

UTAH TRANSIT AUTHORITY POLICY

UTA.02.16

INVENTORY MANAGEMENT

1) Purpose

This policy establishes standardized procedures and controls for the management, access, and accuracy of Inventory across all Utah Transit Authority (UTA) facilities.

2) Definitions

“Adjustment” means a correction made to resolve a quantity discrepancy between Physical on-hand Inventory and the ERP system record.

“EOQ” means Economic Order Quantity and is the optimal quantity that is calculated to minimize total Inventory costs based on lead time and unit cost.

“ERP” means Enterprise Resource Planning software. Currently, JD Edwards.

“General Issue” means an Inventory item that is Issued to a badge number instead of a maintenance work order.

“Inactive” means an item within UTA Inventory that is still applicable to UTA vehicles, equipment, or facilities but has not been used for 1/5th of the vehicle life. Bus: 15 years= 3 years, Paratransit: 5 years= 1 year, Light Rail: 30 years= 6 years, Heavy Rail: 50 years= 10 years, Other: 2 years.

“Inventory” means all items assigned a part number and maintained within the ERP system.

“Issue” means recording the transaction of assigning an Inventory item to a work order or badge number within the ERP system.

“Item Master” means the authoritative source for part/item attributes such as item number, description, unit of measure, cost, supplier information, stock locations, and categorization.

“Maintenance of Way” means the maintenance group responsible for maintaining and repairing all components of the railway’s physical infrastructure.

“Obsolete” means an Inventory item determined to no longer be applicable to any UTA vehicle, equipment or facility as agreed upon by Inventory Control, Parts, and the end user.

“Physical Inventory” means the process of physically counting and recording quantities of inventory items on hand and reconciling quantities with ERP system data.

“ROP” means Re-order Point and is the Inventory level at which a requisition is automatically generated to replenish stock.

“*Stock Order*” means a system-generated replenishment request from a supply warehouse to a Parts Room.

3) Policy

A. General

The Inventory management system is designed to provide Inventory items and supplies to UTA maintenance shops for the purpose of supporting UTA's bus, light rail, and heavy rail vehicle Maintenance teams, as well as the Maintenance of Way team by ensuring timely and accurate supply of parts and materials.

B. Authority

The Supply Chain department holds final authority over Inventory management practices. It creates, assigns, and enforces all Inventory management policies and procedures. Inventory management policies and procedures include, but are not limited to, receiving, storage, distribution, issuance, tracking, counting, reporting, monitoring, ERP Inventory setup and maintenance, and best practices.

C. Group Responsibilities

The following groups are responsible for certain functions listed below:

1. Maintenance

Maintenance is responsible to ensure Inventory Issued to work orders are necessary for the maintenance and repair of fleet and equipment. This includes creating work orders, providing the accurate work order to Issue to, reviewing that the proper Inventory was Issued to each work order, and closing work orders. Maintenance is also responsible for warranty and core returns to the Parts Rooms for processing.

2. Inventory Control

Inventory Control is responsible for Item Master setup and maintenance of all Inventory items in the ERP system. This includes creating requisitions, processing out of stocks, non-standard Issues, transfers, restock requests, Inventory count administration, and running the monthly ROP update report.

3. Shipping/Receiving/Distribution

Warehouse specialists are responsible for the accurate and timely receipt and labeling of incoming shipments, daily Stock Order fulfillment and distribution, logging incoming shipments, receiving records retention, and core processing. They are also responsible for shipping any items to external vendors. Parts couriers deliver twice daily to each division.

4. Parts Clerks

Parts clerks are responsible for check-in and storage of incoming Stock Orders (sign, date, and retain packing lists for one year), Parts Room organization, Inventory accuracy, issuing and transferring Inventory, ordering Inventory via out-of-stocks, and preparing for and counting Inventory. Parts clerks are also responsible for researching correct Inventory for maintenance and providing all necessary information on new Inventory to Inventory Control for accurate Item Master setup. Duties not related to Inventory management are excluded from this policy.

5. Supervisors of Parts Clerks

Supervisors are responsible to ensure that parts clerks on site follow parts and procurement guidelines and procedures put in place by Supply Chain. They are also responsible for auditing of count sheets during Physical Inventory counts at their location and keeping a record of those audits. Supervisors are responsible for all administration and management of parts clerks.

6. ERP Technical Systems Administrator
ERP Technical Systems Administrators are responsible for defining and creating Inventory management policies and procedures related to ERP software (e.g., ROP and EOQ calculations), ERP access control to Supply Chain modules, and overseeing Inventory Control functions. Use of the ERP software and Inventory management policies must at all times be in compliance with UTA policy on information security.
7. Warehouse and Inventory Operations Manager
The Warehouse and Inventory Operations Manager provides oversight of all Inventory operations at all UTA parts rooms and warehouses.

D. Physical Inventory Counts

Supply Chain coordinates Inventory counts with each division to be conducted in accordance with Inventory management procedures. All Inventory items within UTA are counted at least once annually. Inventory items created within the calendar year are counted the following year. Inventory Control acts as an independent review and oversight for counts. All discrepancies on first counts will be recounted; first recounts will be performed by a different counter than the first count; second recounts will be reviewed and approved by a parts supervisor on duty. All counts will be recorded in ink. Parts clerks/warehouse specialists will perform counts (with assistance from other departments if needed).

E. Parts Room Access

Parts rooms must be kept secure at all times. Badge and key access to the parts rooms must be approved by the Materials and Inventory Operations Manager. Only authorized employees are allowed in warehouses and Parts Rooms. Authorized employees include parts clerks, Supply Chain employees, Maintenance managers, assistant managers, parts supervisors, technical services, and Fleet Engineering. All other employees must be escorted by an authorized employee. When authorized personnel are unavailable, Maintenance supervisors or assigned Maintenance leads may access Parts Rooms. Any items removed from the Parts Room during this time must be recorded on the Issue Tracking Sheet.

The parts supervisor retains copies of Issue Tracking Sheets for one year.

F. Inventory Transactions

1. Obsolete Inventory
All Inventory is reviewed by Inventory Control to find Inventory items associated with fleet or components that have become Obsolete. This review occurs upon notice of component revision or obsolescence, or the disposal of all vehicles in a Coach ID. Inventory Control provides a list to the Parts Rooms for review and physical disposal of these items. Inventory Control adjusts all parts within the ERP system after notification of the physical disposal.
2. Inactive Inventory

Parts are considered Inactive if they have not been Issued for a period of 1/5th of the vehicle life. Inventory is reviewed annually to identify Inactive parts. Inventory Control provides a list to the Parts Rooms and Maintenance for review. Any parts identified as excess or Obsolete, Supply Chain will attempt to return to the vendor for credit. All other items are physically disposed of per best practice. Inventory Control adjusts all parts within the ERP system after notification of the physical disposal.

3. Issues

All Inventory items Issued by the Parts Room require a work order with the exception of shop supplies and General Issue Inventory, which are Issued to an employee badge number.

4. Adjustments

When Physical Inventory doesn't match the ERP quantity, an Inventory Adjustment is necessary. An attempt is made by the Parts Room to identify the root cause of the discrepancy and take corrective action. When an Adjustment is necessary, the Parts Room lead or supervisor submits an Adjustment request via email to Inventory Control. Inventory dollar Adjustments, positive or negative, are transacted to the business unit parts expense budget. Documentation of approved Adjustments are retained for a period of one year by Inventory Control. The ERP Technology Systems Admin randomly reviews two Inventory Adjustments per month for accuracy and approval and retains documentation for one year.

G. Materials Requirements Planning and Out-of-Stocks.

1. Materials Requirements Planning (MRP)

a. MRP is calculated monthly in the ERP system to create and update ROP and EOQ. ROPs are updated by the system based on the formula of average daily demand (over 12 months usage), multiplied by lead-time days, plus safety stock = ROP. EOQs are updated as a product of lead-time and cost of the part.

1. The lead-time exception report s will be reviewed monthly by Purchasing to identify inaccurate lead-times. Necessary changes are submitted to Inventory Control to update the ERP system.
2. Inventory Control runs a monthly query in the ERP system to determine parts with zero cost and usage of one or more in the previous 12 months.

2. Out-of-Stocks (OOS)

- a. OOSs occur when a Maintenance employee is unable to obtain Inventory items needed for repair or maintenance of a vehicle. Inventory items are obtained through a divisional transfer from another facility or externally from a supplier if unavailable at UTA.
- b. Inventory Control reviews every OOS for a root cause/corrective action (RC/CA). RCs/CAs are identified in the ERP system on the OOS screen, and action is taken as needed. A monthly review of all OOS is conducted by Inventory Control to ensure RCs/CAs are identified.

H. Warranty

Parts and Maintenance are responsible for informing Supply Chain of potential warranty claims. As stewards of public funds, business units should make every effort to submit parts

for warranty recovery. Supply Chain works with vendors to recover warranty replacements or credits of Inventory items.

I. Risk Assessment

Supply Chain conducts an annual risk assessment of Inventory management processes and procedures to identify risks and causes.

J. Processes and Procedures.

1. Inventory management work instructions and procedures are identified in the “Parts/Inventory Control-Process Flowchart” found on the Supply Chain SharePoint page. All parts clerks are assigned annual training for Inventory management work instructions and procedures and are required to complete the training as assigned. All parts clerks, Maintenance, and Supply Chain employees are required to adhere to the procedures set forth in the Inventory management work instructions and procedures as outlined in this policy.

4) Review

This policy is reviewed every four years or as needed.

5) Cross-References

- UTA.01.20 Information Security

This UTA Policy was reviewed by UTA’s Chief Financial Officer on 03/03/2026, and approved by the Executive Director on _____. This policy takes effect on the latter date.

Jay Fox
Executive Director

Approved as to form and content:

DocuSigned by:
Mike Bell
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Counsel for the Authority

History

Date	Action	Custodian
9/4/2018	Adopted – Corporate Policy 2.1.15 Inventory Management	Chief Financial Officer
	Board Reviewed – UTA.02.16 Inventory Management	Chief Financial Officer
	Renumbered and Revised – UTA.02.16 Inventory Management	Chief Financial Officer