

assure proper credit. If analysis of contract provisions and circumstances establishes that the loss, damage, destruction, or consumption constitutes a risk assumed by the Government, the property administrator shall so advise the contractor in writing, thereby relieving the contractor of responsibility for the property. A copy of the documentation and notification to the contractor shall be retained in the Contract Property Control Data File for the contract.

(e)(1) If the property administrator concludes that the contractor is liable for the loss, damage, destruction, or unreasonable consumption of Government property, he or she shall forward the complete file with conclusions and recommendations to the contracting officer for review and determination. The file shall contain—

- (i) A statement of facts as supported by investigation;
- (ii) Recommendations as to the contractor's liability and its amount;
- (iii) Recommendations as to action to be taken with regard to third party liability, if appropriate;
- (iv) Requirements for disposition, repair, or replacement of damaged property; and
- (v) Other pertinent comments.

(2) A copy of the contracting officer's determination shall be furnished to the contractor and the property administrator, and a copy shall be retained in the contracting officer's files. The property administrator's copy shall be filed in the Contract Property Control Data File for the contract when all pertinent actions, such as compensation to the Government or repair or replacement of the property, have been completed.

#### **1845.7209-4 Financial reports.**

The property administrator is responsible for obtaining financial reports as prescribed in 1845.505-14 for all assigned contracts. Reports shall be accumulated, reviewed and distributed as required. Contractors are required to submit separate reports on each contract that contains the property reporting clause (see 1852.245-73) except as noted in 1845.7101-4(c).

#### **1845.7210 Contractor utilization of Government property.**

##### **1845.7210-1 Utilization surveys.**

(a) The property administrator is responsible for ensuring that the contractor has effective procedures for evaluating Government property utilization. However, when necessary, the contract administration office shall provide specialists qualified to perform the technical portion of utilization surveys to assist the property administrator in determining the adequacy of these procedures.

(b) Upon assignment of an initial contract under which Government-owned plant equipment in particular will be provided to a contractor, the property administrator shall ensure that the contractor has established effective procedures and techniques for controlling its utilization. The property administrator, with the assistance of technical specialists, if necessary, shall evaluate these procedures. A record of the evaluation shall be prepared and become a part of the property administration file. If the procedures are determined inadequate, the record shall identify the deficiencies and the corrective actions necessary. If the deficiencies are not corrected by the contractor, the property administrator shall promptly refer the matter to the contracting officer.

(c) The property administrator shall perform annual surveys of the contractor's procedures related to utilization of Government-owned plant equipment. At contractor facilities having a substantial quantity of plant equipment, the surveys should normally be conducted on a continual basis, reviewing equipment utilization records and physically observing a group of preselected items during each portion of the survey. Surveys shall be conducted to the degree determined necessary, considering the findings of prior surveys and the contractor's performance history in identifying and declaring equipment excess to authorized requirements. The contractor shall be required to justify, by specific Government programs, the retention of all Government-owned plant equipment. The property administrator shall make maximum use of contractor's machine

## 1845.7210-2

loading data, order boards, production planning records, machine time records, and other production control methods.

(d) The property administrator shall conduct a special survey when a significant change occurs in the contractor's production schedules, such as a termination, completion of a contract, or a major adjustment in a program. Special surveys may be limited to a given department, activity, or division of a contractor's operation.

(e) In the absence of adequate justification for retention, the contractor shall identify and report Government-owned plant equipment in accordance with FAR 45.502(g) and 45.509-2(b)(4). Items that are part of approved inactive package plants or standby lines are exempted from utilization surveys. The contracting officer shall ascertain periodically whether existing authorizations for standby or lay-away requirements are current.

### 1845.7210-2 Records of surveys.

The property administrator shall prepare a record incorporating written findings, conclusions, and recommendations at the conclusion of each survey. If appropriate, the property administrator's record may be limited to a statement expressing concurrence with the reports of other specialists. The property administrator shall retain one copy of each record in the property administration file.

## PART 1846—QUALITY ASSURANCE

Sec.

1846.000 Scope of part.

### Subpart 1846.3—Contract Clauses

1846.370 NASA contract clauses.

### Subpart 1846.4—Government Contract Quality Assurance

1846.401 General.

1846.470 Contract clause.

### Subpart 1846.6—Material Inspection and Receiving Reports

1846.670 Introduction.

1846.670-1 General.

1846.670-2 Applicability.

1846.670-3 Use.

1846.670-4 Multiple shipments.

## 48 CFR Ch. 18 (10-1-02 Edition)

1846.670-5 Forms.

1846.671 Contract quality assurance on shipments between contractors.

1846.672 Preparing DD Forms 250 and 250c.

1846.672-1 Preparation instructions.

1846.672-2 Consolidated shipments.

1846.672-3 Multiple consignee instructions.

1846.672-4 Correction instructions.

1846.672-5 Invoice instructions.

1846.672-6 Packing list instructions.

1846.672-7 Receiving instructions.

1846.673 Distribution of DD Forms 250 and 250c.

1846.674 Contract clause.

### Subpart 1846.7—Warranties

1846.703 Criteria for use of warranties.

1846.703-70 Additional criteria.

1846.704 Authority for use of warranties.

1846.770 Administration.

AUTHORITY: U.S.C. 2473(c)(1).

SOURCE: 62 FR 14024, Mar. 25, 1997, unless otherwise noted.

### 1846.000 Scope of part.

The Government has a duty to assure that appropriated funds are spent wisely. That duty is fulfilled in part through surveillance. Surveillance may be conducted through "insight" (*i.e.*, monitoring of selected metrics and/or milestones) or "oversight" (*i.e.*, Government review and concurrence with contractor decisions). The decision to use insight or oversight is based on an assessment of the risk inherent in the activity being surveilled. Surveillance must be conducted whether or not the contract effort has been structured as performance-based.

[65 FR 37060, June 13, 2000]

## Subpart 1846.3—Contract Clauses

### 1846.370 NASA contract clauses.

(a) The contracting officer shall insert the clause at 1852.246-70, Mission Critical Space System Personnel Reliability Program, in solicitations and contracts involving critical positions designated in accordance with 14 CFR 1214.5, Mission Critical Space System Personnel Reliability Program.

(b) The contracting officer shall insert the clause at 1852.246-73, Human Space Flight Item, in solicitations and contracts for human space flight hardware and flight-related equipment if the highest available quality standards