



DEPARTMENT OF THE NAVY
NAVAL FACILITIES ENGINEERING COMMAND
200 STOVALL STREET
ALEXANDRIA, VA 22332

IN REPLY REFER TO
ACQ 021
3 Aug 98

MEMORANDUM FOR DISTRIBUTION

Subj: DEPARTMENTAL MEMORANDUMS (98-35)

Encl: (1) ASN(RD&A)/ABM memo of 10 Jul 98

1. The Director of Defense Procurement has extended for an additional year two class deviations that authorize all military departments and defense agencies to deviate from certain requirements in FAR Part 45.
2. These class deviations, provided in enclosure (1), are forwarded for your information and action, as appropriate.

A handwritten signature in black ink, appearing to read "Michael F. Howard".

MICHAEL F. HOWARD
Director, Strategic Operations

DEPARTMENT OF THE NAVY
OFFICE OF THE ASSISTANT SECRETARY
RESEARCH, DEVELOPMENT AND ACQUISITION
1000 NAVY PENTAGON
WASHINGTON DC 20350-1000

abm
online
ASN-RDA:
[1998] [97] [96]

OSD + Other:
[97] [96]

July 10, 1998

MEMORANDUM FOR DISTRIBUTION

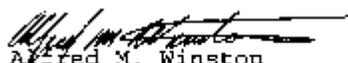
Subj: DEPARTMENTAL MEMORANDUMS

Encl: (1)  OUUSD DP(DAR) memo dtd 30 June 1998; Subj:
Case: 98-00007 - Extension of Class Deviation from Federal
Acquisition Regulation (FAR) Part 45
(2)  OUUSD DP(DAR) memo dtd 25 June 1998; Subj:
Case: 98-00008 - Extension of Class Deviation Reutilization
Screening for Department of Defense (DOD) Special Tooling

Enclosures (1) and (2) are forwarded for your information and immediate implementation, as appropriate.

Enclosure (1) provides notification that the period of effectivity for the subject class deviation has been extended through July 14, 1999, or until the FAR is revised to include these provisions, whichever event occurs first. This class deviation does not affect special tooling deviation 97-O0007.

Sidney A Tronic
for


Alfred M. Winston
Director, Policy
and Resources

DISTRIBUTION:
COMNAVAIRSYSCOM (2.0)

COMNAVFACENGCOM (11)
COMNAVSEASYSYSCOM (02)
COMNAVSUPSYSCOM (02)
COMSPAWARSYSCOM (02)
COMMARCORSYSCOM (02)
CNR (02) COMSC (N10)
DC/S I&L HQMC (MC-LB)
DIRSSP (SPN)
copy to:
AGC (RDA)



OFFICE OF THE UNDER SECRETARY OF DEFENSE

3000 DEFENSE PENTAGON
WASHINGTON, DC 20301-3000

June 30, 1998

ACQUISITION AND
TECHNOLOGY
DP (DAR)

In reply refer to
DAR Tracking Number: 98-00007

MEMORANDUM FOR DIRECTORS OF DEFENSE AGENCIES
DEPUTY FOR ACQUISITION AND BUSINESS MANAGEMENT,
ASN(RD&A)/ABM
DEPUTY ASSISTANT SECRETARY OF THE AIR FORCE
(CONTRACTING), SAF/AQC
DEPUTY ASSISTANT SECRETARY OF THE ARMY (PROCUREMENT)
DEPUTY DIRECTOR (ACQUISITION), DEFENSE LOGISTICS AGENCY

SUBJECT: Extension of Class Deviation from Federal Acquisition
Regulation (FAR) Part 45

By memorandum dated June 20, 1997, I extended the class deviation that authorized all military departments and defense agencies to deviate from certain requirements in FAR Part 45. I am extending the class deviation for an additional year. The class deviation reduces the current property recordkeeping and periodic physical inventory requirements for low value property (Special Tooling, Special Test Equipment, and Plant Equipment with an acquisition cost of \$1,500 or less), and permits contractors to defer reporting the loss, damage or destruction of low value property until contract termination or completion.

This class deviation is mandatory for all solicitations except solicitations for service contracts to be performed at military installations. For the excepted solicitations, the deviation may be used at the contracting officer's discretion. Contracting officers may modify existing contracts to include those provisions only if adequate consideration is obtained.

The class deviation is effective through July 14, 1999, or until FAR Part 45 is revised to include these provisions, whichever event occurs first. This class deviation does not affect special tooling deviation 97-00007.

Eleanor R. Spector
Director, Defense Procurement

Attachment

cc: DSMC, Ft. Belvoir



45.101 Definitions

["Low Value Property," as used in this part, means Government property in the classes special tooling, special test equipment, and plant equipment with an acquisition cost of \$1500 or less. Specifically excluded from this definition are agency-peculiar property, material, real property, and sensitive property.]

["Sensitive Property," as used in this part, means Government property for which the theft, loss, or misplacement could be potentially dangerous to the public health or safety, or which must be subject to exceptional physical security, protection, control, maintenance or accountability, including but not limited to hazardous property, precious metals, arms, ammunition, and explosives and classified property.]

45.504 Contractor's liability.

(a) (No change.)

(b) The contractor shall investigate and report to the property administrator all cases of loss, damage, or destruction of Government property in its possession or control as soon as the facts become known or when requested by the property administrator. **[Loss, damage, or destruction of items of low value property shall be reported upon contract termination, completion, or when needed for continued contract performance.]** A report shall also be furnished when completed and accepted products or end items are lost, damaged, or destroyed while in the contractor's possession or control.

(c) (No change.)

FAR 45.505 Records and reports of Government Property

(a) - (f) (No change.)

(g) **[With the exception of low value property, t]he** contractor's property control system shall contain a system or technique to locate any item of Government property within a reasonable period of time.

45-505-1, Basic Information.

(a) Unless summary records are used as authorized under paragraph (b) of this section, the contractor's property control records shall provide the following basic information for every item of Government property in the contractor's possession, regardless of value (**[See paragraph (c) below for exceptions, as well as,]** other subsections of 45.505 **[which]** require additional information for specific categories of Government property):

(1) - (7) (No change.)

(b) (No change.)

[(c) The contractor's property control records for each item of low value property in the contractor's possession shall provide the basic information listed in paragraphs (a)(1) through (a)(7) of this section. With respect to the location of each item of low value property, the contractor is not required to update changes in location occurring after the establishment of the official Government property record. This exception does not apply to sensitive property as defined in this part.]

45.508 Physical inventories.

[(a)] The contractor shall periodically physically inventory all Government property (except materials issued from stock for manufacturing, research, design, or other services required by the contract) in its possession or control and shall cause subcontractors to do likewise. **[With the exception of inventories conducted upon termination or completion, as discussed in 45.508-1, this requirement does not apply to items of low value property.]** The contractor, with the approval of the property administrator, shall establish the type, frequency, and procedures. These may include electronic reading, recording and reporting or other means of reporting the existence and location of the property and reconciling the records. Type and frequency of inventory should be based on the contractor's established practices, the type and use of the Government property involved, or the amount of Government property involved and its monetary value, and the reliability of the contractor's property control system. Type and frequency of physical inventories normally will not vary between contracts being performed by the contractor, but may vary with the types of property being controlled. Personnel who perform the physical inventory shall not be the same individuals who maintain the property records or have custody of the property unless the contractor's operation is too small to do otherwise.

[(b) If the contractor's property control system is disapproved, the contractor shall perform a physical inventory and report all loss, damage, or destruction of Government property prior to reapproval of the property control system.]

52.245-2 Government Property (Fixed-Price Contracts), Alternate I. (APR 1984) (DEV)

As prescribed in 45.106(b)(2), substitute the following paragraph (g) for paragraph (g) of the basic clause:

(g) Limited Risk of loss.

(1)-(5) (No change.)

(6) **[The contractor shall notify the contracting officer upon loss or destruction of, or damage to, Government property provided under this contract, [with the exception of low value property for which loss, damage, or destruction is reported at contract termination, completion, or when needed for continued contract performance. ~~The Contractor shall so notify the~~**

~~Contracting Officer and shall communicate with the loss and salvage organization, if any, designated by the Contracting Officer. With the assistance of any such organization,~~ The Contractor shall take all reasonable action to protect the Government property from further damage, separate the damaged and undamaged Government property, put all the affected Government property in the best possible order, and furnish to the Contracting Officer a statement of--

(7)-(10) (No change.)

52.245-2 Government Property (Fixed-Price Contracts), Alternate II. (JUL 1985) (DEV)

As prescribed in 45.106(b)(3), substitute the following paragraphs (c) and (g) for paragraphs (c) and (g) of the basic clause:

(c) (No change.)

(g) Limited Risk of loss.

(1)-(5) (No change.)

(6) **[The contractor shall notify the contracting officer upon loss or destruction of, or damage to, Government property provided under this contract, [with the exception of low value property for which loss, damage, or destruction is reported at contract termination, completion, or when needed for continued contract performance. ~~The Contractor shall so notify the Contracting Officer and shall communicate with the loss and salvage organization, if any, designated by the Contracting Officer. With the assistance of any such organization,~~ The Contractor shall take all reasonable action to protect the Government property from further damage, separate the damaged and undamaged Government property, put all the affected Government property in the best possible order, and furnish to the Contracting Officer a statement of--**

(7)-(10) (No change.)

52.245-5 Government Property (Cost-Reimbursement, Time-and-Material, or Labor-Hour Contracts) (JAN 1986) (DEV)

As prescribed in 45.106(f)(1), insert the following clause:

GOVERNMENT PROPERTY (COST-REIMBURSEMENT, TIME-AND-MATERIAL, OR LABOR-HOUR CONTRACTS) (JAN 1986) (DEV)

(a)-(f) (No change.)

(g) Limited Risk of loss.

(1)-(4) (No change.)

(5) **[The contractor shall notify the contracting officer upon loss or destruction of, or damage to, Government property provided under this contract, [with the exception of low value property for which loss, damage, or destruction is reported at contract termination, completion, or when needed for continued**

contract performance. ~~The Contractor shall so notify the Contracting Officer and shall communicate with the loss and salvage organization, if any, designated by the Contracting Officer. With the assistance of any such organization,~~ The Contractor shall take all reasonable action to protect the Government property from further damage, separate the damaged and undamaged Government property, put all the affected Government property in the best possible order, and furnish to the Contracting Officer a statement of--

(6) - (9) (No change.)

(h) - (l) (No change.)

(End of Clause)

52.245-8 Liability for the Facilities. (JAN 1997) (DEV)

As prescribed in 45.302-6(b), insert the following clause in solicitations and contracts when a consolidated facilities contract, a facilities acquisition contract, or a facilities use contract is contemplated.

LIABILITY FOR THE FACILITIES (JAN 1997) (DEV)

(a) - (f) (No change.)

(g) When there is any loss or destruction of, or damage to, the facilities [with the exception of low value property for which the loss, damage, or destruction is required to be reported at contract termination, completion, or when needed for continued contract performance,]--

(h) - (k) (No change.)

(End of Clause)



OFFICE OF THE UNDER SECRETARY OF DEFENSE

3000 DEFENSE PENTAGON
WASHINGTON, DC 20301-3000

June 25, 1998

ACQUISITION AND
TECHNOLOGY

DP (DAR)

In reply refer to
DAR Tracking Number: 98-00008

MEMORANDUM FOR DIRECTORS OF DEFENSE AGENCIES
DEPUTY FOR ACQUISITION AND BUSINESS MANAGEMENT,
ASN(RD&A)/ABM
DEPUTY ASSISTANT SECRETARY OF THE AIR FORCE
(CONTRACTING), SAF/AQC
DEPUTY ASSISTANT SECRETARY OF THE ARMY (PROCUREMENT)
DEPUTY DIRECTOR (ACQUISITION), DEFENSE LOGISTICS AGENCY

SUBJECT: Extension of Class Deviation-Reutilization Screening
for Department of Defense (DoD) Special Tooling

By memorandum dated July 9, 1997, I extended the class deviation that authorized all military departments and defense agencies to deviate from the requirements in Federal Acquisition Regulation (FAR) 45.608-1(b) and 45.608-4 for DoD special tooling. I am extending the class deviation for an additional year.

Military departments and defense agencies shall continue to use only the agency screening procedures prescribed in FAR 45.608-3 for DoD special tooling. The limited screening prescribed in FAR 45.608-1(b) and 45.608-4 is not required for DoD special tooling.

FAR 45.608-1(b) and 45.608-4 require a 30-day General Services Administration (GSA) reutilization screening period following a 30-day agency screening period for excess special tooling. The Acting Administrator, GSA, has exempted DoD special tooling from the GSA reutilization screening process; but still requires the 30-day agency screening prescribed in FAR 45.608-3.

This extension of the class deviation is approved through July 31, 1999, or until the FAR is revised, whichever event occurs first.

Eleanor R. Spector
Director, Defense Procurement

cc: DSMC, Ft. Belvoir

