




Quality Assurance Procedure		CP-00-9007	
Approved: 		Date: 12 March 2009	
Title: Customer Property (ISO 9001, 7.5.4)		Rev B	Page 1 of 10

1.0 POLICY/PURPOSE

In cases where the customer or another contractor provides property to SBAR for SBAR's end product or service, SBAR ensures that the provided property is protected from damage or loss from the time the property is received until the property is removed from SBAR's control and returned to the customer. This includes facilities, real property installed equipment (RPIE), furnishings, tools, materials, replacement parts, expendable supplies, administrative documents, software, manuals, and intellectual property. This procedure describes how SBAR controls customer and/or contractor-supplied property.

2.0 SCOPE

This procedure applies to all SBAR operations where SBAR has control over customer-supplied property.

3.0 REFERENCES AND DEFINITIONS

3.1 References

ISO 9001: Quality Management Systems-Requirements, Fourth Edition (2008-11-15)

- ISO 9001 Element 7.5.4 (Customer Property)

SBAR Documents



- SBAR *Quality Manual*
- SBAR *Control of Quality Records Procedure*
- SBAR *Training Procedure*

Federal Acquisition Regulation (FAR) 45: Government Property

3.2 Definitions

Contractor-Acquired Property: Property acquired or otherwise provided by SBAR in the process of performing a contract and to which the customer receives title.

Customer: Recipient of a product provided by the supplier. A customer may be a commercial firm, an individual, or a government agency. SBAR is the supplier.

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Customer-Furnished Property: Property in the possession of, or directly acquired by, the customer and subsequently made available to SBAR.

Customer Property: All property owned by or leased to the customer or acquired by the contractor (i.e., SBAR) under the terms of the contract. It includes both customer-furnished property and contractor-acquired property, as defined in this procedure. (**NOTE:** Customer property may include intellectual property.)

Functional Area Manager (FAM): A senior supervisory individual who is responsible for the leadership, direction, and overall success of an area of the company, such as finance, human resources, contract administration, engineering, operations and maintenance, logistics, quality, specific projects/contracts, etc.

Intellectual Property: Information deemed to be of economic value to SBAR and/or a SBAR customer. It includes trade secrets, intellectual knowledge, patents, copyrights, registered materials, and proprietary information.


Plant Equipment: Property of a capital nature (including equipment, machine tools, test equipment, furniture, vehicles, and accessory and auxiliary items) for use in manufacturing supplies, in performing services, or any administrative or general plant purpose. It does not include special tooling or special test equipment.

Property: All possessions, both real and personal. It includes facilities, material, special tooling, special test equipment, and customer-peculiar property/product.

Real Property: Refers to land and rights in land, ground improvements, utility distribution systems, and other structures. It does not include foundations and other work necessary for installing special tooling, special test equipment, or plant equipment.

Work Instruction (WI): Written details that, when appropriate, state what shall be done, by whom; when, where, and how it shall be done; what materials, equipment, and documents shall be used; and how it shall be controlled and recorded. Normally, WIs are used to implement corporate procedures and/or specific contractual requirements.



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4.0 RESPONSIBILITIES

4.1 Corporate Quality Manager

The Corporate Quality Manager is responsible for this procedure.

4.2 Program/Contract Manager

When required by the contract to manage Government (or commercial customer) furnished material or equipment, the SBAR Program/Contract Manager

- Ensures that a Work Instruction (WI) is prepared that identifies and documents the individual processes for management, control, use, accounting and disposition of the material and or equipment consistent with the intent of this Procedure and ISO 9001 Element 7.5.4 (Customer property) and all requirements and regulations established within the contract. Implements
- Appoints a SBAR employee, as the SBAR Property Administrator (PA) for the contract to implement all provisions of the WI.
- Submits a letter annually or when changes with names and titles of all managerial personnel who are responsible under the government property clauses of the contract.

4.3 SBAR Property Administrator

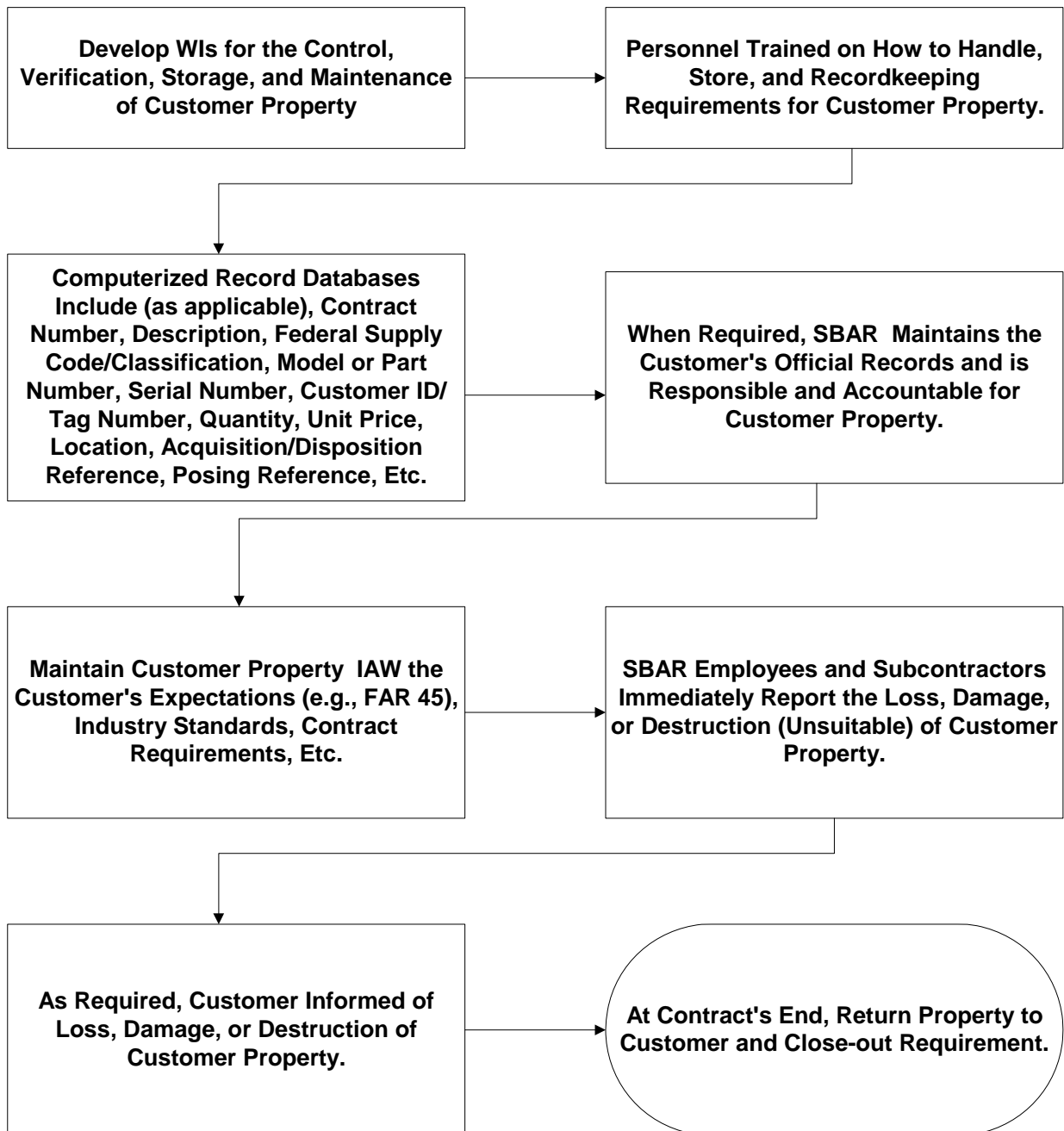
When required by a federal government contract, the SBAR PA prepares a contract unique WI to comply with FAR 45 and all associated regulation and instructions relating to Government Property contained within the contract. Additionally, the property administrator ensures government property is maintained and controlled in accordance with the approved WI for that the contract.




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5.0 REQUIREMENTS/PROCEDURES

Figure 1 - Process Flow for Customer Property





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5.1 General

SBAR has established and maintains documented procedures and WIs for the identification, control, verification, storage, protection, safeguard, and maintenance of customer- or contractor-supplied property. Supplied property is carefully protected in accordance with the customer's/contractors and/or regulatory requirements. Property handling, storage, and use are in accordance with recommended procedures and safe practices and with maintenance requirements integral to selection, possession, and use of the materials. Refer to Figure 1 for overview of process flow.

5.1 Reporting Loss, Damage, or Destruction of Customer/Contractor-Supplied Property

Upon discovery, SBAR employees immediately report the loss, damage, or destruction of customer/contractor-supplied property to the appropriate FAM or Program Manager. SBAR investigates and reports all cases of loss, damage, or destruction of customer/contractor property in its possession or control to the customer/contractor point of contact in accordance with customer/contract and/or military specification requirements. See the checklist in Attachment 1 as an example of a government requirement.

SBAR subcontractors, who are in possession of customer-supplied property, are responsible for protecting and safeguarding that property. They are required to notify the appropriate SBAR manager as soon as they discover any loss, damage, or destruction of that property in accordance with customer/contract requirements.


SBAR and its subcontractors may be liable for loss, damage, or destruction of customer or contractor supplied property through gross negligence, or subject to the terms of the Statement of Work (SOW), in the following cases:

- When shortages of customer/contractor property are disclosed.
- When there is evidence of unreasonable use or consumption of customer/contractor-supplied property, as measured by the allowances provided for by the terms of the contract, the bill of material, or other appropriate criteria.

5.2 Requirements for Accountability

SBAR is responsible and accountable for and will keep the customer's official records (when required per the SOW) of all customer-supplied property in SBAR's possession. This



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includes all customer-supplied property in the possession or control of SBAR subcontractors, if applicable.

5.3 Records of Customer/Contractor-Supplied Property

Records documenting the control of customer/contractor-supplied property are maintained in accordance with customer/contractor requirements and SBAR's *Control of Quality Records Procedure*. The SBAR Contract or Program Manager ensures that a computerized database or other record is created and maintained to account for all customer/contractor-supplied property that requires tracking. This database will contain all required information to account for and track customer and/or contractor property in accordance with customer/contractor requirements, such as FAR Part 45. Categories can include, but are not limited to:

- Contract number
- Description
- Federal supply code manufacturer
- Federal supply classification
- Manufacturer model or part number
- Serial number
- Customer identification/tag number
- Quantity
- Unit price
- Location
- Acquisition/disposition references
- Posting reference

Material items will be tracked in a separate database, as required.


5.4 Identification of Government Property

5.4.1 Property Tags

All plant equipment, agency-peculiar, special test equipment, and accessory or auxiliary equipment associated with a specific item to assure return with the associated basic item will be tagged with a government property tag or label and entered into the property accountability database records. All furniture regardless of cost will be tagged and entered into the records.

All property, which for performance reasons cannot have a barcode tag, will be marked with a stainless steel tag affixed, indelible ink, etching, stenciled, or peel or stick labels.




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5.5 Training

Personnel handling, controlling, and/or responsible for customer/contractor-supplied property are trained in this procedure and the applicable WI addressing the control of customer/contractor-supplied property.




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**Attachment 1 – Loss, Damage, or Destruction Checklist
(Government Contract Sample)**

The following information is required when reporting cases of loss, damage, or destruction of customer-provided property.

1. Date of report
2. Contractor's name
3. Contract number and type
4. Description of property
5. Acquisition cost of property
6. Cost of repairs in instances of damage; in the event that actual costs are not known use reasonable estimates
7. Estimated scrap proceeds (when applicable)
8. Total cost of the incident
9. Narrative of the incident
10. Date, time (if pertinent), and cause of origin of the loss, damage, or destruction
11. Insurance, if any, covering the government property
12. Copies of any contractor supporting documentation, such as investigation reports
13. Other facts or circumstances relevant to determination of liability and responsibility for repair or replacement
14. Identify the contract provision under which relief is sought
15. Actions taken to prevent further loss, damage, or destruction and to prevent repetition of similar incidents
16. If the liability for loss, damage, or destruction is to be considered under the "other perils," position of the fixed-price Government property clause, the following additional information is required:
 - a. Identify the peril causing the loss, damage, or destruction.
 - b. Where the contractor claims relief under a "reserve for self-insurance," all of the information is necessary.



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c. Where the contractor claims that it is the “prevailing practice of the industry in which the contractor is engaged” to insure against the particular peril involved in this incident, the contractor must provide documented proof of his contention.

d. Where the contractor is claiming relief because the peril would normally be covered by his insurance had the property been his own then the contractor must provide the following:

- 1) Insurance company
- 2) Policy number
- 3) Policy expiration date
- 4) Policy limits and/or deductible
- 5) A copy of the policy “Exclusions”
- 6) An analysis of the policy that demonstrates that if the peril causing the loss, damage, or destruction of the customer property had happened to contractor-owned property of a similar nature, the insurance policy would have covered the incident to the extent allowed by the policy.


e. Known interests in any commingled property of which the customer property lost, damaged or destroyed is (or was) a part.

f. Insurance if any, covering the customer property or any part or interest in any commingled property.

17. The contractor must certify that no costs were included in the contract price for insurance or other means of covering loss, damage, or destruction of customer property.

18. The contractor must also certify that in the event the contractor is/was reimbursed compensated for any loss, damage, or destruction of customer property, the contractor will equitably reimburse the customer.



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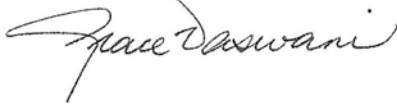
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