MANAGEMENT OF GOVERNMENT PROPERTY IN THE POSSESSION OF CONTRACTORS

a) Scope. This document prescribes the minimum requirements contractors must meet in establishing and maintaining control over Government property. It applies to contractors organized for profit and, except as otherwise noted, to nonprofit organizations. In order for the special requirements in this document governing nonprofit organizations to apply, the Contract must identify the Contractor as a nonprofit organization. If there is any inconsistency between this document and the terms of the Contract under which the Government property is provided, the terms of the Contract shall govern. JPL's Contractors are to respond to JPL as the prime contractor

(b) Definitions.

(1) "Accessory item," as used in this document, means an item that facilitates or enhances the operation of plant equipment but which is not essential for its operation.

(2) "Agency-peculiar property," as used in this document, means Government-owned personal property that is peculiar to the mission of NASA (formerly referred to as space property). It excludes Government material, special test equipment, special tooling, and facilities.

(3) "Auxiliary item," as used in this document, means an item without which the basic unit of plant equipment cannot operate.

(4) Reportable equipment," as used in this document, means that plant equipment, special test equipment (including components), special tooling, and non-flight space property (including ground support equipment) which is (i) generally commercially available and used as a separate item or component of a system, (ii) is valued at $1,000 or more, and (iii) is identifiable by a manufacturer and model number.

(5) "Contractor-acquired property," as used in this document, means property acquired or otherwise provided by the Contractor for performing a contract with JPL and to which the Government has title.

(6) "Custodial records," as used in this document, means written memoranda of any kind, such as requisitions, issue hand receipts, tool checks, and stock record books, used to control item issued from tool cribs, tool rooms, and stockrooms.

(7) "Discrepancies incident to shipment," as used in this document, means all deficiencies incident toshipment 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 included loss, damage, destruction, improper status and condition coding, errors in identity or classification, and improper consignment.

(8) "Facilities," as used in this document, 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.

(9) "Government property," as used in this document, includes JPL-furnished Government-owned property and contractor-acquired property.

(10) "Government-furnished property (GFP)," as used in this document, means JPL-furnished Government owned property in the possession of or directly acquired by the Government and subsequently made available by JPL to the Contractor.

(11) "Individual item record," as used in this document, means a separate card, form, document or specific line(s) of computer data used to account for one item of property.

(12) "Material", as used in this document, means 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.

(13) "Nonprofit organization," as used in this document, means any corporation, foundation, trust, or institution operated for scientific, educational, or medical purposes, which is not organized for profit, and from which no part of the net earnings inures to the benefit of any private shareholder or individual.

(14) "Plant equipment," as used in this document, means 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.

(15) "Property Administrator," as used in this document, means an authorized representative of the Contracting Officer or an authorized representative of JPL assigned to administer the contract requirements and obligations relating to Government property.

(16) "Real property," as used in this document, means 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.

(17) "Salvage," as used in this document, means 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.

(18) "Scrap," as used in this document, means personal property that has no value except for its basic material content.

(19) "Special test equipment," as used in this document, means 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 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.

(20) "Special tooling," as used in this document, means jigs, dies, fixtures, molds, patterns, taps, gauges, other equipment and manufacturing aids, all components of these items, and replacements 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 consumable property, material, special test equipment, facilities (except foundations and similar improvements necessary for installing special tooling), general or special machine tools, or similar capital items.

(21) "Stock record," as used in this document, means a perpetual inventory record which shows by nomenclature the quantities of each item received and issued and the balance on hand.

(22) "Utility distribution system," as used in this document, includes distribution and transmission lines, substations, or installed equipment forming an integral part of the system by which gas, water, steam, electricity, sewage, 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.

(23) "Work-in-process," as used in this document, means 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.

(c) Contractor Responsibility.

(1) The Contractor is directly responsible and accountable for all Government property in accordance with the provisions of this Contract. This includes Government property in the possession or control of a subcontractor. The Contractor shall establish and maintain a system in accordance with this document to control, protect, preserve, and maintain all Government property. This property control system shall be in writing unless the Property Administrator determines that maintaining a written system is unnecessary. The system shall be reviewed and, if satisfactory, approved in writing by the Property Administrator.

(2) The Contractor shall maintain and make available the records required by this document and account for all Government property until relieved of that responsibility. The Contractor shall furnish all necessary data to substantiate any request for relief from responsibility.

(3) (A) The Contractor shall be responsible for the control of Government property hereunder upon:

(i) Delivery by JPL of GFP into its custody or control;

(ii) Delivery, when property is purchased by the Contractor and the Contract calls for reimbursement by JPL (this requirement does not alter or modify contractual requirements relating to passage of title).

(iii) Approval of its claim for reimbursement by JPL or upon issuance for use in Contract performance, whichever is earlier, of property withdrawn from Contractor-owned stores and charged directly to the Contract. This is not applicable to fixed-price contracts);

(iv) Acquisition by the Government of title to property pursuant to specific contractual provisions, or as a result of termination of a contract, or change orders issued under a contract. For purposes of property control, such property shall, unless otherwise provided by the Contract, be considered Government property upon acceptance of title by JPL.

(B) Property to which the Government has acquired a lien or title solely as a result of advance, progress, or partial payments is not subject to the requirements of this document.

(4) The Contractor shall require subcontractors that are provided Government property under this Contract to comply with the requirements of this document. Procedures for assuring subcontractor compliance shall be included in the Contractor's property control system.

(5) If the Property Administrator finds any portion of the Contractor's property control system to be inadequate, the Contractor must take any necessary corrective action before the system can be approved. If the Contractor and Property Administrator cannot agree regarding the adequacy of controland corrective action, the matter shall be referred to the Contracting Officer.

(6) The Contractor shall promptly report all Government property in excess of the amounts needed to complete full performance under this Contract to JPL, Subcontract Property & Utilization Group.

(7) When unrecorded Government property is found, both the cause of the discrepancy and actions taken or needed to prevent recurrence shall be determined and reported to the Property Administrator and JPL, Subcontract Property & Utilization Group.

(d) Discrepancies Incident to Shipment.

(1) GFP. If overages, shortages, or damages are discovered upon receipt of GFP, the Contractor shall provide a statement of the condition and apparent causes to the Property Administrator and JPL, Subcontract Property & Utilization Group. Only that quantity of property actually received will be recorded on the official records.

(2) Contractor-acquired property. The Contractor shall take all actions necessary in adjusting overages, shortages, or damages in shipment of Contractor-acquired property from a vendor or supplier. However, when the shipment has moved by Government bill of lading and carrier liability is indicated, the Contractor shall report the discrepancy in accordance with paragraph (1) above.

(e) The policy on the provision of Government property (both Government-furnished and contractor acquired) is prescribed in FAR 45.102 and NFS 18-45.102.

(f) GFP. JPL will describe all GFP in the Contract Schedule or specifications, regardless of property category. Additional GFP must be described in a modification to the Contract. Furthermore, to obtain additional Government-furnished facilities, the Contractor must submit a written statement prescribed by FAR 45-302.1(a)(4) and any corresponding supplementing provisions of the NFS.

(g) Contractor-Acquired Property. The acquisition (and fabrication) of Government property is subject to the following conditions, depending on category of property:

(1) Reportable Equipment Not Otherwise Identified (unless for incorporation into flight qualified or flight monitoring deliverable end items).

(A) The Contractor shall provide JPL, at the earliest possible date, a detailed listing of requirements for screening of existing Government inventories. DD Form 1419, DOD Industrial

Plant Equipment Requisition, will be prepared for each item of Reportable Equipment to be acquired and forwarded to JPL for screening of the NASA Equipment Management System and other Government-available-equipment list for each item required, at least 30 days prior to beginning fabrication of or placement of a purchase order or subcontract for such equipment. In the event a certificate of non-availability is not received within such period, the Contractor may proceed to acquire the equipment or components, subject to any other applicable provisions of this Contract.

(B) Instructions for preparing the DD Form 1419 are contained in NFS 18-45.71032.

(C) For reporting property acquisitions, please complete the data elements identified in the Tagging Template, Exhibit 2.

(2) Facilities.

(A) Prior JPL approval, if not already described in a contract Schedule as Contractor acquired.

(B) Submission of DD Form 1419, "DOD Industrial Plant Requisition," and return of Certificate of Nonavailability if it qualifies as Reportable Equipment.

(C) Submission of a written statement prescribed by FAR 45.302-1(a)(4) and any corresponding supplementing provisions of the NFS.

(3) Material. If a subcontracts clause is part of the Contract, advance notification to JPL and JPL consent as may be required by that clause.

(4) Agency Peculiar.

(A) If a subcontracts clause is part of the Contract, advance notification to JPL and JPL consent as may be required by that clause.

(B) Submission of DD Form 1419 and return of Certificate of Nonavailability if it (or any component) qualifies as Reportable Equipment.

(5) Special tooling.

(A) If a "Subcontracts" clause is part of the Contract, advance notification to JPL and JPL consent as may be required by that clause.

(B) If a fixed-price contract, submission of the list to JPL within 60 days after delivery of the first production end items (or later as prescribed by JPL) unless already identified in the solicitation.

(C) Submission of DD Form 1419 and return of Certificate of Nonavailability if it (or any component) qualifies as Reportable Equipment.

(6) Special test equipment.

(A) JPL approval 30 days in advance if not identified in the Contract (on negotiated procurements).

(B) Submission of DD Form 1419 and return of Certificate of Nonavailability if it (or any component) qualifies as Reportable Equipment.

(h) Relief from Responsibility.

(1) Unless the Contract or JPL provides otherwise, the Contractor shall be relieved of property control responsibility for Government property by:

(A) Reasonable and proper consumption of property in the performance of the Contract as determined by the Government Property Administrator or JPL;

(B) Retention by the Contractor, with the approval of JPL and the Contracting Officer, of property for which the Government has received consideration;

(C) The authorized sale of property, provided the proceeds are credited to the Contract amount or paid in such a manner as JPL and the Contracting Officer may direct;

(D) Shipment from the Contractor's plant, under JPL's and the Government's instructions, except when subcontractor or other location of the Contractor; or

(E) A determination by JPL and the Contracting Officer 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, if:

(i) The determination is furnished to the Contractor in writing;

(ii) JPL is reimbursed where required by the determination; and

(iii) Property rendered unserviceable by damage is properly disposed of, and the determination is cross-referenced to the shipping or other documents evidencing disposal.

(2) Nonprofit organizations are relieved of responsibility for Government property when title to the property is transferred to the Contractor.

(i) Contractor's Liability.

(1) 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.

(2) The Contractor shall report in writing all cases of loss, damage, or destruction of Government property in its possession or control to the Property Administrator and JPL as soon as such facts become known. A written report shall also be furnished when completed and accepted products or end items are lost, damaged, or destroyed while in the Contractor's possession or control.

(3) The Contractor shall require any of its subcontractors possessing or controlling Government property accountable under the Contract to investigate and report all instances of loss, damage, or destruction of such property.

(j) Records and Reports of Government Property.

(1) The Subcontractor's property control records shall constitute the Government's and JPL's official property records for material and work-in-process (WIP) unless an exception has been authorized. For Reportable Property JPL will maintain the official property records. The Contractor shall establish and maintain adequate control records for all Government property, including property provided to and in the possession or control of a subcontractor. The property control records specified in this section are the minimum required by the Government and JPL. Unless the Government Property Administrator or JPL directs otherwise, when a subcontractor has an approved property control system for Government property provided under its own prime contracts, the Contractor shall use the records created and maintained under that system.

(2) The Contractor's property control system shall provide financial accounts for Government-owned property in the Contractor's possession or control. The system shall be subject to internal control standards and be supported by property records for such property.

(3) Subcontractor records must identify all Government property and provide a complete, current, auditable record of all transactions. The records shall be safeguarded from tampering or destruction. Records shall be accessible to authorized Government and JPL personnel.

(4) Special tooling and special test equipment fabricated from materials that are the property of the Government shall be recorded as Government-owned immediately upon fabrication. Special tooling and special test equipment fabricated from materials that are the property of the Contractor shall be recorded as Government property at the time title passes to the Government upon acceptance by JPL.

(5) Property records of the type established for components acquired separately shall be used for serviceable components permanently removed from items of Government property as a result of modification.

(6) The Contractor's property control system shall contain a system or technique to locate any item of

Government property within a reasonable period of time.

(k) Basic Information. Unless summary records are used as authorized under paragraph (p)(1) below, the Contractor's property control records shall provide the following basic information for every item of Government property in the Contractor's possession, regardless of value (other sections in this document require additional information for specific categories of Government property):

(1) The name, description (model number, manufacturer, serial number), National Stock Number (if furnished by the Government or available in the property control system) and property identification number;

(2) Acquisition date (Year Manufactured)

(3) Quantity received (or fabricated), issued, and on hand;

(4) Unit price (and unit of measure);

(5) This Contract or Purchase Order number;

(6) Location;

(7) Disposition; and

(8) Posting reference and date of transaction.

(l) Records of Pricing Information.

(1) Requirement for unit prices.

(A) The Contractor's property control system shall contain the unit price for each item of Government property except as provided in (2) below. When a contractor records the unit price of property on other than the quantitative inventory records, those supplementary records shall become part of the property records.

(B) (Note: This paragraph (B) does not apply to nonprofit organizations.) The requirement that unit prices be contained in the official property records does not apply to those separate property records located at a contractor's sites and subcontractor plants; provided, that:

(i) Records maintained by the contractor at its primary site include unit prices; and

(ii) The contractor agrees to furnish actual or estimated unit prices to the secondary site or subcontractor as the need arises.

(C) When definite information as to unit price cannot be obtained, reasonable estimates will be used.

(2) Determining unit price.

(A) Contractor-acquired and contractor-fabricated property. Except for items fabricated by nonprofit organizations for research and development purposes, the unit price of contractor-acquired and contractor-fabricated property shall be determined in accordance with the system established by the Contractor in conformance with appropriately applied accounting principles as described in Section 31 of the FAR and any corresponding implementing or supplementing provisions in the NFS. Generally, separate unit prices should be applied to items of special tooling and special test equipment fabricated or acquired by the Contractor. However, if the Contractor's accounting system is acceptable, and if maintaining detailed cost records results in excessive accounting cost or is otherwise impracticable, group pricing may be used for special tooling, special test equipment, and work-in-process in accordance with the Contractor's acceptable cost accounting system. All processed material, fabricated parts, components, and assemblies charged to the Contractor's work-in-process inventory, including items in temporary storage while awaiting processing, may be considered as work-in-process for this purpose.

(B) GFP. The Government or JPL shall determine and furnish to the Contractor the unit price of GFP. Transportation and installation costs shall not generally be considered as part of the unit

price for this purpose. Normally, the unit price of Government-furnished property will be provided on the document covering shipment of the property to the Contractor. In the event the unit price is not provided on the document covering shipment of the property to the Contractor, the Contractor will request it from JPL.

(m) Records of Material.

(1) General. All Government material furnished to the Contractor, as well as other material to which title has passed to the Government by reason of allocation from Contractor-owned stores or purchase by the Contractor for direct charge to a JPL contract, shall be recorded in accordance with the Contractor's approved property control system and the requirements of this section.

(2) Consolidated stock record. When a contractor has more than one JPL contract under which Government material is provided, a consolidated record for materials may be authorized by the Property Administrator, provided, the total quantity of any item is allocated to each contract by contract number and each requisition of material from contractor-owned stores is charged to the contract on which the material is to be used. The supporting document or issue slip shall show the contract number or equivalent code designation to which the issue is charged.

(3) Custodial records. The Contractor shall maintain custodial records for tool crib items, guard force items, protective clothing, and other items issued to individuals for use in their work.

(4) Use of receipt and issue documents. (Note: This paragraph (4) does not apply to nonprofit organizations.) The Property Administrator may authorize the Contractor to maintain, in lieu of stock records, a file of appropriately cross-referenced documents evidencing receipt, issue, and use of Government-provided material that is issued for immediate consumption and is not entered in the inventory as a matter of sound business practice. This method of control may be authorized for:

(A) Material charged through overhead, including but not limited to items used in manufacturing, maintenance, and office supplies;

(B) Material under research and development contracts;

(C) Subcontracted or outside production items;

(D) Nonstock or special items (these items are considered to be those whose procurement cycle is irregular and infrequent);

(E) Items that are produced for direct charge to a contract, or are acquired and issued for installation upon receipt, and involve no spoilage; and

(F) Items issued from contractor-owned inventory direct to production or maintenance, etc.

(5) Material issued directly upon receipt. (Note: This paragraph (5) applies only to nonprofit organizations.)

(A) Under fixed-price contracts, the Contractor's documents evidencing receipt and issue will be accepted as property control records for Government-furnished material issued directly by the Contractor upon receipt so as to be considered consumed under the Contract.

(B) Under cost-reimbursement contracts, Government invoices, contractor's purchase documents, or other evidence of acquisition and issue will be accepted as adequate property records for material furnished to or acquired by the Contractor and issued directly so as to be considered consumed under the Contract.

(n) Records of Special Tooling and Special Test Equipment. (Note: The special tooling requirements of this section do not apply to nonprofit organizations except for paragraph.

(1) The Contractor's property control system shall provide the basic information listed in section (l) above regarding each item of Government-owned special tooling and special test equipment, including any general purpose test equipment incorporated as components in such a manner that removal and reuse may be feasible and economical.

(2) If the Contractor uses group pricing of special tooling or special test equipment, as recognized in paragraph (m)(2) above, unit prices may be computed when required.

(3) In the case of special tooling acquired or fabricated by nonprofit organizations or furnished by JPL or the Government to nonprofit organizations for research and development, the Contract document will be accepted as adequate property control records.

(4) Records identifying special tooling and special test equipment shall include the identification number and item on which used.

(5) The Contractor shall, when specified by the Contract, identify and report special tooling and special test equipment by retention category (e.g., assembly tooling or critical tooling for spares or replacements).

(o) Records of Plant Equipment.

(1) The Contractor shall maintain individual item records for each item of plant equipment having a unit cost of $5,000 or more. Summary stock records may be maintained for plant equipment costing less than $5,000 per unit, except when the Property Administrator or JPL determines that individual item records are necessary for effective control, calibration, or maintenance.

(2) In addition to the information required in section (l) above, the Contractor's records of Government owned plant equipment, regardless of value, shall include:

(A) Federal Supply Code for the manufacturer (as listed in Cataloging Handbook H4-1 and H4-2) (available from the Superintendent of Documents, Government Printing Office (GPO), Washington, DC 20402);

(B) Federal Supply Classification (Cataloging Handbooks H2-1, H2-2, and H2-3) (available from GPO);

(C) The original manufacturer's model or part number.

(3) For each item of Government-owned plant equipment having a unit cost of $5,000 or more, the Contractor shall, in addition to the requirements of (2) above, include:

(A) Serial number and year built (when available);

(B) Government identification/tag number; and

(C) Acquisition and disposition document references and dates.

(4) JPL may unilaterally determine that the information in paragraph (3)(A) and (B) above should be recorded in the property records for plant equipment costing less than $5,000.

(5) Accessory and auxiliary equipment shall be recorded on the record of the associated item of plant equipment. If the accessory or auxiliary item is not attached to, a part of, or acquired for use with a specific item of plant equipment, it shall be recorded either in an individual item record or in a summary stock record. When accessory and auxiliary items are permanently separated from the basic item of plant equipment, the unit price of the basic item shall be appropriately reduced.

(p) Special Reports of Government Property (Reporting Reportable Equipment).

(1) JPL requires that Contractor-acquired equipment as defined in (b)(4) above, "Reportable Equipment," be reported to JPL. Data elements identified in the Tagging Template [see Exhibit 2] shall be submitted (i) at the time of receipt and acceptance of accountability, and (ii) when major changes occur in the data initially submitted to JPL.

(2) The Contractor shall report excess Government property to JPL utilizing Plant Clearance Automated Screening System (PCARSS) or Inventory Schedules (Standard Forms 1426-1434) when the property is no longer required for contract performance. (Reference paragraph (dd)(4)(A) of this form.)

(3) Each year the Contractor will be provided a verification listing of property accountable to the Contract. At the direction of JPL, the Contractor shall verify the correctness of this listing or provide the necessary corrections.

(4) Additional reports as may be required.

(q) Nonstandard Unique Equipment. For nonstandard unique equipment having a value of $5,000 or more which is either fabricated by the Contractor or acquired from sources other than NASA or JPL, the Contractor shall provide the following information when such equipment becomes excess to the Contractor's needs:

(1) Nomenclature;

(2) Contractor-assigned identification number;

(3) A brief functional description, include sketches, schematics, performance characteristics, operational manuals, etc., if available;

(4) List of major components having a unit value of $5,000 or more; and

(5) Cost.

(r) Records of Real Property.

(1) The Contractor shall maintain an itemized record of the description, location, acquisition cost, and disposition of all Government real property (including unimproved real property); all alterations, all construction work, and sites connected with such alteration and construction, acquired by purchase, lease, or otherwise. These records, including maps, drawings, plans, specifications, and supplementary data where necessary, shall (i) be complete, (ii) show the original cost of the property and improvements and the cost of any changes and additions, and (iii) be appropriately indexed.

(2) Costs incurred by the Contractor or JPL for new construction, including erection, installation, or assembly of real property in possession of the Contractor for JPL, shall be capitalized in the official Government real property records and financial accounts maintained by the Contractor for JPL.

(3) Costs incurred for additions, expansions, extensions, conversions, alterations, and improvements, including applicable portions of capital maintenance, that increase the value, life, utility, capability, or serviceability of Government real property shall be capitalized.

(4) Costs incurred for portable buildings or facilities specifically constructed for tests that involve destruction of the facility shall not be capitalized in the Government real property records or financial accounts.

(5) Costs incurred for maintenance, repair, or rearrangement to maintain the Government real property in good physical condition, utility, capacity, or serviceability shall be charged to expense, and the real property records shall not be affected.

(6) When Government-owned real property is sold, transferred, donated, destroyed by fire or other cause, abandoned-in-place, or condemned, the financial accounts shall be reduced by the presently recorded cost and the real property records annotated with a supporting statement, including pertinent facts.

(s) Records of Scrap or Salvage.

(1) The Contractor shall maintain records of all scrap or salvage generated, except as provided in section (bb) below. These records shall conform to the Contractor's established system of scrap and salvage control approved by the Property Administrator, who shall take into consideration the need for protecting the Government's and JPL's interest in the proration, disposition, and allocation of proceeds resulting therefrom.

(2) The Contractor's property control system shall provide the following information:

(A) Contract or purchase order number, if practical, from which the scrap or salvage derived;

(B) Nomenclature or description of salvable items or classification (material content) of scrap;

(C) Quantity on hand;

(D) Posting reference and date of transaction; and

(E) Disposition, including record of JPL authorization.

(t) Records of Related Data and Information. The Contractor shall maintain property control and

accountability, in accordance with sound business practice, of manufacturing or assembly drawings; installation, operation, repair, or maintenance instructions; and other similar information furnished to the Contractor by the Government or JPL or generated or acquired by the Contractor under the Contract and for which title vests in the Government. The requirements of this document do not otherwise apply to such property.

(u) Records of Completed Products. The Contractor shall maintain a record of all completed products produced under a contract as follows:

(1) When there is no time lapse between JPL inspection and acceptance of the completed products and shipment from the plant site, the records shall, as a minimum, consist of a summary of quantities accepted and shipped. When end items are accepted by JPL and stored with the Contractor awaiting shipment, the record shall identify quantities stored, location, and disposition action.

(2) On contracts that provide for the Contractor to retain completed products for further use under the Contract or other contracts, such items shall be considered "GFP" upon acceptance and shall be recorded as required by this section.

(3) When completed products are returned to a contractor under the terms of a warranty clause, the contractor shall maintain, by contract, a record containing a description of the items involved, quantities received and returned to JPL, and other pertinent data necessary to determine that a proper accounting for all property has been made.

(v) Records of Transportation and Installation Costs of Plant Equipment. (Note: This section (w) does not apply to nonprofit organizations.)

(1) Transportation costs.

(A) The Contractor shall record within the property control system the transportation and installation costs directly borne by JPL for each item of Government-owned plant equipment with an acquisition cost of $5,000 or more. The Contracting Officer through JPL may require the Contractor to provide such recorded costs for use in computing rental charges.

(B) If transportation costs are not included in the price of equipment delivered, the Contractor shall contact the Property Administrator or JPL for instructions for obtaining applicable freight data.

(2) Installation costs.

(A) When the Contractor performs installation, the cost shall be computed in accordance with the Contractor's accounting system (if the system is acceptable for other Contract cost determination purposes) and recorded in the property record.

(B) When installation is subcontracted, the Contractor shall record the cost paid to the subcontractor in the property record.

(C) When installation costs are included in the price of equipment delivered to the using location, the property records should be so annotated.

(w) Records of Misdirected Shipments. The Contractor's property control system shall provide the following information regarding each misdirected shipment of Government property received:

(1) Identity of shipment, such as shipping document or bill of lading;
(2) Origin of shipment;

(3) Content (items in the shipment) per shipping documents, if available;

(4) Location; and

(5) Disposition.

(x) Records of Property Returned for Rework.

(1) The Contractor shall maintain quantitative records of property returned for processing to assure control from time of receipt through return of the items to JPL. The Contractor shall establish item records under its property control system and shall include the information required in section (l) above.

(2) The records shall specify the quantity of units returned to JPL and the quantity otherwise disposed of with proper authority.

(y) Reports of Government Property.

(1) Submission of reports. The Contractor shall submit a completed NASA Form 1018, "NASA Property in the Custody of Contractors," or equivalent, (or negative report) annually to JPL. Failure to submit the reportwhen due (date to be determined by JPL) may be deemed noncompliance with contract requirements, and final payment may be withheld in accordance with the Article entitled "Allowable Cost and Payment."

Property classification. The Contractor's property control system shall be such as to provide annually the total acquisition cost of Government property for which the Contractor is accountable in the following classifications in accordance with instructions in NFS 18-45.71 and Procurement Information Circular (PIC) 04-12 http://www.hq.nasa.gov/office/procurement/regs/pic04-12.html

(A) Land

(B) Buildings

(C) Other structures and facilities

(D) Leasehold improvements

(E) Construction in progress

(F) Equipment

(G) Special Tooling

(H) Special Test Equipment

(I) Material

(J) Agency Peculiar Property

(K) Contract Work -in –Process

(2) Contractors shall provide Interim Submission (Monthly Worksheets) NASA Form 1018, NASA Property in the Custody of Contractors, in accordance with Procurement Information Circular (PIC) 04-12 http://www.hq.nasa.gov/office/procurement/regs/pic04-12.htm

(z) Identification.

(1) The Contractor shall identify, mark, and record all Government property promptly upon receipt, unless exempted by this section, and shall record assigned numbers on all applicable documents pertaining to the property control system. NASA NEMS tags shall be affixed to property as directed by JPL. Markings shall be removed or obliterated when Government property is sold, scrapped, or donated.

(2) All Government material and plant equipment having an acquisition cost less than $5,000 shall be identified as Government property except in those cases where:

(A) No material or plant equipment of the same type costing less than $5,000 at the same location is owned by the Contractor or its employees.

(B) Adequate physical control is maintained over protective clothing, tool crib, guard force, and other items issued to individuals for use in their work;

(C) Property is of bulk type, or its general nature of packing or handling precludes adequate marking; or

(D) Property is commingled, as authorized by section (bb) below.

(3) In accordance with procedures approved by JPL, the Contractor shall mark Government-owned special tooling and special test equipment with a serial number and identification number and an indication of NASA ownership, including the recognition that JPL is responsible for funding and control of the property when appropriate. NASA NEMS tags shall be affixed to property as directed by JPL. If marking will damage the equipment or is otherwise impracticable, the Contractor shall promptly report the problem to the Property Administrator. The Contractor shall mark in a manner similar to plant equipment all components of special test equipment that have an acquisition cost of $5,000 or more and are incorporated in a manner that makes removal and reutilization feasible and economical.

(4) The Contractor shall identify Government-owned plant equipment as such, unless (i) summary records are used as authorized under paragraph (p)(1) above, (ii) it is excluded under paragraph (aa)(2) above, or (iii) when the size or nature of the equipment makes identification impracticable. (Excepted items shall be entered and described on the equipment property record.) Property shall be identified by a legible, permanent, conspicuous, and tamper-proof method (e.g., decals, plates, stamping, etc.). Identification shall consist of a serial number and an indication of NASA ownership (unless already properly identified as NASA property). NASA NEMS tags shall be affixed to property as directed by JPL.

(5) Accessory or auxiliary equipment associated with a specific item of plant equipment and recorded on the property records need not be marked with an identification number, unless necessary to assure its return with the associated basic item.

(aa) Segregation of Government Property. Government property shall be kept physically separate from Contractor-owned property. However, when advantageous to the Government or JPL and consistent with the Contractor's authority to use such property, the property may be commingled:

(1) When the Government property is special tooling, special test equipment, or plant equipment clearly identified and recorded as Government property;

(2) When approved by the Property Administrator in connection with research and development contracts;

(3) When (i) scrap of a uniform nature is produced from both Government-owned and Contractor-owned material and physical segregation is impracticable, (ii) scrap produced from Government-owned material is insignificant in consideration of the cost of segregation and control, or (iii) Government contracts involved are fixed-price and provide for the retention of the scrap by the Contractor; or

(4) When otherwise approved by the Property Administrator.

(bb) Physical Inventories. The Contractor shall periodically physically inventory all Government property (except materials issued from stock for manufacturing, research, design, or other services required by the Contract) in its possession or control and shall cause subcontractors to do likewise. Physical inventories consist of sighting, tagging or marking, describing, recording, reporting, and reconciling the property with the records. The Contractor, with the approval of JPL, shall establish the type, frequency, and procedures. Type and frequency of inventory should be based on the Contractor's established practices, the type and use of the Government property involved, or the amount of Government property involved and its monetary value, and the reliability of the Contractor's property control system. Type and frequency of physical inventories normally will not vary between contracts being performed by the Contractor, but may vary with the types of property being controlled. Personnel who perform the physical inventory shall not be the same individuals who maintain the property records or have custody of the property unless the Contractor's operation is too small to do otherwise. JPL contractors shall complete reconciliations of inventories described in this section (cc) with the official property records and shall submit reports to the Property Administrator within 30 days after the completion of an inventory. All instances of loss of property and discovery of unrecorded property shall be investigated by the Contractor to determine (i) the cause of the discrepancy and (ii) actions needed to prevent recurrence of the discrepancy**.** It may be determined by the Property Administrator that JPL will perform the physical inventory.

(cc) Inventories upon Termination or Completion.

(1) General. Immediately upon termination or completion of a contract, the Contractor shall perform and cause each subcontractor to perform a physical inventory, adequate for disposal purposes, of all

Government property applicable to the contract, unless the requirement is waived as provided in paragraph (2) below.

(2) Exception. The requirement for physical inventory at the completion of a contract may be waived by the Property Administrator when the property is authorized for use on a follow-on contract; provided, that:

(A) Experience has established the adequacy of property controls and an acceptable degree of inventory discrepancies; and

(B) The Contractor provides a statement indicating that record balances have been transferred in lieu of preparing a formal inventory list and that the Contractor accepts responsibility and accountability for those balances under the terms of the follow-on contract.

(3) Listings for disposal purposes. (Note: This paragraph (3) applies only to nonprofit organizations.)

(A) Standard items that have been modified may be described on listings for disposal purposes as standard items with a general description of the modification.

(B) Items that have been fabricated, such as test equipment, shall be described in sufficient detail to permit a potential user to determine whether they are of sufficient interest to warrant further inspection.

(4) Preparation of inventory schedule or PCARSS notification.

(A) Subsequent to termination or completion of this Contract, or determination that property is no longer required for contract performance, the Contractor shall prepare and submit to JPL PCARSS notification or appropriate inventory schedules as specified in FAR 45.606 and any corresponding supplementing provisions of the NFS (except that in FAR 45.606 the term "plant clearance officer" shall be deemed to mean "Property Administrator") which reflect all remaining property purchased, fabricated, or constructed with Contract funds and/or property supplied to the Contractor by JPL for the performance of this Contract. The schedules will reflect an appropriate nomenclature, description, quantity, acquisition cost, FSC (Federal Supply Classification), and condition code for each item of property.

(B) Inventory schedules shall be signed by an authorized representative of the Contractor, prior to submittal to JPL for disposal action.

(C) When no Government property has been furnished to or acquired by the Contractor under this contract, inventory schedules will not be required; instead, a properly completed Property Close-out Certificate, form JPL 0948 (see Exhibit 1), shall be submitted.

(5) Disposition of residual property.

(A) Upon submittal of four executed copies of the appropriate inventory schedules to JPL, screening and disposal action will be initiated. Additional copies of the appropriate inventory schedules shall be furnished upon request.

(B) Disposition of residual property shall be made in accordance with specific instructions furnished by the Plant Clearance Officer or the JPL Property Administrator.

(6) A Property Close-out Certificate, JPL form 0948, or equivalent shall be completed, signed by the Contractor's authorized representative and returned to JPL prior to final payment being effected.

(dd) Reporting Results of Inventories. The Contractor shall, as a minimum, submit the following to JPL promptly after completing the physical inventory:

(1) A listing that identifies all discrepancies disclosed by a physical inventory;

(2) A signed statement that physical inventory of all or certain classes of Government property was completed on a given date and that the official property records were found to be in agreement except for discrepancies reported.

(ee) Quantitative and Monetary Control. When requested by JPL, the Contractor's reports of results of physical inventory shall be prepared on a quantitative and monetary basis and segregated by

categories of property.

(ff) Care, Maintenance, and Use. The Contractor shall be responsible for the proper care, maintenance, and use of Government property in its possession or control from the time of receipt until properly relieved of responsibility, in accordance with sound industrial practice and the terms of the Contract. The removal of Government property to storage, or its contemplated transfer, does not relieve the Contractor of these responsibilities.

(gg) Contractor's Maintenance Program.

(1) Consistent with the terms of the Contract, the Contractor's maintenance program shall provide for:

(A) Disclosure of need for and the performance of preventive maintenance;

(B) Disclosure and reporting of need for capital rehabilitation; and

(C) Recording of work accomplished under the program.

(2) Preventive maintenance is maintenance performed on a regularly scheduled basis to prevent the occurrence of defects and to detect and correct minor defects before they result in serious consequences. An effective preventive maintenance program shall include at least:

(A) Inspection of buildings at periodic intervals to assure detection of deterioration and the need for repairs;

(B) Inspection of plant equipment at periodic intervals to assure detection of maladjustment, wear, or impending breakdown;

(C) Regular lubrication of bearings and moving parts in accordance with a lubrication plan;

(D) Adjustments for wear, repair, or replacement of worn or damaged parts and the elimination of causes of deterioration;

(E) Removal of sludge, chips, and cutting oils from equipment that will not be used for a period of time;

(F) Taking necessary precautions to prevent deterioration caused by contamination, corrosion, and other substances; and

(G) Proper storage and preservation of accessories and special tools furnished with an item of plant equipment but not regularly used with it.

(3) The Contractor's maintenance program shall provide for disclosing and reporting the need for major repair, replacement, and other capital rehabilitation work for Government property in its possession or control.

(hh) Use of Government Property. The Contractor's procedures shall be in writing and adequate to assure that Government property will be used only for those purposes authorized in the Contract.

(ii) Property in Possession of Subcontractors. The Contractor shall require any of its subcontractors possessing or controlling Government property to adequately care for and maintain that property and assure that it is used only as authorized by the Contract. The Contractor's approved property control system shall include procedures necessary for accomplishing this responsibility.

(jj) Shipment of Government Property. Copies of DD Form 1149 or comparable documents shall be forwarded to the JPL Property Administrator upon shipment.

(kk) Audit of Property Control System. The Contractor's Government property control system may be audited by the Government or JPL as frequently as conditions warrant. These audits may take place at 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.

EXHIBIT 1

Jet Propulsion Laboratory
California Institute of Technology
4800 Oak Grove Drive
Pasadena, California 91109-8099

(818) 354-4321

PROPERTY CLOSE-OUT CERTIFICATE

The undersigned Contractor, having completed the work called for by Contract No._____ dated _____ , with the California Institute of Technology, Jet Propulsion Laboratory, certifies that:

(check one, as appropriate)

☐ All Government property (as defined in FAR 45.101) has been disposed of by the Contractor and its subcontractors, in accordance with the terms of the Contract.

☐ No Government property was furnished to or acquired by the Contractor or its subcontractors.

_____
Contractor

_____
Authorized Representative Signature

_____ _____
Date Title

JPL Tagging Template

for Acquired/Fabricated Property

Item	**Description**	**Manufacturer** (If fabricated, identify company made by)	**Model #** (Use model or part number)	**Serial #**	**Cost** (Provide acquisition cost)	**PO #** (Use contract number)	**Date In Service** (DD-Month-Yr)	**FSC** (If Known)	**JPL Project/Task** (Use Project and Task assigned to contract)	**Property Type** (Identify weather equipment, special test, special tooling or agency peculiar property)