NDIA Aerospace Industry Government Property Systems Committee
Industry Leading Practices for Property Management
Version 1.0.9 – 5/18/2024

NDIA Industry Leading Practices by Outcome

Performance Outcome	ILP #	Industry Leading Practice	Rationale	Additional information/Guidance
Property Management				
new	0-01	To respond to Government solicitations the contractor should provide a Property Management Plan. Additionally referencing the specific ILPs to be deployed should be listed.	Current FAR requirement – 52.245-1; 45.202 Similar to a Financial Disclosure Statement which has been in practice for numerous years with good results Participating NDIA member Companies have a Property Management Plan.	The property management plan should address how your company will comply to all outcomes of FAR 52.245. It should be a high 50,000 foot level document, and is not a copy of your detailed procedures. This should be provided for any new solicitation with any customer. You can reference these ILPs in their entirety, or you could create a list of the ones applicable to your operation and processes.
new	0-02	Prime site is responsible for all property reports and closeout to include property located at your company alternate site locations	NDIA member Companies responding establish either a single POC or several points of contact for property management responsibility at an alternate/secondary site where work is being performed. The Customer holds the primary site responsible for property located at sites other than the primary site for contract level actions.	Most companies with multiple sites and cage codes working on the same contract(s) have a property person/team at each site to manage local property activities and then reports summary data to the prime site cage code that was issued the contract

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NEW	0-03	When providing a population for purposes of selecting an audit sample size,these are the fields that would be adequate to be provided back with the population listing	DAU training templete for auditing Industry based survey University based audit information	For purposes of keeping the files small for any transmission, only limited fields are required for the audit population listing. Once the samples are pulled, all contracutally required fields would be included on the sample report and returned to the auditor. Item population count number, contract number, tag/ID # (part number for MAT items) number, description, Location (site), Category (i.e.ST,EQ, MAT, etc)
Acquisition				
Acquisition	1-02	The Property Management Organization (PMO) is: directly involved in the review of solicitations, proposals, and responses; reviews or provides a property list for the proposal response; part of the program stand up committee or team for a new product, new major contract.	Experience and research of involving Property Management Organization (PMO) in the proposal process improves the overall management of contract owned property. The PMO is better able to plan for upcoming contract requirements and communicate to other organizations these requirements (i.e. warehouse or plant space requirements). In addition, the PMO reviews for pre-disposition and reporting requirements, ensures property clauses are in place, and reviews property lists for availability and accuracy.	Being included in the proposal process is critical to your company success. The property management team should be called out in your proposal process procedures as a reviewing member. This helps ensure the right FAR clauses are included, and any special reporting requirements are reviewed and considered. You may want to consider pricing in additional funding in the contract proposal to cover special contract property requirements language.
	1-03	PMO is notified when a contract is awarded and provided access to the contract documents.	Leading companies in industry responded that they are able to review contracts after awarded. Leading companies have a notification process that includes the PMO team	In a leading practice, your company has a repository online that can be viewed by Property Management in addition to other organizations Through experience, access to the actual contract and subsequent modifications to contracts enables the PMO to stay abreast of and fulfill the contract requirements.

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	1-04	Leading companies utilize an MMAS system (Manufacturing Material Accounting system), and use this approved system to perform cost transfers of excess or available contractor acquired material from one contract to another without customer authorization. This practice is applicable for DoD MMAS approved systems and employs utilization of a credit-debit transaction to move the cost.	Utilization of a Credit-Debit System: The preferred method of acquisition by transfer is a widely used method that saves the customer money and reduces the amount of excess or available inventory. The Transfer of Government Property: Contractual Modifications versus Credit/Debit/Cost Transfers Versus MRP/MRPII/MMAS, Professor Douglas N. Goetz, Ph.D., CPPM, CF, available at https://acc.dau.mil/CommunityBrowser.aspx?id=30564&lang=en-US The Material Management Accounting System or Why Hasn't Anyone Told Property?, Dr. Douglas N. Goetz and Dr. John I. Paciorek, available at, https://acc.dau.mil/CommunityBrowser.aspx?id=30558&lang=en-US	This is a standard feature in ERP/MRP systems to reduce costs of transactions and inventory, and reutilizes material that may otherwise become excess scrap. Since the cost is moved in a credit/debit, this is a neutral transaction for the government/customer. This allows immediate redeployment of the material to meet current needs without a laborious cost transfer or contract approval mod.
	1-05	Prior to acquiring a new item, the PMO should screen for existing available items.	Property Organizations should screen all procurement of all assets to maximize the investment the company has already made in existing assets.	An active asset re-utilization program substantially reduces the company's requirement for capital investment and dramatically reduces the cost of management associated with the care, maintenance and use of those assets.
Receiving (Identification)				

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	2-01	Your company should not accept 3rd party deliveries without performing a visual count and damage of containers/boxes. It should match the shipping manifest document.	Your chance to hold the carrier liable for damage or missing boxes greatly reduces if you sign off for the delivery prematurely reference article: https://www.g2.com/articles/shipping-and-receiving This problem is avoided with a visual inspection for damage to the carton or container at the time it is offloaded from the carrier truck and a package count match to the carrier documents.	Prior to acceptance, perform a visual review for damage to the outside packaging / container. Create a label in the tracking system and label the package so that it can be tracked throughout the rest of the receiving and delivery process. If there is visual damage or a shortage, recommend taking pictures of everything If there is external damage or shortage, this should be recorded on the documentation with the carrier. With carrier signature. Enter the item into the Supply Chain tracking system, which will track the item throughout the receiving and delivery process. If visible damage is apparent on the outside, conduct a more thorough inspection of the contents of the packages to look for obvious damage to the item in the carton or container. This could be a receiving inspection group. Enter the item, based on packing slip information, into the tracking system.
	2-02	To take an item(s) through Receiving, Identification to Record: The industry process target range allows for 10 to 20 days, all based upon the size, complexity, volume, location (remote), multiple receiving docks, receiving inspection timeframe flows, etc that bring complexity to the site involved.	Items will be received, identified and put to record as soon as possible, but the complexity factors influence reasonable turnaround in normal work conditions. Rather than require the same timeframe for everyone, contractors may identify timeframes specific to their own situation, timeframes suitable for their facility, the type of work they perform and the type of property they manage.. Sensitive items may need to be treated with priority and called out procedurally	Leading companies isolate inbound asset items in or near the Receiving area. From there the property team can view and mark each item with identification which indicates ownership and a unique identification number. Items are not issued to custodian or user organizations until this is accomplished. Key record information is recorded such as model, serial, item number, part number at this time to efficiently have all the information related to viewing the item and including in the custodial record as soon as possible. Sensitive or restricted program property assets may need to be handled differently, as they may not be able to be opened and tagged until they go into a special restricted area of the building. This should be called out in your procedures/work instructions if necessary.

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	2-03	Equipment identification unique numbers are controlled and assigned by one functional organization or system.	NDIA members responded that the Property Management Organization (including coordinators) assign the ID numbers. Eliminates the possibility of duplication of ID numbers and promotes standardization and control.	Many companies pick and use a consistent format that may include a leading character or number(s) that represents ownership, site, or property types. Leading companies use the same unique item number in their property system for the item throughout its life, even if it transferred to another contract.
	2-04	Utilize Barcodes or other automated identification technology (AIT) ID item numbers.	Research and experience confirm that the use of barcodes results in faster data entry, more accurate data entry and better document tracking. (Leila Davis, *Wider Uses for Bar Codes*, Nations Business (Mar. 1989). Reduces labor hours to perform inventory. Increases productivity and reduces errors. Participating companies indicated use of one or more of the following: barcodes; 2D Matrix; RFID	Barcode labels cannot be applied in some circumstances, such as heat, water moisture, elements exposure, FOD issue. Etching or ink stamping may be good alternatives in some work environments.
NEW	2-05	PIEE GFP module reporting of GFP receipts from DoD customers within 7 business days when all needed information is available and processing exceptions when resolved	DFARS 252.245-7005 (Jan 2024) applies to Delivery/Task Orders dated after 1 May, 2024. As for the 7 day recording of transaction requirement for receiving, the starting time frame of that begins when all proper and accurate information is placed by the customer in the GFP module. Additionally, the 7 day requirement only applies to items received that were processed to the contractor though PIEE.	GFP receipts should be reported within 7 business days per the clause DFARS 252.245-7005 if the following information is provided with the shipment: -DD1149 with complete information -on a PIEE GFP shipper notification -on the Contract GFP attachment -Contract number displayed -On an Active contract -No discrepancies in items or count If all applicable information as noted above is not provided then the contractor, within 7 days, should complete a ROD(SF-364) or internal document and report shipment exceptions to the GPA/ PIEE or help desk or sender for items that cannot be accepted and reported immediately For items that are government non-serialized tracked items, they would be reported to the GFP module as non-serialized after resolution in accordance with your receiving policy, REF ILP 2-02.

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Records				
	3-01	Assign identification numbers to and establish basic records for equipment incorporated as components (children) of higher level equipment (parent) when removal for calibration or independent use is anticipated. Children equipment permanently embedded into a parent do need not be tagged/separate record, and their aquisition cost is then rolled and include in the cost of the parent.	Definition of equipment "functionally complete for its intended purpose" indicates that equipment be managed at the parent level (FAR 52.211-7007(b)(1). However, when it is anticipated that a child or component will perform as a functionally complete item it also should have an identification number assigned for those purposes. Note: The requirement of calibration or maintenance of a component does not necessarily make that component a parent item for property management purposes. Improves management and control of readily removable, general purpose components Precedent has been set over the last 30+ years establishing this as a leading practice by the requirement inclusion in previous versions of the FAR.	Special Test Equipment can have various equipment installed as part of the station to be an operational unit. The leading practice is to tag various components installed and create a custodial record (due to some items being removed for calibration, etc), but call that a child record of the overall parent station record. The leading practice is to report the parent station and total cost in any customer reports. In some cases spares are required and they are treated as independent records and not children of the test station. Unless your contract specifically directs you to do something differently, this approach can be used.
	3-02	Use electronic storage retention for source and other record documents.	Through experience and research, electronic storage reduces the use of paper and storage space requirements for maintaining records. Electronic data provides the advantage of instant access. (ref. Facilities Management Resource) The Electronic Signatures in Global and National Commerce Act (6/30/2000), gave electronic documents the same validity as if they were in paper form. "Original. … If data are stored in a computer or similar device, any printout or other output readable by sight, shown to reflect the data accurately, is an "original". Federal Rules of Evidence, Article X, Rule 1001, ¶3.	It is a leading practice to have a common repository to electronically store all your life cycle artifacts for easy reference in any audits and other historical reference support needs. You should consider storing such items as acquisition and receiving paperwork, inventory documentation, etc

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	3-03	Utilize a property focal point (custodian or coordinator infrastructure) to manage property.	1. The FAR Principles include the policy, "The authority to make decisions and the accountability for the decisions made will be delegated to the lowest level within the System." FAR § 1.102-4(b) (1997). The practice of the lowest level of accountability for property management is the assigned property custodian has been a long standing industry practice. Focused accountability is superior to defused accountability.

 In general NDIA member companies responding utilize a custodian/coordinator accountability structure | Property management should extend beyond the government property team organization, It should extend to stakeholders that are involved in your life cycle processes such as production, engineering development, material management, logistics, etc (users of the assets). |
| | 3-04 | The association of an equipment parent-child relationship should be annotated in the record system. | Parent and child item are under ownership of a contract. Documentation as well as policy dictate to the extent child item may be use on alternate parent items.

Maintains the integrity of the configuration of the parent test unit.

New clause requires all STE deliverable

 Conduct test shows what components are in the test station. | Robust COTS Property systems have this feature built in.

Reference 3-01 |
| | 3-05 | For items accountable to an <u>active</u> contract, found after declared lost, where the Contractor is not held liable and relief of responsibility has been granted without compensation, the Contractor should:

1) Notify Government/Customer that asset has been located; 2) Reestablish record on contract where loss was reported; 3) Determine use requirements; and 4) If excess, process for disposition. | Most NDIA companies responding utilize this method

External Owner retains title

 Industry and Government long term practice | Items previously reported as lost are from time to time subsequently found/discovered to be still on hand. If the customer has already granted relief of liability, the best practice is to report the items to the customer as found, and reinstate the custodial record.

At most companies insurance is not required due to FAR 52.245-1 where the government self ensures. |

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	3-06	When an item of property is found and does not have an accountable custodial record open: 1- Determine if the item is previously closed record 2-No record ever existed	All NDIA represented companies responding utilize this notification method. Make sure you ask your user community and screen for potential use prior to notification Notifying the customer Provides customer option of transferring, shipping or reporting through PIEE	If you have a closed contract, the Industry leading practice is reopen the closed custodial record if applicable and research to either report it found to the customer (if reported lost), check disposal reports, or take other associated actions. Research to see how it came on site, possibly purchased, check your procurement system, and Receiving logs for purchase or furnished other- its possible it was accountable to a closed contract, and never disposition, contact your customer for instructions. If the item is to be retained a record needs to be established.
	3-07	Items of property intended to lose their identity as an individual item(equipment or material), regardless of serialization or dollar value, that are issued with the for integration into a higher-level assembly/build. These are considered WIP "material" and are not tagged, and are no longer recorded, tracked, or reported in the contractor's Government property records system. This does not include government furnished items. Note : The end-item deliverable, which may include general purpose components (ref. ILP # 3-01) is tagged, recorded and reported upon completion.	All NDIA responding companies utilize this method. NOTE: NASA requires the reporting of WIP. Consistent with FAR definitions of equipment/material Does not assign ID # or establish records for items & their components not yet completed (e.g. in process of being fabricated or waiting for further processing).	Government owned contractor acquired material is typically reportable while being held in Stock or storage only, and is considered consumed once released to production for WIP- work in process. At most companies material management is handled separately under MMAS- material type operations, separate from asset equipment/tooling management. MMAS/ERP systems control material, and handle the issuance of material to production for consumption, and have an audit trail for historical documentation. Items of material, even small equipment items purchased for a higher assembly are typically tracked using their part number. Once a material items becomes issued for incorporation into a higher assembly such items are not reported on property reports for DoD, as they are now items of WIP of a deliverable product.

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	3-08	Records should be updated using a process target of 5 to 15 workdays depending on the related transaction and site processes. Persons should be limited to have access to these roles of record updates and established in your procedures.	Custodial records should be updated with relevant new information as to keep your records current	Maintenance, internal movement, shipments, physical inventory recording, etc should all be updated as soon as possible after receiving the information from the source group and validating its accuracy.
Physical Inventory				
	4-01	Use affixed bar code or QR code & scanning equipment to rapidly scan items of property for physical inventory.	Research and experience confirm that the use of barcodes results in faster data entry, more accurate data entry and better document tracking. (Leila Davis, *Wider Uses for Bar Codes* Nations Business (Mar. 1989). It has been proven over the years that performance of physical inventory is greatly enhanced through the use of electronic data collection. Reductions in errors and documentation processing are realized immediately as is an increase in productivity. Data validations may be performed electronically as the information is collected and exception reports generated that define anomalies in the process. Manual data entry can be reduced by 90% or more and costs associated with reconciliation efforts can be significantly reduced. It also proves a physical citing as evidenced by the scan read.	Instead of manually recording hand written property tag numbers, one can use bar code readers to rapidly find tagged assets and promptly record them without any manual intervention. Eliminates risk of typos, data entry errors and saves time. In most cases you can upload this data electronically into your property records custodial data bases using excel or other electronic tools.

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	4-02	Inventory by Exception (IBE)/ Transaction Based Inventory Methods.	1. Long time practice in industry since there is evidence that the item is being touched. By documenting a PI on a regular move, this reduces the effort required when conducting a Physical Inventory. Reduces duplication of effort. 2. Inventory by Exception is the process of recording various activities as a "touch" process that constitutes a physical inventory. Inventory by exception may be authorized by the DoD Component APO responsible for that custodial area or asset type. This type of inventory uses actions or transactions (e.g., move orders, maintenance actions, calibration checks, usage logs (or flight logs)), where the items are "touched" by disinterested parties (i.e., persons without stewardship responsibilities), with supporting documentation directly associated with an accountable asset. Activities such as movement, maintenance and calibration can only be performed if the item exists. 3. All participating NDIA companies responding utilize the IBE method of inventory. 4. "Inventory By Exception is a widely accepted method of performing a Physical Inventory. It has a firm foundation in a number of texts including: a. Inventory Accuracy: People, Processes, & Technology, David J. Piasecki. Publisher: Ops Publishing, ISBN: 0-9727631-0-4 b. Production and Inventory Control Handbook. Editor, James Greene, 2nd Edition. Publisher: McGraw-Hill, ISBN: 0-07-024321-2 c. Purchasing and Materials Management. Dobler, Burt and Lee, 5th Edition. Publisher: McGraw-Hill, ISBN: 0-07-037047-8 d. Production and Inventory Management. Fogarty, Blackstone, and Hoffman, 2nd Edition. South-Western Publishing, Cincinnati. ISBN 0-538-07461-2". Above references provided by DAU, "Ask the Professor" *website,* Posted to Government Property on 5/12/2009	A best industry practice leverages any documented 'touch' of an item, and use the touch date as a date to record in your inventory field for this item. Typical such touches to leverage would include maintenance, calibration, movement, shipment, etc. Reduction in level of effort to perform PI as a stand-alone process is greatly reduced. Information supporting the process may be collected electronically, manually, our through generation of periodic reports. The process eliminates the need for a wall-to-wall inventory and concentrates efforts on items that remain to be touched. Update your inventory date field using these other transactional occurances.

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	4-03	Prepare and create a physical inventory plan.	. "The creation of a detailed, specific plan is most critical to a successful inventory. If a detailed plan, with specific objectives, is not developed, the inventory will probably not be successful." Fundamentals of Personal Property Management, p. 8-5, NPMA (2006).
			
			ISBN 0-9711728-5-4.
			  The responding companies prepare inventory plans including the following:
			    a. Material –
			    b. Equipment, Special Test Eq and Special Tooling –
			    c. Repairables –
			    d. Capital Assets
			    e. Hazardous/Sensitive
				Long time practice throughout the industry is to create an annual plan that supports your inventory cycle called out in your procedures. The preparation of an PI plan is essential to ensuring completion of the physical inventory process and the availability of assets. Defining the type and frequency of the PI process as it applies to various classes of property is based on activity levels. For fixed assets, the plan may define type and frequency based upon a value based risk assessment. Material typically has its own cycle count plan.
				
				 Note, sensitive property may need its own tighter inventory plan due to sensitivity of the items

	4-04	Disclose Material inventory results in accordance with the MMAS (52.242-7004) clause direction	Reporting results to customers and leadership is the best means of determining whether the PI activity is on track and providing the level of accuracy needed to support the business needs.	Suggested Summary level conclusions •That the physical inventory was accomplished IAW the contractor's procedures; Methodology used; e.g., cycle counts, wall to wall, ABC methodology, etc. •Dates performed, etc., inventory start and stop points as applicable; that the inventory was posted to records (inventory adjustments of material) •A statement that substantially says: "Records are in agreement except for… and have been adjusted accordingly" •Inventory adjustments of material (typically not included in a disclosure report) may be reviewed/disclosed during the PMSA •Documentation is available

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	4-04			Per the MMAS clause material inventory results are usually not reported to the customer unless the contract falls below a 95% accuracy level
	4-05	Utilize the time factor since last inventory in order to provide an annual loss/overage rate.	Losses or overages reporting should be calculated to establish consistent baseline accuracy for reporting.	Consistent baseline reporting – annual basis. If the period since the last physical inventory is more or less than a year in duration, the results should be divided by that time frame since the basis for key results is measured by number of items and value at an annual rate
	4-06	Exempt low risk property from periodic inventories and internal movement record updates. Any loss items that fall into this category may be reported upon contract completion, termination, or when needed for continued contract performance.	GAO guidance. GAO-01-763G Executive Guide: Best Practices in Achieving Consistent, Accurate Physical Counts of Inventory and Related Property 1. ASTM Standard E2811, "Standard Practice for Management of Low Risk Property (LRP)" addresses control of LRP. LRP should be administratively controlled and managed to a lesser degree or with a more efficient technique and commensurate with the level of risk based on established criteria.	1. Value based physical inventory takes into consideration the cost of locating and recording an asset versus the cost of replacement. This process applies the 80/20 rule to reduce the level of effort and corresponding costs associated with inventorying low value/low risk assets. Use of inventory by exception is a valid method for performing non-mandatory physical inventories or delaying any inventory until closeout activities for such items. This practice also makes optional the requirement for records location update of internal movements within a site for low value/low risk property. The same theory may be applied to company-owned assets, using a value-based inventory process to balance the General Ledger and protect the manufacturing and test operational environments. A company should consider establishing a low risk property level in their physical inventory procedures, This will reduce the time and efforts spent in your company managing low cost, non sensitive equipment items.

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	4-06		2 This concept has been a leading practice for many years. In July 1995, the Department of Defense issued a Class Deviation, which reduced the level of record-keeping and changed the physical inventory practices for plant equipment and special tooling valued at less than $1500. Additionally it applied to records updates for movements. The deviation also permitted contractors to defer the reporting of loss until contract completion or termination. The deviation was to remain in place for two years or until FAR Part 45 was revised, whichever occurred first. In July 1999, and after a number of extensions, the dollar threshold was raised to $5,000, and the Class Deviation extended. Reference DAR #99-00008	
	4-07	Use cycle count inventory methods in lieu of wall to wall inventory	Reduces resource burden of complete wall to wall physical inventories while assuring all parts in all bins are "geographically" inventoried - "floor to record process."

GAO guidance. GAO-01-763G Executive Guide: Best Practices in Achieving Consistent, Accurate Physical Counts of Inventory and Related Property

Jon Schreibfeder. Cycle Counting Can Eliminate Your Annual Physical Inventory!, Effective Inventory Management, Inc., available at http://www.effectiveinventory.com/cycke-counting-can-eliminate-your-annual-physical-inventory-part-one/). Ronald E. Regalado, CPPM, Industry Leading Practices - A Comparative Analysis....,The Journal of Property and Asset Management, Vol. 1, No. 1, (NPMA May 2010), available at http://www.npma.org/uploads/NPMA%202010%20Journal%20-%20Property%20and%20Asset%20Mgt.pdf | If wall to wall material inventories are not performed, cycle counts may be performed, instead of or in addition to, provided they include bin location count to record methodology

Use of the ABC- high, medium and low valued material categorization can be a method to establish lower cycle count frequencies for low valued items.

https://www.business.org/finance/inventory-management/abc-inventory-management/ |
| **Subcontract Control** | | | | |

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	5-01	Use a Risk Assessment in determining frequency and level of surveillance. (Site visit vs limited survey)	Long time practice throughout industry. Allows for the managing of risk by identifying low risk suppliers. This results in cost savings for both the contractor and the customer by identifying and-reducing resources for low risk suppliers. "To achieve efficient operations, the System must shift its focus from "risk avoidance" to one of "risk management." FAR § 1.102-2 (c)(2) *Performance Standards* Use suppliers who have a track record of successful past performance or who demonstrate a current superior ability to perform. FAR §1.102(b)(1)(ii) *Statement of Guiding Principles for the Federal Acquisition System* Common variables used in the risk assessment include: physical inventory completion, volume of assets, losses, robust property procedures, timeliness to requests.	Subcontract oversite is essential and one of the outcomes in 52.245-1. The best practice is to perform virtual oversite of any low risk suppliers. Determine which subcontractors require a "site visit", frequency of visit or a limited survey (i.e. total amount of property, amount of lost property, use of property, new property type, etc.) Hihg risk suppliers usually means and onsite visit should be conducted. Contractors can use the NDIA limited survey template. This can help you determine a method to help analyze high, medium and low risk ratings. Note, many contractors consider their procedures as proprietary and wont email or copy them for you. In these cases it may be prudent to do an online screen sharing to get a feel for their procedures without raising their risk level.
	5-02	Subcontractor surveillance should be consolidated to a single review per supplier. Consolidate company sector/ business subcontractor reviews that utilize the same subcontractor(onsite/limited)	Cost savings for both the contractor and the customer Eliminates redundancy and confusion for the subcontractor responding to multiple limited surveys Minimizes administrative operating costs and potential travel and resource costs if onsite review necessary.	Combine onsite/ limited system analysis surveys where more than your company(business/sector/division) has property located at a subcontractor/supplier. (condense to one audit/survey as to touch a supplier one time)
	5-03	Request FAR 52.245-1 required data elements in reports	Requesting only FAR required data elements will expedite and enhance the subcontractor/supplier's capability to respond.	Allowing the subcontractor to generate an excel report in their output format with the required data elements minimizes administrative operating costs

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	5-04	Standardized flow down of Subcontractor Terms & Conditions (T&Cs). Create a standard format for flowing down Government/contract property requirements to all subcontractors.	Standardized and consistent language to enhance subcontractor capability to comply. Together with the incorporation of FAR 52.245-1, Government Property, creates the minimum effective requirements for a subcontractor. To the extent possible, eliminates the subcontractor's cost associated with reviewing multiple customer specific property management terms & conditions. Minimizes administrative operating costs Provides for each contractor's adaptation of risk liability flow down: DCMA Memorandum T. Callahan dated Sep 10, 2012: (paraphrasing) Advising supplier liability flow down guidelines as follows: General rule is for prime contractors to flow down limited liability in the majority of their negotiated subcontracts. Competitively awarded subcontracts should require full liability. Other factors may be considered properly disclosed in the Prime contractor's approved subcontracting plan, purchasing or accounting system procedure, or otherwise negotiated in the contracted.	Reference NDIA standard terms and conditions template Create a specific company standard property terms that reference FAR 52.245-1, and list any other control and reporting expectation requirements that you have. It compliments the FAR clause, and indicates whom to report issues to. Flowed through the purchase order with your supplier
Reports				
	6-01		Provides accurate information to decision makers in a timely and more cost efficient basis. The PMO(Property Management Organization) can structure the report to meet customer requests.	Utilize a business warehouse/ad hoc report capability concept so the PMO or other users have the ability to query and select data elements by multiple fields or variables.

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	'6-01	Use a reporting system that allows the creation of ad hoc property reports	Most companies responding have ad hoc reporting capability. Allows users to create reports without utilizing their IT group resources	A shopping cart concept report capability where PMO can request special reports when needed without having to go to a single source (IT) to program. Demand for better information on assets Software products are available that provide this capability (i.e.: -BW (Business Warehouse) -Tableau -MS Power BI -others
	6-02	Reconcile to the PIEE GFP Module a minimum of semi-annually in March and September.	Most companies reconcile semi-annually (e.g. March and September)	By running a report from your sytem to compare and analyze versus the GFP module extract for the records within your cage code, you can identify discrepancies in GFP module (i.e.- new add, plant clearance disposals, shipments, etc.)
	6-03	Utilize electronic correspondence as official documents.	The Electronic Signatures in Global and National Commerce Act (6/30/2000), gave electronic documents the same validity as if they were in paper form.	Emails represent an electronic signature as an ILP. Document as such in your procedures. Recommended access to government systems could include(EDA, PIEE, GFP Mod, etc.)
Relief of Stewardship				
	7-01	Report material inventory discrepancy results after reconciliation occurs	Creates consistency in reporting. Eliminates/lessens the need to process corrections after the report is published. Reports true shortages or overages. Most contractors responding report in this format	Consider reconcilable material discrepancies prior to generating a final accuracy rate. The final report should reflect post-reconcilable discrepancies. In your plan include a process targets (timeframe) for review and reconciliation of the results. Plan, perform, record, **reconcile**, disclose(report) MMAS standard- report contract level results if the result is below 95% accuracy

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	7-02	Utilize electronic reporting for lost items	1. Reduces paperwork & increases response time.	If you are the prime contractor for DoD/ NASA you must use PIEE to submit the loss to your customer If you are a small contractor, submit a loss report to your prime contractor in an excel file format, so that they may use the excel file to upload.
	7-03	Track your percentage of losses per contract and at a site level.	This tool is an indicator of the health of the property and inventory control practices. All of the reporting NDIA companies responding utilize this measurement tool (NDIA Self Assessment Metrics Definitions & guidelines/ Records Metrics definition sheet) Reference ASTM standard #2131	Calculate loss rates for Government or company property Per ASTM standard E2131: 98 % percent is the industry mark most deployed for acceptable loss levels of assets. See 7-01 for material variances.
	7-04	Sanitization or destruction of non-classified electronic data storage devices, taking into consideration subject matter, by the following methods: 1) Sanitization by overwriting or, degaussing (demagnetizing), 2)Physical destruction by removal of hard drive and subject to physical force or application of an abrasive substance or acid	DoD Standard 5220.22-M provides acceptable methods Most companies responding destroy or impair beyond reasonable use (physically damaging the medium). Most companies responding also utilize degaussing method rendering data unreadable. NIST SP 800-88 provides guidance	It's a best practice to ensure your data is not stolen/compromised after the electronic storage devices leaves your possession

Performance Outcome	ILP #	Industry Leading Practice	Rationale	Additional information/Guidance
	7-05	Use a qualified 3rd party who has the necessary certifications in data destruction	Many larger companies do not outsource the sanitization of data storage devices. However those that do, all require supplier qualification and a certificate of compliance or disposal. Assures that qualified individuals and companies perform this process. Increases confidence that end of life electronic equipment will be dealt with in a secure and responsible manner.	Qualification of 3rd party for Sanitization or Disposal of Data Storage Devices - Qualify third party employed for sanitization or destruction of data storage devices and require a certification of compliance or disposal.
	7-06	Commingle Government owned and Contractor owned production scrap material	Most member **companies** responded that they commingle Government and company scrap This is a long standing industry practice.	Call this out in your procedures as your company production scrap policy Allows you to have one scrap bin in the production area for all ownership of scrap There is a cost associated with segregating property by Government/Contractor owned in the allocation of space and manpower. The Government benefits through reduced overhead costs when Contractors commingle scrap.

Performance Outcome	ILP #	Industry Leading Practice	Rationale	Additional information/Guidance
NEW	7-07	Material items and parts scrapped or damaged as a result of being categorized and adjudicated as manufacturing defects by the Contractor's Quality Assurance MRB (Manufacturing Review Board), and not reported on a Loss/ Damage related report	Loss of Government property means unintended, unforeseen or accidental loss, damage or destruction to Government property that reduces the Government's expected economic benefits of the property. **Loss of Government property does not include purposeful destructive testing, obsolescence, normal wear and tear or manufacturing defects**. (FAR 52.245-1 (a)) A manufacturing defect occurs when there is an accidental error during either the design or production of a product, causing it to not work as intended. (Up counsel) A manufacturing defect is also the creation of a defect to a part during the MRO (Maintenance, Repair and Overhaul) planned removal/disassembly activities.	Call this out in your procedures as your company production quality scrap policy and in your property management procedures on loss reporting. Disassembly part removal for planned MRO contractually required activities can and occassionally do cause a scrap and/or damage condition on associated parts while following the instructions for removal from an assembled vehicle, performing work in accordance with technical directives and within drawing specifications Damage to a customer owned part as a result willfull misconduct or outside of working on GFP work in process would be reported on a Loss Report to the customer when appicable under 52.245-1 based contracts.
Utilization (& Movement)				
	8-01	Reutilize existing assets. Include in company's response to an RFP/RFQ, Government assets that may be available for either transfer or on a rent free non-interference basis.	Identifying available assets for transfer or use on a non-interference basis will reduce your bid and cost to the Government while minimizing any risk of challenge for contract award or compensation. Most companies include available assets in their RFP/RFQ responses.	Good business practice and the intent of the Government regulations emphasize the maximization of asset use.
	8-02	Request and institute a blanket rent free non-interference authorization for the use of all Government property on all Government contracts.	This reinforces the Government interest in maximizing asset utilization and provides maximum flexibility to the contractor. Reference FAR 45.103(a)(4)	This is a long standing industry practice which allows contractors to use any Government property on any Government contract.

Performance Outcome	ILP #	Industry Leading Practice	Rationale	Additional information/Guidance
	8-03	Prior to exessing an item no longer needed on the contract, the PMO should screen for potential use on other contracts.	Property Organizations should screen all assets to maximize the investment the company has already made in existing assets.	An active asset re-utilization program substantially reduces the company's requirement for capital investment and dramatically reduces the cost of management associated with the care, maintenance and use of those assets.
Movement	8-04	**Utilize scanners,** RFID, or other electronic sources to record movement either within a building or from building to building (i.e. electronic or automated property pass systems, bar-coding devices, RFID readers)	Research and experience confirm that the use of barcodes results in faster data entry, more accurate data entry and better document tracking. (Leila Davis, Nations Business-March 1989) Most companies responses utilize this method.	Reduce your manual notification and updates of property locations on your custodial property records
Maintenance				
	9-01	**Utilize one maintenance program for all property, regardless of**	Cost efficiency to have one maintenance policy. Same capability in performance and consistent with Six Sigma and lean policies. Reduces variation of output Reduces failure rates	Utilize the same maintenance policy for Government/customer property as company owned property. (i.e. should be treated the same, transparent)
	9-02	**Property Records are updated with date maintenance activity was performed**	When interfaces exist between systems of two organizations it allows for seamless coordination and recordkeeping. Reduces the number of items that require and inventory. Reduces manual input time and improves accuracy by utilizing electronic updates. Reference IBE/TBI under physical inventory outcome.	When maintenance is performed on an item, the property management record system inventory date field is updated with the date that this action occurred. Serves as an Inventory By Exception/Transaction Based Inventory touch point. Ref ILP 4-02. The actual maintenance data information is usually kept in a different system/database than the property accountability system in a large number of contractors. It is not necessary to have a maintenance date field populated/duplicated in the property system if this is the case.

Performance Outcome	ILP #	Industry Leading Practice	Rationale	Additional information/Guidance
Property Closeout				
	10-01	Establish a contract closeout team consisting of several functional entities	Many NDIA members responded that they have a contract closeout team consisting of several functional departments. Team arrangements helps streamline the process and provide quicker responses and actions.	Many companies have a Closeout checklist to follow to use in the process Allows the property team to get synergy from the Contract/program personnel in order to screen what needs to happen with the property on hand
	10-05	Contract transfer is a best practice when there is a need for the assets on another contract, in lieu of submitting an inventory schedule	Easier to work a contract mod with the customer than submit as an inventory schedule	Also reference Utilization ILP 8-03 Work with program/technical leaders to screen for reusage. Then work with the customer Program Office(s)
Self Assessments				
	11-01		The contractor should conduct a self-assessment periodically to take an independent look at itself with respect to performance against the criteria in the Government property contract self assessment plan. The contractor's self-assessment report should include the deficiencies found and a request for corrective action(s). …"measures should then be used as the primary means of determining the contractor's success in meeting the desired result. The numeric scores should also describe the fee scale for each grade". Suzette M. Olson, CPCM, *The Best Ways to Define and Implement Performance Metrics,* Contract Management (Oct. 2008).	Each outcome should be assessed at least once every 3 years. (consistent with the DCMA review practice cycle) If submitted to the Government, the Government should review the contractor's self-assessment to determine if there are any miscommunications with regard to perception of performance. A risk assessment may indicate frequency for each outcome and order of priority.

Performance Outcome	ILP #	Industry Leading Practice	Rationale	Additional information/Guidance
	'11-01	Determine the periodic interval for performing CSA (Contractor Self Assessment) for each outcome. Perform risk assessment.	"As far back as 1997 the Government was encouraging contractors to do CSA/IAs and encouraging the Government Property Administrators (PAs) to embrace that concept". Dianne Blankenstein, *Tips on Establishing a Successful Internal Audit Program*, NPMA Property Professional, Volume 19, Issue 2, (Oct. 2007). Ref- "Contract Property Management Systems Analysis, Self Assessment and Subcontractor Surveillance: A Primer" By Dr Douglas N. Goetz, CPPM, CF, MIAM (page 28 refers to risk assessment) © 2018 NPMA, Inc *Sarbanes-Oxley Act of 2002, Pub. L. No. 107-204 (HR 3763) (2002): Sarbanes-Oxley Act 2002, Title 3 – Corporate Responsibility, § 302 Internal Control and Procedures. 15 U.S.C. § 7241 (2006). 5. Sarbanes-Oxley Act 2002, Title 4 – Enhanced Financial Disclosure, § 404 Management Assessment of Internal Control. 15 U.S.C. § 7262 (2006).	Metrics may be useful in determining your CSA plan.
	11-02	Utilize metrics/measurements to assess your system's effectiveness	"Quality metrics make management of one's business easier and more convenient". Things to consider are who are your customers, what are your requirements and what do your customers want. Sam Miller, *The Advantages of Using Metrics*, Ezine Articles -Business Management (Sept 14, 2008). "It's best if you have objective, quantifiable standards", Peter S. Adam, *Performance-based Service Metrics in IT*, Contract Management (Nov. 2003). Metrics done properly let you keep one finger on the pulse of your Property Management System giving you tell-tale signs of its health. It's an early warning system that let's you be the first to know where to direct your attention before something becomes a problem. J.E. "Skip" Adolph, *Self Oversight and Metrics*, NPMA Property Professional, Vol. 12, Issue 2, (Mar. 2000).	"Metrics are a tool, a simple and effective way for both the contractor and the GPA to easily and quickly gauge wherein a property management system there may be needed attention and where there is not". J.E. "Skip" Adolph, *Self Oversight and Metrics*, NPMA Property Professional, Vol. 12, Issue 2, (Mar 2000).

Performance Outcome	ILP #	Industry Leading Practice	Rationale	Additional information/Guidance
	11-03	Establish criteria for business process self assessment where a metric is not the best measurement tool.	Ref- "Contract Property Management Systems Analysis, Self Assessment and Subcontractor Surveillance: A Primer" By Dr Douglas N. Goetz, CPPM, CF, MIAM © 2018 NPMA, Inc " Even with objective measures, there may be a fair amount of subjectivity and it all comes down to perception and communication. A self-assessment report is an opportunity for the contractor to explain and defend its position on performance where there may be subjectivity involved. Suzette M. Olson, CPCM, *The Best Ways to Define and Implement Performance Metrics,* Contract Management (Oct. 2008). " The data should already exist, in some form, easily retrieved or transmitted. This is why I say not all functions are measurable. Because of different systems and processes, the data may not be easily retrieved." J.E. "Skip" Adolph, *Self Oversight and Metrics* , NPMA Property Professional, Vol. 12, Issue 2, (Mar. 2000).	Metrics aren't necessarily appropriate for all of the performance criteria
	11-04	Utilize "Guideline for Contractor Self-Assessment for Government Property Management" (see separate document)	Provides a standard process for assessing the effectiveness of a contractor's property management system. Creates a starting point for the minimum effective fulfillment of the Federal Acquisition Regulation requirements. This document incorporates several existing industry practices.	To the extent possible, provides a level of objectivity similar to that of a Property Management System Analysis performed by an external auditor.

Revision History

Last revised May 2024

Replaces rev 2016

For complete revision history, see the accompanying *National Defense Industrial Association Leading Practices for Property Management Guideline*

2024 Five ILPs were added, and are listed as NEW in column A; several were removed as non applicable in 2024

General maintenance to refresh some wording and references, all were reviewed by committee in 2024

The column 'Additional information/Guidance' was added to make implementation easier for the using contractor and enhance the understanding of each ILP.

Performance Outcome	ILP #	Industry Leading Practice	Rationale	Additional information/Guidance