GOVERNMENT PROPERTY MANAGEMENT PLAN

Synectic Solutions, Inc.
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GOVERNMENT PROPERTY MANAGEMENT PLAN

SCOPE

This Government Property Management Plan applies to Government Furnished Property (“GFP”) acquired under any contract or subcontract (“Contract”) that includes a property clause under FAR 52.245-1, and shall be used in conjunction with Synectic Solutions, Inc. (“SSI”) Procedure CNTS-2, Government Property Control, contained in the SSI Policies and Procedures Manual and attached hereto as Appendix 1.

SSI will manage (control, use, report as required, preserve, protect, repair and maintain) all GFP in its possession and will initiate and maintain the processes, systems, procedures, records, and methodologies necessary for effective control of GFP, consistent with voluntary consensus standards and/or industry-leading practices and standards for GFP management except where inconsistent with law or regulation. During the period of performance, SSI will disclose any significant changes to this Property Management Plan to the appropriate Contracting Agency (“Government”) prior to implementation. If SSI is a subcontractor to a prime contractor, then the disclosure will be made to the prime contractor (“Prime”).

SSI’s responsibility extends from the initial acquisition and receipt of GFP, 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, stolen, damaged, or destroyed property, and applies to all GFP under SSI’s accountability, stewardship, possession or control, including its vendors or subcontractors.

Throughout this Plan, reporting and notification will be understood to be to the Government when SSI is the prime contractor, and to the Prime when SSI is a subcontractor.

USE OF GOVERNMENT PROPERTY

SSI will use GFP, either furnished or acquired under the Contract, only for performing the Contract, unless otherwise provided for in the Contract or approved by the Government or Prime.

MANAGEMENT AND ACQUISITION

Under SSI’s property management system, the Director of Contracts (DOC) oversees purchasing, receiving and stores, inventory control, and surplus property functions in accordance with the requirements of FAR 52.245-1 and any additional, applicable contractual and/or legal requirements. The DOC works with the Facility Security Officer (FSO) and SSI Corporate Management staff to enable the following outcomes:

SSI will document that all GFP was acquired consistent with its property control operations and Company Procedure CNTS-2.
SSI will receive GFP, document such receipt, record information as defined below, identify the property as Government owned, and manage any discrepancies incident to shipment.

SSI will notify the Government or Prime when it receives GFP and will provide to the Government or Prime necessary invoices, form DD-1149, or other documents on how the GFP was acquired. SSI will track all GFP through its Government Property Control System and provide inventory reports to the Government or Prime as described below.

If overages, shortages, or damages and/or other discrepancies are discovered upon receipt of GFP, SSI will provide a written statement to the Government or Prime containing all relevant facts, such as cause or condition and a recommended course(s) of action.

For contractor-acquired property, SSI will take all actions necessary to adjust for overages, shortages, damage and/or other discrepancies discovered upon receipt from a vendor or supplier so as to ensure the proper allocability and allowability of associated costs, and will notify the Government or Prime when such actions impact costs or schedules.

**RECORDS AND REPORTS**

SSI will create and maintain records of all GFP and contractor-acquired property accountable to the Contract. Property records will enable a complete, current, auditable record of all transactions and will contain the following:

1. The name, part number and description, manufacturer, model number, and National Stock Number (if applicable).
2. Quantity received (or fabricated), issued, and balance-on-hand.
3. Unit acquisition cost.
4. Unique-item identifier (if available).
5. Unit of Measure.
7. Location.
8. Disposition.
10. Date placed in service.

SSI will perform an annual physical inventory of property for which it is accountable to the Government and will report such inventories to the Agency or Prime. Inventories will be performed more frequently if required by the Agency.
SSI will investigate and report all incidents of loss, damage, destruction, or theft (LDDT) of GFP to the Government or Prime. Such reports will include, in accordance with FAR 52.245-1:

(1) Date of incident (if known).

(2) The name, commercial description, manufacturer, model number, and National Stock Number (if applicable).

(3) Quantity.

(4) Unique-item Identifier (if available).

(5) Accountable Contract number.

(6) A statement indicating current or future need.

(7) Acquisition cost, or if applicable, estimated scrap proceeds, estimated repair or replacement costs.

(8) All known interests in commingled property of which the Government property is a part.

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

(10) A statement that the Government will receive any reimbursement covering the loss, theft, damage or destruction in the event the Contractor was or will be reimbursed or compensated.

(11) Copies of all supporting documentation.

(12) Last known location.

(13) A statement that the property did or did not contain sensitive or hazardous material, and if so, that the appropriate agencies were notified.

**UTILIZATION**

SSI will utilize, consume, move, and store GFP only as authorized under the Contract. SSI will promptly disclose and report GFP in its possession that is excess to Contract performance.

**MAINTENANCE**

SSI will properly maintain GFP and will verify the performance of calibration and routine preventative maintenance and repair at each physical inventory. SSI will disclose and report to the Government or Prime the need for replacement.

**CLOSEOUT**
SSI will promptly perform and report to the Government or Prime property closeout, consistent with contract terms and to include reporting, investigating and securing closure of all loss, theft, damage or destruction cases; physically inventorining all property upon termination or completion of the Contract; and disposing of items at the time they are determined to be excess to contractual needs.

**SUBCONTRACTOR CONTROL**

If SSI issues a subcontract under the Contract and provides to the subcontractor property for which SSI is accountable to the Government, the requirements of this Government Property Management Plan shall flow down to the subcontractor, with all reporting to be made through SSI to the Government or Prime. SSI will ensure its subcontracts are properly administered and reviews will be periodically performed to determine the adequacy of the subcontractor's property management system.

**AUDIT AND SELF-ASSESSMENT**

SSI’s Purchasing System is operated by the DOC and FSO and periodically audited as part of the ISO 9001 certification process by an independent agency. SSI’s Government Property Control System and Receiving & Stores and Inventory Control & Surplus Property functions are audited periodically by the SSI Management team. Significant findings and/or results of such reviews and audits pertaining to Government property shall be made available to the Government or Prime.

**ACCESS BY GOVERNMENT**

SSI will provide access to the Government or Prime, at reasonable times, to SSI facilities and all GFP for the purposes of reviewing, inspecting and evaluating SSI's property management plan(s), systems, procedures, records, and supporting documentation that pertains to GFP. Records of GFP shall be readily available to authorized Government and Prime personnel and shall be appropriately safeguarded.
## Appendix 1

CNTS - 1 Government Property Control

### Procedure Approval

<table>
<thead>
<tr>
<th>Process Owner</th>
<th>Title</th>
<th>Date</th>
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<tr>
<td>DoC</td>
<td>CNTS – 2 Government Property Control</td>
<td>10/31/04</td>
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### Procedure Revision History

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<th>Date</th>
<th>Initiated By</th>
<th>Description</th>
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<td>V1</td>
<td>10/31/04</td>
<td>L. Dines</td>
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<tr>
<td>V2</td>
<td>1/1/09</td>
<td>E. Leonard</td>
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1 Purpose

The purpose of this Policy and Procedure is to provide guidance in the acquisition, storage, control and disposition of government property located at Company facilities.

2 General

The Company may acquire government property through contract charges, subcontract charges, and transfer of government furnished equipment.

Government property control is administered with Corporate oversight.

Each Program Manager is responsible for implementing the controls for government property stated herein.

Copies of all reports pertaining to government property control shall be forwarded to the Director of Contracts.

Questions regarding the interpretation of the Company policy on Government Property Control shall be addressed to the Director of Contracts.

3 Procedures

3.1 Acquisition

Government-owned property is either furnished or acquired.

3.2 Receiving

3.2.1 Verification of receipt is accomplished by checking description of items and quantity. Evidence of receipt will be so indicated on a packing slip or invoice accompanying the delivery with a check by each item received. The employee who receives the merchandise will sign the receiving document (DD 250) to show evidence of receipt and send the document to the Director of Contracts, who will check the document against any purchase order available, and against the invoice before payment. All subcontractor invoices will be approved by the cognizant Program Manager and Director of Contracts before payment is made.

3.3 Utilization

Government owned property will be utilized only for the purposes authorized in the contract. Use on other Government contracts requires the approval of the Contracting Officer who controls the property. Use for private purposes or commercial contracts is strictly forbidden.

3.4 Maintenance

Government-owned property will be maintained with the amount of care necessary to obtain high quality production and the most useful life of the equipment.
3.5 Physical Inventories

3.5.1 A physical inventory of Government-owned property shall be performed annually prior to the end of the contract year and again at the completion of the contract. Inventories will be conducted in accordance with FAR Part 45.500. It is the responsibility of the Program Manager to ensure that the inventory is performed and the results and copies of annual inventories are furnished to the Director of Contracts within 30 days of the completion of the inventory.

3.5.2 Property shall be tagged with identification labels that clearly state “Government Property.” When tagging property is not feasible, an alternate method of identification, acceptable to the authorized property representative of the Contracting Officer, will be sought.

3.5.3 Property will be segregated by contract and by type of government property as defined in FAR 45.500.

3.6 Lost, Damaged, and Destroyed Property

The Program Manager shall investigate and report to the Director of Contracts, in writing within 30 days, all cases of loss, damage, destruction or excessive consumption of government property in its possession or control as soon as the factors become known, or when requested.

3.7 Subcontract Control

The Director of Contracts shall ensure that government-owned property that is to be furnished to a subcontractor is controlled in accordance with FAR 45.500.

3.8 Disposition

The Program Manager shall ensure that government-owned property is disposed of in accordance with instructions provided by the Contracting Officer. The authorized property representative of the Contracting Officer will be notified, in writing, of final disposition on completed contracts.

The Director of Contracts shall furnish results of the inventories to the authorized property representative of the Contracting Officer. (See FAR 45.508-2.)

3.9 Reports

In addition to the yearly Department inventory, the Program Manager shall provide the Director of Contracts with a completed “DOD Property in the Custody of Contractors” form (DD Form 1662, attached). This report will detail, by contract, the total dollar amount of Government property on hand. Subcontractor and alternate sites shall also be included.

3.10 Disposition
3.10.1 Redistribution and disposal of Government property will be accomplished under provision of FAR 45.6. Actions to remove accountability of Government property from the accountability of the Company and the assigned contract will be a coordinated effort by the Director of Contracts.

3.10.2 The contracting agency may exercise its rights to require delivery of any Government property. If the agency does not exercise these rights, the Government property shall be disposed of by one of the following methods in the priority indicated:

a) Purchase or retention at cost by the prime contractor or subcontractor of acquired property. (FAR 45.605-1)

b) Purchase or retention at cost by the prime contractor or subcontractor of acquired property. (FAR 45.605-1)

c) Return of contractor acquired Government property to suppliers. (FAR 45.605-2)

d) Use within the Government through the use of prescribed screening procedures. (FAR 45.608)

e) Donation to eligible donees. (FAR 45.609)

f) Sale (including purchase or retention at less than cost by the prime contractor or subcontractor). (FAR 45.610)

g) Donation to public bodies in lieu of abandonment. (FAR 45.611)

h) Abandonment or destruction. (FAR 45.611)