

Approved:

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Responsible Division: Finance &
Forecasting
Supersedes Policy: 210-001(P)
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Director

OHIO DEPARTMENT OF TRANSPORTATION INVENTORY POLICY

POLICY STATEMENT:

It is ODOT's policy to maintain inventories at the lowest possible level without impeding the efficient operations of ODOT functions. All employees are involved in inventory management to the extent they must remember that ODOT property is public property entrusted to the department for legitimate and prudent use. Property is to be purchased and used in the most efficient and economical ways possible. Employees involved in inventory transactions must adhere to inventory procedures and guidelines. Employees must complete inventory forms and systematic computer entries accurately and thoroughly.

This policy pertains to the receipt, tracking and disposal of all ODOT-owned property and material classified as Consumable Inventory, Personal Property, Real Property (non-infrastructure assets) and Fleet Equipment.

It is ODOT's policy to ensure inventory duties are properly segregated to prohibit the same employee who authorized a purchase of property or material from verifying delivery of the product and adding it to inventory.

AUTHORITY:

Ohio Revised Code (O.R.C.) section 125.13 "Disposal of Excess and Surplus Supplies".

O.R.C. section 125.16 "Inventory Records of State Tangible Personal Property and Real Property".

O.R.C. section 5513.04 "Disposition of Property Unfit For Use or Not Needed By The Department".

O.R.C. section 2913.02 "Theft".

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Federal Common Rule Authority – 49 Code of Federal Regulations section 18.32 “Disposal of Titled Equipment Purchased with Federal Funds”.

State of Ohio Office of Information Technology Policy ITP-E.1 “Disposal, Servicing and Transfer of IT Equipment”.

REFERENCES:

State of Ohio Office of Budget Management (OBM) “Financial and Reporting Policies for Capital Assets Other Than Highway and Bridge – Related Infrastructure”.

State of Ohio Department of Administrative Services (DAS), General Services Division (GSD) “State of Ohio Property Asset Management Policies and Procedures”.

DAS – General Services Division’s Sensitive Item Listing.

ODOT Office of Equipment Management Procedures for the Equipment Management System (EMS).

ODOT Personal Property and Consumable Stock Online Auction Procedures.

ODOT Department of Information Technology (DoIT):

Asset Management Procedures;

Electronic Personal Information Security Breach Notification Standard Procedure.

ODOT Real Estate Policies and Procedures Manual, Section 7000 Series: Property Management Activities.

SCOPE:

This policy applies to all Consumable Inventory, Personal Property, Real Property (non-infrastructure assets) and Fleet Equipment property and material owned by ODOT. Primary responsibility for adherence rests with Districts, Divisions, and Offices of ODOT. Day-to-day responsibility for adherence to this policy rests with the Property Manager. The policies also apply to any grantees who acquire equipment, vehicles, furniture or materials through Federal grants from ODOT.

The items set forth in this policy are minimum requirements. Nothing in this document prohibits additional requirements being imposed should the Deputy Director deem it necessary.

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TRAINING:

Training for this policy will be conducted on an as-needed basis.

FISCAL IMPACT:

ODOT's financial investment in its inventory is substantial. Over the past four fiscal years (2006-2009) ODOT has reported the following inventory value averages for each category:

Consumable Inventory --	\$ 34 Million
Personal Property --	\$ 71 Million
Real Property--	\$ 383 Million
Fleet Equipment--	\$ 301 Million

Adherence to this policy will improve asset tracking and accountability, as well as aid in reducing the funds used to make unnecessary purchases.

PROTOCOLS:

- I. Property found on the highway must be secured and retained by the location for 60 calendar days and a reasonable attempt at locating the owner must be attempted; if after 60 days the property has not been legitimately claimed then ODOT becomes the owner, and the property must either be entered into inventory or disposed of in accordance with ODOT policies and procedures.
- II. Cash found on the highway must be secured and retained by the location for 60 calendar days and a reasonable attempt at locating the owner must be attempted; if after 60 days the property has not been legitimately claimed then the location must contact Central Office of Accounting to deposit the funds into the General Revenue Fund.
- III. When illegal activity and/or wrongdoing by a state employee is suspected, the Department must adhere to the Office of Governor's *Procedures for Notification of Employee Wrongdoing and/or Suspected Illegal Activity.***
- IV. When theft of an ODOT-owned asset is suspected, the Ohio State Highway Patrol must be notified.**
 - A. Additionally, when theft is suspected, the ODOT Office of Investigative Services must be contacted.

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V. Consumable Inventory

A. Consumable Inventory is property that will be depleted or expended through the task of making or maintaining vehicles, facilities, roads or bridges.

1. All materials that have been purchased for use in operations, regardless of cost, must be received and tracked via the Equipment Management System (EMS).
2. All materials must be recorded using an ODOT State Stock Number.
3. Labor services and rental for Fleet Equipment using non-ODOT personnel must be recorded via EMS.
4. All stock items must be charged out of EMS in accordance with Office of Equipment Management Procedures at the time of usage unless it is an Overhead Item.
5. Overhead Items are those for which the life or value is not consumed by one specific repair or activity.

B. *Each District and Central Office location must perform an annual inventory certification deeming their EMS inventory listing as accurate.*

C. Each location with an EMS inventory must perform a monthly spot check of a minimum 10% of their inventory.

D. Modes of Disposal for surplus Consumable Inventory.

1. *Property unfit for use or not needed by the Department should be sold or transferred to other state agencies or political subdivisions. In the event property unfit or no longer needed is not sold or transferred to a political subdivision, it should be sold via on-line auction—ODOT employees and their immediate family members are prohibited from participating in ODOT on-line auctions. Once these means of disposal have been exhausted, the asset can be forwarded to the Department of Administrative Services (DAS) State Surplus—ODOT employees are permitted to bid on property contained in the DAS State Surplus auctions.*
2. **Interdepartmental Transfer**—*Any surplus materials may be transferred to another District or Division of ODOT.*
3. **Exchange / Trade-In**—*Should a vendor offer an exchange or trade-in allowance for the surplus material(s) and the allowance presents a cost*

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benefit to the Department, the District / Division is encouraged to pursue this disposal method.

4. **Intrastate Sale**—*If no other District or Division of ODOT expresses a need for the material, ODOT shall offer the item for sale to other State of Ohio Agencies.*
 5. **Sale to Political Subdivisions (municipalities)**—*Should no other State of Ohio agency purchase the material, then the item must be offered for sale to other political subdivisions.*
 6. **Public Sale**—*Should no other State Agency or Political Subdivision purchase the material, it is then offered to the general public via an auction.*
 7. **DAS State Surplus**—*Should the previous modes prove unsuccessful or impractical, Districts or Divisions may forward surplus assets to DAS State Surplus for disposal.*
 8. **On -Site Destruction**—*Failing all other modes, the material must be rendered useless, destroyed and placed in a proper rubbish receptacle.*
 9. Once the item is removed, either by a buyer or by destruction, the asset must be removed from the appropriate inventory system.
- E. District Finance Offices must perform unannounced Quarterly Spot Checks of all EMS inventory locations—the District must ensure that all locations are checked in this manner each Fiscal Year.

VI. Personal Property

- A. Personal Property are items captured in the Fixed Assets Reporting System (FARS) and are items that will not be depleted by use in creating or maintaining other assets. Instead of depleting, Personal Property items are replaced when they become broken, worn or outmoded.
1. **Items with a value greater than \$100 at the time of acquisition must be entered into FARS—with the following exceptions:**
 - a. **Software costing \$100,000 or more is required to be entered into FARS.**
 - b. **All items on the Department of Administrative Services – General Service Division’s Sensitivity Listing are required to entered into FARS regardless of acquisition cost.**

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- c. **Office Furniture costing less than \$1,000 is not required to be entered into FARS.**
 - d. **Assets with associated component parts (e.g. network servers) in which the component parts cannot function independently of the primary asset must be entered into FARS as one asset with an acquisition cost equal to the sum of the cost of the primary asset and the costs of all component parts.**
 - e. **Lease equipment where the lease agreement does not require transfer of ownership to ODOT is not required to be entered into FARS.**
2. **All property entered into FARS must be assigned a unique asset number which is designated by the asset tag and must be affixed with the asset tag or the asset number may be affixed utilizing an approved alternate method.**
 3. **All additions into FARS must be completed within 14 calendar days (including weekends and holidays) of physical receipt of the item with accurate information at the time of the addition (furthermore, these fields must be maintained through the life of the asset).**
 4. **All transfers performed in FARS must be completed, including proper approval, within 14 calendar days (including weekends and holidays) of the physical move of the item.**
 5. **All removals performed in FARS must be completed, including appropriate approval, within 14 calendar days (including weekends and holidays) of the physical removal of the item—the proper Removal Code must be used.**
- B. Modes of Disposal for surplus Personal Property.
1. *Property unfit for use or not needed by the Department should be sold or transferred to other state agencies or political subdivisions. In the event property unfit or no longer needed is not sold or transferred to a political subdivision, it should be sold via on-line auction—ODOT employees and their immediate family members are prohibited from participating in ODOT on-line auctions. Once these means of disposal have been exhausted, the asset can be forwarded to the Department of Administrative Services (DAS) State Surplus—ODOT employees are permitted to bid on property contained in the DAS State Surplus auctions.*
 2. **Interdepartmental Transfer**—Any surplus asset may be transferred to another District or Division of ODOT.

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3. **Exchange / Trade-In**—Should a vendor offer an exchange or trade-in allowance for the surplus asset(s) and the allowance presents a cost benefit to the Department, the District / Division is encouraged to pursue this disposal method.
4. **Intrastate Sale**—If no other District or Division of ODOT expresses a need for the asset, ODOT shall offer the item for sale to other State of Ohio Agencies.
5. **Sale to Political Subdivisions (municipalities)**—Should no other State of Ohio agency purchase the asset, then the item must be offered for sale to other political subdivisions.
6. **Public Sale**—Should no State Agency or Political Subdivision purchase the asset, it is then offered to the general public via an auction.
7. **DAS State Surplus**—Should the previous modes prove unsuccessful or impractical, Districts or Divisions may forward surplus assets to DAS State Surplus for disposal.
8. **On-Site Destruction**—Failing all other modes, the material must be rendered useless, destroyed and placed in a proper rubbish receptacle.
9. Disposal of surplus Information Technology Equipment.
 - a. Special Consideration is given to IT assets due to the sensitive data contained upon these items and the risk associated with that data.
 - b. In all instances, the ODOT Division of Information Technology (DoIT) must be contacted for guidance regarding the disposal of Information Technology Equipment.
10. Disposal of surplus Cellular Technology Equipment.
 - a. Special Consideration is given to cellular assets due to the sensitive data (ODOT phone numbers) contained upon these items and the risk associated with that data.
 - b. All cellular assets are to be deposited into the Information Technology disposal box.
11. Once the item is removed, either by a buyer or by destruction, the asset must be removed from the appropriate inventory system.

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- C. *Each District and Central Office location must perform an annual physical inventory deeming their system generated Personal Property inventory as accurate.*

VII. Real Property

- A. Real Property in this policy refers to non-infrastructure assets.

1. Land and Land Improvements.

- a. Land is a parcel of property owned by ODOT or an easement upon which ODOT erects, affixes or buries an asset.
- b. Land Improvements are improvements not attached to, mounted on or in a building—such as storage tanks, fencing and waterline extensions.

2. Building and Building Improvements.

- a. Buildings are permanent structures with a foundation, a roof and enclosed at least partially with walls.
- b. Building Improvements are improvements or renovations made to a structure—such as HVAC upgrades, new roofing or interior construction.

3. **All Land regardless of acquisition cost or donated value must be entered into FARS.**

4. **Land Improvements with an acquisition cost or donated value of more than \$15,000 must be entered into FARS.**

5. All above ground and underground storage tanks must be entered and tracked via FARS regardless of cost.

- a. Tanks that compose a part of an overall system (e.g. brine systems) are not required to be tracked in FARS as a separate asset, but the costs and capacities of all components must be summed and entered into the appropriate fields under the overall system's asset number.

6. **All buildings regardless of acquisition cost or donated value must be entered into FARS.**

7. **Building Improvements with an acquisition cost or donated value of more than \$100,000 must be entered into FARS.**

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8. All Real Property in FARS must be assigned a 12 character inventory number utilizing a predetermined formula and must have a sign containing the asset number affixed to it.
 9. All Land and Building inventory transaction requests are performed by Central Office Cost Accounting based upon a District / Division submitting the Form CL 177 "Land and Building Inventory Control Sheet".
 10. All Land Improvement and Building Improvement transaction requests are generated at the behest of Central Office Cost Accounting who monitors the projects in the Appropriation Accounting (AA) System.
 11. **Construction in Progress (CIP)—all expenditures for projects resulting in capitalized real property assets must be entered, tracked and reclassified upon completion.**
 - a. ODOT utilizes a module within the AA system to enter and monitor expenditures for capitalized Real Property.
 - b. Central Office Accounting is responsible for entering projects into CIP as well as for ensuring the information is accurate and appropriate.
 - c. The Districts / Divisions are responsible for the accuracy of their requisitions and for the appropriateness of utilizing 4MA7 (Land & Building capital) funds for the project.
- B. Disposal of surplus Real Property.
1. Prior to beginning any disposal process or entering into discussions with potential bidders or purchasers, the District Real Estate Administrator / Engineer (DREA) must be contacted.
 2. Once the District or Division determines a property to be excess and is eligible for disposal, a *Real Estate Purchase and / or Disposal Form* from the Division of Facilities & Equipment Management must be completed. The form must then be forwarded to the Division of Facilities & Equipment Management Deputy Director for review and consideration. No action may be taken until the Deputy Director for the Division of Facilities & Equipment Management provides written approval for the disposal.
 3. *The Director of ODOT has the discretion to sell or transfer surplus structures to other State Agencies, Counties, Municipal Corporations, School District or other Political Subdivisions of the State without advertising for bids and upon mutually agreed upon terms.*

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4. *The Director of ODOT may transfer surplus structures to a nonprofit corporation once provided a copy of the contract between the nonprofit corporation and a County, Municipal Corporation or other Political Subdivision of the State to which the structure is being moved.*

C. *Each District and Central Office must perform a biennium physical inventory and certification of its Real Property assets—these certifications are conducted in odd-numbered fiscal years.*

VIII. Fleet Equipment

A. Fleet Equipment is ODOT owned motorized and non-motorized equipment primarily used to provide function and support to highway maintenance and construction operations. This includes licensed and unlicensed equipment. Additionally, equipment attachments are included in this inventory category. All Fleet Equipment is tracked in the Equipment Management System (EMS) from the time it is received until the item is disposed.

B. All purchased Fleet Equipment, regardless of cost, must be received into EMS at the actual purchase price.

C. Donated Fleet Equipment shall be received into EMS at the fair market value (FMV).

D. Rental / Leased equipment (not ODOT owned equipment) is not received into EMS; however, any consumable inventory (e.g. fuel, stock material) and labor used to service the equipment must be recorded accurately in EMS.

E. Upon receipt into EMS, all Fleet Equipment is assigned a seven digit asset number, model code and equipment type.

F. The equipment asset number must be clearly displayed on the piece of Fleet Equipment, and all standards for proper vehicle marking as well as identification must be met.

G. Once Fleet Equipment is received into EMS, it is the responsibility of the District to assure all equipment usage (fuel, work orders, transfers, labor and disposal) is recorded accurately.

H. Disposal of surplus Fleet Equipment.

1. Once a District or Division determines an asset is no longer useful to the Department, it becomes surplus inventory. This determination shall be made by the District Equipment Committee, with the final determination being made by Central Office of Equipment Management (OEM).

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2. **Interdepartmental Transfers**—*ODOT shall transfer excess equipment to other Districts within the Department as needed.*
3. **Intrastate Sale**—*ODOT shall offer the item(s) for sale to other State of Ohio Agencies.*
4. **Disposal by Salvage**—*If the equipment has a higher scrap value than resale value or the parts / components of the equipment can be better used for the repair or maintenance of like equipment this procedure can be considered.*
5. **Sale to Political Subdivisions (municipalities)**—*Should the previous modes prove unsuccessful or be deemed cost prohibitive, then the item must be offered for sale to other political subdivisions via the online auction.*
6. **Public Sale**—*Should no other State Agency or Political Subdivision purchase the material, it is then offered to the general public via an online auction—ODOT employees and their immediate family members are prohibited from participating in the ODOT online auction.*
7. **Disposed by Trade-In**—*When it is found to be economical for ODOT to trade-in fleet equipment for a newer, updated like piece of equipment the trade-in must be disposed in the Equipment Management System (EMS) at the time of the trade-in.*
8. *Once the item is removed, either by a buyer or by destruction, the asset must be removed from the appropriate inventory system.*
1. *Each District and Central Office location must perform an annual physical inventory deeming their EMS Fleet Equipment Listing as accurate.*