

<b>Department</b> MATERIALS MANAGEMENT	<b>Subject</b> INVENTORY MANAGEMENT POLICIES AND PROCEDURES
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## I. PROCESS

The Oracle Inventory System is in use and adequate controls are in place to assure timely recording of incoming and outgoing products. The records include both unit price and quantity. It is an automated system with receipts, issues, transfers, etc., using a parts master file, locators and stock levels for each facility.

### A. REORDER ENTRY AND REQUISITION PROCEDURES FOR INVENTORIED ITEMS

- Inventory Controllers will print the Oracle Storeroom Items at Reorder Level report from the Oracle OBIEE that lists all inventory parts below minimum requirements for their facilities.
- The Inventory Controllers will requisition supplies by entering them on the Oracle Reorder Point Request screen along with other critical requirements requested by the Maintenance Superintendents.
- Every Friday, the Buyer/Planners print a copy of the Reorder Point Report from the Oracle Purchasing OBIEE. They go into the Oracle OBIEE Inventory Twelve Month Usage Report and start reviewing/analyzing their parts item by item based on categories. They analyze the requirements of other divisions to add any additional parts required.
- Inventory at other divisions will be analyzed and overstock can be transferred to other Divisions to meet their requirements.
- Parts are reviewed to see if they are on existing Blanket contracts. Any items which are on Blanket contracts will have releases created to meet stock requirements.
- An Oracle requisition will be created for the remaining items.
- A Request for Quotation will be created for all the inventoried items on the requisition.
- When bids are received by the Buyer/Planner they will be awarded to the lowest bidder with the parts in stock. The Purchase Order is created, approved and printed.
- Purchase Orders or Releases will be faxed or emailed to the vendor by the Buyer/Planner
- Files are maintained by the Buyer Planner for all bids. Purchase Orders and Releases will be saved for a minimum of three (3) additional years.

### B. RECEIVING INVENTORIED PARTS

Whenever inventoried parts and supplies are delivered, the requesting department personnel at the operating divisions are required to:

- Confirm that the parts that have been delivered are from a Pace order and that the quantities are correct. Enter a "Received" command if correct. Call the Buyer/Planner if not correct.

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- Inspect the parts, or if needed have the Maintenance Superintendent inspect the parts to verify that the parts meet our specifications.
  - If the parts are okay, enter an “Inspect” command to accept it
  - If the parts are not okay they will return the parts and enter the reason for the rejection
- If the inventoried parts have passed inspection and been approved, complete the “Delivered” command and then put the parts in stock.
- If the inventoried parts have been rejected, first enter a “Delivered” command followed by a “Return to Supplier” command and then notify the Buyer/Planner to arrange the return of the parts.

### C. ISSUING INVENTORIED PARTS

Issuing parts is done by a Work Order process.

- The Maintenance Superintendent or designee shall prepare a Work Order utilizing Oracle eAM for work to be performed, print it out, and forward to the person assigned to the work. It shall include the following:
  - Facility Code
  - Date
  - Work that is to be performed using object codes and Indirect Labor Codes
  - Preparer’s clock number and name
  - Rolling Stock asset number or equipment designation
  - Enter Defect Card number, if applicable
  - Assigned employee name and clock number
- The mechanic will request the parts listed on the Work Order from the Inventory Controller.
- The Inventory Controller checks the inventory for parts availability necessary for the maintenance or repairs. The parts for the necessary maintenance or repairs are pulled and issued in the Oracle Inventory System.
- When an Oracle work order cannot be created in time to respond to a parts need, before the part can be removed from the stockroom or parts area, the part must be charged out on a manual (paper) work order form (Appendix A). These manual work order forms shall be kept with the regular Oracle electronic work orders. An Oracle work order must be created for this job as soon as possible thereafter, and then the parts on the manual work order must be charged to this Oracle work order. Manual work order forms shall only be used when an Oracle work order cannot be created, but where a part is required to respond to an immediate real time need such as **a road call, when a run would be missed or when the mechanic would have to stop working because the part would not be available for the job.**

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#### D. CYCLE COUNTING INVENTORIED PARTS

Periodic cycle counts are performed and differences are investigated and resolved in a timely manner.

Random parts are selected and counted on a weekly basis by Inventory Controllers at each Division. All parts are organized by SKU number. They are all entered into the Inventory Management System so when the random parts are selected to be counted, their SKU numbers and bin locations are printed as well. The storage areas are organized into aisles by Group numbers and SKU numbers.

When counts are performed, other employees are kept out of the stockroom. If an employee needs to access a part they will inform the counters. Inventory Controllers are directed to complete electronic receivings and take note of transfers in progress when counting parts.

An analysis of parts is done based on the buses that use them. As buses are taken out of service, any parts related to those models are reviewed and deemed obsolete if applicable.

At the three (3) largest divisions (Pace Northwest, Pace South and Pace West), counts are performed by the Sunday midnight shift Inventory Controllers. The counts are reviewed by the Senior Inventory Controllers who follow up on any variances reported in the initial counts. At the other six (6) smaller divisions (Pace Fox Valley, Pace Heritage, Pace North, Pace North Shore, Pace River and Pace Southwest) the day shift Inventory Controllers do the cycle counts. All count variations are reviewed by the Inventory Systems & Contracts Administrator and the Materials Management Section Manager.

The Senior Inventory Controller double checks the counts performed by the Inventory Controllers at the three larger divisions. Any unresolved misstatements are reviewed and the system is adjusted. The Inventory Systems & Contracts Administrator and the Materials Management Section Manager also check the exceptions for all the divisions and direct the Inventory Controller to investigate larger variations until the reason for the variation is discovered.

#### E. PHYSICAL COUNT

The physical inventory count is processed if the Materials Management Section Manager finds it necessary due to extreme inventory variations for the facility.

- Inventory personnel will run the physical inventory report
- Conducts the count of items in the stockroom
- Enters the count values in the Oracle system
- Counts are approved in the Oracle system
- Adjustments are posted

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#### F. FIRST ISSUE ENTRY PROCEDURES

The first issue process is established for new bus parts.

- Inventory Controllers fill out the First Issue Request Form and send it to the Buyer/Planner
- Buyer/Planner will call the OEM vendor and get pricing as well as manufacturer number information, supersessions or duplications and warranty information
- Buyer/Planner will send the First Issue Request Form with all of the proper information to the First Issue enterer
- First Issue enterer will create a SKU item in the Oracle system with all of the information provided by the Buyer/Planner
- First Issue enterer will send a general email to all Materials Management and Maintenance personnel informing them of the new SKU created

#### G. INVENTORY TRANSFERS

Inventory Controller will contact the Buyer/Planner to initiate transfer from one location to another.

#### H. WARRANTY PROCESS

The warranty process is to recover the cost for parts purchased that did not meet the minimum manufacturer warranty.

- Buyer/Planner enters the warranty information in the Oracle system when creating a Purchase Order
- Inventory Controller contacts the Buyer/Planner if a part fails the minimum manufacturer's warranty
- Inventory Controller will provide the Buyer/Planner with the Purchase Order number, packing slip and reason of failure
- Buyer/Planner will contact the vendor for a Return Materials Authorization number
- Inventory Controller completes a Return Merchandise Receipt with the proper information that was provided by the Buyer/Planner and returns the merchandise to the vendor

#### I. OBSOLETE PROCESS

Obsolete process is established to remove unnecessary parts that are specific to vehicles that are no longer in use by Pace.

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- The Head of Maintenance decided what buses are being discontinued
- The Section Manager of Materials Management identifies which items are being used on the discontinued bus
- The Head of Maintenance approves parts to become obsolete
- The Inventory Controller pulls these parts from their stockroom and prepares them for sale
- Parts are then processed through the Purchasing Department for sale

#### J. COACH DOWN SITUATION

The Coach Down situation starts with the inventory part not available for the bus.

- Inventory Controller notifies the Superintendent or designate of the situation
- The Superintendent or designate decides by email or verbally to the Inventory Controller if it is a Coach Down situation
- Inventory Controller at the facility will fill out a Coach Down form which will be emailed to the Buyer/Planner

#### K. INITIATING ORDERS FOR NON-INVENTORIED/MRO PARTS, SUPPLIES AND SERVICES

Inventory Controllers start the Non-Inventoried/MRO Parts, Supplies and Services process by reviewing stock levels and then entering a **new** requisition in Oracle.

- Clearly stating what items are being requested by entering the information in the Item Description field on the requisition
- Entering or attaching a specification, scope of work or item description
- Completing all fields required
- Send the requisition for approval

#### L. RECEIVING NON-INVENTORIED /MRO PARTS, SUPPLIES AND SERVICES

Whenever non-inventoried MRO parts, supplies and Services are delivered, the requesting department personnel at the operating divisions are required to:

- Confirm that the parts, supplies or services that have been delivered are from a Pace order and that the quantities are correct. Enter a "Received" command to receive if correct. Call the Buyer/Planner if not correct to arrange for the return of the parts or supplies.

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M. GAS READINGS

Inventory Controllers take weekly gas readings during summer months and daily during winter months for the Administration Department.

N. MAINTAIN FLUID LEVELS

Inventory Controllers check fluid levels through the Veeder Root system and the Oracle system on a daily basis and initiate orders or releases when supplies are low.



# Oracle eAM Work Order

<b>Work Order Number</b>		<b>Today's Date</b>
<b>Vehicle Description:</b>		
<b>Vehicle Odometer Reading:</b>		
<b>Work Order Creation Date:</b>		
<b>Created By:</b>		

Completion information:

Operations #	Object Code	Description	Date	Hours	Activity
10		_____	__/__/____	____.____	_____
		_____			
		_____			
		_____			
		_____			
		_____			
		_____			
		_____			
		_____			
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		_____			
		_____			

Part No.	Description	Qty	Serial Number	Locator	Operation Number	Issued By