

252.245-7002

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.dcmamail.com/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

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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.