

# **Federal Student Aid Government Property Monitoring Plan**

## **I. Introduction**

In an effort to ensure all government property is being properly accounted for, utilized, and disposed of appropriately, this Government Property Monitoring Plan (the "Plan") is provided as internal guidance by the Federal Student Aid (FSA) Acquisitions and Contracts Performance Office and will be published on the Intranet. This Plan is to be used in conjunction with the Federal Acquisition Regulation (FAR) by contracting officials (i.e. - Contracting Officers (COs), Contracting Officer Representatives (CORs), Property Administrators (PAs), and Contracts Specialists (CSs)) and other FSA staff to assist in the monitoring of government property. Accurate and complete inventories are necessary to make appropriate decisions as to the disposition of, or allowances for, government property. The goal of this Plan is to minimize the risk of misuse or loss of government property by ensuring the accuracy of property accountability.

### **A. Scope**

The guidance set forth in this Plan applies to all FSA contracts that require the use of Government Property by contractors. The Plan also establishes inventory procedures and reporting guidance for FSA's monitoring the use and management of Government property by contractors. It does not apply to providing property under any statutory leasing authority. Nor does it apply to Government property under Government control.

Procedures and assigned responsibilities for conducting inventories, as well as monitoring, and reporting are described in the sections below.

### **B. Definitions**

The following FAR definitions apply throughout this Plan:

- 1. Contractor-acquired property** - property acquired or otherwise provided by the contractor for performing a contract and to which the Government has title.
- 2. Government-furnished property** - property directly acquired by, the Government and subsequently made available to the contractor.
- 3. Government property** - all property owned by or leased to the Government or acquired by the Government under the terms of the contract. It includes both Government-furnished and contractor-acquired property as defined in this section.
- 4. Property administrator (PA)** - an authorized representative of the CO assigned to administer the contract requirements and obligations relating to Government property. The PA will be the CO unless the

CO delegates this responsibility to another individual.

**C. Reference**

FSA CO's, COR's, and (PA's) and contractors/subcontractors are to refer to the Federal Acquisition Regulation (FAR) for specific and detailed guidance in the maintenance, inventorying, reporting, and monitoring of all Government property.

**II. Responsibilities**

**A. Scope**

This section assigns responsibilities to parties involved in the monitoring of Government property. This section highlights the major responsibilities but is not all inclusive of the total responsibilities of the CO, COR, and contractor and/or subcontractor.

**B. Contracting Officer (CO)**

In addition to other responsibilities outlined in the FAR, the CO is responsible for the following:

1. Review and verification of contractor reports;
2. Resolving inventory discrepancies;
3. Review of contractor property control systems;
4. Ensuring required reports are received; and
5. Ensuring proper utilization and disposition of property.

**C. Contracting Officer Representative (COR)**

In addition to other responsibilities outlined in the FAR, the COR will be the primary interface with the contractor and is responsible for the following:

1. Update department asset management databases; and
2. Resolve inventory discrepancies.

**D. Contractor/Subcontractor (FAR 45.103)**

The contractor is responsible, accountable and liable for government property in its possession unless otherwise provided by the contract. This includes property purchased or developed by the contractor for which the contract calls for reimbursement by the Government. Contract clauses and other terms and conditions should clearly describe the contractor's responsibility to safeguard the property until the contractor is relieved of responsibility.

A prime contractor that provides Government property to a subcontractor should not be relieved of any responsibility to the Government that the prime contractor may have under the terms of the prime contract.

In addition to other responsibilities outlined in the FAR (FAR 45.502), the contractor/subcontractor is responsible for the following:

1. Conducting physical inventories
2. Communicating with program staff and the COR to relate the purchase or disposition of equipment for contractors to ensure department records are accurate;
3. Ensuring inventories are reconciled with department records;
4. Resolving inventory discrepancies; and
5. Reporting results of inventories.
6. Maintaining Contractor's Property Control System (See III.B. below).

### **III. Recordkeeping, Inventories and Reports**

#### **A. Scope**

This section establishes the minimum requirements for recordkeeping, inventorying and reports preparation and review on Government property in the possession of contractors and/or subcontractors as described in FAR 45.505-1.

#### **B. Contractor's Property Control System**

1. Recordkeeping (FAR 45.105 and 45.505)  
This section establishes the minimum requirements for maintaining property accountability records by contractors and/or subcontractors. Refer to FAR 45.505 for recordkeeping regulatory guidance.

In accordance with FAR 45.505 the contractor's property control system records are the official government property records. The records shall be safeguarded from tampering or destruction. Records shall be accessible to authorized Government personnel. Separate property records for each FSA contract shall be maintained.

2. Review and Approval  
In accordance with FAR 45.104(b) the CO or the representative, in FSA's case the COR, shall review the contractors' property control systems to ensure compliance with the Government property clauses of the contract. The COR will recommend to the CO either approval or disapproval of the contractor's property control

system. Previously approved property control systems by another government agency shall be binding on all other departments and agencies. However, the COR must ensure that the contractor is using its approved property control system to manage all FSA property.

3. Correction

The PA shall notify the contractor in writing when its property control system does not comply with FAR 45.5 or other contract requirements and shall request prompt correction of deficiencies as directed under FAR 45.104(c).

4. Control of Acquired/Delivered Property

Accountability for property will be established upon receipt of the property and an auditable record of ownership will be maintained as the property is transferred between organizations. This applies to all property listed below:

- a. Property delivered to FSA
- b. Property delivered to other contractor(s)
- c. Property acquired or developed by contractors

5. Marking Property

FSA property will be properly identified and marked in accordance with FAR 45.506. All government property, whether government-acquired, contractor-acquired, or contractor-fabricated, must be property identified. Exempted items, detailed in FAR 45.506, will be accurately entered and described on the official government property records.

**C. Utilization of Government Property (FAR 45.509-2)**

The PA is responsible for ensuring government property is being utilized as intended during the length of the contract. If it is determined the property is no longer required to perform contract objectives, then the property is to be disposed of in accordance with guidelines outlined in FAR 45.6. Contractors are responsible for the proper utilization of government property until properly relieved of responsibility. Vendor-issued complimentary property is to be identified to the PA immediately upon receipt for proper disposition instructions and documentation under specific contractual agreement(s).

In accordance with FAR 45.505-2(b)(2), "The Government shall determine and furnish to the contractor the unit price of Government-furnished property. Transportation and installation costs shall not generally be considered as part of the unit price for this purpose. Normally, the unit price of Government-furnished property will be provided on the document covering shipment of the property to

the contractor. In the event the unit price is not provided on the document, the contractor will take action to obtain the information".

**D. Inventories (FAR 45.508)**

1. Responsible Parties
  - a. COR – The COR is responsible for ensuring accurate and timely inventories are conducted by the contractor in accordance with FAR 45-508. The COR is also responsible for ensuring all discrepancies are documented and resolved.
  - b. Contractor – The contractor/subcontractor conducts inventories in accordance with FAR 45-508.
2. Type of Inventory

Physical Inventory - Physical inventory procedures at storage facilities will provide the required asset-to-record accuracy with positive control of material and documentation. Vendor-issued complimentary property is inventoried using the same monitoring procedures applied to all government property.
3. Elements of Each Inventory
  - a. Basic Information (nomenclature, quantity, serial/model number)(FAR 45.505-1)
  - b. Location
  - c. Condition of property
  - d. Determine if property is still in use
  - e. Does contractor's property match department records
  - f. Identification of property (FAR 45.506)
  - g. Segregation of property (FAR 45.507)
  - h. Unit price/cost estimate and unit of measure
4. Frequency of Conducting Inventories
  - a. In accordance with FAR 45.508, the contractor will periodically conduct inventories according to an established schedule approved by the property administrator. This schedule is based on the contractor's established practices, type, and use of property. FSA defines "periodically" to mean at least once a year, unless the contractor works out another schedule with the Property Administrator.
  - b. Contract Termination or Completion (FAR 45.508-1) – The contractor and/or subcontractor will immediately perform a 100% physical inventory of all government property assigned upon contract termination or completion unless waived by the PA.

c. Other – On occasion, the COR will inspect inventories and property records upon direction from the CO or other government official.

5. Discrepancies

PAs are responsible for ensuring all known discrepancies are identified on the submitted reports as described in section E below. The immediate notification of discrepancies will aid in the following:

- a. Identifying failures in the control systems so improvements can be made.
- b. Reducing future discrepancies
- c. Properly applying adjustments
- d. Evaluating indicators of trends or systemic for corrective action.
- e. Detecting negligence, abuse, or theft of material.

**E. Reports (FAR 45.505 and FAR 45.508-2)**

1. Responsible Parties

- a. CO – The CO is responsible for reviewing the submitted reports and ensuring all discrepancies are resolved.
- b. COR – The COR is responsible for reviewing and ensuring all required reports are submitted timely and accurately. The COR will ensure all discrepancies are researched and resolved in a timely manner.
- c. Contractor/subcontractor – The contractor will submit all required reports in accordance with the schedule agreed upon by the Contracting Officer.

2. Types of Reports

a. Inventory – The contractor will submit electronic reports to the COR indicating the results of the inventory performed. Inventories will be conducted utilizing the methods described below:

(1) One Time Basis – 100 percent of Government property will be inventoried once per contract year. The COR and contractor will retain the resulting information, or

(2) Rotational Basis – A rotational process should be developed that ensures during the year all Government property will be inventoried at least once. Results of rotational inventories will be submitted to the COR following each inventory. The COR and contractor will retain the resulting information.

Inventory methods must be coordinated with and agreed upon by the COR or PA.

b. Discrepancy – Documentation will be submitted to the COR upon the discovery of any discrepancies in inventory or identification of misuse or loss of government property

c. Annual – In accordance with FAR 45.505-14, total acquisition cost of all government property for which the contractor is accountable is to be reported to the agency annually as directed by the CO. The annual report is to be submitted on a consistent basis, whether at the end of the fiscal year, end of the calendar year, or some other agreed upon date. It should also include the results of the monthly rotational inventories performed throughout the year.

Contractors are to report on specific property classifications outlined in FAR 45.505-14. Property classifications may be tailored to meet the needs of individual agencies. These classifications may change throughout the length of the contract depending on the utilization and disposition of property. Any changes to the reporting of property classifications will be coordinated with the CO/COR/PA.

Results of inventories are to be reported in accordance with FAR 45.508-2 and 45.508-3.

3. Frequency of Preparing Reports

a. Annual – The contractor will produce annually the total acquisition cost of government property for which the contractor is accountable under each contract. Refer to FAR 45.505-14 for additional guidance.

b. Contract Termination or Completion – The contractor will produce a report documenting basic information as outlined below and the results of a 100 % physical inventory upon contract termination or completion.

- (1) Basic Information (nomenclature, quantity, serial/model number) (FAR 45.505-1)
- (2) Location
- (3) Condition of property
- (4) Determine if property is still in use
- (5) Does contractor's property match department records
- (6) Identification of property (FAR 45.506)
- (7) Segregation of property (FAR 45.507)

(8) Unit price/cost estimate and unit of measure

c. Other – On occasion, the contractor will be required to submit special reports as requested by the COR.

#### **F. Reconciling Inventories/Reports to Property Control Records**

CORs/PAs and contractors are required to reconcile contractor-prepared records with Department property records to ensure appropriate accounting for government property. Close monitoring of contractor-prepared records by the CORs/PAs will allow for early detection of improper property accountability and/or usage. Continual monitoring of property record reconciliation and utilization will ensure property is being utilized as intended throughout the length of the contract.

Responsibilities for reconciling inventories/reports to property control records are as follows:

1. PA Responsibilities: The PA will maintain a running log of the total acquisition cost of all property maintained by contractors. The PA will enter the acquisition cost (total value, not individual item costs) of any property that is:

- Transferred to the Contractor
- Purchased by the Contractor for FSA
- Disposed of by the Contractor

The Department's bottom line net amount (total acquisition cost) should match the Contractor's annual property report and any inventory reports. The PA will inspect Contractor records more closely to resolve any discrepancies.

2. Contractor Responsibilities: The Contractor is responsible for ensuring accurate property acquisition costs are communicated to the PA in accordance with paragraph E3a above. The Contractor and PA will resolve all discrepancies.

#### **G. Disposition of Property (FAR 45.6)**

In accordance with FAR 45.6, government property will be properly disposed of when the property is no longer needed to perform the contract. Disposition methods and inventory schedules for government-furnished and contractor-acquired property are detailed in FAR 45.6.

1. Responsibilities
  - a. CO Responsibilities:

- (1) The CO has final authority in the disposition of government property.
- (2) Ensure all disposal actions are documented in the FSA property control system.

b. Contractor Responsibilities:

- (1) Prepare inventory schedules and submit schedules promptly to the COR
- (2) Correct any inadequacies noted by the COR and resubmit revised schedules

c. COR Responsibilities:

Within 15 days after the contractor submits inventory schedules, the COR will review and determine the acceptability of schedules.

- (1) Communicate schedule inadequacies and inform contractors of required corrections to the schedules.
- (2) Make disposition recommendations to the CO. Refer to FAR 45.603 for disposal guidance.

2. Disposition Methods

An agency may exercise its rights to require delivery of any contractor inventory. This includes transfers of Government property to another Government contract. If the agency does not exercise these rights, the contractor inventory shall be disposed of by one of the following methods in the priority indicated:

- a. Purchase or retention at cost by prime contractor or subcontractor of contractor-acquired property (see 45.6051).
- b. Return of contractor-acquired property to suppliers (see 45.605-2).
- c. Use within the Government through the use of prescribed screening procedures (see 45.608).
- d. Donation to eligible donees (see 45.609).
- e. Sale (including purchase or retention at less than cost by the prime contractor or subcontractor) (see 45.610).
- f. Donation to public bodies in lieu of abandonment (see 45.611).
- g. Abandonment or destruction (see 45.611).