

CLAUSE E-000

SUPPLIER ACCOUNTABILITY REQUIREMENTS FOR BUYER/GOVERNMENT PROPERTY

1. PURPOSE AND SCOPE

- a. This document provides instructions to all Buyer subcontractors (Seller) to ensure compliance with contractual Government and Buyer property control requirements for property acquired/provided under Buyer's contracts.
- b. Accountability controls protecting the property interest of the Buyer and the Government are Seller's obligations. This obligation exists whether the property is located at a Seller facility or at the Seller's lower-tier subcontractor's facilities in performance of Buyer's Purchase Contract/Order and applies from the time of fabrication, receipt, or procurement through final approved disposition.
- c. If the Government, Buyer or the Seller identifies deficiencies within the Seller's property control system, or the system is not in compliance with their procedures and this document, it will be the responsibility of the Seller to effect immediate action necessary to correct those deficiencies.
- d. Section 3 of this clause applies to all Sellers with or without a Government-approved property control system.

2. DEFINITIONS

Except for those definitions set forth elsewhere in this clause, the definitions used in Government regulations (FAR, DFARS, NFS, etc.) shall apply to any Government/Buyer furnished property. These regulations may be viewed on the Internet at: <http://farsite.hill.af.mil/>.

- a. Buyer Furnished Property (BFP) is property in the possession of, or acquired directly by the buyer and subsequently delivered or otherwise made available to the seller for the performance of the sub-contract

- b. Categories of Government Property

Except for those categories of Government/Buyer property set forth elsewhere in this clause, the categories of Government property used in Government regulations (FAR, DFARS, NFS, etc.) shall apply to any Government/Buyer furnished property.

NOTE: Magnetic tapes, numeric control tapes, disc pack, software and artwork are considered data and are not applicable to this clause.

c. Sensitive Property: Property of which the theft, loss, or misplacement could be potentially dangerous to the public safety or community security, and which must be subjected to exceptional physical security, protection, control, and accountability. The following types of property are designated as sensitive property:

- (1) Classified Material
- (2) Weapons, Ammunition, and Explosives
- (3) Hazardous Material (includes radioactive material)
- (4) Hazardous Waste
- (5) Precious Metals
- (6) Narcotics, Dangerous Drugs, and Controlled Substances

d. Property Accountability Purchase Contract/Order: Property Accountability Purchase Contract/Order (PAPC/O) is a no cost Purchase Contract/Order issued for the control, accountability and reporting of Government/Buyer property in the possession and control of the Seller, which Buyer and/or the Government has title to or the right to take title.

3. RESPONSIBILITIES

This section applies to Seller whether or not it has a Government approved property system.

Seller is required to control, protect, maintain and account for all Government/Buyer property in accordance with the provisions set forth in this contract with Seller and this section. Upon completion of an on-site Government property audit the Seller will provide a copy of the written Government letter stating the property system is approved or disapproved.

The following will be complied with in conjunction with the Sellers' property control system.

a. Acquisition

(1) Requests for Special Test Equipment (STE) will be submitted to, and approved by the Buyer's Authorized Procurement Agent prior to acquisition if the contract includes STE Clause FAR 52.245.18.

(a) Written notice of intent to acquire STE is to be provided to the Buyer's Authorized Procurement Agent as least 60 days prior to the anticipated need date.

The Seller is responsible to adjust their schedule to meet this 60-day requirement. Required forms, which identify Notice of Intent data requirements, may be obtained from the Buyer's Authorized Procurement Agent.

- (b) If Buyer or the government furnishes, rather than, approves acquisition or fabrication of STE or any components thereof, such items shall be furnished subject to the government property clause of the prime contract. The government shall not be obligated to deliver such items any sooner than the supplier could have acquired or fabricated them after expiration of the 60 days notice period prescribed in Paragraph 3.1.B.1 above.
- (c.) The supplier shall, with respect to any subcontract hereunder which provides that STE or components may be acquired or fabricated for the government, insert a provision in the Purchase Contract/Order which conform substantially to the language of this clause including Paragraph 3.1.B.1.
- (d) If any engineering change requires either the acquisition or fabrication of new or substantial modification to existing STE, the supplier shall comply with Paragraph 3.1.B.1 above.

- (2) Any Facilities type items will be provided by the subcontractor.
- (3) Agency Peculiar Property may be furnished to the subcontractor as required for use as a standard or model, for testing the end item or for other reasons that the Buyer's Authorized Procurement Agent determines to be in the interest of Buyer.
- (4) The acquisition requirements for Material will be identified during the design process of hardware for contractual delivery to Buyer.

The Seller will ensure their acquisition system includes adequate controls over economical ordering practices that minimize acquisition, administrative, and support costs. Material that is charged or allocated to a contract will be based on valid time phased requirements.

- (5) Acquisition prior to receipt of authorization by the designated Buyer's Authorized Procurement Agent will be at the subcontractor's risk.

b. Reporting

- (1) Unless otherwise directed by the Buyer's Authorized Procurement Agent, upon completion of fabrication, receipt, or purchase of Government/Buyer property (excluding material), an invoice and itemized property listing will be submitted to the Buyer. Payment for the acquisition of such property will not take place unless a property

listing is provided long with the invoice. The property listing will contain, as a minimum, the following data elements:

- (a) Buyer acquisition Purchase Contract/Order number
 - (b) Category of property (i.e., ST, STE, FAC, APP)
 - (c) Part Number/Model Number/Tool Number (Including Abbreviation, Sequence and Duplication Number)
 - (d) Supplier identification/property tag number
 - (e) Serial number, Buyer lifetime serial number
 - (f) National Stock number and/or class code (if available)
 - (g) Nomenclature/description of part number
 - (h) Unit price
 - (i) Acquisition type (GFP or CAP – refer to section 2.1 for definition)
 - (j) Seller name and address
 - (k) Seller officer name, title and signature
 - (l) Manufacturer name
 - (m) Manufactured year
 - (n) Part number and description of used-on (ST and STE only)
 - (o) Buyer's Representative inspection stamp and signature
- (2) Sellers who are identified as the primary accountable record holders will report total line item and dollar values of ST, STE, APP, and Facilities as of 30 September by accountable Purchase Contract/Order to the Buyer's Authorized Purchasing Representative no later than 10 October of each year. The report shall include inventory lists, which are representative of the total line item and dollar amounts and must identify and explain all additions and deletions from the previous year reporting balances. This effort may be conducted in conjunction with the physical inventory (Reference Section 3.11, Physical Inventory).
- (3) Unless otherwise specified in the purchase contract/order, seller will report total dollar values of Government-owned material accountable to Buyer purchase contracts/orders as of 30 September. Reports will be submitted to Buyer's Authorized Procurement Agent no later than 10 October of each year.
- (a) These reporting requirements will apply under the following conditions:
 - (i) Cost Reimbursable Purchase Contract/Orders
 - (ii) Government furnished material
 - (iii) As contractually required within the P.O.
 - (b) This report will include:
 - (i) Buyer Purchase Contract/Order number
 - (ii) Total dollar value of material for each Purchase Contract/Order
 - (iii) Whether material was contractor acquired or Government

furnished

- (4) For NASA Purchase Contracts/Orders where Buyers prime contract exceeds \$10,000,000, the seller shall submit quarterly the requested government property financial data for all assets, including real property and equipment, Special Test Equipment, Special Tooling, and Agency Peculiar Property, greater than or equal to \$100,000 unit acquisition cost, as well as, materials and contract work-in-process of any value, in their possession (including seller's subtier), in the format requested, with copies of the supporting data utilized to achieve the reported quantities and values. The seller shall submit the requested data and supporting documentation to the Buyer's Authorized Procurement Agent, according to the following schedule:

For the quarter ending December 31, on or before January 10.

For the quarter ending March 31, on or before April 10.

For the quarter ending June 30, on or before July 10.

For the quarter ending September 30, on or before October 5.

Unit prices of submitted data shall be compliant with NASA FAR Supplement 1845.7101-3, and shall be developed using actual costs to the greatest extent possible, especially costs directly related to fabrication such as labor and materials. Where estimates are used, there must be a documented basis. Supporting documentation shall be maintained and available for all amounts reported.

c. Records

Accountability records and supporting clauses will be retained from completion of fabrication, procurement, or receipt to final disposition in accordance with the requirements set forth in FAR Part 45.5 or as otherwise required by this clause. Manual or mechanized systems are acceptable for these records.

d. Identification

(1) Unless otherwise specified in the Purchase Contract, Government/Buyer-owned Special Tooling, Special Test Equipment, Facilities, and Agency Peculiar property will be physically identified in accordance with the following:

- (i) Physically identify Government property promptly upon receipt, procurement, or fabrication. The property shall remain so identified as long as it remains in the possession or control of the Seller.
- (ii) The identification process will ensure legibility, permanency, conspicuousness; e.g., securely affixing metal or plastic tags, labels, bar coding, decals or plates directly to the property.

- (iii) As a minimum, identification tags, labels, etc. shall consist of:
 - a) Unique serial number or unique identification number
 - b) Designation of ownership (e.g. "Boeing", "U.S. Government", or customer's name as directed by the Buyer)

NOTE: Material will be physically identified at the bin level.

e. Storage

- (1) Storage areas will be maintained in accordance with sound business practices and the terms of the contract.
- (2) Property will be protected from loss, damage, theft, destruction, and the elements while in storage and during transit.
- (3) When Government/Buyer property is stored in outside storage areas, protective agents will be applied to unpainted or unprotected surfaces to prevent corrosion or rust.
- (4) The removal of Government/Buyer property to storage, or its contemplated transfer, does not relieve the seller of maintenance responsibilities.

f. Modification

- (1) Modification(s)/rework to Government/Buyer property will not be accomplished without the prior written approval/direction of the Buyer's Authorized Procurement Agent.
- (2) Upon completion of modification/rework for special tooling, special test equipment, facilities and agency peculiar property, the Seller will:
 - (a) Update applicable Seller drawings
 - (b) Updated property listing (Refer to 3. a. (1) to include the following information):
 - (i) New part number
 - (ii) Original part number before modification occurred
 - (iii) Cost of modification
 - (iv) Any additional record information pertinent to the modification

g. Replacement

- (1) Replacement of Government/Buyer property may be authorized by the Buyer when an item becomes worn or damaged beyond repair. Replacement of Government or Buyer owned property will not be accomplished without prior approval by the Buyer's Authorized

Procurement Agent.

- (2) Any such item, as described in the preceding paragraph, will be reported to the Buyer's Authorized Procurement Agent and identified as a replacement. This report shall include the record data listed in Section 3. a. (1)
- (3) The item being replaced will be submitted to Buyer's Authorized Procurement Agent on an inventory schedule/listing and disposed of in accordance with Section 3.17 of this clause.

h. Maintenance

Maintenance shall be performed on Government and Buyer property as required FAR Part 45.5 except as otherwise provided in this clause.

i. Utilization

- (1) Utilization of Government and Buyer property shall comply with the requirements set forth in FAR Part 45.5 except as otherwise provided in this clause.
- (2) Buyer property shall be utilized only for those purposes authorized in the contract unless prior written authorizations obtained from the Buyer's Authorized Procurement Agent.

j. Physical Inventory

- (1) Records of such inventory shall be retained by the Seller and made available to Buyer upon request.

NOTE: Sellers with Government Approved Property Systems will perform inventories in accordance with their approved Inventory Plan.

- (2) Physical inventories will consist of sighting, describing, recording, reporting and reconciling the results with the property records.
- (3) The Seller will provide the following to Buyer upon request:
 - (a) A Physical Inventory Certification.
 - (b) A listing of all accountable property.
 - (c) A listing, which properly identifies all discrepancies, disclosed by the physical inventory. Refer to Section 3.15 for requirements on liability.
 - (d) Property, which previously was reported lost and then was located during a physical inventory will be reestablished on the accountability records and reported to Buyer.
 - (e) Physical inventories will be conducted upon completion or termination of contracts. These inventories will be reported to the Buyer's Authorized Procurement Agent on the applicable inventory schedules (refer to Section o. for disposition requirements).

k. Surveillance

- (1) Upon request, seller will complete a Property Control Surveillance Questionnaire and provide any requested information (i.e. Government Property System Approval Letter).
- (2) Buyer reserves the right to perform on-site property system surveys of Government/Buyer property accountable to Buyer Purchase Contracts/Orders.

l. Shipments

- (1) Upon shipment of Buyer/Government-owned property (excluding material), as directed by the Buyer's Authorized Procurement Agent, the Seller will:
 - (a) Originate appropriate shipping documentation (i.e. DD1149, Requisition and Invoice/Shipping Document, and/or other documents as directed by Buyer's Authorized Procurement Agent when property under the control of the Seller is shipped to another location and accountability and control no longer rests with the Seller.
 - (b) Buyer/Government property must be shipped as directed by Buyer's Authorized Procurement Agent.
 - (c) Submit copies of all documentation of shipments to the Buyer's Authorized Procurement Agent directing the shipment.
- (2) Shipping documentation will include as a minimum:
 - (a) "Shipment from" address
 - (b) "Shipment to" address
 - (c) Purchase Contract/Order under which property is currently accountable
 - (d) Authorization for shipment
 - (e) Part number, identification number, serial number
 - (f) Nomenclature/description
 - (g) Acquisition value
 - (h) Date of shipment
 - (i) Name of Buyer's personnel authorizing shipment (if applicable.)
- (3) Seller shipping Buyer/Government property to other Sellers will assure that the property is clearly and correctly identified and appropriately packaged to prevent damage.

m. Receiving

- (1) Upon receipt of Government/Buyer property, the Seller will immediately perform a receiving inspection and notify the Buyer's Authorized Procurement Agent of any discrepancies.

- (2) The Seller will immediately establish records as identified in Section 3.c. if no discrepancies exist.

n. Loss, Damage and Destruction

- (1) The Seller shall report in writing to the Buyer's Authorized Procurement Agent all cases of loss, damage, or destruction of Buyer/Government property in its possession or control as soon as the fact becomes known.
- (2) The Seller will be held liable, unless otherwise relieved of liability within the contract, when:
 - (a) Shortages of property are disclosed as a result of a physical inventory;
 - (b) Property is lost, damaged, or destroyed;
 - (c) There is evidence of unreasonable use; or
 - (d) Consumption of property is unreasonable.
- (3) Sellers will be liable for any loss, damage, or destruction of Buyer/Government property located at their lower-tier Sellers.
- (4) The loss/damage/destruction report shall include:
 - (a) Name of Seller
 - (b) Location (address) of incident
 - (c) Date and Time of incident
 - (d) Name and Description of item lost, damaged or destroyed. (Include Part/Tool number, Nomenclature, Property Identification Tag Number)
 - (e) Accountable Contract Number/Buyer Purchase Contract/Order number
 - (f) Acquisition cost
 - (g) Description of incident including cause (provide date of last inventory)
 - (h) Corrective action taken to prevent reoccurrence
 - (i) Estimated cost of repair or replacement
 - (j) Statement as to whether item needs to be replaced to complete contract requirements.
 - (k) Statement as to whether item is covered by insurance and, if so, are the costs charged to this Purchase Contract/Order.

o. Screening of Idle Assets

Seller is responsible to continually review assets to ensure continued utilization of Government property. Assets can only be retained if one of the following conditions exist:

- (1) A firm requirement is evident under an existing contract;
- (2) A known Follow-on Contract Requirement exists and has been documented

- (3) Government Furnished Material
- (4) As contractually required

p. Disposition

- (1) When property is no longer required in the performance of a contract, the Seller shall prepare inventory schedules/listings in accordance with FAR Part 45.6 and submit the schedules/listings to the Buyer's Authorized Procurement Agent. The Seller shall dispose of such excess/surplus property in accordance with FAR Part 45 and the Buyer's Authorized Procurement Agent 's instructions.

q. Subcontract Control

- (1) The same basic controls for Government property, which are required of the subcontract and covered by this clause will be required of their lower-tier Sellers. These controls will ensure that lower-tier Sellers utilize property only as authorized by the contract. Sellers shall maintain and control accountability records relating to a Buyer contract for property at their lower-tier Sellers.

SELLER WILL CONSULT WITH BUYER'S AUTHORIZED PROCUREMENT AGENT ON ANY UNIQUE PROPERTY CIRCUMSTANCES OR REQUIREMENTS NOT COVERED BY THIS CLAUSE.