

Government Property Control Provisions

Where the Order under which this form is incorporated is related to a U. S. Government prime contract subject to the Federal Acquisition Regulation (FAR), the provisions of FAR 52.245-18, Special Test Equipment, and 52.245-19, As-Is-Property, apply. FAR 52.245-17, Special Tooling, applies when this order is fixed-price and Special Tooling is required but not specified and the full cost of the tooling will be charged to this order. If this is a fixed-price order, FAR 52.245-2, Government Property (Fixed-Price Contracts) applies. If this is a cost-reimbursement, time & material or labor-hour type order, FAR 52.245-5, Government Property (Cost-reimbursement, Time and Material, or Labor-Hour Contracts) applies. The specifics detailed below in no way preclude or eliminate Seller's responsibility for adherence to the applicable FAR and NASA FAR Supplement (NFS) clauses.

A. SELLER PROPERTY CONTROL SYSTEM

Seller shall establish written procedures and an implemented Property Control System which are fully compliant with FAR Part 45 and all provisions herein. Seller's property control system shall contain an adequate locator system or technique to permit the location of any item of Buyer property within a reasonable period of time. Buyer reserves the right to conduct periodic surveillance or otherwise review Seller's Property Control System to assure compliance with the requirements of these terms.

1. Buyer may evaluate Seller's Property Control System or any portion thereof as necessary to identify any necessary changes thereto, and notify Seller of Buyer's assessment in writing. Problems identified will be promptly addressed by Seller in writing within thirty (30) calendar days. Buyer will evaluate Seller's corrective action and notify Seller in writing of acceptance of corrective actions taken.
2. If Seller has a "U.S. Government Approved" Property Control System, Buyer may, with appropriate U. S. Government concurrence, accept such approval in lieu of conducting a duplicative survey of Seller's implemented system.
3. Upon request, one copy of each of the following must be submitted to Buyer:
 - a. Seller's current Property Procedures, and subsequent revisions.
 - b. Document granting approval of Seller's Property Control System if "U. S. Government Approved."
4. Each year, Seller shall supply Buyer with a copy of the most current Annual Government Property Control System Determination letter either within 30 days of receipt or attached to the annual 1018 financial report, whichever occurs first.

B. RELOCATION/NAME/OWNERSHIP CHANGE/DISCONTINUANCE

1. Seller is required to notify Buyer in writing of relocation, name change, ownership change or discontinuance of business as soon as conditions are known. Seller's name change, ownership change, relocation, or discontinuance of business may subject Seller to immediate return of Buyer-furnished property as Buyer may direct with an amendment or change order to this Order.
2. Seller must obtain Buyer's prior written authorization to transfer Buyer property to Seller's new location.

C. USAGE LIMITATION FOR BUYER PROPERTY

Buyer may deliver to Seller, for use in connection with this Order, property described as Buyer-furnished property; or Seller may manufacture or acquire such property for Buyer or Buyer's Customer for use on this Order. The property shall be used only for the performance of this Order unless otherwise provided herein or approved by Buyer in writing. Seller shall immediately notify Buyer in writing of any additional property required and any property listed on this Order which is not being used.

NOTE: The requirements of these terms shall apply to all Buyer's property in Seller's possession, from receipt of such property by Seller, through and following completion or termination of this Order, until Buyer releases Seller from accountability for such property by written amendment or change order to this Order.

D. BUYER-FURNISHED PROPERTY

If Buyer furnishes or causes to be furnished any property to Seller, the following additional provisions shall apply:

1. DISCREPANCIES INCIDENT TO SHIPMENT. If overages, shortages, or damages are discovered upon receipt of Buyer-furnished property, Seller shall provide a statement of the condition and apparent causes to Buyer. Only that quantity of property actually received will be recorded on the official records.
2. CARRIER LIABILITY. When the shipment is moved by Bill of Lading and carrier liability is indicated, Seller shall report any discrepancies to Buyer.

E. ACQUISITION OF SPECIAL TOOLING, SPECIAL TEST EQUIPMENT OR PLANT EQUIPMENT

1. Seller can acquire Special Test Equipment (STE) and components, the exact nature of which are not known as of the date of this Order. Seller shall not acquire any items of STE or components unless such acquisitions shall have been authorized pursuant to Paragraphs a. and b. below.
 - a. Before acquiring any items of STE or components, Seller shall give Buyer forty-five (45) days notice of its intent to do so (see Attachment A, Notice of Intent to Acquire STE for form to be used). Buyer may elect to furnish, or cause to be furnished by Buyer's Customer, the STE or any other components to Seller by giving written notice of its election to Seller within such period. In the event Seller has not received such written notice within the period prescribed, Seller may proceed to acquire such STE or components.
 - b. Notifications required by this Order for STE or components shall, as a minimum, include an estimated aggregate cost of all items and components of the equipment the individual cost of which is less than \$5,000 (\$1,000 if contract is with NASA) and the following information on each item or component of equipment costing \$5,000 (\$1,000 if NASA) or more:
 - 1) The end use application and function of each proposed special test unit identifying special characteristics and the justification for classifying the test unit as STE.
 - 2) A complete description identifying the items to be acquired and the items to be fabricated by Seller. Include manufacturer's name, Federal Supply Code and model number.
 - 3) The estimated cost of the item of STE or component.
 - 4) A statement that screening of Seller STE and components has been accomplished and that none are available for use in performing this Order.
2. Seller's requests for Special Tooling (ST) will be submitted to, and approved by Buyer's Procurement Representative prior to acquisition.
3. Seller's invoices for items of ST and/or STE will not be rendered until such items have been proved. Evidence of satisfactory items will be indicated by Buyer's acceptance of a satisfactory part produced and/or tested by such ST and/or STE except as specifically agreed to elsewhere in this Order. When requested by Buyer, Seller shall provide Buyer with one scaled photograph (Polaroid type acceptable) for each item of ST or STE listed on this Order. The reverse side of the photograph shall show the tool number, nomenclature, part number of the part or parts the item produces or tests, operations performed and the operational sequence use of the tooling or test equipment. When authorized by Buyer, a certification in a form approved by Buyer may be substituted in lieu of photographs.

4. General Purpose Plant Equipment will be provided by Seller and not charged to this Order unless procurement is authorized in writing by Buyer.

F. IDENTIFICATION

1. Seller shall identify, mark, and record all property promptly upon receipt or fabrication and shall record assigned numbers on all applicable documents pertaining to the property control system.
2. Each item of tooling and equipment shall be permanently marked with Seller's identification number or have Buyer's property identification tag affixed. Plant equipment type components of STE which are incorporated in a manner that makes removal and reutilization feasible and economical will be physically identified if the acquisition cost is \$5,000 (\$1,000 if contract is with NASA) or more.
3. The identification process will ensure legibility, permanency, conspicuousness; e.g., affixing metal or plastic tags, labels, or plates directly to the property; marking them with indelible ink, acid or electric etch, or steel dies.

Identification shall consist of:

- a. Unique Part number or identification number.
- b. Ownership designation such as "USA," "U.S. Government," or other customer's name as advised by Buyer.

NOTE: Material will be physically identified at bin level.

4. For Buyer-furnished property, Seller must advise Buyer if upon receipt, property identification is different from the applicable transmittal record documents.

G. RECORDS AND DATA

Seller shall develop property records for use during performance of this Order and retain records for a minimum of four years after purchase order closeout. Seller's property records shall provide for positive traceability to applicable shipping and receiving documents. As a minimum such records shall provide information for each item of Buyer property as follows:

1. ST, STE & AGENCY-PECULIAR PROPERTY:
 - a. Ownership.
 - b. Acquisition authority; purchase order number/contract number or equivalent code.
 - c. Name, description, and identification number including serial number & model number when available.
 - d. Quantity.
 - e. Unit Price.
 - f. Location.
 - g. Inventory date.
 - h. Disposition authority document.
 - i. Posting reference and date of transaction.
 - j. Identification of any easily removable general purpose test equipment over \$1,000 if incorporated as a component of STE.
 - k. Identification number (part number) of the item on which used (ST/STE only).

- l. Retention category (ST/STE only when required by contract).
 - m. Classification of Property (i.e. Special Tooling, Special Test Equipment, etc.).
2. MATERIAL:
- a. Purchase order number/contract number or equivalent code.
 - b. Name/description.
 - c. Unit price and unit of measure.
 - d. Quantities received.
 - e. Quantities issued.
 - f. Quantities on hand.
 - g. National Stock Number and/or part number (as applicable).
 - h. Location.
 - i. Disposition (if applicable).
 - j. Posting reference and date of transaction.
 - k. Inventory date.

3. PLANT EQUIPMENT:

In addition to data elements shown in G.1. above, records for U. S. Government-Owned plant equipment shall include data elements listed in FAR 45.505-5. The Property Management database/system will identify the property classified as Plant Equipment.

H. REPORTS

1. ACCOUNTABLE PROPERTY REPORT

- a. Seller shall furnish Buyer an initial list of all ST, STE and other property (excluding material) acquired or manufactured by Seller to perform this Order within 45 days after receipt or completion of fabrication of the property unless otherwise requested by Buyer.
- b. This Accountable Property List will include the same information as listed under Paragraph G. "Records and Data" above.

After initial submittal of the Accountable Property List has been accepted by Buyer as requested, Seller shall submit changes only (new additions, deletions, cost adjustments, etc.) with an explanation in lieu of an entire listing, to Buyer semi-annually. However, if there are no changes from the last submittal Seller shall so state in writing to Buyer.

- c. Seller shall furnish Buyer the total quantity and dollar value of material on an annual basis. This will apply to the following:
 - 1) Cost-reimbursable purchase orders
 - 2) Customer-furnished material
 - 3) As contractually required

The report required in c. above will include:

- 1) Purchase order number

- 2) Total dollar value and quantity of material accountable to each Order
- 3) Whether material was contractor-acquired or U. S. Government-furnished

2. FINANCIAL REPORTING OF NASA PROPERTY IN THE CUSTODY OF CONTRACTORS

- a. Pursuant to the property management provisions of FAR Part 45 contained in this Order and the Procurement Information Circulars issued by NASA relating to the property reporting requirements, the Seller is responsible for maintaining adequate controls of government property in its custody. Additionally, NASA's accounting system requires that it maintain appropriate financial assessments of all government property, including property under Seller's custody, which must reflect current asset values for agency financial statement purposes. In order that the Government's objectives are met, Seller must provide the following property related financial reports.
 - 1) Annual NASA Form (NF) 1018, NASA Property in the Custody of Contractors, which comply with the requirements of NFS 1845.505-14, NFS Subpart 1845, and any other supplemental instructions issued by Buyer for the current reporting period.
 - 2) Monthly Property Financial Report, which comply with the intent of NASA Procurement Information Circular (PIC) 4-12, and any other supplement instructions issued by Buyer for the current reporting period.
- b. In meeting the requirements of (a)(i) and (a)(ii) above, Seller shall provide specific information in the form, format, and to the delivery requirements as defined in the applicable Procurement Data Requirements Descriptions of this Order.
- c. Buyer does not require lower-tier subcontractors use of NF 1018 or the Monthly Property Financial Report; however, Seller shall include applicable information on the property in the possession of its lower-tier subcontractors in the reports Seller submits to Buyer.
- d. Buyer may withhold payment until a reserve not exceeding \$25,000 or 5% of the Order value; whichever is less, if Seller fails to meet the requirements of this clause. The withholding of any amount, or the subsequent payment thereof, shall not be construed as a waiver of any Buyer or Government right.

I. CHANGES IN DESIGN

1. In the event of any changes in design or specifications which affect interchangeability of parts, Seller shall, unless otherwise agreed to by Buyer, give Buyer notice of any part which is not interchangeable with the new or superseding part and the ST for each part covered in such notice shall be retained by Seller until Buyer provides disposition instructions.
2. If an engineering change requires either the acquisition or fabrication of new, or substantial modification to existing STE, Seller shall comply with Paragraph E.1. above.

J. SELLER'S LIABILITY (RISK OF LOSS)

Unless otherwise approved in writing by Buyer or included elsewhere in this Order, Seller assumes the risk of, and shall be responsible for, any loss or destruction of or any damage to Buyer's property in Seller's possession. Seller agrees to return said property in as good condition as when received, except for reasonable wear and tear due to the utilization of the property in accordance with the provisions of this Order. Seller may also be liable when the use or consumption of Buyer property unreasonably exceeds the allowances provided for by this Order, the Bill of Material, or other appropriate criteria.

K. REPORTING LOSS, DAMAGE AND DESTRUCTION

Seller shall report all cases of loss, damage or destruction of Buyer property in its possession or control or property located at Seller's second-tier suppliers to Buyer as soon as such facts become known utilizing a format that will be provided by Buyer. The lost, damaged or destroyed property report shall include:

1. Name of Seller.
2. Location (address) of incident.
3. Date and time of incident.
4. Name and description of item lost, damaged, or destroyed. (Include NSN or applicable part number if available or identification number if item is tooling or equipment)
5. Accountable contract number/purchase order number.
6. Item's acquisition cost.
7. Description of incident including cause.
8. Estimated cost of repair or replacement if required.
9. Corrective action taken to prevent recurrence.
10. Statement as to whether item was covered by insurance and, if so, were those costs charged to this Order.

L. PHYSICAL INVENTORY

1. Physical inventory, as used herein, consists of sighting, describing, recording and reporting the property concerned and reconciling the property recorded and reported with the property records.
2. Physical inventories will be conducted, at a minimum, biennially for all ST, STE, Plant Equipment and Agency-Peculiar Property unless otherwise directed by Buyer or otherwise authorized under a U. S. Government-approved Property Control system.
3. Physical inventories for material accountable to this Order will be conducted annually.
4. Physical inventories will be conducted upon completion or termination of purchase orders as directed by Buyer.
5. Seller shall report the results of the inventory to Buyer, in a format acceptable to Buyer, within 60 days after completion of the inventory. Overages and shortages shall be clearly identified and described in the report.
6. Seller shall provide to Buyer a signed statement that physical inventory was completed on a given date and the property records were found to be in agreement with the physical inventory except for discrepancies reported. Annual interim reports are required.
7. Property which previously was reported lost and then located during a physical inventory will be reestablished on the accountability records and reported.
8. Records of such inventory shall be retained by Seller until completion of this order and made available to Buyer upon request.
9. Personnel who perform the physical inventories shall not be the same individuals who maintain the property records or have custody of the property unless the size of Seller's operation is so small as to make it impracticable for others to do so.

M. STORAGE

Storage areas will be maintained in accordance with sound business practices and property will be protected from loss, damage, theft, destruction, and the elements while in storage.

N. MODIFICATION

1. Modification is a process in which the property configuration is changed and may require a part number change. Modification will not be accomplished without the prior approval of Buyer.
2. Upon completion of modification for ST, STE, Plant Equipment and Agency-Peculiar Property, Seller will:
 - a. Update applicable drawings.
 - b. Provide an updated property list to Buyer, including:
 - 1) New part number
 - 2) Original part number before change occurred
 - 3) Dollar value of modification

O. REPLACEMENT

Replacement of Buyer property will occur when an item becomes worn or damaged beyond repair and the capability is still required. Replacement will not be accomplished without prior approval by Buyer.

P. MAINTENANCE

1. Seller shall be responsible for the proper care, maintenance, and use of all Buyer property in its possession or control in accordance with sound industrial practice, from the time of receipt until properly relieved of responsibility. The removal of property to storage, or its contemplated transfer, does not relieve Seller of these responsibilities.
2. Seller's maintenance program shall provide for:
 - a. Disclosure of need for and the performance of preventative maintenance.
 - b. Recording of work accomplished under the program.
3. Seller shall keep records of maintenance actions performed and any deficiencies in the property discovered as a result of inspections. These records will be made available to Buyer upon request.
4. Seller agrees that between the date any usable items of property are no longer needed by Seller, within the meaning of this Order, and the date of final disposition of such items under this Order, it will take all reasonable steps necessary to maintain the identity and existing operating conditions of such items unless Buyer has directed that such items be disposed of as scrap or has given notice that Buyer and/or Buyer's customer has no further interest therein and waives its rights therein.

Q. SHIPPING/RELOCATION OF PROPERTY

Property may be shipped from Seller's facility to another location of Seller, or any sub-tier source and returned, at Seller's cost, with applicable move/transfer documents established and maintained to fully control and provide for accurate traceability and return of such moved/transferred property except for 2. below. If property is shipped or transferred to Seller's sub-tier source, Seller shall maintain files sufficiently documented to reflect Seller's review and approval of applicable sub-tier source's Property Control System. Property to be returned to Buyer shall, in addition to being documented on Seller's shipping documents, be authorized by Buyer.

1. Shipping documentation will include as a minimum:
 - a. "Shipment from" address
 - b. "Shipment to" address (Include "Mark for" name)
 - c. Purchase order under which property is currently accountable
 - d. Authorization for shipment
 - e. Part number, I. D. number, or serial number and/or lot number if applicable
 - f. Nomenclature/description
 - g. Acquisition value
 - h. Date of shipment
 - i. Name of Buyer's personnel authorizing shipment (if applicable).
 - j. Property classification
 - k. Details of all modifications and related cost of modifications (if a transfer of accountability).
 - l. Federal Supply Code (if a transfer of accountability).
 - m. Original acquisition date (if a transfer of accountability).
2. Relocation of U. S. Government-owned property accountable to this Order outside the United States of America is not authorized unless approved in writing by Buyer's U. S. Government Contracting Officer. Seller shall request permission from Buyer to relocate U. S. Government property outside the United States at least 45 days prior to shipment.

R. DISPOSITION

1. Seller shall report to Buyer all Buyer property in excess of the amounts needed to complete full performance under this Order immediately after determination that the property is excess to further requirements unless a later date is authorized by Buyer. Seller shall report to Buyer all property deemed scrap for Buyer concurrence. Seller shall also report to Buyer at the completion of this Order or at time of termination, all Buyer property not consumed in performance of this Order or not already delivered by Seller.
2. Reporting will be accomplished as follows:
 - a. If this Order is a cost-reimbursable purchase order or the property to be disposed is due to a termination, Seller shall report property to Buyer on inventory schedules in accordance with FAR Subpart 45.6 as appropriate, and also enter the required information into the Plant Clearance Automated Reutilization Screening System (PCARSS) for further processing.

Note:

- 1) Condition codes must be identified on the applicable Inventory Schedule.
 - 2) National Stock Numbers and/or National Stock Class must be provided.
 - 3) A complete item description including cage code must be furnished to allow proper reutilization screening.
- b. If this Order is a fixed-price purchase order, Seller shall report to Buyer all Buyer-furnished property and STE on inventory schedules the same as 2.a. above. If ST was acquired pursuant to FAR 52.245-17, Special Tooling, upon completion or termination of all or a substantial part of the work under this Order, Seller shall furnish Buyer a final list of ST

acquired under this Order for determination of disposition action. This list shall specify the nomenclature, tool number, related product part number (or service performed) and unit or group cost of the ST. ST which has become obsolete as a result of changes in design or specifications need not be reported, if previously reported as provided for in Paragraph I above.

3. At the time Seller furnishes Inventory Schedules or listings under 2.a. or b. above, Seller may designate those items of ST, STE or other property which Seller desires to retain, together with a written offer. Written offer should ordinarily be for an amount not less than the fair market value of such items. Fair market value takes into account the value of such items to Seller for use in further work by Seller.
4. If Buyer, with Buyer's customer concurrence, accepts an offer of Seller to retain any items of ST, STE, or other property or if, upon Buyer's approval, any such items are sold to third parties or disposed of as scrap, the net proceeds shall: (a) be deducted from the amounts due to Seller under this Order and the Order amended accordingly; or (b) be otherwise paid as Buyer may direct.
5. After receipt and review of any inventory schedules or lists under Paragraphs 2.a. or b. above, by Buyer, Seller shall enter the required information into PCARSS for further processing. Buyer shall furnish to Seller appropriate disposition instructions. Seller shall promptly comply with any request by Buyer to: (a) immediately prepare such items for shipment by proper packaging, packing, and marking, in accordance with any instructions which may be issued by Buyer, and shall promptly deliver such items to Buyer or Buyer's customer f.o.b. origin, as directed by Buyer; or (b) if a storage agreement is entered into, prepare such items for storage as directed by Buyer; or (c) proceed with disposal in accordance with Buyer directions. Any items so delivered or stored shall be accompanied by such operation sheets or other appropriate data as are necessary to show the manufacturing operations or processes for which such items were used or designed. Any items of ST which are not disposed of by transfer of title and delivery to Buyer or Buyer's customer or by acceptance of an offer by Seller shall be disposed of in accordance with Buyer and/or Buyer's customer instructions.

S. RESTORATION OF SELLER'S PREMISES AND ABANDONMENT

Unless otherwise provided herein, Buyer:

1. May abandon, with written advice to Seller, any Buyer property in place (with the exception of hazardous waste), and thereupon all obligations of Buyer regarding such abandoned property shall cease.
2. Has no obligation to Seller with regard to restoration or rehabilitation costs.

T. SELLER'S SUBCONTRACTOR/SUPPLIER CONTROL

The same basic controls for Buyer property which are required of Seller and covered by this document will be required of Seller's subcontractors (second-tier suppliers). These controls will ensure that second-tier suppliers utilize property only as authorized by this Order. Seller shall periodically perform reviews/surveys of second-tier suppliers to ensure compliance.

U. SELLER'S SPECIAL TOOLING PROVISIONS FOR SUBCONTRACTS

Seller agrees that in placing any subcontracts or purchase orders under this Order which involve the acquisition of ST, the full cost of which is charged to such subcontract or purchase order, Seller will include therein appropriate provisions to obtain rights comparable to those granted by these terms and conditions and agrees that it will exercise such rights for the benefit of Buyer, as Buyer may direct.

V. SELLER'S SPECIAL TEST EQUIPMENT PROVISIONS FOR SUBCONTRACTS

If STE or components thereof are to be acquired for Buyer's customer by Seller's subcontractor under this Order, Buyer's rights to receive advance notice thereof from Seller, as prescribed in Paragraph E.1. above, and to furnish such items to Seller as Buyer-furnished property and to obtain an equitable adjustment of the purchase order therefor, shall be preserved.

Seller shall, with respect to any subcontract hereunder, which provides that STE or components are to be acquired or fabricated for Buyer, insert provisions in the subcontract which conform substantially to the language of Paragraph E.1. hereof entitled Acquisition.

Attachment A to SM215

Notice of Intent to Acquire Special Test Equipment

1. Proposal New
 Acquisition Modification

2. Control No.:

3. Subcontractor Name: _____

4. Subcontractor Address: _____

5. Subcontractor Phone Number: _____ Fax Number: _____

6. Prime Contract Number: _____

7. USA Purchase Order Number (If applicable): _____

8. USA Assigned Identification Number: _____

9. System Nomenclature:

10. Subcontractor Identification Number: _____

11. Part Number of Product Being Tested: _____

12. Manufacturer's Name (Include City and State): _____

13. Quantity Required: _____ 14. Estimated Cost Per Unit: _____

15. Total Cost: \$ _____ 16. Need Date: _____

17. Functional Requirements of System and Description (Attach additional page if required):

Function (Test, Simulate, Distribute Power, etc.):

Description (Attach Diagrams, Drawings, Schematics, etc.):

Justification (Explain why item is "special" and not general purpose): _____

18. In-house screening completed and no system or components are available:

USA Property Control Signature _____ Date: _____

19. USA Approval Signature: _____ Date: _____

Attachment A to SM215 (continuation sheet)

Notice of Intent to Acquire Special Test Equipment

1. System Nomenclature:

Control No.:

List of General Purpose Equipment Components Over \$1,000						
USA/Seller I.D. #	Nomenclature (Include Federal Supply class or code if available)	Manufacturer's Name, City & State	Model Number	Unit Cost	Qty	Total Cost
				\$		\$