



Contractor Acquired Property (CAP)

Defense Pricing and Contracting (DPC)

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April 2021



What is CAP?

FAR 45.101 Definitions

“Contractor-acquired property” means property acquired, fabricated, or otherwise provided by the contractor for performing a contract and to which the Government has title.



How is that Different from GFP?

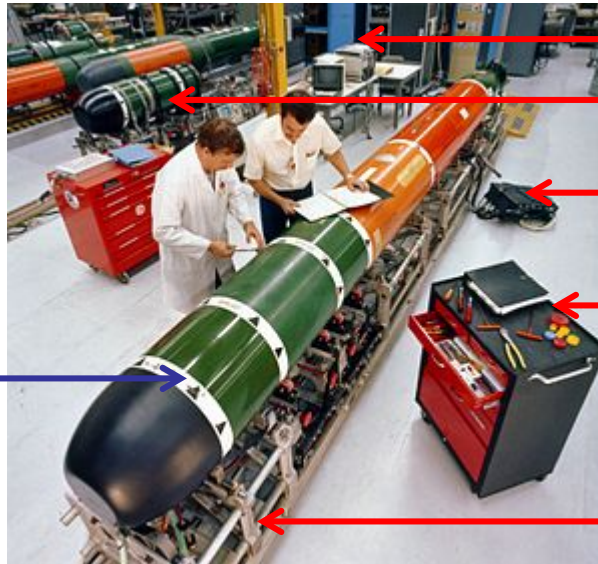
FAR 45.101

“Government-furnished property” means property in the possession of, or directly acquired by, the Government and subsequently furnished to the contractor for performance of a contract. Government-furnished property includes, but is not limited to, spares and property furnished for repair, maintenance, overhaul, or modification. *Government-furnished property also includes contractor-acquired property if the contractor-acquired property is a deliverable under a cost contract when accepted by the Government for continued use under the contract.*



An Illustration

Deliverable



CAP



How Does the Government Have Title to Undelivered Property?

The Government Property Clause 52.245-1

Title under Cost-Reimbursement or Time-and-Material Contracts or Cost-Reimbursable contract line items under Fixed-Price contracts.

- (i) Title to all property purchased by the contractor for which the contractor is entitled to be reimbursed as a direct item of cost under this contract shall pass to and vest in the Government upon the vendor's delivery of such property.
- (ii) Title to all other property, the cost of which is reimbursable to the contractor, shall pass to and vest in the Government upon—
 - (A) Issuance of the property for use in contract performance;
 - (B) Commencement of processing of the property for use in contract performance; or
 - (C) Reimbursement of the cost of the property by the Government, whichever occurs first.



The Government Property Clause

FAR 45.107(a) requires use of the Government Property Clause (FAR 52.245-1) in:

- Fixed price contracts which provide property
- Cost type and Time and Material Contracts*
- Labor hour contracts with GFP
- Part 12 contracts when the value of Government property exceeds the simplified acquisition threshold

*Includes Cost and T&M line items in other types of contracts



52.245-1 Alternate II

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.

“(e)(3) Title to property (and other tangible personal property) purchased with funds available for research and having a unit acquisition cost of less than \$5,000 shall vest in the contractor upon acquisition or as soon thereafter as feasible; provided that the contractor obtained the Contracting Officer’s approval before each acquisition. Title to property purchased with funds available for research and having a unit acquisition cost of \$5,000 or more shall vest as set forth in this contract.”



An Example – Part A

The contractor has a Fixed-Priced Contract without financing for the delivery of 10 widgets.

Each widget needs a gizmo, which the contractor purchases. They are sold in packs of 12.

Who owns the 2 extra gizmos?

Unless called out as deliverables on the contract the 2 gizmos belong to the contractor



An Example – Part B

The contractor has a Fixed-Priced Contract with financing for the delivery of 10 widgets.

Each widget needs a gizmo, which the contractor purchases. They are sold in packs of 12.

Who owns the 2 extra gizmos?

While there is outstanding financing the
Government has title.

But when all financing is liquidated, title reverts to
the contractor.



An Example – Part C

The contractor has a Cost Contract for the delivery of 10 widgets.

Each widget needs a gizmo, which the contractor purchases. They are sold in packs of 12.

Who owns the 2 extra gizmos?

The Government has title to the gizmos. It can:

- require they be delivered
- allow the contractor to buy them back
- have them put into plant clearance



Cost Line Items on a Fixed-Price Contract

Title to cost reimbursable line items on Fixed Price contracts is the same as title under a cost contract.



CAP & GFP Similarities

Both are considered Government Property PROVIDED to the contractor in accordance with FAR 45.102(b)

Both are titled to (owned by) the Public (Government)

Both are managed *for stewardship purposes* by the contractor

To protect the Public's interests in the property both require Property Administration

To assure the Public obtains highest value possible for contractor property (that which is no longer required for performance), both require Plant Clearance



Differences Between CAP & GFP

These differences start at the beginning of the acquisition process

Providing GFP is a decision on the part of the Government

CAP or the possibility of CAP is based on the contract type selected



For GFP

Held by the Government, either physically or legally, and transferred to a contractor;

- acquired by the contractor and delivered to the Government (inspection & acceptance)
- acquired or produced by another contractor, delivered to the Government
- shipped from Government stores

GFP cannot be “repurchased” by the contractor

May only be dispositioned through Plant Clearance



For CAP

Hasn't been formally delivered to the Government (not inspected and accepted)

May be “repurchased” by the contractor for full cost or returned to a vendor less a reasonable restock fee.



What Happens to CAP?

Its consumed

The contractor can buy it back

The contractor can request it as GFP (but first it must be delivered and accepted)

The Government can have it delivered

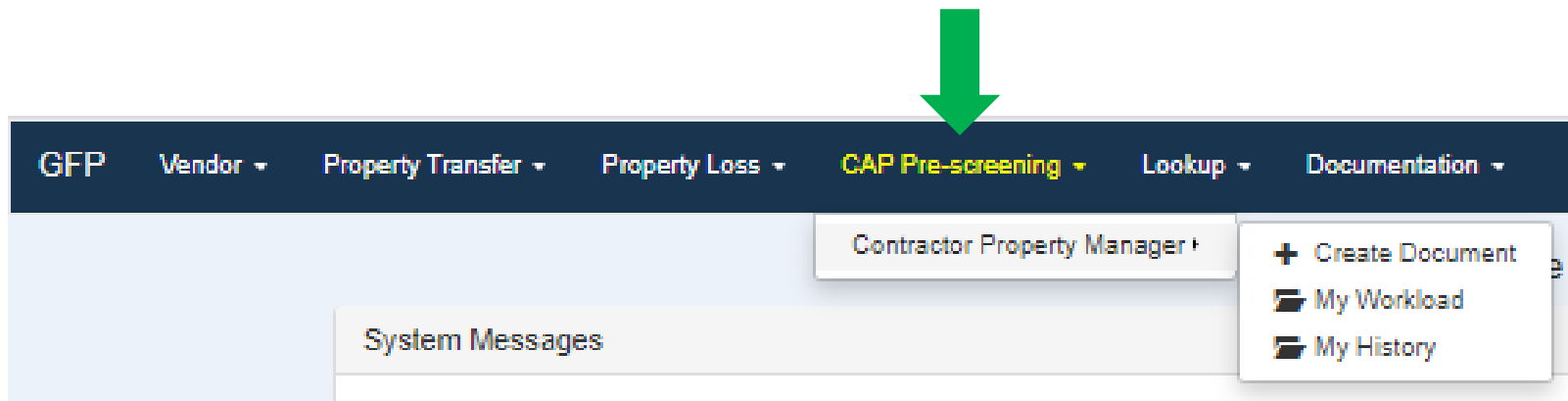
If none of the above, it goes through plant clearance



How to Request CAP

Buy back or conversion to GFP

Within the GFP Module there is a CAP Pre-screening capability



Training for the GFP Module CAP Pre-Screening capability can be found at <https://dodprocurementtoolbox.com/cms/sites/default/files/resources/2021-04/CAP%20Pre-Screening%20Training%20-%20Apr%202021.pdf>



How CAP is Delivered

PGI 245.402-71 (3) *Contractor-acquired property not anticipated at time of contract award.*

- (i) For CAP not anticipated at the time of contract award, or not otherwise specified for delivery on an existing line item, **the contracting officer shall direct delivery of the CAP items to the Government on a not separately priced (NSP) line item** (e.g. contract line item, exhibit line item, etc.). Such items are typically identified through—
- (A) Plant clearance in accordance with the clause at DFARS 252.245-7004, Reporting, Reutilization, and Disposal;
 - (B) Inventory reports provided by the contractor in accordance with FAR clause 52.245-1; or
 - (C) Other reporting requirements specified in the contract.



When Should Line Items be Created?

- ◆ As soon as identified
 - » For items above the components capitalization threshold
 - » For Special Tooling and Special Test Equipment designated for preservation and storage under a major Defense acquisition program
- ◆ Otherwise – at the discretion of the Contracting Officer



CAP Line Item

(iii) Each NSP line item of CAP to be delivered to the Government shall include the following information:

Contractor-Acquired Property Delivery NSP Line Item

| CLIN | 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 | x |



Sample ELIN

W912JM18C0606

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Section SF 1449 - CONTINUATION SHEET

| ITEM NO | SUPPLIES/SERVICES | QUANTITY | UNIT | UNIT PRICE | AMOUNT |
|--|---|----------|------|------------|--------|
| 0002 | | | | | NSP |
| | Delivery of CAP Line Items CPFF See Exhibit A | | | | |
| ESTIMATED COST \$0.00 FIXED FEE \$0.00 TOTAL EST COST + FEE \$0.00 | | | | | |

See Exhibit A

| ITEM NO | SUPPLIES/SERVICES | QUANTITY | UNIT | UNIT PRICE | AMOUNT |
|--|-------------------------------|----------|------|------------|--------|
| 0A01 | | 7 | Each | | NSP |
| | CONNECTOR (7 Each @ \$19.14) | | | | |
| | CPFF | | | | |
| | "Placed in service 1/01/2017" | | | | |
| VENDOR PART NR: 032-0021-0001 PSC CD: 1030 | | | | | |



Unit Acquisition Cost

The value of any delivered CAP item shall be at the contractor provided fully burdened cost, i.e., normal or provisional burdens to the direct costs in accordance with the applicable disclosed accounting practices, including an appropriate amount for fee or profit (as reflected in the contract under which the estimate is prepared) in addition to the direct and indirect costs.



Delivery of CAP

- ◆ **Once Contract Line Items are created, CAP will be delivered as any other deliverable line item, using WAWF iRAPT in accordance with:**
 - » **DFARS 252.232-7003(b)** Except as provided in paragraph (c) of this clause, the contractor shall submit payment requests and receiving reports using WAWF, in one of the following electronic formats that WAWF accepts: Electronic Data Interchange, Secure File Transfer Protocol, or World Wide Web input. Information regarding WAWF is available on the Internet at <https://wawf.eb.mil/>.
 - » **DFARS Appendix F (b)** The use of the DD Form 250 is on an exception basis (see DFARS 232.7003 http://www.acq.osd.mil/dpap/dars/dfars/html/current/232_70.htm (a)) because use of the WAWF RR is now required by most DoD contracts



CAP on a Different Contract

PGI 245.402-71 Delivery of contractor-acquired property

(1) The contractual transfer of accountability of CAP from one contract to another is prohibited. Only upon delivery under a line item can property be transferred to other contracts as Government-furnished property (GFP) (see PGI 245.103-71).

(2) Upon delivery and acceptance by the Government, and when retained by the contractor for use under a contract, the delivered CAP items become GFP and shall be added to the contract GFP attachment (see PGI 245.103-72).



Steps for CAP to Become GFP

- ◆ **Contractor requests item as GFP through the GFP Module CAP Pre-screening**
- ◆ **Item is added to GFP list of gaining contract (CAP Pre-screening creates attachment)**
- ◆ **Line item is created for delivery of item**
- ◆ **Item is delivered and accepted**
- ◆ **Once delivered and accepted and if necessary transferred to gaining contract it is GFP**



How to Account for CAP

FMR Volume 4 Chapter 25

“CAP must be recognized by the funding DoD Component as general equipment when the item is delivered and accepted by the DoD Component or an authorized representative thereof in accordance with the terms and conditions of the contract. Until acceptance, constructive delivery of the CAP item and its cost will be recognized in the CIP account. Delivery and acceptance of CAP will be in accordance with ***DFARS PGI 245.402-71.***”



Questions?

Figure: A shark model in a wind tunnel





For More Information

GFP Policy



Training, Procedures, Tools



Department of Defense Procurement Toolbox

<http://www.acq.osd.mil/dpap/pdi/gfp/index.html>

www.dodprocurementtoolbox.com

or

Contact Carol Brown at carol.a.brown160.civ@mail.mil



GFP Resources

- ◆ **DoD Procurement Toolbox**
(www.dodprocurementtoolbox.com)
 - » **GFP Module Transition information**
 - » **General GFP Information**
 - » **Sign up for updates and ask questions (“Contact Us”)**

GFP Resources

Information regarding the DoD GFP processing and tracking environment.

| Name | Date | |
|--|---------|-------------------------------|
| Data Item Description DI-PSSS-80727A - Government Furnished Material by National Stock Number | 1/2021 | View >> |
| GFP Module Reports Provides guidance on access to and content of GFP Module reports | 1/2021 | View >> |
| Registering for Roles in the PIEE Government Furnished Property Module – Government Provides guidance on registering for GFP Module roles for government users | 5/2020 | View >> |
| Registering for Roles in the PIEE Government Furnished Property Module – Contractors Provides guidance on registering for GFP Module roles for contractor users | 5/2020 | View >> |
| Electronic File Formats Guide How to access the formats to electronically exchange data with the GFP Module for shipping and receiving. | 11/2019 | View >> |
| CDRL for reporting Government Inventory IAW DFARS PGI 245.103-73. | 9/2019 | View >> |



Additional GFP Training

Government Furnished Property (GFP)

- Policy
- General GFP Information
- Attachment Information
- GFP Shipping and Receiving Information
- GFP Disposition Information
- Resources
- Training
- FAQs

Training available on the DoD Procurement Toolbox

(<http://dodprocurementtoolbox.com/site-pages/gfp-training>)

GFP Training

General GFP Topics

| Name | Date | |
|--|---------|-------------------------------|
| GFP Property Transfer for Government Users Describes the government roles, processes, and procedures to ship, receipt, and view GFP | 3/2021 | View >> |
| GFP Property Transfer for Contractors Describes the contractor roles, processes, and procedures to ship, receipt, and view GFP | 3/2021 | View >> |
| GFP Module Attachment Training This training describes the workflow concepts and execution steps to create, review, and approve GFP Attachments in the GFP Module | 3/2021 | View >> |
| GFP Property Loss for Government Users Describes the GFP Module Property Loss capability to adjudicate loss cases. The roles of Property Administrator, Industrial Property Management Specialist, Contracting Specialist, Contracting Officer, and Ground and Flight Risk Representative are addressed. | 3/2021 | View >> |
| GFP Process Training Provides overview of the end-to-end GFP Process including policy, GFP Attachment, GFP Receipt and Reconciliation. Information systems and DoD and Contractor roles and responsibilities are addressed. | 10/2020 | View >> |
| Property Transfer Excel Tutorial Provides walk through of using the Property Transfer Excel template for various DoD and Contractor scenarios | 8/2020 | View >> |



Training Certificates

Please use the link below to fill out a request:

<https://docs.google.com/forms/d/e/1FAIpQLSeZnqUkkvoNRttNQ4jlwavP94GimaMrfzMqyPqej9niKh14Zw/viewform?c=0&w=1>

Note that training certificates are available for “in-person” training sessions only