

## CONTROL OF GOVERNMENT PROPERTY – CONTRACTOR REQUIREMENTS

This document states the requirements with which a contractor must comply to control government property acquired for performance of a contract.

The requirements are set forth in the following subject areas:

- Definitions
- Sources of Government Property
- Specification of Property Required
- Documentation of Acquisitions
- Identification
- Records
- Physical Inventories
- Disposal of Government Property
- Contractor Procedures

**government property** - any item acquired with government funds under the terms of the contract.

**equipment item** - one having a unit cost of \$5,000 or greater and an expected useful life of at least two years. Items of \$50,000 or greater will be capitalized. Test rigs, loops, and similar Laboratory-built experimental installations meeting the dollar criterion are classified as equipment if the expected period of use exceeds two years. Developmental fabrication items are equipment if they are determined to be useful as equipment after completion of the test.

**NOTE:** The equipment catalog maintained by the Office of the Chief Financial Officer (CFO) is the controlling reference for determining if an item of equipment is capitalized.

**sensitive item** - an item, regardless of dollar value, that is susceptible to theft because it is easily converted to personal use or can be readily sold. Examples: balances, cameras, computers, copiers, disk drives, fax machines, printers, projectors, scanners, typewriters.

**special tooling** - jigs, dies, fixtures, patterns, special taps, special gauges, other special equipment and manufacturing aids, and replacements of these acquired or manufactured by the contractor for use in the performance of a contract, that are of such a specialized nature that, without substantial modification or alteration, their use is limited to the production of the supplies ordered. The term does not include: (a) items of tooling or equipment acquired by the contractor, or replacements of these, whether or not altered or adapted for use in the performance of a contract, (b) consumable small tools, or (c) general or special machine tools, or similar equipment items.

**non-consumable property** - non-consumable items (other than capital equipment, sensitive items, or special tooling) acquired for performance of work under the contract. Examples are items such as desks and chairs.

**consumable property** - materials and supplies that could be expended in the performance of the contract.

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

**scrap property** - property in such condition that it has no reasonable prospect of being sold except for the recovery value of its basic material content.

## **SOURCES OF GOVERNMENT PROPERTY**

Government property is acquired from the following sources:

1. Property that is transferred by Argonne from one contractor to another.
2. Property that is purchased by Argonne and delivered to the contractor.
3. Property that is purchased by the contractor.
4. Property that is fabricated by the contractor.

## **SPECIFICATION OF PROPERTY REQUIRED**

The contractor will prepare a detailed list of government property items, with estimated costs and recommended sources, that must be acquired for performance of the contract and submit them to the Procurement Department as part of the contract proposal.

## **DOCUMENTATION OF ACQUISITIONS**

1. Acquisitions of equipment by the contractor, from any source, must be recorded on the attached Form ANL-661 to provide the following information. This form must accompany all invoices for payment under this contract or purchase order.
  - a. Argonne contract number
  - b. Source of the acquisition
  - c. Reference number of the acquisition document, that is:
    1. Argonne's shipping order number
    2. Transferring contractor's shipping order number
    3. Contractor's purchase order number
    4. Contractor's Work Order number (fabrication)
  - d. Description of the item
  - e. Model number, if any
  - f. Serial number
  - g. Identification number or special markings
  - h. Location of the item
  - i. Cost of the item, including, where applicable:
    1. Materials cost
    2. Direct labor cost

3. Overhead cost
4. Transportation cost

## **IDENTIFICATION**

The contractor must identify government property in accordance with the following guidelines for the stated category of property:

1. Equipment (cost of \$5,000 or greater) and sensitive items (regardless of dollar value)

Acquired from any source other than Argonne loan, i.e., contractor's P.O., contractor's fabrication, Argonne drop shipments, etc. Property tags will be provided and affixed by the contractor. These tags must clearly identify the equipment and sensitive items as U.S. government property purchased by Argonne to the contractor, or transferred from one contractor to another. These equipment and sensitive items may already have an Argonne U.S. property tag affixed. This is the only identification required.

2. Special Tooling, and Non-Consumable Property

Items in these categories must be marked upon receipt by the contractor to identify them as government property. The method of marking (printing, stenciling, tagging, etching, etc.) may be chosen by the contractor as long as it effectively identifies the property throughout the life of the contract. If it is not practicable to mark an item due to its nature, the contractor must use other means to identify it as government property.

3. Consumable Property

Marking of items in this category is not required. However, physical storage and control measures must be followed to ensure that such property is used solely for performance of the contract.

4. Salvage and/or Scrap Property

Marking is not required, but property in this category must be kept physically separated from other property until final disposition.

## **RECORDS**

The contractor must establish and maintain the following records for government property:

1. Equipment, Sensitive Items, Special Tooling and Non-Consumable Property. The contractor must maintain the following information for each item of government property in these categories:
  - a. Argonne contract number
  - b. Identification number - Argonne property tag number when applicable
  - c. Description
  - d. Source from which acquired
  - e. Source document number
  - f. Acquisition date
  - g. Cost
  - h. Location
  - i. Disposition action

- j. Disposition date
- 2. Consumable Property

The contractor must maintain inventory records for consumable property in sufficient detail to account for quantity and dollar value of receipts, issues, and balances on hand.

- 3. Salvage and Scrap Property

The contractor must maintain records for this property in sufficient detail to account for quantities generated and money received upon disposition.

## **PHYSICAL INVENTORIES**

The contractor must make an annual and/or contract completion inventory of all government property and submit a report of the results to OSS-SMP, with a copy to the Procurement Department, based on the following schedule:

Equipment and Sensitive Items - every June unless notified by the Procurement Department.

Contract Close Out - physical inventory. The close-out inventory may be waived if the property is authorized for use on a follow-up contract, or provided that the time between the close-out and the last adequate (as determined by the Laboratory) physical inventory is less than three months.

- 1. Report for Equipment, Sensitive Items, Special Tooling, and Non-Consumable Property.

The report for these categories of property will be divided into the categories above and list each individual line item with the following information:

- a. Identification number - Argonne property tag number when applicable
- b. Description
- c. Acquisition cost
- d. Location
- e. Acquisition date

- 2. Report for Consumable Property

The report for this category of property will briefly describe the types and quantities of items and their value.

- 3. Report for Salvage and Scrap Property

The report for these categories of property will briefly describe the materials, quantities, estimated value and justification for this classification.

## **DISPOSAL OF GOVERNMENT PROPERTY**

The contractor will dispose of government property only after receiving written authorization from the Procurement Department. The Procurement Department must provide OSS-SMP with copies of the written authorization for approval. The contractor will prepare the following documents for disposition and submit them to the Procurement Department.

- 1. Equipment, Sensitive Items, Special Tooling, and Non-Consumable Property

Documents covering disposition of these categories of government property will contain the following information for each individual item:

- a. Identification number - Argonne property tag number when applicable

- b. Description
  - c. Disposition authorization
  - d. Disposition date
  - e. Payment received and credited to Argonne, if applicable
2. Consumable Property

Disposition of this category of property will be documented by a description of the property disposed of and payment received and credited to Argonne.

3. Salvage and Scrap Property

Disposition of these categories of property will be documented by a description of the property disposed of and payment received and credited to Argonne.

### **CONTRACTOR PROCEDURES**

The contractor must prepare written procedures that state the actions that will be taken to fulfill the requirements for control of government property set forth above. The procedures will be submitted to the Procurement Department as part of the contract proposal.

1. Contract Close Out - physical inventory. The close-out inventory may be waived if the property is authorized for use on a follow-up contract, or provided that the time between the close-out and the last adequate (as determined by the Laboratory) physical inventory is less than three months.

a. Report for Equipment, Sensitive Items, Special Tooling, and Non-Consumable Property

The report for these categories of property will be divided into the categories above and list each individual line item with the following information:

- 1. Identification number - Argonne property tag number when applicable
- 2. Description
- 3. Acquisition cost
- 4. Location
- 5. Acquisition date

2. Report for Consumable Property

The report for this category of property will briefly describe the types and quantities of items and their value.

3. Report for Salvage and Scrap Property

The report for these categories of property will briefly describe the materials, quantity, its estimated value and the reason it is considered to be scrap or salvage.

