

**JUSTIFICATION FOR 9000-0075
GOVERNMENT PROPERTY**

A. Justification.

1. **Administrative requirements.** "Property," as used in Part 45, means all property, both real and personal. It includes facilities, material, special tooling, special test equipment, and agency-peculiar property. Government property includes both Government-furnished property and contractor-acquired property.

Contractors are required to establish and maintain a property system that will control, protect, preserve, and maintain all Government property because the contractor is responsible and accountable for all Government property under the provisions of the contract including property located with subcontractors.

The contractor's property control records shall constitute the Government's official property records and shall be used to:

- (a) Provide financial accounts for Government-owned property in the contractor's possession or control;
- (b) Identify all Government property (to include a complete, current, auditable record of all transactions);
- (c) Locate any item of Government property within a reasonable period of time.

This clearance covers the following requirements:

- (a) FAR 45.307-2(b) requires a contractor to notify the contracting officer if it intends to acquire or fabricate special test equipment.
- (b) FAR 45.502-1 requires a contractor to furnish written receipts for Government property.
- (c) FAR 45.502-2 requires a contractor to submit a discrepancy report upon receipt of Government property when overages, shortages, or damages are discovered.
- (d) FAR 45.504 requires a contractor to investigate and report all instances of loss, damage, or destruction of Government property.

(e) FAR 45.505-1 requires that basic information be placed on the contractor's property control records.

(f) FAR 45.505-3 requires a contractor to maintain records for Government material.

(g) FAR 45.505-4 requires a contractor to maintain records of special tooling and special test equipment.

(h) FAR 45.505-5 requires a contractor to maintain records of plant equipment.

(i) FAR 45.505-7 requires a contractor to maintain records of real property.

(j) FAR 45.505-8 requires a contractor to maintain scrap and salvage records.

(k) FAR 45.505-9 requires a contractor to maintain records of related data and information.

(l) FAR 45.505-10 requires a contractor to maintain records for completed products.

(m) FAR 45.505-11 requires a contractor to maintain records of transportation and installation costs of plant equipment.

(n) FAR 45.505-12 requires a contractor to maintain records of misdirected shipments.

(o) FAR 45.505-13 requires a contractor to maintain records of property returned for rework.

(p) FAR 45.505-14 requires a contractor to submit an annual report of Government property accountable to each agency contract.

(q) FAR 45.508-2 requires a contractor to report the results of physical inventories.

(r) FAR 45.509-1(a)(3) requires a contractor to record work accomplished in maintaining Government property.

(s) FAR 45.509-1(c) requires a contractor to report the need for major repair, replacement and other rehabilitation work.

(t) FAR 45.509-2(b)(2) requires a contractor to maintain utilization records.

(u) FAR 45.606-1 requires a contractor to submit inventory schedules.

(v) FAR 45.606-3(a) requires a contractor to correct and resubmit inventory schedules as necessary.

(w) FAR 52.245-2(a)(3) requires a contractor to notify the contracting officer when Government-furnished property is received and is not suitable for use.

(x) FAR 52.245-2(a)(4) requires a contractor to notify the contracting officer when government-furnished property is not timely delivered and the contracting officer will make a determination of the delay, if any, caused the contractor.

(y) FAR 52.245-2(b) requires a contractor to submit a written request for an equitable adjustment if Government-furnished property is decreased, substituted, or withdrawn by the Government.

(z) FAR 52.245-4 requires a contractor to submit a timely written request for an equitable adjustment when Government-furnished property is not furnished in a timely manner.

(aa) FAR 52.245-5(a)(4) requires a contractor to notify the contracting officer when Government-furnished property is received that is not suitable for use.

(bb) FAR 52.245-5(a)(5) requires a contractor to notify the contracting officer when Government-furnished property is not received in a timely manner.

(cc) FAR 52.245-5(b)(2) requests a contractor to submit a written request for an equitable adjustment if Government-furnished property is decreased, substituted, or withdrawn by the Government.

(dd) FAR 52.245-7(f) requires a contractor to notify the contracting officer when use of all facilities falls below 75% of total use.

(ee) FAR 52.245-7(l)(2) requires a contractor to alert the contracting officer within 30 days of receiving facilities that are not suitable for use.

(ff) FAR 52.245-9(f) requires a contractor to submit a facilities use statement to the contracting officer within 90 days after the close of each rental period.

(gg) FAR 52.245-10(h)(2) requires a contractor to notify the contracting officer if facilities are received that are not suitable for the intended use.

(hh) FAR 52.245-11(e) requires a contractor to notify the contracting officer when use of all facilities falls below 75% of total use.

(ii) FAR 52.245-11(j)(2) requires a contractor to notify the contracting officer within 30 days of receiving facilities not suitable for intended use.

(jj) FAR 52.245-17 requires a contractor to maintain special tooling records.

(kk) FAR 52.245-18(b) requires a contractor to notify the contracting officer 30 days in advance of the contractor's intention to acquire or fabricate special test equipment (STE).

(ll) FAR 52.245-18(d) & (e) requires a contractor to furnish the names of subcontractors who acquire or fabricate special test equipment (STE) or components and comply with paragraph (d) of this clause, and contractors must comply with the (b) paragraph of this clause if an engineering change requires acquisition or modification of STE. In so complying, the contractor shall identify the change order which requires the proposed acquisition, fabrication, or modification.

(mm) FAR 52.245-19 requires a contractor to notify the contracting officer if there is any change in the condition of property furnished "as is" from the time of inspection until time of receipt.

2. Uses of information. This information is used to facilitate the management of Government property in the possession of the contractor.

3. Consideration of information technology. We use improved information technology to the maximum extent practicable. Where both the Government agency and contractors are capable of electronic interchange, the contractors may submit this information collection requirement electronically. Nothing in the FAR precludes the use of electronic interchange. In addition, the forms are available online, screen fillable, and digital signature capable.

4. Efforts to identify duplication. This requirement is being issued under the Federal Acquisition Regulation (FAR) which has been developed to standardize Federal procurement practices and eliminate unnecessary duplication.

5. **If the collection of information impacts small businesses or other entities, describe methods used to minimize burden.** The burden applied to small businesses is the minimum consistent with applicable laws, Executive orders, regulations, and prudent business practices.

6. **Describe consequence to Federal program or policy activities if the collection is not conducted or is conducted less frequently.** Similar information is not already available to the contracting officer or buyer.

7. **Special circumstances for collection.** Collection of information on a basis other than solicitation-by-solicitation is not practical. Collection is consistent with guidelines in 5 CFR 1320.6.

8. **Efforts to consult with persons outside the agency.** Under the procedures established for development of the FAR, agency and public comments were solicited and each comment addressed before finalization of the text. A notice in the July 19, 2006, Federal Register made this requirement available to the public and requested comments.

9. **Explanation of any decision to provide any payment or gift to respondents, other than reenumeration of contractors or guarantees.** Not applicable.

10. **Describe assurance of confidentiality provided to respondents.** This information is disclosed only to the extent consistent with prudent business practices and current regulations.

11. **Additional justification for questions of a sensitive nature.** No sensitive questions are involved.

12 & 13. **Estimated total annual public hour and cost burden.** We estimate 5,000 contractors have Government property.

(a) FAR 45.307-2(b), 45.307-3 and FAR 52.245-18. Approximately 1,100 contractors have special test equipment. We estimate that approximately 20% of all contractors fabricate or acquire special test equipment each year. We also estimate that on the average, it takes approximately 3 hours to identify, prepare and submit the information.

A. Number of respondents	220
B. Responses per respondent	<u>x 1</u>
C. Total annual responses	220
D. Hours per response	<u>x 3</u>
E. Total hours	660

(b) FAR 45.502-1. We estimate that 3,750 contractors on the average prepare 2,000 receiving reports each per year. We also estimate that it takes 30 minutes to prepare each receiving report.

A. Number of respondents	3,750
B. Responses per respondent	<u>x 2,000</u>
C. Total annual response	7,500,000
D. Hours per response	<u>x .5</u>
E. Total hours	3,750,000

(c) FAR 45.502-2. We estimate that there are approximately 600 contractors on the average that prepare 2 discrepancy reports each per year.

A. Number of respondents	600
B. Responses per respondent	<u>x 2</u>
C. Total annual response	1,200
D. Hours per response	<u>x .5</u>
E. Total hours	600

(d) FAR 45.504. We estimate that 10 percent of contractors report lost or damaged property each year. On the average, each contractor losing property would make two reports per year. We estimate that on the average, it takes 1 hour for contractors to retrieve, prepare and submit the information.

A. Number of respondents	500
B. Responses per respondent	<u>x 2</u>
C. Total annual response	1,000
D. Hours per response	<u>x 1</u>
E. Total hours	1,000

(e) FAR 45.505-1. We have not identified specific recordkeeping requirements for contractors to record basic information on the property records. All prudent contractors would maintain basic records in accordance with sound industrial practice. Specific recordkeeping requirements imposed on contractors by FAR 45.505-3 through 45.505-13 are identified below.

(f) FAR 45.505-3 through 45.505-13. All 5,000 contractors are required to keep property records. We estimate that each contractor maintains, on the average, approximately 1200 items of property. We estimate upon authorizing the expanded use of summary records (to include special test equipment and special tooling) that contractors will maintain summary records for 50 percent of the property and item records for the remaining 50 percent. Since the recordkeeping requirement varies per category of property, we estimate that on the average, it will take 24 minutes to prepare each record.

A.	Number of respondents	5,000
B.	Responses per respondent	<u>x 1,200</u>
C.	Total annual response	6,000,000
D.	Hours per response	<u>x .4</u>
E.	Total hours	2,400,000

(g) FAR 45.505-14. We estimate that 5,000 contractors submit annual reports, and that each contractor submits, on the average, 5 such reports each year.

A.	Number of respondents	5,000
B.	Responses per respondent	<u>x 5</u>
C.	Total annual response	25,000
D.	Hours per response	<u>x 1</u>
E.	Total hours	25,000

(h) FAR 45.508-2. The conduct of physical inventories varies greatly from contractor to contractor. Contractors use three types of inventories, (1) stratification (inventory high dollar property two or more times per year, low dollar property only 25% of inventory per year); (2) cyclic (inventory so many items per month); and (3) wall-to-wall (shut down plant operations to inventory). We estimate that on the average, it will take approximately 60 hours per inventory.

A.	Number of respondents	5,000
B.	Responses per respondent	<u>x 1</u>
C.	Total annual response	5,000
D.	Hours per response	<u>x 60</u>
E.	Total hours	300,000

(i) FAR 45.509-1(a)(3). As a normal business practice all contractors would be required to maintain a maintenance program in accordance with sound industrial practice. As a result, no burden has been identified for this subparagraph.

(j) FAR 45.509-1(c). We estimate that 250 contractors submit an annual report identifying the need for major repair, replacement, and other capital rehabilitation work. These reports are extensive in nature and we estimate that it would take approximately 3 hours to store, retrieve, prepare, and submit the information.

A.	Number of respondents	250
B.	Responses per respondent	<u>x 1</u>
C.	Total annual response	250
D.	Hours per response	<u>x 3</u>
E.	Total hours	750

(k) FAR 45.509-2(b)(2). We estimate that 400 contractors maintain records for plant equipment with an acquisition value of \$5,000 or more. If the average

recording of usage is accomplished once a week (52 times a year), the total annual responses would be 20,800. Most items of plant equipment with an acquisition value of over \$5,000 have a built in method of recording actual usage, that is, whenever the machine is turned on, it automatically records when it is being used. Thus, we estimate the actual recording burden at only 5 minutes per item.

A. Number of respondents	400
B. Responses per respondent	<u>x 52</u>
C. Total annual response	20,800
D. Hours per response	<u>x 0833</u>
E. Total hours	1,732

(l) FAR 45.602-1, FAR 45.606, and SF 1428. We estimate that 4,500 contractors generate excess/surplus Government property each year. We estimate that contractors on the average submit and correct 8 inventory schedules each year and that it will take approximately 2 hours to store, retrieve, prepare or correct, and submit the information.

A. Number of respondents	4,500
B. Responses per respondent	<u>x 8</u>
C. Total annual response	36,000
D. Hours per response	<u>x 2</u>
E. Total hours	72,000

(m) FAR 52.245-2(a)(3), 52.245-10(h)(2), 45.106(b)(1) and 45.302-6(d). We estimate that 1,500 contractors have Government-furnished material. We further estimate that a large percentage of these contractors (i.e., 1400) are furnished material during the course of a year. Only occasionally do contractors receive property that is unsuitable for use (70 contractors). It takes approximately 30 minutes for the contractors to prepare and submit the information. We included FAR 52.245-5(a)(4) in these figures as whether the contract is a fixed-price or cost type should have no bearing on whether the property is suitable for use.

A. Number of respondents	70
B. Responses per respondent	<u>x 1</u>
C. Total annual response	70
D. Hours per response	<u>x .5</u>
E. Total hours	35

(n) FAR 52.245-2(a)(4). We estimate that 1,400 contractors are furnished Government property each year. Only occasionally do contractors submit reports indicating that property is not received on time. We estimate that of all contractors receiving property, approximately 90 contractors submit reports of property not received on time, and that it takes approximately 30 minutes for the contractor to prepare and submit the information. We

included the figures for 52.245-5(a)(5), because whether the contract is fixed-price or cost should have no impact on whether the property is received late.

A. Number of respondents	90
B. Responses per respondent	<u>x 1</u>
C. Total annual response	90
D. Hours per response	<u>x .5</u>
E. Total hours	45

(o) FAR 52.245-2(b). Of the 1400 contractors receiving property each year, we estimate that only 3 percent, or 42 contractors have Government-furnished property decreased, substituted, or withdrawn and that it takes 30 minutes to prepare and submit the report. We included the figures for 52.245-5(b), because whether the contract is fixed-price or cost should have no impact on decreases, substitutions, or the withdrawal of property.

A. Number of respondents	42
B. Responses per respondent	<u>x 1</u>
C. Total annual response	42
D. Hours per response	<u>x .5</u>
E. Total hours	21

(p) FAR 52.245-4 and 45.106(d). We included the figures for property not suitable for use, or not received in a timely manner in FAR 52.245-2(a)(3) and (a)(4) above. The type of contract, fixed-price or cost should have no bearing on whether the property is suitable for use or received on time.

(q) FAR 52.245-5(a)(4) and 45.106(f)(1). We included this reporting requirement under FAR 52.245-2(a)(3) above, as the type of contract would not impact whether the property is suitable for use.

(r) FAR 52.245-5(a)(5). We included this reporting requirement under FAR 52.245-2(a)(4) above, as the type of contract, whether fixed-price or cost, should have no impact on whether or not the property is received on time.

(s) FAR 52.245-5(b). We included this reporting requirement under FAR 52.245-2(b) above, as the type of contract, whether fixed-price or cost, should have no impact on whether property was decreased, substituted, or withdrawn.

(t) FAR 52.245-7, 52.245-8, 52.245-11, 45.302-6(a) and 45.302-6(e)(1). We did not identify any recordkeeping or reporting burden specific only to these clauses. Recordkeeping and reporting burdens are included above. Regarding the requirement for the contractor to notify the contracting officer in writing whenever use of all

facilities for government work averages less than 75 percent of the total use of property, this would only probably happen at a Government-owned and contractor-operated facility. Since this would be an extremely rare situation, we didn't place any reporting burden on this requirement.

(u) FAR 52.245-9 and 45.302-6(c). The Government property is provided to contractors on a rent-free use basis. However, we estimate that 10 percent of all contractors use property that requires rental payments. We estimate that 500 contractors submit 4 quarterly reports, and that it takes 1 hour to store, retrieve, prepare and submit the report.

A. Number of respondents	500
B. Responses per respondent	<u>x 4</u>
C. Total annual response	2,000
D. Hours per response	<u>x 1</u>
E. Total hours	2,000

(v) FAR 52.245-10(h)(2) and 45.302-6(d). We did not identify any reporting requirements as specific to this FAR cite as we included all property unsuitable for use under the reporting burden identified under FAR 52.245-2(a)(3) (see paragraph 13(m), above.).

(w) FAR 52.245-11 and 45.302-6(e)(1). No specific burden was identified to this cite. The rationale applied to FAR 52.245-7, paragraph 13(t) above.

(x) FAR 52.245-17(f)(1) and 45.306-5. We estimate that approximately 900 contractors have special tooling. Using the 900 as a baseline, we estimate that 75 contractors also must maintain records on special tooling that they actually produce. We estimate that each contractor maintains 200 records and it takes 30 minutes to prepare each record.

A. Number of respondents	75
B. Responses per respondent	<u>x 200</u>
C. Total annual response	15,000
D. Hours per response	<u>x .5</u>
E. Total hours	7,500

The FAR requires three lists. We added hours for the initial list of special tooling and the final list of special tooling. The excess list of special tooling is covered in paragraph (y) below. We calculated additional hours as follows:

A. Number of respondents	900
B. Responses per respondent	<u>x 10</u>
C. Total annual responses	9,000
D. Hours per response	<u>x 1.5</u>

E. Total hours 13,500

(y) FAR 52.245-17(h). Of the 75 contractors maintaining special tooling in accordance with this clause, we estimate that 15 percent, or approximately 12 contractors submit excess listings and that it takes each contractor 2 hours to store, retrieve, prepare and submit the information.

A. Number of respondents	12
B. Responses per respondent	<u>x 1</u>
C. Total annual response	12
D. Hours per response	<u>x 2</u>
E. Total hours	24

FAR 52.245-17(i)(4) requires contractors to submit two copies of all special tooling lists to the ACO, PCO, and ICP unless otherwise directed. We calculate the hours as follows:

A. Number of respondents	900
B. Responses per respondent	<u>x 10</u>
C. Total annual responses	9,000
D. Hours per response	<u>x .1</u>
E. Total hours	900

(z) FAR 52.245-18(b) and (e), and 45.307-3. The reporting requirements for the special test equipment clause are outlined in FAR 45.307-2(b), paragraph 13(a), above.

(aa) FAR 52.245-18(d). We estimate that only 60 subcontractors are given the authorization to fabricate or acquire special test equipment each year. We estimate that on the average each subcontractors name is submitted once each year and it takes 30 minutes to prepare and submit the notification.

A. Number of respondents	60
B. Responses per respondent	<u>x 1</u>
C. Total annual response	60
D. Hours per response	<u>x .5</u>
E. Total hours	30

(bb) FAR 52.245-19. We estimate that only 15 contractors provide notification that property provided "as is" has changed in condition from the time it was last inspected until time of receipt, and on an average, each contractor submits one notification and that it takes 30 minutes to prepare and submit the notification.

A. Number of respondents	15
B. Responses per respondent	1
C. Total annual response	15
D. Hours per response	.5

E. Total hours 7.5 (rounded to 8)

Sum Total:

A. Number of respondents	27,884	
B. Responses per respondent	488.6	¹
C. Total annual responses	13,624,122	
D. Hours per response	.4826	²
E. Total hours	6,575,309	

Cost to Public.

A. Total annual hours	6,575,805
B. Average wage + overhead (\$20/hr + 75% overhead)	\$35
C. Total annual cost to Public	\$230,153,175

14. Estimated annual cost to the Federal Government.

The time required for Government review of the requirements of Part 45 is estimated to be approximately 1 (one) hour. This estimate is based on receiving, reviewing and analyzing the information submitted by the contractor.

I. Number of responses:	13,606,122
II. Average hours per response:	<u>x 1</u>
III. Total burden hours:	13,606,122
IV. Average wages + overhead (\$17/hr + 100% OH)	<u>x \$34</u>
V. Total annual cost to Government:	\$462,608,148

15. Explain reasons for program changes or adjustments reported in Item 13 or 14. This submission requests an extension of OMB approval of an information collection requirement in the FAR. The information collection requirement in the FAR remains unchanged. Burden should read 6,575,805 instead of 6,575,309. Simple addition error.

16. Outline plans for published results of information collections. Results of this collection will not be tabulated or published.

17. Approval not to display expiration date. Not applicable.

¹Based on dividing C by A.

²Based on dividing E by C.

18. **Explanation of exception to certification statement.**
Not applicable.

B. Collection of Information Employing Statistical Methods.

Statistical methods will not be employed.