



DEPARTMENT OF THE NAVY
NAVAL FACILITIES ENGINEERING COMMAND
WASHINGTON NAVY YARD
1322 PATTERSON AVENUE SE SUITE 1000
WASHINGTON, DC 20374-5065

IN REPLY REFER TO
ACQ 021
24 Feb 99

MEMORANDUM FOR DISTRIBUTION

Subj: GOVERNMENT PROPERTY IN CONTRACTOR POSSESSION (99-07)

Encl: (1) OASN (RD&A)/ABM memo of 22 Jan 99

1. Enclosure (1) is furnished 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/
Community Management

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

abm
online
ASN-RDA:
[1999] [98] [97]
[96]
OSD + Other:
[97] [96]

Jan 22, 1999

MEMORANDUM FOR DISTRIBUTION

Subj: GOVERNMENT PROPERTY IN CONTRACTOR
POSSESSION

The Chief Financial Officers Act of 1990, as amended by the Government Management Reform Act of 1994, requires submission of Principal Statements commencing with Fiscal Year 1996. A recent audit of the Department of the Navy Principal Statements for Fiscal years 1996 and 1997 by the Naval Audit Service disclosed deficiencies related to Government Property.

The Government is responsible for ensuring that Government-owned property, including property in contractor possession, is reported and recorded in appropriate accounting records. FAR 45.505-2 requires the Government to identify and furnish unit price information for Government furnished information. The Naval Audit Service audit revealed that unit price information was not provided for a significant amount of Government furnished property. When the Government fails to provide the required unit price information, the contractor is to take action necessary to obtain the information.

The contractor's property control records constitute the Government's official property records used to develop the Principal Statements. To ensure the accuracy and adequacy of the Principal Statements, all efforts should be taken to provide contractors unit price information at the time property is furnished.



Elliott B. Branch
Executive Director
Acquisition & Business
Management