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

## **A Government Property**

### **1 Applicability** Revised 10/2018

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.

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 10/2018

#### *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 management 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 management 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) Enters excess property into GSA's Xcess database at <https://gsaaxcess.gov/> for screening. Uploads photographs or digital images of excess property if available and at no cost to the Government.
- (14) 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.

(5) Prepares and distributes FAA Form 4650-12 at <https://employees.faa.gov/documentLibrary/media/form/faa4650-12.pdf> for the transfer, return, or shipment in place of Government property.

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.

(7) The contractor must provide receipts for all Government-Furnished Property on a FAA Form 4650-12.

### **3 Audit of Property Management System** Revised 10/2018

The PA may audit the contractor's property management system in order to verify property management processes 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 must make all such records and related correspondence available to the auditors.

#### **4 Official FAA Property Records** Revised 10/2018

The Government property files, whether maintained by the contracts office or the PA, 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 PA to the contract;
3. Written evidence that the contractor's property management 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.

#### **5 Federal Electronic Assets (FEAs)** Revised 10/2018

a. Federal Electronic Assets (FEAs) are items such as copiers; telephones, fax machines and communication equipment; and desktop and laptop/portable computers, computer monitors, displays, printers, peripherals and electronic components. For other examples, see GSA Bulletin FMR B-34 dated February 29, 2012.

b. Disposal Requirements – the following must be considered in disposing of FEAs under FAA contracts:

(1) First, use every opportunity to reuse functional FEAs in condition codes 1, 4, and 7 (refer to Federal Management Regulation (FMR) § 102-36.240 and the attached disposal condition code descriptions) through the Federal disposal program, including (in sequence):

(a) Reuse within the FAA, including replacement through exchange or sale under the exchange/sale authority (FMR Part 102-39);

(b) Transfers to other Federal agencies requesting the FEAs (FMR Part 102-36); or transfers to schools and educational organizations under E.O. 12999, Educational Technology: Ensuring Opportunity for All Children in the Next Century, and the Stevenson-Wydler Technology Innovation Act (15 U.S.C. § 3701);

(c) Donations (through GSA) to states and eligible nonprofit organizations;

(d) Sales to the public (FMR Part 102-38). FEAs sold to the public under this

subparagraph would normally be in condition codes 1, 4, or 7 where any needed repairs minimally impact asset performance or repairs can reasonably be performed by a non-technical buyer (such as assets with cosmetic damage, missing keyboard characters, or missing plug-in components). If it is decided that FEAs in condition code 7 may be sold (rather than abandoned or destroyed in accordance with subparagraph 6.A.(2) of FMR B-34, herein), such FEAs should be sold only as individual assets or as individual workstations to facilitate bidder inspection in the interest of encouraging continued use of the FEAs after the sale; or

(e) Under the FAA's abandonment/destruction authority (FMR § 102-36.305, et seq.), return FEAs to a manufacturer or vendor under a take-back program that uses a certified recycler. See subparagraph 6.A. (3) of FMR B-34 for information on which recyclers are certified.

(2) Direct FEAs disposed of under the FAA's abandonment/destruction authority to authorized certified recyclers or refurbishers through -

(a) Manufacturer or vendor take-back programs that use certified recyclers or refurbishers; or

(b) Disposal contracts or agreements with certified recyclers or refurbishers.

(3) GSA will periodically review certification programs in collaboration with its stakeholders to determine which programs meet the needs of the Federal Government. In the interim, the only certification programs currently recognized for disposal of FEAs are the Responsible Recycling (R2) program and the e-Stewards program.

(4) Each recipient of usable FEAs should be guided towards preferred disposal methods. The following statement should be used in documentation transferring ownership or custody of FEAs, and the statement should also be apparent in any listing or advertisement of the FEA planned for disposal under any option listed in subparagraph 6.A.(1) of FMR B-34:

"The Federal Government has determined that improper disposal of used electronics may have potentially harmful effects on human health and the environment. This/these electronic product(s) must be disposed of at their end of useful life in accordance with all Federal, state, and local laws.

The Federal Government strongly encourages recycling these products through certified recyclers, even when such recycling is not required by Federal, state or local laws. Information regarding certified recyclers is available at <https://www.epa.gov/fec/recycling-federal-electronic-equipment-6112013>."

(5) Following existing FAA policies to clean hard drives and other storage devices in order to protect sensitive data and maximize reuse potential by using the least destructive sanitization procedures wherever appropriate.

(6) FEAs should not be disposed of in landfill or incinerators.

(7) FEAs located overseas and designated as foreign excess must follow FMR § 102-36.390. However, any abandonment/destruction action should give preference to disposition through a certified recycler, when permissible under relevant foreign laws and regulations. All disposal actions for foreign excess must comply with the laws and environmental regulations of the host country.

## **6 Sale of Surplus Contractor Inventory** Revised 10/2018

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 via GSA's Xcess for utilization screening and not otherwise transferred or donated will automatically be programmed for sale by the GSA regional office.

## **7 Exemptions from Sale by GSA** Revised 10/2018

a. Many FAA NAS systems and equipment are unique and if used outside the NAS may endanger the integrity/security of the NAS. Under the provisions of Title 49, USC, section 401 10(c) (4) (Special NAS Disposal), the FAA is exempt from the provisions of the Federal Management Regulations (FMR) and Federal Property Management Regulation (FPMR) regarding the disposition of the airport and airway property and technical equipment used for special purposes of the FAA (i.e., technical equipment with the capacity to transmit across NAS-controlled airway frequencies.) This means NAS equipment that has the capability to transmit, navigate, or provide surveillance across the NAS airwaves does not have to be reported as excess to GSA under FMR 102-36 and may be immediately disposed of via an R2 or e-Stewards certified recycling programs. The Director of the FAA Aviation Property Management organization or their designee implements this authority.

b. For disposal of items not covered by paragraph 7a, 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).

## **8 Disposition of Wireless Devices** Revised 10/2018

- a. For disposal of wireless devices under FAA contracts, including pagers, cellular handsets, PDAs, phones, Blackberries, cellular iPads/iPhones, Air Cards, and MIFIs are prohibited from being reported as excess in AITS. Devices must be transferred to the National Wireless Program (NWP) for disposal/recycling.
- b. Report unrequired wireless devices to the NWP Help Desk via Email at 9-Natl-Wireless-Program@faa.gov or call (405) 954-5408 so the NWP can provide you with instruction to transfer the device to the NWP Program Office.

## **B Clauses**

[view contract clauses](#)

## **C Forms**

[view procurement forms](#)

## **D Appendix**

### **1 Appendix - Sample Delegation Memo** Revised 10/2018

#### 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 693KA8-XX-C-XXXXXX

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 Revised 10/2018

### 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 Management 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