# PGI 245.103-73 Government property under sustainment contracts.

(1) Sustainment contracts, including those for performance-based logistics, sustainment support, contractor logistics support, life-cycle product support, and weapon systems product support (see 10 U.S.C. 4324(d)), may require the contractor to hold or manage Government inventory. In such cases, regularly scheduled (typically, semiannually) inventory reporting from the contractor is required to ensure that inventory levels meet program requirements and Government inventory in excess of authorized amounts is identified. The requiring activity is responsible for providing the contracting officer with reporting requirements for Government inventory. See the Data Item Description DI-PSSS-80727A, Government Furnished Material (GFM) by National Stock Number, and the instructions for completing the DD Form 1423 Contract Data Requirements List (CDRL) for inventory reporting requirements on sustainment contracts available at http://dodprocurementtoolbox.com/site-pages/gfp-resources.

(2) During acquisition planning, pricing contracts, exercising options, and assessing past performance, contracting officers should review the requiring activity's assessment of the information generated by the inventory reporting requirements.

(3) In some circumstances, under fixed-price sustainment contracts, contract deliverables consist of non-hardware items, such as operational readiness rate goals or mean time between failures of a system. In order to meet these deliverables, contractors are required to provide certain property items to the Government. In such cases, the contract does not include specific delivery line items requiring formal delivery of the property. By extension, the Government will not have title to the property at the time the contractor provides the property. In such cases, title to the property passes to the Government upon Government acceptance (as defined in FAR 46.101) of the items at the destination stated in the contract. Contracting officers shall ensure that the contract—

(i) Clearly defines how and when acceptance will be performed; and

(ii) Includes applicable requirements for quality assurance, part marking, anti-counterfeiting, or other requirement for the delivery of the property.

**Parent topic:** PGI 245.103 General.