

## Procurement Guidance - (7/2014)

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### **T3.10.3 Government Property** Revised 10/2009

## **A Government Property**

### **1 Applicability**

This guidance applies to all FAA Screening Information Requests (SIR) and contracts that provide Government property to contractors, and establishes policies for contractors' use and management of Government property, reporting, redistributing, and disposing of contractor inventory. It does not apply to providing property under any statutory leasing authority.

Contractors are ordinarily responsible for furnishing all property necessary to perform FAA contracts. However, when authorized the FAA may provide various types of property to contractors.

### **2 Responsibilities** Revised 7/2013

#### *a. Contracting Officer.*

(1) Pre-award. The Contracting Officer (CO) coordinates with the Property Administration Office regarding Government property before issuing a SIR, to ensure that contracts contain the appropriate Government property provisions.

(2) Terms and Conditions. The CO should assure that the terms and conditions of the contract clearly address the contractor's obligations regarding the Government property.

(3) Prior Approval. The CO is the only person with the authority to approve a contractor's use of Government property. The CO should include the property description and the terms and conditions for contractor possession of Government property in the contract.

(4) Property Administration Delegation. Property Administration is the responsibility of the CO when Government property is authorized on a FAA contract. In accordance with AMS policy, the CO must delegate property administration authority to the property administration office. (A sample memo is in Appendix 1.) The property administration office will identify a specialist to serve as property administrator (PA) to administer the Government property requirements under the contract. The delegation should clearly delineate the authority of the PA. The CO should provide a copy of the contract and modifications that affect Government property to the delegated PA. The CO should also provide the contractor a copy of the letter of PA delegation. (A sample letter is in Appendix 2.)

#### *b. Property Administration Office.*

- (1) Provides pre-award Government property support and guidance.
- (2) Administers contract provisions, requirements, and obligations, relating to government property in the possession of contractors.
- (3) Participates in pre-award surveys and post award reviews.
- (4) Evaluates the contractors' property control system, approving the system or recommending disapproval where systems create an unacceptable risk of loss, misuse, damage or destruction of property.
- (5) Reviews contracts assigned for property administration to assure that property is identified in the contract.
- (6) Provides guidance, counsel, and direction relative to government property administration.
- (7) Monitors compliance with regulations and contract requirements pertaining to FAA's GFP.
- (8) Develops and applies a property systems analysis program to assess the effectiveness of the contractors' government property control system. Establishes a property administration plan that provides for surveys of the contractors' system and integrates this plan into the entire property administration program.
- (9) Reviews documentation required by the contract and takes appropriate action to protect the Government's interest.
- (10) Renders liability determinations for loss, damage, and destruction of property on the basis of contract terms and conditions.
- (11) Verifies submission of annual financial reports from contractors and provides reconciliation support to the program office.
- (12) Ensures that the contractor promptly reports excess Government property for disposition in accordance with contract provisions and provides disposition instructions for unrequired property. Also, serves as plant clearance officer when appropriate.
- (13) Ensures final accounting of all Government property, and certifies completion of disposal actions and resolutions of lost, damage, or destroyed property issues.

*c. FAA Program Office/Custodial Office.*

- (1) Identifies and makes available required Government property.
- (2) Initiates, processes and maintains source documents, which authorize the furnishing

or acquisition of Government property in accordance with contract requirements.

(3) Performs inventory verification to assure that Government property is physically, quantitatively, and technically allocable to the contract.

(4) Validates the contractor's annual financial property reports.

d. *Contractor.*

(1) The contractor should make property requirements known to the CO in the early stages of project preparation and as required to continue contract performance. A categorized equipment requirements list should be included with the project proposal.

(2) The contractor must have a written property control system that fulfills contract requirements for the management of Government property.

(3) The contractor has the primary responsibility for exercising reasonable care and control of Government property in its possession and for maintaining property records in accordance with the FAA's instructions. Government property must only be used for the purpose set forth in the contract. The contractor is accountable for all Government property furnished until relieved of that responsibility in accordance with the terms of the contract. Responsibility for reasonable care and control of Government property provided under the contract and in the possession of a subcontractor remains with the prime contractor until the CO or PA rescinds it.

(4) The contractor must comply with all provisions of the property clauses as provided for in the contract.

(5) All Government property obtained by the contractor through contract must be properly marked with Government tags.

(6) The contractor must structure property controls within framework of the property management system so that lost, stolen, or damaged property as well as excess property is immediately identified and reported.

### **3 Contractor's Property Control System**

a. The Property Administrator shall review and approve the contractor's property control system to determine that it is in compliance with the Government property clauses of the contract. If another Government agency has reviewed and approved the contractor's property control system, the FAA may accept that approval if there is an interagency agreement with the approving agency.

b. The Property Administrator notifies the contractor in writing when its property control system is not in compliance with FAA's contract requirements and request correction of deficiencies

within a specified time period. If the contractor does not correct the deficiencies within the specified time period, the Property Administrator shall notify the Contracting Officer administering the contract. The Contracting Officer:

1. Notifies the contractor in writing of any required corrections and establishes a schedule for completion of actions;
2. Cautions the contractor that failure to take the required corrective actions within the time specified will result in withholding or withdrawing system approval; and
3. Advises the contractor that its liability for loss of or damage to Government property may increase, if approval is withheld or withdrawn.

#### **4 Audit of Property Control System**

The Property Administrator may audit the contractor's property control system as frequently as conditions warrant. These audits may take place any time during contract performance, upon contract completion or termination, or at any time thereafter during the period the contractor is required to retain such records. The contractor shall make all such records and related correspondence available to the auditors.

#### **5 Official FAA Property Records**

a. Contractor records of Government property established and maintained under the terms of the contract are the Government's/FAA's official property records. Duplicate official records should not be furnished to or maintained by Government personnel, except as provided in paragraph b. below.

b. Contracts may provide for the contracting office to maintain the Government's/FAA's official Government property records when the contracting office retains contract administration and Government property is furnished to contractor.

c. The Government property files, whether maintained by the contracts office, PA or the contractor, as a minimum, should consist of the following:

1. A copy of the applicable portions of the contract that list the Government- furnished property (GFP);
2. Contracting Officer's letters delegating the property administrator (PA) to the contract;
3. Written evidence that the contractor's property control system was reviewed and approved as required;
4. Record of property system analyses performed, deficiencies disclosed, and corrective actions taken;
5. A copy of the contractor's annual financial and inventory reports of Government property.
6. Copies of liability determinations for any lost, damaged, or destroyed property;

7. Copies of property disposal actions, including determinations, screening, authorization and documentation of completion.

## **6 Types of Property Provided to Contractors** Revised 10/2009

a. *Facilities.* The FAA will not furnish facilities to contractors unless the CO determines it is in FAA's best interest. However, if Government-furnished facilities are authorized, FAA should not:

- (1) Furnish new facilities unless existing Government-owned facilities are either inadequate or cannot be economically furnished.
- (2) Use research and development funds to provide contractors with new construction or improvements of general utility.
- (3) Provide facilities to contractors solely for non-Government use.

b. *Material.* The FAA may provide material to a contractor when necessary to achieve significant economy, standardization, or expedited production, or when it is otherwise in FAA's interest. Solicitations should sufficiently specify any Government-furnished material.

c. *Motor Vehicles.*

- (1) The FAA will not furnish motor vehicles to contractors for contract performance unless the CO determines it is in the Government's best interest. The FAA program office must document the rational basis for furnishing motor vehicles to contractors, which should address at least the following:
  - (a) Why vehicles are necessary for contract performance;
  - (b) Availability of other means of transportation;
  - (c) Predictability of the number of vehicles required and whether it is expected to remain fairly constant;
  - (d) Whether the proposed contract will bear the entire cost of the vehicle program;
  - (e) Whether substantial savings are expected;
  - (f) Whether the vehicles will be used on any contract other than that for which the vehicles were provided (and if so, whether an appropriate department or agency official has approved);
  - (g) Whether the vehicles will be used only for performance of the contract and prohibited for home-to-work transportation; and

(h) Expectation that prospective contractors do not or would not have an existing and continuing capability to provide vehicles from their own resources.

(2) The CO must approve and authorize contractor use of Government-provided motor vehicles. The authorization must:

(a) Be in writing;

(b) Cite the contract number;

(c) Specify the limitations of the authority, including its duration, and any other pertinent information;

(d) List the vehicles being furnished;

(e) Provide a prohibition from use of any Government-provided vehicle for home-to-work transportation, unless authorized in accordance with 31 U.S.C. 1344 and subpart 101-6.4 of Federal Management Regulations; and

(f) Include language reiterating the need for proof of motor vehicle insurance.

d. *Special Tooling.* Contracts authorizing the furnishing of existing special tooling should contain a description of the special tooling, the terms and conditions of shipment, and the terms covering the cost of adapting and installing the tooling.

(1) The FAA in all cases acquires title under cost-reimbursement contracts.

(2) Title or rights to title under fixed price contracts may be acquired by the FAA after consideration of the following factors:

(a) The current or probable future need of the Government for the items involved (including in-house use) and the estimated cost of producing them if not acquired.

(b) The estimated residual value of the items.

(c) The administrative burden and other expenses incident to reporting, record keeping, preparation, handling transportation, and storage.

(d) The amount offered by the contractor for the right to retain the items.

(3) Decision not to acquire title to special tooling, or rights to title, special requirements may be included in the Schedule of the contract (e.g. requirements governing the contractor's capitalization of special tooling costs).

e. *Special Test Equipment.* Contracting officers may also authorize contractors to acquire special

test equipment for the FAA when it is in the best interest of the Government. The CO should attempt to use existing Government/FAA owned test equipment that may be available within FAA, DOT or at other Federal agencies. The FAA's property officer should be contacted for assistance.

(1) The SIR (and the contract) should separately identify each item to be furnished by the FAA or acquired or fabricated by the contractor for the FAA. Individual items of less than \$5,000 may be grouped by category.

(2) Notice and approval. The CO should assure that the property provisions of the contract require the contractor to obtain the approval of the CO prior to acquiring or fabricating special test equipment. In reviewing the request, the CO should first determine if there is existing equipment that will meet the contractor's needs and provide a response to the contractor within 30 days after receipt of the notice.

f. *Government Information.* The CO may provide Government furnished intellectual property to the contractor when necessary for performing the contract. Rights to ownership should be clearly communicated in the contract. The SIR (and the contract) should identify those applicable clauses in AMS 3.5. The contractor shall establish techniques to protect the Government's proprietary interests in the distribution and control of information.

g. *Production and Research Property - "as is".*

(1) The CO may provide FAA production and research property on an "as is" basis for performing fixed-price, time-and-material, and labor-hour contracts. It may also be furnished under a facilities contract, in which case the contract should provide that the contractor will not be reimbursed for transporting, installing, modifying, repairing, or otherwise making the property ready for use.

(2) For other than facilities contracts, the offerors should be permitted to inspect the property before submitting offers. The SIR should specify the following:

- (a) Conditions, (such as time and place) under which it may be inspected;
- (b) The property is offered in its current condition, f.o.b. present location (provide specific locations);
- (c) Offerors must satisfy themselves that the property is suitable for their use;
- (d) The successful offeror should bear the cost of transporting, installing, modifying, repairing, or otherwise making the property suitable for use; and
- (e) Evaluations will be made to eliminate any competitive advantage resulting from using the property.

h. *Production and Research Property - Special Restrictions.*

(1) Government production and research property, other than foundations and similar improvements necessary for installing special tooling, special test equipment, or plant equipment, should not be installed or constructed on land not owned by the Government in such fashion as to be nonseverable, unless the CO determines that the location is in the best interest of the Government and includes contract provisions for:

(a) The contractor to reimburse the Government for the fair value of the property at contract completion or termination or within a reasonable time thereafter (for example, the provision may require the contractor to purchase the property at a value determined by appraisal or at a price equal to its acquisition cost less depreciation at a specified rate);

(b) An option for the FAA to acquire the underlying land; or

(c) An alternative provision that would be in the best interest of the Government.

(2) If patent or other proprietary rights of a contractor could restrict the disposal of Government production and research property, the condition in either subparagraph (1)(a) or (1)(c) above should be satisfied before the property is provided.

(3) If Government production and research property is not available to all offerors, the SIR should identify the offerors to whom the property is available.

i. *Agency-peculiar Property.*

(1) Agency-peculiar property may be furnished to contractors when necessary for use as a standard or model, for testing the contractor's end item where suitable commercial equipment is not available, to establish equipment compatibility, or for other reasons that the contracting officer determines to be in the Government's interest.

(2) Agency-peculiar property may be furnished under a facilities contract, a supply or service contract containing the appropriate Government property terms.

(3) The CO should provide special instructions for security, liability, maintenance, and/or property control, when agency-peculiar property requires special handling or safeguards.

j. *Property by Transfer.* Government property should be transferred only if there is a requirement under the gaining contract. Transfers of Government property, as Government/FAA furnished property, should be documented by a modification to the gaining contract. A modification or other documentation listing all items of property transferred is required for the losing contract.

## **7 Contractor Use and Rental of Government Property**

a. Availability. The CO should not continue to make FAA production and research property

available to a contractor where such property is no longer required for the performance of FAA contracts. However, CO's who believe it to be in the Government's best interest for a prospective contractor or subcontractor to use existing FAA production and research property for non-FAA use may authorize such use in the contract on either a rental or rent-free basis.

b. Rental--Use and Charges. The CO should include terms covering rent obligations of a contractor when 'use and charges' are appropriate. Rent should be computed in accordance with the clause 'Use and Charges' or as otherwise determined to be in the Government's best interest by the CO. Rent, for example, may be charged on the basis of use rather than the rental period, or on some other equitable basis. In such cases, the terms related to the rental should be clearly set out in the contract. The CO should ensure the collection of any rent due the Government from the contractor.

c. Rent-free use.

1. The following FAA production and research property is exempt from the above "Rental--Use and Charges":
    - a. That which is located in FAA-owned, contractor-operated plants operated on a cost-plus-fee basis;
    - b. That which is left in place or installed on contractor-owned property for mobilization or future FAA production purposes. However, rent may apply to that portion of property or its capacity used or authorized for use.
    - c. Items of equipment that are part of a general program approved by the Federal Emergency Management Agency (FEMA) and present unusual problems in relation to the time required for their preparation for shipment, installation, and operation because of size, complexity, or performance characteristics.
    - d. Any other Government production and research property that may be excepted by FEMA.
  2. The CO may grant written authorization for rent-free use of production and research property in the possession of nonprofit organizations when:
    - a. The use of the property is directly or indirectly in the national interest;
    - b. The property will not be used for the direct benefit of a profit-making organization; and
    - c. The FAA receives some direct benefit (such as rights to use the results of the work without charge) from its use. As a minimum, the contractor should furnish a report on the work for which the property was provided.
  3. If a contract is modified after award to eliminate rent for using FAA production and research property, the CO should initiate an equitable adjustment to reflect the elimination of rent and any other amount attributable.
- d. Contracts with foreign governments or international organizations. If the CO authorizes

foreign governments or international organizations to use FAA production and research property for its own benefit, costs should be recovered or rental charged as deemed appropriate by the CO.

e. Use of Government production and research property on independent research and development programs. The CO cognizant of Government production and research property in the possession of a contractor may authorize a contractor to use the property on an independent research and development (IR&D) program, if:

1. Such use will not conflict with the primary use of the property or enable the contractor to retain property that should otherwise be released;
2. The contractor agrees not to include as a charge against any FAA contract the rental value of the property used on its IR&D program; and
3. A rental charge for the portion of the contractor's IR&D program cost allocated to commercial work, computed in accordance with the "Rental--Use and Charges" clause or as CO deems appropriate and deducted from any agreed-upon Government share of the contractor's IR&D costs.

f. Non-Government use of plant equipment.

1. The CO's advance written approval is required for any non-Government use of active plant equipment. If the CO authorizes this type of use, the CO should require the contractor to insure the property against loss, damage or destruction. Facilities contracts may be modified to require such insurance.
2. This type of use should be granted only when it is in the Government's best interest:
  - a. To keep the equipment in a high state of operational readiness through regular use;
  - b. Because substantial savings to the Government would accrue through overhead cost-sharing and receipt of rental; or
  - c. To avoid an inequity to a contractor who is required by the FAA to retain the equipment in place.

## **8 Relief from Responsibility**

a. Unless the contract or PA provides otherwise, the contractor should be relieved of property control responsibility for Government property under the following circumstances:

1. The PA determines that reasonable and proper consumption of property in the performance of the contract has occurred;
2. The PA authorizes retention by the contractor in return for appropriate consideration from the contractor;
3. The PA authorizes the sale of property, provided the proceeds are returned to the Government;

4. The property is transferred to another contractor.

b. Nonprofit organizations are relieved of responsibility for property when title to the property is transferred to the contractor.

## **9 Contractors' Liability**

a. Subject to the terms of the contract and the circumstances surrounding the particular case, the contractor may be liable for shortages, loss, damages, or destruction of Government property. The contractor may also be liable when the use or consumption of Government property unreasonably exceeds the allowances provided for by the contract, the bill of material, or other appropriate criteria.

b. The contractor shall investigate and report to the Property Administrator all cases of loss, damage, or destruction of Government property in its possession or control as soon as the facts become known or when requested by the Property Administrator. A report shall be furnished when completed and accepted products or end items are lost, damaged or destroyed while in the contractor's possession or control.

c. The contractor shall require its subcontractors possessing or controlling Government property to investigate and report all instances of loss, damage or destruction of such property.

d. The CO makes a determination of the contractor's liability for any property that is lost, damaged, destroyed, or consumed in excess of that normally anticipated in a manufacturing or processing operation.

1. The determination is furnished to the contractor in writing;
2. The FAA is reimbursed where required by the determination; and
3. Property rendered unserviceable by damage is properly disposed of, and the determination is cross-referenced to the shipping or other documents evidencing disposal.

## **10 Reporting, Redistribution, and Disposal of Contractor Inventory**

a. Disposal methods.

The PA may require delivery of any contractor inventory, including transfers of Government property to another FAA contract. If the PA does not exercise these rights, the contractor inventory will be disposed of by one of the following methods in the priority indicated:

1. Purchase or retention at cost by prime contractor or subcontractor of contractor-acquired property;
2. Return of contractor-acquired property to suppliers;
3. Use within the Government through the use of prescribed screening procedures;

4. Donation to eligible donees;
5. Sale (including purchase or retention at less than cost by the prime contractor or subcontractor);
6. Donation to public bodies in lieu of abandonment; or
7. Abandonment or destruction.

b. Restrictions on purchase or retention of contractor inventory.

A contractor's or subcontractor's authority to purchase, retain, or dispose of contractor inventory is subject to any contract provisions and to applicable Government restrictions on the disposition of property that is classified for security reasons, possesses military offensive or defensive characteristics, or is dangerous to public health, safety, or welfare.

c. Contractor-acquired property.

1. Purchase or retention at cost.

(a) The Property Administrator should encourage contractors to purchase or retain contractor-acquired property at cost. However, the contractor should not include any part of the cost of property purchased or retained in any claim for reimbursement against the FAA. The CO should adjust cost-reimbursement contracts for previously reimbursed costs. When the property is for use on a continuing FAA contract or commercial operation, handling and transportation charges may be considered an allowable cost (included in the contractor's settlement proposal as "other costs" in the case of a termination), provided that the charges are reasonable.

(b) If a contractor purchases or retains contractor inventory for use on a continuing FAA contract that is subsequently terminated, the property should be allocated to the continuing contract, even though its purchase would otherwise constitute undue anticipation of production schedules. If, as a result of the purchase or retention of property from a terminated contract for use on other FAA contracts, the contractor terminates subcontracts under the other FAA contracts, reasonable termination charges of the subcontracts may be included as an allocable cost under the contract that generated the excess property.

2. Return to suppliers.

The Property Administrator should encourage contractors to return allocable quantities of contractor-acquired property to suppliers for full credit less either the supplier's normal restocking charge or 25 percent of the cost, whichever is less. Contractors may be reimbursed for reasonable transportation, handling, and restocking charges, but not for the cost of the returned property. Under cost-reimbursement contracts, appropriate adjustments should be made for costs previously reimbursed. A contractor's property control system should include procedures to ensure property is returned to the supplier for appropriate credit whenever feasible.

### 3. Cost-reimbursement contracts.

Under cost-reimbursement contracts, property purchased or retained by the contractor or returned to suppliers should not be reported on inventory schedules. The cognizant contract administration office, in coordination with the cognizant auditor, should periodically review such transactions to protect the Government's interests.

## 11 Inventory Schedules

### a. Submission

(1) When property is no longer needed to perform the contract, the contractor should prepare inventory schedules in accordance with the contract and instructions from the PA and should promptly submit the schedules to the delegated property administrator. Inventory schedules may also be used for screening with other Federal agencies.

(2) The certificate on the inventory schedule must be executed when contractor inventory is reported. The prime contractor should execute this certificate, except that for subcontractor termination inventory the subcontractor should execute the certificate.

(3) The contractor's inventory schedules should not include any items that the contractor can reasonably use on other work without financial loss. However, the schedules should include common items specified by the contracting officer for delivery to the Government/FAA or which is Government-furnished property.

(4) The contractor may electronically reproduce inventory schedules provided no change is made in the name, content or sequence of the data elements. All essential elements of data must be included and the form must be signed.

### b. Acceptance

Within 15 days after receipt of inventory schedules, the PA should review them, determine their acceptability, and request the contractor to correct any inadequate listings. Inventory schedules should not be rejected if the information is adequate for disposal purposes, even if complete cost data on work-in-process are not available. Rejection should be limited, when possible, to specific items and should not necessarily render the entire schedule unacceptable. If substantial errors are discovered that were not apparent on termination inventory schedules previously found acceptable, the final phase of a plant clearance period should not begin until corrected schedules have been submitted, unless the PA determines otherwise.

c. Information verification. The PA, with the assistance of other Government personnel as necessary, should verify that

- (1) The inventory is present at the location indicated;
- (2) The inventory is allocable to the contract;
- (3) The quantity and condition are correctly stated; and
- (4) The contractor has endeavored to divert items to other work. The PA should require the contractor to promptly correct any discrepancies on the inventory schedule or resubmit the schedule as necessary.

d. The contractor will report inventory on the following forms as appropriate:

- (1) Standard Form 1426, Inventory Schedule A (Metals In Mill Product Form) and SF 1427, Inventory Schedule A--Continuation Sheet. These forms are to be used to list metals in raw or primary form as furnished by the mill and on which there have been no subsequent fabricating operations.
- (2) Standard Form 1428, Inventory Schedule B and SF 1429, Inventory Schedule B-Continuation Sheet. These forms are to be used to list all contractor inventory (including plant equipment).
- (3) Standard Form 1430, Inventory Schedule C (Work in Process) and SF 1431, Inventory Schedule C--Continuation Sheet. These forms are to be used to list all work in process.
- (4) Standard Form 1432, Inventory Schedule D (Special Tooling and Special Test Equipment) and SF 1433, Inventory Schedule D--Continuation Sheet. These forms are to be used to list such contractor inventory as dies, jigs, gauges, fixtures, special tools, and special test equipment.
- (5) Standard Form 1434, Termination Inventory Schedule E. This is a short form to be used with SF 1438, Settlement Proposal (Short Form). Applicability is limited to termination settlement proposals under \$10,000.

## **12 Scrap**

- a. The contractor may not be required to itemize scrap on inventory schedules if the material is physically segregated in the contractor's plant; and the contractor submits a statement describing the material, estimating its cost, and providing other information necessary for the PA to verify whether the property is scrap. The contractor should sort the scrap to the extent economically feasible to assure the highest sale proceeds.
- b. The PA should review the schedules of property reported as scrap and, if necessary, physically inspect the property involved. If the PA determines that any of the property is serviceable,

usable, or salvable, the contractor should resubmit it on appropriate inventory schedules.

### **13 Recovering Precious Metals**

a. GSA is responsible for initiating the Government-wide precious metals recovery program (see FPMR 101-42.3 for procedures and requirements in recovering precious metals).

b. FAA will assure that contractors generating contractor inventory containing precious metal-bearing scrap identify and promptly report such items. Agencies having no recovery and disposal facility available may request information or recovery assistance from the GSA regional office serving the area or the Defense Logistics Agency, ATTN: DLSC-LC, 8720 John J. Kingman Road, Fort Belvoir, VA 22060.

c. Precious metals should be packaged in nonporous, smooth containers in a manner to prevent loss through leakage or damage to the containers. (Glass containers should not be used.) Grindings or sweepings should not be packaged in paper or wooden containers, because loss occurs by adhesion to the containers. Containers should be marked to show the type of precious metals.

d. The shipping document should indicate the net weight of each item to the nearest ounce (troy or avoirdupois). Shipment will be made by the most economical means available, consistent with adequate safeguards to prevent loss or theft.

### **14 Screening of Contractor Inventory**

a. General.

(1) Serviceable or usable property included in the contractor's inventory schedules that is not purchased or retained by the prime contractor or subcontractor or returned to suppliers should be screened for use by Government agencies before disposition by donation or sale. The PA should assure the widespread dissemination of information concerning the availability of contractor inventory.

(2) There are four categories of screening: standard, agency, limited, and special items. The PA should determine the categories of screening required, initiate prescribed screening, and assure accomplishment of transfer and donation. The following table lists the type of property and screening period for each of these categories. When circumstances warrant, the PA may extend the period for agency screening or arrange for more extensive screening than that prescribed. In the event of a conflict between this table and a specific contract requirement, items should be screened as provided by the contract.

### Screening Requirements by Type of Property

Screening Categories	Type of Property	Period
Standard	Line items valued at \$1,000 or more (\$500 for furniture).	90 days
Agency	Special tooling, perishables, property bearing a security classification, property dangerous to public health and safety, regardless of acquisition cost, and agency-peculiar property.	30 days
Limited	Special tooling, scrap and salvage, property in condition codes 4, 7, X, and S, work-in-process inventory schedules (the total acquisition cost of which is reported as \$2,500 or less), and line items of less than \$1,000 (\$500 for furniture) (except perishables, property bearing a security classification, and property dangerous to public health and safety).	30 days
Special Items	<p>Special test equipment with standard components. Special test equipment without standard components.</p> <p>Printing equipment.</p> <p>Automatic data processing equipment.</p> <p>Nuclear materials.</p>	

b. Standard screening

(1) Standard screening applies to serviceable property with a line item value of \$1,000 or more (\$500 for furniture) that does not meet the criteria for another

screening category.

(2) Standard screening begins on the date the PA receives acceptable contractor inventory schedules and ends 90 days thereafter. The period is broken into three phases as follows:

(a) 1st through 30th day--screening by the contracting agency. The agency should screen the listed items for its use. When screening is completed, the PA should delete the retained items from the schedules.

(b) 31st through 75th day--screening by all Federal agencies. Not later than the 31st day, the PA will send four copies of the revised schedules and Standard Form (SF) 120, Report of Excess Personal Property, to the General Services Administration (GSA) regional office that serves the region in which the property is located. If the PA receives a request for property transfer after submission of the SF 120, and before receiving a GSA property transfer order, a prompt request will be forwarded to GSA for approval to withdraw the items from the inventory schedule. The regional GSA office will prepare and issue circulars and catalogs to all Federal agencies within the region. GSA will honor requests for transfer of property on a "first-come first-served" basis through the 75th day. The GSA regional office will transmit to the PA the approved orders and shipping instructions for property to be transferred. The 75th day is the surplus release date and will be shown on the SF 120. The PA may not extend this date.

(c) 76th through 90th day--screening by GSA for possible donation. During this period, GSA will arrange for screening of all remaining property for possible donation to eligible donees. The 90th day is the screening completion date and will be shown on the SF 120. The PA will not extend this date.

c. Agency screening. Agency screening is the procedure for screening certain types of property (see Table 3.10.3.A) only within the contracting agency. The screening period begins on the date the PA receives acceptable inventory schedules and ends 30 days later.

d. Limited screening. Items that are scrap or salvage or that otherwise have a limited potential for use (except special tooling) are not ordinarily subject to standard or agency screening. The PA will include listings of such property in a special file, which will be made available to GSA for limited screening. The screening period for such property begins on the date the PA receives acceptable inventory schedules and ends 30 days later. This period is apportioned into two phases, as follows:

(1) 1st through 15th day--GSA selection of items for Federal utilization; and

- (2) 16th through 30th day--GSA selection of items for donation;
- (3) For special tooling, the screening period described above begins upon completion of agency screening.

e. Special items screening. Special procedures are established for the following types of property:

(1) Special test equipment with standard components:

(a) Contractors reporting special test equipment that contains standard, general, or multipurpose components will describe the composite unit to clearly reflect its capability. Standard components that can be economically removed and reused will be listed and described in sufficient detail to permit screening.

(b) If the contractor has a requirement for the standard components to meet other approved special test equipment or facilities requirements, the contractor will annotate the SF 1432, Inventory Schedule D (Special Tooling and Special Test Equipment), to reflect this requirement. Screening should be accomplished in accordance with agency procedures for the first 30 days. If there are no agency requirements for the composite unit, and if the administrative contracting officer approves the retention, the contractor will have priority for the standard components for which it has indicated a requirement.

(c) Standard components that have not been retained by the agency or the contractor will be screened in accordance with standard requirements for the 31st through 75th day. Standard components will not be removed from the composite unit until a requirement has been established. If no requirements exist, the composite units will be donated or sold in accordance with prescribed procedures.

(2) Special test equipment without standard components. Special test equipment without standard components will receive agency screening for 30 days. Items for which no requirements exist will receive limited screening for an additional 30 days.

(3) Nuclear materials.

(a) The possession, use, and transfer of certain nuclear materials are subject to the regulatory controls of the Nuclear Regulatory Commission (NRC). The materials are defined as follows:

(i) By-product material--any radioactive material (except special nuclear material) yielded in or made radioactive by exposure to the radiation incident to producing or using special nuclear material.

(ii) Source material--uranium or thorium, or any combination thereof, in any physical or chemical form; or ores which contain by weight one-twentieth of 1 percent (0.05 percent) or more of uranium, thorium, or any combination thereof. Source material does not include special nuclear material.

(iii) Special nuclear material--plutonium, uranium 233, uranium enriched in the isotope 233 or in the isotope 235, and any other material that the NRC determines to be special nuclear material (but not including source material); or any material artificially enriched by any nuclear material.

(b) The PA will submit listings of excess nuclear material in the categories described above for screening by the contracting activity. If there are no requirements, the ultimate method of disposal will be dependent upon the license issued by the NRC or the respective states and pertinent Federal and agency regulations.

f. Waiver of screening requirements. Agency heads or their designees may authorize exceptions from screening requirements; provided:

(1) There are compelling circumstances clearly in the Government's interest, and

(2) The contracting agency prepares a written notice, including justification, and provides a copy to the Administrator, General Services Administration, and the contract administration office 10 days before the effective date of the exception.

g. Reimbursement of costs for transfer of contractor inventory. The contracting agency will not be reimbursed for the acquisition cost of any property selected by another agency or for overhead or administrative costs associated with such property. The transferee will pay any transportation costs that are not the contractor's responsibility. Costs for packing, crating, preparation for shipment, and loading of contractor inventory are chargeable to the contract for assets subject to the Government property clauses and such costs are ordinarily included in the contractor's settlement proposal for termination inventory. The transferee will pay such costs for property subject to property clauses unless such costs are otherwise the contractor's responsibility. The contract administration office is responsible for obtaining packing, crating, and handling services. To accelerate plant clearance, the transferee should include all appropriate data,

including funding data, in the transfer or shipping document.

## **15 Report of Excess Personal Property**

a. This subsection provides instructions for completing SF 120, Report of Excess Personal Property, when reporting contractor inventory.

b. All items on the form are self-explanatory, except as follows: Item 1, Report number. Enter the serial number of the report and any other identifying number or symbol required by the reporting agency. If the report is a correction or withdrawal (complete or partial) of a prior report, the original report number should be entered, followed by the letter a, b, or c, etc., to identify the number of successive correcting or withdrawing reports. Item 3, Total cost. Enter the total of all amounts shown on the inventory schedules. Item 4, Type of report. Box b--Check if necessary to correct an original report and complete items 1, 2, 3, 4, 5, and 7. Complete the remaining items only to the extent necessary to show the correction. Box c--Check for partial withdrawals of contractor inventory previously reported and complete items 1, 2, 3, 4, 5, and 7. Re-identify in column 18(b) the line items or portions of line items withdrawn. In column 18(e), show the number of units withdrawn. In column 18(g), show the acquisition cost of the units withdrawn. In item 3, enter the total acquisition cost of all items withdrawn. Box d--Check for total withdrawal of contractor inventory previously reported and complete items 1, 2, 3, 4, 5, and 7. Provide explanatory remarks in column 18(b). Item 5, To. Enter the name(s) and address(es) of the screening agencies or the GSA regional office serving the geographic area in which the property is located. Item 6, Appropriation or fund to be reimbursed. No entry should be made in this item if the net proceeds are to be deposited in the Treasury as miscellaneous receipts. However, in exchange/sale transactions an appropriation number is required. Item 8, Report approved by. Enter signature and title of the Federal official approving report. Item 12, GSA control number. Not to be used by reporting activity. Item 13, FSC group number, if known. If inventory schedules contain multiple FSC groups, insert "See Inventory Schedules." Item 14, Location of property. Enter the name of contractor holding the property and the specific address where the property is located. Item 15, Reimbursement required. Enter X in the block designated "No." Item 16, Agency control number. Leave blank. Item 17, Surplus release date. Item 18, Excess property list. Leave blank. Column a, Item number. Leave blank. Column b, Description. Enter the following information:

(1) Identification of attached inventory schedules and the number of pages for each schedule.

(2) The screening completion date.

(3) The following notation: "It is imperative that fund appropriations for the transportation of the materials be furnished with the transfer order, the transferee is responsible for funding, packing, crating, and handling." Include this additional notation: "Fund appropriations for packing, crating, and handling of inventory described herein must also be provided by the transferee."

(4) Contract number.

(5) When reporting motor vehicles in Federal Supply Groups 23, 24, and 38--

(a) In column 18(b), the estimated one-time cost of repairs (parts and labor); and

(b) In column 18(c), a condition code based on the estimated cost of repairs.

c. Columns c through h. Leave blank, except as they are used for subparagraph (5)(b) of this subsection.

## **16 Donations**

a. Property may be donated only after it has been determined to be surplus following appropriate utilization screening. The donation of surplus property to an authorized donee is subordinate to any need for property by a Federal agency.

b. The GSA is responsible for making necessary arrangements for donation screening of serviceable property during the last 15 days of the 90-day screening period.

c. Items that have been selected for donation will not be retained longer than 42 calendar days from the surplus release date. The PA will authorize release to the eligible donees immediately upon receipt of GSA approval and shipping instructions. If approval and shipping instructions, including provision for payment of all costs incident to donation, are not received within the 42-day period, the property will be otherwise disposed of as surplus. All costs incident to donation that are not the responsibility of the contractor should be borne by the donee.

d. Agencies having a current essential requirement may withdraw property undergoing donation screening. In all other cases, property may be withdrawn only after GSA concurrence.

## **17 Sale of Surplus Contractor Inventory**

a. The Administrator, GSA, exercises general supervision and direction over the disposition of surplus personal property, including sales of surplus contractor inventory. Policy and procedures for sales of contractor inventory are contained in the Federal Property Management Regulations (FPMR) 41 CFR Part 101-10.

b. Reportable property submitted to GSA on SF 120 for utilization screening and not otherwise transferred or donated will automatically be programmed for sale by the GSA regional office.

c. All other property requiring sale will be reported to GSA on SF 126, Report of Personal Property for Sale, and in accordance with any additional instructions provided by the GSA regional office cognizant of the location where the property is physically located.

## **18 Exemptions from Sale by GSA**

- a. Notwithstanding any statement to be contrary contained herein, 49 USC 40110 authorizes the FAA to dispose of airport and airway property and technical equipment used for the special purposes of the Administration without regard to Title II of the Federal Property and Administrative Services Act, 40 USC 481, et seq. The term, "airport property" means an interest in property used or useful in operating and maintaining an airport. The term "airway property" means an interest in property used or useful in operating and maintaining a ground installation, facility, or equipment desirable for the orderly and safe operation of air traffic, including air navigation, air traffic control, airway communication, and meteorological facilities (see 49 USC 47301). The term "technical equipment" used for the special purpose of the Administration includes but is not limited to FAA unique equipment, special tooling, and special test equipment or components thereof.
- b. For disposal of items not covered by paragraph 17.a, agency heads may seek exemptions from the Administrator, GSA, by submitting a letter explaining the impairment or adverse effect of sale by GSA and justifying the need for the exemption.
- c. GSA regional offices may authorize sale by the reporting activity of perishable items or small lots of limited-value property at isolated locations.
- d. Proceeds of sale. Except for sales conducted under the authority of the FAA Administrator, proceeds of any sale are to be credited to the Treasury of the United States as miscellaneous receipts, except where the contract or any subcontract thereunder authorizes the proceeds to be credited to the price or cost of the work (40 U.S.C. 485(a) and (e)).
- e. Contractor inventory in foreign countries. Contractor inventory located in foreign countries should be sold or disposed of in accordance with agency procedures (see 40 U.S.C. 511-514).

## **19 Destruction or Abandonment**

- a. Surplus property may be destroyed or abandoned only after every effort has been made to dispose of it by other authorized methods. Before authorizing destruction or abandonment, the PA should determine in writing that:
- (1) The property has no commercial value and no value to the Government;
  - (2) The estimated cost of care and handling is greater than the probable sale price;  
or
  - (3) Because of its nature, the property constitutes a danger to public health, safety, or welfare.
- b. Unless permitted by the contract, no contractor inventory will be abandoned on the contractor's premises without the contractor's written consent.

c. Surplus property for which a determination has been made under subparagraph (a)(1) or (2) of this section may, however, be donated to public bodies in lieu of abandonment or destruction. All costs incident to donation should be borne by the donee.

## **20 Removal and Storage**

a. General. Contractor inventory should be removed from the contractor's premises as soon as possible to preclude storage expenses.

b. Special storage at the contractor's risk. When the contractor finds it necessary to remove property from the premises before expiration of the plant clearance period, the contractor may, with the concurrence of the PA, store property in a warehouse or other storage location on or off the contractor's premises. The PA should assure that the contractor recognizes its obligation to the property continues until plant clearance is completed and the expense related to this storage is the contractor's. The expense of storage, including any cost incident to the transportation to and from the storage area, should normally be borne by the contractor and should not be charged directly or indirectly to Government contracts unless the Contracting Officer determines that the storage is for the convenience of the FAA.

## **21 Special Storage at the FAA's Expense**

a. Contractor inventory may be stored at the FAA's expense only when the Contracting Officer determines that it should be retained in storage for anticipated use.

b. When the property administrator recommends that the contracting office execute a storage agreement with the contractor, the request should be accompanied with adequate data to justify the agreement (e.g., property to be stored, storage period, and cost to the FAA).

c. If the contractor will not agree to storage on its premises, the PA will submit adequate information to permit a decision by the contracting office for storage on a Government or commercial facility (e.g., storage space required; necessary packing, crating, and shipping services; and information as to available Government or commercial storage facilities in the local area).

## **22 Subcontractor Inventory**

Subcontractors at all tiers are subject to the requirements pertaining to contractor inventory. Prime contractors and subcontractors are responsible for review and approval of inventory schedules submitted by their respective next-lower-tier subcontractors. This includes review and, if necessary, physical survey of subcontractor inventory that is contained in a termination settlement proposal to assure that it is physically, technically, and quantitatively allocable to the

contract, and cannot be reasonably diverted to other work of the subcontractor.

The PA should assure that prime contractors have performed adequate allocability reviews of subcontractor inventory and have determined that materials reasonably usable on other prime or subcontractor work are not included in a termination settlement proposal. The PA for the prime contractor plant is responsible for determining the adequacy of screening, allocability reviews, and proper crediting of proceeds for the disposal of subcontractor inventory by the prime contractor.

### **23 Accounting for Contractor Inventory**

Following disposition of all contractor inventory, and after due application of proceeds, the PA will prepare a final report accounting for all property reported by the contractor and its disposition. The report will indicate any inventory lost, damaged, destroyed, or otherwise unaccounted for, as well as any changes in quantity or value of inventory made by the contractor after submission of the initial schedules. The report will be transmitted to the Contracting Officer.

### **24 Definitions** Revised 4/2012

- a. Accessory item - an item that facilitates or enhances the operation of plant equipment but which is not essential for its operation.
- b. Agency-peculiar property - agency peculiar property, means Government-owned personal property that is peculiar to the mission of an agency (e.g., military or space property). It excludes Government material, special test equipment, special tooling, and facilities.
- c. Auxiliary item - an item without which the basic unit of plant equipment cannot operate.
- d. Common item - material that is common to the applicable Government contract and the contractor's other work.
- e. Contractor-acquired property (CAP) - property acquired or otherwise provided by the contractor for performing a contract and to which the Government has title.
- f. Contractor inventory
  - (1) Any property acquired by and in the possession of a contractor or subcontractor under a contract for which title is vested in the Government and which exceeds the amounts needed to complete full performance under the entire contract;
  - (2) Any property that the Government is obligated or has the option to take over under any type of contract as a result either of any changes in the specifications or plans

thereunder or of the termination of the contract (or subcontract thereunder), before completion of the work, for the convenience or at the option of the Government; and

(3) Government-furnished property that exceeds the amounts needed to complete full performance under the entire contract.

g. Contracting Officer's Representative (COR) – designated representative of the Contracting Officer responsible for the technical aspects of contract administration.

h. Custodial records - written memoranda of any kind, such as requisitions, issue hand receipts, tool checks, and stock record books, used to control items issued from tool cribs, tool rooms, and stockrooms.

i. Discrepancies incident to shipment - all deficiencies incident to shipment of Government property to or from a contractor's facility whereby differences exist between the property purported to have been shipped and property actually received. Such deficiencies include loss, damage, destruction, improper status and condition coding, errors in identity or classification, and improper consignment.

j. Facilities - when used in other than a facilities contract, means property used for production, maintenance, research, development, or testing. It includes plant equipment and real property. It does not include material, special test equipment, special tooling, or agency-peculiar property.

k. Facilities contract - a contract under which Government facilities are provided to a contractor or subcontractor by the Government for use in connection with performing one or more related contracts for supplies or services. It is used occasionally to provide special tooling or special test equipment. Facilities contracts may take any of the following forms:

(1) Facilities acquisition contract providing for the acquisition, construction, and installation of facilities.

(2) Facilities use contract providing for the use, maintenance, accountability, and disposition of facilities.

(3) A consolidated facilities contract, which is a combination of facilities acquisition and a facilities use contract.

l. Government-furnished property (GFP) - property in the possession of, or directly acquired by, the Government and subsequently made available to the contractor.

m. Government production and research property - Government-owned facilities, Government owned special test equipment, and special Blank Side tooling to which the Government has title or the right to acquire title.

n. Government property - all property owned by or leased to the Government or acquired by the Government under the terms of the contract. It includes both Government-furnished property and

contractor-acquired property as defined in this section.

o. Individual item record - a separate card, form, document or specific line(s) of computer data used to account for one item of property.

p. Line item - a single line entry on a reporting form that indicates a quantity of property having the same description and condition code from any one contract, at any one reporting location.

q. Material - property that may be incorporated into or attached to a deliverable end item or that may be consumed or expended in performing a contract. It includes assemblies, components, parts, raw and processed materials, and small tools and supplies that may be consumed in normal use in performing a contract.

r. Nonprofit organization - any corporation, foundation, trust, or institution operated for scientific, educational, or medical purposes, not organized for profit, and no part of the net earnings of which inures to the benefit of any private shareholder or individual.

s. Nonseverable - when related to Government production and research property, means property that cannot be removed after erection or installation without substantial loss of value or damage to the property or to the premises where installed.

t. Personal property - property of any kind or interest in it, except real property, records of the Federal Government, and naval vessels of the following categories: battleships, cruisers, aircraft carriers, destroyers, and submarines.

u. Plant clearance - all actions relating to the screening, redistribution, and disposal of contractor inventory from a contractor's plant or work site. The term "contractor's plant" includes a contractor-operated Government facility.

v. Plant clearance officer - an authorized representative of the contracting officer assigned responsibility for plant clearance.

w. Plant clearance period - the period beginning on the effective date of contract completion or termination and ending 90 days (or such longer period as may be agreed to) after receipt by the Contracting Officer of acceptable inventory schedules for each property classification. The final phase of the plant clearance period means that period after receipt of acceptable inventory schedules.

x. Plant equipment - personal property of a capital nature (including equipment, machine tools, test equipment, furniture, vehicles, and accessory and auxiliary items) for use in manufacturing supplies, in performing services, or for any administrative or general plant purpose. It does not include special tooling or special test equipment.

y. Precious metals - uncommon and highly valuable metals characterized by their superior resistance to corrosion and oxidation. Included are silver, gold, and the platinum group metals- platinum, palladium, iridium, osmium, rhodium, and ruthenium.

z. Property administrator - an authorized representative of the Contracting Officer assigned to administer the contract requirements and obligations relating to Government property.

aa. Public body - any State, Territory, or possession of the United States, any political subdivision thereof, the District of Columbia, the Commonwealth of Puerto Rico, any agency or instrumentality of any of the foregoing, any Indian tribe, or any agency of the Federal Government.

bb. Real property - land and rights in land, ground improvements, utility distribution systems, and buildings and other structures. It does not include foundations and other work necessary for installing special tooling, special test equipment, or plant equipment.

cc. Reportable property - contractor inventory that must be reported for screening in accordance with subparts 10 through 19 before disposition as surplus, to a separate contract or to a special contract requirement governing their use or disposition.

dd. Reporting activity - the Government activity that initiates the Standard Form 120, Report of Excess Personal Property (or when acceptable to GSA, by data processing output).

ee. Salvage - property that because of its worn, damaged, deteriorated, or incomplete condition or specialized nature, has no reasonable prospect of sale or use as serviceable property without major repairs, but has some value in excess of its scrap value.

ff. Scrap - personal property that has no value except for its basic material content.

gg. Screening completion date - the date on which all screening required by subpart 14 is to be completed. It includes screening within the Government and the donation-screening period.

hh. Serviceable or usable property - property that has a reasonable prospect of use or sale either in its existing form or after minor repairs or alterations.

ii. Special test equipment - either single or multipurpose integrated test units engineered, designed, fabricated, or modified to accomplish special purpose testing in performing a contract. It consists of items or assemblies of equipment including standard or general-purpose items or components that are interconnected and interdependent so as to become a new functional entity for special testing purposes. It does not include material, special tooling, facilities (except foundations and similar improvements necessary for installing special test equipment), and plant equipment items used for general plant testing purposes.

jj. Special tooling - jigs, dies, fixtures, molds, patterns, taps, gauges, other equipment and manufacturing aids, all components of these items, and replacement of these items, which are of such a specialized nature that without substantial modification or alteration their use is limited to the development or production of particular supplies or parts thereof or to the performance of particular services. It does not include material, special test equipment, facilities (except

foundations and similar improvements necessary for installing special tooling), general or special machine tools, or similar capital items.

kk. Stock record - perpetual inventory record which shows by nomenclature the quantities of each item received and issued and the balance on hand. Property - all property, both real and personal. It includes facilities, material, special tooling, special test equipment, and agency-peculiar property.

ll. Summary Record - a separate card, form, document or specific line(s) of computer data used to account for multiple quantities of a line item of special tooling, special test equipment, or plant equipment costing less than \$5,000 per unit.

mm. Surplus property - contractor inventory not required by any Federal agency.

nn. Surplus release date (SRD) - the date on which screening of personal property for Federal use is completed and the property is not needed for any Federal use. On that date, property becomes surplus and is eligible for donation.

oo. Termination inventory - any property purchased, supplied, manufactured, furnished, or otherwise acquired for the performance of a contract subsequently terminated and properly allocable to the terminated portion of the contract. It includes Government-furnished property. It does not include any facilities, material, special test equipment, or special tooling that are subject to a separate contract or to a special contract requirement governing their use or disposition.

pp. Utility distribution system - includes distribution and transmission lines, substations, or installed equipment forming an integral part of the system by which gas, water, steam, electricity, sewerage, or other utility services are transmitted between the outside building or structure in which the services are used and the point of origin, disposal, or connection with some other system. It does not include communication services.

qq. Work-in-process - material that has been released to manufacturing, engineering, design or other services under the contract and includes undelivered manufactured parts, assemblies, and products, either complete or incomplete.

## **B Clauses**

[view contract clauses](#)

## **C Forms**

[view procurement forms](#)

## **D Appendix**

## 1 Appendix - Sample Delegation Memo

Appendix 1 - Sample Delegation Memo (Added 07/2004)

The basic text for a Property Administrator delegation memo is:

ACTION: Delegation of Property Administrator for

Contract DTFA01-XX-C-XXXXX

Contracting Officer, (Insert Appropriate FAA Office Designator)

(Insert Appropriate Office Address)

The subject contract specifies that Government owned property is authorized. **John Doe** is the Technical Officer for this contract and can be reached at 202-123-4567.

Please assign a Property Administrator to be responsible for all property administration functions associated with this contract and have him or her acknowledge acceptance of this delegation by signing and returning a copy of this memorandum. A copy of the memorandum will be retained in the contract file.

A copy of the contract and related modifications are attached.

John Doe

Contracting Officer

ENDORSEMENT

Delegation of Property Administration responsibilities is accepted and has been assigned to: \_\_\_\_\_

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

## 2 Appendix - Sample Designation Letter

Appendix 2 - Sample Designation Letter (Added 07/2004)

The basic text for a Property Administrator designation letter is:

Dear (company official):

The subject contract specifies that Government Furnished Property (GFP) and/or Contractor Acquired Property (CAP) will be provided. Therefore, as Contracting Officer I have delegated **John Doe** as the FAA Property Administrator (PA).

The PA shall be responsible for all property administration functions. The PA has no authority to issue directions or enter into agreements that may constitute assignment of new work or change the expressed terms, conditions, or specifications in the contract.

You are cautioned against accepting oral or written instructions on property matters from sources other than the Contracting Officer or from the Property Administrator.

Please forward the name and telephone number of the property administrator responsible for Government Property Management and a copy of your Property Control System (PCS) to **John Doe** for review and approval.

Direct all correspondence and inquiries regarding property to (Insert Appropriate Office Address) Attention: **John Doe**.

At the time of issuance, you will forward to the undersigned a copy of all correspondence you direct to the Property Administrator.

Sincerely, Jane Doe

Contracting Officer

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