

and shall include verification that the subcontractor will provide added value as related to the work to be performed by the lower-tier subcontractor(s).

(d) *Significant deficiencies.* (1) The Contracting Officer will provide notification of initial determination to the Contractor, in writing, of any significant deficiencies. The initial determination will describe the deficiency in sufficient detail to allow the Contractor to understand the deficiency.

(2) The Contractor shall respond within 30 days to a written initial determination from the Contracting Officer that identifies significant deficiencies in the Contractor's purchasing system. If the Contractor disagrees with the initial determination, the Contractor shall state, in writing, its rationale for disagreeing.

(3) The Contracting Officer will evaluate the Contractor's response and notify the Contractor, in writing, of the Contracting Officer's final determination concerning—

- (i) Remaining significant deficiencies;
- (ii) The adequacy of any proposed or completed corrective action; and
- (iii) System disapproval, if the Contracting Officer determines that one or more significant deficiencies remain.

(e) If the Contractor receives the Contracting Officer's final determination of significant deficiencies, the Contractor shall, within 45 days of receipt of the final determination, either correct the significant deficiencies or submit an acceptable corrective action plan showing milestones and actions to eliminate the deficiencies.

(f) *Withholding payments.* If the Contracting Officer makes a final determination to disapprove the Contractor's purchasing system, and the contract includes the clause at 252.242-7005, Contractor Business Systems, the Contracting Officer will withhold payments in accordance with that clause.

(End of clause)

[76 FR 28877, May 18, 2011, as amended at 77 FR 35882, June 15, 2012]

**252.245-7000 Government-furnished mapping, charting, and geodesy property.**

As prescribed in 245.107(1), use the following clause:

GOVERNMENT-FURNISHED MAPPING, CHARTING, AND GEODESY PROPERTY (APR 2012)

(a) *Definition—Mapping, charting, and geodesy (MC&G) property* means geodetic, geomagnetic, gravimetric, aeronautical, topographic, hydrographic, cultural, and toponymic data presented in the form of topographic, planimetric, relief, or thematic maps and graphics; nautical and aeronautical charts and publications; and in sim-

ulated, photographic, digital, or computerized formats.

(b) The Contractor shall not duplicate, copy, or otherwise reproduce MC&G property for purposes other than those necessary for performance of the contract.

(c) At the completion of performance of the contract, the Contractor, as directed by the Contracting Officer, shall either destroy or return to the Government all Government-furnished MC&G property not consumed in the performance of this contract.

(End of clause)

[56 FR 36479, July 31, 1991, as amended at 74 FR 37648, July 29, 2009; 76 FR 6006, Feb. 2, 2011; 77 FR 23632, Apr. 20, 2012]

**252.245-7001 Tagging, labeling, and marking of government-furnished property**

As prescribed in 245.107(2), use the following clause:

TAGGING, LABELING, AND MARKING OF GOVERNMENT-FURNISHED PROPERTY (APR 2012)

(a) *Definitions.* As used in this clause—

*Government-furnished property* is defined in the clause at FAR 52.245-1, Government Property.

*Serially-managed item* means an item designated by DoD to be uniquely tracked, controlled, or managed in maintenance, repair, and/or supply systems by means of its serial number.

(b) The Contractor shall tag, label, or mark Government-furnished property items identified in the contract as subject to serialized item management (serially-managed items).

(c) The Contractor is not required to tag, label, or mark Government-furnished property previously tagged, labeled, or marked.

(End of clause)

[76 FR 6006, Feb. 2, 2011, as amended at 77 FR 23632, Apr. 20, 2012]

**252.245-7002 Reporting Loss of Government Property.**

As prescribed in 245.107(3), use the following clause:

REPORTING LOSS OF GOVERNMENT PROPERTY (APR 2012)

(a) *Definitions.* As used in this clause—

*Government property* is defined in the clause at FAR 52.245-1, Government Property.

*Loss of Government property* means unintended, unforeseen, or accidental loss, damage, or destruction of 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. Loss of Government property includes, but is not limited to—

- (1) Items that cannot be found after a reasonable search;
- (2) Theft;
- (3) Damage resulting in unexpected harm to property requiring repair to restore the item to usable condition; or
- (4) Destruction resulting from incidents that render the item useless for its intended purpose or beyond economical repair.

*Unit acquisition cost* means—

(1) For Government-furnished property, the dollar value assigned by the Government and identified in the contract; and

(2) For Contractor-acquired property, the cost derived from the Contractor's records that reflect consistently applied, generally acceptable accounting principles.

(b) *Reporting loss of Government property.* (1) The Contractor shall use the Defense Contract Management Agency (DCMA) eTools software application for reporting loss of Government property. Reporting value shall be at unit acquisition cost. The eTools "LTDD of Government Property" toolset can be accessed from the DCMA home page External Web Access Management application at <http://www.dcm.mil/aboutetools.cfm>.

(2) Unless otherwise provided for in this contract, the requirements of paragraph (b)(1) of this clause do not apply to normal and reasonable inventory adjustments, *i.e.*, losses of low-risk consumable material such as common hardware, as agreed to by the Contractor and the Government Property Administrator. Such losses are typically a product of normal process variation. The Contractor shall ensure that its property management system provides adequate management control measures, *e.g.*, statistical process controls, as a means of managing such variation.

(3) The Contractor shall report losses of Government property outside normal process variation, *e.g.*, losses due to—

- (i) Theft;
- (ii) Inadequate storage;
- (iii) Lack of physical security; or
- (iv) "Acts of God."

(4) This reporting requirement does not change any liability provisions or other reporting requirements that may exist under this contract.

(End of clause)

[76 FR 6008, Feb. 2, 2011, as amended at 77 FR 23632, Apr. 20, 2012]

## 252.245-7003 Contractor Property Management System Administration.

As prescribed in 245.107(4), insert the following clause:

### CONTRACTOR PROPERTY MANAGEMENT SYSTEM ADMINISTRATION (APR 2012)

(a) *Definitions.* As used in this clause—

*Acceptable property management system* means a property system that complies with the system criteria in paragraph (c) of this clause.

*Property management system* means the Contractor's system or systems for managing and controlling Government property.

*Significant deficiency* means a shortcoming in the system that materially affects the ability of officials of the Department of Defense to rely upon information produced by the system that is needed for management purposes.

(b) *General.* The Contractor shall establish and maintain an acceptable property management system. Failure to maintain an acceptable property management system, as defined in this clause, may result in disapproval of the system by the Contracting Officer and/or withholding of payments.

(c) *System criteria.* The Contractor's property management system shall be in accordance with paragraph (f) of the contract clause at Federal Acquisition Regulation 52.245-1.

(d) *Significant deficiencies.* (1) The Contracting Officer will provide an initial determination to the Contractor, in writing, of any significant deficiencies. The initial determination will describe the deficiency in sufficient detail to allow the Contractor to understand the deficiency.

(2) The Contractor shall respond within 30 days to a written initial determination from the Contracting Officer that identifies significant deficiencies in the Contractor's property management system. If the Contractor disagrees with the initial determination, the Contractor shall state, in writing, its rationale for disagreeing.

(3) The Contracting Officer will evaluate the Contractor's response and notify the Contractor, in writing, of the Contracting Officer's final determination concerning—

- (i) Remaining significant deficiencies;
- (ii) The adequacy of any proposed or completed corrective action; and
- (iii) System disapproval, if the Contracting Officer determines that one or more significant deficiencies remain.

(e) If the Contractor receives the Contracting Officer's final determination of significant deficiencies, the Contractor shall, within 45 days of receipt of the final determination, either correct the significant deficiencies or submit an acceptable corrective