



OFFICE OF THE UNDER SECRETARY OF DEFENSE

3000 DEFENSE PENTAGON
WASHINGTON, DC 20301-3000

JUN 29 2007

ACQUISITION,
TECHNOLOGY
AND LOGISTICS

MEMORANDUM FOR DIRECTORS, DEFENSE AGENCIES
DEPUTY ASSISTANT SECRETARY OF THE
ARMY(POLICY AND PROCUREMENT),
ASA(ALT)
DEPUTY ASSISTANT SECRETARY OF THE
NAVY (ACQUISITION AND LOGISTICS
MANAGEMENT), ASN (RDA)
DEPUTY ASSISTANCE SECRETARY OF THE AIR
FORCE CONTRACTING), SAF/AQC
DEPUTY DIRECTOR, ARMY CONTRACTING
AGENCY
DIRECTOR, DEFENSE CONTRACT
MANAGEMENT COMMAND

SUBJECT: Class Deviation 98-O0008; Low Dollar Value Property

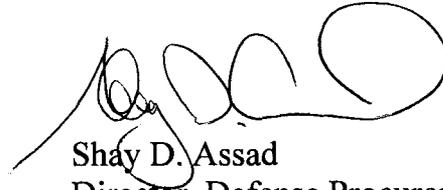
In June 1995, the Department issued a Class Deviation, which reduced the level of record-keeping and changed physical inventory practices for plant equipment and special tooling valued at less than \$1500. The deviation also permitted contractors to defer the reporting of loss, damage, destruction until contract completion or termination. The deviation was later modified to apply to property below \$5,000, and extended several times, the latest in July 1999. It was to remain in effect until such time as the Federal Acquisition Regulations Part 45 was revised "to include these provisions."

The Federal Acquisition Regulation (FAR) Final Rule for property management (FAR Case 2004-025), Part 45, and its associated clauses was published on May 15, 2007. Contained within the Final Rule is a new property clause at 52.245-1, which provides sufficient authority to permit contractors, consistent with voluntary consensus standards and/or industry-leading practices and standards, to manage Government property in a manner commensurate with varying levels of risk, as approved by the Government Property Administrator.

Accordingly, Class Deviation 98-O0008 is no longer necessary and is hereby cancelled.



If you have any questions or need additional information, please contact Mr. Tom Ruckdaschel at 703-604-6350 x138, or by e-mail: tom.ruckdaschel@osd.mil.

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke at the end.

Shay D. Assad
Director, Defense Procurement
and Acquisition Policy