

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

48 CFR Parts 1845 and 1852

Revisions to the NASA FAR Supplement on Property Reporting Requirements

AGENCY: National Aeronautics and Space Administration (NASA).

ACTION: Proposed rule.

SUMMARY: This proposed rule would amend the NASA FAR Supplement (NFS) to comply with OMB Bulletin 97-01 and make other changes to NASA property reporting requirements. Specific changes include: raising the reporting threshold for certain property categories from \$5,000 to \$100,000; adding a requirement to include Federal Supply Classification group codes for equipment, unit acquisition costs, and acquisition dates on shipping documents; and adding a statement that contractors are required to furnish, in addition to the information required by the Form 1018, any information specified in supplemental instructions issued by NASA for the current reporting period.

DATES: Comments should be submitted on or before July 16, 1999.

ADDRESSES: Interested parties should submit written comments to James H. Dolvin, NASA Headquarters, Office of Procurement, Contract Management Division (Code HK), Washington, DC 20546. Comments may also be submitted by e-mail to jdolvin1@mail.hq.nasa.gov.

FOR FURTHER INFORMATION CONTACT: James H. Dolvin, (202) 358-1279.

SUPPLEMENTARY INFORMATION:

Background

Federal Financial Accounting Standards Number 6, as implemented by OMB Bulletin 97-01, provides for new financial accounting requirements involving depreciation of Government property. New material is being added to NFS Section 1845.7101, Instructions for preparing NASA Form 1018, to explain this change and to say that contractors will now be required to submit supplemental information with the form, and that this information may change from year to year, depending on OMB requirements.

Impact

NASA certifies that this regulation will not have a significant economic impact on a substantial number of small business entities under the Regulatory Flexibility Act (5 U.S.C. 601 *et seq.*) Less than three per cent of NASA

contracts with small businesses have property reporting requirements.

Paperwork Reduction Act

The Paperwork Reduction Act, 44 U.S.C. 3501, *et seq.*, applies to this proposed rule because it contains information collection requirements. However, approval for the additional requirements has already been obtained under OMB Control No. 2700-0017, approving an increase in burden hours from 5,700 to 8,144.

List of Subjects in 48 CFR Parts 1845 and 1852

Government procurement.

Tom Luedtke,

Acting Associate Administrator for Procurement.

Accordingly, 48 CFR Parts 1845 and 1852 are proposed to be amended as follows:

1. The authority citation for 48 CFR Parts 1845 and 1852 continues to read as follows:

Authority: 42 U.S.C. 2473(c)(1).

PART 1845—GOVERNMENT PROPERTY

2. Subpart 1845.71 is revised to read as follows:

Subpart 1845.71—Forms Preparation

1845.7101 Instructions for preparing NASA Form 1018.

NASA Form 1018 (see 1853.3) provides critical information for NASA financial statements and property management. Accuracy and timeliness of the report are very important. NASA must account for and report assets in accordance with 31 U.S.C. 3512 and 31 U.S.C. 3515, Federal accounting standards, and Office of Management and Budget (OMB) instructions. Since contractors maintain NASA's official records for its assets in their possession, NASA must obtain annual data from those records to meet these requirements. Changes in Federal accounting standards and OMB reporting requirements may occur from year to year, requiring contractor submission of supplemental information with the NF 1018. Contractors shall retain documents which support the data reported on NF 1018 in accordance with FAR subpart 4.7, Contractor Records Retention. Classifications of property, related costs to be reported, and other reporting requirements are discussed in this subpart.

1845.7101-1 Property Classification.

(a) *General.* Contractors shall report costs in the classifications on the NF

1018, as described in this section. For Land, Buildings, Other Structures and Facilities, and Leasehold Improvements, contractors shall report the amount for all items with a unit acquisition cost of \$100,000 or more and a useful life of 2 years or more. For Plant Equipment, Special Tooling, Special Test Equipment and Agency-Peculiar Property, contractors shall separately report—

(1) The amount for all items with a unit acquisition cost of \$100,000 or more and a useful life of 2 years or more; and

(2) All items under \$100,000, regardless of useful life.

(b) *Materials.* Contractors shall report the amount for all *Materials, regardless of unit acquisition cost.*

(c) *Land.* Includes costs of land and improvements to land.

(d) *Buildings.* Includes costs of buildings, improvements to buildings, and fixed equipment required for the operation of a building which is permanently attached to and a part of the building and cannot be removed without cutting into the walls, ceilings, or floors. Examples of fixed equipment required for functioning of a building include plumbing, heating and lighting equipment, elevators, central air conditioning systems, and built-in safes and vaults.

(e) *Other structures and facilities.* Includes costs of acquisitions and improvements of structures and facilities other than buildings; for example, airfield pavements, harbor and port facilities, power production facilities and distribution systems, reclamation and irrigation facilities, flood control and navigation aids, utility systems (heating, sewage, water and electrical) when they serve several buildings or structures, communication systems, traffic aids, roads and bridges, railroads, monuments and memorials, and nonstructural improvements such as sidewalks, parking areas, and fences.

(f) *Leasehold improvements.* Includes NASA-funded costs of improvements to leased buildings, structures, and facilities, as well as easements and right-of-way, where NASA is the lessee or the cost is charged to a NASA contract.

(g) *Equipment.* Includes costs of commercially available personal property capable of stand-alone use in manufacturing supplies, performing services, or any general or administrative purpose (for example, machine tools, furniture, vehicles, computers, and test equipment, including their accessory or auxiliary items).

(h) *Construction in Progress*. Includes costs of work in process for the construction of Buildings, Other Structures and Facilities, and Leasehold Improvements to which NASA has title.

(i) *Special Tooling*. Includes costs of equipment and manufacturing aids (and their components and replacements) of such a specialized nature that, without substantial modification or alteration, their use is limited to development or production of particular supplies or parts, or performance of particular services. Examples include jigs, dies, fixtures, molds, patterns, taps and gauges.

(j) *Special Test Equipment*. Includes costs of equipment used to accomplish special purpose testing in performing a contract, and items or assemblies of equipment.

(k) *Material*. Includes costs of NASA-owned property held in inventory that may become a part of an end item or be expended in performing a contract. Examples include raw and processed material, parts, assemblies, small tools and supplies. Material that is part of work-in-process is not included.

(l) *Agency-Peculiar Property*. Includes costs of completed items, systems and subsystems, spare parts and components unique to NASA aeronautical and space programs. Examples include research aircraft, engines, satellites, instruments, rockets, prototypes and mock-ups. The amount of property, title to which vests in the Government as a result of progress payments to fixed price subcontractors, shall be included to reflect the pro rata cost of undelivered agency-peculiar property.

(m) *Contract Work-in-Process*. Includes costs of all work-in-process; excludes costs of completed items reported in other categories.

1845.7101-2 Transfers of property.

A transfer is a change in accountability between and among prime contracts, centers, and other Government agencies (e.g., between contracts of the same center, contracts of different centers, a contract of one center to that of another center, a center to a contract of another center, and a contract to another Government agency or its contract). To enable NASA to properly control and account for transfers, they shall be adequately documented. Therefore, procurement, property, and financial organizations at NASA centers must effect all transfers of accountability, although physical shipment and receipt of property may be made directly by contractors. The procedures described in this section shall be followed to provide an administrative and audit trail, even if

property is physically shipped directly from one contractor to another. Property shipped between September 1 and September 30, inclusively, shall be reported by the shipping contractor, regardless of the method of shipment, unless written evidence of receipt at destination has been received.

Repairables provided under fixed price repair contracts that include the clause at 1852.245-72, Liability for Government Property Furnished for Repair or Other Services, remain accountable to the cognizant center and are not reportable on NF 1018; repairables provided under a cost-reimbursement contract, however, are accountable to the contractor and reportable on NF 1018. All materials provided to conduct repairs are reportable, regardless of contract type.

(a) *Approval and notification*. The contractor must obtain approval of the contracting officer or designee for transfers of property before shipment. Each shipping document must contain contract numbers, shipping references, property classifications in which the items are recorded (including Federal Supply Classification group (FSC) codes for all types of equipment), unit acquisition costs, original acquisition dates and any other appropriate identifying or descriptive data. Where the DD 250, Material Inspection and Receiving Report, is used as the shipping document, the FSC code will be part of the national stock number (NSN) entered in Block 16 or, if the NSN is not provided, the FSC alone shall be shown in Block 16. The original acquisition date shall be shown in Block 23, by item. Other formats should be clearly annotated with the required information. Unit acquisition costs shall be obtained from records maintained pursuant to FAR part 45 and this part 1845 or, for uncompleted items where property records have not yet been established, from such other record systems as are appropriate such as manufacturing or engineering records used for work control and billing purposes. Shipping contractors shall furnish a copy of the shipping document to the cognizant property administrator. Shipping and receiving contractors shall promptly notify the financial management office of the NASA center responsible for their respective contracts when accountability for Government property is transferred to, or received from, other contracts, contractors, NASA centers, or Government agencies. Copies of shipping or receiving documents will suffice as notification in most instances.

(b) *Reclassification*. If property is transferred to another contract or

contractor, the receiving contractor shall record the property in the same property classification and amount appearing on the shipping document. For example, when a contractor receives an item from another contractor that is identified on the shipping document as equipment, but that the recipient intends to incorporate into special test equipment, the recipient shall first record the item in the equipment account and subsequently reclassify it as special test equipment when incorporated into that item. Reclassification of equipment, special tooling, special test equipment, or agency-peculiar property requires prior approval of the contracting officer or a designee.

(c) *Incomplete documentation*. If contractors receive transfer documents having insufficient detail to properly record the transfer (e.g., omission of property classification, FSC, unit acquisition cost, acquisition date, etc.) they shall request the omitted data directly from the shipping contractor or through the property administrator as provided in FAR 45.505-2.

1845.7101-3 Unit acquisition cost.

(a) The unit acquisition cost shall include all costs incurred to bring the property to a form and location suitable for its intended use. For example, the cost may include the following, as appropriate, for the type of property:

- (1) Amounts paid to vendors or other contractors;
- (2) Transportation charges to the point of initial use;
- (3) Handling and storage charges;
- (4) Labor and other direct or indirect production costs (for assets produced or constructed);
- (5) Engineering, architectural, and other outside services for designs, plans, specifications, and surveys;
- (6) Acquisition and preparation costs of buildings and other facilities;
- (7) An appropriate share of the cost of the equipment and facilities used in construction work;
- (8) Fixed equipment and related installation costs required for activities in a building or facility;
- (9) Direct costs of inspection, supervision, and administration of construction contracts and construction work;
- (10) Legal and recording fees and damage claims;
- (11) Fair values of facilities and equipment donated to the Government;
- (12) Material amounts of interest costs paid; and
- (13) Where appropriate, for Special Test Equipment, Special Tooling, Agency-Peculiar and Contract Work-in-process, related fees, or a prorata

portion of fees, paid by NASA to the contractor. Situations where inclusion of fees in the acquisition cost would be appropriate are those in which the contractor designs, develops, fabricates or purchases property for NASA and part of the fees paid to the contractor by NASA are related to that effort.

(b) The use of weighted average methodologies is acceptable for valuation of Material.

(c) Contractors shall report unit acquisition costs using records that are part of the prescribed property or financial control system as provided in this section. Fabrication costs shall be based on approved systems or procedures and include all direct and indirect costs of fabrication.

(d) The contractor shall redetermine unit acquisition costs of items returned for modification or rehabilitation. If an item's original acquisition cost is \$100,000 or more, only modifications that improve that item's capacity or extend its useful life two years or more and that cost \$100,000 or more shall be added to the original acquisition cost reported on the NF 1018. The costs of any other modifications will be considered to be expensed. If an item's original unit acquisition cost is less than \$100,000, but a single subsequent modification costs \$100,000 or more, that modification *only* will be reported as an item \$100,000 or more on subsequent NF 1018s. If an item's acquisition cost is reduced by removal of components so that its remaining acquisition cost is under \$100,000, it shall be reported as under \$100,000.

(e) The computation of work in process shall include costs of associated systems, subsystems, and spare parts and components furnished or acquired and charged to work in process pending incorporation into a finished item. These types of items make up what is sometimes called production inventory and include programmed extra units to cover replacement during the fabrication process (production spares). Also included are deliverable items on which the contractor or a subcontractor has begun work, and materials issued from inventory.

1845.7101-4 Types of deletions from contractor property records.

Contractors shall report the types of deletions from the property reportable under a given contract as described in this section.

(a) *Adjusted*. Changes in the deletion amounts that result from mathematical errors in the previous report.

(b) *Lost, Damaged or Destroyed*. Deletion amounts that result from relief

from responsibility under FAR 45.503 granted during the reporting period.

(c) *Transferred in Place*. Deletion amounts that result from transfer of property to a follow-on contract with the same contractor.

(d) *Transferred to Center Accountability*. Deletion amounts that result from transfer of accountability to the center responsible for the contract, whether or not items are physically moved.

(e) *Transferred to Another NASA Center*. Deletion amounts that result from transfer of accountability to a center other than the one responsible for the contract, whether or not items are physically moved.

(f) *Transferred to Another Government Agency*. Deletion amounts that result from transfer of property for reutilization to another Government agency, as a part of the plant clearance process.

(g) *Purchased at Cost/Returned for Credit*. Deletion amounts that result from contractor purchase or retention of contractor acquired property as provided in FAR 45.605-1, or from contractor returns to suppliers under FAR 45.605-2.

(h) *Disposal Through Plant Clearance Process*. Deletions other than transfers, within the Federal Government e.g., donations to eligible recipients, sold at less than cost, or abandoned/directed destruction.

1845.7101-5 Contractor's privileged financial and business information.

If a transfer of property between contractors involves disclosing costs of a proprietary nature, the contractor shall furnish unit acquisition costs only on copies of shipping documents sent to the shipping and receiving NASA centers. Transfer of the property to the receiving contractor shall be on a no-cost basis.

PART 1852—SOLICITATION PROVISIONS AND CONTRACT CLAUSES

3. Section 1852.245-73 is revised to read as follows:

1852.245-73 Financial Reporting of NASA Property in the Custody of Contractors.

As prescribed in 1845.106-70(d), insert the following clause:

Financial Reporting of NASA Property in the Custody of Contractors (XXX)

(a) The Contractor shall submit annually a NASA Form (NF) 1018, NASA Property in the Custody of Contractors, in accordance with the provisions of 1845.505-14, the instructions on the form, subpart 1845.71, and any supplemental instructions for the current reporting period issued by NASA.

Subcontractor use of NF 1018 is not required by this clause; however, the contractor shall include data on property in the possession of subcontractors in the annual NF 1018.

(b) The contractor shall submit the original of the NF 1018 to the Center Deputy Chief Financial Officer, Finance, and three copies (through the Department of Defense (DOD) Property Administrator if contract administration has been delegated to DOD) to the following address: [Insert name and address of appropriate Center office.]

(c) The annual reporting period shall be from October 1 of each year through September 30 of the following year. The report shall be submitted in time to be received by October 31. The information contained in these reports is entered into the NASA accounting system to reflect current asset values for agency financial statement purposes. Therefore, it is essential that required reports be received no later than October 31. The Contracting Officer may, in the Government's interest, withhold payment until a reserve not exceeding \$25,000 or 5 percent of the amount of the contract, whichever is less, has been set aside, if the Contractor fails to submit annual NF 1018 reports when due. Such reserve shall be withheld until the Contracting Officer has determined that the required reports have been received by the Government. The withholding of any amount or the subsequent payment thereof shall not be construed as a waiver of any Government right.

(d) A final report is required within 30 days after disposition of all property subject to reporting when the contract performance period is complete.

(End of clause)

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DEPARTMENT OF TRANSPORTATION

Surface Transportation Board

49 CFR Part 1244

[STB Ex Parte No. 385 (Sub-No. 4)]

Modification of the Carload Waybill Sample and Public Use File Regulations

AGENCY: Surface Transportation Board.

ACTION: Advance notice of proposed rulemaking.

SUMMARY: The Surface Transportation Board (Board) solicits comments on modifications to the existing regulations at 49 CFR Part 1244 to require identification of contract movements in the annual Carload Waybill Sample (Waybill Sample), to establish procedures to ensure the confidentiality of contract revenue information in the Waybill Sample, and to limit the period during which the Waybill Sample will remain confidential.

DATES: Comments are due on July 1, 1999.