

**COMMONWEALTH OF VIRGINIA  
DEPARTMENT OF TRANSPORTATION  
CONSTRUCTION DIRECTIVE  
MEMORANDUM**

<b>GENERAL SUBJECT:</b>	<u>Material on Hand</u>	<b>NUMBER:</b>	<u>CD-2007-1</u>
		<b>DATE:</b>	<u>January 18, 2007</u>
<b>SPECIFIC SUBJECT:</b>	<u>Guidelines for Inventory of Items Paid for as Material on Hand</u>	<b>SUPERSEDES:</b>	<u>CD-2005-5</u>
		<b>SUNSET/ EXPIRES:</b>	<u>January 18, 2012</u>

Original with signature on file in the office  
of the Scheduling and Contract Division

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W. BYRON COBURN, JR., P.E.  
SCHEDULING & CONTRACT ENGINEER

**PURPOSE:** The purpose of this CD is to provide guidelines for the inventory of items paid for as materials on hand.

**DIRECTED TO - DISTRICT ADMINISTRATORS**

Section 109.08 of the 2002 Road and Bridge Specifications allows for certain contract items to be paid for as Material on Hand. It further allows the Contractor, with approval from the Engineer, to store these items off of the project on private property or on the manufacturer's or fabricator's yard. Many of the items paid for as Material on Hand, such as steel structural units, are fabricated specifically for the project and have limited, if any, use beyond the project that they were fabricated for. Other items, such as reinforcing steel, aggregate, pipe, guardrail, signs, sign assemblies and other nonperishable material are not project specific and could be used on other projects.

Section 109.08(e) of the Specifications requires the Contractor to submit a certified and itemized inventory statement to the Engineer (Form C-22) and to provide an updated certified inventory statement on a monthly basis for all items paid for as Material on Hand.

As payments for Material on Hand can amount to a large dollar value of items in inventory, it is incumbent upon the Department to insure that the items paid as Material on Hand are indeed available in the assigned storage areas and reserved specifically for the project that paid for these items as Material on Hand.

To this end, the following inventory guidelines will apply to items paid for as Material on Hand:

For Structural Units that were fabricated specifically for the project and are stored on the manufacturer's or fabricator's yard, the procedures outlined in Section 109.08 of the Specifications will be used.

Other items stored within the project limits should be compared to the quantities on the Form C-22 submitted by the Contractor every month. Items stored off of the project within the state of Virginia should be compared to the quantities on the Form C-22 submitted by the Contractor on at least a quarterly basis by VDOT personnel.

For items stored at a location outside of the state of Virginia, the signed certification on the Form C-22 combined with the appropriate test documents and invoices, bills or documentation of the value of the material as approved by the Engineer is acceptable.

Regardless of the storage location, should there be any question regarding the existence or the proper storage and security of items requested for payment as Material on Hand an inventory by a representative of the Department should be performed prior to including the items in question on a progress estimate for payment.

Any discrepancies between the actual inventory and the Form C-22 submitted by the Contractor should be brought to the attention of the Contractor immediately. If the Contractor cannot address the discrepancy to the satisfaction of the Engineer, the Engineer will deduct the full dollar value of the amount of the quantities in question from the next progress estimate.

DL: wskjr

CC: Commissioner

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