

COMSCINST 4340.3A	COG CODE N4	DATE 8 MAR 94
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DEPARTMENT OF THE NAVY
COMMANDER MILITARY SEALIFT COMMAND
WASHINGTON NAVY YARD BLDG 210
901 M STREET SE
WASHINGTON DC 20398-5540

COMSCINST 4340.3A
N4
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COMSC INSTRUCTION 4340.3A

Subj: GOVERNMENT PROPERTY ADMINISTRATION FOR CONTRACTOR-OPERATED AND CHARTERED SHIPS

Ref: (a) Federal Acquisition Regulation (FAR), Part 45
(b) NAVSO P-6081

Encl: (1) Categories of Government Furnished Material
(2) Accounting for Government Furnished Material

1. Purpose. To promulgate procedures to ensure uniformity and consistency in the administration of contract provisions relating to Government property in the possession of contractor-operated and chartered ships under the control of Military Sealift Command (MSC). This instruction is a major revision and should be read in its entirety.

2. Cancellation. COMSCINST 4340.3.

3. Background. Government property includes all property owned or acquired by the Government by direct purchase and property acquired by an operator of a ship for the Government as a contractual requirement, where the cost of the property has been reimbursed by the Government. For control purposes, Government property is divided into the following categories (categories and definitions are listed in enclosure (1)).

- a. Ships and installed equipment
- b. Loose equipment
- c. Controlled equipage
- d. Repair parts
- e. Damage control equipment locker

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f. Medical equipment

4. Objective of Property Administration. The primary objective of the property administration function is to attain efficient, economic and uniform management of all Government property required for the performance of the contract. The function is mainly to administer the terms of the contract provisions that specify the Contractor's obligations to acquire, control, use, report and dispose of Government property and to advise contracting and other officials of the known level of efficiency of the Contractor's management of Government property.

5. Applicability. This instruction is applicable to all MSC commands and activities connected with the operations and administration of chartered and contractor-operated ships. Administration of Sponsor Equipment is not covered in this instruction.

6. Responsibilities. The responsibilities and duties of the Property Administrator and Contracting Officer are discussed in depth in reference (a). Specific responsibilities of the Property Administrator, Assistant Property Administrator, Contracting Officer, Administrative Contracting Officer (ACO), Engineering Director and Operations Officer are as follows:

a. Property Administrator. The Property Administrator shall:

(1) Administer contract provisions, requirement and obligations relating to Government property in possession of contractors.

(2) Participate in pre-award surveys and post-award reviews as required.

(3) Establish and maintain a complete inventory listing of all Government property provided to the Contractor at the beginning of the contract. The listing will contain all information required to properly identify the material, to include the item name, stock number (if known), manufacturer's name, part number, serial number and unit cost. Maintain the list in accordance with the categories in enclosure (1).

(4) Maintain and update listings of all Government property to account for new purchases, additions, replacements and disposal actions. Data maintained will be in the same format as the initial inventory list. Disposal actions will require identification of the Defense Reutilization and Marketing Office (DRMO) and the date of disposal.

(5) Ensure that the Contractor's property organization is aware and understand applicable provisions of Government contracts dealing with property including reference (a).

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(6) Provide technical assistance to the Contractor for the acquisition and disposal of Government property.

(a) The purchase of new material shall be at the direction of the Contracting Officer and with the concurrence of the Property Administrator, Engineering Director or Operations Officer.

(b) Disposal of Government property shall be at the direction of the Property Administrator, in accordance with DRMO. The Property Administrator is not to take action to dispose of Government property, but advise the Contracting Officer, who will then advise the Contractor of the procedures to follow.

(c) The Property Administrator shall advise the Contracting Officer of all necessary repairs to Government property. The Contracting Officer will provide direction to the Contractor accordingly.

(7) Advise the Contractor of the proper method of reporting missing, lost, damaged or stolen Government Property. All reports shall be forwarded by the Contractor in accordance with the operating contract.

(8) Conduct property reviews in accordance with reference (b) and the terms of the contract and provide written results to the Contracting Officer and the ACO, if assigned.

(9) Conduct or arrange for closing inventories at the termination of a contract. Assist the Contracting Officer or ACO, if assigned, with the reconciliation of any differences between the opening and closing inventories.

(10) Ensure that an inventory is conducted of all items onboard ship prior to scheduled turnover of the ship to the Contractor, and prior to redelivery.

b. Assistant Property Administrator. The Assistant Property Administrator shall:

(1) Become familiar with the provisions of the contract for which property administration responsibilities have been assigned.

(2) Become familiar with the property administration section of reference (a).

(3) Conduct reviews as scheduled by the Property Administrator.

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(4) Maintain inventory listing provided by the Property Administrator of all Government property provided to the ship's operator at the beginning of the contract.

(5) Maintain and update listings of all Government property to account for new purchases, additions, replacements and disposal actions. The data maintained will be in the same format as the initial inventory listing. Disposal actions will require identification of the DRMO.

(6) Ensure that Contractors understand applicable provisions of Government contracts dealing with Government furnished property including reference (a).

(7) Provide technical assistance to Contractors for acquisition and disposal of Government property.

(a) The purchase of new material shall be at the direction of the Contracting Officer and with the concurrence of the Government Property Administrator, Engineering Director or Operations Officer.

(b) Disposal of Government property shall be at the direction of the Government Property Administrator, in accordance with DRMO. The Government Property Administrator is not to take action to dispose of Government property, but advise the Contracting Officer, who will then advise the Contractor of the procedures to follow.

(c) The Assistant Property Administrator shall advise the ACO of all necessary repairs to Government property. The ACO will provide direction to the ship's operator accordingly.

(8) Advise the ship's operator of the proper method of reporting missing, lost, damaged or stolen Government property. All reports shall be forwarded by the ship's operator in accordance with the operating contract.

(9) Conduct property reviews in accordance with the terms of the contract and providing written results to the ACO and Government Property Administrator.

c. Contracting Officer (MSCCENTACT N10) or ACO. The Contracting Officer or ACO shall:

(1) Establish procedures to ensure that the Contractors, upon receipt of Government furnished property, provide copies of the incoming DD Form 1149, DD Form 1348 other equivalent shipping documentation and that the copies are annotated acknowledging receipt. The Contractor must provide the annotated receipt to the Contracting Officer or ACO.

(2) Establish procedures to ensure that Contractors provide to the Government a copy of all turn-in documentation resulting from Government directed or approved disposal action.

(3) Provide a copy of all annotated receipts and turn-in documentation to the Government Property Administrator or Assistant Property Administrator.

(4) Provide a Director, Property Administration Division (CTA N44) a listing of contracts in which Government property is provided. The listing shall contain the contract number, effective date, expiration date, name of Contractor, Contracting Officer and ACO (when assigned) and the command responsible for administrative support. The listing shall be provided annually not later than 30 December.

(5) Ensure that DOD Property in the Custody of Contractors (DOD 1662) report is submitted annually.

(6) Coordinate with the Comptroller (N8) for funds to repair or replace Government furnished material.

d. Comptroller (N8). The Comptroller shall validate billings for material received by the Contractor from the Federal Supply System to ensure material is correctly charged to the Contractor. The validation may be accomplished by N3, N4 or N10.

e. Engineering Director (N7). The Engineering Director shall comply with the provisions of enclosure (2) when an increase or decrease of Government property is required due to engineering changes.

f. Operations Officer (N3). The Operations Officer shall comply with the provisions of enclosure (2) when an increase of Government property is required due to operational requirements.

g. Contractor

(1) The Contractor is directly responsible and accountable for all Government property in accordance with the requirements of the contract.

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(2) The Contractor shall establish and maintain a property control system in accordance with reference (a) and the provisions of the operating contract, to control, protect, preserve and maintain Government property.

7. Action

a. Procedures for accounting for Government furnished material are provided as enclosure (2).

b. Area and Subarea Commanders, as required, shall establish Assistant Property Administrator positions to facilitate execution of property administration functions.

c. In the event of conflicts between articles in this instruction and the provisions of operating contracts, the provisions of the operating contract will take precedence.

d. Any recommendations for changes to this instruction may be forwarded to MSCCENTACT (N44).

8. Report. The reporting requirement prescribed by this instruction is assigned Report Control Symbol DD-A&T(A)1087 and is effective for 3 years from the date of this instruction.

Distribution:

COMSCINST 5000.19

List I (Case A)

- SNDL 41B (MSC Area Commands)
- 41C (MSC Subarea Commands)
- 41D3 (MSC Offices)
- 41F (MSCCENTACT)

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CATEGORIES OF GOVERNMENT FURNISHED MATERIAL

- ** **Ship and installed equipment** * Ship's hull, generators, anchors, cargo booms, winches, boilers, engines, etc.
- ** **Loose Equipment**
 - * Electric/Pneumatic power tools, such as drills, grinders, welding machines.
 - * Cleaning equipment, such as floor polishers, vacuum cleaners and trash cans.
- * **Furnishings such as:**
 - Desks, chairs, tables, bunks, wardrobes, filing cabinets, clocks, washers, dryers and television sets.
 - * Galley Equipment, such as hand held mixers, pots, pans, kitchen utensils, scales, ladles, cutlery, tableware.
 - * Other equipment, such as gas welding outfits and compressed gas bottles.
- ** **Medical Equipment** * Medical Equipment, items on the Authorized Medical Allowance (AMA) such as stethoscope, eye wash kits, thermometers, blood pressure outfits, oxygen resuscitators, hypodermic needles and hot water bottles.
- ** **Damage Control** * Damage Control Equipage authorized on Damage Control Allowance Equipment List for MSC Ships such as firefighting and access equipment, oxygen breathing apparatus, hand held electric lanterns, wood and steel shoring, emergency communication equipment kits, international shore connections, hydraulic jacks, chemical agent, lifecrafts, life jackets, exposure suits, first aid kits, stretchers and submersible pumps.
- ** **Controlled Equipage** * Alidades, azimuth circles, chronometers, comparing watches, all small arms and ammunition, voltmeters, ammeters, ohmmeters, typewriters, printers, disk drives, copy machines, computers, marine sextant, microscope, all radiac equipment, hand held radios, ship seal, stadimeter, stopwatch, telescope, facsimile machines, night vision devices and multimeters.
- ** **Repair Parts** * Material or items used in repair of specific machinery or equipment. These repair parts are normally identified in al allowance or manufacturers' parts list.

NOTE: This is representative of the types of equipment which may be onboard contractor-operated and chartered ships. A detailed list of material is prepared for each ships as required and becomes part of the contractual agree

ACCOUNTING FOR GOVERNMENT FURNISHED MATERIAL

1. Purpose. To establish procedures to account for government furnished property held by contractors.

2. Delivery and Redelivery. Listed are the procedures to be followed to account for GFM during delivery, redelivery.

a. Delivery (Government-owned, contractor-operated)

(1) The Government (MSCCENTACT N44) will conduct an inventory of all items aboard the ship prior to scheduled delivery date. An inventory will be conducted by the Government or independent Contractor.

(2) Inventory listing provided will include, at a minimum, the following data:

(a) NSN/Part Number

(b) Nomenclature

(c) On Hand Balance

(d) Unit of Issue

(e) Unit Price

(f) Extended Value

(g) Location

(h) Serial Number

(i) Category

(3) Upon accepting delivery of the ship from the Government the Contractor will acknowledge receipt of GFM. A copy of the acknowledgment documentation will be provided to MSCCENTACT (N44).

b. Redelivery (Government-owned, contractor-operated)

(1) N3 will task a subordinate command with the responsibility for redelivery.

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(2) Subordinate commander will develop a redelivery turnover plan that will include inventory procedures.

(3) N44 will arrange for an independent Contractor to conduct the inventory. The subordinate command representative will be in charge of the Contractor inventory team.

(4) Inventories of GFM will be conducted as follows:

(a) Controlled Equipage - 100% sight using delivery inventory balances. Serial number will also be verified.

(b) Damage Control Equipment Locker - 100% sight inventory using delivery inventory balances.

(c) Loose Equipment - 100% sight inventory of all loose equipment using delivery inventory balances.

(d) Repair Parts - Random sample inventory using delivery inventory balances.

(e) Medical Supplies/Equipment - As directed by medical officer.

(5) The Government will conduct a physical inventory of all GFM aboard ship the result of the inventory will be provided to the Contractor for validation.

(6) A reconciliation will be conducted between the onhand quantity and the delivery inventory quantity.

(7) The Government representative will advise the Contractor of inventory deficiencies between the delivery inventory and redelivery inventory. The Government and Contractor will negotiate reconcile the differences. The Government representatives will complete DD Form 200 to report gains by inventory, losses by inventory or administrative changes resulting from the latest inventory. The Government representative will sign block 11a and the Contractor will sign block 12a of the DD Form 200.

(8) The completed DD Form 200 will be provided to MSCCENTACT (N10 and N44). A copy of DD Form 200 will also be provided to the independent Contractor.

3. Replacement of Government Furnished Material

a. Once the Contractor has been authorized the use of government furnished material, control over the replacement of the material due to loss, damage, destruction or wear rests with the Contracting Officer or ACO. Any replacement must be within the terms of the contract and authorized after coordination with the Government Property Administrator. Correspondence authorizing replacement is to be signed by the Contracting Officer of ACO.

b. The procedures for replacement are as follows:

(1) The Contractor must submit a request to replace or repair Government furnished material considered worn, damaged, destroyed or obsolete. This request will be sent to the Contracting Officer or ACO.

(2) The Contracting Officer or ACO will forward the request to the Government Property Administrator or Assistant Government Property Administrator. The Government Property Administrator or Assistant Government Property Administrator will review the request. Upon completion of the review, the Government Property Administrator or Assistant Government Property Administrator will prepare a response for the Contracting Officer or ACO's signature advising the Contractor of the approval or disapproval and method by which the requirement will be satisfied.

The Government Property Administrator or Assistant Government Property Administrator will include in the purchase approval a request for two copies of the Contractor's purchase order and receipt documentation to update the ship's inventory listing.

4. Additional Requirement for Government Furnished Material

a. Government furnished material provided after delivery requires individual piece/equipment approval by the Contracting Officer. N3, N7 and other codes may determine that due to a variety of reasons additional GFM must be provided for ship operation.

b. The Contracting Officer in coordination with the requiring code will determine if the item will be purchased by the Government and delivered to the ship's operator or obtained by the ship's operator on a reimbursable basis. If the material is to be obtained by the Government and delivered to the ship's operator, the COMSC code identifying the requirement is responsible for initiating the procurement (NSN or non-standard) in accordance with current procedures.

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c. The Contracting Officer or ACO will inform the ship's operator of the increase in GFM and method by which the requirement will be satisfied. The Contracting Officer will require the ship's operator to provide two copies of the purchase order and receipt documentation. These documents will be used to update the ship's inventory listing.

d. The Contracting Officer will provide a copy of all receipt documentation to the Property Administrator.

5. Contractor's Responsibility and Liability

a. Contractor's Responsibility. The Contractor shall be responsible for all Government property in his custody or control in accordance with the terms of the contract.

b. Contractors Liability. Subject to the terms of the contract, the Contractor may be liable for the lost, damaged or destroyed Government property.

c, Government Actions in Case of Loss. The Contracting Officer will require the Contractor to report all cases of loss, damage or destruction of Government property in his possession, as such facts become known. The Contracting Officer will forward the report to the Government Property Administrator for review. The Government Property Administrator will review the report and make recommendations to the Contracting Officer. The Contracting Officer will determine the Contractor's liability. In making this determination, consideration will be given to the reports and recommendations submitted and to any additional facts which the ship's operator may submit. Where it has been determined that the ship's operator is liable to the Government, a letter of advice from the Contracting Officer shall be considered a valid credit to the official Government property records.