

# **GOVERNMENT PROPERTY IN THE PRE-AWARD PROCESS, GP CLAUSES and other STUFF!**

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# Government Property Management

There are numerous purposes and reasons for the Government and Contractors to properly provide for the “adequate”

## MANAGEMENT of Government Property.

- These include:
  - Contractual Compliance
  - Efficiency, Economy... the fancy word... Efficacy
  - Value Added



# Government Property Management

- **Inadequate Management of Government Property may lead to:**
  - **For the Government**
    - Inadequate Ratings on Audits
    - More Congressional Oversight
    - More Regulations
    - Heaven knows what else they may ask us to do!?!?!
  - **For the Contractor**
    - Negative Pre-awards
    - Potential loss of Future Contract Awards
    - Shift of Liability from a Government assumption of risk to a Contractor assumption of Risk
    - Potential Reductions of Contract Payments
      - DoD Interim rule for Management Systems



# Government Property Management

**IF  
DONE  
PROPERLY!**

- **VALUE ADDED BENEFITS**
  - **Reduced Capital Investment**
  - **Potential for Increased Utilization**
  - **Increased Availability of Assets**
    - Both Government and
    - Corporate
  - **Reduced Costs:**
    - Administrative
    - Storage
    - Physical Inventory
    - Maintenance





**A STARTING POINT!**  
**GOVERNMENT PROPERTY**  
**in the**  
**Acquisition/Proposal Planning Process**



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# **GOVERNMENT PROPERTY in the Acquisition/Proposal Planning Process**

- **Government's Responsibilities**
  - **Prospective Contractor's  
Responsibilities**



# DETERMINATION TO PROVIDE GP

- Overarching Policy – 45.102
  - Contractors are **ORDINARILY** required to furnish **ALL PROPERTY** Necessary to perform Government contracts

**SO WHY ARE THERE UNTOLD BILLIONS of dollars worth  
of GOVERNMENT PROPERTY  
in the hands of DEFENSE contractors?**



# FOR THE GOVERNMENT

- It is a requirement that the GOVERNMENT **PROPERLY PLAN** for the PROVIDING, MANAGEMENT, USE and DISPOSAL OF GOVERNMENT PROPERTY (GP).
  - FAR 45.1 Policies on various aspects of GP
  - FAR 45.2 Government actions in regard to GP
  - FAR 45.3 Use of GP
  - FAR 45.6 Reporting, Reutilization and Disposal of GP
  - Plus the other Subparts....

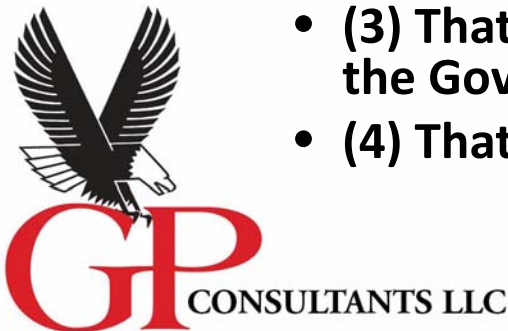
**IMPORTANT!**  
ALL of FAR 45  
is direction to  
the  
GOVERNMENT





# FOR THE GOVERNMENT

- The Government **MUST** comply with the policy on providing GP:
  - FAR 45.102
  - (a) Contractors are ordinarily required to furnish all property necessary to perform Government contracts.
  - (b) Contracting officers shall provide property to contractors only when it is clearly demonstrated—
    - (1) To be in the Government's best interest;
    - (2) That the overall benefit to the acquisition significantly outweighs the increased cost of administration, including ultimate property disposal;
    - (3) That providing the property does not substantially increase the Government's assumption of risk; and
    - (4) That Government requirements cannot otherwise be met.



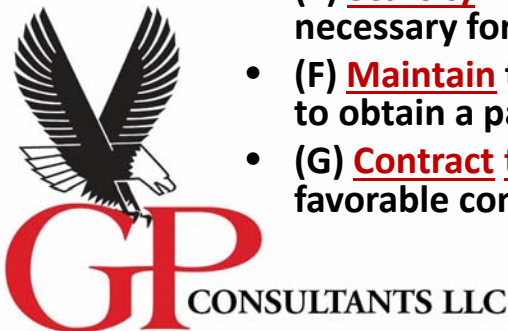
# FOR THE GOVERNMENT

- PGI 245.103-70 Furnishing Government property to contractors.
  - (1) The requiring activity (project or program manager, or purchase request generator), as part of its responsibility for acquisition planning (FAR part 7, Acquisition Planning), **IS THE DECISION POINT** as to whether or not to furnish property to contractors.
  - The basis for any decision to provide Government property **SHALL BE DOCUMENTED** by the requiring activity and provided to the contracting officer.
  - Such documentation is not required when contractors are furnished property for repair, modification, or overhaul under a contract.



# FOR THE GOVERNMENT

- **PGI 245.103-70 Furnishing Government property to contractors.**
- **(2) Prior to furnishing Government property to the contractor, the contracting officer shall ensure that each of the requirements of FAR 45.102 are addressed as follows, and documented in the contracting file—**
  - **(i) Element 1: In the Government’s best interest. Discussion should be specific, factual, and where necessary, address actual or projected dollars and percentages. Merely selecting one or two objectives supported by a general, perfunctory discussion does not address this element satisfactorily. Discussion should address the following factors:**
    - **(A) Economy** – Furnishing Government property is the lowest cost or price alternative.
    - **(B) Standardization** – There is a critical need for precise replication.
    - **(C) Security** – Government property is needed due to national security issues/concerns.
    - **(D) Expedite production** – Government property is crucial to achieving timely or accelerated delivery of a supply item or service.
    - **(E) Scarcity** – The Government can obtain scarce items, or is the only source of property necessary for successful execution of a contract.
    - **(F) Maintain the industrial base** – Government property is needed to ensure future capability to obtain a particular supply item or service.
    - **(G) Contract type** – Government property will enable the Government to obtain a more favorable contract type.



# FOR THE GOVERNMENT

- PGI 245.103-70 Furnishing Government property to contractors.
- (ii) Element 2: Overall benefit. Demonstrate that the overall benefit to the acquisition significantly outweighs the increased cost of administration, including property disposal.
  - (A) Property in the hands of contractors drives program costs. Therefore, in order to make the case that providing Government property to the contractor is worthwhile, the associated costs must be considered and the business decision justified. The costs of Government property removal and disposal, including demilitarization and disposal of environmentally-regulated property, must be included.
  - (B) Costs must be either less than what the contractor might otherwise incur, or the demonstrated benefit to the Government must outweigh these additional contract costs.



# FOR THE GOVERNMENT

- PGI 245.103-70 Furnishing Government property to contractors.
- (iii) Element 3: Government assumption of risk. Demonstrate that providing the property does not substantially increase the Government's risk.
  - (A) Risk must be discussed and documented. A risk analysis is warranted to demonstrate that the Government is not substantially increasing its risk. For example, when furnishing Government property, the Government is ordinarily responsible for suitability of use, timely delivery, and replacement of defective Government property.
  - (B) Other risks may need to be considered, discussed, and documented.
- (iv) Element 4: Government requirements cannot otherwise be met. Document why the furnishing of Government property is critical and significant to meeting acquisition plan objectives.



# Program Manager

- We need to back up one step in the process and address the **Program Manager** and his/her Responsibilities:
- The **Program Manager (PM)** is the designated individual with responsibility for and authority to accomplish program objectives for development, production, and sustainment to meet the user's operational needs. The PM shall be accountable for credible cost, schedule, and performance reporting to the Milestone Decision Authority (MDA).



# Program Manager

- Though the PM may not be the “doer” of all of the actions and tasks discussed in this presentation, the PM still has overall responsibility to ensure that these requirements and actions relating to Government/Contract property are anticipated, addressed and ultimately performed within and for their program.



# THE DEFENSE ACQUISITION SYSTEM

- The DoD 5000 Series of Instructions and Regulations are the cornerstones of the Defense Acquisition System for acquiring weapon systems, automated information systems, and services.
- Within DoDI 5000.02 there is guidance and direction to the GOVERNMENT in regard to Contract/Government Property.

– [http://www.dtic.mil/whs/directives/corres/pdf/500002\\_interim.pdf](http://www.dtic.mil/whs/directives/corres/pdf/500002_interim.pdf)



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# THE DEFENSE ACQUISITION SYSTEM

- Within the Interim DoDI 5000.02 dated November 25<sup>th</sup>, 2013, in Enclosure 6 we find the following guidance regarding the Program Manager's responsibilities towards Government Property. It states that the Program Manager **WILL ADDRESS:**
  - **The government accountable property system that documents all government owned property whether it is held and managed by the government, contractor, or third party, in accordance with 40 U.S.C. 524.**
- Note that each department under DoD may have its own accountable property system.
  - For example,
    - The Army uses Property Book Unit Supply Enhanced (PBUSE) and Defense Property Accountability System (DPAS)... plus others???
    - The Air Force uses The Air Force Equipment Management System (AFEMS)



# THE DEFENSE ACQUISITION SYSTEM

- That single statement in DoDI 5000.02 opens the floodgates for discussion of the requirements regarding Government/Contract property. Program Managers must be aware of their department's accountable property system that documents all Government owned property accountable to their program -- whether it is held and managed by the government, contractor, or third party, in accordance with 40 U.S.C. 524.



# PROPERTY RECORDS

- So, DODI 5000.02 (The PM's driving Reg) Takes us to an **ACCOUNTABLE PROPERTY SYSTEM (APS)**.
- So, even before we think about **FURNISHING** Government property to a contractor we, the **GOVERNMENT**, must know what we have in our Possession!
- Yup, we the Government need our **OWN** set of Records!!!



# SIMPLE ANSWER!!!

- **Huh? Where is THAT requirement?**
  - **DOD I 5000.64**
    - <http://www.dtic.mil/whs/directives/corres/pdf/500064p.pdf>
  - **Requirement for DOD to establish an Accountable Property System of Record (APSR)**
    - **\$5,000 or more; property of any value that is controlled or managed at the item level; leased items (capital leases) of any value; and assets that are sensitive or classified (see Table 61 of Volume 10 of DoD 4100.39-M).**



# SIMPLE ANSWER!!!

- Oh, and one other cool requirement placed upon the Government through DODI 5000.64
  - PROPERTY FURNISHED TO A THIRD PARTY. Although the Department of Defense may not have physical custody, in order to maintain effective property accountability and for financial reporting purposes, **DoD Components shall establish and maintain records and accountability for property (of any value) furnished to contractors as Government furnished property (GFP)**. This requirement also includes property that is loaned to outside entities such as Federal agencies, State and local governments, and foreign governments.



# REALLY???

- Yup, the **GOVERNMENT** needs to have a **RECORD** of **ALL** the **Property** it is going to **FURNISH** to the **CONTRACTOR** for use/consumption under the contract!
- **What a NOVEL idea!**
  - (Sorry, just a tiny touch of sarcasm 😊)



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# FOR THE GOVERNMENT A SPECIFIC REQUIREMENT

## FAR 45.201

- (a) The contracting officer **SHALL** insert a listing of the Government property to be offered in all solicitations where Government-furnished property is anticipated (see 45.102). The listing shall include at a minimum—



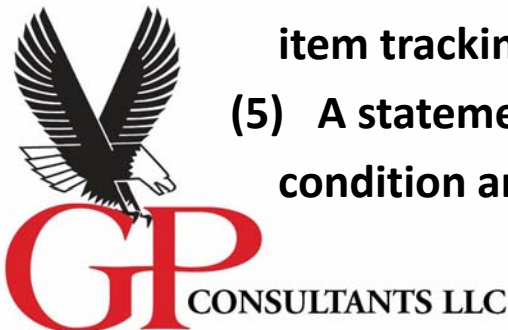
# INCLUSION OF GFP LISTINGS in the Solicitation

- OK, so the CO has decided (In a moment of insanity) to provide

## GFP

### – GFP LISTINGS, including the following Data:

- (1) The name, part number and description, manufacturer, model number, and National Stock Number (if needed for additional item identification tracking and/or disposition);
- (2) Quantity/unit of measure;
- (3) Unit acquisition cost;
- (4) Unique-Item Identifier or equivalent (if available and necessary for individual item tracking); and
- (5) A statement as to whether the property is to be furnished in an “as-is” condition and instructions for physical inspection.





# DFARS PGI GUIDANCE

- **PGI 245.201-71 GFP attachments to solicitations and awards.**
  - **When GFP is anticipated, include two separate attachments in solicitations and awards to specify the required GFP item identification data elements. Complete the following attachment formats for all items of GFP anticipated to be provided to a contractor.**



# DFARS PGI GUIDANCE

- **PGI 245.201-71 GFP attachments to solicitations and awards.**
  - **(1) *First Attachment.* A listing of the Government property to be offered in all solicitations where GFP is anticipated, including when major end items are being provided under a modification or upgrade contract; or when reparable are being provided under a repair, modification, or overhaul contract.**



# DFARS PGI GUIDANCE

- Pursuant to the Government property clause herein, the Government shall furnish to the contractor the item(s) of property listed below as GFP, for use in performance of this contract.

GFP Part A - Individual Serialized Items List										
(A) Item Number	(B) Type Designation	(C) PIN	(D) MFR CAGE	(E) Quantity and Unit of Measure	(F) Nomenclature and Description	(G) Part/ Model and NSN Number	(H) Serial Number (UII)	(I) AS IS: Yes/No	(J) Unit Acq Cost*	(K) Tag, Label or Permanent Marking Inst**

\*Not Required if the item has a UII and has been registered in the DoD IUID Registry.

\*\* The requiring activity should determine if GFP will be marked with a UII. Marking and registration of those items shall be accomplished in accordance with DFARS clause 252.211-7003.

GFP Part B Non-Serialized Items Listed by NSN and Quantity										
(A) Item Number	(B) Type Designation	(C) PIN	(D) MFR CAGE	(E) Quantity and Unit of Measure	(F) Nomenclature and Description	(G) NSN Number	(H) Part/ Model Number	(I) AS IS: Yes/No	(J) Unit Acq Cost*	(K) Tag, Label or Permanent Marking Inst**

\*Not Required if the item has a UII and has been registered in the DoD IUID Registry.

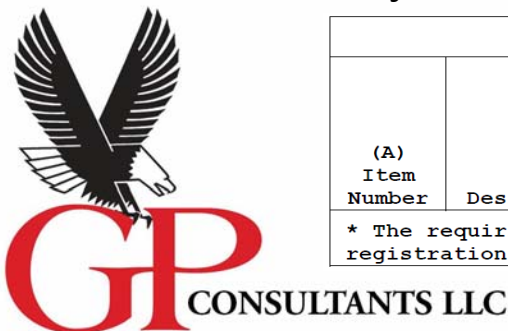
\*\* The requiring activity should determine if GFP will be marked with a UII. Marking and registration of those items shall be accomplished in accordance with DFARS clause 252.211-7003.



# DFARS PGI GUIDANCE

- **(2) Second Attachment. A listing of Government property to be authorized for contractor requisition from DoD supply sources in accordance with the clause at FAR 52.251-1.**
  - Government-Furnished Property Attachment Number ( \* )
  - Government Property Authorized for Contractor Requisition with or without Reimbursement from DoD Supply Sources
  - Pursuant to the Government property clause herein, the Government shall furnish to the contractor the item(s) of property listed below as Government property for use in performance of this contract. Requisitioning documentation for the property will be prepared by the contractor pursuant to the clause at 252.251-7000, Ordering from Government Supply Sources, as specified herein. Items on the Part A list are subject to reporting as GFP. Items on the Part B list become contractor-acquired property and are not subject to reporting as GFP.

Part A - Contractor-Requisitioned Non-Serialized Items List									
(A) Item Number	(B) Type Designation	(C) PIN	(D) MFR CAGE	(E) Quantity and Unit of Measure	(F) Nomenclature and Description	(G) NSN Number	(H) Unit Acq Cost	(I) AS IS: Yes/No	(J) Tag, Label or Permanent Marking Inst*
* The requiring activity should determine if GFP will be marked with a UII. Marking and registration of those items shall be accomplished in accordance with DFARS 252.211-7003.									



# TWO ADDITIONAL TIDBITS

- **PGI 245.201-72 Contracting office responsibilities.**
  - (1) Prepare the GFP attachments in accordance with the procedures in PGI 245.201-71.
  - (2) Maintain the GFP attachments in the contract.
- **PGI 245.201-73 Security classification.**
  - Classified contracts are not exempt from including GFP attachments solely because the contracts are classified.



# Ahhh, but there is MORE!!!

- PGI 245.103-71 Transferring Government property accountability.
  - (4) It is the responsibility of contracting officers/item managers to ensure that Government property transfers are properly reported electronically, including the initial furnishing by DoD of Government property and the subsequent transfer of such property to other contracts/contractors, or its return to the Government. DoD or contractor-operated logistics systems using Defense Logistics Management System (DLMS)-enhanced reporting capability, to include authorizing contract number and Item Unique Identification (IUID), when applicable, shall be employed to report initial shipment, receipt acknowledgement, or return of items of supply in accordance with MILSTRIP and Military Standard Transaction Reporting and Accounting Procedure(s) (MILSTRAP).



# Ahhh, but there is MORE!!!

- **PGI 245.103-71 Transferring Government property accountability.**
  - (4) ...
  - Such use of the DLMS will satisfy Government property transfer reporting requirements. For other Government property items where the DLMS is not applicable, the DoD Wide-Area Workflow (WAWF) Government property transfer system functionality should be used to accomplish reporting requirements. For information on DLMS, MILSTRIP, and MILSTRAP, see [http://www.dla.mil/j-6/dlmso/eLibrary/Manuals/dlmso\\_pubs.asp](http://www.dla.mil/j-6/dlmso/eLibrary/Manuals/dlmso_pubs.asp) and click on DoD 4000.25-M, DoD 4000.25-1-M, and DoD 4000.25-2-M, respectively. For information on WAWF, see <https://wawf.eb.mil>;



# ULTIMATE DECISION

- **Government Contracting Officers must make a conscious deliberate decision to furnish Government Property based upon the factors set forth in the FAR Policy.**

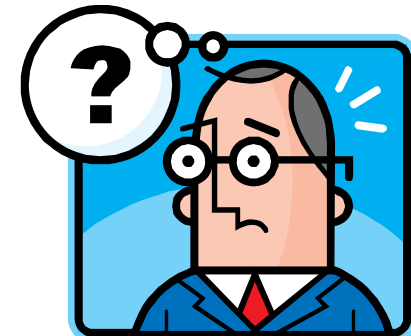


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**NOW, THAT'S ON THE  
GOVERNMENT SIDE OF THE  
HOUSE...  
WHAT ABOUT THE CONTRACTOR –  
PRE-AWARD???**



# CONTRACTOR RESPONSIBILITIES

## Pre-Award Requirements

- **FAR 45.201(c)**
- ... and shall require all **offerors** to submit the following information with their offers—
  - (1) A **list or description of all Government property** that the offeror or its subcontractors **propose to use on a rent-free basis**. The list shall identify the accountable contract under which the property is held and the authorization for its use (from the contracting officer having cognizance of the property);



# CONTRACTOR RESPONSIBILITIES

## Pre-Award Requirements

- **FAR 45.201(c)**
- ... and shall require all **offerors** to submit the following information with their offers—
  - (2) The **dates during which the property will be available for use** (including the first, last, and all intervening months) and, for any property that will be used concurrently in performing two or more contracts, the amounts of the respective uses in sufficient detail to support prorating the rent;



# CONTRACTOR RESPONSIBILITIES

## Pre-Award Requirements

- **FAR 45.201(c)**
- ... and shall require all **offerors** to submit the following information with their offers—
  - (3) The amount of rent that **would otherwise be charged** in accordance with FAR 52.245-9, Use and Charges; and



# CONTRACTOR RESPONSIBILITIES

## Pre-Award Requirements

- **FAR 45.201(c)**
- ... and shall require all **offerors** to submit the following information with their offers—
  - (4) A description of the **offeror's property management system, plan**, and any customary commercial practices, voluntary consensus standards, or industry-leading practices and standards to be used by the offeror in managing Government property.



# CONTRACTOR RESPONSIBILITIES

## Pre-Award Requirements

- Therefore, Government Property **MUST** be considered in the development of any PROPOSALS to ensure adequate coverage of those areas of concern related to Government property:
  - For Contractors, some questions:
    - Do you have a system to manage that property?
    - Do you have sufficient personnel to control that property?
    - Have you considered YOUR costs associated with that property?
      - Do you have adequate space for that property?
      - Can you adequately maintain that property?
      - Do you really WANT that property?

Rhetorical Question...  
Are your Property People involved in the proposal stage of your work?



# CONTRACTOR RESPONSIBILITIES

## Pre-Award Requirements

In other words, Contractors... are you properly **PREPARED** to assume the roles and responsibilities related to the **MANAGEMENT** of Government Property when it is placed into your possession, i.e., when you becomes **STEWARDS** of that Government Property?



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# **NEXT SECTION -- USE OF THE GP CLAUSES**

**THERE IS A REAL  
PROBLEM HERE!**





# Government Property Clause Requirements!

- PROVISIONS AND CLAUSES

- FAR 45.107(a)

(1) Except as provided in paragraph (d) of this section, the contracting officer **SHALL INSERT** the clause at 52.245-1, Government Property, in—

(i) **All cost reimbursement** and time-and-material type **solicitation and contracts**, and labor-hour **solicitations** when property is expected to be furnished for the labor-hour contracts.

(ii) Fixed-price **solicitations** and **contracts** **WHEN** the Government will provide Government property.

(iii) Contracts or modifications awarded under FAR Part 12 procedures where Government property that exceeds the simplified acquisition threshold, as defined in FAR 2.101, is furnished or where the contractor is directed to acquire property for use under the contract that is titled in the Government.



# Oh, and one more Government Requirement!

- **PROVISIONS AND CLAUSES**

- FAR 45.107(a)

- (2) The contracting officer shall use the clause with its **Alternate I** in contracts other than those identified in FAR 45.104(a), Responsibility and Liability for Government Property.

- (3) The contracting officer shall use the clause with its **Alternate II** when a contract for the conduct of basic or applied research at nonprofit institutions of higher education or at nonprofit organizations whose primary purpose is the conduct of scientific research (see 35.014) is contemplated.



# Oh, and one more Government Requirement!

- **PROVISIONS AND CLAUSES**

- FAR 45.107(a)

- (b) The contracting officer shall also insert the clause at 52.245-2, Government Property (Installation Operation Services), in fixed-price service contracts to be performed on a Government installation when Government furnished property will be provided for initial provisioning only and the Government is not responsible for repair or replacement.

- (c) The contracting officer **SHALL INSERT THE CLAUSE AT 52.245-9**, Use and Charges, in **solicitations** and **contracts** when the clause at 52.245-1 is included.

- (d) Purchase orders for property repair need not include a Government property clause when the unit acquisition cost of Government property to be repaired does not exceed the simplified acquisition threshold, unless other Government property (not for repair) is provided.



# MORE Government Property Clauses

- The Department of Defense has supplemented the FAR in the Department of Defense FAR Supplement (DFARS) with a number of DOD specific clauses related to Government Property. These clauses are found at DFARS at 252.211 and 252.245. They include DFARS:
  - 252.211-7007
  - 252.245-7000
  - 252.245-7001
  - 252.245-7002
  - 252.245-7003
  - 252.245-7004




# DFARS Policy on Using the DFARS Government Property Clauses

- Five of the DFARS Government Property Clauses:
  - 252.211-7007, Reporting Of Government-furnished Property
  - 252.245-7001, Tagging, Labeling, and Marking of Government-Furnished Property
  - 252.245-7002, , Reporting Loss of Government Property
  - 252.245-7003, Contractor Property Management System Administration and
  - 252.245-7004, Reporting, Reutilization, and Disposal

**Are LINKED to FAR 52.245-1.**

- That is, if the solicitation and contract have FAR 52.245-1 then ALL of these DFARS Clauses must be in the Contract.





**And those are the  
requirements BEFORE the  
contract is even  
AWARDED!!!**



# CONTRACTOR PROPERTY MANAGEMENT SYSTEM REQUIREMENTS

- O.k., so we decide that Government Furnished Property (GFP) will be furnished, and that since this is a Cost Reimbursement Type Contract Contractor Acquired Property (CAP) will be acquired by the Contractor – both being Government Property – so what are the Contractor responsibilities???

- The Two Minute Overview Version



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# CONTRACTOR PMS REQUIREMENTS

- (b) Property management.
  - (1) The Contractor shall have a **SYSTEM** of internal controls to manage (control, use, preserve, protect, repair and maintain) Government property in its possession. The system shall be adequate to **SATISFY THE REQUIREMENTS OF THIS CLAUSE**. In doing so, the Contractor shall **initiate and maintain** the **processes, systems, procedures, records, and methodologies necessary for effective and efficient control of Government property...** The Contractor may employ **CUSTOMARY COMMERCIAL PRACTICES, VOLUNTARY CONSENSUS STANDARDS, OR INDUSTRY-LEADING PRACTICES AND STANDARDS** that provide effective and efficient Government property management that are necessary and appropriate for the performance of this contract (except where inconsistent with law or regulation).





# CONTRACTOR PMS REQUIREMENTS

- (b) Property management.
  - (2) 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, 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 the Contractor's accountability, stewardship, possession or control, including its vendors or subcontractors (see paragraph (f)(1)(v) of this clause).



# CONTRACTOR PMS REQUIREMENTS

- (b) Property management.
  - (3) The Contractor shall include the requirements of this clause in all subcontracts under which Government property is acquired or furnished for subcontract performance.
  - (4) The Contractor shall establish and maintain procedures necessary to assess its property management system effectiveness and shall perform periodic internal reviews, surveillances, self assessments, or audits....



# CONTRACTOR PMS REQUIREMENTS

## LIFE CYCLE APPROACH TO PROCESSES AND OUTCOMES

### PARAGRAPH (f)

- ACQUISITION
- RECEIPT
  - IDENTIFICATION (Subsumed)
- RECORDS
- PHYSICAL INVENTORIES
- SUBCONTRACTOR CONTROL
- REPORTS
- RELIEF OF STEWARDSHIP RESPONSIBILITY AND LIABILITY
- UTILIZING
  - CONSUME/MOVE/STORE (Subsumed)
- MAINTENANCE
- PROPERTY CLOSEOUT
  - Disposition (Subsumed)



# CONTRACTOR PMS REQUIREMENTS

- **RECORDS** – BOTH SIDES need to establish and Maintain RECORDS... Government and Contractor
- **GOVERNMENT'S RECORDS** – the Government's **FIDUCIARY** Records
  - DOD 5000.64
- **CONTRACTOR'S RECORDS** of Government Property – **STEWARDSHIP** Records
  - FAR 52.245-1(f)(1)(iii)



# CONTRACTOR PMS REQUIREMENTS

- **A WORD OF WARNING!!!**
  - These PROCESSES and EXPECTED OUTCOMES reflect:
    - Application of VCSes, ILPs and CCPs
    - Application of Contractor's NORMAL way of Doing Business
    - Application of any SPECIFIC Government Requirements, i.e., GP Clause and Other Clauses.
  - These PROCESSES DO NOT reflect the Army, Navy or AF way of doing things, e.g., AR 735-5.
  - Be CAREFUL about applying GOVERNMENT REGS to CONTRACTOR WORK where they are NOT contractually binding!



# CONTRACTOR PMS REQUIREMENTS

- Some examples of NON-CONTRACTUAL REQUIREMENTS GONE AWRY
  - Physical Inventories
    - FAR Requirement versus Requirements of DOD 4000.25-2-M Versus DODI 5000.64
  - LIABILITY
    - FAR Requirement versus DOD 7000.14-R, Volume 12, Chapter 7 versus (For this Group) AR 735-5
  - Reports
    - FAR GP Clause required “Reports” (discrepancy reporting, physical inventory reporting, disposal reporting, etc.) versus extra-contractual reports requested by whomever.
      - Better to use CDRLs if you want a report not required by the contract



# CONTRACTOR PMS REQUIREMENTS

- And a whole bunch more – that we do not have time to analyze, e.g.,
  - Maintenance issues (Capital Type Rehabilitation)
  - Disposal Issues
    - Unfunded Liabilities for Hazardous Wastes and Demilitarization requirements
  - Use and Charges
  - Inventory Adjustments...
    - And the list goes on!
  - AND ONE OF THE BIG ISSUES... IUID requirements



# Bottom line...

- When Government Property is provided (either GFP or CAP) to a contractor:
  - KNOW what GP you have and are going to PROVIDE to the Contractor!
  - KNOW what is REQUIRED of the Contractor in accordance with the CONTRACT!
  - DO NOT require the contractor to do things that they are NO CONTRACTUALLY required to do!
    - The Issue of Implied versus Apparent Authority





# SUMMARY

- The “providing” of Government Property must be a **PLANNED and DOCUMENTED** actions in the SOLICITATION and AWARD stage(s).
- The Government needs to establish and maintain **FIDUCIARY RECORDS** of Government Property.
- The Contractor needs to establish and maintain **STEWARDSHIP RECORDS** of Government Property.
- The Government (And the Contractor) need to ensure that the **PROPER** Government Property provisions and **CLAUSES** are used in the Solicitation and Contract!



# Thank you!

**Dr. Douglas N. Goetz, CPPM, CF**  
**Soon to be Grandpa Goetz**

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