PART 1845
GOVERNMENT PROPERTY

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PART 1845
GOVERNMENT PROPERTY

Subpart 1845.1—General

1845.102 Policy.

1845.102-70 NASA policy.

(a) In addition to the criteria cited in FAR 45.102 which must be demonstrated before providing property to contractors, contracting officers shall carefully consider the following factors when deciding if it is in the Government’s best interest to provide Government property for the performance of a contract. Providing Government property—

(1) Increases the Government’s administrative burden and requires recordkeeping and personnel;

(2) May dilute the contractor’s overall responsibility and weaken guarantees, end-item delivery requirements, and other contract terms;

(3) May make NASA responsible for delays in that the Agency assumes responsibility for scheduling delivery of the property and the operability of the property;

(4) Carries its own inherent risk that the property may be lost, damaged, destroyed or misused, resulting in a loss of funds that could otherwise be used to support NASA’s mission;

(5) When commercially available, may confer a competitive advantage to contractors who have not taken on the same investment risk as their competitors. Contractors who plan for the Government’s provision of commercially available equipment are passing those investment risks to the Government; and

(6) May be counterproductive to socio-economic programs which encourage small businesses to develop through capital investment.
(b) The contracting officer shall obtain the approval of the Center Real Property Accountable Officer prior to negotiating, or entering into any real property leaseholds, permits, licenses or disposition actions. The contracting officer shall advise the Center Real Property Accountable Officer when the place of performance is on a NASA center or facility and the contractor will be offered space and utilities under NFS 1852.245-77.

1845.102-71 Solicitation and review procedures.

(a) Each solicitation, as applicable, shall include the following:

(1) A list of any Government property available to be furnished, quantities, locations, conditions, and any related information.

(2) A requirement that offerors identify any Government property in their possession proposed for use during contract performance. The items, quantities, locations, acquisition costs, and proposed rental terms must be provided, along with identification of the Government contract under which the property is accountable.

(3) A requirement that requested Government provided facilities be described and identified by the classifications in 1845.7101-1.

(4) A requirement that offerors provide, if applicable, the date of the last Government property control system review, a summary of the findings and recommendations, and contractor corrective actions taken.

(b) The contracting officer shall provide a copy of the solicitation (or contract if no solicitation is used) to the center Industrial Property Officer (IPO) for review for acquisitions with an estimated cost greater than $1,000,000, or for acquisitions over $50,000 when work is to be performed at the center, existing Government property is being furnished, or contract acquisition of Government property is required or permitted.

1845.103-70 General.

(a) Contracting officers are responsible for overall management of their contracts, including the management of Government property provided to contractors under NASA Contracts.

(b) Contracting officers shall fully document decisions to provide property, including authorization for contractors to purchase property as a direct cost to the Contract. This documentation shall clearly demonstrate that the provision of property is in the Government’s best interests in accordance with FAR 45.102.

(c) Contracting officers shall review the contractor’s requests for provision of Government property under the clause at 1852.245-70 to determine whether authorizing the provision of Government property is an appropriate business decision according to the policy at 1845.102-70(a).

(d) Contracting officers may solicit the opinion of the technical officer regarding the technical need
for the property. However, technical need, in and of itself, is not sufficient reason for providing Government property. If the property is required to satisfy technical needs, it is still assumed to be in the Government’s best interest to require the contractor to use contractor-owned property for contract performance.

(e) Contracting officers shall assure that all changes to contract property involving the provision of additional Government-furnished property or reduction of existing property are noted in the contract by insertion or modification of the clause at 1852.245-76, and are recorded or reported for recording in the appropriate NASA property management information records.

(f) Contracting officers shall document the file on the determination to provide Government property and shall forward copies of any approved requests to—

1. The Center Deputy Chief Financial Officer (DCFO) when an item of property or, in the case of a contract for construction, the total value of property being constructed by the contractor is expected to result in the acquisition or construction cost exceeding the NASA capitalization threshold of $500,000; and,

2. The NASA Center IPO, when the contractor is not authorized to conduct its own screening of available inventory.

(g) IPOs shall coordinate screening with center reutilization personnel to determine the availability of existing Government inventory and excess.

1. The IPO shall notify the contracting officer of the availability of property as soon as possible after receipt of the approved request from the contracting officer.

2. The IPO shall assist the contracting officer in the coordination of the transfer and oversee property documentation of the transfer of existing Government property to the contractor.

1845.104 Responsibility and liability for Government property.

(b) When the Property Administrator, with the concurrence of the Industrial Property Officer (IPO), determines and reports that the contractor’s property management practices are inadequate and/or present an undue risk to the Government, contracting officers shall revoke the Government’s assumption of risk or take other action to mitigate the risk of loss, damage, destruction, or theft of Government property.

1845.106 Transferring Accountability.

(a) When furnishing existing Government property to the contractor, contracting officers shall—

1. Insert NFS clause 1852.245-76, List of Government Property Furnished Pursuant to FAR 52.245-1, if not already included in the contract; and

2. Modify the list in 1852.245-76 to include any property furnished after award.
(b) In addition to modification of the list, transfers of property shall be recorded on a “shipping” or “transfer” document such as the DD Form 1149 “Requisition and Invoice/Shipping Document.”

(1) Centers may use equivalent documents that contain the same information.

(2) This requirement includes physically transferred property and property transferred in place.

(3) Contracting officer technical representatives are responsible for creation of shipping documents, based on the contractor’s requests and contracting officer’s approval, and are considered “shippers” for this purpose.

(4) Shippers will segregate items valued over $500,000 and request the transfer of these items on separate documents.

(5) The transfer documents must be complete and must include the following information for all items with a value greater than $5,000:

(i) Description of Property.

(ii) Property Identification Number.

(iii) Value.

(iv) Capital Value (if applicable).

(v) Property Classification.

(vi) Federal Supply Classification.

(vii) Gaining Contract.

(viii) Acquisition Date.

(6) Contracting officers must approve all shipping documents prior to property movement.

(c) In addition to the requirements in paragraphs (a) and (b), when property valued at $500,000 or more is received and accepted by NASA or NASA’s representative within the contractor’s facilities, and that property is to remain in the contractor’s custody for further work or to be otherwise used in the performance of the contract, the property must be added to the appropriate NASA property system in accordance with NPR 4200.1, NASA Equipment Management Procedural Requirements and NPR 4200.2, Equipment Management Manual for Property Custodians.

1845.107 Contract clauses.

1845.107–70 NASA solicitation provisions and contract clauses.

(a)(1) The contracting officer shall insert the clause at 1852.245–70, Contractor Requests for Government-furnished Property, in cost reimbursement solicitations and contracts.

(2) Use the clause with its Alternate I when the center Supply and Equipment Management Officer (SEMO) consents to permit the contractor to screen Government inventory for available property in
lieu of contractor acquisition of new items.

(b)(1) The contracting officer shall insert the clause at 1852.245–71, Installation—Accountable Government Property, in solicitations and contracts when Government property is to be made available to a contractor working on a NASA installation, and the Government will maintain accountability for the property. The contracting officer shall list in the clause the applicable property user responsibilities. For purposes of this clause, NASA installations include local off-site buildings owned or leased by NASA.

(2) Use of this clause is subject to the SEMO’s concurrence that adequate Government property management resources are available for oversight of the property in accordance with all applicable NASA installation property management directives.

(3) The contracting officer shall identify, in the contract, the nature, quantity, and acquisition cost of the property and make it available on a no charge basis.

(4) The contracting officer shall use the clause with its Alternate I if the SEMO requests that the contractor be restricted from use of the center central receiving facility for the purposes of receiving contractor-acquired property.

(5) For contractors with both onsite and offsite performance requirements, contracting officers shall list Government property provided for offsite use separately in the contract. This Government property is furnished under FAR 52.245–1, Government Property, and remains accountable to the contractor during its use on the contract. This Government property is not subject to the clause at 1852.245–71, Installation—Accountable Government Property. The contracting officer shall address any specific maintenance considerations (e.g., requiring or precluding use of an installation calibration or repair facility) elsewhere in the contract.

(c) The contracting officer shall insert the clause at 1852.245–72, Liability for Government Property Furnished for Repair or Other Services, in fixed-price, time-and-material, and labor-hour solicitations and contracts (except for experimental, developmental, or research work with educational or nonprofit institutions, where no profit is contemplated) for repair, modification, rehabilitation, or other servicing of Government property, if such property is to be furnished to a contractor for that purpose and no other Government property is to be furnished. The contracting officer shall not require additional insurance under the clause unless the circumstances clearly indicate advantages to the Government.

(d) The contracting officer shall insert the clause at 1852.245–73, Financial Reporting of NASA Property in the Custody of Contractors, in cost reimbursement solicitations and contracts and in all contracts in which the contractor has custody of NASA owned-property with a value of $10 million or more, unless all property to be provided is subject to the clause at 1852.245–71, Installation—Accountable Government Property. Insert the clause 1852.245–73 in other types of solicitations and contracts when it is known at award that property will be provided to the contractor or that the contractor will acquire property title to which will vest in the Government prior to delivery.

(e) The contracting officer shall insert the clause at 1852.245–74, Identification and Marking of Government Equipment, in solicitations and contracts that—

(1) Include the clause at FAR 52.245-1; or
(2) Require the delivery of supplies.

(f) The contracting officer shall insert the clause at 1852.245-75, Property Management Changes, in solicitations and contracts that provide for progress payments or include any of the property clauses prescribed in FAR Part 45.

(g) The contracting officer shall insert the clause at 1852.245-76, List of Government Property Furnished Pursuant, to FAR 52.245-1, in solicitations and contracts when the contractor is to be accountable under the contract for Government property.

(h) The contracting officer shall insert the clause at 1852.245-77, List of Government Property Furnished Pursuant to FAR 52.245-2, in solicitations and contracts containing the clause at FAR 52.245-2, Government Property Installation Operation Services. In addition, the contracting officer shall insert the following language in the blanks in paragraph (e) of the clause at FAR 52.245-2: “The Government property provided under this clause is identified in clause 1852.245-77 of this contract.”

(i) The contracting officer shall insert the clause at 1852.245-78, Physical Inventory of Capital Personal Property, in cost reimbursement and fixed-price solicitations and contracts that provide Government property.

(j) The contracting officer shall insert the clause at 1852.245-79, Records and Disposition Reports for Government Property with Potential Historic or Significant Real Value, in solicitations and contracts when, after consultation with the center Historic Preservation Officer, it is determined that the items acquired for or produced by the contract are likely to have historic significance or increased value due to their use in support of NASA projects and programs.

(k)(1) The contracting officer shall insert the provision at 1852.245-80, Government Property Management Information, in solicitations when it is known, or there is a reasonable chance, that Government property will be provided to the contractor for contract performance.

(2) The contracting officer shall use the provision with Alternate 1 when there are sufficient time and resources to allow prospective contractors the opportunity to inspect the property.

(l) The contracting officer shall insert the provision at 1852.245-81, List of Available Government Property, in solicitations when Government property will be made available for contract performance.

(m) The contracting officer shall insert the clause at 1852.245-82, Occupancy Management Requirements, in solicitations and contracts that require performance on, or in, any NASA Center, Installation, facility or other NASA real property.

(n) The contracting officer shall insert the clause at 1852.245-83 Real Property Management Requirements, in solicitations and contracts for acquisition, construction, modification (including when the modification is a consequence of another approved task, e.g., installation of telephonic or local area network equipment), demolition, or management of real property.
1845.201 Solicitation.

1845.201-70 NASA solicitation preparation procedures.

(a) The contracting officer shall provide a copy of the solicitation (or contract if no solicitation is used) to the center Industrial Property Officer (IPO) for review when—

(1) A cost-reimbursement contract is anticipated;

(2) The value of the acquisition exceeds the simplified acquisition threshold and the work is to be performed within the physical confines of the center;

(3) Existing Government property may be furnished; or

(4) Contractors may acquire property that will be titled to the Government under the provisions of FAR 52.245-1, Government Property.

(b) IPOs shall review the solicitation to—

(1) Ensure the correct application of property clauses based on the contract type, situation, and product or services ordered;

(2) Ascertain the contract’s possible impact on center property or logistics operations and advise the center’s Supply and Equipment Management Officer of those possible impacts; and

(3) Assure that appropriate property transactions for existing Government property, from internal sources and prior contracts, have been properly reported to NASA property and financial systems.

(c) (1) Items of Government property used to support NASA programs often become historically significant. In addition, property used by NASA programs often has value that exceeds other property with identical material or physical characteristics. This is particularly true for property that has flown in space. Descriptions of physical characteristics and condition are insufficient to determine an item’s historic significance or real value. NASA Center Exhibit Managers are responsible for determining whether property meets the criteria for designation as historically significant. It is essential that items of historic significance are retained for the benefit of current and future generations. NASA must also obtain maximum value for property offered for sale.

(2) The contracting officer shall contact the Center Exhibit Manager to determine whether the items acquired for or produced by the contract are likely to have historic significance or increased value due to their use in support of NASA projects and programs.

(3) Center Exhibit Manager shall advise the contracting officer when they believe that property produced or acquired for the Government under the contract may have increased historic significance or increased value due to its use in support of NASA activities or programs.

1845.201-71 Plant reconversion and plant clearance.
The Senior Procurement Executive is the approval authority for any solicitation provision or contract clause that would defer negotiation of costs for plant reconversion or plant clearance until after award.

1845.202 Evaluation procedures.

1845.202-70 NASA evaluation procedures.

(a) The contracting officer shall request Industrial Property Officer (IPO) or Property Administrator (PA) assistance in evaluations of the offeror’s proposed systems, standards and practices for the management of Government property.

(b) The contracting officer shall provide the offeror’s proposed property management standards and practices to the IPO for review and evaluation prior to award.

(c) IPOs shall review proposals to determine whether or not the offeror’s proposed industry leading standards and practices and/or voluntary consensus standards are sufficient to manage property, from planning through disposition, under the circumstances of the contract.

(1) If the IPO is unfamiliar with the offeror, the circumstances of the contract or the performance situation, the IPO may request the assistance of the cognizant PA for evaluation of the standards, practices, situation and history of property management performance at the offeror’s place of performance.

(2) The IPO shall provide a written evaluation, listing any proposed changes or improvements, to the contracting officer prior to award.

(d) The contracting officer shall require changes or improvements to the offeror’s property management practices, standards, or processes as recommended by the IPO. The contracting officer shall advise the offeror that its property management practices, standards, and processes will not be considered adequate for the protection, preservation, and management of Government property, and that the Government will not accept risk under the property clause until the recommended changes or improvements are made.

(e) When an offeror’s proposal requests the Government to provide commercially available equipment, and the commercially available equipment is not required as an end item deliverable or part thereof, the contracting officer should assure the integrity of the competitive process by —

(1) Adjusting the offeror’s proposal to compensate for the value of the Government-provided, commercially available equipment; or

(2) Charging appropriate rent in accordance with the clause at FAR 52.245-9, Use and Charges. As the purpose for rent is to obtain just consideration for the Government’s assumption of risk and cost, rent for commercially available equipment provided after award may not be treated as an allowable direct cost under the contract.
1845.301 Use and rental.

1845.301-70 Use of property on other Government contracts.

(a) NASA contracting officers having cognizance over NASA property may authorize its rent-free use on other NASA contracts and contracts of other agencies if such use will not interfere with NASA’s primary purpose for the property and will not extend beyond the expected expiration or completion date of the NASA contract.

(b) Contracting officers shall obtain the concurrence of the gaining contracting officer when they intend to authorize the rent free use of Government property for performance under the gaining contracting officer’s cognizance.

1845.301–71 Use of Government property for commercial work.

(a) The coverage at FAR 45.3 applies to a contractor’s commercial (any non-Government) use of any NASA equipment.

(b)(1) The Center Procurement Officer is the approval authority for non-Government use of equipment exceeding 25 percent.

(2) The percentage of Government and non-Government use shall be computed on the basis of time available for use. For this purpose, the contractor’s normal work schedule, as represented by scheduled production shift hours, shall be used. All equipment having a unit acquisition cost of less than $500,000 at any single location may be averaged over a quarterly period. Equipment having a unit acquisition cost of $500,000 or more shall be considered on an item-by-item basis.

(3) Approvals for non-Government use, less than 25 percent, may not exceed 1 year. Approval for non-Government use in excess of 25 percent shall not exceed 3 months.

(4) Requests for the approval shall be submitted to the Center Procurement Officer at least 6 weeks in advance of the projected use and shall include—

(i) The number of equipment items involved and their total acquisition cost; and

(ii) An itemized listing of equipment having an acquisition cost of $500,000 or more, showing for each item the nomenclature, year of manufacture, and acquisition cost.

1845.302 Use of Government property on contracts with foreign governments or international organizations.

(a) NASA contracting officers will recover a fair share of the cost of Government property if such
property is used in performing services or manufacturing articles for foreign countries or for international organizations.

(b) Contracting officers shall obtain written authorization from the Senior Procurement Executive and concurrence from the Manager of Contract Property Programs, Logistics Division, Office of Strategic Infrastructure; the Office of General Counsel (Headquarters); and the Headquarters Office of External Relations before allowing the use of Government production and research property on work for foreign countries or for international organizations.

(c) Contracting officers shall forward requests, along with a summary of the circumstances involved, including as a minimum—

1. The name of the requesting contractor;
2. The number of the contract under which the property is controlled;
3. A description of the property;
4. The name of the foreign contractor and the relationship of the foreign contractor to its government or to any international organization;
5. A description of the articles to be manufactured or services to be performed;
6. A statement that the intended use will not interfere with the current or foreseeable requirements of the United States or require use of the property beyond the expected expiration or completion date of the NASA contract;
7. A statement that the use of Government property is consistent with the best interests of the United States;
8. A statement that such use is legally authorized; and
9. Any evidence of endorsement by another agency of the U.S. Government based on national security or foreign policy of the United States (e.g., an approved license or agreement from the Department of State or Department of Commerce).

(d) Use, if approved, shall be subject to rent in accordance with FAR 45.3.

1845.303 Use of Government property on independent research and development programs.

(a) The contracting officer shall not authorize contractor use of Government property for independent research and development on a rent-free basis except in unusual circumstances and after a written determination that—

1. Such use is clearly in the best interests of the Government (for example, the project can reasonably be expected to be of value in specific Government programs); and
2. No competitive advantage will accrue to the contractor through such use (see FAR 45.103(a)(2)).
(b) Contracting officers shall utilize the same approval requirements as under 1845.301-71.

Subpart 1845.4—Reserved

Subpart 1845.5—Support Government Property Administration

1845.501-70 General.

(a) The contracting officer will provide copies of contracts, modifications and related documents to the Center Industrial Property Officer.

(b) When the Industrial Property Officer or Property Administrator determines that the contractor’s proposed systems, standards and practices for the management of Government property are inadequate to manage Government property, the Contracting Officer should: (1) Require the contractor to provide a written revision that addresses the determination of the Industrial Property Officer or Property Administrator.

1845.503-70 Delegations of property administration and plant clearance.

(a) NASA contracting officers shall delegate property administration and plant clearance for contracts performed outside of NASA centers, installations and facilities when:

(1) The contract is a cost type contract;

(2) The contract is a fixed price contract that contains a cost element allowing or requiring the contractor to acquire property on behalf of the Government and that property is titled to the Government by operation of the FAR property clause;

(3) The contract is a fixed price contract and Government property is furnished; or,

(b) NASA Contracting officers may retain property administration and plant clearance, in accordance with 1845.503-70, only when there is a compelling need, such as a security requirement or safety requirement that would prohibit a non-cleared property administrator or a plant clearance officer from performing these services.

(c) Delegation of property administration activities to other agencies will be made according to the special delegation instructions issued by Logistics Division, Office of Strategic Infrastructure. Variance from these delegations instructions must be authorized by Logistics Division, Office of Strategic Infrastructure.

(d) Contracting officers shall retain property administration and plant clearance for all contractors where the place of performance is within a NASA Center, Installation or Facility.

(e) Under the clause at 1852.245–71, Installation-Accountable Government Property, property is
managed by center logistics functions using NASA internal policy and procedural guidance, except—

(1) When contractors are provided or are allowed the use of property that is not governed by that procedural guidance, management of that property is governed by the applicable FAR clause.

(2) When the contractor is responsible for performance of any segment of a property system under a FAR property clause, then property administration and plant clearance are required.

1845.503-71 Retention of property administration and plant clearance.

(a) Contracting officers may retain property administration functions and responsibilities by written notification of the Center Industrial Property Officer. Contracting officers who retain property administration must perform property administration in accordance with the requirements of this subsection, FAR Part 45, and DOD instructions for property administration. The written notification must contain—

(1) A plan for performance of property system reviews;

(2) A procedure that allows for the maintenance of property management records for items transferred to and from the contractor, the collection and dissemination of property and property related financial reports and the proper disposition of Government property in accordance with Federal Management Regulations and FAR 45.6;

(3) A plan for coordination of support property administration functions with the cognizant agency;

(4) Procedures for disposition of Government property, according to FAR and Federal Management Regulations, and for required reporting of disposition actions; and,

(5) Concurrence of the Center Procurement Officer.

(b) When the contracting officer retains property administration and plant clearance, the contracting officer shall provide annual reports to the Industrial Property Officer and the Center Property Accountant detailing—

(1) The status of the annual property control system review;

(2) Any incidence of Loss, Damage or Destruction and the contracting officer’s determination of liability;

(3) The status of the contractor’s physical inventory of property; and

(4) Final reports of disposition of Government property.

1845.504-70 Responsibilities of the Industrial Property Officer.

This section describes the functional management responsibility for contract property. Beyond individual contracting officers, each NASA installation director will appoint an industrial property officer to manage and coordinate property matters among the various contracting officers, technical officials, contractor officials, delegated property administrators and plant clearance officers. Generally, that individual is responsible for the entire contract property management function
outlined below; the installation is responsible for the entire function regardless of how it is organized and distributed. The responsibilities are:

(a) Provide a focal point for all management of contract property, including Government property (Government-furnished and contractor-acquired) provided to universities, non-profit research institutions and to industry.

(b) Provide guidance to contracting and other personnel on the NASA property provisions.

(c) To the extent feasible, review property provisions of acquisition plans, solicitations, contracts, and modifications for potential problems. Propose changes as necessary.

(d) To the extent feasible, participate in pre-award surveys/post-award orientations when significant amounts of Government property will be involved.

(e) Ensure that vesting-of-title determinations are made and documented pursuant the applicable FAR Government property clause and financing clauses such as the Progress Payments Clause.

(f) Maintain effective communications with delegated property administrators and plant clearance officers to keep fully informed about contractor performance and progress on any property control problems.

(1) Obtain and review property control system survey summaries for all contracts for which property administration has been delegated. Advise the Manager, Contract Property Programs, Logistics Division, Office of Strategic Infrastructure of any severe or continuing problems.

(2) Provide property administrators copies of all pertinent contract property documentation.

(g) Review, analyze and verify that the contractor’s property management system is capable of producing a correct and complete NASA Form 1018, NASA Property in the Custody of Contractors.

(h) Review property administrators’ approvals of relief of responsibility for lost, damaged, and destroyed property and question the contractor regarding the need for any excessive or repetitive approvals.

(i) When appropriate, make recommendations to source and performance evaluation boards regarding property management and award fee criteria and evaluations regarding property management.

(j) Monitor plant clearance status to preclude delays in contract closeout.

(k) Maintain contract property files for all transactions and correspondence associated with each contract. Upon receipt of Standard Form 1424, Inventory Disposal Report, and DD Form 1593, Contract Administration Completion Record, or equivalents, merge all property records for the
Perform, or assure the performance of, on-site property administration and plant clearance and the property is not subject to the clause at 1852.245-71, Installation-Accountable Government Property.

1845.505-70 Responsibilities of the Property Administrator.

(a) When property administration is not delegated to DOD, the NASA property administrator shall evaluate the contractor’s management and control of Government property and ascertain whether the contractor is effectively complying with the contract provisions. The property administrator’s responsibilities include—

(1) Developing and applying a property system review program for each contractor under the property administrator’s cognizance;

(2) Evaluating the results of contractor’s property control activities and, when necessary, recommending that the contracting officer revoke the Government’s assumption of risk for loss, damage or destruction of Government property;

(3) Advising the contracting officer of other significant problems the property administrator cannot resolve, and recommending appropriate action, which may include disapproval of the contractor’s property control system;

(4) Resolving property administration matters as necessary with the contractor’s management, personnel from Government procurement and logistics activities, and representatives of the NASA Headquarters Office of the Inspector General, the Defense Contract Audit Agency (DCAA), and other Government agencies; and

(5) Recognizing the functions of other Government personnel having cognizance of Government property and obtaining their assistance when required. (These functions include, but are not limited to, contract cost audit, quality assurance, engineering, pricing, and other technical areas. Assistance and advice on matters involving analyses of the contractor’s books and accounting records and on any other audit matters deemed appropriate shall be obtained from the cognizant auditor.) Property Administrators shall use, and not repeat, the work of Government auditors or other cognizant Government review activities unless that work does not satisfy the property control system audit requirements set forth in the DoD property guidance and related NASA instruction.

(b) Property administrators will assist the contracting officer in pre award activities.

(1) Property administrators will review the contractor’s proposed standards and practices to assess their suitability for the pending contract and will so advise the contracting officer.

(2) Property administrators will advise the contracting officer regarding the contractor’s demonstrated past performance in property management, including their ability or inability to perform to the proposed standards or execute the practices they have proposed for the pending contract.

(c) When the property administrator determines that all or a portion of a contractor’s property
management practices and processes do not afford sufficient protection against loss, damage or
destruction of Government property:

(1) The property administrator shall increase surveillance to prevent, to the extent possible, any
loss, damage, or destruction of Government property; and

(2) Advise the contracting officer of any known or reported incidence of loss, damage or destruction
identified during any period in which the contracting officer has revoked the Government’s
acceptance of risk.

(d) The property administrator shall review records and the results of contractor actions to identify
any and all incidence where the contractor fails to report property no longer required for performance
for periods longer than called for in their standards and practices.

(e) After a report of excess received from a contractor has been referred to the plant clearance
officer for screening and ultimate disposition, the property administrator shall ensure prompt
disposition. For equipment, the property administrator shall—

(1) Assure the preparation and submission of individual reports required of the contractor;

(2) Verify the permit certifications required by the forms; and

(3) Transmit the report to the NASA Industrial Property Officer.

(f) Upon completion or termination of a contract, the property administrator shall—

(1) Monitor the actions of the contractor in returning excess Government property not referred to
the plant clearance officer; and

(2) Advise the cognizant plant clearance officer as to the existence at a contractor’s plant of
residual property requiring disposal.

(3) When informed that disposition of Government property under a contract has been completed,
the property administrator shall perform a final review and sign a determination that—

(i) Disposition of Government property has been properly accomplished and documented;

(ii) Adjustment documents, including any request of the contractor for relief from responsibility,
have been processed to completion;

(iii) Proceeds from disposals or other property transactions, including adjustments, have been
properly credited to the contract or paid to the Government as directed by the contracting officer;

(iv) All questions regarding title to property fabricated or acquired under the contract have been
resolved and appropriately documented; and

(v) The contract property control record file is complete and ready for retirement.

(4) When final review pursuant to paragraph (a) of this section reveals that such action is proper,
the property administrator shall accomplish and sign a DD Form 1593, Contract Administration
Completion Record, or equivalent.
(5) The Property Administrator shall forward the complete and signed DD Form 1593 to the contracting officer, and so annotate the Property Summary Data Record.

(6) The contracting officer shall include the DD form 1593 in the official contract file.

1845.506-70 Responsibilities of the plant clearance officer.

When plant clearance is not delegated to DOD, NASA plant clearance officers shall be responsible for—

(a) Providing the contractor with instructions and advice regarding the proper preparation of inventory schedules;

(b) Accepting or rejecting inventory schedules;

(c) Conducting or arranging for inventory verification;

(d) Initiating prescribed screening and effecting resulting actions;

(e) Final plant clearance of contractor inventory;

(f) Pre-inventory scrap determinations, as appropriate;

(g) Evaluating the adequacy of the contractor's procedures for property disposal and providing feedback to the Property Administrator regarding the contractor's performance in property disposal activities;

(h) Determining the method of disposal;

(i) Surveillance of any contractor conducted sales;

(j) Accounting for all contractor inventory reported by the contractor;

(k) Advising and assisting, as appropriate, the contractor, the Supply and Equipment Management Officer (SEMO) and other Federal agencies in all actions relating to the proper and timely disposal of contractor inventory;

(l) Approving the method of sale, evaluating bids, and approving sale prices for any contractor-conducted sales; and

(m) Recommending the reasonableness of selling expenses related to any contractor-conducted sales.
(n) Seeking the advice and concurrence of the General Counsel regarding antitrust actions when needed.

(o) Assuring that the center equipment manager is advised of, and receives documentation for, all capital valued property that has been reported for disposition.

(p) Advising the contracting officer regarding all disposition actions and activities.

Subpart 1845.6—Reporting, Reutilization, and Disposal

1845.602-3 Screening.

(a) Property Disposal Officers (PDOs) are the center focal points for intra-agency reutilization screening.

(1) When property is reported for disposition through PCARSS or on manual inventory schedules, PDOs shall make that information available to procurement and program offices seeking to acquire similar, new property in accordance with the agency inventory and other agency excess utilization requirements of FAR Part 8.

(2) When property is reported for disposition through NASA DSPL systems, the PDO shall screen and process the disposition in accordance with NPR 4200.1, NASA Personal Property Disposal Procedural Requirements and related guidance.

(b) Waiver of screening requirements. The Director, Logistics Division Office of Strategic Infrastructure will approve deviations from intra-agency screening requirements.

1845.603 Abandonment, destruction or donation of excess personal property.

The center property disposal officer (PDO) shall review abandonment or destruction determinations in accordance with NPR 4300.1.

1845.604 Restrictions on purchase or retention of contractor inventory.

(1) No contractor may sell contractor inventory to persons known by it to be NASA or DOD personnel who have been engaged in administering or terminating NASA contracts.

(2)(i) The contractor's or subcontractor's authority to approve the sale, purchase, or retention of Government property on a contract which is excess to needs after Government reutilization screening at less than cost by a subcontractor, and the subcontractor's authority to sell, purchase, or retain such property at less than cost with the approval of the contractor or next higher-tier subcontractor does not include authority to approve—

(A) A sale by a subcontractor to the contractor, the next higher-tier subcontractor, or their affiliates;
(B) A sale, purchase, or retention by a subcontractor affiliated with the contractor or next higher-tier subcontractor.

(ii) Each excluded sale, purchase, or retention requires the written approval of the plant clearance officer.

1845.604-4 Proceeds of sale.

(a) Sale of surplus contractor inventory. The plant clearance officer shall maintain an open suspense record until verifying that credit has been applied, unless another Government representative has specifically assumed this responsibility.

1845.604-70 Contractor inventory in foreign countries.

NASA procedures for disposal are in NPR 4300.1, NASA Personal Property Disposal Procedures and Guidelines.

1845.605-70 Inventory disposal report.

A copy of Standard Form 1424, Inventory Disposal Report, shall be provided to the center industrial property officer or the PDO.

1845.606 Disposal of scrap.

1845.606-70 Contractor’s approved scrap procedure.

(a) When a contractor has an approved scrap procedure, certain property may be routinely disposed of in accordance with that procedure and not processed under this section.

(b) The center property administrator is authorized to approve the contractor’s scrap procedure. Before approval, the plant clearance officer shall review the procedure, particularly regarding sales. The plant clearance officer shall ensure that the procedure contains adequate requirements for inspecting and examining items to be disposed of as scrap. When the contractor’s procedure does not require physical segregation of Government-owned scrap from contractor-owned scrap and separate disposal, care shall be exercised to ensure that a contract change that generates a large quantity of property does not result in an inequitable return to the Government. In such a case, the property administrator shall make a determination as to whether separate disposition of Government scrap would be appropriate.

(c) A plant clearance case shall not be established for production scrap disposed of through the contractor’s approved scrap procedure.

(d) Property in scrap condition, other than that disposed of through the contractor’s approved scrap procedure, shall be reported on appropriate inventory schedules for disposition in accordance with the
provisions of FAR Part 45 and **NFS 1845**.

1845.606-71 Recovering precious metals.

Silver, gold, platinum, palladium, rhodium, iridium, osmium, and ruthenium; scrap bearing such metals; and items containing recoverable quantities of them shall be reported through the NASA PDO for disposition in accordance with NASA instructions.

1845.607-170 Contractor's approved scrap procedure.

(a) When a contractor has an approved scrap procedure, certain property may be routinely disposed of in accordance with that procedure and not processed under this section.

(b)-(c) [Reserved]

(d) Property in scrap condition, other than that disposed of through the contractor's approved scrap procedure, shall be reported on appropriate inventory schedules for disposition in accordance with the provisions of FAR part 45 and 1845.

1845.607-2 Recovering precious metals.

(b) Silver, gold, platinum, palladium, rhodium, iridium, osmium, and ruthenium; scrap bearing such metals; and items containing recoverable quantities of them shall be reported to the Defense Reutilization and Marketing Service, DRMS-R, Federal Center, Battle Creek, MI 49017-3092, for instructions regarding disposition.

1845.610-4 Contractor inventory in foreign countries.

NASA procedures for disposal are in NPR 4300.1, NASA Personal Property Disposal Procedures and Guidelines.

Subpart 1845.70—Reserved

Subpart 1845.71—Forms Preparation

1845.7101 Instructions for preparing NASA Form 1018.

NASA must account for and report assets in accordance with 31 U.S.C. 3512 and 31 U.S.C. 3515, Federal Accounting Standards, and Office of Management and Budget (OMB) instructions. Since contractors maintain NASA’s official records for its assets in their possession, NASA must obtain periodic data from those records to meet these requirements. Changes in Federal Accounting Standards and OMB reporting requirements may occur from year to year, requiring contractor
submission of supplemental information with the NASA Form (NF) 1018. The specific Statements of Federal Financial Accounting Standards (SFFAS) to be used for property records are SFFAS No. 3 “Accounting for Inventory and Related Property”, SFFAS No. 6 “Accounting for Property, Plant and Equipment”, SFFAS No. 10 “Accounting for Internal Use Software”, and SFFAS No. 11 “Amendments to PP&E: Definitions” issued by the Federal Accounting Standards Advisory Board. Classifications of property, related costs to be reported, and other reporting requirements are discussed in this subpart. NF 1018 (see 1853.3) provides critical information for NASA financial statements and property management. Accuracy, completeness, and timeliness of the report are critical to many aspects of NASA’s operations.

1845.7101-1 Property classification.

(a) General.

(1) Contractors shall report costs in the classifications on NF 1018, as described in this section. The cost of heritage assets and obsolete property will be reported on the NF 1018 under the appropriate classification. Supplemental reporting may also be required.

(2)(i) Heritage assets are property, plant and equipment that possess one or more of the following characteristics:

(A) Historical or natural significance.

(B) Cultural, educational or artistic importance.

(C) Significant architectural characteristics.

(ii) Examples of NASA heritage assets include buildings and structures designated as National Historic Landmarks as well as aircraft, spacecraft and related components on display to enhance public understanding of NASA programs. Heritage assets which serve both a heritage and government operation function are considered multi-use when the predominant use is in general government operations. Multi-use heritage assets will not be considered heritage assets for NF 1018 supplemental reporting purposes.

(3) Obsolete property is property for which there are no current plans for use in its intended purpose (i.e. it no longer provides service to NASA operations). Examples of obsolete property are items in configurations which are no longer required or used by NASA or items held for engineering evaluation purposes only. NASA may have approved the retention of these items for programmatic reasons even though they have no current plans for use.

(b) Land. Includes costs of land and improvements to land. Contractors shall report land with a unit acquisition cost of $500,000 or more.

(c) Buildings. Includes costs of buildings, improvements to buildings, and fixed equipment required for the operation of a building which is permanently attached to and a part of the building and cannot be removed without cutting into the walls, ceilings, or floors. Contractors shall report buildings with a unit acquisition cost of $500,000 or more. Examples of fixed equipment required for functioning of a building include plumbing, heating and lighting equipment, elevators, central air conditioning systems, and built-in safes and vaults.
(d) Other Structures and Facilities. Includes costs of acquisitions and improvements of real property (i.e. structures and facilities other than buildings); for example, airfield pavements, harbor and port facilities, power production facilities and distribution systems, reclamation and irrigation facilities, flood control and navigation aids, utility systems (heating, sewage, water and electrical) when they serve several buildings or structures, communication systems, traffic aids, roads and bridges, railroads, monuments and memorials, and nonstructural improvements such as sidewalks, parking areas, and fences. Contractors shall report other structures and facilities with a unit acquisition cost of $500,000 or more and a useful life of two years or more.

(e) Leasehold improvements. Includes NASA-funded costs of improvements to leased buildings, structures, and facilities, as well as easements and right-of-way, where NASA is the lessee or the cost is charged to a NASA contract. Contractors shall report leasehold improvements with a unit acquisition cost of $500,000 or more and a useful life of two years or more.

(f) Construction in Progress. Includes costs of work in process for the construction of Buildings, Other Structures and Facilities, and Leasehold Improvements to which NASA has title, regardless of value.

(g) Equipment. Includes costs of commercially available personal property capable of stand-alone use in manufacturing supplies, performing services, or any general or administrative purpose (for example, machine tools, furniture, vehicles, computers, software, test equipment, including their accessory or auxiliary items). Software integrated into and necessary to operate another item of Government property is considered to be an auxiliary item (see FAR 45.501) and should be considered part of the item of which it is an integral part. Other software to which NASA has title shall be classified as an individual item of equipment for reporting purposes if it has a useful life of 2 years or more and acquisition cost of $1,000,000 or more (also see 1845.7101-3(g)). Enhancement costs for existing software should be added to the software acquisition cost if the enhancement results in significant additional capability beyond that for which the software was originally developed (i.e. a capability that was not included in the original software specifications, the total cost of the enhancement is $1,000,000 or more, or the expected useful life of the enhanced software is 2 years or more). Software licenses are excluded. Contractors shall separately report—

(1) The amount for all items with a unit acquisition cost of $500,000 or more and a useful life of two years or more; and

(2) All other items.

(h) Special Tooling. Includes costs of equipment and manufacturing aids (and their components and replacements) of such a specialized nature that, without substantial modification or alteration, their use is limited to development or production of particular supplies or parts, or performance of particular services (see FAR 45.101). Examples include jigs, dies, fixtures, molds, patterns, taps and gauges. Contractors shall separately report—

(1) The amount for all items with a unit acquisition cost of $500,000 or more and a useful life of two years or more; and

(2) All other items.
(i) Special Test Equipment. Includes costs of equipment used to accomplish special purpose testing in performing a contract, and items or assemblies of equipment (see FAR 45.101). Contractors shall separately report—

(1) The amount for all items with a unit acquisition cost of $500,000 or more and a useful life of two years or more; and

(2) All other items.

(j) Material. Includes costs of NASA-owned property held in inventory regardless of whether or not it is unique to NASA programs that may become a part of an end item or be expended in performing a contract. Examples include raw and processed material, spares, parts, assemblies, small tools and supplies. Material that is part of work-in-process is not included. Contractors shall report the amount for all Materials in inventory, regardless of unit acquisition cost.

(k) Agency-Peculiar Property. Includes costs of completed items, unique to NASA aeronautical and space programs, which are capable of stand-alone operation. Examples include research aircraft, reusable space vehicles, ground support equipment, prototypes, and mock-ups. The amount of property, title to which vests in NASA as a result of progress payments to fixed price subcontractors, shall be included to reflect the pro rata cost of undelivered agency-peculiar property. Completed end items not related to the International Space Station or the Space Shuttle program which otherwise meet the definition of Agency-Peculiar Property, and are destined for permanent operation in space, such as satellites and space probes, shall not be reported. Contractors shall separately report—

(1) The amount for all items with a unit acquisition cost of $500,000 or more and a useful life of two years or more; and

(2) All other items.

(l) Contract Work-in-Process. Work-in-process (WIP) consists of property items under construction (i.e. not complete). It includes costs of all work-in-process regardless of value, and excludes costs of completed items reported in other categories. While the costs of WIP for International Space Station and Space Shuttle components should be included as WIP, satellites and space probes and their components should be excluded from WIP as those items will be accounted for by NASA.

1845.7101-2 Transfers of property.

A transfer is a change in accountability between and among prime contracts, NASA Centers, and other Government agencies (e.g., between contracts of the same NASA Center, contracts of different NASA Centers, a contract of one NASA Center to another, a NASA Center to a contract of another NASA Center, and a contract to another Government agency or its contract). To enable NASA to properly control and account for all transfers, they shall be adequately documented. Adequate documentation includes the appropriate dollar amount of the asset(s) transferred (as prescribed in 1845.7101-3) and the formal, signed NASA or contractor authorization approving the transfer. In addition, procurement, property, and financial organizations at NASA Centers must affect all transfers of accountability, although physical shipment and receipt of property may be made directly by contractors. The procedures described in this section shall be followed to provide an administrative and audit trail, even if property is physically shipped directly from one contractor to another. Property
shipped between September 1 and September 30, inclusively, shall be accounted for and reported by the shipping contractor, regardless of the method of shipment, unless written evidence of receipt at destination has been received. Repairables provided under fixed price repair contracts that include the clause at 1852.245-72, Liability for Government Property Furnished for Repair or Other Services, remain accountable to the cognizant NASA Center and are not reportable on NF 1018; repairables provided under a cost-reimbursement contract, however, are accountable to the contractor and reportable on NF 1018. All materials provided to conduct repairs are reportable, regardless of contract type.

(a) Approval and Notification. The contractor must obtain approval of the contracting officer or designee for transfers of property off the prime contract before shipment. Each shipping document must be signed by the contracting officer or designee demonstrating such approval. Each shipping document must contain contract numbers, shipping references, property classifications in which the items are recorded (including Federal Supply Classification group (FSC) codes for equipment), unit acquisition costs (as defined in 1845.7101-3, Unit Acquisition Cost), original Government acquisition dates for items with a unit acquisition cost of $500,000 or more and a useful life of two years or more, and any other appropriate identifying or descriptive data. Where the DD Form 250, Material Inspection and Receiving Report, is used, the FSC code will be part of the national stock number (NSN) entered in Block 16 or, if the NSN is not provided, the FSC alone shall be shown in Block 16. The original Government acquisition date shall be shown in Block 23, by item. Other formats, such as the DD Form 1149, Requisition and Invoice/Shipping Document, should be clearly annotated with the required information. Unit acquisition costs shall be obtained from records maintained pursuant to FAR Part 45 and this Part 1845, or, for uncompleted items where property records have not yet been established, from such other record systems as are appropriate such as manufacturing or engineering records used for work control and billing purposes. Shipping contractors shall furnish a copy of the formally approved shipping document to the cognizant property administrator. Shipping and receiving contractors shall promptly submit copies of shipping and receiving documents to the Center Deputy Chief Financial Officer, Finance, responsible for their respective contracts when accountability for NASA property is transferred to, or received from, other contracts, contractors, NASA Centers, or Government agencies.

(b) Reclassification. If property is transferred to another contract or contractor, the receiving contractor shall record the property in the same property classification and amount appearing on the shipping document. For example, when a contractor receives an item from another contractor that is identified on the shipping document as equipment, but that the recipient intends to incorporate into special test equipment, the recipient shall first record the item in the equipment account and subsequently reclassify it as special test equipment. Reclassification of equipment, special tooling, special test equipment, or agency-peculiar property requires prior approval of the contracting officer or a designee.

(c) Incomplete documentation. If contractors receive transfer documents having insufficient detail to properly record the transfer (e.g., omission of property classification, FSC, unit acquisition cost, Government acquisition date, required signatures, etc.) they shall request the omitted data directly from the shipping contractor or through the property administrator. The contracting officer shall assist the Government Property Administrator and the receiving contractor to obtain all required information for the receiving contractor to establish adequate property records.

1845.7101-3 Unit acquisition cost.
(a) The unit acquisition cost shall include all costs incurred to bring the property to a form and location suitable for its intended use. The following is representative of the types of costs that shall be included, when applicable:

1. Amounts paid to vendors or other contractors.
2. Transportation charges to the point of initial use.
3. Handling and storage charges.
4. Labor and other direct or indirect production costs (for assets produced or constructed).
5. Engineering, architectural, and other outside services for designs, plans, specifications, and surveys.
6. Acquisition and preparation costs of buildings and other facilities.
7. An appropriate share of the cost of the equipment and facilities used in construction work.
8. Fixed equipment and related installation costs required for activities in a building or facility.
9. Direct costs of inspection, supervision, and administration of construction contracts and construction work.
10. Legal and recording fees and damage claims.
11. Fair values of facilities and equipment donated to the Government.

(b) Acquisition cost shall include, where appropriate, for contractor acquired property, related fees, or a pro rata portion of fees, paid by NASA to the contractor. Situations where inclusion of fees in the acquisition cost would be appropriate are those in which the contractor designs, develops, fabricates or purchases property for NASA and part of the fees paid to the contractor by NASA are related to that effort.

(c) Acquisition cost 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 methodology based on a historical basis. All acquisition costs shall be properly documented, supported and retained. Supporting documentation shall be made available upon request.

(d) The use of weighted average methodologies is acceptable for valuation of Material.

(e) Contractors shall report unit acquisition costs using records that are part of the prescribed property or financial control system as provided in this section. Fabrication costs shall be based on approved systems or procedures and include all direct and indirect costs of fabrication.

(f) Only modifications that improve an item’s capacity or extend its useful life two years or more and that cost $500,000 or more shall be reported on the NF 1018 on the $500,000 & Over line. The costs of any other modifications, excluding routine maintenance, will be reported on the Under
$500,000 line. If an item’s original unit acquisition cost is less than $500,000, but a single subsequent modification costs $500,000 or more, that modification only will be reported as an item $500,000 or more on subsequent NF 1018s. The original acquisition cost of the item will continue to be included in the under $500,000 total. The quantity for the modified item will remain “1” and be reported with the original acquisition cost of the item. If an item’s acquisition cost is reduced by removal of components so that its remaining acquisition cost is under $500,000, it shall be reported as under $500,000.

(g) Software acquisition costs include software costs incurred up through acceptance testing and material internal costs incurred to implement the software and otherwise make the software ready for use. Costs incurred after acceptance testing are excluded. License, maintenance, training, and data conversion costs are also excluded. If the software is purchased as part of a package, the costs will need to be segregated in such manner as to ensure that the excluded costs (maintenance, training, etc.) are not reported as part of the software’s acquisition cost. Enhancement costs for existing software should be added to the acquisition cost if the enhancement results in significant additional capability beyond that for which the software was originally developed (i.e. a capability that was not included in the original software specifications), the total cost of the enhancement is $1,000,000 or more, and the expected useful life of the enhanced software is 2 years or more. Include the same types of cost as indicated above under new software. Costs incurred solely to repair a design flaw or perform minor upgrades should not be included.

(h) The computation of work in process (WIP) shall include all direct and indirect costs of fabrication, including associated systems, subsystems, and spare parts and components furnished or acquired and charged to work in process pending incorporation into a finished item. These types of items make up what is sometimes called production inventory and include programmed extra units to cover replacement during the fabrication process (production spares). Also included are deliverable items on which the contractor or a subcontractor has begun work, and materials issued from inventory. The computation of WIP shall incorporate the other requirements for unit acquisition cost as outlined in paragraphs (a) through (e) of this section. In addition, acquisition cost of property furnished by the Government, which has been incorporated in the property item under construction or in process of fabrication, should be included. Do not include costs for operation or repairing existing completed property items. Once the property is complete, include all the costs outlined above in its acquisition value in the property record. The WIP values are inception to date until such time as the WIP is completed. It does not include future costs.

1845.7101-4 Types of deletions from contractor property records.

Contractors shall report the types of deletions from contract property records as described in this section.

(a) Lost, Damaged or Destroyed. Deletion amounts that result from relief from responsibility under FAR 45.503 granted during the reporting period.

(b) Transferred in Place. Deletion amounts that result from transfer of property to a follow-on prime contract or other prime contract with the same contractor.

(c) Transferred to NASA Center Accountability. Deletion amounts that result from transfer of accountability to the NASA Center responsible for the contract, whether or not items are physically
moved.

(d) Transferred to Another NASA Center. Deletion amounts that result from transfer of accountability to a NASA Center other than the one responsible for the contract, whether or not items are physically moved.

(e) Transferred to Another Government Agency. Deletion amounts that result from transfer of property to another Government agency.

(f) Purchased at Cost/Returned for Credit. Deletion amounts that result from contractor purchase or retention of contractor acquired property as provided in FAR 45.605-1, or from contractor returns to suppliers under FAR 45.605-2.

(g) Disposed of Through Plant Clearance Process. Deletions other than transfers within the Federal Government, e.g., donations to eligible recipients, sold at less than cost, or abandoned/directed destruction, or trade-ins.

(h) Other. Types of deletion other than those reported in paragraph (a) through (g) of this section such as those resulting from reclassifications (e.g. from equipment to agency-peculiar property).

1845.7101-5 Contractor’s privileged financial and business information.

If a transfer of property between contractors involves disclosing costs of a proprietary nature, the contractor shall furnish unit acquisition costs only on copies of shipping documents sent to the shipping and receiving NASA Centers.