cid:image001.png@01D172D2.DEAF3CE0

**Aerospace Industry Self Assessment & Metrics Definitions & Guidelines**

**For Property Management**

Version 1.0.3

July 12, 2016

Developed By:

**Government Property Systems Committee**

***Important Disclaimer****: The National Defense Industrial Association (“NDIA”) has no intellectual*

*property or other interest in this* ***Aerospace Industry Self Assessment & Metrics Definitions & Guidelines for Property Management****. By developing this* ***Aerospace Industry Self Assessment and Metrics Definitions & Guidelines for Property Management*** *and making it freely available to anyone, NDIA assumes no responsibility for this Guideline’s content or use, and disclaims any potential liability associated therewith.*

**Revision History**

|  |  |  |  |
| --- | --- | --- | --- |
| **Date** | **Version** | **Change** | **Reason** |
| **3/25/2009** | **1.0.0** |  | **Initial Release** |
| **6/23/2009** | **1.0.1** | **Changed Title to include “Self Assessment” wording; On Page 2 included AIA Representative’s email address; Page 36 corrected 10-01 and 10-02 formula; Page 38 corrected 10-01 and 10-02 formula. Removed the date from the top left corner of each definition.** | **Quarterly Review** |
| **4/27/2011** | **1.0.2** | **1.Clarify the intent of the population in Relief of Stewardship;**  **2. Changed Acquisition to only require documents from gaining contracts authorizing official** | **1.Quarterly Review**  **2. Change to the FAR. FAR part 52 imposes no requirement on the Contractor.** |
| **7/12/16** | **1.0.3** | * **Changed AIA to NDIA** | **Committee under NDIA umbrella**  **Minor edits** |

**Table of Contents**

**Page #**

**Preface**………………………………………………………………………...….. 1

**Metric Title**

**1. Acquisition**

**Definition………………………………………………………………….……....3**

**Guideline……………………………………………………………………………4**

**2. Receiving**

**Definition…………………………………………………………………………..6**

**Guideline……………………………………………………………………………7**

**3. Records**

**Definition ………………………………………………………………………….9**

**Guideline………………………………………………………………………….10**

**4. Physical Inventory**

**Definition ………………………………………………………………………..12**

**Guideline………………………………………………………………………… 14**

**5. Subcontractor Control**

**Definition …………………………………………………………………………18**

**Guideline………………………………………………………………………….20**

**6. Reports**

**Definition …………………………………………………………………………24**

**Guideline………………………………………………………………………….25**

**7. Relief of Stewardship**

**Definition …………………………………………………………………………26**

**Guideline………………………………………………………………………….27**

**8. Utilization**

**Definition …………………………………………………………………………30**

**Guideline………………………………………………………………………….31**

**9. Maintenance**

**Definition …………………………………………………………………………33**

**Guideline………………………………………………………………………….34**

**10. Contract Closeout Certification**

**Definition …………………………………………………………………………36**

**Guideline……………………………………………………………………….…37**

**Preface**

These guidelines, definitions and metrics are to be considered an Industry Leading Practice in assisting in the performance of Contractor Self Assessments and the health of a property system. When utilizing these documents, an entity must be aware that all or part of these documents can be utilized.

Note: The data results alone do not determine adequacy or inadequacy of the Property System.

If utilizing a statistical sampling plan, we suggest the following:

Sample Selection

Sample sizes can be determined by using the following table for Double Sampling Plan (90% confidence of rejecting lots having 10% or more defective)

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Lot Range** | **Sample 1 Size** | **Accept if Defects are** | **Reject if Defects are** | **Continue w/ Sample 2 if defects are** | **Sample 2 Size** | **Accept if Sum of Defects in Samples 1 & 2 is = or <** | **Reject if Sum of Defects in Samples 1 & 2 is = or >** |
| **1-18** | **All** | **0** | **1** |  |  |  |  |
| **19-50** | **18** | **0** | **1** |  |  |  |  |
| **51-90** | **21** | **0** | **2** | **1** | **21** | **1** | **2** |
| **91-150** | **25** | **0** | **3** | **1 or 2** | **25** | **2** | **3** |
| **151-400** | **32** | **0** | **4** | **1, 2 or 3** | **32** | **3** | **4** |
| **401-10,000** | **34** | **0** | **4** | **1, 2 or 3** | **34** | **3** | **4** |
| **10,001-35000** | **40** | **0** | **5** | **1, 2, 3 or 4** | **40** | **4** | **5** |
| **35,001-100,000** | **46** | **0** | **6** | **1, 2, 3, 4 or 5** | **46** | **5** | **6** |
| **100,000 +** | **52** | **0** | **7** | **1, 2, 3, 4, 5 or 6** | **52** | **6** | **7** |

It is important that the selection of the property from the floor be random. True randomness cannot be achieved simply by walking around the factory/plant and saying "I'll take that one, and that one, and that one". It may sound random but the statisticians would dispute this claim. Rather a random plan must be generated before the selection process starts. Using the total population of the data to be audited and a random sample tool identify records that constitute a record to floor sample. This sample is used as the target. Then for example, item K033740 is in plant 1 beam D4. Before looking for item (K033740) determine that you will select an item above, below, to the left or to the right of the sample (K033740) item as your ‘property to record’ sample. This way you remove the possible accusation of selecting a biased sample.

**Goal Results:**

Site metrics that fall below the prescribed goal will require an investigation and root cause. If the discrepancy is not systemic or repetitive, an informal written corrective action plan will be generated. If the discrepancy is systemic or repetitive, a formal corrective action will be issued via corrective action system. A systemic discrepancy involves the entire system; non-systemic occurrences are an isolated incident.

Site personnel will:

* Review the investigation and root cause to determine which type of corrective action will be required.
* Final approval of the corrective action will be performed by the appropriate approving function.

Suggestions may be sent to the GPS Committee Chair or Vice Chair whose email addresses are located under the at NDIA Government Property subsection at <http://www.ndia.org/Divisions/Divisions/Procurement/Pages/Committees_and_Leadership.aspx>. In the Subject line, please state - Government Property Systems Committee/ILP

Attention: Government Property Systems Committee/Metrics.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Acquisition Metrics Definition Sheet** | | | | | | **Metric # 1** |
| **Process** | Acquisition of equipment, No Cost Transfers, Modification of ST/STE | | | **Property Type** | | | Equipment, Material |
| **Metric** | 01-01: The percentage of all acquisitions (fabrication) of Special Tooling (ST) and Special Test Equipment (STE) charged direct to a contract meet a unique contract requirement (except general purpose STE components these items could not be utilized by another contract without modification.)  01-02: The percentage of all “no cost” transfers of Government owned property has proper documentation and authority via gaining authorizing official.  01-03: The percentage of all modifications to ST and STE that were authorized by the Contracting Officers. | | | | | | |
| **Purpose** | 01-01: Verify that acquisitions or fabrication of ST and STE are identified specifically with a contract and not general purpose equipment.  01-02: Require that “no cost” transfers are authorized via gaining authorizing official (e.g. DD1149, DD250, contracts letter etc.)  01-03: Require that all modifications of ST and STE are executed only after receiving authorization. | | | | | | |
| **Data Source** | 01-01: Contracts, Sourcing Systems, Procurement Systems, Government Property Record Systems, Bill of Material, Parts List, Drawings.  01-02: Contracts, Government Property Record Systems  01-03: Contracts, Government Property Record Systems | | | | | | |
| **Formula** | 01-01: Numerator: The number of accurate ST and STE procurement records that are identified specifically with a contract. Denominator: The number of ST and STE procurements records reviewed  01-02: Numerator: The number of executed “no cost” transfers of Government owned property with authorization via gaining authorizing official . Denominator: The number executed “no cost” transfers of Government owned property reviewed.  01-03: Numerator: The number of modifications to ST and STE that were authorized by the Contracting Officer. Denominator: The total number of modifications to ST and STE. | | | | | | |
| **Methodology** | 01-01: Statistical sampling of a transactional timeframe (i.e., all ST and STE records opened within the last 6 months)  01-02: Statistical sampling of all executed “no cost” transfers within a transactional timeframe (i.e., all “no cost” transfers executed within the last 6 months)  01-03: Statistical sampling of all modifications to Government owned ST and STE within a transactional timeframe | | | | | | |
| **Frequency** | Annual or as conditions warrant | | | | | | |
| **Goal/Range** | 01-01: 100% 01-02: 90% 01-03: 90% | | | | | | |
| **Reference** | ***FAR:*** | | ***CAS:*** | | | ***PROCEDURE:*** | |
| *52.245-1 (f)(1)(i) “Contractor Plans and Systems” “Acquisition of Property” Subpart 31.2—“Contracts with Commercial Organizations”* | | *CAS 402 “Consistency in Allocating Costs Incurred for the Same Purpose”* | | | *[insert company procedure #]* | |
| **Comments** | Goals/Ranges reflect Risk Factors**;** The data results alone do not determine adequacy or inadequacy of the Property System. | | | | | | |
| **Reporting**  **Responsibility** | Tailor to your Organization  (e.g., Property Management) | **Process**  **Owner** | | | Tailor to your Organization  (e.g., Property Management) | | |

**ACQUISITION METRIC GUIDELINE**

This document is meant to provide basic instructions for performing a self-assessment. It provides a measurement of Acquisition which ensures that allocated cost of Tooling and Test Equipment are applied appropriately because the equipment is special as opposed to general purpose. Validates transfers of Government owned property are properly authorized via gaining authorizing official.; Finally, all modifications to Special Tooling and Special Test Equipment are authorized by the Contracting Officer prior to modification.

[Insert responsible party] will be responsible for ensuring processes are established for proper data collection and providing the Acquisition Metric Tool results to [insert who receives the metrics] at the frequency prescribed on the metric definition.

[Insert name of Government Property procedures]Acquisition takes precedence over this guideline.

Link: [Insert link to procedures, if desired]

Measured Occurrences:

1. *New receipt of a piece of Special Tooling or Special Test Equipment*
2. *Transfer Transactions on Special Tooling or Special Test Equipment*
3. *Contracting Officer approvals of modifications*

**Population:**

[Insert name of department pulling samples] can run a report of measured occurrences for all new receipts and contract transfers of Special Tooling and Test Equipment. Additionally, one will need to obtain a list of all modification requests and/or approvals to test the process of obtaining approvals prior to executing a modification.

**Metric Overview:**

The Acquisition metric’s purpose is threefold: 1) Verify that acquisitions or fabrication of Special Tooling and Special Test Equipment identified specifically **within** a contract are consistently charged directly to the contract*.*; 2) Require that “no cost” transfers are authorized via the gaining contract modification that includes a description of the Government-furnished property. and; 3) Require that all modifications of Special Tooling and Special Test Equipment are executed only after receiving authorization.

**Metric 01-01**: Verify that acquisitions or fabrication of Special Tooling and Special Test Equipment charged directly to a contract are allowable. – extract data from the appropriate system using a sampling program. Review each sample to determine if the property was properly classified prior to acquisition. Do your records correctly identify the property as “special”?

The formula for measuring that acquisition or fabrication of Special Tooling and Special Test Equipment are identified specifically with a contract and not general purpose equipment is:

Numerator: The number of contract allocated ST and STE procurement records verified as having a “special” purpose.

Denominator: The number of contract allocated ST and STE procurements records reviewed

**Metric 01-02**: Require that “no cost” transfers are authorized via the gaining contract modification that includes a description of the Government-furnished property. – extract data from the appropriate system using a sampling program. Most likely, your sample will include the entire lot based on transfer activity. Do the records contain the appropriate modification for the gaining contract? If not, do you have correspondence requesting modification be generated via your contract rep?

The formula for measuring that “no cost” transfers are authorized via contract modification is:

Numerator: The number of executed “no cost” transfers of Government owned property with gaining contract modifications.

Denominator: The number of executed “no cost” transfers of Government owned property.

**Metric 01-03**: Require that all modifications of Special Tooling and Special Test Equipment are executed only after receiving authorization – extract data from the appropriate system using a sampling program. Again, most likely, your sample will include the entire lot based on modification activity. Do the records contain authorization from appropriate sources for modification prior to the modification being performed?

The formula for measuring that modifications of Special Tooling and Special Test Equipment are executed only after receiving authorization is:

Numerator: The number of modifications to ST and STE that were authorized by the Contracting Officer.

Denominator: The total number of modifications to ST and STE.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Receiving Metrics Definition Sheet** | | | | | | **Metric # 2** |
| **Process** | Receiving | | | **Property Type** | | | Equipment, Material |
| **Metric** | 02-01 Receipt of items are properly identified and documented  02-02 Items reviewed for timeliness of receipt  02-03 Items identified as government owned  02-04 Timely reporting of receipt discrepancies | | | | | | |
| **Purpose** | Insure the timely and accurate receiving and identification of property, and reporting of discrepancies. | | | | | | |
| **Data Source** | Goods Receipt  DD 1149 “Requisition And Invoice/Shipping Document”  DD 1348-1 “Single Line Item Requisition”  DD 250 “Material Inspection And Receiving Report”  Receipt Documents  Property Management Business System(s) | | | | | | |
| **Formula** | 02-01 Total quantity of items received properly (correct p/n, qty, s/n) divided by the total number of items in the sample  02-02 Total quantity of items received within the defined criteria (5 days) divided by the total number of receipts in the sample.  02-03 Total quantity of items identified properly divided by total of items reviewed  02-04 Total quantity of discrepant items reported on time divided by the total number of discrepant items in the reporting period | | | | | | |
| **Methodology** | Physical (form to record) sampling of property | | | | | | |
| **Frequency** | Annual or as conditions warrant | | | | | | |
| **Goal/Range** | 02-01: 98% accuracy  02-02: 90% accuracy  02-03: 98% accuracy  02-04: 95% accuracy | | | | | | |
| **Reference** | ***FAR:*** | ***ASTM:*** | | | | ***PROCEDURE:*** | |
| *52.245-1 (f)(1)(ii) “Contractor Plans and Systems” ”Receipt of Government Property”* | E2605-08; “Standard Practice for Receiving Property” | | | | *[****insert company procedure or policy #]*** | |
| **Comments** | Goals/Ranges reflect Risk Factors; The data results alone do not determine adequacy or inadequacy of the Property System. | | | | | | |
| **Reporting**  **Responsibility** | Tailor to your Organization  (e.g., Property Management) | | **Process**  **Owner** | | Tailor to your Organization  (e.g., Property Management) | | |

Receiving Metric Guideline

This document is meant to provide basic instructions for performing a self-assessment that ensures the proper performance of receipt and identification of property responsibility as it applies to measured occurrences, time to complete receipt, identification of government ownership and timely reporting of receipt discrepancies.

[Insert responsible party] will be responsible for ensuring processes are established for proper data collection and providing the Receiving Metric Tool results to [insert who receives the metrics] at the frequency prescribed on the metric definition.

[Insert name of Government Property procedures] Receiving takes precedence over this guideline.

Link: [Insert link to procedures, if desired]

**Measured Occurrences:**

1. *New Item received on the dock*
2. *Identification of ownership will be determined prior to storage of part*
3. *Discrepancy preventing full receipt*

Various documents may accompany the receipt of the physical item. Forms may include but are not limited to the following: DD1149, DD1348-1, DD250, Site Receiving Report or other receipt documents as applicable.

As directed by Federal Acquisition Regulation 52.245-1 (f)(1)(ii) The Contractor shall receive Government property (document the receipt), record the information necessary to meet the record requirements of paragraph (f)(1)(iii)(A)(1) through (5) of this clause, identify as Government owned in a manner appropriate to the type of property (e.g., stamp, tag, mark, or other identification), and manage any discrepancies incident to shipment.

As directed by ASTM Standard E2605-08; “Standard Practice for Receiving Property”, Organizations should establish a standard processing time for tangible property being received and delivered. Once these standards are defined the Receiving Metric Tool can be tailored to support the requirements.

**Complete Action, Affect Change to the Record:**

The creation of the record shall generally be completed within [insert # of days] days after the physical receipt of the item. This includes affecting the measured occurrence, record creation, and item identification.

**Population:**

In order to obtain receipt lists for verification of measured occurrences, [Insert name of department pulling samples] can run a report of all receipts within the prescribed auditable timeframe and include fields that represent the measured occurrences listed and verify that the record was created and identified. Additionally, a separate report of the discrepancies will be required to verify the timeliness reporting of discrepancies.

**Metric Overview:**

The self assessment of Receipt responsibility will track two separate metrics. Metric 02-01 is a measurement of the completeness and accuracy of the recorded receipt. Metric 02-02 is a measurement of timeliness of receipts recorded within the designated timeframe. Metric 02-03 measures percent of items correctly identified with ownership. Metric 02-04 is a measurement of discrepancy reports completed within the designated timeframe. Data is entered on the appropriate tab, depending on the trigger event. The data then feeds to the metric results.

Metric 02-01: This metric is to obtain quantitative verification that the record of receipt is accomplished completely and accurately.

Example: site has 20 records with qualifying measured occurrences during the auditable timeframe, 19 records are found to have been documented completely and accurately.

[20 divided by 19 = 95%. This would be accuracy rate of postings]

Metric 02-02: The basis of this metric is to obtain quantitative verification that Receipt of an item is documented in a timely manner. Sites shall determine acceptable timeframe of postings.

Example: site has 20 records with qualifying measured occurrences during the auditable timeframe, 19 records are found to have been within the allowable timeframe.

[20 divided by 19 = 95%. This would be performance rate of timely postings]

Metric 02-03: This metric will provide quantitative verification regarding the Identification of Ownership on all new receipts.

Formula: The total number of receipts properly identified with ownership divided by total number of samples.

Metric 02-04: This metric is to obtain quantitative verification of the timeliness of reporting discrepancies.

Example: site has 20 reports of discrepancies during the auditable timeframe, 19 reports are found to have been within the allowable timeframe.

[20 divided by 19 = 95%. This would be performance rate of timely reporting]

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Records Metrics Definition Sheet** | | | | | | **Metric # 3** |
| **Process** | Records | | | **Property Type** | | | Equipment, Material |
| **Metric** | 03-01: Accuracy of Records – Material  03-02: Accuracy of Records – Equipment  03-03: Accuracy of Records - Repairables | | | | | | |
| **Purpose** | To ensure that Government/customer property records are complete and accurate | | | | | | |
| **Data Source** | Property Business System | | | | | | |
| **Formula** | 03-01: Numerator- the total number of sampled material records with at least 95% accuracy. Denominator- the total number of records sampled.  03-02: Numerator- the total number of sampled equipment records with at least 95% accuracy. Denominator- the total number of records sampled.  03-03: Numerator- the total number of sampled deliverable records with at least 95% accuracy. Denominator- the total number of records sampled. | | | | | | |
| **Methodology** | Government/customer record requirements are ranked and weighted according to stewardship risk (i.e. Maximum, Moderate and Minimal). From selected sample of records with acquisition value of $5,000 or greater a record to floor and floor to record assessment is conducted to verify record completeness and accuracy.  If one sample item does not meet the 95% accuracy rate a double sample must be conducted. | | | | | | |
| **Frequency** | Annual or as conditions warrant | | | | | | |
| **Goal/Range** | Material and Equipment- 96%, Repairs/Sensitive- 100% | | | | | | |
| **Reference** | ***FAR:*** | | ***ASTM:*** | | | ***PROCEDURE:*** | |
| *52.245-1 (f)(1)(iii) “Contractor Plans and Systems” “Records of Government Property”* | | E2605-08; “Standard Practice for Receiving Property” | | | *[insert company procedure or policy #]* | |
| **Comments** | Goals/Ranges reflect Risk Factors; The data results alone do not determine adequacy or inadequacy of the Property System. | | | | | | |
| **Reporting**  **Responsibility** | Tailor to your Organization  (e.g., Property Management) | **Process**  **Owner** | | | Tailor to your Organization  (e.g., Property Management) | | |

Records Metric Guideline

This document is meant to provide basic instructions for performing a self-assessment of record accuracy using a floor to record / record to floor audit that is based on solid statistical procedures. Additionally, directions are given on how to record, report and analyze the results.

[Insert responsible party] will be responsible for ensuring processes are established for proper data collection and providing the Record Tool results to [insert where results are sent] at the frequency prescribed on the metric definition.

[Insert name of Government Property Procedures or Policy] takes precedence over this guideline.

Link: [Insert link to procedures, if desired]

**Measured Occurrences:**

***1) Creation of a new record during the assessment period***

**Population:** [Insert name of department pulling samples] will pull reports of all active records for both Material and Equipment (this includes any categories of property that fall under equipment as defined in the latest FAR). Only equipment records with an acquisition cost greater than $5000 need to be verified. Exclude any equipment at subcontractors, relief of loss has been requested and in secured disposition location.

**Metric Overview:**

Government/customer record requirements are ranked and weighted according to stewardship risk (i.e. Maximum, Moderate and Minimal). From selected sample of records with acquisition value of $5,000 or greater a record to floor and floor to record assessment is conducted to verify record completeness and accuracy.

If one sample item does not meet the 95% accuracy rate a double sample must be conducted.

**How the Record Metric Measurement Tool Works**

**Risk levels**

To assess our records in terms of stewardship responsibility, the record elements have been assigned a risk level of maximum, moderate, or minimal. For example, if the data element ‘manufacture name’ is omitted there is no substantial increase in risk of loss so this is a minimal risk element. Whereas, if an item has no unique identifier (tag number) there is a significant risk the item will be dispositioned incorrectly or reported lost so this data element risk level is maximum.

**Weighted**

The data elements per risk level are weighted to ensure that minor defects, those that are clerical and immaterial in nature, do not find a sample item or outcome unsatisfactory. The risk levels are weighted so that all maximum risk elements must be correct and complete in order to meet criteria. There may be one (1) moderate risk or two (2) minimal risk data elements incorrect or missing and the item sample will still meet the defined criteria.

**How to Complete the Record Metric Measurement Tool**

For data elements that are complete and correct place an ‘x’ in the field.

|  |  |
| --- | --- |
| **Required Field** | **Sample 1** |
| Acquisition Cost | x |

Not all data elements are applicable for all sample items or for all property management life cycle stages. For example, the inventory date for an item put to record prior within the last year is not applicable because we inventory assets by exception biennially. The chart would be marked ‘na’.

|  |  |
| --- | --- |
| **Required Field** | **Sample 1** |
| Physical Inventory Date | na |

If the data element is incorrect or missing, the field is left blank.

|  |  |
| --- | --- |
| **Required Field** | **Sample 1** |
| Physical Inventory Date | na |
| Posting reference |  |
| Unit of measure | x |

Xs and NAs are counted to determine accuracy rate so it is important to mark the box when the data elements are correct, complete or not applicable.

This tool is structured to accommodate a random sample size of 34 and applies the double sample method described in the DCMA Property Management System Analysis. If all 34 sample items meet the criteria the accuracy rate is automatically calculated at the bottom. If however, one item does not meet the criteria the sample size doubles to 68 and accuracy rate is calculated per this size. Examples of how this works are below.

The first 34 sample items are complete and accurate.

|  |  |
| --- | --- |
| Sample size | 34.00 |
| Samples that meet 95% accuracy | 34.00 |
| Percentage of Accuracy | 100% |

One (1) sampled item did not meet criteria in the sample of 34 - the sample size doubled to 68. All other samples met the criteria and as a result the accuracy rate is 99%.

|  |  |
| --- | --- |
| Sample size | 68.00 |
| Samples that meet 95% accuracy | 67.00 |
| Percentage of Accuracy | 99% |

Three (3) sampled items did not meet criteria out of a total of 68 – this is an accuracy rate of 96%.

|  |  |
| --- | --- |
| Sample size | 68.00 |
| Samples that meet 95% accuracy | 65.00 |
| Percentage of Accuracy | 96% |

If four or more sample items do not meet criteria the record outcome accuracy goal has not been met.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Physical Inventory Metrics Definition Sheet** | | | | | **Metric # 4** | |
| **Process** | Physical Inventory | | | **Property Type** | | Equipment, Material | |
| **Metric** | 04-01 Physical inventories are conducted on time per site inventory plan  04-02 Accuracy of physical inventory found by line item  04-03 Accuracy of physical inventory count found by dollar value  04-04 Timely reporting of physical inventories  04-05 Physical inventory performance against plan for [**$5000 and up]** items  04-06 Physical inventory view against plan for inventory by exception | | | | | | |
| **Purpose** | 04-01 – 04-04 Ensure compliance to the Physical Inventory Plan and FAR 52.245-1 as it relates to conducting and reporting of physical inventories  04-05 – 04-06 Monitor progress of ongoing inventories to ensure timely completion | | | | | | |
| **Data Source** | Material management system, equipment management system, physical inventory results, site inventory plan, etc. | | | | | | |
| **Formula** | 04-01 Numerator: contracts completed per plan  Denominator: contracts scheduled to be inventoried per plan  04-02 Numerator: total line Items of property Inventoried  Denominator: total line Items found during physical inventory   * 1. Numerator: total value of property Inventoried   Denominator: total value of property subject to physical inventory  04-04 Numerator: number of contracts/inventories reported on time  Denominator: total number of contracts/inventories requiring reporting  04-05 Numerator: number of line items over [**$5000]**  inventoried to date  Denominator: total number of line items over [**$5000]**  to be inventoried within  the designated timeframe   * 1. Numerator: number of line items inventoried to date Denominator: total   number of line items to be inventoried within the designated timeframe | | | | | | |
| **Methodology** | 04-01 Using property management systems ensure completion and  reconciliation of inventories.  04-02 & 03 Determine the amount and value of items inventoried per established  plan, processes and procedures to ensure accuracy rates are maintained.  04-04 Report physical inventory results per plan, processes and procedures.  04-05 & 06 Capture all moves; touches; maintenance activity; sampling from self  assessment reviews | | | | | | |
| **Frequency** | 04-01 thru 04: Annual or as conditions warrant (More Frequent or Less Frequent)  04-05 & 06: Monthly | | | | | | |
| **Goal/Range** | 04-01 & 04-02 98%, 04-03 Material- 95%, Equipment- 98%, Repairs/Sensitive- 100%  04-04 98% 04-05 : Within 10% of plan each month; 04-06: Physical Inventory Progress Against 3 Yr Plan for Inventory by Exception | | | | | | |
| **Reference** | ***FAR:*** | | ***ASTM:*** | | | | ***PROCEDURE:*** |
| *52.245-1 (f)(1)(iv) “Contractor Plans and Systems” “Physical Inventory” DFARS* ***252.242-7004***  *MMAS* | | *E2132-01(2007) Standard Practice for Physical Inventory of Durable, Movable Property* | | | | *[insert company policy or procedure #]* |
| **Comments** | Goals/Ranges reflect Risk Factors; The data results alone do not determine adequacy or inadequacy of the Property System. | | | | | | |
| **Reporting**  **Responsibility** | Tailor to your Organization  (e.g., Property Management) | **Process**  **Owner** | | | Tailor to your Organization  (e.g., Property Management) | | |

Physical Inventory Metric Guideline

This document is meant to provide basic instructions for performing a self-assessment that provides for the generation of the inventory plan, steps on performing and reporting inventories of Government/Customer owned property and an overview of the metric.

[Insert responsible party] will be responsible for ensuring processes are established for proper data collection and providing the Physical Inventory Metric Tool results to [insert who receives the metrics] at the frequency prescribed on the metric definition.

[Insert policy or procedure #] - Physical Inventory takes precedence over this guideline.

Link: [insert link to company policy or procedure, if desired]

**Population:** Samples will include a report or hard copy documents of physical inventories completed within the self assessment time period. Additionally, a report or hard copy of all physical inventory reports shall be obtained. Floor to record methodology will be defined prior to start of the assessment.

**Generating the Inventory Plan:**

An inventory plan shall be generated no later than [insert date] and submitted to [insert party who receives plan]. The plan assigns responsibilities, authority and accountability for the conduct of physical inventory and will identify:

* Which functions will be performing the inventories
* Method to be used, see “Inventory Performance” below
* Population
* General locations of property (i.e., Production or Engineering areas, suppliers, alternative locations)
* Start and completion {including reconciliation} date
* Timing of report submission after the completion of the inventory
* Training and communication process- ensure that individuals involved in the process have all necessary skills and information

[Insert department responsible] are responsible for coordinating and communicating the physical inventory plan to all functional support personnel.

Occasionally circumstances arise that could cause the plan to change. If this occurs the original plan must be amended, along with the reason for the change, and re-submitted to [insert party who received original plan] Changes to the plan shall be the exception and would include uncontrollable events such as unanticipated program changes or natural disasters. Circumstances that would not allow plan changes include negligence or forgetfulness, lack of communication or coordination with functional support or manpower issues.

The plan plays an integral role in the inventory and metric generation processes. It should provide clear direction, coordination, and scheduling information. Another critical output of the plan is that it ensures adequate functional manpower is available to meet completion dates.

**Inventory Performance:**

The inventory shall proceed as defined by the start/stop dates outlined in the inventory plan. The [department or party responsible] must monitor the progress of the inventory to ensure that functional groups performing the counts are on schedule and proceeding without complications.

[Department or party responsible] will ensure a process exists to determine ownership and proper identification of unidentified property located during the physical inventory. These items will be identified, researched to determine the cause of the discrepancy, and entered into the records.

Government/Customer owned assets located during the physical inventory that had been previously reported lost will be re-entered to the active record and reported to the Government Property Administrator or the customer as soon as the facts are known. It is imperative this happened in a timely manner to preclude issues and confusion.

Reconciliation of material and asset records shall be performed by the function that performed the inventory and the results reported to the [department or party responsible]. If the accuracy rate falls below the rates as noted above, an investigation and corrective action shall be initiated.

**Inventory Reporting:**

[Department or party responsible] will be responsible for providing a signed statement to the Government Property Administrator/Customer that a physical inventory of Government property was completed on a given date and that the official property records were found to be in agreement except for discrepancies reported. Inventories should be reported as prescribed by contract requirements.

**Reporting Discrepancies:**

Material inventory results less than 100% will be reported with an inventory adjustment of itemized overages and/or shortages documenting both quantitative and monetary values.

Assets inventory results less than 100% will be reported as lost property in accordance with [insert policy or procedure #] on a LDDT form. Additionally, sites shall provide an itemized list of Government property found during the inventory that was not part of the records (overages).

Inventory result reports shall be submitted in a timely manner as defined by each site. This could be 30, 45 or 60 days, depending on contractual requirements and site procedures.

**Metric Overview:**

The measurement of Physical Inventory will happen by two separate metrics. Metric 1 and 4 measure performance and reporting while Metric 2 and 3 measure accuracy.

Metric 04-01: The basis of this metric is to obtain quantitative verification that physical inventories are conducted and completed per site inventory plan. This measurement will ensure that periodic performance, completion, recording and disclosure of physical inventory results are done using the site’s material management system, equipment management system and physical inventory results.

*Metric 04-01* Verifies that physical inventories are performed and completed per the stop date stated on the site inventory plan. The numerator is the contracts completed per plan and the denominator is the contract inventories required per plan.

Example: site has 20 contracts, 18 are completed by stop date

[18 divided by 20 = 90% which falls below the 98% goal]

Metric 04-02 & 03: This metric will determine the physical inventory find rate with contract value and number of items and will identify which items were located and which are not.

*Measurement 1* verifies the amount of property line items on a given contract. The numerator is the total number of property found during the inventory and the denominator is the total number of property subject to physical inventory. Results of material inventories are to be determined separately from equipment results.

Example: site has 200 line items, 195 are located during the inventory.

[195 divided by 200 = 98%, this is an acceptable rate for material and equipment but not APP/Repairs/Sensitive property]

*Measurement 2* establishes the value of the property found. The numerator is the value of all property found during the inventory and the denominator is the value of all property in the total population

Upon completion of the reconciliation process sites will determine the count of items and their value inventoried per established processes and procedures. Results of material inventories are to be determined separately from equipment results. Goal rates for Measurement 1 & 2 are established from DCMA and ASTM standards: Material- 95%, Equipment- 98%, Repairs/Sensitive- 100%

Example: site has $200,000 worth of property and $185,000 is located during the inventory. [185,000 divided by 200,000 = 93%, this falls below the 98% goal for all classifications]

Metric 04-04: *V*erifies that physical inventory results are reported according to the site inventory plan. The numerator is the contracts reported on time and the denominator is the contracts requiring reporting.

Example: site has 20 contracts, 19 are reported within timeframe defined in the plan.

[19 divided by 20 = 95%, this below the 98% goal]

Metric 04-05: The basis of this metric is to verify that physical inventories for items valued at a designate threshold are performed against the cum completion target goal. Each month the # of line items Inventoried to date are plotted against the goal and are reviewed to ensure that inventory effort do not drop below the plan. When the cum to date inventory drops below the plan line, action is required to analyze cause and determine action to get back on target to plan.

To set up this metric, use the Property Management System to pull a data summary extract of the number of items threshold. Example: Divide that number by 36 to represent the monthly progress on a 3 year inventory plan. Then each month, pull a data extract of the number of items, $5K+ that show an inventory date within the 3 year inventory plan.

Note: You may wish to update total items on hand as of the report date. This will ensure that you have the total population covered. Anytime your plot points for a month drop below the plan line, review to determine conditions to get back on track.

Note 2: This metric may be set up for any value or cycle; the examples contained in here are for a 3 year cycle for items $5,000 and up.

Metric 04-06: The basis of this metric is to provide visibility that physical inventories by exception for items, regardless of value, are performed by movements, maintenance, self assessments, etc. Each month the # of line items Inventoried to date are plotted against the [three year] goal. It provides a visual chart of the benefit of inventory by exception and the fact that more items than those that fall within the threshold are inventoried.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **Subcontractor Control Metrics Definition Sheet** | | | | | **Metric # 5** |
| **Process** | Subcontractor Control | | **Property Type** | | | Equipment, Material, Sensitive Property |
| **Metric** | * 1. Risk Assessment   2. Subcontracts reviewed for proper clauses and flow downs   3. Limited surveys are accurate and on-time   4. Material Accuracy (By Line Item and Value)   5. Equipment Accuracy (By Line Item and Value)   05-06 Sensitive Property Accuracy (By Line Item and Value) | | | | | |
| **Purpose** | 05-01 To perform a risk assessment and determine the risk rating of subcontractors  05-02  Ensure subcontracts clearly identify property to be provided or procured and appropriate flow down of contract terms and conditions (e.g., extent of liability for loss, damage, destruction, or theft of Government property).  05-03 through 05-06 To determine the adequacy of the supplier’s property management system, sites shall ensure purchase orders with consigned government property are properly administered and reviews are periodically performed. | | | | | |
| **Data Source** | Government Property Records System; Subcontractor’s Property records | | | | | |
| **Formula** | 05-01 Numerator – number of Risk Assessments completed on time and total number of “High” Risk assessments. Denominator – number of risk assessments  05-02-01 Numerator – number of subcontracts reviewed with proper property clauses and flow downs included. Denominator – number of subcontracts reviewed  05-03-01 Numerator – number of subcontractor’s limited surveys returned on time Denominator – number of subcontractor’s surveys returned  05-03-02 Numerator – number of accurate subcontractor’s limited surveys  Denominator – number of subcontractor’s surveys returned  05-04-01 Numerator – number of material line items inventoried without discrepancies Denominator – total number of material line items inventoried  05-04-02 Numerator – material value inventoried without discrepancies  Denominator – total value of material inventoried  05-05-01 Numerator – number of equipment items found  Denominator – total number of material line items inventoried  05-05-02 Numerator – Value of found equipment  Denominator – total value of equipment inventoried  05-06-01 Numerator – Value of found equipment  Denominator – total value of equipment inventoried | | | | | |
| **Methodology** | Management of subcontractors per established procedures | | | | | |
| **Frequency** | Annual or as conditions warrant (More Frequent or Less Frequent) | | | | | |
| **Goal/Range** | 05-01-01: 98% 05-03-01: 95% 05-06-01: 98% 05-02-01: 90% 05-04-01: 98% 05-06-01: 98% 05-02-02: 90% 05-05-01: N/A | | | | | |
| **Reference** | ***FAR:*** | |  | ***PROCEDURE:*** | | |
| *52.245-1 (f)(1)(v) “Contractor Plans and Systems” “Subcontractor Control”* | |  | *[insert company procedure or policy #]* | | |
| **Comments** | Goals/Ranges reflect Risk Factors; The data results alone do not determine adequacy or inadequacy of the Property System. | | | | | |
| **Reporting**  **Responsibility** | Tailor to your Organization  (e.g., Property Management) | **Process**  **Owner** | | | Tailor to your Organization  (e.g., Property Management) | |

Subcontractor Control Metric Guideline

This document is meant to provide basic instructions for performing a self-assessment of subcontractors with steps on performing proper clause and flow down reviews, limited survey results, material and equipment inventory accuracy, and overall risk assessment of subcontractors. Note: The term “Subcontractor” is synonymous with the terms “supplier” and “vendor”.

The Property Management Organization will be responsible for ensuring processes are established for proper data collection and distribution of results to affected organizations and Governmental agencies, at the frequency prescribed on the metric definition.

[Insert your policy or procedure #] takes precedence over this guideline.

Link: [Insert link to policy or procedure, if desired]

**Measured Occurrences:**

1. *Limited Survey’s*
2. *Risk Assessments*
3. *On-site Surveillances*

How to Pull Samples: Metrics provide a complete log of all activity. If desired, a sample may be pulled from the logs for audit validation.

**Completing the Risk Assessment Tool:**

Purpose: To provide an objective and disciplined risk assessment analysis of subcontractors.

Sample risk assessment questions are provided within Metric 5. These questions can be placed in a different order, dependent upon the contractor’s area of concern. The lower the total score, the lower the risk.

Each question is weighted, and points will be given dependent upon the answers to the questions. Example: The highest weighted risk is, “does the subcontractor have documented evidence of an adequate Government Property System?” If so, “has the system received an adequate rating within the last 2 years?” If the answer to this question is “NO”, then the subcontractor would receive 6 points for this question. If the answer to this question is “YES”, then the subcontractor would receive 0 points.

The object of the risk assessment is to assign points, based on the risk questions, and to ascertain a total point value of risk, per subcontractor.

The total score, in accordance with the sample risk assessment tool, is a possible 24 points.

The lower the score, the less risk is assessed.

Example DoD Risk Assessment: Joe’s Metal Working (reference tool for weight factors)

Question 1: Does the subcontractor have documented evidence of an adequate Government Property System? If so, has the system received an adequate rating within the last 2 years?

Answer: NO

Points: 6

Question 2: Is the subcontractor UID compliant, if applicable?

Answer: NO

Points: 5

Question 3: Is the value of government property reported on the previous year’s financial report in excess of $1,000,000?

Answer: NO

Points: 0

Question 4: Has the subcontractor subcontracted with a lower tier subcontractor and provided assigned government-owned property? If so, is the subcontractor ensuring the lower tier subcontractor is complying with contractual requirements?

Answer: YES, YES

Points: 1

Question 5: During the previous year, has the subcontractor reported ANY LDDT? (Assign 1 point per report for possible total of 5)

Answer: Yes

Points: 2

Question 6: Did the subcontractor respond to a request for a limited desk survey?

Answer: Yes

Points: 0

Total Points: 13

Once all subcontractors have been assessed, and point totals have been given, a range will appear. This range could be from 0 to 24.

Example:

|  |  |
| --- | --- |
| Company A | 4 |
| Company B | 5 |
| Company C | 8 |
| Company D | 9 |
| Company E | 10 |
| Company F | 12 |
| Company G | 13 |
| Company H | 15 |
| Company I | 17 |

As you can see in the table above, you have subcontractors that range from a risk rating of 4 to 17. Now you are going to have to make a decision on where your thresholds will be for High, Medium and Low risk ratings. In this case, I would take the top 3 subcontracts with the highest scores (Company G, Company H, Company I), and call them “HIGH” risk. I would then look at the next 4 subcontractors (Company C, Company D, Company E, Company F), and would consider these “Medium Risk”, leaving the last 2 subcontractors (Company A and Company B) as “Low Risk”. This portion of the risk assessment is totally subjective, and ratings could depend upon resource availability and budget in order to perform “on site” surveillances.

These Risk Assessments should be completed prior to your input for budget for the following year. Example: If your company is on a fiscal year calendar (Oct. thru Sept.), then your budgeting efforts are probably performed in the July/August timeframe. If your company is on a calendar year calendar (Jan. thru Dec.), then your budgeting estimates are probably performed in the Sept/Oct/Nov. timeframe.

**Review of Proper Clause Flow down:**

Semiannually review of subcontracts will be conducted to ascertain proper clause and flow down requirements.

This review consists of researching subcontracts, on at least a semi-annual basis to ensure proper property clauses and risk provisions are incorporated into the purchase order/subcontract.

**Metric Overview:**

The measurement of Subcontractor Control will occur in 5 separate metrics. Metric 1 measures timeliness of assessments and % of high risk suppliers. Metric 2 measures proper clause and risk flow down provisions in subcontracts. Metric 3 measures limited survey completeness and accuracy. Metric 4 measures inventory accuracy by line item and dollar value on Material. Metric 5 measures inventory accuracy by line item and dollar value on Equipment. Metric 6 measures inventory accuracy by line item and dollar value on Sensitive Property.

Metric 05-01: This metric will determine the risk level of subcontractors and the timeliness of completion of subcontractor reviews. NOTE: Occasionally circumstances arise that could cause the subcontractor review plan to change. If this occurs the metric must be amended to reflect these date changes. Changes to the plan shall be the exception and would include uncontrollable events such as unanticipated program changes or natural disasters. Circumstances that would not allow plan changes include negligence or forgetfulness, lack of communication or coordination with functional support or manpower issues.

Metric 05-01-01 verifies the timeliness of subcontractor review completion on any given subcontractor. The numerator is the total number of reviews completed “per schedule” and the denominator is the total number of reviews needing completion. Example: Site has 25 subcontractors requiring a review and 20 subcontractors are actually reviewed “per schedule”. [20 divided by 25 = 80%, this completion rate falls below the established 98% goal]

Metric 05-01-02Overall percent of “High” risk subcontractors. The numerator is the number of high risk subcontractors and the denominator is the total number of subcontractors. Example: Site has 25 total subcontractors of which 5 are “high” risk. [5 divided by 20 = 25%. This is for information and planning purposes]

Metric 05-02: The basis of this metric is to obtain quantitative verification that proper flow down of appropriate clauses and risks are accomplished. This measurement will ensure that periodic reviews are completed and reported to affected organizations.

Metric 05-02-01 verifies that subcontract reviews are completed by contract number and supplier. The numerator is the number of subcontracts containing proper clause and risk flow down and the denominator is the total number of subcontracts reviewed.

Example: Site has 100 total subcontracts reviewed, 90 have proper clause and risk flow downs. [90 divided by 100 = 90% which would fall below the 98% goal]

Metric 05-03: This metric will determine the timeliness, completeness and accuracy of limited surveys received from subcontractors.

Metric 05-03-01 verifies the amount of limited surveys returned on time. The numerator is the total number of limited surveys received “on time” and the denominator is the total number of limited surveys requested.

Example: Site sent limited surveys to 100 subcontractors, 90 are returned “on time”.

[90 divided by 100 = 90%, which would fall below the 98% goal]

Metric 05-03-02 establishes the accuracy of the limited surveys returned. The numerator is the total number of limited surveys that are accurate the denominator is total number of limited surveys requested.

Example: Site sent limited surveys to 100 subcontractors, 99 are completed fully and accurately. [99 divided by 100 = 99% exceeds the 98% goal]

Metric 05-04, 05-05, 05-06: These metrics will determine the physical inventory accuracy rate with contract value, number of items and will identify which items were located and which are not for Material, Equipment and Sensitive Property.

Metric 05-04-01, 05-05-01 & 05-06-01 verify the amount of property line items on a given subcontract. The numerator is the total number of property found during the inventory and the denominator is the total number of property subject to physical inventory. Results of material inventories are to be determined separately from equipment results.

Example: site has 200 line items, 195 are located during the inventory.

[195 divided by 200 = 98% exceeds the 98% goal for material and equipment but not APP/Repairs/Sensitive property]

Metric 05-04-02, 05-05-02 & 05-06-02 establish the accuracy of the property found by dollar value. The numerator is the value of all property found during the inventory and the denominator is the value of all property in the total population.

Upon completion of the reconciliation process, Contractors will determine the count of items and their value inventoried per established processes and procedures. Results of material inventories are to be determined separately from equipment results. Goal percentages for Measurement 1 & 2 are established from DCMA and ASTM standards: Material- 95% (if MMAS approval has been received; Otherwise, 98%), Equipment- 98%, Sensitive- 100%

Example: Site has $200,000 worth of property and $185,000 is located during the inventory. [$185,000 divided by $200,000 = 93%, falls below the 98% goal for all classifications]

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Reports Metrics Definition Sheet** | | | | | | **Metric # 6** |
| **Process** | Timely Submittal of Property Management Reports | | | **Property Type** | | | Equipment, Material |
| **Metric** | 06-01: Summary – Summary of 06-02, 06-03, 06-04, 06-05, 06-06  06-02: Monthly – Count of Reports Required  06-03: Quarterly – Count of Reports Required  06-04: Annual – Count of Reports Required  06-05: IUID Registry – Count of Reports Required  06-06: Miscellaneous – Count of Reports Required | | | | | | |
| **Purpose** | Ensure a process to create and distribute timely customer reports. | | | | | | |
| **Data Source** | Property Business System | | | | | | |
| **Formula** | Numerator – number of reports submitted within the prescribed frequency  Denominator – total number of reports submitted | | | | | | |
| **Methodology** | Track all required Government property management reports per frequency to enable gathering of data and ensure reports are submitted on time. | | | | | | |
| **Frequency** | Annual or as conditions warrant (More Frequent or Less Frequent) | | | | | | |
| **Goal/Range** | 95% On-time Reporting | | | | | | |
| **Reference** | ***FAR:*** | | ***ASTM:*** | | | ***PROCEDURE:*** | |
| *52.245-1 (f)(1)(vi) “Contractor Plans and Systems” “Reports”; DFAR 252.211-7007 “Reporting of Government Furnished Equipment in the DoD Item Unique Identification (IUID) Registry”* | | *E2279 Establishing the Guiding Principles of Property Management* | | | *[insert company policy or procedure #]* | |
| **Comments** | Goals/Ranges reflect Risk Factors; The data results alone do not determine adequacy or inadequacy of the Property System. | | | | | | |
| **Reporting**  **Responsibility** | Tailor to your Organization  (e.g., Property Management) | **Process**  **Owner** | | | Tailor to your Organization  (e.g., Property Management) | | |

Reports Metric Guideline

This document is meant to provide basic instruction for performing a self-assessment of the timely submittal of reports. This metric captures the financial reporting process as reporting for LDDT and Physical Inventory are covered under separate Outcomes.

The data should reflect the timely submission of Government property data as required by contract or regulation at specified intervals (i.e., monthly, quarterly, annually, etc.). Additionally, any other report type not covered under a separate Outcome can be captured and reported within this metric. A column for the type of report and the frequency at which it is required is on the tool.

Sites will be responsible for ensuring processes are established for proper data collection and providing the Reports Metric Tool results at the frequency prescribed on the metric definition.

[Insert your policy or procedure #] takes precedence over this guideline.

Link: [Insert link to policy or procedure, if desired]

**Measured Occurrences:**

1. *Management Reports*
2. *CDRL’s*
3. *Other Requirements that may be defined by contract*

**Population:**

In order to obtain the population for verification of measured occurrences, [insert name of department responsible for selecting samples] can run [insert report name here]. Report should include appropriate data fields that represent the measured occurrences.

Repeat the above for each type or frequency of report.

**Metric Overview:**

The Report metric’s purpose is to ensure compliant and timely processing of reports in performance of customer requirements and will be measured by utilizing the following formula:

Numerator – total number of reports submitted on-time

Denominator – total number of reports submitted

Data will be entered onto the appropriate tab which feeds results to the summary page. Columns require the prime contract number, customer PO (if applicable), report type, date report is due, and date report was submitted. The tool will calculate the time lapsing between the due date and submission date to determine “on time” status.

Other functions of the tool provide for recording of the person who generates the report and who the report was submitted to (i.e. site Contract Representative or Government agency). Additionally, if there were extensions or rejections for the report, that data can be recorded.

**Metrics:**

06-01: Summary

06-02: Monthly

06-03: Quarterly

06-04: Annual

06-05: IUID Registry

06-06: Miscellaneous

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **Relief of Stewardship Metric Definition** | | | | **Metric #7** | |
| Process | Relief of Stewardship Responsibility & Record Update Cycle Time | | | Property Type | Equipment, Material | |
| Metric | 07-01: Accuracy of Gov’t Property records to reflect relief of stewardship  07-02: Cycle time to affect change on record meets prescribed goal | | | | | |
| Purpose | 07-01 : Ensure proper relief of stewardship responsibility  07-02: Validate timeliness of transactions | | | | | |
| Data Source | Government Property Record System  Disposition Databases (i.e., PCARSS, LTDD, etc.) | | | | | |
| Formula | 07-01: Sample of all measured occurrence (i.e. LTDD, PCC, no cost transfers, shipments, IUID Registry updates) records requiring relief of stewardship divided by number of records reviewed.  07-02: Allotted time divided by number of days to complete measured occurrence and affect change on record. | | | | | |
| Methodology | 07-01: Compile data from the disposition databases to ensure Government Property Record system accuracy. Include the following types of measured occurrences:  Inventory adjustments  LTDD reported  Shipments throughout the life of the contract  Disposals resulting from plant clearance actions  Transfers  IUID Registry Updates  07-02: Determine cycle time per measured occurrence by calculating the difference between the allotted time and actual time for completion. Completion includes affecting measured occurrence, record update, and completion/submission of documents to PLCO and/or Customer. | | | | | |
| Frequency | Annual or as conditions warrant (More Frequent or Less Frequent) | | | | | |
| Goal/Range | 07-01 thru 07-02: 98% | | | | | |
| Reference | FAR: | ASTM: | | | | *Policy* |
| *52.245-1 (f)(vii), “Contractor Plans and Systems” ”Relief of Stewardship Responsibility”* | *E2279-03 Standard Practice for Establishing the Guiding Principles of Property Management* | | | | *[insert company policy or procedure #]* |
| Comments | Goals/Ranges reflect Risk Factors; The data results alone do not determine adequacy or inadequacy of the Property System. | | | | | |
| Reporting  Responsibility | Tailor to your Organization  (e.g., Property Management) | |  | | Tailor to your Organization  (e.g., Property Management) | |

Relief of Stewardship Metric Guideline

This document is meant to provide basic instructions for performing a self-assessment that ensures the proper relief of stewardship responsibility as it applies to the applicable measured occurrences and time to affect change to the record.

Sites will be responsible for ensuring processes are established for proper data collection and providing the Relief of Stewardship Metric Tool results to [insert department receiving metrics results] at the frequency prescribed on the metric definition.

[Insert policy or procedure #] takes precedence over this guideline.

Link: [Insert link to policy or procedure, if desired]

**Measured Occurrences Definition:**

*1) Loss, Theft, Damage, or Destruction Reporting*

LTDD reports are to be generated for equipment that has been lost, stolen, damaged or destroyed. Generally, LTDDs are generated as a result of a physical inventory. They can also be generated at any time during the performance of a program if a loss, theft, damage or destruction is disclosed. LTDDs must be reported to the Government PA/Customer as soon as the facts are known or in accordance with ASTM Standard E2131-09, Standard Practice for Assessing Loss, Damage, or Destruction of Tangible Property.

Proper authority to grant relief of responsibility or liability for LTDD will be provided via a letter from the Customer or owning agency. Until the item is officially relieved, the record must remain open on the acquiring contract and reported.

*2) Plant Clearance*

Sites shall ensure processes are in place that provide for the timely reporting of excess or idle property for disposition either to the PLCO or the Customer. As required by FAR 52.425-1 (j) the time periods outlined are to be followed for the submission of plant clearance cases.

Submission requirements: The Contractor shall submit inventory disposal schedules to the Plant Clearance Officer no later than-

(i) 30-days following the Contractor’s determination that a Government property item is no longer required for performance of this contract;

(ii) 60 days, or such longer period as may be approved by the Plant Clearance Officer, following

completion of contract deliveries or performance; or

(iii) 120 days, or such longer period as may be approved by the Termination Contracting Officer following contract termination in whole or in part.

Sites shall monitor submitted schedules to ensure that a response has been received. If no response is received within 180 days of the submission, the site shall contact the responsible agency and request a status.

Proper authority to grant relief of responsibility for Plant Clearance will be provided by DCMA via PCARSS or by the Customer via letter. Until the item is officially given disposal instructions the record must remain open, on the acquiring contract and reported.

*3) Transfers*

Per FAR 52.245-1, transfers of government property must be documented by a contract modification on the gaining contract. Upon completion of the transfer, the property on the gaining contract is to be considered Government Furnished. Property shall only be transferred if there is a firm requirement on the follow-on. Blanket roll-over transfers are not permitted unless authorized by the gaining contract. A signed DD1149 may be used to affect change to the record.

*4) Shipments*

Shipments that provide for the transfer of accountability to another site or the Customer shall be considered a measured occurrence. When a shipment occurs but accountability is not transferred, it does not qualify as a measured occurrence.

Proper authority to grant relief of responsibility for a shipment will be provided by a signed DD1149, DD250 or other authorizing shipping document. Until the item is officially shipped the record must remain open, on the acquiring contract and reported.

*5) Inventory Adjustments*

LTDD’s are not required for material losses when discovered during a physical inventory. Instead the record is adjusted to document the discrepancy. The process for reporting material discrepancies between the actual count and the record quantity is to document them on the appropriate form and update the record.

6) IUID Registry Reporting

When any Government furnished property in the categories of special tooling, special test equipment or equipment with an acquisition value of $5,000 or more are accountable to a prime contract and reported through the IUID Registry it is necessary to update the IUID registry when the first four Measurable Occurrence (LTDD, PCC, Transfer and Shipment) are affected.

**Population:**

In order to obtain asset lists for verification of each measured occurrence that affects Relief of Stewardship, [enter responsible party] can create a report of all records within the prescribed timeframe by fields that identify the measured occurrences listed and verify that the record is updated and documentation is in order. (For example: total population of all inventory adjustments, LTDD’s PCC’s, transfers, shipments and any other disposal direction provided)

**Complete Action, Affect Change to the Record (Metric 07-02 – Record Elements):**

The change to the records shall generally be completed 30 days after the receipt of documents that authorize the measured occurrence unless prescribed otherwise by the PLCO or the Customer. This includes affecting the measured occurrence, record update, and completion/submission of final documents to PLCO and/or Customer.

**Metric Overview:**

The measurement of Relief of Stewardship responsibility will happen by two separate metrics. Measurement 1 is a measurement of records updated due to a measured occurrence while Measurement 2 measures cycle time to affect change to the record.

Metric 07-01: The basis of this metric is to obtain quantitative verification that Relief of Stewardship is reflected on Government property records. Several measured occurrences can cause a change to the record and sites must ensure that the system is current

Formula: Sample of all measured occurrence (i.e. LTDD, PCC, no cost transfers, shipments, inventory adjustments, IUID Registry updates) records requiring relief of stewardship divided by number of records reviewed.

Example: Site’s total population of 580 records with qualifying measured occurrences during the timeframe, this results in a random sample of 34 records of which 33 records are found to have been updated and closed accordingly.

[34 divided by 33 = 97%. This would fall below the 98% goal]

Metric 07-02: This metric will provide quantitative verification regarding the performance of measured occurrence activity and the cycle time to affect the change to the records upon authorization by the PLCO or the Customer. Sites shall determine cycle time per measured occurrence by calculating the difference between the allotted time and actual time for completion. Completion includes affecting measured occurrence, record update, and completion/submission of documents to PLCO and/or Customer.

Formula: Allotted time divided by number of days to complete measured occurrence and affect change on record.

Example: PLCO/Customer allows 15 working days to update records. Measured occurrence is completed, records are updated as required and final documentation (scrap cert, shipper, final financial, etc) has been completed and submitted in 10 days. This results in an accuracy rate of 100%.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Utilization Metrics Definition Sheet** | | | | | | **Metric # 8** |
| **Process** | Utilization | | | **Property Type** | | | Equipment, Material |
| **Metric** | Utilization takes several forms and has several critical measures to ensure compliance to contract requirements and to maximize return on invested capital for company assets. | | | | | | |
| **Purpose** | 08-01: Authorized Use of Assets  08-02: Level of Utilization for Customer Property Used Commercially  08-03: Rental payments are accurate and have been applied on time per contract agreement  08-04: Utilization of Company Assets to Determine Return on Asset Investment | | | | | | |
| **Data Source** | Government Property Record Systems, Contract Systems, Procurement Systems | | | | | | |
| **Formula** | 08-01: Numerator: The number of assets being utilized on correct contracts  Denominator: The total number of assets observed.  08-02: Numerator: Total hours asset used for Government work  Denominator: Total hours asset used  08-03: a) Total number of accurate payments divided by contracts requiring rental payments , b) Total number of payments made on time divided by total contracts requiring rental payments  08-04: Numerator: Total Company Assets observed being utilized  Denominator: Total Company Assets observed | | | | | | |
| **Methodology** | 08-01: Floor to Record sample of assets being utilized  08-02: Statistical sampling of Government assets used commercially  08-03: Maintain a log of rental payments for Government owned equipment used on commercial contracts. The log should verify payment is accurate and timely  08-04: Floor to Record sample of company assets being utilized | | | | | | |
| **Frequency** | Annual or as conditions warrant (More Frequent or Less Frequent) | | | | | | |
| **Goal/Range** | 08-01: 100%  08-02: 75% or higher  08-03: N/A  08-04: 20% or higher | | | | | | |
| **Reference** | ***FAR:*** | |  | | | ***PROCEDURE:*** | |
| *52.245-1 (f)(1)(viii) “Contractor Plans and Systems” “Utilization”; 52.245-9 “Use and Charges”* | |  | | | *[insert company procedure #]* | |
| **Comments** | Goals/Ranges reflect Risk Factors; The data results alone do not determine adequacy or inadequacy of the Property System. | | | | | | |
| **Reporting**  **Responsibility** | Tailor to your Organization  (e.g., Property Management) | **Process**  **Owner** | | | Tailor to your Organization  (e.g., Property Management) | | |

**Utilization Metric Guideline**

This document is meant to provide basic instructions for performing a self-assessment that ensures the proper performance of Utilization of Government property responsibility as it applies to contract requirements and maximizing return on invested capital for the company.

[Insert responsible party] will be responsible for ensuring processes are established for proper data collection and providing the Utilization Metric Tool results to [insert who receives the metrics] at the frequency prescribed on the metric definition.

[Insert name of Government Property procedures] Utilization takes precedence over this guideline.

Link: [Insert link to procedures, if desired]

**Measured Occurrences:**

1. *Any Gov’t asset is being used for the authorized purpose*
2. *Any use of Government Property for Commercial Purposes*
3. *Any use of an asset in the company Value Based Asset Management Program that has use or is idle.*
4. *Any request for use of Government Property not included in the contract list of assets for the contract requesting use.*

**Population:**

[Insert name of department pulling samples] will run a report of assets on all Government contracts and a sample pulled to verify Metric 08-01. Additionally, a list of rental agreements and usage logs will be required to test Metrics 08-02 and 08-03.

**Metric Overview:**

The measurement of Utilization responsibility will measure four separate metrics. Metric 08-01 is a measurement of the authorized use of assets. Metric 08-02 is a measurement of the minimum level of utilization for Government/Customer property used commercially. Metric 08-03 measures utilization for Government/Customer property rental payments. Metric 08-04 is a measurement of company assets to determine return on asset investment. Data is entered on the appropriate tab, depending on the measured occurrence. The data then feeds to the metric results.

Metric 08-01: This metric provides quantitative verification that “Authorized Use” as it applies to the utilization of Government /Customer owned equipment is compliant and in accordance with contract requirements. It also will ensure that equipment provided by or acquired for a contract is being used, stored or consumed exclusively for the specific purpose authorized, or has written approval to allow otherwise.

Before beginning, determine if there is a universal use agreement in place for Government contracts. If there is, the only objective would be a review to determine use on commercial contracts. Are there internal controls in place to manage the use on commercial contracts? Employees should have access to lists that designate what commercial contracts (if any) are permitted to use what Government assets. A sample may be selected from these assets.

In the absence of a universal agreement, samples pulled from the Government asset list will be physically located and reviewed to ensure they are being used correctly on the owning contract. If the equipment is being used on another contract, the using contract program shall provide written proof that authorization to use has been granted from the owning program**.** If there is non-interference or restricted use, then validate that the terms of the agreement are being met.

This measurement applies to equipment only. If material is required by another program it must be transferred per contract requirements and site procedures.

The formula for measuring authorized use of Equipment (Special Tooling, Special Test Equipment, and Plant Equipment) is: numerator- the number of assets being utilized on correct contracts, denominator- the total number of assets pulled for the sample.

Example: 34 samples are pulled, 33 are found to be used on the correct contract.

[33 divided by 34 = 97%, this falls below the 98% goal]

Metric 08-02: The basis of this metric is to obtain quantitative verification that use of customer property used commercially does not exceed the allowable time as defined by the agreement.

The site should determine the amount of commercial work with rental agreements. If there are no assets that meet his measurement, the metric will not be performed. If there are contracts that meet the requirement, the restrictions within the owning contracts terms of use must be determined and understood. If the Government assets can be used at anytime, verification should be performed to ensure that rental payments are being made IAW the agreement.

The formula for measuring commercial use of Government assets is: numerator- total hours asset used for Government work, denominator- total hours asset used.

Reference the Log for the item that is used commercially divided by the number of hours the item was used.

Metric 08-03: This metric will provide quantitative verification for the accurate calculation and application of rental payments. The calculation for determining monthly rental payments is: ((Acquisition value x 2%) x # hrs used)) / 720 and is imbedded in the Utilization tool under Column F. Column G denotes that the payment made was accurate as noted in Column F. Column J denotes that the rental payment was made on time. There must be processes that ensure adequate internal controls are in place to validate that accurate payments are made on time per the contract agreements (U.S. Treasury, credit to the specific contract, delayed payment, etc).

The formulas for this metric are:

* Total number of rental payments made accurately divided by total number of contracts requiring rental payments.

Example: site has 7 contracts making rental payments, 6 are accurate as prescribed by the calculation in the tool.

[6 divided by 7 = 86%, this falls below the prescribed range of 98% and would require investigation]

* b) Total number of rental payments made on time divided by total number of contracts requiring rental payments.

Example: site has 7 contracts required to make rental payments, 6 are made on time and as prescribed by the contract agreement.

[6 divided by 7 = 86%, this falls below the prescribed range of 98% and would require investigation]

Metric 08-04: This metric is to measure use of company assets to determine return on asset investment.

The basic measurement here is whether the asset is in use during the measurement period or not and compared to the total population.

The formula for measuring use of company assets is: numerator- total company assets observed being utilized, denominator- total company assets observed

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Maintenance Metrics Definition Sheet** | | | | | | **Metric # 9** |
| **Process** | Maintenance | | | **Property Type** | | | Equipment |
| **Metric** | 09-01: Property records reflecting maintenance requirements  09-02: Verification of maintenance performed  09-03: Property records reflecting calibration requirements  09-04: Verification of calibration performed | | | | | | |
| **Purpose** | To ensure all maintenance and calibration activities are properly performed in accordance with established schedules and methodologies. | | | | | | |
| **Data Source** | Government Property Business System, Maintenance & Calibration System | | | | | | |
| **Formula** | 09-01: Line Items with maintenance completed and deferred during reporting period divided by the Total Population Requiring Maintenance during reporting period  09-02: Number of Items Verified divided by Sample Size of Items for Floor Check  09-03: Line Items with calibration completed and deferred during reporting period divided by the Total Population requiring calibration during reporting period  09-04: Number of Items Verified divided by Sample Size of Items for Floor Check | | | | | | |
| **Methodology** | Select random sample of maintenance population from record system. | | | | | | |
| **Frequency** | Annual or as conditions warrant (More Frequent or Less Frequent) | | | | | | |
| **Goal/Range** | 09-01: 98%  09-02: 98%  09-03: 98%  09-04: 98% | | | | | | |
| **Reference** | ***FAR:*** | ***ASTM:*** | | | | ***PROCEDURE:*** | |
| *52.245-1 (f)(1)(ix) “Contractor Plans and Systems” “Maintenance”* | *E2279-03 Standard Practice for Establishing the Guiding Principles of Property Management* | | | | *[insert company policy or*  *procedure #]* | |
| **Comments** | Goals/Ranges reflect Risk Factors; The data results alone do not determine adequacy or inadequacy of the Property System. | | | | | | |
| **Reporting**  **Responsibility** | Tailor to your Organization  (e.g., Property Management) | | **Process**  **Owner** | | Tailor to your Organization  (e.g., Property Management) | | |

**Maintenance/Calibration Metric Guideline**

This document is meant to provide basic instructions for performing a self-assessment which ensures that maintenance and calibration of Government property is performed and recorded as required by Government regulations and manufacturer’s requirements.

Site Coordinators will be responsible for ensuring processes are established for proper data collection and providing the Metric Tool results to Property Management at the frequency prescribed on the metric definition.

[Insert policy or procedure #] takes precedence over this guideline.

Link: [Insert link to policy or procedure, if desired]

**Systems:**

[Insert company name] utilizes [insert system name(s)] systems to record the maintenance/calibration data for Government property. The Maintenance system utilized varies from site to site, (i.e. Facilities system [insert system name(s)], a site’s calibration system [insert system name] or a separate Preventive Maintenance Log/System [insert system name(s)]).

**Population:**

In order to obtain asset lists for verification of calibration and maintenance on property, [enter responsible party] can create a report of all records flagged as calibration/maintenance required within the pre-defined audit timeframe.

**Metric Overview:**

The purpose of this metric is to obtain quantitative verification that maintenance/calibration of Government assets occurs and is recorded. To determine compliance, three factors will be considered- types, frequency and record verification via a random sample.

The maintenance types measured for this metric are preventive, routine (calibration), and emergency (excludes IT hardware). The frequency is generally performed on a monthly, quarterly, semi-annual or annual basis. Types and frequency are established when the asset is brought to record after acquisition or fabrication. For acquired assets, the manufacturers suggested type and frequency shall be identified and entered into the appropriate system. For [insert company name] fabricated assets, [insert dept name] is responsible to establish the type and frequency and enter the data into the appropriate system. The Maintenance/Calibration measurement tool provides distinction by type and frequency. The type and frequency will be recorded after the records have been verified.

Metric 09-01: A total population listing of assets requiring maintenance/calibration during the reporting period will be extracted from the applicable site system. If multiple systems are used, all systems that contain property must be included. Using the random sample generator, select a sample.

System records of asset samples shall be reviewed to verify that the following data has been recorded: date of completion, next scheduled frequency. Data is segregated and entered into the appropriate column on the tool and the resulting percentage indicates compliance to the process and that the maintenance was completed on time.

Metric 09-02: While conducting the sample as indicated in metric 09-01, select a floor to record sample. This second sample will verify that assets selected for the floor check when received back to the records had maintenance scheduled and performed on time.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Contract Closeout Certification Metrics**  **Definition Sheet** | | | | | | **Metric # 10** |
| **Process** | Contract Closeout | | | **Property Type** | | | Equipment, Material |
| **Metric** | 10-01 Timeliness of contract closeout to include standard closeout or termination.  10-02 Measurement of items found after Close-out. | | | | | | |
| **Purpose** | 10-01 Ensure the efficiency of Contract Property Close-out processes.  10-02 Track the number of items found after close-out as an indicator of control | | | | | | |
| **Data Source** | Government Property Record System  Contracts Eligible for closeout list obtained from Contract Administration | | | | | | |
| **Formula** | 10-01 Total number of contracts completed on time divided by the total number of contracts closed.  10-02 Tally of the number of items found after close-out divided by number of contracts closed. | | | | | | |
| **Methodology** | 10-01 Review the contracts eligible for closeout list obtained from Contract Administration, verify notification was given to required departments and Property Management is working the disposition of government property efficiently  10-02 Tally the number of items per contract found on site after close-out | | | | | | |
| **Frequency** | Annual or as conditions warrant (More Frequent or Less Frequent) | | | | | | |
| **Goal/Range** | 10-01: 98%  10-02: 98% | | | | | | |
| **Reference** | ***FAR:*** | |  | | | ***PROCEDURE:*** | |
| *52.245-1 (f)(1)(x) “Contractor Plans and Systems” “Property Closeout”* | |  | | | *[insert company procedure #]* | |
| **Comments** | Goals/Ranges reflect Risk Factors; The data results alone do not determine adequacy or inadequacy of the Property System. | | | | | | |
| **Reporting**  **Responsibility** | Tailor to your Organization  (e.g., Property Management) | **Process**  **Owner** | | | Tailor to your Organization  (e.g., Property Management) | | |

Contract Closeout Certification Metric Guideline

This document is meant to provide basic instructions for performing a self-assessment that measures the timeliness and completeness of contract closeout.

Sites will be responsible for ensuring processes are established for proper data collection and providing the Contract Closeout Metric Tool results to [insert site or company name] at the frequency prescribed on the metric definition.

[Insert policy or procedure #] takes precedence over this guideline.

Link: [Insert link to policy or procedure, if desired]

**Measured Occurrences:**

1. *Notification of Contract Closeout for Completion*
2. *Notification of Contract Closeout for Termination*

Notification of contract closeout can come in various forms depending upon the company processes. Some forms of notification include: Closeout initiation form received from Contracts or a Period of Performance report. Generally, Contracts get added to the Contract Closeout Metric Tool upon notification of a pending closure. Thus begins the measurement of the contract closeout process.

As directed by Federal Acquisition Regulation 52.245-1 (f)(1)(x) The Contractor shall promptly perform and report to the Property Administrator contract property closeout, to include reporting, investigating and securing closure of all loss, damage, destruction, or theft cases; physical inventorying all property upon termination or completion of this contract; and disposing of items at the time they are determined to be excess to contractual needs.

**Complete Action, Affect Change to the Record:**

The change to the records shall generally be completed 30 days after the receipt of documents that authorize the measured occurrence unless prescribed otherwise by the PLCO or the Customer. This includes affecting the measured occurrence, record update, and completion/submission of final documents to PLCO and/or Customer.

**Population:**

In order to obtain a contract closeout list for verification of measured occurrences, [insert responsible party] can run a report of all contracts within the prescribed period of performance closeout timeframe.

**Metric Overview:**

The measurement of Contract Closeout performance will happen with two separate metrics. Metric 10-01 is a measurement of timeliness updated due to a measured occurrence while Metric 10-02 measures accuracy of closeouts. Data is entered on the appropriate tab, depending on the measured occurrence. The data then feeds to the metric results.

Goals: Fixed Price-180 days, Cost Type 1085 days & Termination 120 days.

Metric 10-01: The basis of this metric is to obtain verification that proper steps are taken in the Contract Closeout process as well as measuring the timeliness of each action. Several steps are required in the Contract Closeout process. Therefore this metric will measure overall timeliness as well as provide sites with insight on the timeliness of the interim steps.

Formula: 10-01 Total number of contracts completed on time divided by the total number of contracts closed during the designated time period.

Example: site has 20 closeouts during the quarter, 19 contracts were found to have completed on time.

[20 divided by 19 = 95%. This would be your % on time for closeout activity]

Metric 10-02: This metric will provide quantitative verification regarding completeness of contract closeout. Sites shall document any event where an item of property is found after closeout of the accountable contract.

Formula: 10-02 Total number of contracts with found property after closeout divided by total number of contracts closed during the designated time period.

Example: Contract (XXX) was closed on January 15, 2008. A piece of property is found 3 months later and is tracked back to the closed contract. This item gets added to the property records per local procedure and documented on the contract closeout tool as “found property”.