

(c) When payment requests will not be submitted in electronic form, Section G of the contract shall specify the alternative payment request method or methods to be used (e.g., facsimile, conventional mail).

3. Section 232.7004 is revised to read as follows:

**§ 232.7004 Contract clause.**

Except as provided in 232.7002(a)(1) through (6), use the clause at 252.232-7003, Electronic Submission of Payment Requests, in solicitations and contracts.

**PART 252—SOLICITATION PROVISIONS AND CONTRACT CLAUSES**

4. Section 252.232-7003 is amended as follows:

a. By revising the clause date and paragraph (c);

b. By redesignating paragraph (d) as paragraph (e); and

c. By adding a new paragraph (d) to read as follows:

**252.232-7003 Electronic Submission of Payment Requests.**

\* \* \* \* \*

Electronic Submission of Payment Requests (XXX 2006)

\* \* \* \* \*

(c) The Contractor may submit a payment request in non-electronic form only when—

(1) The Administrative Contracting Officer has determined, in writing, that electronic submission would be unduly burdensome to the Contractor. In such cases, the Contractor shall include a copy of the Administrative Contracting Officer's determination with each request for payment; or

(2) DoD is unable to receive a payment request in electronic form. A listing of the DoD activities and payment systems that are unable to receive payment requests in electronic form is available at <http://www.dod.mil/dfas/ecedi/>.

(d) The Contractor shall submit any non-electronic payment requests using the method or methods specified in Section G of the contract.

\* \* \* \* \*

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BILLING CODE 5001-01-P

**DEPARTMENT OF DEFENSE**

**Defense Acquisition Regulations System**

**48 CFR Part 252**

**RIN 0750-AF24**

**Defense Federal Acquisition Regulation Supplement; Reports of Government Property (DFARS Case 2005-D015)**

**AGENCY:** Defense Acquisition Regulations System, Department of Defense (DoD).

**ACTION:** Proposed rule with request for comments.

**SUMMARY:** DoD is proposing to amend the Defense Federal Acquisition Regulation Supplement (DFARS) to revise requirements for reporting of Government property in the possession of DoD contractors. The proposed rule replaces existing DD Form 1662 reporting requirements with requirements for DoD contractors to electronically submit, to the Item Unique Identification (IUID) Registry, the IUID data applicable to the Government property in the contractor's possession. This will result in more efficient and accurate reporting of Government property in the possession of contractors.

**DATES:** Comments on the proposed rule should be submitted in writing to the address shown below on or before April 20, 2006 to be considered in the formation of the final rule.

**ADDRESSES:** You may submit comments, identified by DFARS Case 2005-D015, using any of the following methods:

- Federal eRulemaking Portal: <http://www.regulations.gov>. Follow the instructions for submitting comments.
- E-mail: [dfars@osd.mil](mailto:dfars@osd.mil). Include DFARS Case 2005-D015 in the subject line of the message.
- Fax: (703) 602-0350.
- Mail: Defense Acquisition Regulations System, Attn: Ms. Robin Schulze, OUSD (AT&L) DPAP (DARS), IMD 3C132, 3062 Defense Pentagon, Washington, DC 20301-3062.
- Hand Delivery/Courier: Defense Acquisition Regulations System, Crystal Square 4, Suite 200A, 241 18th Street, Arlington, VA 22202-3402.

Comments received generally will be posted without change to <http://www.regulations.gov>, including any personal information provided.

**FOR FURTHER INFORMATION CONTACT:** Ms. Robin Schulze, (703) 602-0326.

**SUPPLEMENTARY INFORMATION:**

**A. Background**

The clause at DFARS 252.245-7001 presently requires contractors to submit an annual report for all DoD property for which the contractor is accountable. The report must be prepared in accordance with the requirements of DD Form 1662 or an approved substitute. DD Form 1662 provides for reporting of only summary level totals for each of the various types of Government property (e.g. land, special test equipment, industrial plant equipment), and does not consider capitalization requirements or useful lives, nor can it be used for existence, completeness, or valuation purposes. The limited data produced through use of DD Form 1662 is considered to be insufficient for complete visibility and control of DoD property.

This proposed rule would replace DD Form 1662 reporting with requirements for contractors to electronically submit, to the Item Unique Identification (IUID) Registry, the IUID data for all DoD tangible personal property in the possession of the contractor. The proposed rule also contains requirements for contractors to provide real property data to the owning military department's real property inventory system. This data will be used to populate DoD information systems for more effective and efficient accountability and control of DoD property.

DoD contractors with existing contracts containing DD Form 1662 reporting requirements are encouraged to request contract modifications to designate use of the procedures specified in this proposed rule as the approved substitute for DD Form 1662, as permitted by the clause at DFARS 252.245-7001.

This rule was not subject to Office of Management and Budget review under Executive Order 12866, dated September 30, 1993.

**B. Regulatory Flexibility Act**

DoD has prepared an initial regulatory flexibility analysis consistent with 5 U.S.C. 603. A copy of the analysis may be obtained from the point of contact specified herein. The analysis is summarized as follows:

This proposed rule amends the DFARS to require DoD contractors to electronically submit, to the IUID Registry, the IUID data for DoD personal property in the contractor's possession. In addition, the proposed rule contains requirements for contractors to maintain records in DoD real property inventory systems for all real property provided under the contract. The existing

requirements for contractor reporting of Government property rely on a paper-based administrative infrastructure, and do not provide DoD with sufficient information to validate the existence, completeness, or valuation of Government property in the possession of contractors. This rule will facilitate DoD compliance with the Chief Financial Officers Act of 1990 (Pub. L. 101-576) and the financial reporting requirements imposed by the Federal Accounting Standards Advisory Board.

The rule will apply to all DoD contracts with Government-furnished property. The objective of the rule is to improve the accountability and control of DoD assets. Use of the IUID Registry and DoD real property inventory systems will enable DoD to maintain accurate records of its property inventories. The Chief Financial Officers Act of 1990 requires the production of complete, reliable, timely, and consistent financial information with regard to Federal programs.

In accordance with the clause at DFARS 252.245-7001, DoD contractors already are required to maintain records of DoD property in their possession and to submit an annual report using DD Form 1662 or an approved substitute. The proposed rule would replace use of DD Form 1662 with requirements for use of the IUID Registry and DoD real property inventory systems as an electronic means of recording and reporting of DoD property in the contractor's possession. This will improve the accuracy and efficiency of the existing reporting and recordkeeping requirements.

DoD considers the approach described in the proposed rule to be the most practical and beneficial for both Government and industry. Continued reliance on the current reporting process would not permit the level of accountability that DoD needs to comply with statutory and regulatory requirements related to the management of Government property. DoD already has adopted the use of IUID technology as the standard marking approach for all items in DoD's inventory system. Therefore, it logically follows that DoD property in the possession of contractors should also be recorded and reported using IUID technology.

DoD invites comments from small businesses and other interested parties. DoD also will consider comments from small entities concerning the affected DFARS subpart in accordance with 5 U.S.C. 610. Such comments should be submitted separately and should cite DFARS Case 2005-D015.

### C. Paperwork Reduction Act

The information collection requirements of the clause at DFARS 252.245-7001 have been approved by the Office of Management and Budget under Clearance Number 0704-0246. The requirements of this proposed rule are not expected to significantly change the burden hours approved under Clearance Number 0704-0246.

#### List of Subjects in 48 CFR Part 252

Government procurement.

**Michele P. Peterson,**

*Editor, Defense Acquisition Regulations System.*

Therefore, DoD proposes to amend 48 CFR part 252 as follows:

#### PART 252—SOLICITATION PROVISIONS AND CONTRACT CLAUSES

1. The authority citation for 48 CFR part 252 continues to read as follows:

**Authority:** 41 U.S.C. 421 and 48 CFR Chapter 1.

2. Section 252.245-7001 is revised to read as follows:

##### 252.245-7001 Reports of Government Property.

As prescribed in 245.505-14(a), use the following clause:

Reports of Government Property (XXX 2006)

(a) *Definitions.* As used in this clause—

*Equipment* means a tangible article of personal property that is complete in and of itself, durable, nonexpendable, and needed for the performance of a contract. Equipment generally has an expected life of one year or more and does not ordinarily lose its identity or become a component part of another article when put into use.

*Material* means property that may be consumed or expended during the performance of a contract, component parts of a higher assembly, or items that lose their individual identity through incorporation into an end item. Material does not include equipment, special tooling, special test equipment, or unique federal property.

*Property in the possession of the Contractor (PIPC)* means tangible personal property, to which the Government has title, that is in the stewardship or possession of, or is controlled by, the Contractor for the performance of a contract. PIPC consists of both tangible Government-furnished property and contractor-acquired property and includes equipment and material.

(b) The Contractor shall provide item unique identification (IUID) data electronically into the IUID Registry—

(1) For all DoD PIPC under this contract, including that at subcontractor and alternate locations; and

(2) In accordance with the data submission procedures in the Government Personal and Real Property in the Possession of the Contractor guidebook in effect on the date of the award of this contract. The guidebook is located at <http://www.acq.osd.mil/dpap/UID/DataSubmission.htm>.

(c) The Contractor shall update PIPC records in the IUID Registry for changes in the status, mark, custody, or disposition of the PIPC, for all PIPC—

(1) Delivered or shipped from the Contractor's plant, under Government instructions, except when shipment is to a subcontractor or other location of the Contractor;

(2) Consumed or expended, reasonably and properly, or otherwise accounted for, in the performance of the contract as determined by the Government property administrator, including reasonable inventory adjustments;

(3) Disposed of; or

(4) Transferred to a follow-on or another contract.

(d) At a minimum, the Contractor shall update PIPC records for PIPC provided under this contract in the IUID Registry, so that the IUID Registry reflects the same information that is recorded in the Contractor's property records for all PIPC in the Contractor's stewardship, possession, or control, by March 31st and September 30th of each year.

(e) For all real property provided under this contract, the Contractor shall maintain records in the owning military department's real property inventory system in accordance with guidance published by the military department, recording all changes as they occur.

(End of clause)

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