

PROPERTY ADMINISTRATION SYSTEM REQUIREMENTS FOR SUPPLIERS

1.0 General

This document outlines the requirements of Suppliers as referenced in the terms and conditions of the subcontract. Property subject to this document includes all Government owned special tooling, special test equipment, plant equipment, Agency Peculiar Property, and material whether furnished to, acquired by, or fabricated by the Supplier or his subcontractors/vendors in the performance of this subcontract or purchase order. Property may be in the possession of the Supplier for work, test, evaluation, use, retention, and/or storage. Nothing contained in this document shall be construed as invalidating any of the General Provisions of the subcontract or purchase order.

Provisions of the Federal Acquisition Regulation, Defense Acquisition Regulation, National Aeronautical and Space Agency Procurement Regulation for the Control of Government Property in the Possession of the Contractor, in effect on the date of award of the prime contract, are made a part of this procedure. Suppliers shall comply with the provisions thereof relating to the keeping of property control records, identification and marking, segregation and inventory of property, and the control of salvage and scrap. The Supplier shall accept the responsibilities set forth in said manuals with respect to Government property.

It is APL's policy to designate and use its Supplier Property Control Records as the official property records if they have an approved property system. The official records shall be kept in such condition that, at any stage of completion of the work under the subcontract or purchase order, the status of Government property may be ascertained. In the event the Supplier does not have an approved property system the official records will be maintained by APL until such system approval is obtained.

Suppliers shall not commingle material provided or acquired for use on APL's subcontract(s) without written approval from APL's procurement organization.

Suppliers shall report each Government fiscal year via DD-1662; NASA 1018 or other equivalent agency forms all Government property in their possession. This report shall be by contract and will include all property in the possession of their subcontractors as well as property directly in the Suppliers possession.

1.1 Definitions

The following definitions shall apply in the execution of property control under the provisions of this document.

1. **Agency Peculiar Property.** Government-owned personal property that is peculiar to the mission of one agency (e.g. military or space property). It excludes Government material, special test equipment, special tooling and facilities.

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2. **Plant Equipment.** The term “plant equipment” means personal property of a capital nature consisting of equipment, vehicles, test equipment, machine tools, furniture and accessory and auxiliary items, but excluding special tooling and special test equipment used or capable of use in the manufacture of supplies or in the performance of services or for any administrative or general plant purpose.
3. **Special Tooling.** The term “special tooling” means jigs, dies, fixtures, molds, patterns, taps, gauges, other equipment and manufacturing aids, and replacements thereof, 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 the performance of particular services. The terms include all components of such items but does not include:
 - a. Consumable property; (i.e., items with a cost of less than \$200.00 and which are expected to last less than 2 years)
 - b. Special test equipment; or
 - c. Buildings, nonseverable structures (except foundations and similar improvements necessary for the installation of special tooling), general or special machine tools, or similar capital items.
4. **Special Test Equipment.** “Special test equipment,” as used in this part, 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, including standard or general purpose items or components, that are interconnected and interdependent so as to become a new functional entity for special testing purposes. It does not include material, special tooling, facilities (except foundations and similar improvements necessary for installing special test equipment), and plant equipment items used for general plant testing purposes.
5. **Material.** “Material,” as used in this subpart, 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.

2.0 Duties and Responsibilities of the Supplier

The Supplier shall be directly responsible and accountable for supplying a list of all property in accordance with the provisions of the subcontract/purchase order. The Supplier shall submit a written presentation of its procedures for control, recording and management of Government Property for approval by APL, unless the Supplier has a Government Approved Property Control System as evidenced by a current Government Approval Letter. The Supplier shall (when required for Industrial Property Equipment -

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IPE) furnish an up-to-date operating procedure for the maintenance and repair of Government Property for review by APL.

No modification, alteration or major repair to plant equipment shall be initiated by the Supplier without prior written approval of the APL Procurement Representative.

The Supplier, within thirty days of termination or completion of the subcontract/purchase order, shall perform a physical inventory adequate for disposal purposes. The inventory shall be required for all Property applicable to the subcontract/purchase order in the custody, control and possession of the Supplier including its subcontractors. Subject to the terms of the subcontract/purchase order, the Supplier will be liable when shortages of property are disclosed or when property is lost, damaged, or destroyed, or where there is unreasonable use or consumption of property as measured by the allowances provided for by the terms of the contract, the bill of material, sound industrial practice, or other appropriate criteria.

2.1 Supplier Liability

The Supplier is liable for all Government or APL Property in their possession and shall report to the APL representative all cases of loss, damage or destruction of Government/APL property in his possession within 30 days of the loss, damage, or destruction.

2.2 Records to be maintained by the Supplier

1. Plant Equipment and/or Agency Peculiar Property.

Individual property records shall be maintained by the Supplier on all plant equipment that is acquired in accordance with the contract and on behalf of the Government/APL. This record shall contain the following minimum information.

- a. Federal Supply Code of Manufacturer.
- b. Manufacturer's model/part number
- c. Serial number and year built.
- d. U.S. Government identification number (if provided).
- e. Noun name of the item and federal supply classification.
- f. Acquisition document reference and date (Purchase Order).
- g. Location.
- h. Disposition document reference and date.
- i. Contract number and equivalent code designation
- j. Unit price when equipment is Government-furnished or cost reimbursable (F.O.B. manufacturer). Including any additions, modifications, or any acquisitions related to the property.

2. Special Tooling. Individual special tooling records shall be maintained on all items generated in the Supplier's plant or procured by him for the performance of the subcontract or purchase order. These records shall contain the following information.

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- a. Contract number or equivalent code designation (subcontract/Purchase Order number).
- b. Nomenclature or description of the item (including identification number and item on which used).
- c. Quantity received or fabricated.
- d. Posting reference and date of transaction.
- e. Location.
- f. Disposition.
- g. Unit or group pricing.
- h. Retention category (when required by Subcontract/Purchase Order).

3. Special Test Equipment. Individual records shall be kept on all special test equipment generated by the Supplier or procured by the Supplier for the Government/APL in connection with the performance of the subcontract or purchase order. This record shall provided the following information:

- a. Contractor or equivalent code designation (Subcontract/Purchase Order number).
- b. Nomenclature or description of the item (including identification number and item on which used).
- c. Identity of any general purpose test equipment incorporated as components in such a manner that removal and re-utilization may be feasible and economical.
- d. Quantity received or fabricated.
- e. Posting reference and date of transaction.
- f. Location.
- g. Disposition.

4. Material. The Supplier shall maintain stock records of material purchased against and charged directly to the subcontract or purchase order and maintained in stock, and all items withdrawn from Supplier owned stores. These records shall indicate the following:

- a. Subcontract or purchase order number.
- b. Nomenclature or description of item.
- c. Quantity received.
- d. Date received.
- e. Quantity issued.
- f. Date issued.
- g. Balance on-hand.
- h. Posting reference.
- i. Unit price.
- j. Location.
- k. Disposition

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2.3 Marking and Identification

1. **Special Tooling.** All items of special tooling shall be marked, to reflect the Supplier's tooling number, and APL/Government ownership.
2. **Government Designated Agency Peculiar Property, Plant Equipment, Special Test Equipment or JHU/APL Provided Property.** All items shall be marked, with property tags. Identification shall consist of a serial number and an indication of APL or Government ownership.

2.4 Inventory

The Supplier shall take a physical inventory of all property as specified by the Procurement representative but no less than annually during the period the contract is in effect unless expressly permitted, in writing, by the APL Procurement Representative. The final results of the inventory are due to APL upon completion but no more than 30 days from the time the inventory is completed. Upon termination or contract completion a final inventory is required regardless of the time lapse since the last annual inventory. The results of the final inventory shall be sent to the JHU/APL subcontract representative as soon as the results are known but not more than 45 days from the last day of the period of performance.

2.5 Termination, Cancellation and Contract Close-Out Procedure

Property disposal instructions shall be obtained by submitting four copies of the appropriate SF1400 series Inventory Schedule in accordance with the terms of the Subcontract/Purchase Order, signed by the Supplier's authorized representative, showing inventory of all remaining residual property supplied, furnished, or loaned for the performance of work thereunder, or purchased, constructed, or fabricated with subcontract funds. This inventory shall classify such property, giving appropriate nomenclature, quantity, acquisition cost, condition code, and identification as follows:

1. Non-expendable items on-hand.
2. Expendable items on-hand.
3. Items constructed or partially constructed under the terms of the subcontract or purchase order.
4. Items permanently attached to the subcontractor's or vendor's installation.
5. Separate schedules shall be submitted for classified, hazardous, and precious materials residual inventory.

If specifically authorized under the subcontract or purchase order, residual and excess property shall be directly returned to APL upon completion or termination. The Supplier will perform a Physical Inventory and notify APL of the balances. After notification by the Supplier of the balances on hand the APL representative will provide

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written instructions for the shipment of the property by the Supplier to APL or alternative location.

2.6 Utilization

It is the responsibility of the Supplier to identify property excess or surplus to current and future requirements under this subcontract. When property is identified as surplus or excess it will be reported to APL's Procurement Representative. Property reported as excess or surplus will be retained until the APL Procurement Representative provides written disposition instructions.

Under no circumstances shall the Supplier use the property acquired under this subcontract for any other purpose or in support of any effort (government, commercial, or internal company) without the prior written authorization of the JHU/APL subcontract representative.

2.7 Records of Scrap

When this subcontract is a cost type contract for the fabrication or other manufacturing or assembly effort the normal scrap associated with the production effort shall be segregated and credited to this subcontract to the extent practical unless the Supplier has a previously approved procedure for the appropriate allocation of normal scrap. The Supplier shall maintain, as appropriate, separate or consolidated records of all scrap generated. These records may be maintained in accordance with the Supplier's previously approved system for scrap control. All unusual or specifically identifiable scrap associated with this subcontract effort shall be segregated and directly (and specifically) credited to this subcontract.

2.8 Scrap Disposal

The Procurement Representative shall forward to the Supplier upon completion of the work, a Scrap Disposal Certificate which must be signed by the Supplier's authorized representative and returned to the Procurement Representative. Proceeds of scrap sale of Government property are to be credited as directed by the APL representative under Cost Plus Contracts.

2.9 Withdrawals from Supplier-Owned Stores

Property withdrawn from the Supplier-owned stores for direct charge to the subcontract or purchase order shall be considered Government property at the time of withdrawal. Residual materials of this type shall be returned to the Supplier-owned stores and credit given the APL Subcontract/purchase order accounts. Transactions of this type shall be posted to the purchase order records and sufficient documentation will be maintained to provide an audit trail for subsequent review.

2.10 Segregation or Commingling of APL or Government Property and Suppliers Property

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APL or Government Property, particularly material shall be segregated and kept physically separate from the Suppliers own property (or property for use on another contract) at all times unless authorized in writing by the APL Procurement Representative.

2.11 Financial Control Accounts

The Supplier's Property Control System should be such as to provide when necessary the dollar amounts of APL or Government owned property in the following classifications:

1. Land rights therein
2. Utility distribution systems
3. Buildings, structures, and improvements thereto, excluding plant equipment
4. Agency Peculiar Property
5. Plant equipment (including OPE and IPE)
6. Special tooling
7. Special test equipment
8. Material

The Supplier's Property Control System shall be such as to provide the dollar amount of Government Property by Subcontract/Purchase order.

2.12 Access

The Government and/or APL representative(s), and any persons delegated by them, shall at all reasonable times, and with reasonable notice, have access to the premises where the property is located.

2.13 Other Requirements

All other provisions and or changes of subpart 45.5 of FAR will be understood and implemented as part of the Supplier's Property Control System.

Provisions required by contract language, FAR clauses or other Government regulations not specifically referenced or delineated herein shall still remain in force and in effect.