

RECORDS OF GOVERNMENT PROPERTY

Dr. Douglas N. Goetz, CPPM, CF, MIAM






- THIS IS PROBABLY THE MOST IMPORTANT PROCESS AND OUTCOME OF THOSE LISTED IN (f) OF THE GP CLAUSE!!!
- WHY?
- BECAUSE IT EFFECTS EVERY OTHER PROCESS!!!



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RECORDS

NOUN


1. a thing constituting a piece of evidence about the past, especially an account of an act or occurrence kept in writing or some other permanent form:
"identification was made through dental records" -

2. the sum of the past achievements or actions of a person or organization; a person or thing's previous conduct or performance:
"the safety record at the airport" -

VERB

To set down for preservation in writing or other permanent form.
v. An account, as of information, set down esp. in writing as a way of preserving knowledge. n. Information or data on a specific subject collected and preserved. Law: An account officially written and kept as evidence or testimony.


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RECORDS, AND THE MAINTAINING OF RECORDS, ARE APPLICABLE TO EVERY PROCESS SET FORTH IN THE GP CLAUSE!


Records are the Life's Blood Of your Property Management System






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Before we start on what RECORDS the CONTRACTOR must establish and maintain... it would be wise and prudent to think about the **GOVERNMENT** for a moment!






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Hmmmmmmmm????

So, does the Government need to keep any records of the Government property if furnishes to contractors?



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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.acq.osd.mil/fo/docs/500002p.pdf>

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THE DEFENSE ACQUISITION SYSTEM

- In DoDI 5000.02 dated January 7th, 2016, in Enclosure 6 we find the following guidance regarding the Program Manager's responsibilities towards Government Property.
- In 2.a.(1)(a)(8) 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) while the Air Force uses the Air Force Equipment Management System (AFEMS).

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USC Title 40 Section 524

- Here is the requirement from USC Title 40 Section 524. It states,
 - (a) REQUIRED.—Each executive agency shall—
 - (1) maintain adequate inventory controls and accountability systems for property under its control;
 - (2) continuously survey property under its control to identify excess property;
 - (3) promptly report excess property to the Administrator of General Services;
 - (4) perform the care and handling of excess property; and
 - (5) transfer or dispose of excess property as promptly as possible in accordance with authority delegated and regulations prescribed by the Administrator.
 - <http://www.gpo.gov/foia/usc/usc40-title40/pdf/USCODE-2011-title40-subtitle40-chap5-subchap1-sec524.pdf>

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USC Title 40 Section 524

- Therefore, each department has a statutory requirement to maintain
 - **adequate inventory controls and**
 - **accountability systems for property under its control**
- PMs, in providing Government/Contract property to contractors, need to be aware that Government property provided to a contractor will still be on the Government's accountable property records.

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•DODI 5000.64 Accountability and Management of DoD Equipment and Other Accountable Property

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DODI 5000.64

- Another item under the DoD 5000 Series is DoD Instruction 5000.64 entitled, "Accountability and Management of DoD Equipment and Other Accountable Property"
- Its purpose, it establishes policy and procedures to comply with title 40 of United States Code (U.S.C.) and 31 U.S.C 901 (which deals with the appointment of Chief Financial Officers for Government Agencies); and outlines requirements that reflect the accountability perspective of property management, which supports the lifecycle management of items to include the documentation of lifecycle events and transactions.

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DODI 5000.64

- Each department is required to establish and maintain an **“Accountable Property System of Record” (APSR)**.
- The APSR is defined as,
 - The Government system used to control and manage accountable property records; a subset of existing organizational processes related to the lifecycle management of property; the system that is integrated with the core financial system.

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DODI 5000.64

- The instruction requires that for every item of accountable property the following **DATA ELEMENTS** are to be established and maintained:
 - a. Name, part number and description (noun, nomenclature), model number, and national stock number (NSN), if known.
 - b. Owner (both the accountable and custodial organization).
 - c. Status (e.g., active or inactive (retired), staged, stored, in-transit, transferred, declared excess, awaiting disposal, disposed of).
 - d. Quantity (e.g., received, fabricated, issued, and on-hand) and unit of measure.
 - e. General ledger classification (e.g., military or general equipment, loaned, or leased, or a means to apply business rules for making such a determination).
 - f. Value at full cost and depreciation information, if applicable; or original acquisition cost if the property does not require capitalization.

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DODI 5000.64

- **DATA ELEMENTS (Continued):**
 - g. Estimated useful life (years or activity based for capitalized property).
 - h. Unique item identifier (UII) or DoD recognized IUID equivalent, if available and necessary for unique identification.
 - i. Date placed in service.
 - j. Location.
 - k. Current condition. Information on supply condition codes is contained in Appendix 2.5 of Reference (h).
 - l. Posting reference (e.g., receiving report number, contract, purchase order, or other procurement identification number, invoice number).

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Relationship between PM and DODI 5000.64

- We can see the linkage between DODI 5000.02 and DODI 5000.64 as they relate to Government Property – WITHIN the Government.
- But, there is another relationship the PM must be aware of – That being the acquisition situation where the PM makes the determination to **provide Government property to a prospective contractor.**

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Relationship between PM and DODI 5000.64

- DODI 5000.64 provides direction in this situation as well. In enclosure 3 to the DODI we see Paragraph 3 entitled:

“PROPERTY FURNISHED TO A THIRD PARTY.”

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Relationship between PM and DODI 5000.64

- The guidance provided by this paragraph states:
 - 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.

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Relationship between PM and DODI 5000.64

- PMs MUST understand the relationship between the **fiduciary accountable records** that the **Government establishes** and maintains for Government property in its possession and the **stewardship records** that the **contractor establishes** and maintains when Government property is provided under a contract.

The diagram illustrates the flow of information and records between the Government and the Contractor. On the left, a Program Manager and an Accountable Property Officer (APO) are shown. The APO is connected to the Accountable Property System of Record (APSR). In the center, a Contracting Officer (CO) is shown. On the right, Contractor - Stewardship Records are shown. A vertical axis separates the GOVERNMENT side from the INDUSTRY side. Arrows indicate the flow of records and information between these entities.

BACK TO WHAT THE CONTRACTOR HAS TO DO – IN REGARD TO RECORDS!!!

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GOVERNMENT PROPERTY RECORDS: 52.245-1

(f)(1)(ii) Receiving

The Contractor **SHALL** receive Government property and document the receipt, **record the information necessary to meet the record requirements of paragraph (f)(1)(iii)(A)(1) through (5) of this clause,**

WAIT A MINUTE – if it is GFP isn't the Government supposed to provide us this information???

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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.
- (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 **reparables 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.

(K) Item Number	(E) Type	(C) Designation	(I) FPM	(I) CMR	(I) Quantity and Unit	(I) Description	(I) Part Number	(I) Model Number	(I) Serial Number	(I) Part/Model/Serial	(I) Unit No./Chk*	(I) Tag Label or Marking Inst**

*Not Required if the item has a PGI and has been registered in the DoD PGI Registry.
 ** The acquiring activity should determine if GFP will be marked with a PGI. Marking and registration of these items shall be accomplished in accordance with DFARS clause 252.211-7009.

(K) Item Number	(E) Type	(C) Designation	(I) FPM	(I) CMR	(I) Quantity and Unit	(I) Description	(I) Part Number	(I) Model Number	(I) Serial Number	(I) Part/Model/Serial	(I) Unit No./Chk*	(I) Tag Label or Marking Inst**

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GOVERNMENT PROPERTY RECORDS: 52.245-1

(f)(1)(ii) Receiving

So – if in the receiving process it is discovered that the **DATA PROVIDED are insufficient** to meet the requirements of (f)(1)(ii) – what should be done?

REPORT IT!!!


(f)(1)(ii)(A) Government-furnished property. The Contractor shall furnish a written statement to the Property Administrator containing all relevant facts, such as cause or condition and a recommended course(s) of action, if overages, shortages, or damages **and/or other discrepancies are discovered upon receipt of Government-furnished property.**

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**GOVERNMENT PROPERTY RECORDS:
52.245-1**

(f)(1)(iii) Records of GP
The Contractor **SHALL** create and maintain records of **ALL GOVERNMENT PROPERTY** accountable to the contract, including GFP & CAP.




**SMALL NOTE – REGARDLESS OF \$ VALUE!
THERE IS NO \$ THRESHOLD FOR RECORDKEEPING!!!**

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**GOVERNMENT PROPERTY RECORDS:
52.245-1**


(f)(1)(iii) Records of GP
(A) Property records shall enable a **complete, current, auditable record** of **ALL** transactions and shall, unless otherwise approved by the PA, contain the following:




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**GOVERNMENT PROPERTY RECORDS:
52.245-1**

(f)(1)(iii) Records of GP
(A)(1) The name*, part number*, description*, and NSN* (Note – NSN an option) (if needed for additional item identification tracking and/or disposition).




*** REMEMBER THE INFO THE G IS REQUIRED TO PROVIDE!!!**



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**GOVERNMENT PROPERTY RECORDS:
52.245-1**

(A)(2) Quantity received (or fabricated), issued, and balance-on-hand.



Bottom line – everything coming in, everything going out and what is in stock!

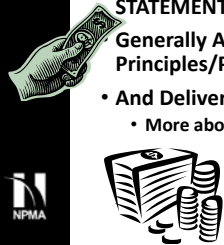
In other words – for material a running tally!
Sometimes referred to As a "Perpetual Inventory Record."

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**GOVERNMENT PROPERTY RECORDS:
52.245-1**

(A)(3) Unit Acquisition Cost

- Check your **DISCLOSURE (CASB DS-1 Form) STATEMENT** as to how this is computed!
- **Generally Accepted Accounting Principles/Practices (GAAP)**
- **And Delivery of CAP**
 - More about this later....




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**GOVERNMENT PROPERTY RECORDS:
52.245-1**

(A)(4) Unique-item identifier or equivalent (if available and necessary for individual item tracking).

Do you have any type of a "Unique Number" assigned to you?
Does any Property you own have a unique number assigned to it?




Would have been nice to have seen this requirement under Identification?

DO NOT CONFUSE THIS WITH THE IUID REQUIREMENT!!!

- The UII, as referenced here, is a **FAR** requirement applicable to ALL Government property (GFP and CAP), with certain exceptions , e.g., material.
- The IUID and its UII application is a **DFARS** requirement.

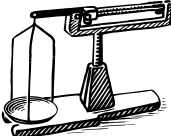
READ YOUR CONTRACT FOR YOUR REQUIREMENTS!!!

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**GOVERNMENT PROPERTY RECORDS:
52.245-1**

(A)(5) **Unit of measure:**
ex: inch, foot, yard
centimeter, meter
ounce, pound, ton
milligram, gram, kilogram etc.



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**GOVERNMENT PROPERTY RECORDS:
52.245-1**


(A)(6) **Accountable contract number or equivalent code designation.**

If you use an Equivalent code it must be auditable back to the contract #.

**GP can be ACCOUNTABLE
To only one contract
at a time!!!**



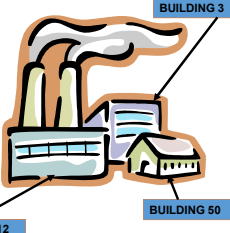
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**GOVERNMENT PROPERTY RECORDS:
52.245-1**

(A)(7) **Location**

**Note:
OPINION...**
This is the weakest Part of a contractor's Property Management System.
You need to be able to FIND/LOCATE the GP within a REASONABLE period of time!!!




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(A)(8) Disposition
 Whether the Property is happy or sad...
 Uhhhh, o.k., what happened to the property?
 Was it...

- Transferred?
- Sold?
- Scrap?
- Delivered?





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**GOVERNMENT PROPERTY RECORDS:
 52.245-1**

(A)(9) Posting reference and date of transaction.
 Analogous to your Bank Accounts
 and your ATM card.
 For **EVERY** TRANSACTION you must have a
 SUPPORTING DOCUMENT



GIVE ME SOME EXAMPLES OF TRANSACTIONS!!!



**GOVERNMENT PROPERTY RECORDS:
 52.245-1**

(A)(10) Date placed in service.
 [Applicable to ST, STE and Equipment]
 Why is this needed?

- For the Government to be able to apply ITS Depreciation to the item.
- For the Contractor to document the issue of "Suitability of Use" after receipt and INSTALLATION
 (52.245-1(d)(2).



GOVERNMENT PROPERTY RECORDS: 52.245-1

FOR DOD CONTRACTS:

DCMA has Policy that says this, a RECEIPT AND

ISSUE SYSTEM is **NOT** to be used if the MMAS requirement (DFARS Clause 252.242-7004) is in the contract.

WHY?

Because the MMAS imposes a HIGHER STANDARD of control – which the PA does NOT have the AUTHORITY to reduce!!!

See DCMA Instruction 124



GOVERNMENT PROPERTY RECORDS: 52.245-1

VIRTUALLY EVERY PROCESS & OUTCOME REQUIRES **RECORDS!**

- Acquisition
- Receiving
- Identification
- Storage
- Movement
- Reports
- Physical Inventories
- Consumption
- Utilization
- Maintenance
- Relief of Stewardship [Really Liability]
- Subcontractor Control
- Disposition
- Contract Closeout

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CONTRACTOR RECORDS RETENTION

• TWO CLAUSES REQUIRE THE CONTRACTOR TO RETAIN RECORDS:

- Audit and Records -- Sealed Bidding
 - (52.214-26) and
- Audit and Records -- Negotiation
 - (52.215-2).
- These clause incorporate the requirements of **FAR 4.7** upon the contractor via an "Incorporation by Reference" within the clause.




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CONTRACTOR RECORD RETENTION 4.703

(a) Except as stated in 4.703 (b), Contractors shall make available records, which includes books, documents, accounting procedures & practices, and other data, regardless of type & whether such items are in written form, "computer dater," or any other form...




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CONTRACTOR RECORD RETENTION 4.703

- (a) ...to satisfy contract negotiation, administration, and audit requirements of the Contracting Agencies & Comptroller General for-
- (1) 3 years after final payment for certain records
- (2) Period specified in 4.705 through 4.705-3, whichever of these periods expires first.




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FINANCIAL & COST ACCOUNTING RECORDS 4.705-1

- Accounts receivable invoices...retain 4 years
- Material, work order, or service order files, including P.O.'s for material or services...retain 4 years
- Accounts payable records to support disbursement of funds for materials...retain 4 years



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ACQUISITION & SUPPLY RECORDS 4.705-3

- Store requisitions for materials...retain 2 years
- Work orders for maintenance...retain 4 years
- Equipment records...retain 4 years
- Expendable property records...retain 4 years
- Receiving & inspection report records...retain 4 years
- P.O. files for supplies, equipment, material...retain 4 years
- **(h) Property records (see FAR 45.101 and 52.245-1): Retain 4 years.**



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RECORDS -- THE BOTTOM LINE TAKEAWAY!

- It is expected to comply with the contract that CONTRACTORS **ESTABLISH** and **MAINTAIN RECORDS** for **EVERY ITEM** of Government Property and provide the records of **ALL TRANSACTIONS**



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RECORDS

- IF you do not have records, the **PROPER** records, complete records, timely records...
- You probably will have problems with your **PROPERTY MANAGEMENT SYSTEM** and its **AUDIT!!!**



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- So, we talked about **RECORDS** on the part of the **GOVERNMENT**
- We Talked about what **INFORMATION**, i.e., **DATA** the Government needed to provide the contractor for GFP (In order to establish a record!)
- Sooooooo, **HOW** does the Government **OBTAIN** some of this data???



•DELIVERY OF CONTRACTOR ACQUIRED PROPERTY •(CAP)



DELIVERY OF CAP

- So, how do you get CAP from:
 - Contract #1 to
 - Contract #2????
- It depends!!! 😊
 - If it is CAP of the **MATERIAL CLASSIFICATION** – you would use the **MMAS (DFARS 252.242-7004)**
 - And we could spend **HOURS** discussing **THAT!**
 - If it is CAP of the **ST/STE or EQUIPMENT CLASSIFICATION...** Welllllllllll, ya gotta do some more work!!! 😊



LISTINGS OF CAP

- **CONTRACTORS** have the **RECORDS** for **Contractor Acquired Property (CAP)**.
 - The Program Office doesn't have these records.
 - The Accountable Property Officer doesn't have these records.
 - This property – at this moment in time – is **NOT** in the Accountable Property System of Record (APSR)!

So, wait a minute, how does the Government record this “stuff?”



For DoD – go to the DFARS!!!

- **DFARS 245.4 – Title to Government Property**

Nothing really here. It Directs you To the PGIs!!!
- **DFARS 245.402-71 – Delivery of CAP**
 - DFARS PGI 245.402-71
 - (1)(i) When delivery of contractor-acquired property is required, the contracting officer shall direct that the **delivery be accomplished by contract line item**, except



TAKING DELIVERY OF CAP

- **DFARS PGI 245.402-71**
 - It continues, (2) Each contract line item of contractor-acquired property shall include the following information:

Contractor-Acquired Property Delivery Contract Line Item

Item Description/ Nomenclature	Type Designation	NSN	PIN	Quantity	Unit of Measure	Serial Number (UII)	Original Unit Acquisition Cost	Date Placed in Service by the Contractor
X	X	As required	X	X	X	X	If known	X

And then a REALLY INTERESTING LINKAGE
 *Contractor-acquired property items shall be marked as required by DFARS clause 252.245-7001.
 DFARS 252.245-7001 discusses GFP and “Serially-Managed Item” – which then takes you to DFARS 211.274 and the PGI which takes you to 252.211-7003, Item Unique Identification and Valuation.



TAKING DELIVERY OF CAP

- **DFARS PGI 245.402-71**
- **Now, this is a QUADRUPLE WHAMMY!!!**
 1. You can report ALL of this CAP through PCARSS. This submission through PCARSS provides the CO a list to use to create the CLINs specified on the previous slide. FAR 52.245-1(j) and DFARS 252.245-7004
 2. The Government is going to have to create a CLIN (Or SLIN) for EVERY ITEM it wants to Transfer – as those items become GFP!!!
 3. The Government will have to create MODIFICATIONS for BOTH CONTRACTS – Losing and Gaining, FAR 45.106
 4. The Contractor has to comply with the IUID requirements, directed by the Government, for those items called out as being Serially Managed. (DFARS 252.211-7003)



TAKING DELIVERY OF CAP

- **AND THERE IS A BIG ASSUMPTION HERE...**
- **THAT THERE IS THE SAME CO FOR BOTH CONTRACTS... the LOSING and the GAINING Contracts!!!**
- **If there are TWO (2) DIFFERENT PCOs – Then you have to get AUTHORIZATIONS FROM BOTH...**
 - And then the ACO (If he or she administers both contracts) can be granted authority by the PCOs to do all of this!
 - See next slides for a simplistic diagram!!!

• **THIS IS AN EXTREMELY TECHNICAL ISSUE – but one that you, as a property professional (And even a CONTRACTS PROFESSIONAL) on both sides of the house have to know and understand and apply!!!**

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graph LR
    A[REPORTED THROUGH PCARSS WITH THE DESIRE TO TRANSFER*] --> B[CO AGREES And CUTS MODS LISTS CAP AS CLINs]
    B --> C[CONTRACTOR "DELIVERS" AND APPLIES UIDs as DIRECTED]
    C --> D[CONTRACTOR RECORDS GFP ON ITS RECORDS TO NEW ACCOUNTABLE CONTRACT]
  
```

* **IMPORTANT NOTE – The simple Act of specifying in PCARSS that you want the CAP transferred is insufficient. You must ALSO ask/notify the CO!!!**

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•In the current vernacular – OMG!!!

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SHIP IN PLACE CLARIFICATION!

From the DoD Guidebook for Contract Property Administration

- If a contract deliverable item is shipped in place (FOB Origin), the deliverable item would become either GFP (in which case 52.245-1 applies) or “would not” become GFP (Where 52.245-1 does not apply).





SHIP IN PLACE CLARIFICATION!

From the DoD Guidebook for Contract Property Administration

- POINT #1:
- If the contracting officer intends the property to be GFP, then 52.245-1 and its associated clauses must be added to the contract (assuming the contract lacks those clauses).
 - Following the PROPER PROCEDURES!!!
 - CONTRACT MODS!!!



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SHIP IN PLACE CLARIFICATION!

From the DoD Guidebook for Contract Property Administration

– If the property is not designated as GFP, then the Government has ostensibly imposed upon the contractor a **PROPERTY STORAGE REQUIREMENT** (a “service”), in which case the contracting officer should ensure the contract includes appropriate terms and conditions relevant to the type, scope and duration of storage.

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SHIP IN PLACE CLARIFICATION!

From the DoD Guidebook for Contract Property Administration

– **The contract should also include necessary and appropriate funding (storage at no cost is not appropriate)**, a clear statement that the property is not GFP, and an appropriate liability provision (the Government would not ordinarily assume the risk of property loss (self-insure) for property shipped in-place that is not GFP).

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SURPRISE!!!

So, Honestly, how many of You have accepted the Responsibility for GP as a SHIP IN PLACE REQUEST?

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So, what have I covered???

- RECORDS OF GOVERNMENT PROPERTY
 - REQUIREMENTS FOR THE GOVERNMENT
 - REQUIREMENTS FOR THE CONTRACTOR
- DELIVERY OF CAP CONVERTING IT TO GFP
- CLARIFICATION OF THE SHIP IN PLACE MISUNDERSTANDING!

HOPE ALL OF THAT HELPS!!!

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THANK YOU!

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