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**Parent topic:** Defense Federal Acquisition Regulation

# Subpart 245.1 - GENERAL

## 245.101 Definitions.

“Mapping, charting, and geodesy property,” as used in this subpart, is defined in the clause at 252.245-7000, Government-Furnished Mapping, Charting, and Geodesy Property.

## 245.102 Policy.

See the policy guidance at PGI 245.102-70 .

(1) *Mapping, charting, and geodesy property*. All Government-furnished mapping, charting, and geodesy (MC&G) property is under the control of the Director, National Geospatial Intelligence Agency.

(i) MC&G property shall not be duplicated, copied, or otherwise reproduced for purposes other than those necessary for contract performance.

(ii) Upon completion of contract performance, the contracting officer shall—

(A) Contact the Director, National Geospatial-Intelligence Agency, 7500 Geoint Drive, Springfield, VA 22150, for disposition instructions;

(B) Direct the contractor to destroy or return all Government-furnished MC&G property not consumed during contract performance; and

(C) Specify the destination and means of shipment for property to be returned to the Government.

(2) *Government supply sources*. When a contractor will be responsible for preparing requisitioning documentation to acquire Government-furnished property (GFP) from Government supply sources, include in the contract the requirement to prepare the documentation in accordance with DLM 4000.25, Defense Logistics Management Standards (DLMS), Volume 2, Supply Standards and Procedures. Copies are available from the address cited at PGI 251.102.

(3) *Acquisition and management of industrial resources*. See Subpart 237.75 for policy relating to facilities projects.

(4) *GFP identification.*

(i) It is DoD policy that GFP be tagged, labeled, or marked based on DoD marking standards (MIL Standard 130) or other standards, when the requiring activity determines that such items are subject to serialized item management (serially-managed items). The list of GFP subject to serialized item management will be identified in the contract in accordance with 245.102, Government-furnished property attachments to solicitations and awards.

(ii) *Exceptions.* The Contractor will not be required to tag, label, or mark—

(A) GFP that was previously tagged, labeled, or marked;

(B) Items, as determined by the head of the agency, that are to be used to support a contingency operation; or to facilitate defense against or recovery from nuclear, biological, chemical, or radiological attack;

(C) Items for which a determination and findings has been executed concluding that it is more cost effective for the Government requiring activity to assign, mark, and register the unique item identification after delivery of an item acquired from a small business concern or a commercial product acquired under FAR part 12 or part 8.

(*1*) The determination and findings shall be executed by—

(*i*) The Component Acquisition Executive for an Acquisition Category (ACAT) I program; or

(*ii*) The head of the contracting activity for all other programs.

(*2*) A copy of the executed determination and findings shall be provided to the Office of the Principal Director, Defense Pricing, Contracting, and Acquisition Policy (Contracting eBusiness) via email at osd.pentagon.ousd-a-s.mbx.dpc-cb@mail.mil.

(D) Items that are contractor-acquired property;

(E) Property under any statutory leasing authority;

(F) Property to which the Government has acquired a lien or title solely because of partial, advance, progress, or performance-based payments;

(G) Intellectual property or software; or

(H) Real property.

(5) *Reporting loss of Government property.* It is DoD policy that all Government property be reported in the GFP module or Wide Area WorkFlow module of the Procurement Integrated Enterprise Environment (PIEE) as required by the clause at 252.245-7005, Management and Reporting of Government Property.

## 245.103 General.

### 245.103-70 Furnishing Government property to contractors.

Follow the procedures at PGI 245.103-70 for furnishing Government property to contractors.

### 245.103-71 Transferring Government property accountability.

Follow the procedures at PGI 245.103-71 for transferring Government property accountability.

### 245.103-72 Government-furnished property attachments to solicitations and awards.

When performance will require the use of GFP, contracting officers shall include the GFP attachment to solicitations and awards. See PGI PGI 245.103-72 Government-furnished property attachments to solicitations and awards. for links to the formats and procedures for preparing the GFP attachment.

### 245.103-73 Government property under sustainment contracts.

See PGI 245.103-73 for information on the reporting requirements for Government inventory held by contractors under sustainment contracts in accordance with DoD Manual 4140.01, Volume 6, DoD Supply Chain Materiel Management Procedures: Materiel Returns, Retention, and Disposition.

### 245.103-74 Contracting office responsibilities.

See PGI 245.103-74 for contracting office responsibilities.

## 245.104 Responsibility and liability for Government property.

In addition to the contract types listed at FAR 45.104, contractors are not held liable for loss of Government property under negotiated fixed-price contracts awarded on a basis other than submission of certified cost or pricing data.

## 245.105 Contractors property management system compliance.

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

“Acceptable property management system” means a property system that complies with the system criteria in paragraph (c) of the clause at 252.245-7003, Contractor Property Management Administration.

“Property management system” means the contractor’s system or systems for managing and controlling Government property.

(b) *Policy*. The cognizant contracting officer, in consultation with the property administrator, shall—

(1) Determine the acceptability of the system and approve or disapprove the system; and

(2) Pursue correction of any weaknesses or deficiencies.

(c) In evaluating the acceptability of a contractor's property management system, the contracting officer, in consultation with the property administrator, shall determine whether the contractor's property management system complies with the system criteria for an acceptable property management system as prescribed in the clause at 252.245-7003 , Contractor Property Management System Administration.

(d) *Disposition of findings—*

(1) *Reporting of findings*. The property administrator shall document findings and recommendations in a report to the contracting officer. If the property administrator identifies any material weaknesses, the report shall describe the underlying deficiencies in sufficient detail to allow the contracting officer to understand the weaknesses or deficiencies.

(2) *Initial determination*.

(i) The contracting officer shall review findings and recommendations and, if there are no material weaknesses, shall promptly notify the contractor, in writing, that the contractor's property management system is acceptable and approved; or

(ii) If the contracting officer finds that there are one or more https://www.acq.osd.mil/dpap/dars/dfars/html/current/252245.htm#252.245-7003 material weaknesses due to the contractor's failure to meet one or more of the property management system criteria in the clause at 252.245-7003, the contracting officer shall—

(A) Promptly make an initial written determination on any material weaknesses and notify the contractor, in writing, providing a description of each material weakness in sufficient detail to allow the contractor to understand the weakness (see PGI 245.105(d)(2));

(B) Request the contractor to respond, in writing, to the initial determination within 30 days and;

(C) Evaluate the contractor's response to the initial determination, in consultation with the property administrator, and make a final determination.

(3) *Final determination*.

(i) The contracting officer shall make a final determination and notify the contractor, in writing, that—

(A) Promptly make an initial written determination on any material weaknesses and notify the contractor, in writing, providing a description of each material weakness in sufficient detail to allow the contractor to understand the weakness (see PGI 245.105(d)(2));

(B) Material weaknesses remain. The notice shall identify any remaining material weaknessesand indicate the adequacy of any proposed or completed corrective action. The contracting officer shall—

(*1*) Request that the contractor, within 45 days of receipt of the final determination, either correct the weaknesses or submit an acceptable corrective action plan showing milestones and actions to eliminate the weaknesses;

(*2*) Disapprove the system in accordance with the clause at 252.245-7003; and

(*3*) Withhold payments in accordance with the clause at 252.242-7005 , Contractor Business

Systems, if the clause is included in the contract.

(ii) Follow the procedures relating to monitoring a contractor's corrective action and the correction of material weaknesses in PGI 245.105 (d)(3).

(e) *System approval*. The contracting officer shall promptly approve a previously disapproved property management system and notify the contractor when the contracting officer determines, in consultation with the property administrator, that there are no remaining material weaknesses.

(f) *Contracting officer notifications*. The cognizant contracting officer shall promptly distribute copies of a determination to approve a system, disapprove a system and withhold payments, or approve a previously disapproved system and release withheld payments to the auditor; payment office; affected contracting officers at the buying activities; and cognizant contracting officers in contract administration activities.

### 245.107 Contract clauses.

(1)(i) In lieu of the prescription at FAR 45.107(d), use the clause at FAR 52.245-1, Government Property, in all purchase orders for repair, maintenance, overhaul, or modification of Government property regardless of the unit acquisition cost of the items to be repaired.

(ii) For negotiated fixed-price contracts awarded on a basis other than submission of certified cost or pricing data for which Government property is provided, use the clause at FAR 52.245-1, Government Property, without its Alternate I.

(2) Use the clause at 252.245-7000, Government-Furnished Mapping, Charting, and Geodesy Property, in solicitations and contracts when mapping, charting, and geodesy property is to be furnished.

(3) Use the clause at 252.245-7003 , Contractor Property Management System Administration, in solicitations and contracts containing the clause at FAR 52.245-1, Government Property.

(4) Use the clause at 252.245-7005, Management and Reporting of Government Property, in solicitations and contracts, including solicitations and contracts using FAR part 12 procedures for the acquisition of commercial products and commercial services, that contain the clause at FAR 52.245-1, Government Property.

## Subpart 245.2 - SOLICITATION AND EVALUATION PROCEDURES

### 245.201 Solicitation.

#### 245.201-70 Security classification.

Follow the procedures at PGI 245.201-70 for security classification.

# Subpart 245.3 - AUTHORIZING THE USE AND RENTAL OF GOVERNMENT PROPERTY

## 245.302 Contracts with foreign governments or international organizations.

(1) *General.*

(i) *Approval*. A contractor may use Government property on work for foreign governments and international organizations only when approved in writing by the contracting officer having cognizance of the property. The contracting officer may grant approval, provided—

(A) The use will not interfere with foreseeable requirements of the United States;

(B) The work is undertaken as a DoD foreign military sale; or

(C) For a direct commercial sale, the foreign country or international organization would be authorized to contract with the department concerned under the Arms Export Control Act.

(ii) *Use charges*.

(A) The Use and Charges clause is applicable on direct commercial sales to foreign governments or international organizations.

(B) When a particular foreign government or international organization has funded the acquisition of property, do not assess the foreign government or international organization rental charges or nonrecurring recoupments for the use of such property.

(2) *Special tooling and special test equipment.*

(i) DoD normally recovers a fair share of nonrecurring costs of special tooling and special test equipment by including these costs in its calculation of the nonrecurring cost recoupment charge when major defense equipment is sold by foreign military sales or direct commercial sales to foreign governments or international organizations. “Major defense equipment” is defined in DoD Directive 2140.2, Recoupment of Nonrecurring Costs on Sales of U.S. Items, as any item of significant military equipment on the United States Munitions List having a nonrecurring research, development, test, and evaluation cost of more than $50 million or a total production cost of more than $200 million.

(ii) When the cost thresholds in paragraph (2)(i) of this section are not met, the contracting officer shall assess rental charges for use of special tooling and special test equipment pursuant to the Use and Charges clause if administratively practicable.

(3) *Waivers.*

(i) Rental charges for use of U.S. production and research property on commercial sales transactions to the Government of Canada are waived for all commercial contracts. This waiver is based on an understanding wherein the Government of Canada has agreed to waive its rental charges.

(ii) Requests for waiver or reduction of charges for the use of Government property on work for foreign governments or international organizations shall be submitted to the contracting officer, who is authorized to approve the requests in consultation with the appropriate functional specialist.

# Subpart 245.4 - TITLE TO GOVERNMENT PROPERTY

## 245.402 Title to contractor-acquired property.

### 245.402-70 Policy.

Review the guidance at PGI 245.402-70 with regard to oversight and surveillance of contractor-acquired property.

### 245.402-71 Delivery of contractor-acquired property.

Follow the procedures at PGI 245.402-71 for the delivery of contractor-acquired property.

# Subpart 245.5 - SUPPORT GOVERNMENT PROPERTY ADMINISTRATION

## 245.570 Storage at the Government's expense.

All storage contracts or agreements shall be separately priced and shall include all costs associated with the storage.

# Subpart 245.6 - REPORTING, REUTILIZATION, AND DISPOSAL

## 245.602 Reutilization of Government property.

### 245.602-1 Inventory disposal schedules.

For termination inventory, plant clearance officers shall verify inventory schedules, either directly or through appropriate technical personnel, to determine the following:

(a) *Allocability.*

(1) Review contract requirements, delivery schedules, bills of material, and other pertinent documents to determine whether schedules include property that—

(i) Is appropriate for use on the contract; or

(ii) Exceeds the quantity required for completion of the contract, but could be diverted to other commercial work or Government use.

(2) Review the contractor's—

(i) Recent purchases of similar material;

(ii) Plans for current and scheduled production;

(iii) Stock record entries; and

(iv) Bills of material for similar items.

(b) *Quantity*. Take measures to provide assurance that available inventory is in accordance with quantities listed on the inventory schedules. Quantities may be verified by actual item count, acceptance of labeled quantities in unopened/sealed packages, scale counts, or other appropriate methods.

(c) *Condition*. Ensure that the physical condition of the property is reasonably consistent with the Federal Condition Code supplied by the contractor.

### 245.602-3 Screening.

Property will be screened DoD-wide, including the contracting agency, requiring agency, and, as appropriate, the General Services Administration. The requiring agency shall have priority for retention of listed items. All required screening must be completed before any sale of contractor inventory, including contractor inventory in overseas locations (foreign excess personal property) can take place. Upon request of the prospective reutilization, transfer, donation, or sales customer, the plant clearance officer shall arrange for inspection of property at the contractor's plant in such a manner as to avoid interruption of the contractor's operations, and consistent with any security requirements.

### 245.602-70 Plant clearance procedures.

Follow the procedures at PGI 245.602-70 for establishing and processing a plant clearance case.

## 245.604 Sale of surplus personal property.

### 245.604-1 Sales procedures.

(1) *Best value sales approach.* Plant clearance officers shall determine a best value sales approach, to include due consideration for costs, risks, and benefits, e.g., potential sales proceeds.

(2) *Invitation for bid procedures*. The plant clearance officer may direct the contractor to issue informal invitations for bid (orally, telephonically, or by other informal media), provided—

(i) Maximum practical competition is obtained;

(ii) Sources solicited are recorded; and

(iii) Informal bids are confirmed in writing.

(3) *Sale approval and award*. Plant clearance officers shall—

(i) Evaluate bids to establish that the sale price is fair and reasonable, taking into consideration—

(A) Knowledge or tests of the market;

(B) Current published prices for the property;

(C) The nature, condition, quantity, and location of the property; and

(D) Past sale history for like or similar items;

(ii) Approve award to the responsible bidder whose bid is most advantageous to the Government. The plant clearance officer shall not approve award to any bidder who is an ineligible transferee, as defined in 252.245-7005, Management and Reporting of Government Property; and

(iii) Notify the contractor of the bidder to whom an award will be made within 5 working days from receipt of bids.

(4) *Negotiated sales*.

(i) Negotiated sales include purchases or retention at less than cost by the contractor. Negotiated sales may be made when—

(A) The plant clearance officer determines that this method is essential to expeditious plant clearance; and

(B) The Government's interests are adequately protected.

(ii) Negotiated sales shall be at fair and reasonable prices, not less than those reasonably expected under competitive sales.

(iii) Conditions justifying negotiated sales are—

(A) No acceptable bids are received under competitive sale;

(B) Anticipated sales proceeds do not warrant competitive sale;

(C) Specialized nature of the property would not create bidder interest;

(D) Removal of the property would reduce its value or result in disproportionate handling expenses; or

(E) Such action is essential to the Government's interests.

(5) Plant clearance officers shall consider any special disposal requirements such as demilitarization or trade security control requirements in accordance with DoDM 4160.28-M, Defense Demilitarization Manual, and DoDI 2030.08, Implementation of Trade Security Controls (TSCs) for Transfers of DoD Personal Property to Parties Outside DoD Control, respectively. See PGI 245.6.

## Subpart 245.70 - Reserved