

## 1245.511

- (1) Land and rights therein;
  - (2) Other real property;
  - (3) Plant equipment;
  - (4) Special test equipment; agency peculiar property; and
  - (5) Special tooling; and
- (c) An itemized listing of the property lost, damaged, destroyed, or stolen, the circumstances surrounding each incident, and the resolution of the incident.

### 1245.511 Audit of property control system.

(a) The property administrator (or other Government official authorized by the contracting officer) shall audit the contractor's property control system whenever there are indications that the contractor's property control system may be deficient. Examples of deficiencies are:

- (1) Failure of the contractor to acknowledge receipt of Government-furnished property;
- (2) Failure of the contractor to submit the annual property reports required by (TAR) 48 CFR 1245.505-14;
- (3) Failure of the contractor to reconcile its physical inventory with its property control record; or
- (4) Failure of the contractor to submit a Government property listing when requested by the property administrator.

(b) When it is determined that the contractor's property control system is deficient, the property administrator, in coordination with the contracting officer, shall discuss the deficiencies with the contractor. If the contractor does not take action to correct the deficiencies, the contracting officer shall provide the contractor with a written notice of the deficiencies and the date all deficiencies must be corrected.

## PART 1246—QUALITY ASSURANCE

### Subpart 1246.1—General

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### Subpart 1246.1—General

#### 1246.101 Definitions.

##### 1246.101-70 Additional definitions.

*At no additional cost to the Government* means at no increase in price for firm-fixed-price contracts, at no increase in target or ceiling price for fixed price incentive contracts (see (FAR) 48 CFR 46.707), or at no increase in estimated cost or fee for cost-reimbursement contracts.

*Defect* means any condition or characteristic in any supplies or services furnished by the contractor under the contract that is not in compliance with the requirements of the contract.

*Major acquisition* means an acquisition or project as defined by TAM Chapter 1234, Major System Acquisition.

*Performance requirements* means the operating capabilities, maintenance, and reliability characteristics of a system that are determined to be necessary for it to fulfill the requirement for which the system is designed.

### Subpart 1246.7—Warranties

#### 1246.705 Limitations.

(a) The following restrictions are applicable to DOT contracts:

(1) The contractor shall not be required to honor the warranty on any property furnished by the Government except for:

- (i) Defects in installation; and
- (ii) Installation or modification in such a manner that invalidates a warranty provided by the manufacturer of the property.

(2) Any warranty obtained shall specifically exclude coverage of damage in time of war (combat damage) or national emergency.

(3) Contracting officers shall not include in a warranty clause any terms that require the contractor to incur liability for loss, damage, or injury to third parties.

(b) [Reserved]