



ACQUISITION
AND SUSTAINMENT

OFFICE OF THE UNDER SECRETARY OF DEFENSE

3000 DEFENSE PENTAGON
WASHINGTON, DC 20301-3000

In reply refer to
DARS Tracking Number: 2020-O0004

MEMORANDUM FOR COMMANDER, UNITED STATES CYBER
COMMAND (ATTN: ACQUISITION EXECUTIVE)
COMMANDER, UNITED STATES SPECIAL OPERATIONS
COMMAND (ATTN: ACQUISITION EXECUTIVE)
COMMANDER, UNITED STATES TRANSPORTATION
COMMAND (ATTN: ACQUISITION EXECUTIVE)
DEPUTY ASSISTANT SECRETARY OF THE ARMY
(PROCUREMENT)
DEPUTY ASSISTANT SECRETARY OF THE NAVY
(PROCUREMENT)
DEPUTY ASSISTANT SECRETARY OF THE AIR FORCE
(CONTRACTING)
DIRECTORS, DEFENSE AGENCIES
DIRECTORS, DEFENSE FIELD ACTIVITIES

SUBJECT: Class Deviation—Reporting Loss of Government Property

Effective immediately, for solicitations and contracts that include the clause at FAR 52.245-1, Government Property, DoD contracting officers shall use the text and clause provided in the attachment in lieu of the text at DFARS 245.102(5) and clause at DFARS 252.245-7002, Reporting Loss of Government Property.

The clause provided in the attachment requires contractors to report the loss of Government property in the Government-Furnished Property (GFP) Module of the Procurement Integrated Enterprise Environment, in lieu of the Defense Contract Management Agency (DCMA) eTool software application. Losses previously reported in the DMCA eTool will be processed to completion and will not be transferred into the GFP Module.

This class deviation remains in effect until incorporated in the DFARS or otherwise rescinded. My point of contact is Ms. Carol Vigna, who may be reached at 703-697-4373 or carol.a.vigna.civ@mail.mil.

Kim Herrington
Acting Principal Director, Defense
Pricing and Contracting

Attachment:
As stated

245.102 Policy. (DEVIATION 2020-O0004)

(5) *Reporting loss of Government property.* The Property Loss Function in the Government Furnished Property (GFP) Module of the Procurement Integrated Enterprise Environment (PIEE) is the DoD data repository for reporting loss of Government property in the possession of contractors. The requirements and procedures for reporting loss of Government property to the GFP Module are set forth in the clause at 252.245-7002, Reporting Loss of Government Property (DEVIATION 2020-O0004).

252.245-7002 Reporting Loss of Government Property (DEVIATION 2020-O0004).

Use the following clause in lieu of the clause at 252.245-7002, Reporting Loss of Government Property, in solicitations and contracts that contain the clause at FAR 52.245-1, Government Property:

REPORTING LOSS OF GOVERNMENT PROPERTY (DEVIATION 2020-O0004)
(FEB 2020)

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

“Government property” is defined in the clause at FAR 52.245-1, Government Property.

“Loss of Government property” means unintended, unforeseen, or accidental loss, damage, or destruction of 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—

- (1) Items that cannot be found after a reasonable search;
- (2) Theft;
- (3) Damage resulting in unexpected harm to property requiring repair to restore the item to usable condition; or
- (4) Destruction resulting from incidents that render the item useless for its intended purpose or beyond economical repair.

“Unit acquisition cost” means—

- (1) For Government-furnished property, the dollar value assigned by the Government and identified in the contract; and

(2) For Contractor-acquired property, the cost derived from the Contractor's records that reflect consistently applied, generally acceptable accounting principles.

(b) *Reporting loss of Government property.*

(1) The Contractor shall use the Property Loss Function in the Government Furnished Property (GFP) Module of the Procurement Integrated Enterprise Environment (PIEE) for reporting loss of Government property. Reporting value shall be at unit acquisition cost. Current PIEE users can access the GFP Module by logging into their account. New users may register for access and obtain training on the PIEE home page <https://wawf.eb.mil/piee-landing>.

(2) Unless otherwise provided for in this contract, the requirements of paragraph (b)(1) of this clause do not apply to normal and reasonable inventory adjustments, i.e., losses of low-risk consumable material such as common hardware, as agreed to by the Contractor and the Government Property Administrator. Such losses are typically a product of normal process variation. The Contractor shall ensure that its property management system provides adequate management control measures, e.g., statistical process controls, as a means of managing such variation.

(3) The Contractor shall report losses of Government property outside normal process variation, e.g., losses due to—

- (i) Theft;
- (ii) Inadequate storage;
- (iii) Lack of physical security; or
- (iv) "Acts of God."

(4) This reporting requirement does not change any liability provisions or other reporting requirements that may exist under this contract.

(End of clause)