



**DEPARTMENT OF DEFENSE**  
**Defense Contract Management Agency**

# **INSTRUCTION**

## **Plant Clearance**

Contracts Directorate  
OPR: DCMA-AQ

DCMA-INST 111  
July 24, 2012

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**1. PURPOSE.** This Instruction:

- a. Reissues and updates Defense Contract Management Agency (DCMA) Instruction, “Plant Clearance” (Reference (a)).
- b. Provides guidance for the disposition of Government contract property no longer needed for contract performance, i.e., “contractor inventory” (as defined in Federal Acquisition Regulation (FAR) 45.101) (Reference (b)).
- c. Implements DCMA policy pursuant to References (c) through (an).
- d. Is established in compliance with DoD Directive 5105.64 (Reference (c)).

**2. APPLICABILITY.** This Instruction applies to DCMA’s Plant Clearance Group (DCMAN), DCMA International (DCMAI) and DCMA Special Programs (DCMAS).

**3. MANAGEMENT INTERNAL CONTROL PROGRAM.** In accordance with DCMA’s Managers’ Internal Control Program (Reference (d)), this Instruction is subject to evaluation and testing. The process flowchart is located at Appendix A.

**4. RELEASABILITY – UNLIMITED.** This Instruction is approved for public release.

**5. PLAS CODE.** 105

**6. POLICY RESOURCE PAGE.** [Resource Page Link](#)

**7. EFFECTIVE DATE.** By order of the Director, DCMA, this Instruction is effective immediately.

Timothy P. Callahan  
Executive Director  
Contracts

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## REFERENCES

- (a) DCMA Instruction, "Plant Clearance," November 2009 (hereby canceled)
- (b) Federal Acquisition Regulation 45.101
- (c) DoD Directive 5105.64, "Defense Contract Management Agency," November 2003
- (d) DCMA Instruction, "Managers' Internal Control Program," September 2011
- (e) DCMA Instruction, "Workload Acceptance," December 2010
- (f) DCMA Instruction, "National Aeronautics and Space Administration Support," February 2010
- (g) DCMA Instruction, "Records Management," May 2011
- (h) Federal Acquisition Regulation FAR 45.6
- (i) Defense Federal Acquisition Regulation Supplement 252.245-7004
- (j) Federal Acquisition Regulation Part 2
- (k) Defense Federal Acquisition Regulation Supplement 201.670
- (l) DCMA Instruction, "Warrants and Other Official Appointments," December 2011
- (m) Procedures, Guidance, and Information 245.602-70 (1) through (3)
- (n) Federal Acquisition Regulation 45.604
- (o) Defense Federal Acquisition Regulation Supplement 245.604-3
- (p) Procedures, Guidance, and Information 245.602-70 (7) through (15)
- (q) Federal Acquisition Regulation FAR 45.603(a)
- (r) Federal Acquisition Regulation 45.603 (c) and (d)
- (s) Federal Management Regulation (FMR) 102-36.320
- (t) Federal Management Regulation (FMR) 102-36.390
- (u) Procedures, Guidance, Information 245.602-70 (6)
- (v) DoD 5220.22-M, "National Industrial Security Program Operating Manual," February 28, 2006
- (w) Federal Acquisition Regulation 45.602-1(a)
- (x) Defense Federal Acquisition Regulation Supplement 245.6
- (y) Procedures, Guidance, and Information 245.602-70
- (z) DCMA Instruction, "Contract Property Management" November 2011
- (aa) Federal Acquisition Regulation 45.602-1
- (ab) DoD Manual 4160.28-M, Volume 3, "Defense Demilitarization: Procedural Guidance," June 7, 2011
- (ac) Defense Federal Acquisition Regulation Supplement 252.204-7000
- (ad) Federal Acquisition Regulation 45.602-2(c)
- (ae) Federal Management Regulation (FMR) 102-36.475
- (af) Procedures, Guidance, Information 245.6, paragraph 11
- (ag) Federal Acquisition Regulation 52.245-1(j)(2)(i)
- (ah) DoD Manual 4160.21-M, "Defense Materiel Disposition Manual," August 18, 1997
- (ai) Defense Federal Acquisition Regulation Supplement 209.403 (B)
- (aj) DCMA Instruction, "Contracts – Initial Receipt and Review," October 2010
- (ak) DoD Instruction 2030.08, "Implementation of Trade Security Controls (TSC) for Transfers of DoD U.S. Munitions List (USML) and Commerce Control List (CCL) Personal Property to Parties Outside DoD Control," May 23, 2006
- (al) Federal Acquisition Regulation 52.204-2
- (am) Federal Acquisition Regulation 52.209-5
- (an) Defense Federal Acquisition Regulation Supplement 252.204-7008

## CHAPTER 1

### POLICY

**1. POLICY.** It is DCMA policy that:

1.1. Government contract property no longer needed for contract performance be disposed of effectively, efficiently, consistent with FAR and Defense Federal Acquisition Regulation Supplement (DFARS) requirements, and in accordance with contract terms and conditions.

1.2. Workload acceptance, including plant clearance support to non-DoD; e.g., National Aeronautics and Space Administration (NASA), will be accomplished in accordance with DCMA Instruction, "Workload Acceptance" and DCMA Instruction, "National Aeronautics and Space Administration Support" (References (e) and (f), respectively).

1.3. Plant clearance cases will be established and maintained within the DCMA eTool Plant Clearance Automated Reutilization Screening System (PCARSS), DCMA's system of record for plant clearance actions. See DCMA Instruction, "Records Management" (Reference (g)). Additional and/or supporting documentation associated with plant clearance cases shall be accessible either electronically or by hard copy.

1.4. PCARSS will be used to accomplish the requirements of FAR 45.6 (Reference (h)); manual processes are permissible to the extent PCARSS is not appropriate (classified contracts) or unavailable (overseas or remote locations).

1.5. Only unclassified data/information be entered into PCARSS.

1.6. For contingency contracts, plant clearance actions will be coordinated with the Central Command Contracting Command.

1.7. Plant clearance actions will be managed based on calendar days, unless otherwise specified.

## CHAPTER 2

### ROLES AND RESPONSIBILITIES

#### **2.1. DIRECTOR, PLANT CLEARANCE GROUP, DCMA INTERNATIONAL, AND DCMAS CONTRACT MANAGEMENT OFFICE (CMO) CONTRACTS DIRECTORS.**

The Director, Plant Clearance Group, DCMA International and DCMAS CMO Contracts Directors shall:

2.1.1. Ensure that PLCOs follow FAR, DFARS, and contractual requirements pertaining to personal property disposal requirements.

2.1.2. Maximize use (open, manage, close plant clearance cases) of PCARSS, a requirement cited under DFARS clause 252.245-7004 (Reference (i)).

2.1.3. Appoint only qualified personnel as PLCOs (as defined in FAR Part 2 (Reference (j)), in accordance with DFARS 201.670 (Reference (k)). See DCMA Instruction, "Warrants and Other Official Appointments" (Reference (l)).

2.1.4. Ensure that only personnel appointed as PLCOs and operating under the authority of DFARS 201.670 (Reference (k)), establish, manage, and close plant clearance cases.

2.1.5. Ensure timely, effective, and efficient plant clearance operations.

#### **2.2. PLANT CLEARANCE OFFICERS (PLCO). PLCOs shall:**

2.2.1. Follow the requirement of FAR 45.6 (Reference (h)).

2.2.2. Establish plant clearance cases in accordance with Department of Defense (DoD) Procedures, Guidance, and Information (PGI) 245.602-70 (1) through (3) (Reference (m)).

2.2.3. Ensure contractor sales, including scrap sales, are conducted in accordance with FAR 45.604 (Reference (n)), DFARS 245.604-3 (Reference (o)) and PGI 245.602-70 (7) through (15) (Reference (p)).

2.2.4. Direct contractors to conduct property abandonment and destruction actions only as authorized by FAR 45.603(a) (Reference (q)).

2.2.5. Consider donation (in lieu of abandonment) of unsold surplus property to U.S. public bodies in accordance with FAR 45.603(c) and (d) (Reference (r)) [A public body is any department, agency, specific purpose district, or other instrumentality of a State or local government; any Indian tribe; or any agency of the Federal Government.] See Federal Management Regulation (FMR) 102-36.320, (Reference (s)), and [for foreign excess personal property] FMR 102-36.390, (Reference (t)).

2.2.6. Close plant clearance cases in accordance with PGI 245.602-70 (6), (Reference (u)) (upon receipt of final disposal documentation).

2.2.7. Ensure contractors properly dispose of classified property; coordinate disposal actions with the Defense Security Service and DCMAN-X. See DoD Manual 5220.22-M, “National Industrial Security Program Operating Manual (NIPSPOM)” (Reference (v)). For Communication Security (COMSEC) equipment, see Chapter 9, section 4 of Reference (v)).

## CHAPTER 3 PROCEDURES

**3.1. ESTABLISH PLANT CLEARANCE CASES.** Upon acceptance of an inventory schedule (See FAR 45.602-1(a)) (Reference (w)), the PLCO shall:

3.1.1. Ensure plant clearance cases for termination inventory receive the highest priority.

3.1.2. Notify the cognizant Termination Contracting Officer (TCO) of all PCARSS actions initiated by contractors for terminated contracts; ensure prior coordination with the cognizant TCO prior to formally accepting the contractor's inventory schedule and establishing a plant clearance case for termination inventory.

3.1.3. Establish a plant clearance case and initiate appropriate screening.

3.1.4. Follow the guidance at FAR Part 45.6 (Reference (h)), DFARS 245.6 (Reference (x)), and PGI 245.602-70 (Reference (y)).

3.1.5. Ensure the plant clearance case file contains the following documentation at a minimum, as applicable:

- PCARSS generated inventory schedule or hard copy Standard Form (SF) 1428, Inventory Disposal Schedule (if PCARSS is not used)
- Plant clearance case summary; i.e., action taken to establish, manage, and close the plant clearance case, including screening actions over and above normal PCARSS screening, documentation on case file processing delays; and any other related actions involving case management
- DD Form 1131, Cash Collection Voucher (or proof of electronic payment)
- Inventory Verification Risk Rating Form (see Plant Clearance Policy Resource Page)
- SF Form 1423, Inventory Verification Survey
- Inventory verification risk rating form
- DD Form 1637, Notification of Acceptance of Inventory Schedules
- DD Form 1639, Scrap Warranty
- DD Form 1640, Request for Plant Clearance
- DD Form 1641, Disposal Determination Approval
- Certification of Demilitarization
- DLA Form 1822, End-Use Certificate (EUC)
- SF 97, Government Certificate to Obtain Title to a Vehicle
- Related correspondence; e.g., proof of disposal, sales method, or special disposal instructions
- Contracting officer correspondence, including TCO requests for plant clearance action
- PCARSS case detail report listing assigned screener rules
- PCARSS generated inventory disposal report

- EPA Form 8700-22A, Uniform Hazardous Waste Manifest (to document shipments of materials destined for disposal as hazardous waste)
- Hard drive certificate or certification that sanitizing has taken place

3.1.6. Ensure Block 14, “Remarks,” of DD Form 1640 contains the following:

- Procuring activity and/or requiring agency name, address and email address
- Nonstandard contract clauses imposing disposal obligations on the contractor or subcontractor
- The manner in which sale proceeds are to be managed. See DCMA Instruction, “Contract Property Management” (Reference (z)) for guidance on scrap and deposit of scrap proceeds
- Documentation related to screening if PCARSS is not used; e.g., copies of emails or other correspondence.

3.1.7. Notify the assigned property administrator (PA) and/or Contracting Officer of repeated significant inaccuracies of contractor reported data.

3.1.8. In the event a DoD Component is not using PCARSS, facilitate screening by providing inventory schedules in either hard copy or electronic format.

3.1.9. Delegate Plant Clearance Actions. To the extent that property is located outside the prime PLCO’s geographic area of responsibility, the prime PLCO may refer (delegate) to the cognizant PLCO using PCARSS generated DD Form 1640. In such cases, the prime PLCO shall:

3.1.9.1. Ensure inventory schedules contain Federal Supply Codes (FSC) assigned for each item.

3.1.9.2. Advise the receiving PLCO of any special screening or disposal requirements (via Block 14, “Remarks,” of DD Form 1640).

3.1.9.3. Secure prime contractor concurrence for delegations involving property located at subcontractors.

3.1.9.4. Ensure subcontractor Contractor and Government Entity (“CAGE”) Code is entered into PCARSS (in the appropriate field) along with additional subcontractor information as needed; e.g., subcontractor control number.

3.1.10. Accept Plant Clearance Referral Actions. To the extent that plant clearance referral actions are received, the receiving PLCO shall:

3.1.10.1. Accept the referral (within PCARSS, if PCARSS is used);

3.1.10.2. Notify the prime contractor and prime PLCO of disposition actions affecting the subcontractor; and

3.1.10.3. Assign, process, manage, and closeout the plant clearance case; return the closed plant clearance case to the requesting (prime) PLCO.

### **3.2. REQUEST INVENTORY VERIFICATIONS AND ALLOCABILITY REVIEWS.** PLCOs shall:

3.2.1. Rely on property data supplied by contractors provided the contractor's property management system is in good standing and there is no suspect data.

3.2.2. Request inventory and allocability reviews in cases where the contractor's property management system was disapproved or the data suspect, or if physical review and verification of property is necessary and appropriate; i.e., to ensure proper allocability of termination inventory, to mitigate public safety concerns (for example, to verify proper storage of arms and ammunition), or for other technical reasons. In locations outside the continental United States where there are no functional specialists, or where travel is not safe, warranted, or funded, the PLCO may request support through other Government agencies or perform verifications by other means; e.g., photographs). The term "functional specialist" means the cognizant or assigned PA, industrial specialist, or product/quality assurance specialist. The individual tasked depends on the location of personnel with respect to the property in question as well as the required technical expertise. Functional specialists residing at contractor plant residency offices shall support inventory verification surveys. In all cases, requests for inventory verifications and allocability reviews shall be processed through the functional specialist's appropriate chain of command.

3.2.3. Consider the status of the contractor's property management system, the nature of the property involved, and the resources required to fulfill inventory verifications and allocability reviews. The sampling guidance document, found in a link of this Instructions associated resource page, may be used to conduct inventory verifications. Other sampling methods may be used provided they produce valid and reliable results.

### **3.3. PROCESS REUTILIZATION, TRANSFER AND DONATION REQUISITIONS.** The PLCO will process requisitions based on the requirements of FAR 45.602-1 (Reference (aa)).

### **3.4. REQUEST WITNESSING OF DEMILITARIZATION.**

3.4.1. The PLCO may request assistance from other functional specialists to witness demilitarization of excess property to the extent that witnessing is required. Functional specialists residing at contractor plant residency offices shall support inventory verification surveys and witnessing of demilitarization as part of their normal duties.

3.4.2. All requests for witnessing of demilitarization shall be processed through the functional specialist's appropriate chain-of-command. See DoD Manual 4160.28-M Volume 3, Paragraph 6 (Reference (ab)), Certification of Demilitarization, for additional guidance. The sample format at figure 1 (Certification of Demilitarization), Volume 3 of Reference (ab), must be used to validate demilitarization actions. Note: Government personnel (or those contracted to perform demilitarization duties), not the contractor, are required to certify and verify demilitarization actions. However, in limited circumstances involving demilitarization in overseas locations where U.S. personnel are not located and travel is not possible, contractors

may act as both certifier and verifier. The verifier must be a U.S. citizen unless the DoD Demilitarization Program Office grants an exception (Reference ab)).

### **3.5. ENSURE PROPER DISPOSITION OF PROPERTY CONTAINING CLASSIFIED, UNCLASSIFIED, AND CONTROLLED UNCLASSIFIED INFORMATION.**

3.5.1. The PLCO shall ensure that, prior to disposal of reported property, the contractor takes appropriate and necessary steps to prevent release of property containing classified and/or controlled unclassified data and information. This includes data and information considered sensitive or otherwise inappropriate for release to the public; e.g., operating system software, contractual, financial, programmatic, technical data, or personally identifiable information contained within such property. Appropriate and necessary steps in this case include destroying, purging, degaussing, sanitization (“overwriting”) of the hard drive or other data storage device. This is consistent with the requirements of the DFARS 252.204-7000, “Disclosure of Information,” (Reference (ac)).

3.5.2. Coordinate with Defense Security Service and DCMA Security personnel (DCMAN-X) to ensure that the contractor disposes of classified items in accordance with contract terms and conditions or as directed by the Contracting Officer.

**3.6. FACILITATE DISPOSITION OF INFORMATION TECHNOLOGY EQUIPMENT UNDER THE COMPUTERS FOR LEARNING PROGRAM.** After completion of General Services Administration screening, the PLCO shall process requests for donation of the items under the Computers for Learning program in accordance with FAR 45.602-2(c), (Reference (ad)). See also FMR 102-36.475, Reference (ae)). Note: The PLCO shall coordinate with DLADS to ensure eligibility of the school.

**3.7. COORDINATE PROPER USE OF DEFENSE LOGISTICS AGENCY DISPOSITION SERVICES (DLADS).** Consistent with the PGI 245.6, paragraph 11, (Reference (af)), PLCOs shall ensure that property disposition actions involving DLADS are first authorized by the Contracting Officer. Note: PLCOs and Contracting Officer Representatives have no authority to authorize contractors to use DLADS services as such use may change the terms and conditions of the contract. In such cases, use of DLADS may alter existing contract terms and conditions involving property disposition; i.e., FAR 52.245-1(j)(2)(i) (Reference (ag)) and DFARS 252.245-7004 (Reference (i)). See Chapter 4, paragraph 14 of DoD Manual 4160.21-M (Reference (ah)).

**3.8. PROCESS INCOMING PLANT CLEARANCE REFERRALS.** The PLCO shall process plant clearance cases from other DoD Components and Federal Agencies in the same manner as DCMA cases, consistent with the requirements of this Instruction and the requirement as of the referral and Reference (e)).

**3.9. CONDUCT SALES.** PLCOs shall authorize sales in accordance with DFARS 245.604-3 (Reference (o)) and use sales terms and conditions (examples of which are located at the DCMA plant clearance portal) that are substantially the same as those used by DLADS. To the extent applicable, sales will be conducted in accordance with country-to-country agreements, diplomatic notes, and memoranda of agreement or understanding. Sales to contractors who have

been suspended or debarred by the Defense Logistics Agency Special Assistant for Contracting Integrity (DFARS 209.403 (B), Reference (ai)) are not authorized. Information on suspended or debarred contractors can be found in the Excluded Parties List System.

**3.10. ENSURE PROPER DEMILITARIZATION AND/OR MUTILATION/ DESTRUCTION OF SIGNIFICANT MILITARY EQUIPMENT AND OTHER PERSONAL PROPERTY. PLCOs shall:**

3.10.1. Ensure contractors demilitarize or mutilate property as required by contract terms and conditions. See Chapter 3 of Reference (ab) for procedural guidance. Mutilation and destruction requirements vary from contract to contract. Accordingly, in coordination with the assigned PA, PLCOs shall also ensure that contractor property management procedures include guidance on the proper disposal of residue resulting from demilitarization, mutilation and destructions actions. Note: Residue may still be subject to export controls and demilitarization.

3.10.2. Issue a Contract Deficiency Report (CDR) in Electronic Document Access (EDA) for those contracts lacking appropriate property disposition terms and conditions, including demilitarization. See paragraph 2.5 of DCMA Instruction, "Contract Receipt and Review," (Reference (aj)). When creating an EDA-CDR, the assigned Contracting Officer shall be identified as the reviewing/validation official; notify the Contracting Officer in writing if use of EDA is not appropriate (DCMAS) or unavailable (overseas or remote locations).

**3.11. ENSURE COMPLETION OF SPECIALIZED SCREENING REQUIREMENTS (INCLUDING, BUT NOT LIMITED TO):**

3.11.1. Ozone Depleting Substances (ODS). Prior to allowing the contractor to dispose of any Class 1 ODS, the PLCO shall forward the inventory schedule to the DoD ODS Program Office, Defense Supply Center - Richmond, Attention: DSCR-VO, Richmond, Virginia 23297-5100. Email address is: [dscr.odsreserve@dla.mil](mailto:dscr.odsreserve@dla.mil). The ODS Program Office will furnish shipping instructions for the items or provide authorization for disposition to the PLCO. See the website: [www.aviation.dla.mil/externalweb/aviationengineering/ozone/](http://www.aviation.dla.mil/externalweb/aviationengineering/ozone/) for additional information.

3.11.2. Nuclear Material. Prior to allowing the contractor to dispose of nuclear material, the PLCO shall:

3.11.2.1. Forward the inventory schedule to the appropriate Nuclear Regulatory Commission (NRC) point of contact for guidance on disposal in the state where the material is located. The PLCO shall also request assistance from the DCMA safety specialist to ensure proper and valid licenses (for disposal) are issued to the contractor performing the final disposal.

3.11.2.2. Instruct the contractor to dispose of nuclear material and radioactive waste in accordance with all applicable Federal and State guidelines and NRC guidance.

**3.12. ENSURE TRADE SECURITY CONTROLS.**

3.12.1. The PLCO shall consult with the DoD Trade Security Control (TSC) Program office to determine if property can be sold to the public. See DoD Instruction 2030.8 (Reference (ak))

and PGI 245.602-70 (12) (Reference (p)). However, not all prospective sales require prior notification. The exceptions are:

3.12.1.1. Sales to contractors who are the original equipment manufacturer for the property to be sold; or

3.12.1.2. Sales to contractors where the contract to which the property is accountable contains either FAR clause 52.204-2 (Reference (al)); or FAR 52.209-5 (Reference (am)); or

3.12.1.3. Sales to contractors where the contract to which the property is accountable contains DFARS clause 252.204-7008 (Reference (an)).

3.12.2. Regardless of whether DoD TSC clearance is required, in all cases, the PLCO shall:

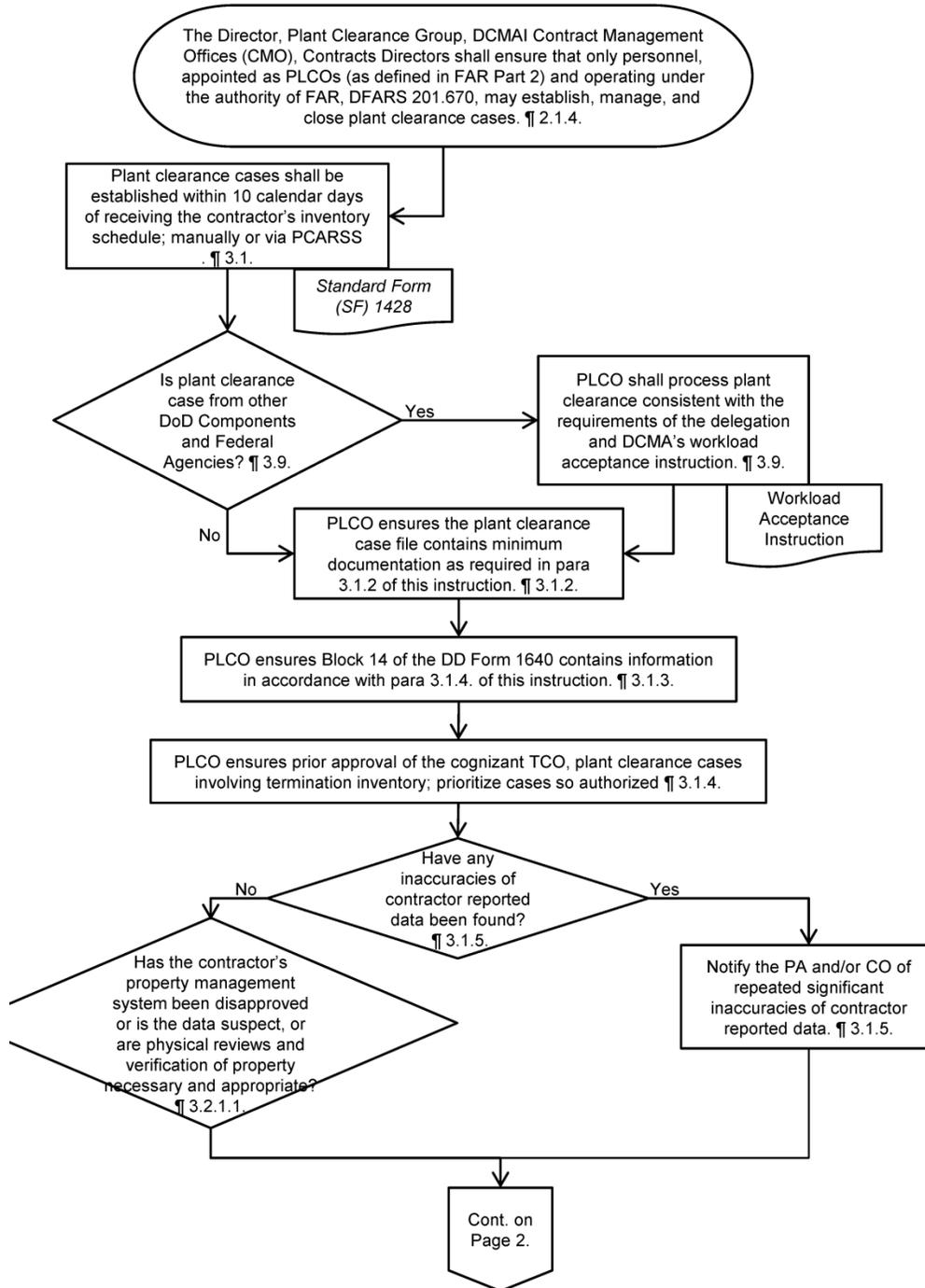
3.12.2.1. Ensure prospective contractors (sales buyers) complete DLA Form 1822, EUC. The EUC shall include the Data Universal Numbering System ["DUNS"] (contractor identification) number and be signed by the firm's personnel authorized to bind the contractor.

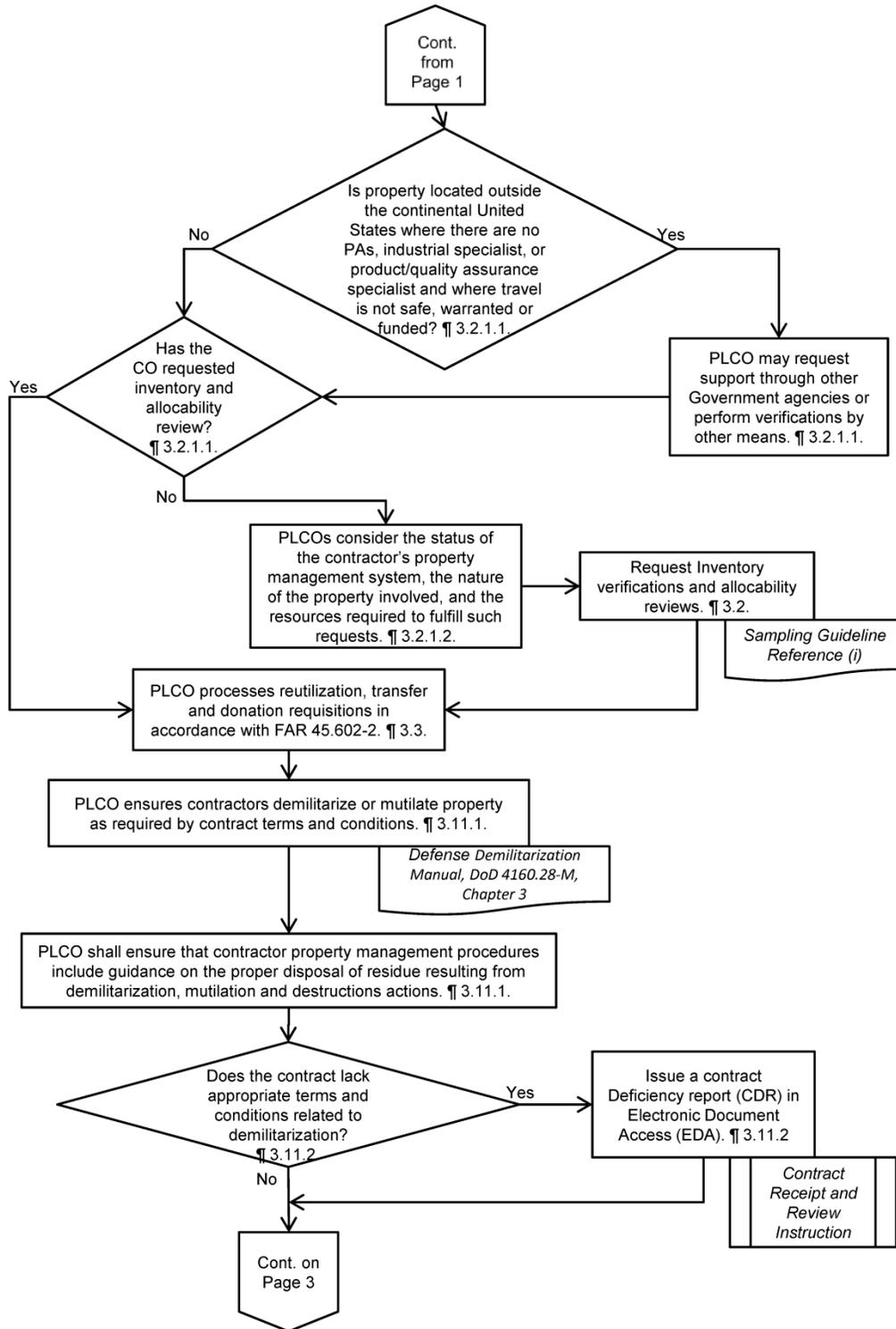
3.12.2.2. Provide the DoD TSC office with the completed sales documentation.

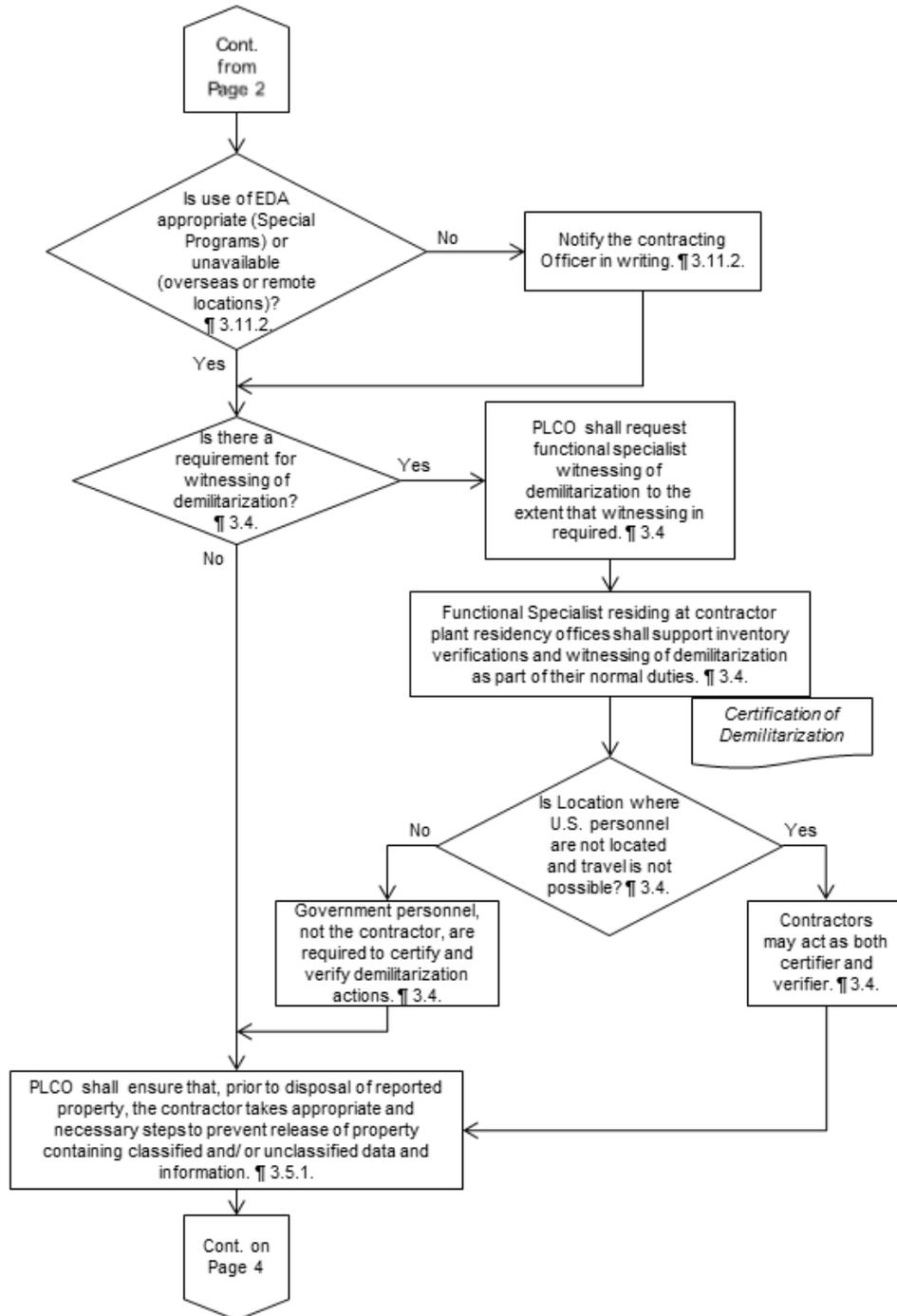
**3.13. CLOSE PLANT CLEARANCE CASE.** The PLCO shall close the plant clearance case upon receipt of disposal documentation from the contractor.

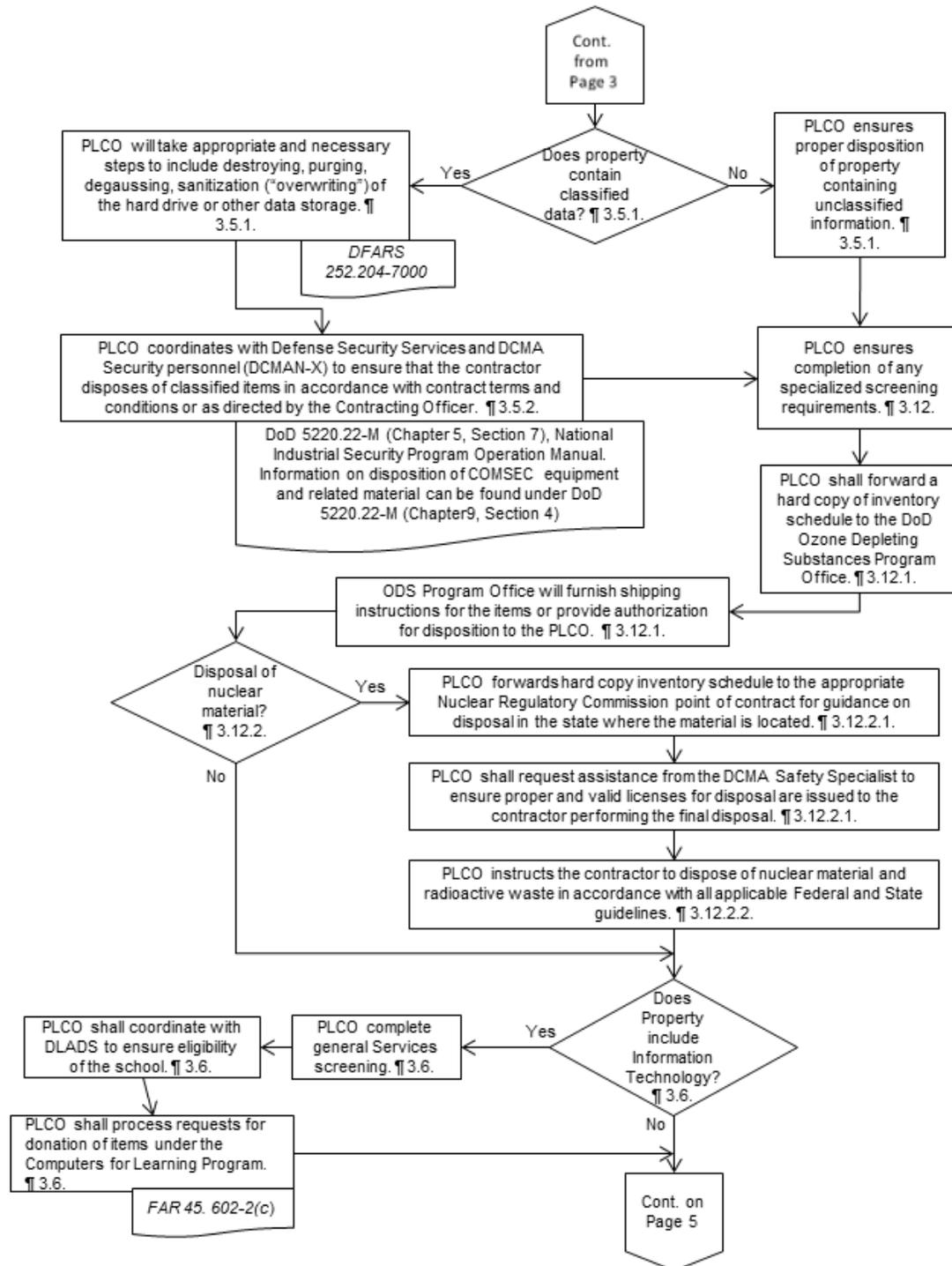
APPENDIX A

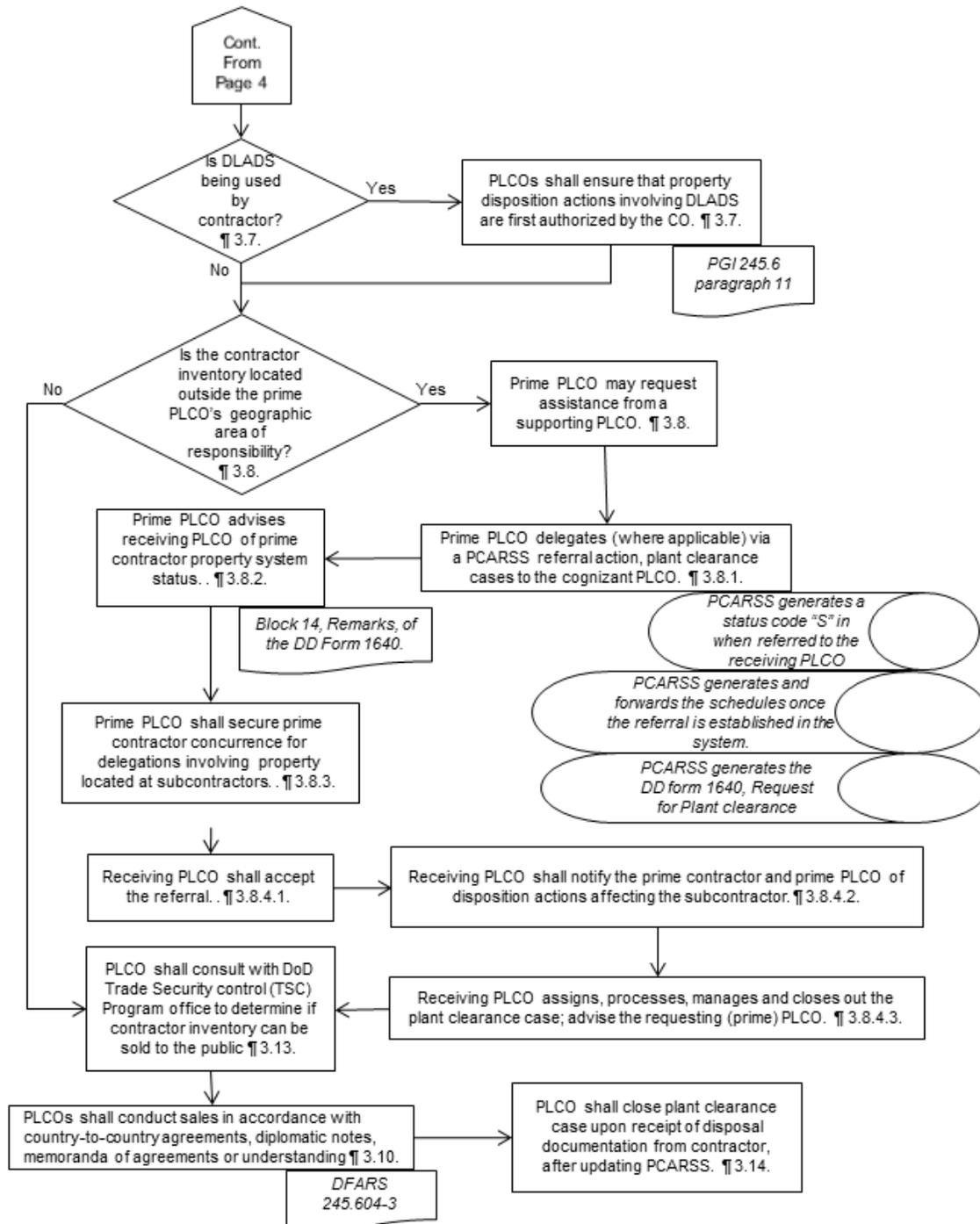
Plant Clearance











## GLOSSARY

### ACRONYMS

CAGE	Commercial and Government Entity Code
CDR	Contract deficiency report
COMSEC	Communication security
DFARS	Defense Federal Acquisition Regulation Supplement
DLADS	Defense Logistics Agency Disposition Services
EDA	Electronic Document Access
EUC	End-use Certificate
FAR	Federal Acquisition Regulation
FMR	Federal Management Regulation
FSC	Federal Supply Code
NASA	National Aeronautics and Space Administration
NRC	Nuclear Regulatory Commission
ODS	Ozone Depleting Substances
PA	Property Administrator
PCARSS	Plant Clearance Automated Reutilization Screening System
PGI	Procedures, Guidance, and Information
PLCO	Plant Clearance Officer
SF	Standard Form
TCO	Termination contracting officer
TSC	Trade security controls