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Health & Human Services

HHS Contractors' Guide for Control of Government Property

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FOREWORD

This guide conveys the policy of the Department of Health and Human Services (HHS) covering the management and control of Government property. This Guide will help you learn the basics of HHS property administration. It provides information needed by contractors to administer government property under a HHS contract or grant to for-profit organizations.

8/21/2005

This publication replaces the 1974 edition "Control of Property in the Possession of Contractors. It was prepared by the Office of Management and Acquisition, Office of Acquisition and Grants Management, Acquisition and Logistics Research Staff.

We hope this guide provides the information you need. If you have unanswered questions after reading it, please contact your Contract Property Administrator for further assistance.

Kevin E. Moley

Assistant Secretary for Management and Budget

CHAPTER 1: INTRODUCTION

PURPOSE AND SCOPE OF THE GUIDE

This Guide outlines the basic policies and procedures for both cost-reimbursement and fixed-price contractors to follow in the management, control and use of government property provided under a HHS contract.

This includes government-furnished property (GFP) as well as contractor-acquired property (CAP). The Guide applies to contract property administration for the management of supplies, materials and both real and personal property that is furnished by the Government or acquired by contractors, including rented or leased items.

When the generic term "property" is used in the For an Alternative Navigation Method, Use Use Text Links to Navigate, it refers to personal property; other types of property are specifically identified (e.g. buildings, real estate). The Guide complements the Federal Acquisition Regulation (FAR) [REDACTED] and is not intended to supersede any FAR [REDACTED] requirements as expressed in the contract. The FAR [REDACTED] contains the official Federal policies on property used in contracts. Any differences between this guide and the FAR [REDACTED] as expressed in the contract, the FAR [REDACTED] will take precedence. It is a summary of HHS policies and procedures for contract property administration and therefore may not cover every question you have. If you need further assistance or additional information, contact your Contract Property Administrator.

HOW TO USE THE GUIDE

To help you locate the information you need, this Guide is structured within a basic framework, as shown in the Table of Contents.

Chapter 1 contains an overview of the key players at HHS who will be involved in the property aspects of your contract.

Chapter 2 outlines your responsibilities and liability for government property.

Life Cycle Chapters

Chapters 3, 4, 5 are organized by the life cycle of your contract, beginning with start-up and followed by contract administration and close-out.

These chapters apply to all contractors.

Special Consideration Chapters

Chapter 6 covers additional features which may or may not apply to your contract. If your contract falls under any of these categories, read the appropriate part of the chapter in addition to the standard life cycle chapters. These special considerations are: On-site contractors, non-profit or educational organizations, foreign governments or international organizations, and government vehicles.

In the remainder of the Guide, you will find forms and instructions, a glossary of property terms, an appendix with condition codes, HHS addresses, and an index. We suggest that you review the glossary to ensure that you understand exactly what is meant by terms such as personal property, nonexpendable property and accountable property.

Use of the index is encouraged as well. For example, if you want to locate information about excess property, the appropriate page numbers are listed under "excess."

KEY PLAYERS AT HHS

The key players at HHS that you will deal with regarding your government property are: the Contract Property Administrator, Project Officer and Contracting Officer. Generally, the Contract Property Administrator monitors, coordinates and manages property requirements. The Project Officer provides technical direction and interfaces with the Contract Property Administrator about your property requirements, and the Contracting Officer authorizes the transactions.

This section describes their overall roles in the authorization, administration and oversight of contract property.

The Contract Property Administrator is the designated representative of the Contracting Officer and will be referenced in the contract. References in the FAR ~~to the Plant Clearance Officer~~ to the Plant Clearance Officer apply to the Contract Property Administrator at

HHS. The Contract Property Administrator administers the contract requirements and obligations related to government property, and is responsible for all property administration functions from acquisition of the property to final disposition.

You should deal directly with the Contract Property Administrator in the administration of your government property. It is the Contract Property Administrator's responsibility to coordinate property issues with the Project Officer and Contracting Officer. Within HHS, the Contract Property Administrator is also assigned the responsibility of reviewing and approving property control systems and notifying you when your property control system does not meet HHS requirements; however, the Contract Property Administrator may not obligate government funds, or execute modifications to your contract, or otherwise make changes to your contract.

There are a number of Contract Property Administration office locations at HHS: Use of the term "Contract Property Administrator" in this Guide refers to the Contract Property Administrator at the office designated in your contract, and is appointed pursuant to delegated authority.

The Project Officer is an Agency program official who is designated in the contract as the technical representative of the Contracting Officer. Project Officers are trained as required by HHS Acquisition Regulations (HHSAR) and are appointed to administer and monitor contract performance. They are not authorized to obligate government funds or to execute contract modifications. Your Project Officer cannot grant you approval to acquire property with contract funds, nor can the Project Officer authorize you to transfer or dispose of any items.

The Project Officer is responsible for providing a property requirements listing along with a justification to the contracting officer, who coordinates the review, approval and physical transfer of the property with the Contract Property Administrator.

The Contracting Officer is the only HHS official who can authorize you to use government property or acquire property under the contract. The Contracting Officer's authorization will be stated in your contract, modification, or through the use of a Contracting Officer's Authorization (COA) authorizing contractor organizations to acquire property that arise during the course of the contract. Your Contract Property Administrator will normally coordinate property matters with the Contracting Officer.

CHAPTER 2: CONTRACTOR RESPONSIBILITY AND LIABILITY

CONTRACTOR RESPONSIBILITY

You must assure that your employees are knowledgeable of your contract and of the FAR [REDACTED], HHSAR, FPMR [REDACTED] and FIRMR provisions; they should have sufficient training in all areas of contract property administration. The General Services Administration (GSA) and several non-government training institutions offer three to five day courses in the administration of contractor-held property. These courses provide insight into government property administration. Your Contract

Property Administrator can give you more specific information on these courses.

Prime Contact

It is your responsibility to designate an individual within your organization as the prime contact for the Contract Property Administrator. Provide the individual's name, address, telephone number and signature at the inception of the contract. In the event that any of this information changes, including your organization's address or the name of the contact person, notify your Contract Property Administrator.

Maintenance of Official Records

Contractors are responsible for maintaining the Government's official property records unless the contract cites the FAR clauses that relieve that responsibility.

Contract Requirements

It is the contractor's responsibility to review the contract clauses and assure that the government property required to accomplish the scope of work is accurately reflected in the contract. The basic contract will include a detailed listing of accountable government property (both real and personal property with an acquisition cost of \$1000 or more, with a life expectancy of more than two years and sensitive items regardless of acquisition value). If accountable property is provided without contract authorization, promptly notify your Contracting Officer with a copy to the Contract Property Administrator.

Property Control

The contractor is held accountable and responsible for government property, regardless of value, from the time of receipt until the disposal of each item as directed by the Contracting Officer. You are responsible for the control of all GFP and CAP upon delivery of the property into your custody.

Acquisitions

Acquisitions of accountable property must be authorized by the Contracting Officer before acquiring the item(s). Identification of the property will be stated in the basic contract, a subsequent modification or Contracting Officer's Authorization (COA) letter. Accountable property that is listed in work assignments, delivery orders or task orders is not authorized for acquisition or use until it has been authorized.

Decontamination

The contractor is responsible for decontaminating government property which may have been contaminated while in the contractor's possession. When government property is to be transferred, disposed of, or excessed, a certification that property is free from all hazards, including biological, chemical, radioactive, or other health hazardous agents must be sent to the Contract Property Administrator.

Subcontractor Property

It is the prime contractor's responsibility to hold the subcontractor responsible for reporting any transactions involving government property. Subcontractors are governed by the same requirements as prime contractors for the control of government property.

CONTRACTOR LIABILITY

Contractors may be liable for government property in their possession, subject to the terms of the contract. You may be liable when government property is missing, damaged or stolen, or when there is evidence of improper or unreasonable consumption. If approval of your property control system was withheld or withdrawn, or if you fail to correct deficiencies identified by the Contract Property Administrator, the Contracting Officer may require you to accept a higher level of liability for loss of or damage to government property.

CHAPTER 3: CONTRACT START-UP

Chapters 3, 4, 5 apply to all contractors (Contract Start-Up, Contract Administration, and Contract Close-Out). Portions of Chapter 6, Special Considerations, may also apply to you.

AUTHORIZATION

Prior to the start of work, review your contract concerning the authorization of property. Property that is listed in work assignments or task orders is not authorized for acquisition or use until it has been authorized in the contract, modification, or the Contracting Officer's Authorization (COA). If government property not listed in the contract is provided to you, notify your Contracting Officer.

Review the detailed listing of property in your contract to assure that the government property required to accomplish the scope of work is accurately reflected in the contract. Be sure to check your contract for the clauses described in this section of the Guide. If any of the clauses described below are included in your contract, refer to the FAR (██████████) to determine your full requirements, responsibilities and liability for the property.

Maintenance of Official Records

You are responsible for maintaining the official property records unless the contract cites the FAR [REDACTED] clauses that relieve you of that responsibility. The clauses are normally cited in Part II, Section I of the contract, and may be incorporated by reference.

Refer also to FAR Part 45.102 and 105 [REDACTED]

Residual Property

The residual property clause authorizes use of property from a previous contract. If your contract contains this clause, be sure that you know exactly what is included in the residual inventory, and that the inventory listing is correct.

Government-furnished property

All accountable government property provided under your contract will be described and/or listed in the contract, including the Contracting Officer's Authorization (COA), and amendments/modification. The listing of accountable property items should include an item description (sometimes referred to as expanded nomenclature), manufacturer's name, serial number, model number, and a HHS decal number.

Contractor-Acquired Government Property

If you are authorized to acquire accountable property from a vendor, your contract will include a clause or COA letter that authorizes the transactions. Accountable property that you acquire and charge to the contract must be authorized on an individual line item basis in the contract.

Designation of Property Administrator

A reference or clause may be made to your contract to provide the name and office location of your Contract Property Administrator at HHS.

Using Property Under More than One Contract

Government property is to be used only under the contract for which it is authorized, unless otherwise authorized by the Contracting Officer. If your organization has more than one contract with HHS, the Contracting Officer may authorize use of government property under more than one contract.

START-UP INVENTORY

At the start of your contract, you are required to conduct a physical inventory of accountable government property provided to you or acquired with contract funds, as well as any property being leased or rented with contract funds. If your contract is a follow-on, make every effort to conduct a joint inventory with the previous contractor. Your start-up inventory may be done concurrently with the transfer from the previous contractor.

Inventory Requirements

The start-up inventory will be a physical inventory. Any discrepancies with the government-furnished listing in the contract should be noted. The inventory must include the following information:

- ✦ HHS decal number
- ✦ Manufacturer's name
- ✦ Manufacturer's model number
- ✦ Manufacturer's serial number

Record and reconcile your inventory results with the property clause in your contract, and submit the report to your Contract Property Administrator. For overages, shortages or damage, provide a statement of the condition and apparent cause. Include the name of your company's property contact for the Contract Property Administrator. Prime contractors must submit a consolidated inventory report of all government property, to include subcontractor inventory.

PROPERTY CONTROL SYSTEM

Shortly after contract award, the Contract Property Administrator will request a copy of the written procedures for your internal property control system unless HHS already has it. HHS reviews the property control system to determine if it is adequate to assure compliance with government regulations and contract terms, and to assure that the property is adequately protected, maintained, utilized and accounted for. The adequacy of your property control system helps to demonstrate your ability to manage government property.

A contractor with a few employees may not have a need for written procedures for effective management of Government property. In such cases, the Contracts Property Administrator will evaluate the adequacy of the contractor's system on the basis of the contractor's explanation of his controls and observation of the system.

Elements

An acceptable property control system must comply with the FAR [REDACTED]. It identifies all types and classes of government property and addresses your policies on the following elements:

- + Maintenance and calibration
- + Physical inventory
- + Identification and records
- + Storage and movement
- + Property consumption
- + Contract completion or termination

The property control system must enable you to locate any item of government property within a reasonable time. Generally, this should not exceed two working days. The system should also provide a complete, current, auditable record of all transactions, which the Government may review as frequently as conditions warrant.

The following section briefly outlines the major requirements for each element of your property control system.

Acquisition

Items are ordered in accordance with quantities stipulated in the contract. Existing equipment on-hand is screened before submitting requisitions. Correct source is identified (either government-furnished or contractor-acquired).

Receiving

Property received is inspected for discrepancies. Receiving report is prepared and distributed to appropriate offices. Discrepant items are segregated and documented (partial shipments, for example).

Identification and Records

Equipment received is promptly and properly classified and labeled with a HHS property decal. Inventory control and financial records are established and maintained for the property. Basic information is contained in the records, as outlined in the FAR [REDACTED]

Storage and Movement

An adequate system to control movement and location of property is maintained. Property in storage is protected, preserved and inspected to prevent loss, damage and deterioration. Adequate safeguards are provided for securing government property. A first in/first out system is established for stored items, subject to age deterioration and warranty expiration.

Property Consumption

Property is consumed only under contract performance. Stock record system of records is maintained for consumable items.

Utilization

Methods are established to ensure that government property is utilized only for purposes authorized by the contract. Contractual authorization is obtained to use property for other than its original authorized purpose. A system is established to review and identify government property for release when it is no longer required for contract performance. Criteria are established and retention of idle equipment is documented and justified by the program manager.

Maintenance and Calibration

A scheduled maintenance program is established, consisting of a systematic written procedure for servicing and inspecting equipment.

The goal is safe, efficient and economical operation of government equipment.

A program is implemented for the following categories of maintenance: preventive maintenance, routine repair and adjustment, emergency repair, and calibration.

A calibration control system is designed for all measuring and test equipment to provide control of the evaluation, calibration, maintenance, repair and use of it.

Records are kept of maintenance and calibration performed, including cost and date.

Maintenance and calibration are performed by technically qualified personnel.

System is capable of identifying high maintenance costs for review; corrective action is taken by management and is documented.

Physical Inventory

Physical inventories are generally conducted at the start of the contract, annually on the anniversary of contract award, fiscal year end, on a special basis if directed by the Government, and within 90 days upon contract completion or termination as specified in the contract.

Inventories should be taken by personnel other than those having custody of the property or maintaining the records unless the contractor's operation is too small to do otherwise.

Inventories are conducted using the "wall-to-wall" approach.

Physical inventory results are promptly reconciled with property records.

Inventory results and discrepancies are promptly reported to the Contract Property Administrator.

Subcontract Administration

Procedures and controls are established to assure that government property in a subcontractor's possession is adequately protected.

Subcontractor is aware of contractual property provisions.

Subcontractor will report loss, damage or destruction of government property to the prime contractor for notification of the Contract Property Administrator.

Reporting

Annual inventory reports are to be provided to the Contract Property Administrator by October 31st each year.

Any loss of or damage to government property is immediately reported to the Contract Property Administrator.

Government property excess to contract requirements is promptly reported to the Contract Property Administrator.

Standard Form 1428 Inventory Schedule is submitted for all accountable contractor-acquired and leased property; receipt of GFP is reported to the Contract Property Administrator when the property is received.

Any other reports specified in this Guide or in the contract.

Disposal

Disposition instructions provided by the Contract Property Administrator are carried out as directed.

In accordance with instructions, the disposal of property is properly documented.

The quantity, condition code and location are reported accurately for property items requiring disposition.

A decontamination certification is included in the final inventory report at the conclusion of the contract, unless waived by the Contracting Officer.

Contract Completion or Termination

Residual property is reviewed for appropriate actions (such as decontamination or repair) before transfer or disposal of property.

A full accounting is effected for all government property in possession of the prime contractor and subcontractor. The final inventory report is submitted promptly unless the Contracting Officer specifically approves an extension of time.

Pending issues are resolved, such as inventory adjustments and determinations of liability, before contract closure.

The Contract Property Administrator is notified when all pending actions on property-related issues are completed.

HHS Review of System

Your written system of procedures for property control must be submitted to the Contract Property Administrator for review within 30 days from the date it is requested. The review and approval of a contractor's property control system at a specific site by one agency is binding on all other government departments and agencies, under interagency agreements. However, HHS may impose special property administration requirements to meet Agency needs.

Disapproval of System

If your system does not comply with the FAR [REDACTED] or contract requirements, corrections will be required after notification of deficiencies. If you do not correct the deficiencies within the schedule that was agreed upon, the Contract Property Administrator will recommend disapproval of your system by the Contracting Officer. Your liability for loss of or damage to government property may increase if approval is withheld or withdrawn.

CHAPTER 4: CONTRACT ADMINISTRATION

ACQUIRING PROPERTY

There are several ways to acquire property. You may obtain GFP through a transfer of property from an HHS office or another contract, or by securing excess property (this requires a special contract authorization). You may be authorized to acquire property by purchasing it from GSA supply sources (requiring a special authorization in your contract) or from a private vendor, or you may be required to lease or rent the property.

Authorization Required

Regardless of how you acquire property, any use of accountable government property under a HHS contract must be authorized in writing by the Contracting Officer.

Unauthorized Property Acquisitions

If you possess accountable GFP or CAP which has not been authorized by the Contracting Officer, immediately report details about your possession of the property to your Contracting Officer with a copy to the Contracts Property Administrator.

The Contracting Officer will determine if it is appropriate to allow you to retain any unauthorized property. If the Contracting Officer grants authorization, the acquisition will be ratified and reflected in a contract modification.

Government-Furnished Property

The furnishing of government property will be coordinated by your Contract Property Administrator. You must identify your needs to your Contracting Officer who will coordinate with the Project Officer; the clear definition of your needs before property is provided will facilitate the authorization process. The transaction must be authorized before property is physically transferred to you. When you receive the property, examine it to see that it will meet your needs and that it is in the proper condition for work performance. If the property does not meet your needs, notify the Contracting Officer immediately.

Transfer Between Multiple Contracts

If you have more than one contract with HHS and want to have property transferred from one contract to another, coordinate this through your Contracting Officer who will coordinate with the Contract Property Administrator. If the transfer is approved, the Contracting Officer will issue a modification to effect the transfer.

Acquiring Excess Government Property

If you are located near a government installation, you may be able to acquire excess property. This requires the approval of your

Contracting Officer to issue a screener's identification card (GSA Form 2946). If authorized, your Contract Property Administrator will provide catalogs of excess property. Contact your Contract Property Administrator for details about obtaining excess property.

Also, surplus personal property may be donated through State agencies to non-profit tax-exempt activities such as medical institutions, hospitals, schools, universities etc. Refer to FAR Part 45.609 [REDACTED] and FPMR 101-44.207 [REDACTED].

Contractor-Acquired Property

Prior to authorizing the acquisition of CAP, there is a justification process and a determination of the method that is in the best interest of the Government. The documentation of this process and the analysis, called a property justification, is coordinated by the Contracting Officer with the Project Officer.

Property justifications are required for all leased items, regardless of value. If accountable CAP has been authorized under your contract, the contract will specify whether the property is to be purchased, leased or rented. The FAR [REDACTED] and FPMR [REDACTED] contain detailed information about procurement requirements; they may assist you in developing adequate procedures.

GSA Supply Sources

GSA and Federal Supply Schedules should always be considered as a first source of supply. If you are authorized to acquire property from a GSA supply source: FEDSTRIP [REDACTED] (Federal Standard Requisitioning and Issue Procedures) or Customer Supply Centers, contract clause, modification or letter of authorization from your Contracting Officer is required to authorize use of these supply sources.

FEDSTRIP and Customer Supply Centers

FEDSTRIP [REDACTED] and Customer Supply Centers are operated by GSA to serve the retail needs of federal agencies. Cost-reimbursement contractors may also use these sources, if authorized. FEDSTRIP [REDACTED] is used for ordering large quantities of items while Customer Supply Centers are intended for small quantity orders. If you are interested in using these first supply sources, contact your Contract Property Administrator for details.

REPORTING AND REIMBURSEMENT FOR ACQUISITIONS

Prime contractors must submit consolidated reports that include subcontractor acquisitions. Subcontractor acquisitions are subject to the same reporting and justification requirements as prime contractors for acquiring property under the contract. The

prime contractor coordinates subcontractor transactions; subcontractors do not deal directly with the Contract Property Administrator, except for subcontractors to the Small Business Administration.

Receipt of Contractor-Acquired Property

Immediately upon receipt of accountable property items, report the acquisitions on Standard Form 1428 Inventory Schedule [REDACTED]. Submit the completed Standard Form 1428 Inventory Schedule [REDACTED] to your Contract Property Administrator (a copy of the form must also be attached to your reimbursement voucher). Specific instructions for completion of Standard Form 1428 Inventory Schedule [REDACTED] are located in Chapter 7 of this Guide.

Accountable property is nonexpendable personal property with an acquisition cost of \$1000 or more, and with a useful life of two years or more and sensitive items regardless of acquisition value. All accountable property items acquired under your contract must be reported on Standard Form 1428 Inventory Schedule [REDACTED], including such commodities as components, accessories, improvements and add-ons that exceed the accountable threshold as well as leased or rented items. Be sure to report design, labor and/or transportation costs, if applicable. These costs are included in the acquisition cost of the item in the Agency's records.

Discrepancies in Shipments

If you discover an overage, shortage or damage upon receipt of CAP, take whatever actions are necessary directly with the vendor or the supplier.

Receipt of Government-Furnished Property

When you receive accountable GFP, notify your Contract Property Administrator by letter immediately upon receipt of the property; this applies to unauthorized as well as authorized government property. If an HHS Property Transfer document is forwarded to you for signature, sign it and return it to your Contract Property Administrator. If you send a letter, include the decal number, acquisition cost, item description, model number, serial number, condition code and physical location of the property. Remember: prime contractors report to the Contract Property Administrator all transfers to subcontractors.

If your Contract Property Administrator forwards an HHS Transfer Form for your signature, verify that all information recorded on the form is correct. Remember to check the condition of the property and ensure that it will meet the requirements of the work to be performed. If there are any discrepancies with the form, notify your Contract Property Administrator upon receipt of the property. Once you have verified the information on the form, sign it where indicated and return it to your Contract Property Administrator.

Discrepancies in Shipments

If you discover an overage, shortage or damage upon receipt of GFP, or if property is unusable for any reason, provide a statement of the condition and apparent cause to the Contract Property Administrator. If necessary, file the appropriate claim forms with the shipping company.

Leased Property

The acquisition of leased property must also be reported on Standard Form 1428 Inventory Schedule [REDACTED] if the acquisition cost of the leased item would exceed the accountable threshold (see Glossary) and if the lease term exceeds two months. Chapter 7 in this Guide contains details about the specific information that is reported.

Notify your Contracting Officer with a copy to the Contract Property Administrator at least 45 days before termination of a lease arrangement, whether due to the expiration of the actual lease or the termination/expiration of your contract. Also advise the Contracting Officer of any credits toward purchase of the item. The advance notice to HHS will allow the Government to decide whether to purchase the item or return it upon lease expiration, or to buy out the lease if it has not expired.

Subcontractor Acquisitions

Accountable items acquired by a subcontractor are reported by the prime contractor to the Contract Property Administrator on Standard Form 1428 Inventory Schedule [REDACTED]. Reimbursement to a subcontractor is coordinated and processed by the prime contractor; prime contractors are reimbursed by HHS for authorized subcontractor acquisitions. HHS communicates directly with the prime contractor only, except for contracts with the Small Business Administration under its 8(a) program.

Receipt of Component Parts

Component parts or other items acquired for addition to a piece of property that has already been reported and decal'd, must be reported on Standard Form 1428 Inventory Schedule [REDACTED] if the component's price exceeds the accountable threshold. State the HHS decal number of the main unit and indicate that the components will be added to that piece of property. Also record an entry for such costs as design, labor and transportation, if applicable; these costs are added to the acquisition value of the item.

Fabricating Equipment

If equipment, components or additional items are acquired individually and then assembled into one main unit, report the

acquisition of accountable items individually as they are purchased. Include a statement on Standard Form 1428 Inventory Schedule [REDACTED] that one major unit is being constructed. When the item has been completed, notify the Contract Property Administrator, and state this on your Standard Form 1428 Inventory Schedule [REDACTED]

Records

If the construction of prototype or special research equipment is authorized by the contract, report the costs for design and labor along with the value of the components to include equipment, material and supplies.

Special test equipment fabricated from materials that are government property are recorded as government-owned immediately upon fabrication. If equipment is fabricated from materials that are contractor-owned, the completed item is recorded as government property when title passes to the Government.

Installed Property

Before installing government equipment at your site, you must obtain authorization from your Contracting Officer, and a modification or authorizing letter must be issued. Before installing the property, consider how the property can be removed at contract completion. It is suggested that you discuss this with your Project Officer. Provide your Contracting Officer with a detailed report on the cost of removal and restoration, as well as a planned disposal method. Include labor costs for installation and/or set-up, and transportation costs in the total cost.

Reimbursement for Acquisitions

Contractors generally submit SF-1034 and/or SF-1035, Public Voucher for Purchases and Services Other than Personal (New Window), for reimbursement of costs incurred under contract performance. You must itemize acquisitions under the "Personal Property/Equipment" category of your voucher and not simply list them as "Other Direct Costs". The Contract Property Administrator receives a copy of your voucher from the HHS paying office and checks voucher entries to ensure that property acquisitions are reported under the proper category.

Attach Copy of Standard Form 1428 Inventory Schedule

The original Standard Form 1428 Inventory Schedule [REDACTED] is submitted to your Contract Property Administrator. A copy of the form must be attached to your voucher to support reimbursement claims. If you submit a voucher including costs for accountable personal property items, but fail to attach a copy of the Standard Form 1428 Inventory Schedule [REDACTED], payment for the personal property items may be suspended by the Contracting Officer.

Invoice Preparation

If you have questions about voucher/invoice preparation and processing related to personal property, please contact your Contract Property Administrator. Any other questions about vouchers should be directed to the paying office designated in your contract.

PROPERTY IDENTIFICATION

This section describes requirements for decals, sensitive items, precious metals, and special test equipment.

Decals

Decals are identifying tags designed by HHS to identify Agency property and to display the specific number assigned to a particular item, or to identify a specific class of property. HHS has a variety of decals to identify property classifications:

- + Bar code decals identify accountable property.
- + For other than accountable property, a decal that states "Property of U.S. HHS" may be furnished, if requested.
- + Blank paper decals may be provided for components or other add-ons (the HHS decal number of the main unit is written on the decal and affixed to the component).
- + Decals may be furnished for leased items (the decal number is preceded by the letter "L" or "R").
- + Metal decals may be requested for property that is exposed to the environment.

If you are provided GFP without affixed decals, contact your Contract Property Administrator in writing to request the decals. Your Contract Property Administrator will furnish decals for accountable CAP. The HHS decal numbers should be referenced in your correspondence.

Items that Cannot be Decaled

Some property items cannot be decaled. These include submersible items and those subject to chemical exposure and weather conditions. You may request metal decals for property that is exposed to the environment. Other items cannot be decaled because the decal will not adhere to that particular type of surface (pumps, some typewriters, for example). In these cases, make every effort to indelibly mark the item by painting or etching the decal number on it. Items that cannot be decaled or otherwise marked with the decal number, such as platinum crucibles, are subject to additional controls. One option for recording the decal numbers is to attach the decal to your copy of Standard Form 1428, Inventory Schedule [REDACTED] that shows receipt of the item. Stock cards can also be used, recording detailed information about the item, and attaching the decal to the stock card.

Sensitive Items

Sensitive items are property items that are highly desirable and easily converted to personal use. Special efforts must be made to control and protect sensitive items. Sensitive items classified as accountable property, and must be reported on Standard Form 1428 Inventory Schedule [REDACTED]. If you need assistance in identifying sensitive items, contact your Contract Property Administrator for more information. Sensitive items are listed in Appendix C. Signature receipts are required to establish individual accountability for all sensitive items regardless of value.

Precious Metals

When authorized, precious metals can be acquired directly or indirectly, as government-furnished or contractor-acquired personal property. Precious metals such as platinum, used in the composition of crucibles or evaporating dishes, for example, are commodities requiring sensitive item accountability as well as classification as precious metals. Keep records of the amount of precious metal comprising the commodity.

Some precious metals, such as gold and silver, may exist within the boards and wiring of certain computer and laboratory instruments. Maintain a record of this information to assure appropriate recovery if outright disposal is considered.

Recovery of Precious Metals

The recovery of precious metals must be reported annually to your Contract Property Administrator; report the amount recovered and the method of recovery. Contractors that consistently use photographic services, for example, must develop a program for the recovery of silver. Contractors should contact the Contract Property Administrator who will contact the regional GSA Federal Supply Service or the Defense Logistics Agency (DLA) serving the area for assistance. (NOTE: October 12, 2006--- the GSA Federal Supply Service (FSS) is being merged with the Federal Technology Service (FTS) into the Federal Acquisition Service (FAS). As more is known about the structure of the new FAS, the instruction found here will be updated)

The Contracting Officer will approve a credit to the contract when the silver is properly disposed of at a profit.

Special Test Equipment and Components

Special test equipment authorized as GFP or CAP under the contract will be marked with a serial number and the HHS decal number. If it is not feasible to mark the equipment, report this to the Contract Property Administrator. Special test equipment components valued at \$1,000 or more and incorporated in a manner that makes removal and re-utilization feasible and economical, must also be marked. Property identification should be legible, permanent, conspicuous, and tamper-proof, consisting of serial number and decal number. Remember: off-the-shelf testing equipment is not classified as special test equipment (see Glossary).

ANNUAL INVENTORY

A physical inventory of accountable government property must be conducted by September 30th and submitted by October 31st of each year. Your inventory must include accountable government property items acquired, furnished, rented and/or leased under the contract. Employees who conduct inventories should not be the same individuals who maintain the property records. Following the physical inventory, prepare an inventory report and submit it to your Contract Property Administrator and Contracting Officer.

Include all accountable government property in your possession, even if it has not been authorized by the Contracting Officer. Remember: software (commercially leased) has been classified by HHS as sensitive; and is subject to reporting requirements.

The minimum information that must be recorded follows:

- + HHS decal number,
- + Associated HHS decal numbers,
- + Manufacturer's name,
- + Item description,
- + Manufacturers model number,
- + Acquisition date,
- + Manufacturers serial number,
- + Actual cost of item.

Subcontractor Inventory

Prime contractors must submit a consolidated report of all accountable government property under the contract, to include subcontractor inventory. Subcontractors should report their inventories to the prime contractor.

Certification

Your final inventory report must include a certification that all items are required for continued contract performance and are free from contamination. Property that is no longer usable or required must be reported and identified as such.

Reconciliation of Inventory

Reconcile your inventory with your property records. If you discover overages or shortages, report them in your cover letter and submit back-up documentation, described in the following paragraphs, to initiate the appropriate actions.

Overage Procedures

For overages, your Contract Property Administrator will notify your Contracting Officer. You will be contacted and asked to provide information about how you acquired the property and to justify your continued need for it. Your Project Officer may initiate the property justification process if your retention of the item is approved by the Contracting Officer.

Shortage Procedures

First, attempt to locate the item. If you have property at more than one site, check your other locations. If you cannot find the item, submit a statement explaining all related circumstances, including the actions you have taken to try to locate the property. In your letter, you may request relief of accountability for the item. If you suspect the item was stolen, report this immediately to the local police. The Missing, Stolen and Damaged Property section of the Guide outlines the required content of your statement.

MISSING STOLEN AND DAMAGED PROPERTY

Promptly notify the Contract Property Administrator of any loss, damage to, or destruction of government property in your possession or control, or in the possession or control of a subcontractor. You are required to investigate the circumstances of each incident and ensure that measures are taken to prevent recurrence. You must report all known facts and circumstances of the case, to include the following information:

Description of item(s) missing, stolen, damaged, or unreasonably consumed to include condition of the item before it was missing/stolen,

- ✦ HHS decal number (if applicable),
- ✦ Manufacturer's name and model number,
- ✦ Date the item was last inventoried,
- ✦ Cost of item and projected cost of repairs, for damaged property,
- ✦ The last time the item was physically seen,
- ✦ The names of individuals who used the item,
- ✦ The names of individuals who had access to the item,
- ✦ The name of the individual who discovered it was missing,
- ✦ The date and time the item was first discovered missing,
- ✦ The actions taken to try to locate the item,

- ✦ Previous similar occurrences and measures taken to prevent future occurrences,
- ✦ Other facts or circumstances relevant to determination of liability and responsibility for repair or replacement.

Any loss due to theft or suspected theft must be reported immediately to the local police and the Federal Bureau of Investigation (FBI). Check the U.S. Government listings in your telephone directory for the phone number. Send a copy of the police report to the Contract Property Administrator. The Contracting Officer will determine your liability for losses.

RECORDS

Your property records must identify all types and classes of government property (expendable supplies, materials, nonexpendable personal property/equipment and real property). The records must be safeguarded from tampering and/or destruction. Separate property records should be maintained for each contract.

PERSONAL PROPERTY

Your personal property records must ensure that the following areas of property administration are covered:

- ✦ Acquisition Maintenance and calibration,
- ✦ Receiving Physical inventory,
- ✦ Identification/records Subcontract administration,
- ✦ Storage and movement Reporting,
- ✦ Property consumption Disposal,
- ✦ Utilization Contract completion.

Audit of Records

Your records should provide a complete, current, auditable record of all transactions. They must be accessible to authorized government personnel; your records are subject to review by the Government as conditions warrant. Compliance reviews may take place at any reasonable time during contract performance, completion, termination, or any time during the period you are required to retain such records. Records must be retained for the time period specified in FAR 4.705 [REDACTED] or for any longer period specified in your contract.

Basic Information

Your inventory records must provide the following information for every item of government property in your possession:

- ✦ Expendable Supplies and Materials Item description,
- ✦ Unit of measure,
- ✦ Unit price Contract number,
- ✦ Quantity received,
- ✦ Location,
- ✦ Quantity issued Disposition,
- ✦ Quantity on hand,
- ✦ Posting reference,
- ✦ Nonexpendable Personal Property/Equipment Owned or Leased,
- ✦ HHS decal number,
- ✦ HHS decal number,
- ✦ Item description,
- ✦ Manufacturers name,
- ✦ Manufacturers model number,
- ✦ Manufacturers serial number,
- ✦ Actual cost of item,
- ✦ Monthly cost,
- ✦ Acquisition date,
- ✦ Installation date,
- ✦ Contract number,
- ✦ Credits accrued,
- ✦ Government-furnished or Contractor-acquired,
- ✦ Contractor's current order number,
- ✦ Associated HHS decal,
- ✦ Expiration date numbers,
- ✦ Maintenance cost,
- ✦ Acquisition price if purchased,

- ✦ Current location,
- ✦ Buy-out price,
- ✦ Condition code.

Secondary Sites

There is no requirement to record unit price in the records maintained at secondary and subcontractor sites, provided that the records maintained at your primary site do contain unit price. You must agree to furnish actual or estimated unit prices on equipment you purchase when the need arises. If the specific unit price cannot be obtained, you may use reasonable estimates.

Real Property

Real property consists of buildings, grounds, improvements, structures, and features permanently installed in, or attached to, facilities. Personal property installed on non-government realty is treated like personal property, not real property. It is subject to the controls for personal property outlined in this Guide. Your property control records for real property must contain the following basic information:

- ✦ Real Property,
- ✦ Item description,
- ✦ Quantity,
- ✦ Unit price,
- ✦ Unit of measure,
- ✦ Contract number,
- ✦ Location,
- ✦ Manufacturer's name,
- ✦ Date of transaction,
- ✦ Manufacturer's model number,
- ✦ Disposition posting reference,
- ✦ Manufacturer's serial number,
- ✦ Type of utilities attached to.

Requirements

Your property control records for all government real property, including alterations, construction work and sites, will include an itemized record of the description, location, acquisition cost and disposition. These records must include maps, drawings, plans, specifications, and supplementary data. They must be complete and include original cost of the property, and improvements, changes and additions.

Capitalization

If you incur any cost for new construction, assembly to the real property, expansions, extensions, conversions, additions, alterations and improvements, the cost will be capitalized. HHS must record the cost as a capitalized asset. To assist the Agency in carrying out its responsibility, report this information to HHS. The costs for real property involving destruction of the facility or costs for ordinary maintenance or repair of the property are not capitalized.

STORAGE AND MOVEMENT

Guidelines for the storage and movement of government property are covered in this section.

Storage

Take measures to protect and preserve stored government property in order to prevent loss, damage and deterioration. The property should be clearly identified as government property and should not be intermingled with non-government property. Ensure that stored items requiring special handling (such as flammables or explosives) are stored safely and are adequately protected.

Movement of Property

Document the movement of government property when property is removed from any of your sites for return to the Department or delivery to another contractor or agency. In these instances, the physical relocation of the government property must be documented in writing, with copies provided to the Contract Property Administrator and the Project Officer. Notify your Contract Property Administrator before the property is moved, and instructions will be provided.

TRADE-INS

Trade-ins or exchanges may be authorized for outdated equipment in a contractors inventory, or in order to decrease the purchase cost of a new item. This type of transaction occurs rarely, and is authorized only when there is a definite advantage to the Government.

Request for Authorization

If you wish to trade in or exchange government property for identical items, or for newer state-of-the-art items that are similar, send a written request to your Contracting Officer, with a copy to the Contract Property Administrator. Your Contract Property Administrator will coordinate with the Contracting Officer, who may grant approval for the trade-in or exchange.

If the trade-in is disallowed, and you have no further use for the item, it will be offered to HHS offices for use, or referred to other agencies through the routine excess process.

EXCESS PROPERTY

You must report to your Contract Property Administrator all government property that is excess to your needs. Property in your possession may be considered excess if it is no longer required for contract performance or no longer in working order and repair is considered impractical. Your Contract Property Administrator will coordinate with your Contracting Officer to determine if the item is required on another contract or by the sponsoring program. If the property cannot be used elsewhere in the Department, there is a series of steps that HHS must follow to dispose of excess property.

This is sometimes a lengthy process, and you may be required to store the excess property while the procedures are being carried out. You are responsible for the property as long as it is in your possession.

Report of Excess

The Contract Property Administrator in conjunction with HHS property management will issue an SF-120 (Report of Excess Personal Property) [REDACTED], an SF-126 (Report of Personal Property for Sale) [REDACTED], or an SF-15 (Sale of Government Property) for government property, regardless of value, that is not required for further use by the Department. The appropriate form will be executed and an informational copy forwarded to your designated representative. This individual's name normally appears on the forms as the contact person for anyone requesting additional information on the excess property. The Contract Property Administrator will advise your representative of the steps that are involved and will issue final disposal instructions when release of the items is appropriate.

Quite often, GSA forwards a form or a letter directly to the contractor. If you receive any of this material directly from GSA, please forward it to your Contract Property Administrator.

Information provided by GSA to your Contract Property Administrator will be sent to you as needed.

Disposal Instructions

You may not dispose of any item until you receive the Contracting Officers approval and complete written instructions from the Contract Property Administrator. Disposal options include transfer, donation, trade-in, sale, abandonment, cannibalization, scrapping or destruction of the property.

Once you have declared an item as excess, with the concurrence of your Contracting Officer, the Contract Property Administrator will notify GSA of the excess item for transfer to another government agency/department or contractor. If the item cannot be transferred, it is offered to state agencies in the GSA region for donation. If the states are not interested in the item, it is then offered to the public for sale. If GSA is unable to dispose of the item, the Contract Property Administrator is notified by GSA that HHS is authorized to conduct a small lot sale or abandon the item.

Abandonment and Destruction

Excess property may be destroyed or abandoned by HHS only after every effort has been made to dispose of it by other authorized methods. With GSA's permission, HHS may elect to abandon property at a site under certain circumstances during the life of a contract or during close-out of the contract. Authorization for abandonment requires a written determination by the Contracting Officer.

If you are authorized to abandon an item, remove all government markings from the item. Prepare and submit to your Contract Property Administrator a certification that the item is disposed of, and that it is disposed of in a manner that does not endanger the health and safety of the public.

When the Contract Property Administrator informs you that an item cannot be disposed of through GSA, you may be asked to identify any non-profit organizations in your local community that are interested in the item. If you are a for-profit firm, the item must be donated to a third party, as previously described. Local organizations to consider include high schools, vocational schools, colleges or service organizations (such as Goodwill Industries, Salvation Army, or Volunteers of America).

Letter from Organization

If it is known that an organization is interested, request a letter from them stating that they are a non-profit organization, and stating how the item will be used. The letter should be forwarded directly to the Contracting Officer with a copy to the Contract Property Administrator by the organization. The property item must be free from contamination; it is your responsibility to provide this certification.

CANNIBALIZATION

Cannibalization refers to either the alteration of a piece of government property that is generally obsolete due to age or technological advances, or reducing equipment to parts in order to obtain needed components. In other words, you are cannibalizing property when you remove serviceable parts from an item, rendering it unserviceable or reducing its value. You may not cannibalize government equipment unless you have received the Contracting Officers approval and written instructions from the Contract Property Administrator.

CONTAMINATION

The descriptions of transfers and disposal actions contained in this Guide assume that the property involved is decontaminated. Any contamination of personal property/equipment must be immediately reported to both the Contract Property Hazard-Free Certification Administrator and the Contracting Officer along with a certification that items are hazard-free. The contractor is normally expected to decontaminate the item so that it may be used again.

The following certification, signed by the contractor or an authorized official, must accompany each copy of the excess declaration or final inventory when shipment from the contractor's facility will be required:

I certify that the listed property is free of biological, chemical, radioactive, other health hazardous contamination, and that the property is safe for shipment, except for the following line items:

.

* (Enter line item numbers or "No Exceptions")

Signature

Title and Date

Packing, Crating, and Shipping

When shipment of government property is required, the contractor is responsible for proper packing, crating, and handling to ensure it reaches its destination in good condition. Shipments shall be made pursuant to the directions of the Contracting Officer or Contract Property Administrator and the contractor must advise the Contract Property Administrator of the items shipped, date of shipment, number of crates or parcels, carrier's name, and the waybill number immediately after carrier's pickup.

CHAPTER 5: CONTRACT CLOSE-OUT

FINAL INVENTORY AND CERTIFICATION

At the end of your contract, you must conduct a final inventory. Employees who conduct inventories should not be the same individuals who maintain the property records.

Inventory Requirements

The final inventory will cover all property items furnished or acquired under the terms of your contract, including

nonexpendable/expendable property items regardless of cost, and supply items and materiel not consumed during contract performance. The amount of accrued lease credits for leased property will also be included on the final inventory. Advise the Contract Property Administrator of any and all unusual circumstances related to the inventory. Failure to provide the prescribed final inventory will delay contract close-out and final payment.

You are required to report the following information on your final inventory:

- + HHS decal number,
- + Associated HHS decal numbers,
- + Item description,
- + Acquisition cost,
- + Manufacturer's name,
- + Condition code,
- + Manufacturer's model number,
- + Quantity,
- + Manufacturer's serial number,
- + Physical location of item.

Certification

Final inventories must include the following certifications:

"I certify that except for items consumed in the performance of the contract, this inventory includes all materials, supplies and equipment furnished by the Government or acquired by the contractor for the account of the Government under contract number _____."

"I further certify that all property is in a state free from contamination by any hazardous or toxic substances, and requires no additional clean-up or decontamination efforts."

Contractors that have no government property in their possession must submit a certification to that effect.

Follow-on Inventories

When government property under your contract is being transferred to another contract, it is suggested that a joint inventory be conducted. This may effect the transfer of the property, relief of liability for the closing contractor and receipt by the follow-on contractor.

Government Terminates Contract

If the Government elects to terminate a contract for the convenience of the Government, the requirements for a termination inventory are the same as outlined for a final inventory. The termination inventory must be conducted primarily for disposal purposes.

Subcontractor Inventories

Prime contractors must submit a consolidated inventory report of all government property, to include subcontractor inventory. Subcontractors should report their inventories to the prime contractor. Subcontractor inventory is reported in the same detail as outlined for prime contractors; state the location of the subcontractor property being reported.

DISPOSITION OF PROPERTY

Your Contract Property Administrator will provide written instructions for the disposition of your property. You may remove government property from your site only in accordance with those instructions. You are responsible for the property until final disposition has been completed.

Leased Property

Notify your Contract Property Administrator at least 45 days before a lease arrangement is terminated, and report the status of any purchase credits. This applies to leases due to expire when your contract ends, and to leases that continue after the completion or termination of your contract. If the lease is expiring, the Government may elect to purchase the item, or if the lease has not expired, the Government may choose to buy out the lease. Your advance notice to the Contract Property Administrator will permit sufficient time for a determination to be made.

Disposal Options

In disposing of the property, the Government may elect to exercise any of the options described below:

if a cost reimbursement-type contract, allow the contractor to buy contractor-acquired items/inventory at 100% of acquisition value; return the items/inventory to the original supplier for credit, less any reasonable restocking charge. (Do not finalize the purchase or return any merchandise without written instructions from the Contract Property Administrator); transfer all or part of the inventory to another contract: transfer the inventory to a licensee by means of a Revocable License Agreement for a loan; have the inventory returned to HHS; or report the inventory as excess.

Other options the Government may consider for the disposition of your property include sale to the public, donation, abandonment, scrapping and destruction. Your Contract Property Administrator will provide specific written instructions for the disposal of your property.

CHAPTER 6: SPECIAL CONSIDERATIONS

Chapters 1,2,3,4, 5 apply to all contractors. Portions of Chapter 6 may also apply to you. If your contract falls in any of these categories, read the appropriate section of this chapter: On-site contractors, foreign governments or international organizations, non-profit or educational organizations, and government vehicles. The information that appears in Chapter 6 is supplementary to the first five chapters, describing only additional information or special considerations.

ON-SITE CONTRACTORS

On-site contractors are organizations working under contract on HHS premises. Any use of government real and personal property must be authorized in the contract as GFP, or on an "access to..." basis. In either instance, it will be itemized in the basic contract or in a subsequent contract modification.

Suspected Theft of Property

The procedures for missing, stolen and damaged property vary slightly for on-site contractors when theft or suspected theft is involved. Notify HHS internal security office as well as your Contract Property Administrator.

On-site contractors are guided by the instructions, procedures, and practices outlined in Chapters 1,2,3,4, 5 of this Guide. In these chapters, the requirements for inventories, points of contact, acquisitions, transfers, disposition and other property administration areas are covered.

FOREIGN GOVERNMENTS/INTERNATIONAL ORGANIZATIONS

This section pertains to contractors that are foreign governments or international organizations. Before awarding this type of

contract, the Contracting Officer will determine whether costs will be recovered or rental charged for the use of government-furnished property. The contract will specify if property is provided on a rental or non-rental basis. The official property records will be maintained by HHS for all foreign governments and international organizations.

Foreign governments or international organizations performing cost-reimbursement contracts may be permitted to carry insurance for loss or damage to government property, and the cost of the insurance permitted as an allowable expense to the contract. Or they may claim immunity from liability, as determined by the Contracting Officer.

Contractors that are foreign governments or international organizations are guided by the instructions, procedures, and practices outlined in Chapters 1 - 5 of this Guide. In these chapters, the requirements for inventories, points of contact, acquisitions, transfers, disposition and other property administration areas are covered.

NON-PROFIT/EDUCATIONAL ORGANIZATIONS

When contractor-acquired property is authorized for a non-profit or educational organization under a HHS contract with the primary purpose of research, there are special conditions for the vesting of title. Except as outlined in this section of the Guide or in the contract, title to CAP ordinarily vests in the non-profit or educational organization working under a research contract. At the Government's discretion, however, in some instances title may vest in the Government, and the non-profit/educational organization will be subject to the requirements described in Chapters 1,2,3,4, 5 of this Guide.

Acquisitions: Less than \$5000/\$1000

If you are classified in the basic contract or subsequent modifications as an educational or non-profit institution, and you obtain the Contracting Officer's approval before acquisition of the property, you will automatically acquire and retain title for any items of personal property costing less than \$5000 acquired on a reimbursable basis. Contracts awarded prior to the implementation of the Federal Acquisition Regulation (FAR) [REDACTED] in April 1984 must use \$1000 as the dollar figure for vesting title.

The acquisition of all property items under the contract requires the prior approval of the Contracting Officer. Within ten days after the end of the calendar quarter during which you received the property, you must furnish the Contracting Officer and the Contract Property Administrator with a list of CAP valued at less than \$5000/\$1000 -refer to FAR Part 45 - Government Property [REDACTED] for more information.

Acquisitions: More than \$5000/\$1000

If property costs \$5000/\$1000 or more, and the parties specifically agree in the contract, title may:

- + vest in the contractor upon acquisition;

✦ vest in the contractor, subject to the Government's right to direct transfer of the title to the Government or to a third party within 12 months after contract completion/termination; or

✦ vest in the Government if the Contracting Officer determines that vesting of title in the contractor would not further the objectives of the Agency's research program.

All acquisitions of contractor-acquired property valued at \$5000/\$1000 or more must be reported on Standard Form 1428 Inventory Schedule [REDACTED] to the Contract Property Administrator. A copy of the form must be attached to the reimbursement voucher.

Title Considerations

When title to CAP vests in a non-profit/educational institution, neither depreciation, amortization or use charges are allowable for those items under any existing or future government contracts or subcontracts. Title may not be transferred to the contractor if the contract is performed at a government installation (on-site) and there is a continuing need for the property following contract completion. The absence of an agreement covering title to property that cost \$5000/\$1000 or more and that was acquired by the contractor with government funds does not limit the Agency's right to act to vest title in a contractor. If there is no contract clause showing who has title, the Contract Property Administrator will record the vesting of title to the property in HHS.

Non-profit/educational organizations using property titled in HHS are guided by the instructions, procedures and practices outlined in Chapters 1 - 5 of this Guide. In these chapters, the requirements for inventories, points of contact, acquisitions, transfers, disposition and other property administration areas are covered.

VEHICLES

This section covers basic information about government vehicles authorized under your contract. If you need additional information, contact your Contract Property Administrator.

Title/Certificate of Origin

If you are authorized to acquire vehicles under your contract, you must ensure that each vehicle is registered in HHS' name on the title/certificate of origin. Do not register government vehicles with the State; HHS will furnish license tags.

How to Obtain License Tags

You may request license tags in advance, upon receipt of the Notification of Shipment from the vendor. Complete an Standard Form 1428 Inventory Schedule (New Window) to request tags; be sure to attach a copy of the Notification of Shipment. The purpose of using Standard Form 1428 Inventory Schedule in this instance is to provide the information HHS needs for processing your license tags. Report the acquisition of the vehicle on Standard Form 1428 Inventory Schedule in the standard format (see Chapter 7 for details). After the vehicle is received, forward the title/certificate of origin to the Contract Property Administrator. Please furnish the name and telephone number of your contact point for government property.

Returning License Tags

It is your responsibility to return the license tags to your Contract Property Administrator when the vehicle is taken out of service. If the vehicle is replaced, new tags must be issued for the replacement vehicle.

Identification of Government Vehicles

The Contract Property Administrator will provide license tags, legends and Agency decals to identify the vehicle as HHS-owned.

Trailers

If you receive a title/certificate of origin for a trailer you acquire under your contract, forward the title or certificate to your Contract Property Administrator.

Reporting Requirements

There are special reporting requirements for government vehicles; they are outlined in the following section.

Accident Reports

If a government vehicle is involved in an accident, complete a report of the incident. Forward two copies of the accident report to your Contract Property Administrator, and keep a copy for your files.

Maintenance Records

You must ensure that government vehicles authorized under your contract are maintained in safe, mechanically sound condition. Keep current records of the cost and type of maintenance performed, such as oil changes, tire rotations, and tune-ups. Your

maintenance records must include back-up documentation; these records are subject to review by the Government.

Vehicle Reports

Submit a report to your Contract Property Administrator listing all vehicles under your contract, and identifying projected vehicle acquisition needs for the next one year period. Include a copy of your maintenance records/log for the current quarter, showing the type and cost of maintenance performed. You do not need to send copies of the supporting documentation.

Vehicle Listing

Include the following information in your vehicle listing:

- ✦ Type of vehicle (e.g., sedan or station wagon),
- ✦ Model, make and year (e.g., 1990 Chevrolet Blazer),
- ✦ License tag number,
- ✦ Serial number,
- ✦ Vehicle mileage,
- ✦ Vehicle location,
- ✦ Name and telephone number of your property contact.

Projected Vehicle Acquisitions

In your annual report, identify your projected vehicle acquisition needs for the next one year period, to include replacements and additional vehicles. The standard lead time for acquiring vehicles through GSA is 8 - 10 months. Thus, it is essential that you provide HHS sufficient time to process your request.

Disposal

If you have been authorized by the Contract Property Administrator to dispose of HHS vehicles through release to a state agency or buyer, you may not release the vehicle(s) until the Contract Property Administrator provides you with one of the following:

- ✦ a transfer of title initiated by the Contract Property Administrator; or

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✦ SF-97, Certificate of Release of a Vehicle. This requires the signature of the buyer/receiver and provides written instructions about relief of accountability.

GSA Vehicles

A contractor may be authorized by the Contracting Officer to lease GSA vehicles. The Contract Property Administrator will assist in implementing this with GSA's Interagency Fleet Management System.

CHAPTER 7 FORMS AND INSTRUCTIONS

This chapter provides a sample form and specific instructions for the completion of Standard Form 1428 Inventory Schedule [REDACTED]. Use of the form is discussed in Chapter 4 of this Guide, in the section entitled Reporting and Reimbursement for Acquisitions. If you need additional forms during the life of your contract, contact your Contract Property Administrator.

Standard Form 1428 Inventory Schedule

Standard Form 1428 Inventory Schedule (New Window) is used to report the receipt of accountable government-furnished /contractor-acquired property that is purchased, leased or rented.

Reporting Component Parts

The acquisition of such commodities as components, accessories, improvements, alterations and add-ons that exceed the accountable threshold must also be recorded on Standard Form 1428 Inventory Schedule [REDACTED]. When reporting these items, report the decal number of the item being enhanced or altered so that its value may be increased in the Agency's records.

Reporting Leased Property

The acquisition of leased property must be reported on Standard Form 1428 Inventory Schedule [REDACTED] if the acquisition value of the leased item exceeds the accountable threshold and if the lease term exceeds two months. The following information must be reported on the form: acquisition value, duration of lease, expiration date, monthly rental or lease cost, and buy-out value.

GLOSSARY

ABANDONMENT

Leaving government-owned property in a non-federal location following expiration of a contract, or following a determination that the item is no longer required for use on the contract. Abandonment may be authorized by the Government if no other alternative is available for disposal due to the item's low value or condition as long as the property is free from contamination.

ACCOUNTABLE PERSONAL PROPERTY

Nonexpendable personal property with an acquisition cost of \$1000 or more, and sensitive items regardless of dollar value.

CANNIBALIZATION

The removal of serviceable components from otherwise unserviceable government property. Authorization is required before government property may be cannibalized.

COMPONENT PART

Nonexpendable property which is installed or affixed to an item of accountable property. It must be integral to the functioning of the main unit and not have the capacity to stand alone. Examples include: a memory board for a computer and a probe for a photolionizer.

CONDITION CODES

Appraisals of the current condition of government accountable property through the assignment of designated codes. For example, condition code "1" refers to unused property in good condition. See appendix A for the list of condition codes.

CONTAMINATED PROPERTY

Equipment/supplies that have been exposed to toxic or radioactive materials, chemicals or other waste products which render them unsafe for use.

CONTRACT MODIFICATION

A negotiated or unilateral change in the basic contract that alters funding, scope of work, personnel, government property authorizations, or any other terms of the basic contract.

CONTRACTING OFFICER'S AUTHORIZATION (COA)

A document issued by a Contracting Officer to a Contractor to authorize the purchase of contractor acquired property.

CONTRACTOR-ACQUIRED PROPERTY

Property purchased or otherwise provided by the contractor using contract funds, and reportable as government property.

CUSTOMER SUPPLY CENTER

A supply operation maintained by the General Services Administration (GSA) for the Government and its authorized contractors. The Customer Supply Center is used to procure small quantity orders of supply items. A contractor may be authorized by the Contracting Officer to use this source of supply.

DECALS

Tags designed and used in HHS to identify Agency property. Decals are affixed to accountable property and display the specific numbers assigned to individual items of government property.

DISPOSITION

The sale, transfer (with or without the exchange of funds), donation, destruction, or abandonment of property.

EXCESS PROPERTY

Government property that is not required for immediate or foreseeable use.

EXPENDABLE PROPERTY

Supplies and materials that are consumed or expended routinely, that lose their identity under contract performance; such as pens, pencils and typewriter ribbons.

FACILITIES

Property used in accordance with terms of the contract for production, maintenance, research, development, or testing. The term does not include material, special test equipment, special tooling, or Agency-peculiar property, but it does include plant equipment and real property.

FEDSTRIP

An acronym (Federal Standard Requisitioning and Issue Procedures) referring to a procedure used by the Government and its authorized contractors to procure goods from the General Services Administration (GSA). A contractor may be authorized by the Contracting Officer to use this source of supply.

FOLLOW-ON CONTRACT

A contract that is re-competed or renewed and awarded to the same or a different contractor.

GOVERNMENT-FURNISHED PROPERTY

Property in the possession of or acquired directly by the Government, and subsequently delivered or otherwise made available to the contractor.

GOVERNMENT PROPERTY

All real and/or personal property owned by, or leased to the Government under the terms of a contract. Government property includes government-furnished and contractor-acquired property.

HAZARD-FREE CERTIFICATION

A certification stating an item(s) is free from contamination. It is submitted when government property is no longer required at the contractor's facility or upon conclusion of the contract.

LEASED PROPERTY

Property that is either acquired by the contractor or the Government under a lease arrangement.

LIABILITY

The degree of a contractor's obligation to the Government for contractor inventory.

MATERIAL

All items not identified as equipment which are necessary for the equipping, maintenance, operating and support of government activities whether administrative or operational.

MATERIEL

Items that are generally referred to as supplies, material, apparatus, and equipment.

MODIFICATION

A negotiated or unilateral change in the basic contract that alters funding, scope of work, personnel, government property authorizations, or any other terms of the basic contract.

NONEXPENDABLE PROPERTY

Personal property which is durable with an expected useful life of two or more years, is complete in itself, and does not lose its identity or become a component part of another item.

NON-PROFIT ORGANIZATION

Any corporation, foundation, trust, educational or other institution recognized by HHS and referenced in the contract as operated for scientific or educational purposes, not organized for profit, and no part of the net earnings of another corporation which inures to the profit of any private shareholder or individual.

PERSONAL PROPERTY

All government property, excluding real property, which is either furnished by the Government or acquired with contract funds.

PHYSICAL INVENTORY

A wall-to-wall sighting and recording of all equipment items within a certain area. The types of inventories are start-up, annual, special and final.

PRECIOUS METALS

Uncommon and highly valuable metals characterized by their superior resistance to corrosion and oxidation, such as platinum and gold.

PROPERTY

Both real and personal. It includes facilities, supplies and material, special tooling, special test equipment, furniture, office equipment, ADP hardware and Agency-peculiar property.

PROPERTY CONTROL SYSTEM

Identifies a contractor's internal management program encompassing the protection, preservation, accounting for, and control of government property from its acquisition through disposal.

PROPERTY MANAGEMENT

The overall responsibility required for the management, acquisition, utilization and disposal of personal property.

REAL PROPERTY

Buildings, grounds, improvements, structures, and features permanently installed in, or attached to, facilities.

SALVAGE

Property that has no reasonable prospect of sale or use as serviceable property without major repairs because of its worn, damaged, deteriorated, or incomplete condition or its specialized nature. While salvage has no reasonable prospect of sale or use without major repairs, it has some value in excess of its scrap value.

SCRAP

Property that has no reasonable prospect of being sold except for the recovery value of its basic material content.

SCREENING

The examination of excess property by government or contractor employees to determine its usefulness. A "screening pass" is issued by the HHS Contract Property Administrator to contractor personnel, granting access to GSA holding areas.

SENSITIVE ITEM

Items of personal property (supplies and equipment) that are highly desirable and easily converted to personal use; these items maybe subject to additional controls. (See Appendix C)

SPECIAL TEST EQUIPMENT

Units that are engineered, designed, fabricated or modified to accomplish special purpose testing. Special test equipment consists of items or assemblies of equipment that are interconnected and interdependent, becoming a new functional entity for special testing purposes.

START-UP INVENTORY

Physical inventory of G-FP performed shortly after contract award and reported to the Contract Property Administrator.

STOCK RECORD

A perpetual inventory that is maintained for supply and materiel items, and shows by nomenclature the quantities of each item, issues, and balance on hand.

SUBCONTRACTOR

An organization responsible directly to the prime contractor. Assists the contractor in carrying out the scope of work.

SUPPLY ITEM

A category of government property that is of a low dollar value and generally has a life expectancy of less than two years.

SURPLUS PROPERTY

Government-owned personal property classified previously as excess but not requested for transfer by any federal agency; thus, it is available for donation or sale.

TITLE

The legal right to claim, control, and dispose of property as a result of a purchase.

TRADE-IN

The exchange of an item of property for a similar replacement whereby the vendor agrees to apply the value of the replaced item toward the purchase price of the new item.

UNAUTHORIZED PROPERTY

Government-furnished or contractor-acquired property that is not authorized by an appropriate contract clause and/or modification and is in the possession of a contractor.

UNREQUIRED PROPERTY

Government-furnished property or property acquired by the contractor during the life of the contract that is no longer needed to perform the scope of work under the contract for which it is authorized.

VOUCHER

Document prepared by the contractor for reimbursement of appropriate expenses incurred.

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