

Management of SUBCONTRACTOR held Government Property:

This provision specifies requirements when Government Property (GP) is either provided or purchased in accomplishing the Work under this Subcontract with the care and custody being consistent with the current Federal Acquisition Regulation (FAR) clause 52.245-1.

- A. The BUYER reserves the right to furnish any property or services required for the performance of the Work under this Subcontract.
- B. Except as otherwise provided by the authorized procurement representative, title to all materials, equipment, supplies, and tangible personal property of every kind and description purchased by the SUBCONTRACTOR, the cost of which the SUBCONTRACTOR is entitled to be reimbursed as a direct item of cost under this Subcontract, shall pass directly from the vendor to the Government. The BUYER reserves the right to inspect, and to accept or reject, any item of such property. The SUBCONTRACTOR shall make such disposition of rejected items as the authorized procurement representative shall direct. Title to other property, the cost of which is reimbursable to the SUBCONTRACTOR under this Subcontract, shall pass to and vest in the Government upon (1) issuance for use of such property in the performance of this Subcontract, or (2) commencement of processing or use of such property in the performance of this Subcontract, or (3) reimbursement of the cost thereof by the BUYER, whichever first occurs. Property furnished by the BUYER and property purchased by the SUBCONTRACTOR, title to which vests in the Government, under this paragraph are hereinafter referred to as Government property. Title to Government property shall neither be affected by the incorporation of the property into or the attachment to any property not owned by the Government, nor shall such Government property or any part, be or become a fixture or lose its identity by reason of affixation to any realty.
- C. To the extent directed by the authorized procurement representative, the SUBCONTRACTOR shall identify Government property coming into the SUBCONTRACTOR's possession or custody, by marking and segregating in such a way, satisfactory to the BUYER, as shall indicate its ownership by the Government.
- D. The SUBCONTRACTOR shall make such disposition of Government property which has come into the possession or custody of the SUBCONTRACTOR under this Subcontract as the authorized procurement representative may direct during the progress of the Work or upon completion or termination of this Subcontract. The SUBCONTRACTOR may, upon such terms and conditions as the BUYER's authorized procurement representative may approve, sell, or exchange such property, or acquire such property at a price agreed upon by the authorized procurement representative and the SUBCONTRACTOR as the fair value thereof. The amount received by the SUBCONTRACTOR as the result of any disposition, or the agreed fair value of any such property acquired by the SUBCONTRACTOR, shall be applied in reduction of costs allowable under this Subcontract or shall be otherwise credited to account to the BUYER, as the BUYER's authorized procurement representative may direct. Upon completion of the work or the termination of this Subcontract, the SUBCONTRACTOR shall render an accounting, as prescribed by the BUYER's authorized procurement representative, of all Government property which had come into the possession or custody of the SUBCONTRACTOR under this Subcontract.

E. Management of Property and Classified Materials:

1. The SUBCONTRACTOR shall take all reasonable precautions, and such other actions as may be directed by the BUYER's authorized procurement representative, or in the absence of such direction, in accordance with sound business practice, to safeguard and protect Government property in the SUBCONTRACTOR's possession or custody.
2. In addition, the SUBCONTRACTOR shall ensure that adequate safeguards are in place, and adhered to, for the handling, control and disposition of high-risk property and classified materials throughout the life cycle of the property and materials consistent with the policies, practices and procedures for property management.
3. High-risk property is property, the loss, destruction, damage to, or the unintended or premature transfer of which could pose risks to the public, the environment, or the national security interests of the United States. High-risk property includes proliferation sensitive, nuclear related dual use, export controlled, chemically or radioactively contaminated, hazardous, and specially designed and prepared property, including property on the militarily critical technologies list.

F. Risk of Loss of Government Property:

1. The SUBCONTRACTOR shall not be liable for the loss or destruction of, or damage to, Government property unless such loss, destruction, or damage was caused by any of the following:
 - a. Willful misconduct or lack of good faith on the part of the SUBCONTRACTOR's managerial personnel;
 - b. Failures of the SUBCONTRACTOR to establish, administer, or properly maintain an adequate property management system in accordance with this provision unless the SUBCONTRACTOR can demonstrate that such loss, destruction, or damage did not result from a failure to maintain adequate property management practices;
 - c. The risk is covered by insurance or the SUBCONTRACTOR is otherwise reimbursed (to the extent of such insurance or reimbursement). The allowability of insurance costs shall be determined in accordance with Federal Acquisition Regulations (FAR) 31.205-19.
2. If, after an initial review of the facts, the BUYER's authorized procurement representative informs the SUBCONTRACTOR that there is reason to believe that the loss, destruction of, or damage to the Government property results from conduct falling within one of the categories set forth above, the burden of proof shall be upon the SUBCONTRACTOR to show that the SUBCONTRACTOR should not be required to compensate the BUYER for the loss, destruction, or damage.
3. In the event that the SUBCONTRACTOR is determined liable for the loss, destruction or damage to Government property in accordance with this provision, the SUBCONTRACTOR's compensation to the BUYER shall be determined as follows:

- a. For damaged property, the compensation shall be the cost of repairing such damaged property, plus any costs incurred for temporary replacement of the damaged property. However, the value of repair costs shall not exceed the fair market value of the damaged property. If a fair market value of the property does not exist, the BUYER's authorized procurement representative shall determine the value of such property, consistent with all relevant facts and circumstances.
 - b. For destroyed or lost property, the compensation shall be the fair market value of such property at the time of such loss or destruction, plus any costs incurred for temporary replacement and costs associated with the disposition of destroyed property. If a fair market value of the property does not exist, the BUYER's authorized procurement representative shall determine the value of such property, consistent with all relevant facts and circumstances.
4. The SUBCONTRACTOR shall not be reimbursed for, and shall not include as an item of overhead, the cost of insurance or of any reserve covering risk of loss or destruction of, or damage to, Government property, except to the extent that the BUYER's authorized procurement representative may have expressly required the SUBCONTRACTOR to carry such insurance under another provision of this Subcontract.

G. Government property shall be used only for the performance of this Subcontract.

H. Property Management System:

The SUBCONTRACTOR shall establish, administer, and properly maintain a property management system that meets the requirements of Federal Acquisition Regulation (FAR) clause 52.245-1 for Government property in its possession under the Subcontract. The SUBCONTRACTOR's property management system shall, as a minimum, contain the seven (7) elements below and shall be maintained and administered in accordance with sound business practice, applicable Federal Property Management regulations, and such directives or instructions which the authorized procurement representative may prescribe.

1. Acquisition/Receipt of GP

Government Furnished Property (GFP) – The SUBCONTRACTOR will receive and inspect property from the BUYER and document receipt of GFP, including discrepancies (if applicable), through submittal of Government Property Transfer (GPT) form or Transfer of Care, Custody and Control of Material (TCCC) form.

Contractor Acquired Property (CAP) – The SUBCONTRACTOR shall procure only item(s)/material(s) authorized under Contract and shall submit invoice to the BUYER

with sufficient level of detail identifying item/material cost to the Contract. *NOTE: Not applicable for Fixed Price subcontracts.*

2. Identification/Tagging of GP

The SUBCONTRACTOR shall tag items/materials as Property of DOE or with individual item number, as indicated below:

PROPERTY TYPE	DESCRIPTION	TAG TYPE
Consumable/ Expendable	Items/materials that are consumed through use, installation or fabrication	NONE
Durable < \$10,000	Tools, equipment, etc. with individual item value < \$10,000 that are not consumed through use or lose identity when installed/incorporated (e.g., small hand tools, etc.)	“PROPERTY OF DOE – CONTRACT #”
Durable => \$10,000	Tools, equipment, etc. with individual item value = or > \$10,000 that are not consumed through use or lose identity when installed/incorporated (e.g., large tools or equipment, generators, compactors, etc.)	UNIQUE ID (PROVIDED BY BUYER)
Sensitive	Property potentially dangerous to public safety or security if stolen, lost or misplaced	UNIQUE ID (PROVIDED BY BUYER)

3. Property Record Information

The SUBCONTRACTOR shall complete and maintain Property Records for all items/materials accountable to the contract (i.e., meeting accountability thresholds identified in Attachment A of this provision). The Property Records shall contain data elements identified in FAR 52.245-1(f)(1)(iii)(A) and in Attachment B of this provision. The SUBCONTRACTOR will submit Property Records to the BUYER at completion of the contract and/or upon request of the BUYER.

4. Storage/Maintenance of GP

The SUBCONTRACTOR shall store items/materials in locked/secured areas and limit personnel directly working on Contract and maintain items/materials in accordance with BUYER direction and/or manufacturer instruction. The SUBCONTRACTOR shall track issuance of items/materials on contract Property Records when removed from storage and/or issued for use.

5. Physical Inventory

The SUBCONTRACTOR, at a frequency determined by their Property System but not to exceed one year, shall physically locate 100% of the items/materials accountable to the contract that have not been consumed or installed. The SUBCONTRACTOR shall document and submit results of physical inventory to HLMI, including any

discrepancies/losses identified during inventory, within 30 days of completion of inventory.

6. Status/Reporting to BUYER

Loss, Damage, Destruction or Theft (LDDT) – In the event of any damage, destruction, or loss to Government property in the possession or custody of the SUBCONTRACTOR, the SUBCONTRACTOR:

- a. Shall immediately inform the BUYER’s authorized procurement representative of the occasion and extent thereof and shall take all reasonable steps to protect the property remaining,
- b. Shall provide a written narrative to the BUYER containing information identified in FAR 52.245-1(f)(1)(vi)(B), and
- c. Shall repair or replace the damaged, destroyed, or lost property in accordance with the written direction of the authorized procurement representative. The SUBCONTRACTOR shall take no action prejudicial to the right of the BUYER to recover therefore, and shall furnish to the BUYER’s authorized procurement representative, on request, all reasonable assistance in obtaining recovery.

Excess or Unneeded Government Property – SUBCONTRACTOR shall notify BUYER of government property items/materials that are excess to the Contract as soon as practical and shall submit to BUYER on SF-1428, Inventory Disposal Schedule.

7. Contract Completion/Closeout

At completion of Contract work, but before final invoice payment, the SUBCONTRACTOR shall complete a Termination Inventory and update Contract Property Records, then submit Property Records and Government Property Closeout Report (A-6007-255) to BUYER for review and concurrence by BUYER Project Manager and Property Management.

- I. The SUBCONTRACTOR shall include this provision in all lower-tier Subcontracts.

ATTACHMENT A – GOVERNMENT PROPERTY ACCOUNTABILITY MATRIX

PROPERTY TYPE	DESCRIPTION	INVOICE	PROPERTY RECORDS	INVENTORY	CLOSEOUT REPORT
Consumable/ Expendable	Items/materials that are consumed through use, installation or fabrication	YES	NO	NO	NO ¹
Durable < \$500	Tools, equipment, etc. with individual item value < \$500 that are not consumed through use or lose identity when installed/incorporated (e.g., small hand tools, etc.)	YES	NO	NO	NO ¹
Durable => \$500	Tools, equipment, etc. with individual item value = or > \$500 that are not consumed through use or lose identity when installed/incorporated (e.g., large tools or equipment, generators, compactors, etc.)	YES	YES	YES	YES ²
Sensitive	Property potentially dangerous to public safety or security if stolen, lost or misplaced	YES	YES	YES	YES ²

¹ Consumable and Durable < \$500 do not require accountability at Contract closeout, but property or materials not utilized should be identified to HLMI for return/reuse determination.

² BUYER will reconcile Durable =>\$500 and Sensitive property items during Closeout process.

All Government Property, regardless of property type or value, is expected to be managed by SUBCONTRACTOR to ensure the following:

- Property/materials are acquired in accordance with contract direction and quantities to minimize overage/waste at contract completion.
- Property/materials are stored appropriately to minimize potential for loss, damage, destruction or theft and segregated from non-GP items.
- Property/materials are issued as needed and, dependent upon property type (e.g., durable property), returned to Subcontractor control between uses.

- Property/materials that are no longer needed to complete contract work are returned to BUYER as soon as practical, or issued to subsequent contracts, as directed by BUYER.

ATTACHMENT B – PROPERTY RECORD TEMPLATE/INFORMATION

Data Element	Description of Data Element/Instruction for Use
1. Description	Property records will include the Name, Part Number, Description, Manufacturer, Model Number as applicable for each type of property or material provided to or procured by the SUBCONTRACTOR. Description element may also include Serial Number, if needed to track individual items and may be one column, as shown on template, or multiple columns.
2a. Qty Rec'd	Quantity of item(s) received by SUBCONTRACTOR, either procured by SUBCONTRACTOR or provided by BUYER
2b. Qty Issued	Quantity of item(s) issued for use on Contract. This element should correspond to 9a. Posting Reference and 9b. Transaction Date elements, i.e., when items are issued, Posting Reference (Pick Ticket, etc.) and Transaction Date should be updated.
2c. Qty On-Hand	Difference between 2a. Qty Rec'd and 2b. Qty Issued. Qty On-Hand is validated and documented periodically by physical verification/count.
3. Unit Acq. Cost	Unit/item cost paid by SUBCONTRACTOR to procure item(s) or cost provided by BUYER/Gov't for Gov't Furnished Property/Materials. (Note: if acq cost not provided by BUYER for GFP, identify as "GFP").
4. Unique Item ID	Unique identifier (e.g., barcode number, serial number, equip identification number, etc.) for individual item tracking. Unique identifier should also be marked/labeled on item(s).
5. UOM	Unit of Measure (e.g., EA - each, BX - box, GAL - gallon, etc.)
6. Contract Number	BUYER Contract Number for which property/material was procured or provided
7. Location	Current Location of property/material. Location element may be subdivided as needed by SUBCONTRACTOR to ensure consistent and auditable tracking (e.g., Bldg, Room, Bay, Shelf, Bin, etc.).
8. Disposition	Description of how item(s) were used on contract or returned to BUYER (e.g., Consumed, Installed, Returned, or LDDT) ALL Disposition elements will have a Posting Reference and Transaction Date.
9a. Posting Reference	Document/Reference number of activity of property/material disposition including, but not limited to, issuance, movement, maintenance and disposition. Posting Reference can be "pick/issue" ticket number, work package number, transfer form number, etc.
9b. Transaction Date	Date of Posting Reference transaction.
10. Date Placed in Service	Date item(s) received/placed in service of Contract (i.e., initial receipt date)