


**GOVERNMENT PROPERTY
IN THE PRE-AWARD PROCESS**

Presented by:
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Government Property Management

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

MANAGEMENT
of Government Property.

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



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Government Property Management

- **Contractual Compliance**
 - **Inadequate Management of Government Property may lead to:**
 - **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




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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



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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**



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DETERMINATION TO PROVIDE GP

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

SO WHY IS THERE OVER \$150 BILLION worth of GP in the hands of DEFENSE contractors?



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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



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IMPORTANT!
ALL of FAR 45 is direction to the GOVERNMENT

- FAR 45.6 Reporting, Reutilization and Disposal of GP

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.




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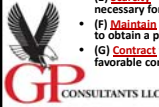
- PGI 245.103-70 Furnishing Government property to contractors.
 - (1) The requiring activity (project or program manager, or purchase request generator), as part of its responsibility for acquisition planning (FAR part 7, Acquisition Planning), is the decision point as to whether or not to furnish property 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.



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- 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.



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- 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.



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- 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.




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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
 - O.k., I have to digress here for a minute...
 - Does the **GOVERNMENT** have to have a record of **ITS** property to be able to provide the specific information to the CONTRACTOR?



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SIMPLE ANSWER!!!


- YES!!!
- Huh? Where is THAT requirement?
 - DOD 5000.641
 - <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 (Reference (m))).



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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.




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FOR THE GOVERNMENT A SPECIFIC REQUIREMENT

FAR 45.201

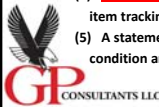
- (a) The contracting officer **SHALL** insert a listing of the Government property to be offered in all solicitations where Government-furnished property is anticipated (see 45.102). The listing shall include at a minimum—



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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.



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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.



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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.



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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) Designation	(C) PFM	(D) CASR	(E) MFR of Measure	(F) Qty and Unit	(G) Description	(H) Part/Model and MFR Number	(I) Serial No. (UIC)	(J) Yes/No	(K) Unit Acq. Cost*	(L) Label or Permanent Marking Inst**
*Not required if the item has a UIC and has been registered in the DOD IJIS Registry.											
** The acquiring activity should determine if GFP will be marked with a UIC. Marking and registration of these items shall be accomplished in accordance with DFARS clause 252.221-7009.											

GFP Part B - Non-Serialized Items Listed by MFR and Quantity

(A) Item Number	(B) Designation	(C) PFM	(D) CASR	(E) MFR of Measure	(F) Qty and Unit	(G) Description	(H) Part/Model and MFR Number	(I) Serial No. (UIC)	(J) Yes/No	(K) Unit Acq. Cost*	(L) Label or Permanent Marking Inst**
*Not required if the item has a UIC and has been registered in the DOD IJIS Registry.											
** The acquiring activity should determine if GFP will be marked with a UIC. Marking and registration of these items shall be accomplished in accordance with DFARS clause 252.221-7009.											



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DFARS PGI GUIDANCE

- (2) **Second Attachment.** A listing of Government property to be authorized for contractor requisitioning from DoD supply sources in accordance with the clause at FAR 52.251-1.
 - Government-Furnished Property Attachment Number (*)
 - Government Property Authorized for Contractor Requisitioning 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.



(A) Item Number	(B) Description	(C) Quantity	(D) Unit	(E) Manufacturer and Part	(F) Item Name	(G) Part Number	(H) Stocking and Registration	(I) Remarks	(J) Item*

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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.



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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).



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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/dlms/eLibrary/Manuals/dlms_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/>;



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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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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);



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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;



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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



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CONTRACTOR RESPONSIBILITIES
Pre-Award Requirements

- **FAR 45.201(c)**
- ... and shall require all **offerors** to submit the following information with their offers—
 - (4) The **voluntary consensus standard or industry leading practices and standards** to be used in the management of Government property, or **existing property management plans, methods, practices, or procedures** for accounting for property.




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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 you (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?



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CONTRACTOR RESPONSIBILITIES
Pre-Award Requirements


In other words, 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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Thank you!

Dr. Douglas N. Goetz, CPPM, CF
INTERMITTENT DAU PROFESSOR
Hopefully a Good Instructor.
Chief cook and bottle washer at Home, responsible for all "honey do" requirements
– though upon my retirement my wife told me to stay out of HER house!



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