

**GOVERNMENT PROPERTY**

- a. Seller acknowledges that all Government property for use on this Contract is subject to the requirements of Federal Acquisition Regulation (FAR) 52.245-1 or the Government property clause incorporated in the customer contract as referenced in the CCR. Seller shall manage Government property in its possession and control consistent with the requirements of the FAR and include the substance of this clause in all subcontracts under which Government property, as defined in the applicable Government Property clause, is acquired or furnished.
- b. Seller further agrees to the following requirements of this Contract which are necessary for Buyer to comply with its obligations for the management of Government property under its prime contract or higher subcontract:
  - i. Use of Government Property
    - (1) Seller shall use Government property, either furnished or acquired under this Contract, only for performing this Contract, unless otherwise provided for in this Contract or approved by Buyer in writing.
    - (2) Seller shall not cannibalize Government property unless otherwise provided for in this Contract or approved by Buyer in writing.
  - ii. Delivery of Government Property
    - (1) In the event Government property is not delivered to Seller by the dates stated in this Contract or Government property is received in a condition not suitable for its intended use, Buyer shall, upon Seller's written request, advise Seller on a course of action to remedy the problem.
    - (2) In the event Government property is furnished in an "as-is" condition, any repairs, replacement, and/or refurbishment shall be at Seller's expense.
    - (3) Buyer may by written notice increase or decrease the amount of Government property under this Contract, substitute other Government property, or withdraw authority to use Government property under this Contract.
  - iii. Seller Plans and Systems
    - (1) Seller shall furnish a written statement to Buyer containing all relevant facts if overages, shortages or damages or other discrepancies are discovered upon receipt of Government property.
    - (2) Unless otherwise directed by Buyer, Seller shall investigate and promptly furnish a written narrative of all incidents of loss, theft, damage or destruction of Government property, to Buyer as soon as the facts become known.
    - (3) Seller shall disclose and report to Buyer the need for replacement and/or capital rehabilitation of Government property.
    - (4) Seller shall promptly perform and report to Buyer contract property closeout, in accordance with 52.245-1(e)(x).

- (5) Seller shall disclose any findings or results of reviews, analyses and assessments that may affect Buyer's rights under this article.

iv. Systems Analysis

(1) Buyer and Government shall have access to Seller's premises and all Government property, at reasonable times, for the purposes of reviewing, inspecting and evaluating Seller's property management plan(s), systems, procedures, records, reports and supporting documentation that pertain to Government property.

(2) In the event Buyer identifies a deficiency or inadequacy relating to Seller's management of Government property accountable to this Contract, Seller shall prepare a corrective action plan when requested by Buyer and take all necessary corrective actions as specified by the schedule within the corrective action plan.

v. Seller Liability for Government property. Seller shall take all reasonable actions necessary to protect Government property from loss, theft, damage or destruction. Seller shall separate damaged and undamaged Government property, and take such other action as Buyer directs.

vi. Other

(1) Seller shall provide a copy of Seller's US Government system status letter indicating status of Seller's property-control system and any supporting documentation if applicable. If Seller's property-control system is not reviewed by the US Government, Seller must make available one of the following:

- i. Seller's property-management plan; or
- ii. Seller's current property-control procedures.

(2) Seller shall promptly notify Buyer in writing of Seller's relocation, name change or discontinuance of business as soon as such conditions are known. If Seller intends to relocate, no Government property may be moved to the new location without Buyer's prior written notification.

(3) Buyer may provide property identification numbered stickers or metal tags for affixing to Government property acquired/fabricated under this Contract. Seller will promptly affix the stickers or tags to Government property.

(4) Reports, documents, inventories and correspondence referring to Government property will include Buyer's property identification number as part of the descriptive data.

(5) Virtual Unique Item Identifier (UII) marking may be utilized unless otherwise specified in this Contract. Seller will ensure that supplier items delivered to the Department of Defense (DoD) conform to UII requirements. Seller is responsible for notifying Buyer when it receives Government property valued at \$5000 or more which does not have a UII marking/label and/or a virtual UII annotated on a DD Form 1149 Requisition and Invoice/Shipping Document. Marking will be

utilized if specified in this Contract and upon delivery or disposition with the exception of scrap.

- vii. If this Contract is entered into under a prime contract with the National Aeronautics and Space Administration (NASA), the following financial-reporting requirements will apply:
  - (1) Financial reporting of Government property in the possession of Seller (and its sub-tier suppliers), or for which Seller has responsibility, shall be performed, recorded, and reported as set forth within the applicable Supplier Data Requirements List (SDRL). Frequency and data submittal of the reporting requirements will be agreed upon by Seller and Buyer's Property Management organization and documented by the SDRL.
  - (2) Seller shall comply with requirements outlined in the following Procurement Information Circulars (PIC):
    - (a) 03-14; Contract Modification for Interim Property Information (Quarterly Reporting)
    - (b) 03-18; Instructions for Preparing NASA Form 1018 (NF1018) and a Class Deviation to the Requirements of NFS 1852.245-73(c) (Annual Reporting)
    - (c) 04-12; Contract Modifications for Monthly Property Financial Reporting
    - (d) 05-07; Documentation Requirement for Government Furnished Property (GFP)
- viii. Seller shall consult with Buyer on any unique property circumstances or requirements not covered by this article. All communications required under this article shall be in writing.