Government Furnished Property Basics for Contracting Professionals

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This information:

Should not be construed as changing or modifying any statute, regulation, DoD policy or guidance, or any term(s) of any contract with the U.S. Government or any department or agency of the U.S. Government.
Why is Knowing about GFP Important?

❖ Currently:
  » We don’t know what we own.
  » We don’t know where it is.
  » We don’t know what it’s worth.

❖ Therefore:
  » We don’t get the most value out of what we own.
Government Property on a contract may be Contractor Acquired Property or Government Furnished Property.

These two types of property have some common requirements, but each also has its unique requirements.
Government Furnished Property (GFP) – is defined as property in the possession of or acquired by the Government and subsequently furnished to the Contractor for performance of a contract. It includes items like spares and property furnished for repair, maintenance, overhaul, or modification. It can be items taken or requisitioned from Government inventory or purchased by the Government specifically to be provided on a contract.

Contractor Acquired Property (CAP) - is property purchased or fabricated by a contractor for use on a contract to which the Government has title but has not performed receipt and acceptance. CAP is usually generated on Cost Type and Time and Material contracts where the Government has title to property that is fabricated or purchased for use on the contract.

GFP also includes contractor-acquired property if the contractor-acquired property is a deliverable under a cost contract that has been accepted by the Government for continued use under that contract or a future contract.
Major Differences

- The differences between CAP and GFP start at the beginning of the acquisition process.

- CAP or the potential for CAP is driven by the decision on the type of contract.

- Providing GFP on the other hand is a business decision.
Whether its CAP or GFP

- The contractor’s responsibilities for managing the property are essentially the same for GFP and CAP. FAR 52.245-1(f)

- The Contractor shall have a system that will allow them to:
  - Obtain, control, use, preserve, protect, repair, and deliver the property in their possession.
GFP Regulations – FAR/DFARS

- **Federal Acquisition Regulation (FAR)**
  - Part 45—Government’s Policy
  - Clause 52.245-1 (June 2007, August 2010, April 2012)

- **Defense Federal Acquisition Regulation Supplement (DFARS)**
  - Part 245—DoD Policy
  - DFARS clauses:
    - 252.211-7007 (Reporting of GFE to the DoD UID Registry)
    - 252.245-7001 (Tagging, Labeling and Marking of GFP)
    - 252.245-7002 (Reporting Loss of Government Property)
    - 252.245-7003 (Contractor Property Management System Admin.)
    - 252.245-7004 (Reporting, Reutilization, and Disposal)
GFP Regulations- DFARS PGI

- DFARS Procedure, Guidance and Information ("PGI")
  - PGI 245.1 Government Furnished Property-General
  - PGI 245.103-72 Guidance to determine if government property should be furnished to contractors
  - PGI 245.2 Government Furnished Property-Solicitation and Evaluation Procedures
  - PGI 245.201-71 GFP Attachments to Solicitations and Awards
  - PGI 245.402-71 Title to Government Property
The Government makes the decision during acquisition planning about whether or not to provide GFP.

- The basis for providing GFP must be documented in the contracting file.
- EXCEPTION: No documentation is needed when the property is furnished to the contractor for repair, modification, or overhaul under a contract.

The decision to provide GFP is **not** made by the contractor.

Reference: [PGI 245.103-70](#) Furnishing Government property to contractors.
FAR 45.102: Contracting officers shall provide property to contractors only when it is clearly demonstrated—

“To be in the Government’s best interest; that the overall benefit to the acquisition significantly outweighs the increased cost of administration; that providing the property does not substantially increase the Government’s assumption of risk; and that Government requirements cannot otherwise be met.

The contractor’s inability or unwillingness to supply its own resources is not sufficient reason for the furnishing or acquisition of property.”
PGI 245.103-70 (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—”

- Element 1: Government’s best interest;
- Element 2: Overall benefit to the acquisition;
- Element 3: Government’s assumption risk; and
- Element 4: Requirement cannot otherwise be met

**Must meet all 4 Elements**
Element 1: Government’s Best Interest

- In the Government’s best interest
  - Discussion should be specific & factual
  - Actual or projected dollars should be addressed

- Discussion should address the following:
  - Economy – achieves lowest cost or price objective
  - Standardization – critical need for precise replication (e.g., special tooling for consistent measurements)
  - Security – needed for national security reasons
  - Expedite production – critical for achieving timely delivery
  - Scarcity – Government is the only source
  - Maintain the Industrial base – ensure future capability
  - Contract type – potential for a more favorable contract
Element 2: Overall Benefit to the Acquisition

- Overall benefit to the acquisition must significantly outweigh the costs of administration
- Property in the hands of contractors drives program costs
  - Controlling
  - Managing
  - Disposal
- Costs must be either less than what the contractor might otherwise incur; or benefit to the Government must outweigh additional costs
Element 3: Government’s Assumption Risk

» Risk analysis must demonstrate that the Government is not substantially increasing its risk.

» Risks must be considered, discussed and documented.
Element 4:
Requirement cannot otherwise be met

» The Government property being provided is critical and significant to meeting acquisition plan objectives.
GFP Clauses

- Audits of contracts with GFP shows very few contain all the correct GFP FAR and DFARS clauses.

- If the correct clauses aren’t in the solicitations and contracts we obviously have problems with contractor compliance.
FAR 52.245-1 is required for:

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

- Fixed-price solicitations and contracts when the Government will provide Government property. (GFP)

- Contracts or modifications awarded under FAR Part 12 procedures where Government property that exceeds the simplified acquisition threshold, is furnished or where the contractor is directed to acquire property for use under the contract that is titled in the Government. (CAP & GFP)
Alternatives to FAR 52.245-1

- 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. It should NOT be used in:
  - (1) Cost-reimbursement contracts.
  - (2) Time-and-material contracts.
  - (3) Labor-hour contracts.
  - (4) Fixed-price contracts awarded on the basis of submission of certified cost or pricing data.

- If a contract includes the conduct of basic or applied research at: (1) a nonprofit institution of higher education or (2) a nonprofit organization whose primary purpose is to conduct of scientific research (see FAR 35.014), the contracting officer shall use the clause with its Alternate II.

NOTE: The use of Alternatives are rare occurrences.
The Exception

- 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 ($150,000), unless other Government property (not for repair) is provided.

- However, the exception is discretionary and DPAP recommends using FAR 52.245-1 or its alternates.
MANDATORY

- **FAR 52.245-9** Use and Charges, in solicitations and contracts when the clause at 52.245-1 is included.
- **DFARS 252.245–7001** Tagging, Labeling, and Marking of Government-Furnished Property, in solicitations and contracts that contain the clause at FAR 52.245-1, Government Property.
- **DFARS 252.245–7002** Reporting Loss of Government Property, in solicitations and contracts that contain the clause at FAR 52.245–1, Government Property.
- **DFARS 252.245–7003** Contractor Property Management System Administration, in solicitations and contracts containing the clause at FAR 52.245-1, Government Property.
- **DFARS 252.245–7004** Reporting, Reutilization, and Disposal, in solicitations and contracts that contain the clause at FAR 52.245-1, Government Property.
- **DFARS 252.211-7007** Reporting of Government-Furnished Property, in solicitations and contracts that contain the clause at FAR 52.245-1, Government Property.

OPTIONAL

- **DFARS 252.245-7000** Government-Furnished Mapping, Charting, and Geodesy Property, in solicitations and contracts when mapping, charting, and geodesy property is to be furnished.
References

- **FAR 2.101** Definitions
- **FAR 52.245-1** Government Property
- **FAR 45.107** Contract Clauses
- **DFARS 245.103-70** Furnishing Government-furnished property to contractors
- **DFARS 245.103-72** Government–furnished property attachments to solicitations and awards
- **DFARS 245.103-73** Contracting office responsibilities
- **DFARS 245.107** Contract clauses
- **DFARS 211.274-6(b)** Contract clauses
- **PGI 245.103-70** Furnishing Government property to contractors.
- **PGI 245.103-72** Government-furnished property attachments to solicitations and awards
PGI 245.103-72, “Government-furnished property attachments to solicitations and awards,” requires that a list of GFP to be provided to the contractor is incorporated into solicitations and contracts via Government-furnished property attachments.

The list/attachment should:

1. Specify the required GFP data elements; and
2. Accomplish the electronic transmission of requisitioned GFP lists and/or scheduled GFP lists.
DPAP has published fillable formats on www.dodprocurementtoolbox.com, to collect the required GFP data.

- The formats are in Excel or fillable PDF.
  - The Excel format must be converted to PDF using the PDF converter tool described on the Procurement Toolbox.

The attachments will be included in the contract or mod sent to EDA in accordance with DFARS 204.201, IAW local procedures for distributing contract attachments.

EDA will make the GFP list available to track data about property provided to the contractor against the property required by the contract.

There are two different GFP Attachments:

- Requisitioned Government Furnished Property
- Scheduled Government Furnished Property
Purpose of GFP Attachments

- Document the agreement between the Government and the contractor on what property the Government will furnish to the contractor for the performance of the contract.
- Identify what property the contractor is authorized to requisition from the supply system and whether the Government or contractor pays for that requisitioned property.
- Establish which items of property are serially managed for the clause 252.211-7007 and 252.245-7001.
- Identify which items are subject to the requirements of DFARS clause 252.245-7001.
GFP Attachment Data Fields

- **Data fields that are required for both lists:**
  - Item Number, Description, Nomenclature, Quantity, Unit of Measure and Use As is.

- **Optional fields:**
  - Manufacturer CAGE, Model Number, National Stock Number, Part Number, Part or Identifying Number, and Type Designation. Any combination of these data elements may be used for a given item of property.

- **Instructions:**
  - Available on the GFP section of the DoD Procurement Toolbox: [http://dodprocurementtoolbox.org/page/gfp](http://dodprocurementtoolbox.org/page/gfp)
Scheduled Government Furnished Property Attachment (SGFP)

- Provides a listing of the Government property to be provided, 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.

- Parts of the SGFP Attachment:
  - 1. Identifies the Attachment Number and the Contract Number
  - 2. Serialized Items List and Non-Serialized Items List
     - These two lists are very similar and have significant overlap in their data fields. The difference is that the Serialized Items List is used to list serially-managed items (See DFARS 252.245-7001(a)) and the Non-Serialized Items List is for items that are not serially-managed.

- Available at DFARS PGI 245.103-72(c) or at the DoD Procurement Toolbox.
Scheduled GFP Attachment

The Scheduled Government Furnished Property format consists of three distinct parts:

1. Attachment Number and Contract Number
2. Serialized Items List
3. Non-Serialized Items List

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Scheduled Government Furnished Property

**Attachment Number and Contract Number**

**Serialized Items List**

**Non-Serialized Items List**
Provides 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.

Part of the RGFP Attachment:

1. Identifies the Attachment Number and the Contract Number
2. Reimbursable List and the Non-Reimbursable List.

- The Reimbursable List is a list of parts that the contractor can requisition from the supply system that they must pay for. Requisitioned parts paid for by the contractor are not GFP. On cost reimbursable contracts they are Contractor Acquired Property (CAP). On Fixed-Price Contracts those parts become Contractor Furnished Material (CFM).
- The Non-Reimbursable List is a list of parts the contractor can requisition that the contractor does not have to pay for. These items become GFP when received by the contractor.

Available at PGI 245.103-72 (b) or at the DoD Procurement Toolbox.
Requisitioned GFP Attachment

Requisitioned Government- Furnished Property format consists of three distinct parts:
1. Attachment Number and Contract Numbers Identification
2. Non-Reimbursable List
3. Reimbursable List

[Diagram showing the Requisitioned Government Furnished Property form with fields for Attachment Number, Contract Number, Non-Reimbursable List, and Reimbursable List]
For more information

GFP Policy


Training, Procedures, Tools

www.dodprocurementtoolbox.com

or

Contact Carol Vigna at carol.a.vigna.civ@mail.mil or 703-697-4373
Specific elements need to be addressed to document why the Government should provide GFP

- **(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.

- **(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.

- **(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.
Any Questions?