 - The unit cost will then be compared to open market prices to judge economic effectiveness.
 - c. The agency head or designee will, following receipt of the above evaluation, decide if the material offered will be accepted.
 - d. If the decision is to accept the materials, the Transportation Finance Division, Procurement Section supervisor is then contacted for guidance as to the need for assignment of

inventory classification, unit costs, etc.

2. If the free or donated items are to become part of the PMS Inventory, the procedures presented under Section VI.A., "Returning Unused Items to Stock," will be used. If a value will be assigned to the items, a Journal Voucher, Form DOT-143, must be prepared (credit authorization AEXP004, activity 099, object 999).
3. If the items are to become part of the Fixed Assets Inventory, the procedures presented under Section V., "Tagging Fixed Assets", will be used.
4. Free or donated Fixed Asset items will be valued at 25% of the cost that would normally have to be paid if they were purchased. This 25% figure may be adjusted according to the condition of the items.

C. RECEIVING UNUSED CONSTRUCTION MATERIALS FROM CONTRACTORS

Effective: 1/1/2003

The Division of Highways may be obligated to purchase from the contractor unused materials upon completion of a construction project as outlined in the DOH Standard Specifications Roads and Bridges, Section 104.2. When materials are specifically designed to meet DOH specifications for a job and then not used, because the plans are changed, the materials may not be usable in another project. In cases such as this, when the contract is completed, Highways is obligated to purchase these materials and they must be brought into inventory. This is accomplished in this way:

1. The Construction Engineer will notify the Maintenance Engineer by memorandum of the type, quantity, location, project number, authorization number, account number, and cost of the unused material.
2. The Maintenance Engineer will pick up the materials from the contract site or location and store them at a DOH facility. The Maintenance Engineer will also notify the District Storekeeper as to the quantity and type of materials, the project number, the project accounting information (organization account and authorization), and the total cost of the materials. The total cost will be that amount paid to the contractor on the voucher estimate.
 - For Federal-Aid projects, when the cost of the bid item is less than \$5,000, the DOH inventory value of the unused (bid item) materials is not the amount paid to the contractor on the voucher estimate. The inventory value must be calculated by applying the State Participation percentage for the project to the total cost of the materials, including transport charges by the contractor. Contact Finance Division, Federal Aid Section if assistance is needed or if there are questions about the State Participation percentage.
3. The District Storekeeper will perform the processing steps to get the materials into the inventory system (see Section "A." under "VI."). The

Journal Voucher should be prepared as type 01 and if the contract includes retainage, use activity 094, if not, activity 029, and use object 621.

- For Journal Vouchers for Federal Aid projects when the cost of the bid item is less than \$5,000, the project Authorization must be credited using "N" (Non-Participating), while debiting the inventory Authorization with the calculated value of the (bid item) materials.

D. RECEIVING SRIC MIXTURES

Effective: 1/1/2003

The following measures are required for the pre-mixing of SRIC materials.

1. Prepare a Form DOT-6, Inventory Usage or Transfer, for the usage of the correct amount of each material to be included in the SRIC mix. Ensure that all information is entered on the form, including location codes. Charge Authorization IEXP002 and use Activity Code 099.
2. Prepare a Non-Vendor DOT-5, Receipt of Materials, to bring the total units of SRIC mixture into inventory.
 - a. Use Authorization IEXP002 and Activity Code 099.
 - b. Enter the correct Class, Type, and Subcode for the mixture. This may be found in the P.M.S. Inventory Catalogue. Contact the District or Division Storekeeper to add the inventory classification to the organization's inventory, if necessary.
 - c. Enter the Total Units, Total Cost, and the calculated Average Unit Cost. An example of how to calculate the Average Unit Cost of a mixture with a 5:1 ration is shown below.

<u>COMPONENT</u>	<u>UNITS CHARGED ON DOT-6</u>	<u>CURRENT UNIT PRICE</u>	<u>TOTAL</u>
Abrasives	75.000	\$9.9017	\$742.62
Salt	15.000	\$32.2775	\$484.16
TOTAL	90.000		\$1226.78

Total Cost **\$1226.78** divided by Total Units **90.000** =
\$13.6309 Average Unit Cost

- d. In the "Comments" section of the Non-Vendor DOT-5, reference the Document Number of the DOT-6 that was used to usage the individual components of the mixture.

3. Enter the usage first and then the receipt transactions on REMIS.
4. Transmit, together, the original DOT-5 and a copy of the DOT-6 to the Comptroller (or designee), who will review the documents and forward them to the Inventory Control Section of Finance Division. No Journal Voucher is required for this process.
5. Charge-off the SRIC mixture, as used, on Forms DOT-12.
6. For any additional information on this process, contact the Inventory Control Section of Finance Division.

