

GFM PROPERTY CONTROL GUIDELINES

Any or all of the following categories may be applicable to a Government Property Control System. Cost contracts require tighter controls and more in depth reviews than Fixed Price contracts. Written property control procedures are required by FAR 45.502(a). These procedures are to be submitted to the cognizant Property Administrator for review. These procedures are auditable and should contain sufficient direction to show requirements and the job title of who within your company will be responsible for performing that aspect of control. The procedures should address all of the following applicable categories. Your cognizant Property Administrator can help you determine applicable categories and provide assistance in formulating your procedures.

PROPERTY MANAGEMENT - The process of maintaining an adequate Property Control System for Government property; reporting Loss, Damage, or Destruction (LDD); and the process of contractor internal self audit. We are concerned that the contractor has a written system with procedures that are maintained in an up to date status. The contractor identifies, investigates and reports incidents involving loss, damage and destruction of government property. Contractor performs audits of property management in accordance with company policy.

ACQUISITION - The process of acquiring Government property either through requisition, transfer, or purchase, including indirect transfers from your own stores' area. We look for contractual authorization to acquire and ACO approval for Special Tooling and Equipment (STE) and facility type items (IPE and OPE). We check the requisition documents for adequate data, and the control of the acquiring procedures.

RECEIVING- The process of Government property initially entering into a contractor's custody. We look at the receiving process to ensure receiving reports are written, that they contain all pertinent data, and are distributed with a copy going to Property Accounting.

IDENTIFICATION - The process of properly identifying Government property. We verify that assets are labeled, tagged, or otherwise identified in a manner approved by the property administrator. We check to see that general purpose components of special test equipment are identified to facilitate removal and re utilization.

RECORDS - Official Government property records are maintained by you showing the status and control of all Government property in your possession (including Contractor Acquired and Government Furnished). We verify that your records meet the requires of 45.505-1. We also review custodial records, fabricated records, and scrap records. We check that the different types of Government property have the additional records required by FAR 45.5

MOVEMENT - The process of moving all types of Government property. It includes movement from one point to another within a contractor's facility, movement between facilities, for any purpose, and protection during movement. We review records to see that there is proper authorization to move the property. We check to see that the property is adequately protected during movement.

STORAGE - The process of storing all types of Government property. We determine if housekeeping is adequate, that Government property is segregated from contractor property. Access to property in storage is limited and assets in storage are adequately protected. We determine if security both inside and outside storage is adequate.

PHYSICAL INVENTORIES - The process of physically locating and counting Government property; comparing the inventory to the accountable property records'; including the posting of findings; and the

reporting of the inventory and any discrepancies to the cognizant Government Property Administrator. We look at your plan to conduct the inventory; the inventory records themselves; and the reporting of the results to the cognizant Government Property Administrator.

REPORTS - The preparation and submission of reports reflecting the status of Government property as required by contract or regulation. This includes annual reporting of DoD Government property in your custody as of 30 September each year. If your contract is with NASA, their reporting requirement is as of 31 July each year. We are concerned with your procedures reflecting the job title of the person responsible for the preparation and submission of any applicable reports, the accuracy of the report, the sources of data for the report, and the timeliness of their submission.

CONSUMPTION - The process of incorporating Government-owned property into the end item, or otherwise consuming it in performance of the contract. We are concerned with reasonableness -- in that quantities consumed are reasonable when compared to the bill of materials, materials requirements' lists, established scrap rates, etc.

UTILIZATION - The process of utilizing facilities (IPE and OPE), ST STE, and material for the purpose for which they were provided for the contract. Primarily, we are looking to see that the equipment is utilized for work on the applicable contract, and that the degree of usage justifies retention. In the area of material, our concern is that the material is used for performance of the contract for which it is acquired, and that levels of stock are justified for retention. We also tie this with disposition to verify whether excess or obsolete equipment and material are being declared excess and disposed of promptly. Therefore, it is recommended that your procedures adequately address periodic reviews to determine excess and obsolete equipment and material for the purpose of disposition.

MAINTENANCE - The process of providing the amount of care necessary to maintain the Government property in usable condition. We are concerned that any equipment requiring periodic preventive maintenance (including calibration), and any corrective repair maintenance be scheduled. Records are available that reflect applicable maintenance.

SUBCONTRACTOR CONTROL - The process of the Prime Contractor controls over any subcontractors with Government property in their possession, for which the Prime is accountable. We look at the surveillance you have over the subcontractor via the purchase order, annual inventory letter, your on-site inspection of the subcontractor, etc.

DISPOSITION - The process of requesting disposition instructions and effecting disposal of Government property in accordance with the instructions. We follow the action from your declaration of excess brought to the completion of the disposition instructions. Our primary concerns are that you declare excess promptly, and that you follow the directions of the Plant Clearance Officer and accomplish disposition in a timely manner.

CONTRACT PROPERTY CLOSE-OUT - The process of properly closing out the property element of a contract. Approval to transfer Government property from a completed contract to another is obtained. Inventory adjustments, and liability determinations are made. We review records to determine that the contractor promptly notifies the Government Property Administrator when all pending property actions are completed. (This includes submitting a zero balance DD Form 1662.)