



PUBLIC
CONTRACTING
INSTITUTE

CAASUS

Federal Government Property 1/2 Day Short Course

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Agenda

- Types of Government Property
- Introduction to Management of Government Property
- Property Administration Expectations
- Contractor Obligations & Government Responsibilities
- Title
- FAR Part 45
- Reporting, Reutilization, and Disposal
- Identification and IUID
- Property in Subcontractor Control
- Self Assessments

Abbreviations

| Abbr. | Description |
|-------|---|
| AA&E | arms, ammunition & explosives |
| AQL | acceptable quality level |
| ASTM | American Society of Testing and Materials |
| BATF | Bureau of Alcohol, Tobacco and Firearms |
| BSAS | Business System Analysis Summary |
| CAGE | Commercial and Government Entity |
| CAR | Corrective Action Report |
| CAS | cost accounting standards |
| CDR | Contract Deficiency Report |
| CO | contacting officer |
| CTR | capital-type rehabilitation |
| DCAA | Defense Contract Audit Agency |
| DFARS | Defense Federal Acquisition Regulation Supplement |
| DODI | Department of Defense Instruction |

| Abbr. | Description |
|------------|--|
| DSS | Defense Security Service |
| EDA | Electronic Document Access |
| FAR | Federal Acquisition Regulation |
| FBI | Federal Bureau of Investigation |
| GFP | Government-furnished property |
| MMAS | Material Management and Accounting System |
| PA | property administrator |
| PCARS S | Plant Clearance Automated Reutilization Screening System |
| PIIN | procurement instrument identification number |
| PLCO | plant clearance officer |
| PM | program manager |
| PMSA | Property Management Systems Analysis |
| SPA | support property administrator |
| WAWF | Wide Area Workflow |
| WIP | Work in Process |

Abbreviation

- AIT - Automatic Identification Technologies
- APO - Accountable Property Officer
- APSR - Accountable Property System of Record
- CAP - Contractor Acquired Property
- DoDD - DoD Directive
- EMPM - Equipment Management Process Maturity
- GFP -Government Furnished Property
- IUID - Item Unique Identification
- NSN - National Stock Number
- PP&E - Property, Plant, and Equipment
- UII - Unique Item Identifier
- U.S.C. - United States Code
- USD (AT&L) - Under Secretary of Defense for Acquisition, Technology, and Logistics

Abbreviations

- FEDLOG –Federal Logistics Data
- CIIC – Controlled Inventory Item Code
- RICC – Reportable Item Control Code
- AR 40-61 - Army Regulations, Army Medical Materiel Acquisition Policy RE responsibility for managing medical commodities.
- Army Regulation 735-5: Property Accountability Policies

TYPES OF GOVERNMENT PROPERTY

What is Government Property?

- “Government Property” (GP) means all property owned or leased by the Government (“Gov’t”).
 - Includes Government-Furnished Property (GFP)
 - Includes Contractor-Acquired Property (CAP)
 - Also includes Contractor-Acquired Material (CAM), Government-Furnished Material (GFM), Contractor-Acquired Equipment (CAE), Government-Furnished Equipment (GFE)
 - It **does not** include Intellectual Property (IP) or Software.



Categories of Government Property?

- “Government-furnished Property” (GFP)
 - means property in the possession of, or directly acquired by, the Government,
 - And, subsequently furnished to the contractor for performance of a contract.
- Contractor Acquired Property” (CAP)
 - means property acquired, fabricated, or otherwise provided by the contractor for performing a contract
 - And, to which the Government has title.

What is Government Property?

What **isn't** Government Property? It does not apply to-

1. Government property provided under any statutory leasing authority
2. Property to which the Government has acquired a lien or title solely because of partial, advance, progress, or performance based payments;
3. Disposal of real property;
4. **Software** and intellectual property; or
5. Government property that is incidental to the place of performance

Types of Property

Nonexpendable

Expendable

Durable

- **Nonexpendable (N)**

- Nonexpendable property is personal property that is not consumed in use and that retains its original identity during the period of use.
 - This includes all non-consumable major end items
- Nonexpendable property requires formal accountability throughout the life of the item

- **Expendable (X)**

- consumed, loses its identity, or becomes an integral part of other property
- expected service life of less than 1 year

Durable Classification

Durable Classification of Property (D)

Durable property is personal property that is not consumed in use and that does not require property book accountability but, because of its unique characteristics, requires control when issued to the user.

- The following classes/types of property will be coded durable:
 - Hand tools in a select FSC 5XXX range with a unit acquisition cost of \$50 or more.
- Unit contains more than one item
 - Package, Box, Dozen, etc.
 - Determine the individual item value
 - If individual unit has a value of **less than \$50**, whole **set is treated as Expendable** (even if marked D in FEDLOG).

Other Accountable Property

- Notwithstanding the acquisition cost, accountable property can also be any property that needs to be controlled and managed to protect against unauthorized use, disclosure, or loss

- IT property such as desktops, laptops, and mobile computing devices, etc..
- Pilferable property, subject to theft.
- Property hazardous to public health/ safety (regulated by Federal/State law) Small arms.
- Property designated as heritage assets.
- Seized and confiscated property
- Property with national security implications.
- Scrap, including records for managing scrap sales under qualified recycling programs. See DoDI 4715.4 (Reference (q)) for additional information
- Property obtained via operating lease.
- Property of any value that is controlled or managed at the item level not already covered by Reference (g)

See DoDI 5000.64, June 10, 2019 Accountability and Management of DoD Equipment and Other Accountable Property

MANAGEMENT OF GOVERNMENT PROPERTY

Property Management

What is it & What do we need to do?

- Contractor shall have a system to manage Gov't property in its possession
 - Management includes control, use, preservation, protection, repair and maintenance
- Contractors shall:
 - Initiate a system
 - if no other property management requirement previously existed)
 - Maintain the system
 - Includes the processes, systems, procedures, records, and methodologies for effective control of GP

Property Management

- Policy:
 - All federal agencies must use voluntary consensus standards in lieu of Gov't-unique standards in their procurement and regulatory activities, except where inconsistent with law or otherwise impractical.
- Contractor must constantly refine its processes for the management of Gov't property
 - Management reviews
- During the period of performance, the Contractor shall disclose any *significant changes* to their property management system to the Property Administrator *prior to implementation*

Property Management

Concept of Stewardship

- The Contractor'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*, *disposition*
 - or via a completed investigation, evaluation, and final determination for lost, damaged, destroyed or stolen property.

Use of Government Property

- The Contractor shall *use GP*, either furnished or acquired under this contract, *only for performing this contract*, unless otherwise provided for in this contract or approved by the CO
- The Contractor shall not :
 - Modify, cannibalize, or make alterations to GP
 - Unless this contract specifically identifies the modifications, alterations or improvements as work to be performed

Government Furnished Property

- The Government may
 - furnish property in “as-is” condition
 - Increase or decrease the amount
 - Substitute other GFP
 - withdraw authority to use property
- If the Gov't fails to deliver on schedule, or if the property is not suitable for use, the contractor may *submit a timely, written request to the CO*.
 - The CO will consider an *equitable adjustment* to the contract

PROPERTY ADMINISTRATION EXPECTATIONS

Summary: Elements of a Property Control System

- An acceptable property control system must comply with the FAR

PMSA ELEMENTS

- | | |
|--|---|
| PMSA Element 1 - Written Procedures | PMSA Element 11 - Subcontractor Reviews |
| PMSA Element 2 - Contractor Self-Assessment | PMSA Element 12 - Reports |
| PMSA Element 3 - Acquisition | PMSA Element 13 - Relief of Stewardship |
| PMSA Element 4 – Receiving | PMSA Element 14 – Utilization |
| PMSA Element 5 - Discrepancies Incident to Shipment | PMSA Element 15 - Declaration of Excess |
| PMSA Element 6 - Identification | PMSA Element 16 – Consumption |
| PMSA Element 7 - Records | PMSA Element 17 – Movement |
| PMSA Element 8 - Receipt and Issue System | PMSA Element 18 – Storage |
| PMSA Element 9 - Physical Inventory | PMSA Element 19 - Storage Commingling |
| PMSA Element 10 - Subcontractor Awards and Flow Down | PMSA Element 20 – Maintenance |
| | PMSA Element 21 – Disposal |
| | PMSA Element 22 - Property Closeout |

Property System

- The property control system must enable the agency to locate any item of Gov't property within a reasonable time
 - Generally, this should not exceed two working days
- The system should also provide a complete, current, auditable record of all transactions
 - Gov't may review as frequently as conditions warrant

Government Property Lifecycle: Overview



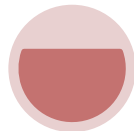
OBLIGATIONS & RESPONSIBILITIES

Government Property Lifecycle

- Pre-award
 - Identification of property to be provided, acquired or delivered under the contract
- Post-Award
 - Management of the property
 - Disposition of property once the contract is over
- Closeout

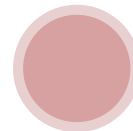


Pre-Award



Post-Award

Administration
&
Maintenance



Close Out

Pre-award Phase

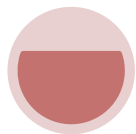
45.201- Solicitation

Governments' responsibility during the solicitation:

- Solicitation should describe evaluation procedures and require offerors to submit
 - List or description of GP that it proposes to use (acquired and furnished)
 - Dates property will be available for use
 - Amount of rent that would otherwise be charged
 - Property Management Plan (may be evaluated)
- Specify responsible party for costs of making GP available (transportation, installation or rehab costs)

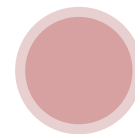


Pre-Award



Post-Award

Administration
&
Maintenance



Close Out

Pre-award Phase

- Determines which assets the Gov't will furnish to contractors for use during contract execution.
- Specify responsible party for costs of making GP available (transportation, installation or rehab costs)
- Contractor Property Management System may be evaluated

Roles & Responsibility

| Program Manager | Property Administrator | Contracting Officer |
|---|---|---|
| Defines the overall program description | Assists in determining what available resources might be offered as GFP and what would be CAP | Consider unfair competitive advantage caused by contractor possessing GP |
| Identifies the assets to be acquired | Advise CO on reasons for offering GFP | Adjust offers by applying a rental equivalent evaluation factor, for evaluation purposes only |
| | Ensure adequate GP clauses included in solicitation | Ensure offeror's property management plans are consistent with solicitation requirements |
| | Inform CO of contractor proposal requirements | |

45.201 Solicitation

Gov'ts' responsibility during the solicitation:

- Solicitation should describe evaluation procedures and require offerors to submit
 - List or description of GP that it proposes to use
 - Dates property will be available for use
 - Amount of rent that would otherwise be charged
 - Property Management Plan
- When use of GP on more than one contract is planned, contract must include additional instructions to the contractor not addressed in FAR 52.245-1, in the SOW/PWS on the contract providing property

PGI 245.103-72 GFP Attachments to solicitations and awards

- When GFP is anticipated, **include** the “Requisitioned Government Furnished Property” and/or “Scheduled Government Furnished Property” formats in solicitations and awards to—
 - Specify the required GFP data elements; and
 - Accomplish the electronic transmission of requisitioned/scheduled GFP lists
- *Requisitioned Gov't-furnished property (Gov't – DOD).*
 - Gov't Property to be authorized for contractor requisition from DoD supply sources
 - DoD Procurement Toolbox [DoD Procurement Toolbox](#)
 - Shipping/Receiving
 - Disposition/Management
 - Gov't property to be provided
 - including major end items and repairables under a repair, modification, or overhaul contract.

8.002 Priorities for use of Mandatory Government Sources

- Agencies shall satisfy requirements for supplies ... from or through the sources listed below in descending order of priority:
 1. Inventories
 2. Excess from other Agencies
 - GSA excess personal property catalogs/bulletins
 3. Federal Prison Industries, Inc.
 4. Blind/Disabled Procurement List
 5. Wholesale Supply Sources (GSA)
- IF an agency is **unable to satisfy requirements for supplies** from the mandatory sources listed in FAR Part 8.002/3, then try to satisfy requirement through non-mandatory sources
 - Paragraph (a) non-mandatory sources first
 - If still, not satisfied, use Paragraph (b) non-mandatory sources second



8.004 Non-Mandatory Source Lists

- (a)(1) Supplies.
 - Federal Supply Schedules (FSS), GWACS
 - Multi-agency contracts/procurement instruments such as BPA's under FSS's like the Fed Strategic Sourcing Initiative
- (b) Commercial sources (including educational and non-profit institutions) in the open market.

Commercial contracts are the last remedy in satisfying Gov't supply requirements

Contract Administration

Supply Sources

GSA

Federal Supply
Schedules

FEDSTRIP

Customer Supply Centers

- GSA Supply Sources
 - GSA and Federal Supply Schedules always considered first.
 - CO is required to authorize use of these supply sources.
- Customer Supply Centers
 - GSA/FEDMALL, etc.

Contractor Responsibility

- ***A special plan does not have to be created for the Gov't.***
 - Use the plans your company has in place, as long as they are consistent with the solicitation requirements, voluntary consensus standards, and/or industry-leading practices.

- *Clause 52.245-1(b) states:*

*“In doing so, the Contractor **shall initiate and maintain** the processes, systems, procedures, records, and methodologies necessary for effective control of Gov't property, **consistent with voluntary consensus standards and/or industry-leading practices and standards for Gov't property management** except where inconsistent with law or regulation.”*



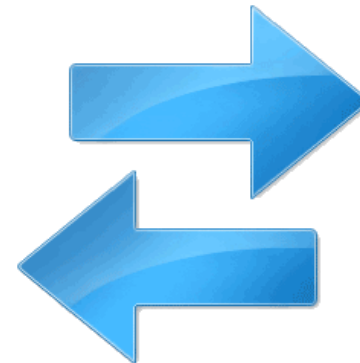
Post-Award Phase

- Effective **administration and maintenance** of the accountability and control system for GP is required
- Records accurately reflect asset activities and appropriate contract execution
- Property that is furnished, acquired, or produced under contract is Gov't property

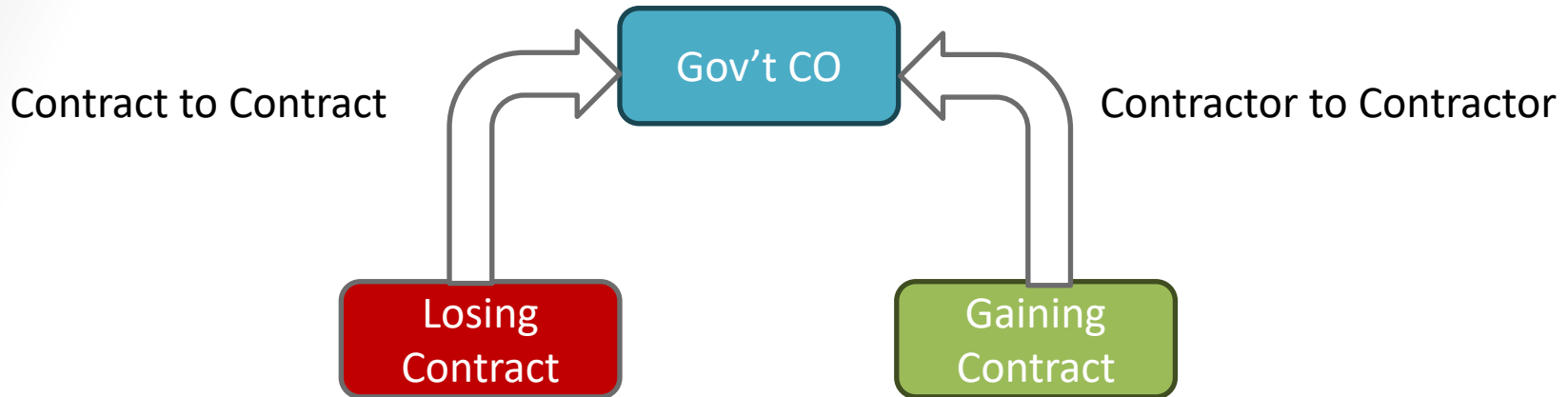


Post-Award Phase

- How does a contractor get property from the Gov't?
 - Issued from stock
 - Leased by Gov't then furnished to contractor
 - In some cases, transferred:
 - From Gov't to a contractor
 - From contractor to another contractor (via a contract), or
 - From contract to contract



Post-Award Phase



- When GP is furnished to a contractor, a property transfer transaction occurs
- Transfers are complete when both parties, Government and contractor, obtain copies of the transaction
- Agencies may use their own transfer forms to document the transaction
- **When the Government transfers GFP to a contractor, the contractor assumes stewardship responsibilities upon receipt.**
- Transferring GFP from a contractor to a subcontractor, or to another contractor location, does not relieve the contractor from stewardship responsibility.

Post-Award Phase

- How does a contractor get property not furnished by the Government?
 - CAP – Contractor Acquired Property
 - Property obtained via purchase by the Contractor to which title of the property will vest by Government.

Contract Type

Fixed Price

Cost Type and T&M

Title

Contractor retains title to all property acquired by the contractor for use on the contract except property identified as a deliverable end item.

Govt acquires title to all property to which the contractor is entitled to reimbursement

Post-Award Phase

- Status of GP must be maintained by contractor
 - Placed in use
 - Placed in maintenance
 - Removed from use/Placed in storage
 - Retired
 - Disposed



Inventory

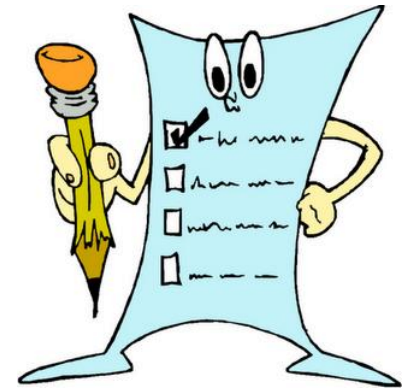
- At contract start, conduct physical inventory of accountable GP provided or acquired with contract funds
 - as well as any property being leased/rented with contract funds.
- If follow-on, conduct joint inventory with previous contractor
 - Start-up inventory may be done concurrently with the transfer from previous contractor
- **Note any discrepancies with GFP listing in contract**
- Inventory includes:
 - Agency Decal Number (if applicable)
 - Manufacturer's Name
 - Manufacturer's Model Number
 - Manufacturer's Serial Number
- What should the inventory be based on?

Inventory

- Inventory of GP should be based on the following:
 - Requirements within the contract
 - Contractor's Established Practices
 - Type of Government Property
 - CAP, GFP
 - Use of Government Property
 - Criticality/Sensitivity of Government Property

Inventory Report

- Record/reconcile inventory results with property clause in contract, and submit report to Contract Property Administrator
- Explain all overages, shortages and damages
- Include name of property contact in report
- Should be consolidated inventory report of all GP, including subcontractor inventory



Roles during Post-Award Phase

Program/Project Manager

Stewardship - the activity or job of protecting and being responsible for something

Administration, maintenance & reporting



Property Administrator (PA)

Provides guidance on physical inventories and property management systems. Also, the PA plays a vital role in keeping the contractor's property records accurate and complete.

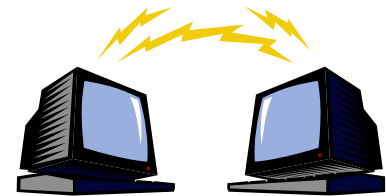
Helps ensure the contractor appropriately manages property. The PA is the individual who performs the review of the contractor's property management system.



Contracting Officer

Serves as a liaison between the Contracting Officer and the contractor

Monitors the contractor's performance under the contract

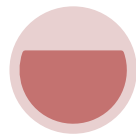


Property Disposal

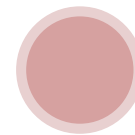
- Contractors are normally given the task of property disposal. The Gov't oversees this entire process.
- A contractor cannot dispose of Contractor Inventory on a contract without Gov't approval.
- FAR 52.245-1 provides the approval and disposal processes and assigns the oversight responsibilities of the Gov't.



Pre-Award



Post-Award



Close Out
- Disposal

45.6 Reporting, Reutilization and Disposal

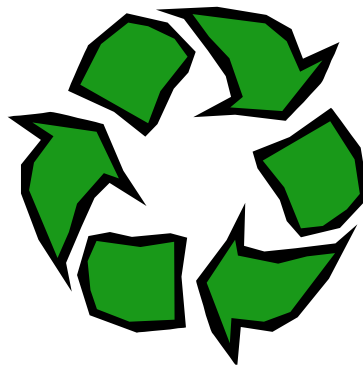
- Establishes policy for reporting, reutilization and disposal of contractor inventory excess to contracts and of property that forms the basis of a claim against the Government.
 - **Does not apply to disposal of real property** or property to which the Government has a lien or title solely as a result of advance, progress, or performance-based payments that have been liquidated



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45.602 Reutilization of Government Property

- Applies to the reutilization, including transfer and donation, of Government Property that is not required for continued performance of a contract.
- Reutilization priorities established at 45.602-2.
 - Include internal agency usage
 - Transfer to other agencies and GSA



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45.604 Disposal Methods

Contractor Inventory Disposal

- Except as otherwise provided for in the contract, *the Contractor shall not dispose of Contractor inventory until authorized to do so by the Government.*

Disposal Methods

- Abandonment of Government Property
- The Government shall not abandon sensitive Government property or termination inventory without the **Contractor's written consent.**
- Sale of surplus property
- Disposal of scrap
- Destruction

Communication and Contracts outside the US

- All communications under clause 52.245-1 shall be in writing
- If the contract is to be performed outside of the US and its outlying areas, the words "Government" and "Government-furnished" shall be construed as "US Government" and "US Government furnished"

45.605 Inventory Disposal Reports

- Inventory disposal reports
 - The plant clearance officer shall promptly prepare an SF 1424, Inventory Disposal Report, following disposition of the property identified on an inventory disposal schedule or scrap list and the crediting of any related proceeds.

Property Disposal

The following forms are prescribed by the FAR for disposal

- **SF 120**, Report of Excess Personal Property
 - The screening period begins upon the plant clearance officer's acceptance of an inventory disposal schedule. SF 120 must be submitted NLT 21st day.
- **SF 1423**, Inventory Verification Survey
 - to verify accepted scrap lists, in accordance with agency procedures
- **SF 1424**, Inventory Disposal Report
 - disposition of the property identified on an inventory disposal schedule or scrap list and the crediting of any related proceeds.
 - The report shall identify any lost, stolen, damaged, destroyed, or otherwise unaccounted for property and any changes in quantity or value of the property made by the contractor after submission of the initial inventory disposal schedule. (address to CO with copy to PA)
- **SF 1428**, Inventory Schedule
 - Plant clearance officers should review and accept, or return for correction, inventory disposal schedules within 10 days following receipt from a contractor
- See FAR Part 53.3

Contract Close-Out

- Final Inventory
 - Covers all property (furnished or acquired) under contract, including nonexpendable/expendable property items regardless of cost, and supply items and material not consumed during contract.
 - Includes accrued lease credits for lease property.
 - Includes subcontractor inventory.
 - Notify PA of any discrepancies.
 - Failure to provide final inventory can result in delay of contract close-out and final payment.
 - Include decontamination certification.
 - If GP being transferred to another contract, conduct joint inventory.
 - If Government terminates for convenience, termination inventory requirements the same as final inventory.

Contract Close-Out

- Disposition of Property
 - PA provides instructions for disposition of property.
 - Contractor responsible for property until final disposition completed.
- Disposal Options – Cost-Reimbursement
 - Contractor to buy CAP at 100% of acquisition value.
 - Return items to original supplier for credit, less restocking charge.
 - Transfer all/part of inventory to another contract.
 - Transfer inventory to licensee by means of a Revocable License Agreement for a loan.
 - Return inventory to HHS.
 - Report inventory as excess.
- Government may consider additional options including sale to public, donation, abandonment, or scrapping destruction.

GFP/CAP Reporting for DOD

- DoD Property Management is now conducted via PIEE. Both the Item Unique Identification (IUID) and the Plant Clearance Automated Reutilization Screening System (PCARSS) reporting are done via the Property Management module IN the Procurement Integrated Enterprise Environment (PIEE).

https://piee.eb.mil/xhtml/auth/home/home.xhtml

ES3 ERP - Dashboard Commerce Control... PIEE ADP 52.222-50 Combati... Welcome | DCSA Po... ES3 PLG ERP - Dash... Getting Started ES3 Timesheet What is fair and rea... NIST-SP-800-171-A... SP 800-171 Rev. 3... Other favorite:

My Account Help

User : Christine Wade Logout

Last Successful Logon Date: 2024/07/10 18:09:36 UTC

Last Unsuccessful Logon Attempt: 2024/04/08 15:49:13 UTC

Welcome to the Procurement Integrated Enterprise Environment

Award

- Solicitation
- Supplier Performance Risk System (SPRS)

Payment

- myInvoice

Property Management

- Government Furnished Property (GFP)
- IUID Registry

Operational Support

- Purpose Code Management (PCM)

Other

- Web Based Training (WBT)

IUID Data Requirements

- (e) When Government-furnished property is in the possession of subcontractors, Contractors shall ensure that reporting is accomplished using the data elements required in paragraph (d) of this clause (i.e. *Data for reporting to the IUID Registry*)
- (f) *Procedures for reporting of Government-furnished property.*
 - Contractor shall establish and report to the IUID Registry the information required by FAR clause 52.245-1, paragraphs (e) and (f)(1)(iii), in accordance with the data submission procedures at http://www.acq.osd.mil/dpap/pdi/uid/data_submission_information.html.

IUID Data Requirements

- (d) *Data for reporting to the IUID Registry.*
 - (1) Received/Sent (shipped) date.
 - (2) Status code.
 - (3) Accountable Gov't contract number.
 - (4) Commercial and Government Entity (CAGE) code on the accountable Gov't contract.
 - (6) Appropriate supply condition code, required only for reporting of reparable, per Appendix 2 of DoD 4000.25-2-M, Military Standard Transaction Reporting and Accounting Procedures manual (http://www2.dla.mil/j-6/dlmso/elibrary/manuals/dlm/dlm_pubs.asp).

PCARSS – Now in PIEE

- The Plant Clearance Automated Reutilization Screening System (PCARSS) automates the process for reporting, screening, requisitioning, and dispositioning excess Contractor Acquired Property property located at contractor facilities.
 - Used for contractor inventory
 - **Contractor Inventory is property in the possession of a Contractor or its subcontractor, to which the Government has title**, which is no longer needed for contract performance

PCARSS allows:

Acquiring agencies/Plant Clearance Officers (PLCOs)

- View excess property, create requisitions, & see the status of current requisitions.
- Create, review & accept, modify, or reject inventory schedules
- Create and modify plant clearance cases and referrals
- Create, complete or delegate inventory verifications
- Create, review and accept, modify, or reject requisitions
- Issue shipping instructions, sale instructions or other disposition instructions

Contractors:

- Create, modify, and submit inventory schedules
- Conduct Sales
- Input shipping and disposition information

TITLE TO GOVERNMENT PROPERTY

45.4 Title to Government Property (GFP)

- 45.401 Title to Government-Furnished Property (GFP)
 - Gov't retains title to all GFP until properly disposed of
 - Includes property that is leased by Gov't and furnished to contractor for use



45.401 Title to Government Furnished Property

- The Government retains title to all GFP
- Title is not 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



45.402 Title to Contractor-Acquired Property (CAP)

Contract Type

Fixed Price

Cost Type and T&M

Title

Contractor retains title to all property acquired by the contractor for use on the contract except property identified as a deliverable end item

Gov't acquires title to all property to which the contractor is entitled to reimbursement

Exceptions:

- Where there is “willful misconduct” or, “lack of good faith”
- Fixed Price subject to submission of cost & pricing data

Title to Government Property – Fixed Price

- The Contractor retains title to all property it acquires for use on the contract, except
 - Property identified as a deliverable end item
 - As directed by contract to purchase and reimbursement is made as direct cost
- Title passes to Gov't upon
 - Delivery
 - Issuance of property for use in contract performance
 - Commencement of processing the property, and
 - Reimbursement by the Gov't, whichever occurs first

Title to Government Property – CR, T&M

- Title to property purchased by the Contractor where the *Contractor is entitled to reimbursement as a direct item of cost* under the contract, passes to the Gov't upon delivery of the property
- Title to all other property where costs are reimbursable to the Contractor passes to Gov't upon
 - Issuance of property for use in contract performance
 - Commencement of processing the property for use in contract performance, and
 - Reimbursement of cost by the Gov't, whichever occurs first

Title to Government Property

Title to each item of equipment, special test equipment and special tooling **acquired by the Contractor** for the Gov't under this contract **shall pass to and vest in the Gov't**

- when its use in performing this contract ends
- when the Gov't has paid for it

whichever is earlier, whether or not title previously vested in the Gov't

When general equipment items are not charged as a direct cost, title to the Gov't does not convey

Special Contract Specific Considerations

- Title to Facility
 - Upon receipt of Occupancy Permit(s) or termination for convenience of contract by the Gov't, whichever occurs earlier, **all rights and title to facility shall pass to Contractor**
 - If contract is terminated for the default of Contractor, **all rights and title to facility shall pass to Contractor, however, Contractor shall be obligated to pay the Gov't, as liquidated damages** for such transfer of rights and title an amount in proportion to the cost share agreement between Contractor and Gov't
 - Up to 49% for new facility
 - Up to 75% of a retrofitted facility
 - Facility appraisal performed in accordance with most current version of Uniform Appraisal Standards for Federal Land Acquisitions

FAR PART 45: GOVERNMENT PROPERTY

Part 45 – Government Property

- 45.1 General
 - 45.101 Definitions
 - **45.102 Policy**
 - **45.103 General**
 - 45.104 Responsibility and liability for Government Property
 - 45.105 Contractor's Property Management System Compliance
 - 45.106 Transferring Accountability
 - **45.107 Contract Clauses**

45.102 Policy

- Contractors are ordinarily required to furnish **ALL** property necessary to perform Gov't contracts
- CO's shall provide property to contractors only when it is clearly demonstrated
 1. To be in the Government's best interest
 2. Overall benefit outweighs increased admin costs including property disposal
 3. Does not increase Government's risk
 4. Gov't requirements cannot otherwise be met

45.103 General

- Allow contractors to use **voluntary consensus standards** and **industry practices**
 - are standards developed or adopted by domestic or international organizations (VC bodies) which plan, develop, establish or coordinate voluntary consensus standards using agreed-upon procedures.
 - Examples include American National Standards ANS Introduction (ANSI) or the National Property Management Association (NPMA)
- **Property Management Systems**
 - Agencies **will not** generally require contractors to establish property management systems that are separate from the contractor's established procedures, practices and systems

45.105 Contractor's Property Management System Compliance

- Contractor's property management systems are required to comply with contractual requirements.
- To verify compliance, the Government will perform periodic analysis of contractor's property management policies, procedures, practices, and systems IAW agency procedures.
- PA shall notify the contractor in writing when non-compliant
 - Request prompt correction of deficiencies
 - Request schedule for completion
 - Corrective Action Plan (CAP)

45.106 Transferring Accountability

- Gov't property shall be transferred from one contract to another only when firm requirements exist under the gaining contract
 - Modifications to both contracts
 - CAP will become Government-furnished property to the gaining contract
 - Gov't exempt from suitability of use warranty for CAP that is transferred to another contract with the same contractor

45.107 Contract Clauses

52.245-1 Government Property (June 2007)

Binding Upon Contractor and Government

- Use in ALL cost reimbursement, T&M, and labor hour type solicitations and contracts
- Fixed-price solicitations and contracts
- Part 12 procurements
- Guidance found for usage of clause at 45.107(a)
- This clause provides:
 - Definition
 - Property Management System
 - Use of Government Property
 - Government Furnished Property
 - Title to Government Property

Alternate I (Full Risk of Loss)

As prescribed in 45.107(a)(2), substitute the following for paragraph (h)(1) of the basic clause:

(h)(1) The **Contractor assumes the risk of, and shall be responsible for**, any loss, damage, destruction, or theft of GP upon its delivery to the Contractor as GFP.

However, the **Contractor is not responsible for reasonable wear and tear** to GP or for GP properly consumed in performing this contract.

Alternate II (Basic or Applied Research)

- Title to property (and other tangible personal property) purchased with funds available for research and having an acquisition cost of less than \$5,000, shall vest in the Contractor upon acquisition or as soon thereafter as feasible
- provided that the Contractor obtained the CO's approval before each acquisition.

45.107 Contract Clauses

- 52.245-2 Government Property Installation Operation Services (June 2007) – services contracts to be performed on Gov't installation
- 52.245-9 Use and Charges (June 2007) – use when 52.245-1 is included
 - Contractor may use Gov't property without charge
 - Contractor may rent Gov't property with prior approval and clearance
 - Requires ACO approval
 - Rental fees must be payable to Treasurer of the U.S.

Equitable Adjustment

- Equitable adjustments will be made in accordance with the procedures of the Changes clause.
- The *right to an equitable adjustment* shall be the **Contractor's exclusive remedy** and the Gov't shall not be liable to suit for breach of contract for the following:
 - (1) Any delay in delivery of GFP
 - (2) Delivery of GFP in a condition not suitable for its intended use
 - (3) An increase, decrease, or substitution of GFP
 - (4) Failure to repair or replace GP for which the Gov't is responsible

DOD Clause Change

The new clause, DFARS 252.245-7005 Management and Reporting of Government Property, effective Jan. 22, 2024, consolidates three legacy clauses and removes a fourth.

The clauses that it consolidates are DFARS:

- 252.211-7007 Reporting of Government-furnished Property
- 252.245-7002 Reporting Loss of Government Property
- 252.245-7004 Reporting, Reutilization, and Disposal of Government Property

The clause removed is:

- DFARS 252.245-7001 Tagging, Labeling, and Marking of Government-Furnished Property.

The requirements of all four clauses are to be consolidated into the new -7005 clause.

Additionally, the DoD updated references to the Plant Clearance Automated Reutilization Screening System (PCARSS) for which a class deviation has existed since late 2021, requiring reporting into the Government Furnished Property (GFP) Module of the Procurement Integrated Enterprise Environment (PIEE) instead of PCARSS.

FAR – Cont'd

- 45.2 Solicitation and Evaluation Procedures
 - 45.201 Solicitation
 - 45.202 Evaluation Procedures
- 45.3 Authorizing the Use and Rental of Government Property
 - 45.301 Use and rental
 - 45.302 Contracts w/foreign governments/international organizations
 - 45.303 Use of Government Property on IR&D programs

PMSA ELEMENT 6

IDENTIFICATION

Identification

- FAR 52.245-1(f)(1)(ii) states that the Contractor shall:
“... identify [property] as Government owned in a manner appropriate to the type of property ...”

Marking

- Contractors are required to physically mark and identify Government property
 - The mark identifies the property as Government owned
- Marking reduces the risk that the GFP is either
 - Mistaken for contractor property, or
 - Used for Unauthorized purposes
- Marking occurs during the either the Receiving process or upon Fabrication.
- The Contractor determines what method of Marking they will use
- A marking may consist of, but is not limited to,
 - bar codes, decals, engraving, etching, painting, stamping, and tagging.
- Radio Frequency Identification (RFID) is generally not a “marking” methodology unless used in concert with visible markings, as it does not provide a form of physical identification.

Identification

- Contractors can assign their own ID numbers unless specific numbers are provided by the Government
- Government Assigned ID Numbers/Marked Property
 - retain that number or marking on the property and in the property record
 - May also assign its own ID number or marking
 - Must be traceable to the original Government identification number.
 - Any ID numbers/markings must be in either the support documentation or property management record

In general, **contractors must physically mark all property that will not be consumed, or otherwise lose its identity** through incorporation into an end item or deliverable system, to identify the property as Government property.

- For material, the marking identifying it as Government property may be at the higher package level (bin, box, shelf, etc.).
- Contractors are not required to physically mark material that is accountable under a Material Management Accounting System (MMAS)

Property ID - HHS

- Property Identification
 - Decals are tags designed by HHS or other agencies to identify Agency property and to display specific number assigned to an item or identify a specific class
 - Variety of decals used:
 - Bar code
 - RFID
 - Metal/vinyl, etc.
 - If provided GFP without decals, contact Contract Property Administrator
 - Your Contract Property Administrator will furnish decals for accountable CAP at HHS

Item Unique Identification - IUID

- IUID and valuation is the process of marking an item of property with a system of data
 - Discloses possession and ownership
 - Data is retained and used for internal Government finance, property, and logistics management requirements.
- IUID marking requirement applies to DoD contractors through contract clause DFARS [252.211-7003](#)
 - Requires contractor to report GFP to the IUID registry or GFP Module within PIEE.

Marked Records

Reporting requirements in DFARS 252.211-7007

- (i) Bagged or tagged code (for items too small to individually tag or mark)
- (ii) Contents (the type of information recorded on the item, e.g., item internal control number)
- (iii) Effective date (date the mark is applied)
- (iv) Added or removed code/flag
- (v) Marker code (designates which code is used in the marker identifier, e.g., D=CAGE, UN=DUNS, LD=DODAAC)
- (vi) Marker identifier, e.g., Contractor's CAGE code or DUNS number
- (vii) Medium code; how the data is recorded, e.g., barcode, contact memory button
- (viii) Value, e.g., actual text/data string that is recorded in its human-readable form
- (ix) Set (used to group marks when multiple sets exist)

Identification

Unmarkable Property

- Some types of property are not markable using traditional methods
 - Example: Marking will either damage the property or it is impractical.
- Try to indicate Government ownership at the higher storage or packaging level.
- If none of those methods works, then the contractor is required to contact the PA for alternate instructions.

- Examples of Items that Cannot be Decaled
 - Some property items cannot be decaled such as submersible items & those subject to chemical exposure and weather conditions
 - You may request metal decals for property that is exposed to the environment
 - Other items cannot be decaled because the decal will not adhere to that particular type of surface (pumps, some *typewriters, etc.*)
 - Try to indelibly mark the item by painting or etching the decal number on it
 - If decal does not adhere to item, additional controls needed - HHS

Contract Administration

Procedures

- must specify the method it will use to mark each type of GP
- Establish a Timeframe during which marking will be completed
 - Measurable from time of receipt or fabrication completion
- Risk
 - The PA determines whether the timeframe for marking/identification to be completed is adequate
 - Property that is not promptly identified, runs an increased risk of unauthorized use or consumption.
- Sensitive Items
 - Special efforts must be made to control/protect sensitive items
 - Sensitive items classified as accountable are included on SF1428
 - HHS Sensitive Items are detailed in Appendix C of the HHS Contracting Guide for Contract of Gov't Property

PMSA ELEMENT 10

SUBCONTRACTOR CONTROL

Subcontractor Awards and Flowdowns

- FAR 52.245-1(f)(1): (v)(A) Subcontractor Control.

“The Contractor shall award subcontracts that clearly identify items to be provided and the extent of any restrictions or limitations on their use.

The Contractor shall ensure appropriate flow down of contract terms and conditions (e.g., extent of liability for loss of Government property).”

Subcontractor Property Management

- This requirement applies to ALL GP under the Contractor's accountability, stewardship, possession or control, including its vendors or subcontractors
- The Contractor shall include the requirements of this clause in all subcontracts under which GP is acquired or furnished for subcontract performance
- The prime's subcontractor may establish and maintain the property records required under FAR 52.245-1
 - Ex.: where cost reimbursement purchase orders require the subcontractor to acquire property, or when other purchase orders require the delivery/acceptance of items at the subcontractor.

Subcontract Control

- Subcontracts must clearly identify assets to be provided
- Have proper flowdown of contract terms and conditions FAR 52. 245-1
 - Do not flowdown verbatim as there is no privity btwn Govt and Sub
 - The clause addresses an agreement between the Government and the prime contractor.
 - Consider inclusion of a blanket statement that states

When the term “Government” is used – it will be changed to reflect the Buyer and Contractor will be changed to reflect Seller.

- Risk of Loss
 - Ensure that either the Limited Risk or Full Risk of Loss clauses are flowed down
 - Full Risk of Loss
 - Include when in prime contract
 - Include in Fixed Price contracts not subject to certified cost or pricing data.
 - Limited Risk of Loss should be included in other subcontract types
 - For property fabricated at the subcontractor, the extent of any restrictions or limitations
 - DFARS 252.228-7001, Ground and Flight Risk requires a DoD prime contractor to incorporate the requirements of the clause in all subcontracts when in prime.

Subcontractor Control

Subcontractor Distinctions and Alternate Sites

- Subcontractors are separate commercial entities.
 - No Privity Exists between Sub and Government
 - Alternate sites are an extension of the prime, not the subk
- Access: the Government does not have access to subcontractor sites under the basic clause
- Property in the possession of a sub, is managed by the subcontractor's property management system
 - The Government does not have direct property administration over the sub
 - Support Delegation
- Interorganization Transfers (IOT) are considered subcontracts under the PMSA

Subcontract Control

- Subcontract Administration
 - Procedures/controls established to assure GP in subcontractor's possession is adequately protected
 - Inform subcontractor of contractual property provisions
 - Ensure flowdown of clauses to lower tier subs
 - Periodic reviews to determine the adequacy of the subcontractors' property management systems
 - Administers the risk-of-loss and other provisions
 - Subcontractor to report inventories to prime
 - Subcontractor to report loss, damage or destruction of GP to prime
- Procedures
 - must dictate that Subcontracts clearly identify GP to be provided
 - Include direction on the flowdown of clauses and terms and conditions
 - Incorporate standard Order/Agreement into procedures by reference

PMSA ELEMENT 11

SUBCONTRACTOR REVIEWS

Subcontractor Reviews

- FAR 52.245-1(f)(1): (v)(B), Subcontractor Control.

“The Contractor shall assure its subcontracts are properly administered and reviews are periodically performed to determine the adequacy of the subcontractor’s property management system.”

- Subcontractor is responsible to “establish and maintain” a property system and procedures just as the prime is required to do.
 - Includes all 22 elements of property control
- Prime contractor review of subcontractor property system must be sufficient to determine if the subcontractor’s system provides efficient and effective control of Government Property
 - Reviews are expected to provide a “substantially similar” confidence level
- Gov’t Expectation
 - Prime reviews may be on-site,
 - Require entrance and exit conferences, and
 - detailed tests and formal examination and evaluation
 - Reviews must be sufficient to demonstrate that the sub’s system is adequately monitored and managed by the prime contractor in order to mitigate Government risk.

Subcontractor Reviews

- Prime Contractor Documentation of Subcontractor Review
 - Sufficient to prove that the prime contractor conducted an adequate audit
 - Tests performed
 - Information obtained, and
 - Pertinent conclusions reached
- Prime Contractors can use Risk or other standards to determine how and when to do subcontract reviews
 - Must be sufficient to assess the health of the subcontractor's system, and
 - Are performed frequently enough to avoid exposing the Government to unreasonable risk
- Deficiencies
 - Prime responsible to ensure sub performs corrective actions in a timely manner

Subcontractor Reviews

Limited Audit Questionnaire

- Require objective data
- Submission of Sample Documentation
- Questions posed must adequately address HOW the sub manages government property
 - Survey questionnaires with “Yes/No” answers are NOT adequate
 - Opinion based conclusions do NOT satisfy the requirements of 52.245-1
 - Prime must verify through the review of objective data and evidence the compliance of the sub’s system with the requirements.

Procedures

- Describe the types of reviews to be performed and how the determination as to what type of review to be used is made
 - Methodology and standards that will be leveraged
 - Frequency of reviews
 - Criteria used for evaluation
- Documentation of review and required components

Subcontractor Reviews

- Procedures – Cont'd
- Explain how all 22 elements will be in review of sub
- Process for identification and remediation of deficiencies in subcontractor's system
 - Subcontractor Corrective Action Plan must include root cause analysis, corrective actions, and timeframe for completion

PMSA Element 1

WRITTEN PROCEDURES

- REFER TO EACH ELEMENT

PMSA ELEMENT 2

SELF ASSESSMENT

Purpose of Management Reviews

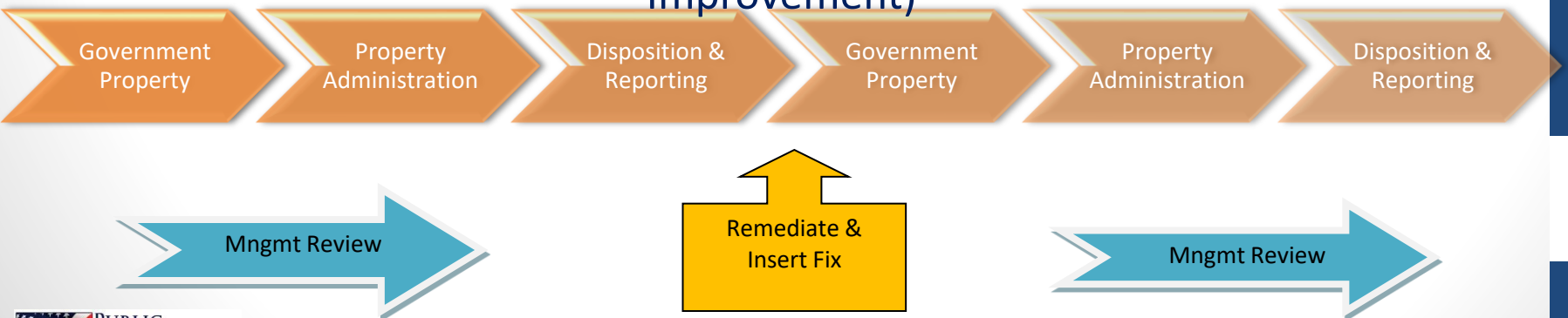
DCAA/DCMA requires that property control systems are documented in writing and reviewed and approved, by the Gov't property administrator

- The contractor is responsible for conducting management reviews and maintaining evidence of the management review (documentation)
- Management reviews may include:
 - Spot-checking inventory
 - review of inventory
 - Financial review of Gov't property by task order
 - Disposition
 - LTD&D reports
- Management Reviews are not meant to be all inclusive wall-to-wall inventories or substantive audits
- Management reviews provide
 - a tool to detect trends, risks and deviations from standard practice and documented procedure to facilitate **proactive identification** and
 - remediation of risks to non-compliance before realization of the risk occurs.

Purpose of Management Reviews

- Best practice encourages contractors to develop a comprehensive training program
 - Ensure personnel responsible for Gov't property and the system are fully aware of the contractor's relevant policies, procedures, work practices, other related direction and guidance
- DCMA evaluates the frequency/level of training provided when establishing the risk rating, the expanse, & the depth of the PMSA
 - Contractors should tailor training to improve on weaknesses identified during self assessments

Ongoing Management Reviews in support of CPI (Continuous Process Improvement)



Contractor Property Self Assessments

- FAR 52-245-1(b)(4) requires all contractors to perform self-assessments
 - Evaluate their property management system effectiveness
 - Disclose significant findings to the PA.
- A self-assessment process that:
 - Discovers deficiencies
 - Identifies root causes, and
 - Implements effective corrective action is indicative of a healthy system

Self Assessments are a
contractual requirement,
NOT a choice!!!

Contractor Property Self Assessments

- Integrating Contractor Self Assessments
 - If the Contractor's Self- Assessment provides a confidence level indicating the effective management and/or control of property w/in the system, the PA should integrate some or all of the contractor results into the PMSA
 - The Self Assessment must be performed IAW Gov't requirements
 - The degree of integration depends on the level of reasonable assurance afforded by the contractor's self-assessment
- The FAR Self Assessment requirement is in addition to any other OMB or statutory requirement

Contractor Self-Assessments

- Two different Constructs

Formal

- Based on GAGAS
- Approach based on DoD 4161.2-M “DoD Manual for the Performance of Contract Property Administration”
- Leverage Maturity models and ISO standards
- Metrics and statistical process control techniques, or ISO process reviews.

Informal

- Less structured, less complex, walk-throughs
- Interviews/discussions with personnel
- Double checking property records/documentation

Contractor self-assessments may range from simple reviews and/or validations to highly complex audits and assessments, dependent on the size of the business, and the complexity of the contractor’s contract (s) and property system

Objectivity

- Self-assessments should provide a level of objectivity as close as possible to that of a PMSA performed by the Gov't
 - Ideally, an independent party not associated with the property organization performs the assessment
 - Sufficient objectivity may be attained by having the assessment performed by property personnel from another location
- When the contractor's operation is relatively small, the PA may allow the same people who have custody of the Gov't property to perform the audit
 - If requiring an independent party is not practical, the PA must document why the method used provides sufficient objectivity to evaluate the effectiveness of the property management system

Property P&Ps

- The contractor's written procedures should address the:
 - Audit or assessment methodologies to be used; (GAGAS, maturity models, metrics/statistical protocols, etc..)
 - Confidence rate and methodology used to compute this rate
 - The party responsible for performing the audit
 - Frequency of audit
 - Processes and outcomes subject to review
 - Support documentation and audit evidence
 - Requirement for the PA to be notified of significant findings and/or results of such reviews and audits pertaining to Gov't property
 - Reporting requirements and timely distribution of audit and assessment reports
 - Corrective action(s) requirements

PA Validation of Self Assessment

- PA shall review the documentation of the internal audit and assessment for compliance with:
 - The contractor's own P&Ps
 - Applicable contract T&Cs
- If self assessment results will be integrated into the PMSA, the PA must first validate the contractor's audit/review practices through either:
 - Visual observation conducted during the contractor's internal audit
 - Judgment sampling of the contractor's work papers, verifying the reliability, validity, accuracy and completeness of the data
- It is advisable to walk through the self-assessment w/the contractor
 - Gain an understanding of the program, how it works, and what it is expected to achieve.
 - PA wants to confirm that the contractor's self-assessment methodologies and techniques provide a similar confidence level (90 percent) as Gov't

Using the Contractor's Self Assessment Results

- Results of the contractor's assessment should not be the sole basis for evaluating the contractor's property system
 - Elements of the contractor's internal review may be used as a factor in assigning a risk level
 - Where it has been determined by the PA that the contractor's internal audits are reliable, valid, accurate and complete, the PA may reduce the risk assessment level with a commensurate reduction in the frequency of review
 - Determination must come through visual observation, judgment sampling, or through the PMSA process
- PA may exempt certain (compliant) processes from the PA's current year PMSA.
 - In no instance shall PAs exempt review of a process any more than **3** years.
 - the allowable time frame of

AQL 6.5 Inspection vs DoD Sampling Plan

- PA can either integrate the contractor's self-assessment results within the overall audit, or conduct the audit independently
 - This decision depends largely on the type and scope of contractor operations, level of risk, and degree of confidence
 - The reliability, validity, accuracy, and completeness of the contractor's self-assessment are factors considered
- PA shall describe the extent of integration of the contractor's self-assessment and the rationale in both the PMSA plan and the PMSA Summary Report
- Acceptable Quality Level AQL 6.5 end-item inspection quality standard
 - Permissible as use of this produces similar results as DoD sampling plan
 - Contractor use of ASTM 2234, requires they define "defect" and the differences between major, minor, and critical defects
 - Processes: some processes are high risk vs. low; may require higher/lower AQLs

Self ID'd Deficiencies

PA shall **NOT** identify deficiencies in the BSAS identified via contractor self-assessment if they are remediated or in process of remediation.

Questions



Contact Information

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- Registered in the Government System for Award Management (SAM)



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