

DIABLO WATER DISTRICT

REGULATION NO. 131

INVENTORY CONTROLS

Section I. Purpose.

- A. The primary purpose of this policy is to establish a formal procedure outlining how inventory is to be tracked.

Section II. Definitions.

- A. Low Value Inventory: consumable parts with a typical value less than \$25 per unit. For example: nuts, bolts, screws, nails, meter gaskets, dust masks, gloves, etc.
- B. Parts: consumable plumbing fixtures needed for the operations and maintenance of district facilities including but not limited to water main pipes, water meters, backflows, water main valves, service line material, brass fittings, fire hydrants, etc.
- C. Project: isolated, limited duration project that requires a separate purchase of parts specific to that project.

Section III. Items Subject to Inventory Controls.

- A. Low value inventory is excluded and will be tracked based on bulk order frequency.
- B. Parts ordered and charged to a specific project code will be tracked separately.

- C. All parts exceeding \$25 per unit with an anticipated annual use of 100 units or more, and/or more than 50 units on hand at any one point in time.
- D. All parts exceeding \$50 per unit.

Section IV. Inventory Management.

- A. No individual may serve in two roles of the inventory process: order/purchase order, receipt and counting of parts, data input of inventory, payment to vendor.
- B. Items inventoried at the corporation yard warehouse (or others as they may be built in the future), will be transferred to a truck/individual using the District's software and will be disbursed to the account code when installed.
- C. Parts subject to this policy will be counted using a cycle count methodology.
 - 1. Through quarterly or bi-annual counts, all inventory will be counted at least once per year.
- D. All inventory discrepancies will be brought to Field and Accounting Management's attention for proper inventory adjustments.
- E. Inventory loss exceeding 10% of a single part number, or \$500 in value will be brought to the General Manager's attention for further investigation.

Section V. Cost Methodology.

- A. When inventory is disbursed to an account code, the average cost per unit method will be used.