



# DEPARTMENT OF THE NAVY

NAVAL SEA SYSTEMS COMMAND  
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IN REPLY REFER TO

NAVSEAINST 4340.3  
Ser 07112F/322  
28 June 1996

## NAVSEA INSTRUCTION 4340.3

From: Commander, Naval Sea Systems Command

Subj: PROPERTY ADMINISTRATION

- Ref:
- (a) Federal Acquisition Regulation (FAR) Part 45
  - (b) Defense Federal Acquisition Regulation Supplement (DFARS) Part 245
  - (c) DoD Manual for the Performance of Contract Property Administration (DoD 4161.2-M)
  - (d) Navy Acquisition Procedures Supplement (NAPS) Part 5245
  - (e) NAVSEA ltr 4341 OPR 07112E Ser 071/1-0091 of 03 APR 90
  - (f) Defense Acquisition Workforce Improvement Act, 10 U.S.C 1724
  - (g) Annual Defense Acquisition University Catalog (ADS-95-01-CG)

- Encl:
- (1) Format of DD 1662 SUPSHIP Summary Report
  - (2) Mandatory Courses for Industrial Contract/Property Management Career Field

1. Purpose. To provide updated guidance to SUPSHIP activities regarding property administration functions and responsibilities, training requirements for property administrators, and to emphasize key responsibilities.

2. Cancellation. NAVSEAINST 4341.1B of 20 Feb 1985.

3. Background. Past audits, inspections, and reviews by the General Accounting Office (GAO), Naval Audit Service, NAVSEA Inspector General, and others have cited deficiencies in NAVSEA/SUPSHIP management of Government property in the possession of contractors. The reports from these on-site visits indicated that there was a common theme to these deficiencies. The root cause of the majority of these deficiencies was a result of a lack of training, inconsistent interpretation of FAR, and failure of NAVSEA to provide adequate program direction.

4. Discussion. It is apparent to NAVSEA that over the last two years a measure of improvement has been achieved. To a large degree this improvement can be attributed to increased professionalism within the ranks of property administrators and better communications within this community. The centralized funding of training brought about by the Defense Acquisition Workforce Improvement Act (DAWIA) has allowed us to achieve this professionalism by removing the fiscal barriers to attaining

required training. These training courses afford the added benefit of face-to-face discussions with experienced instructors and property administrators from other activities.

5. Policy. In an effort to continue progress in this area and in keeping with the intent of Acquisition Reform and the SUPSHIP initiative of deleting Non-value Adding Requirements, only mandatory reporting requirements will be levied by this directive. NAVSEA subscribes to the property administration policy and property administrators responsibilities of references (a) through (d). This directive implements FAR and DFARS without repeating their language, and provides additional guidance while relieving SUPSHIPS of non-essential reporting requirements.

6. Responsibilities. The following responsibilities shall be exercised as assigned:

a. SEA 071:

(1) As Advocate for SUPSHIP Property Administrators (including Plant Clearance Officers), provide timely guidance and information to SUPSHIP activities as it becomes available.

(2) Provide a member from the SUPSHIPS to the NAVSEA Procurement Management Review (PMR) team for PMRs conducted at SUPSHIP activities. Member will review the property administration function for compliance with references (a) through (g).

b. SUPSHIPS:

(1) Property Administrators' Responsibilities. Perform the duties/functions of property administration in accordance with the guidance provided in references (a) through (d). Of particular importance is the development and application of an Annual Property Administration Plan for surveying the contractor's Government property control system. Accordingly, at the beginning of each fiscal year, property administrators shall develop a property administration plan for each active contractor. The plan should include a schedule of system surveys to be conducted during the upcoming fiscal year and the functions/functional segments of the contractors property control system to be evaluated. This plan of system surveys is to be maintained at SUPSHIP for use during on site reviews.

(2) Special Interest Items. A Procurement Management Review (PMR) was conducted by the office of the Assistant Secretary of the Navy (Research, Development and Acquisition)

(ASN (RDA)) during 1995. The PMR report indicates that there are five areas at SUPSHIPS where additional attention is needed. Accordingly, property administrators shall place particular emphasis on the following:

(i) property is correctly classified, facilities are not acquired without a contracting officer's authorization, and profit is not paid on acquisition of facilities;

(ii) property administration surveys carefully apply evaluation criteria;

(iii) accessory and auxiliary equipment is identified as government property;

(iv) utilization records for plant equipment valued at \$5,000 or more are maintained; and

(v) property provided to contractors is controlled under a contract.

(3) DD 1638 Report. The DD 1638 Report (Report of Disposition of Contractor Inventory) is a mandatory quarterly report required by reference (b) with additional guidance provided by reference (e). Reports should be forwarded to NAVSEA (SEA 07112F) within two weeks after the end of each quarter.

(4) DD 1662 Report. The DD 1662 Report (DoD Property in the Custody of Contractors) is a mandatory annual report required by references (b), (c), and (d). Forward certified DD 1662 reports, not later than 15 November each year, to:

OASN(RDA)ABM-PR (1662)  
2211 South Clark Place  
Arlington, VA 22244-5104

A summary report (no DD 1662s required), by contractor and contract number, shall be submitted to NAVSEA (SEA 07112F) by 15 November each year. The summary report will provide the data required by paragraph 5245.104-90 of reference (d) and be in a format similar to enclosure (1).

(5) Training. All Property Administrators and Plant Clearance Officers shall satisfy the mandatory training course requirements for their certification level as required by reference (f). Mandatory training requirements are reviewed and

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up-dated annually and published in reference (g). Enclosure (2) contains the FY96 mandatory training requirements excerpted from reference (g).

  
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Naval Shipyard and SUPSHIP  
Management and Field  
Activity Support

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DD 1662 Summary Report of SUPSHIP \_\_\_\_\_  
 (NAPS 5245.104-90)

<u>Contractor Name</u>	<u>Contract Number</u>	<u>DD 1662 Received? (Yes or No)</u>	<u>Certified with or w/o* Qualification</u>
Acme Drydocking and Ship Repair	N00024-96-C-1638	Yes	Without
Potomac Dredging	N00024-96-B-1662	Yes	With *1

Remarks:

\*1. Field Activities need to provide some detail regarding defects and any corrective action taken.  
 NAPS 5245.104-90(c) (1) (ii) (C) requires NAVSEASYSKOM to submit a report to ASN each year which is to include a "brief explanation with corrective action taken" when a DD Form 1662 is certified with qualification.

Also, paragraph 11 on page 1-3 of reference (c) requires the property administrator to advise the Contracting officer and other affected Government managers regarding the contractor's noncompliance with approved procedures, contractual requirements, and other significant problem areas.

Enclosure (1)

Mandatory Courses  
(Industrial Contract/Property Management)

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Level I

CON 101 (Contracting Fundamentals) or  
CON 102 (Operational Level Contracting Fundamentals) or  
CON 103 (Facilities Contracting Fundamentals)

IND 101 (Contract Property Administration Fundamentals)

IND 102 (Contract Property Disposition)

IND 103 (Contract Property Systems Analysis)

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Level II

CON 201 (Government Contract Law)

CON 221 (Intermediate Contract Administration) or  
CON 222 (Operational Level Contract Administration)

IND 201 (Intermediate Contract Property Administration)

IND 202\* (Contract Property Management Seminar)

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Level III

CON 301\* (Executive Contracting)

CON 321 (Executive Contract Administration)

IND 202\* (Contract Property Management Seminar)

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Note: Courses noted by asterisk should be attended every 3-5 years.