

## OFFICE OF RESEARCH & COMMERCIALIZATION

<b>SUBJECT:</b> Asset Management for Federally Sponsored Contracts	<b>Effective Date:</b> January 2019	<b>Guideline Number:</b> N/A	
	<b>Supersedes:</b> August 2012	<b>Page</b> <b>1</b>	<b>Of</b> <b>7</b>
	<b>Responsible Authority:</b> Administration of Sponsored Projects		

### 1.0 Statement and Purpose

- 1.1 The purpose of this Office of Research and Commercialization (ORC) guideline is to supplement the University's Property Accountability and Inventory Control Manual and to provide direction for University employees responsible for marking, recording, and/or safeguarding Government-furnished and UCF acquired property under sponsored contracts.
- 1.2 This guideline is promulgated through the following supplemental sources:
  - (i) 2 CFR Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Government Awards (Effective December 26, 2014)
  - (ii) Federal Acquisition Regulation (FAR), Part 45 – Government Property

### 2.0 Definitions

- 2.1 Cannibalize – Removing parts from Government property for use or for installation on other Government property.
- 2.2 Contractor - Contractor means UCF.
- 2.3 Contractor-acquired property - Property acquired, fabricated, or otherwise provided by UCF for performing a contract, and to which the Government has title.
- 2.4 Contractor inventory – Contractor inventory means:
  - (i) Any property acquired by and in the possession of UCF or a UCF subcontractor under a contract for which title is vested in the Government and which exceeds the amounts needed to complete full performance under the entire contract;
  - (ii) Any property that the Government is obligated or has the option to take over under any type of contract, e.g., as a result either of any changes in the specifications or plans thereunder or of the termination of the contract (or subcontract thereunder), before completion of the work, for the convenience or at the option of the Government; and

- (iii) Government-furnished property that exceeds the amounts needed to complete full performance under the entire contract.
- 2.5 Contractor's managerial personnel - UCF's directors, officers, managers, superintendents, or equivalent representatives who have supervision or direction of—
  - (i) All or substantially all of UCF's business;
  - (ii) All or substantially all of UCF's operation at any one plant or separate location; or
  - (iii) A separate and complete major industrial operation.
- 2.6 Demilitarization - Rendering a product unusable for, and not restorable to, the purpose for which it was designed or is customarily used.
- 2.7 Discrepancies incident to shipment - Any differences (*e.g.*, count or condition) between the items documented to have been shipped and items actually received.
- 2.8 Equipment - A tangible item that is functionally complete for its intended purpose, durable, nonexpendable, and needed for the performance of a contract. Equipment is not intended for sale, and does not ordinarily lose its identity or become a component part of another article when put into use. Equipment does not include material, real property, special test equipment or special tooling.
- 2.9 Government-furnished property - Property in the possession of, or directly acquired by, the Government and subsequently furnished to UCF for performance of a contract. Government-furnished property includes, but is not limited to, spares and property furnished for repair, maintenance, overhaul, or modification. Government-furnished property also includes UCF acquired property if UCF acquired property is a deliverable under a cost contract when accepted by the Government for continued use under the contract.
- 2.10 Government property - All property owned or leased by the Government. Government property includes both Government-furnished and UCF acquired property. Government property includes material, equipment, special tooling, special test equipment, and real property. Government property does not include intellectual property and software.
- 2.11 Loss of Government Property - Unintended, unforeseen or accidental loss, damage or destruction to 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—
  - (i) Items that cannot be found after a reasonable search;

- (ii) Theft;
  - (iii) Damage resulting in unexpected harm to property requiring repair to restore the item to usable condition; or
  - (iv) Destruction resulting from incidents that render the item useless for its intended purpose or beyond economical repair.
- 2.12 Material - Property that may be consumed or expended during the performance of a contract, component parts of a higher assembly, or items that lose their individual identity through incorporation into an end item. Material does not include equipment, special tooling, special test equipment or real property.
- 2.13 Nonseverable - Property that cannot be removed after construction or installation without substantial loss of value or damage to the installed property or to the premises where installed.
- 2.14 Precious metals - Silver, gold, platinum, palladium, iridium, osmium, rhodium, and ruthenium.
- 2.15 Production scrap - unusable material resulting from production, engineering, operations and maintenance, repair, and research and development contract activities. Production scrap may have value when re-melted or reprocessed, e.g., textile and metal clippings, borings, and faulty castings and forgings.
- 2.16 Property - All tangible property, both real and personal.
- 2.17 Property Administrator - An authorized representative of the Contracting Officer appointed in accordance with agency procedures, responsible for administering the contract requirements and obligations relating to Government property in the possession of UCF.
- 2.18 Property records - The records created and maintained by UCF in support of its stewardship responsibilities for the management of Government property.
- 2.19 Provide - Furnish, as in Government-furnished property, or to acquire, as in UCF acquired property.
- 2.20 Real property - See Government Management Regulation 102-71.20 (41 CFR 102-71.20).
- 2.21 Sensitive property - Property potentially dangerous to the public safety or security if stolen, lost, or misplaced, or that shall be subject to exceptional physical security, protection, control, and accountability. Examples include weapons, ammunition, explosives, controlled substances, radioactive materials, hazardous materials or wastes, or precious metals.

2.21.1 Subrecipient – means a non-Federal entity that receives a subaward from UCF to carry out part of a sponsored program. For the purpose of this asset management guideline the term Contractor shall include subcontractors, subrecipients or sub-awardees, when applicable.

2.22 Unit acquisition cost -

- (i) For Government-furnished property, the dollar value assigned by the Government and identified in the contract; and
- (ii) For UCF acquired property, the cost derived from UCF's records that reflect consistently applied generally accepted accounting principles.

### **3.0 Acquisition of Property**

3.1 All property purchases are subject to the bid and quote limits and procedures outlined in the UCF Purchasing Manual.

3.2 All property purchases are subject to the procurement standards as outlined in 2 CFR Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Government Awards.

3.3 UCF internal controls require that ORC review purchases of equipment to ensure that the item is allowable for purchase on a Contract and Grant (C&G) number.

3.4 Prior to equipment purchases using C&G project numbers (purchases made through the Purchasing Department, the Computer Store, or Purchasing Card) or equipment fabrication, the Principal Investigator (PI) and his/her designee is requested to either:

- (i) For equipment fabrication and purchases via the Computer Store or Purchasing Card: An e-mail should be submitted to the ORC staff member assigned to the PI's college, providing the following information:
  - C&G project number
  - PI name
  - Item to be purchased (brief description)
  - PriceFor equipment fabrication, the anticipated completion date of fabrication should be included. Note, costs association with fabrications completed after the project end date will not be allowable costs to the project.
- (iii) For Equipment Requisitions: Create a requisition in the PeopleSoft purchasing module. Once the requisition is submitted, it will be routed to ORC personnel for approval as part of the workflow.

3.5 If agency approval is required, ORC will contact the PI to determine if agency contact is desired. If the property can be approved based on the award or once the agency approval is received, ORC will either send an e-mail approval including

the appropriate decal information, or ORC will add the decal information to the requisition and approve the requisition in Peoplesoft.

- 3.6 The approved decal information should become part of the requisition record so Property and Inventory Control will know which type of decal to use for the item of property the PI has purchased.
- 3.7 Any requisition without this information will be returned to the PI for correction or forwarded to ORC for the required approval or information.
- 3.8 ORC will make every effort to respond within ½ day of receipt of the PI's request.
- 3.9 Purchases made with ninety (90) days of the project end date will need an additional justification regarding the need to make an equipment purchase at the end of the project.

#### **4.0 Safeguarding and Care**

- 4.1 It is the Property Custodian's responsibility to ensure that the University's assets assigned to them are adequately protected against loss, damage or theft. This includes:
  - (i) Locking equipment (including attractive items) in secured locations.
  - (ii) Perform adequate maintenance and upkeep of equipment.
  - (iii) Training staff on procedures for properly handling equipment (i.e. moving, transferring and cannibalizing equipment).
  - (iv) Locking doors when rooms are not in use.
  - (v) Not letting equipment sit idle for extended periods of time.
  - (vi) Storing equipment in environmentally suitable locations to prevent corrosion, contamination and damage of sensitive parts.
- 4.2 Cannibalizing equipment must not be done without prior authorization from the University's Property Board. Property decaled to a sponsored project will also need ORC prior authorization from ORC.

#### **5.0 Property Management**

- 5.1 As described in the Property Accountability and Inventory Control manual, UCF maintains a system of internal controls to manage (control, use, preserve, protect, repair and maintain) UCF property as well as Government property in its possession. ORC will disclose any significant changes to its property management system to the Property Administrator prior to implementation of the changes or as soon as changes are known to ORC. UCF employs customary commercial practices, voluntary consensus standards, or industry-leading practices and standards that provide effective and efficient Government property management

necessary and appropriate for the performance of sponsored contracts (except where inconsistent with law or regulation).

- 5.2 UCF's responsibility extends from the initial acquisition and receipt of property, through stewardship, custody, and use until formally relieved of responsibility by authorized means, including delivery, consumption, expending, sale (as surplus property), or other disposition, or via a completed investigation, evaluation, and final determination for lost property. This requirement applies to all Government property under UCF's accountability, stewardship, possession or control, including its vendors or subcontractors.
- 5.3 UCF will include FAR 52.245-1 requirements in all subcontracts under which Government property is acquired or furnished for subcontract performance.
- 5.4 ORC assesses UCF's property management system effectiveness by performing periodic internal reviews, surveillances, self-assessments, or audits. Significant findings or results of such reviews and audits pertaining to Government property are made available to UCF's Government Property Administrator.

## **6.0 Use of Government property.**

- 6.1 UCF will use Government property, either furnished or acquired under Government sponsored contracts, only for performing the contracts, unless otherwise provided for in the contract or approved by the Contracting Officer.
- 6.2 Modifications or alterations of Government property are prohibited, unless they are—
  - (i) Reasonable and necessary due to the scope of work under this contract or its terms and conditions;
  - (ii) Required for normal maintenance; or
  - (iii) Otherwise authorized by the Contracting Officer.
- 6.3 UCF will not cannibalize Government property unless otherwise provided for in the sponsored contract or approved by the Contracting Officer.

## **7.0 Government-furnished property.**

- 7.1 When the Government delivers to UCF Government-furnished property described in a sponsored contract, the Government shall furnish related data and information needed for the intended use of the property. The warranties of suitability of use and timely delivery of Government-furnished property do not apply to property acquired or fabricated by UCF as UCF acquired property and subsequently transferred to another contract with awarded to UCF.

- 7.2 The delivery and/or performance dates specified in Government sponsored contracts are based upon the expectation that the Government-furnished property will be suitable for contract performance and will be delivered to UCF by the dates stated in the contract.
- (i) If the property is not delivered to UCF by the dates stated in the contract, the Contracting Officer shall, upon UCF's timely written request, consider an equitable adjustment to the contract.
  - (ii) In the event property is received by UCF, or for Government-furnished property after receipt and installation, in a condition not suitable for its intended use, the Contracting Officer shall, upon UCF's timely written request, advise UCF on a course of action to remedy the problem. Such action may include repairing, replacing, modifying, returning, or otherwise disposing of the property at the Government's expense. Upon completion of the required action(s), the Contracting Officer shall consider an equitable adjustment to the contract.
  - (iii) The Government may, at its option, furnish property in an "as-is" condition. UCF will be given the opportunity to inspect such property prior to the property being provided. In such cases, the Government makes no warranty with respect to the serviceability and/or suitability of the property for contract performance. Any repairs, replacement, and/or refurbishment shall be at UCF's expense.
- 7.3 The Contracting Officer may by written notice, at any time—
- (i) Increase or decrease the amount of Government-furnished property under a contract;
  - (ii) Substitute other Government-furnished property for the property previously furnished, to be furnished, or to be acquired by UCF for the Government under the contract; or
  - (vii) Withdraw authority to use property.
- 7.4 Upon completion of any action(s) under paragraph 6.1-6.3 above, and UCF's timely written request, the Contracting Officer shall consider an equitable adjustment to the contract.

## **8.0 Title to Government property.**

- 8.1 All Government-furnished property and all property acquired by UCF, title to which vests in the Government (collectively referred to as "Government property"), the Government shall retain title to all Government-furnished property. Title to Government property shall not be affected by its incorporation

into or attachment to any property not owned by the Government, nor shall Government property become a fixture or lose its identity as personal property by being attached to any real property.

- 8.2 Title vests in the Government for all property acquired or fabricated by UCF in accordance with the financing provisions or other specific requirements for passage of title in the contract. Under fixed price type contracts, in the absence of financing provisions or other specific requirements for passage of title in the contract, UCF retains title to all property acquired by UCF for use on the contract, except for property identified as a deliverable end item. If a deliverable item is to be retained by UCF for use after inspection and acceptance by the Government, it shall be made accountable to the contract through a contract modification listing the item as Government-furnished property.
- 8.3 Title to property (and other tangible personal property) purchased with funds available for research and having a unit acquisition cost of less than \$5,000 shall vest in UCF upon acquisition or as soon thereafter as feasible; provided that ORC obtained the Contracting Officer's approval before each acquisition. Title to property purchased with funds available for research and having a unit acquisition cost of \$5,000 or more shall vest as set forth in this contract. If title to property vests in UCF under this paragraph, UCF agrees that no costs shall be allowed for any depreciation, amortization, or use under any existing or future Government contract or subcontract thereunder. ORC shall furnish the Contracting Officer a list of all property to which title is vested in UCF under this paragraph within 10 days following the end of the calendar quarter during which it was received. Vesting title under this paragraph is subject to civil rights legislation, 42 U.S.C. 2000d. Before title is vested and by signing a sponsored contract, UCF accepts and agrees that—

“No person in the United States or its outlying areas shall, on the ground of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under this contemplated financial assistance (title to property).”

## **9.0 UCF Plans and Systems.**

- 9.1 UCF has an established property management plan, system, and procedures to enable the following outcomes:
- 9.2 Acquisition of Property. UCF documents all property acquired consistent with its engineering, production planning, and property control operations.
- 9.3 Receipt of Government Property. When UCF receives Government property and receipt is documented, a decal will be assigned to the property to meet the record requirements of the Government, identify the item as Government owned in a



manner appropriate to the type of property (*e.g.*, stamp, tag, mark, or other identification), and manage any discrepancies incident to shipment.

- (i) Government-furnished property. ORC shall furnish a written statement to the Property Administrator containing all relevant facts, such as cause or condition and a recommended course(s) of action, if overages, shortages, or damages and/or other discrepancies are discovered upon receipt of Government-furnished property.
- (ii) UCF acquired property. UCF shall take all actions necessary to adjust for overages, shortages, damage and/or other discrepancies discovered upon receipt, in shipment of UCF acquired property from a vendor or supplier, to ensure the proper allocability and allowability of associated costs.

9.4 Records of Government property. UCF shall create and maintain records of all Government property accountable to the contract, including Government-furnished and UCF acquired property.

- (i) Property records shall enable a complete, current, auditable record of all transactions and shall, unless otherwise approved by the Property Administrator, contain the following:
  - (1) The name, part number and description, National Stock Number (if needed for additional item identification tracking and/or disposition) and other data elements as necessary and required in accordance with the terms and conditions of the contract.
  - (2) Quantity received (or fabricated), issued, and balance-on-hand.
  - (3) Unit acquisition cost.
  - (4) Unique-item identifier or equivalent (if available and necessary for individual item tracking).
  - (5) Unit of measure.
  - (6) Accountable contract number or equivalent code designation.
  - (7) Location.
  - (8) Disposition.
  - (9) Posting reference and date of transaction.
  - (10) Date placed in service (if required in accordance with the terms and conditions of the contract).

- (ii) Use of a Receipt and Issue System for Government Material. When approved by the Property Administrator, UCF may maintain, in lieu of formal property records, a file of appropriately cross-referenced documents evidencing receipt, issue, and use of material that is issued for immediate consumption.
- 9.5 Physical inventory. As defined in the Property Accountability and Inventory Control manual, annually UCF performs, records, and discloses physical inventory results. A final physical inventory shall be performed upon contract completion or termination.
- 9.6 Subcontractor control.
  - (i) UCF shall award subcontracts that clearly identify items to be provided and the extent of any restrictions or limitations on their use. UCF shall ensure appropriate flow down of contract terms and conditions (e.g., extent of liability for loss of Government property).
  - (ii) UCF shall assure its subcontracts are properly administered and reviews are periodically performed to determine the adequacy of the subcontractor's property management system.
- 9.7 Reports. ORC creates and provides reports of discrepancies, loss of Government property, physical inventory results, audits and self-assessments, corrective actions, and other property related reports as directed by the Contracting Officer.
- 9.8 Relief of stewardship responsibility and liability. UCF maintains a process to enable the prompt recognition, investigation, disclosure and reporting of loss of its own property and Government property, including losses that occur at a subcontractor or alternate site locations.
  - (i) This process shall include the corrective actions necessary to prevent recurrence.
  - (ii) Unless otherwise directed by the Property Administrator, UCF shall investigate and report to the Government all incidents of property loss as soon as the facts become known. Such reports shall, at a minimum, contain the following information:
    - (1) Date of incident (if known).
    - (2) Quantity.
    - (3) Accountable contract number.
    - (4) A statement indicating current or future need.

(5) Unit acquisition cost, or if applicable, estimated sales proceeds, estimated repair or replacement costs.

(6) All known interests in commingled material of which includes Government material.

(7) Cause and corrective action taken or to be taken to prevent recurrence.

(8) A statement that the Government will receive compensation covering the loss of Government property, in the event UCF was or will be reimbursed or compensated.

(9) Copies of all supporting documentation.

(10) Last known location.

(11) A statement that the property did or did not contain sensitive, export controlled, hazardous, or toxic material, and that the appropriate agencies and authorities were notified.

(iii) Unless the contract provides otherwise, UCF shall be relieved of stewardship responsibility and liability for property when—

(1) Such property is consumed or expended, reasonably and properly, or otherwise accounted for, in the performance of the contract, including reasonable inventory adjustments of material as determined by the Property Administrator;

(2) Property Administrator grants relief of responsibility and liability for loss of Government property;

(3) Property is delivered or shipped from UCF's plant, under Government instructions, except when shipment is to a subcontractor or other location of UCF; or

(4) Property is disposed of in accordance with FAR 52.245-1.

#### 9.9 Utilizing Government property.

(i) UCF shall utilize, consume, move, and store Government Property only as authorized under the sponsored contract. UCF shall promptly disclose and report Government property in its possession that is excess to contract performance.

- (ii) Unless otherwise authorized in the sponsored contract or by the Property Administrator UCF shall not commingle Government material with material not owned by the Government.
- 9.10 Maintenance. UCF shall properly maintain Government property. UCF's maintenance program shall enable the identification, disclosure, and performance of normal and routine preventative maintenance and repair. UCF shall disclose and report to the Property Administrator the need for replacement and/or capital rehabilitation.
- 9.11 Property closeout. ORC shall promptly perform and report to the Property Administrator contract property closeout, to include reporting, investigating and securing closure of all loss of Government property cases; physically inventorying all property upon termination or completion of this contract; and disposing of items at the time they are determined to be excess to contractual needs.
- 9.12 UCF shall establish and maintain Government accounting source data, as may be required by this contract, particularly in the areas of recognition of acquisitions, loss of Government property, and disposition of material and equipment.

## **10.0 Systems analysis.**

- 10.1 The Government shall have access to UCF's premises and all Government property, at reasonable times, for the purposes of reviewing, inspecting and evaluating UCF's property management plan(s), systems, procedures, records, and supporting documentation that pertains to Government property. This access includes all site locations and, with UCF's consent, all subcontractor premises.
- 10.2 Records of Government property shall be readily available to authorized Government personnel and shall be appropriately safeguarded.
- 10.3 Should it be determined by the Government that UCF's (or subcontractor's) property management practices are inadequate or not acceptable for the effective management and control of Government property under this contract, or present an undue risk to the Government, UCF shall prepare a corrective action plan when requested by the Property Administer and take all necessary corrective actions as specified by the schedule within the corrective action plan.
- 10.4 UCF shall ensure Government access to subcontractor premises, and all Government property located at subcontractor premises, for the purposes of reviewing, inspecting and evaluating the subcontractor's property management plan, systems, procedures, records, and supporting documentation that pertains to Government property.

## **11.0 UCF Liability for Government Property.**

- 11.1 Unless otherwise provided for in the contract, UCF shall not be liable for loss of Government property furnished or acquired under this contract, except when any one of the following applies—
- (i) The risk is covered by insurance or UCF is otherwise reimbursed (to the extent of such insurance or reimbursement).
  - (ii) Loss of Government property that is the result of willful misconduct or lack of good faith on the part of UCF's managerial personnel.
  - (iii) The Contracting Officer has, in writing, revoked the Government's assumption of risk for loss of Government property due to a determination under paragraph (g) of this clause that UCF's property management practices are inadequate, and/or present an undue risk to the Government, and UCF failed to take timely corrective action. If UCF can establish by clear and convincing evidence that the loss of Government property occurred while UCF had adequate property management practices or the loss did not result from UCF's failure to maintain adequate property management practices, UCF shall not be held liable.
- 11.2 UCF shall take all reasonable actions necessary to protect the property from further loss. UCF shall separate the damaged and undamaged property, place all the affected property in the best possible order, and take such other action as the Property Administrator directs.
- 11.3 UCF shall do nothing to prejudice the Government's rights to recover against third parties for any loss of Government property.
- 11.4 UCF shall reimburse the Government for loss of Government property, to the extent that UCF is financially liable for such loss, as directed by the Contracting Officer.
- 11.5 Upon the request of the Contracting Officer, UCF shall, at the Government's expense, furnish to the Government all reasonable assistance and cooperation, including the prosecution of suit and the execution of instruments of assignment in favor of the Government in obtaining recovery.

## **12.0 Equitable adjustment.**

The Government shall not be liable for breach of contract for the following:

- (i) Any delay in delivery of Government-furnished property.
- (ii) Delivery of Government-furnished property in a condition not suitable for its intended use.
- (iii) An increase, decrease, or substitution of Government-furnished property.

- (iv) Failure to repair or replace Government property for which the Government is responsible.

### **13.0 UCF inventory disposal.**

Except as otherwise provided for in this contract, UCF shall not dispose of UCF inventory until authorized to do so by the Plant Clearance Officer or authorizing official.

#### **13.1 Predisposal requirements.**

- (i) If UCF determines that the property has the potential to fulfill requirements under other contracts, UCF, in consultation with ORC, shall request that the Contracting Officer transfer the property to the contract in question, or provide authorization for use, as appropriate.
- (ii) For any remaining UCF acquired property, UCF may purchase the property at the unit acquisition cost if desired or make reasonable efforts to return unused property to the appropriate supplier at fair market value (less, if applicable, a reasonable restocking fee that is consistent with the supplier's customary practices.)

#### **13.2 Inventory disposal schedules.**

- (i) Absent separate contract terms and conditions for property disposition, and provided the property was not reutilized, transferred, or otherwise disposed of, ORC, as directed by the Plant Clearance Officer or authorizing official, shall use Standard Form 1428, Inventory Disposal Schedule or electronic equivalent, to identify and report—
  - (1) Government-furnished property that is no longer required for performance of this contract;
  - (2) UCF acquired property, to which the Government has obtained title under paragraph (e) of this clause, which is no longer required for performance of that contract; and
  - (3) Termination inventory.
- (ii) UCF may annotate inventory disposal schedules to identify property UCF wishes to purchase from the Government, in the event that the property is offered for sale.
- (iii) Separate inventory disposal schedules are required for aircraft in any condition, flight safety critical aircraft parts, and other items as directed by the Plant Clearance Officer

- (iv) UCF shall provide the information required by FAR 52.245-1 along with the following:
  - (1) Any additional; information that may facilitate understanding of the property's intended use.
  - (2) For work-in-progress, the estimated percentage of completion.
  - (3) For precious metals in raw or bulk form, the type of metal and estimated weight.
  - (4) For hazardous material or property contaminated with hazardous material, the type of hazardous material.
  - (5) For metals in mill product form, the form, shape, treatment, hardness, temper, specification (commercial or Government) and dimensions (thickness, width and length).
- (v) Property with the same description, condition code, and reporting location may be grouped in a single line item.
- (vi) Scrap should be reported by "lot" along with metal content, estimated weight and estimated value.

### 13.3 Submission requirements.

- (i) ORC shall submit inventory disposal schedules to the Plant Clearance Officer no later than—
  - (1) 30 days following UCF's determination that a property item is no longer required for performance of this contract;
  - (2) 60 days, or such longer period as may be approved by the Plant Clearance Officer, following completion of contract deliveries or performance; or
  - (3) 120 days, or such longer period as may be approved by the Termination Contracting Officer, following contract termination in whole or in part.
- (ii) Unless the Plant Clearance Officer determines otherwise, UCF need not identify or report production scrap on inventory disposal schedules, and may process and dispose of production scrap in accordance with its own internal scrap procedures. The processing and disposal of other types of Government-owned scrap will be conducted in accordance with the terms

and conditions of the contract or Plant Clearance Officer direction, as appropriate.

13.4 Corrections. The Plant Clearance Officer may—

- (i) Reject a schedule for cause (*e.g.*, contains errors, determined to be inaccurate); and
- (ii) Require UCF to correct an inventory disposal schedule.

13.5 Postsubmission adjustments. UCF shall notify the Plant Clearance Officer at least 10 working days in advance of its intent to remove an item from an approved inventory disposal schedule. Upon approval of the Plant Clearance Officer, or upon expiration of the notice period, UCF may make the necessary adjustments to the inventory schedule.

13.6 Storage.

- (i) UCF shall store the property identified on an inventory disposal schedule pending receipt of disposal instructions. The Government's failure to furnish disposal instructions within 120 days following acceptance of an inventory disposal schedule may entitle UCF to an equitable adjustment for costs incurred to store such property on or after the 121st day.
- (ii) UCF shall obtain the Plant Clearance Officer's approval to remove property from the premises where the property is currently located prior to receipt of final disposition instructions. If approval is granted, any costs incurred by UCF to transport or store the property shall not increase the price or fee of any Government contract. The storage area shall be appropriate for assuring the property's physical safety and suitability for use. Approval does not relieve UCF of any liability for such property under this contract.

13.7 Disposition instructions.

- (i) UCF shall prepare for shipment, deliver f.o.b. origin, or dispose of UCF inventory as directed by the Plant Clearance Officer. Unless otherwise directed by the Contracting Officer or by the Plant Clearance Officer, UCF shall remove and destroy any markings identifying the property as U.S. Government-owned property prior to its disposal.
- (ii) The Contracting Officer may require UCF to demilitarize the property prior to shipment or disposal. In such cases, UCF may be entitled to an equitable adjustment under paragraph (i) of this clause.



- 13.8 Disposal proceeds. As directed by the Contracting Officer, UCF shall credit the net proceeds from the disposal of UCF inventory to the contract, or to the Treasury of the United States as miscellaneous receipts.
- 13.9 Subcontractor inventory disposal schedules. ORC shall require its Subcontractors to submit inventory disposal schedules to ORC.

#### **14.0 Abandonment of Government property.**

- 14.1 The Government shall not abandon sensitive property or termination inventory without UCF's written consent.
- 14.2 The Government, upon notice to UCF, may abandon any nonsensitive property in place, at which time all obligations of the Government regarding such property shall cease.
- 14.3 Absent contract terms and conditions to the contrary, the Government may abandon parts removed and replaced from property as a result of normal maintenance actions, or removed from property as a result of the repair, maintenance, overhaul, or modification process.
- 14.4 The Government has no obligation to restore or rehabilitate UCF's premises under any circumstances; however, if Government-furnished property is withdrawn or is unsuitable for the intended use, or if other Government property is substituted, then the equitable adjustment under paragraph (i) of this clause may properly include restoration or rehabilitation costs.

#### **15.0 Communication.**

All communications under this clause shall be in writing.

#### **16.0 Contracts outside the United States.**

If this contract is to be performed outside of the United States and its outlying areas, the words "Government" and "Government-furnished" (wherever they appear in this clause) shall be construed as "United States Government" and "United States Government-furnished," respectively.