



Government Furnished Property Basics

Defense Pricing and Contracting (DPC)

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Disclaimer

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**



Synchronizing the Policy

Material/ Logistics	Equipment/ Accountability	Acquisition/ GFP
DoDM 4140.01	DoDI 5000.64	DoDI 4161.02
June 2019	June 2019	August 2018

Policies based on 19 business rules ensuring consistency of policy and terminology across organizations



Types of Government Property on Contracts

- ◆ **Government Property on a contract may be Contractor Acquired Property or Government Furnished Property**
- ◆ **These two types of property have many common requirements, but each also has its own unique requirements**



Definitions

- ◆ **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 consists of both equipment and material (GFE & GFM) and 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.



Non-USG Property (FMS)

GFP – property in the possession of or acquired by the Government and subsequently furnished to the Contractor for performance of a contract

Property owned by the Government or:

- ◆ Leased property
- ◆ Property owned by a State or Local Government
- ◆ Property owned by a Foreign Government

DFARS 225.7301(b) Conduct FMS acquisitions under the same acquisition and contract management procedures used for other defense acquisitions



GFP and CAP 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/CLIN**
- ◆ **Providing GFP, on the other hand, is a business decision**



Whether it's CAP or GFP

- ◆ **FAR 52.245-1(f): the Contractor's responsibilities for managing the property are essentially the same for GFP and CAP**
- ◆ **The Contractor shall have a system that will allow them to:**
 - » **Obtain, control, use, preserve, protect, repair, and deliver the property in their possession**



Not Considered GFP

- ◆ **Government property that is incidental to the place of performance, when the contract requires Contractor personnel to be located on a Government site or installation, and when the property used by the Contractor within the location remains accountable to the Government**
 - » **Located on a Government site or installation**
 - » **Used within the location**
 - » **Remains accountable to the Government**



Who Decides to Provide GFP?

DFARS PGI 245.103-70 (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.



GFP and Acquisition Planning

- ◆ **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: DFARS PGI 245.103-70, Furnishing Government property to Contractors**



When it's Allowable to Provide GFP

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.”



Documentation Necessary to Support Providing GFP to the Contractor

DFARS 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 of 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 of 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**



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.



When to Use Property Clause FAR 52.245-1

- ◆ **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 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

- ◆ **FAR 45.107(d) provides a discretionary exception for low dollar reparables. This is no longer applicable to DoD.**
- ◆ **DFARS 245.107 states:**
 - » **(1)(i) In lieu of the prescription at FAR 45.107(d), use the clause at FAR 52.245-1, Government Property, in all purchase orders for repair, maintenance, overhaul, or modification of Government property regardless of the unit acquisition cost of the items to be repaired.**



Other Required Clauses

FAR 52.245-9 Use and Charges, in solicitations and contracts when the clause at FAR 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.

All are required in any contract or solicitation that contains FAR 52.245-1



GFP Clauses Compliance

- ◆ **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**



GFP Clause Compliance

- ◆ **Metrics for agency's compliance in including required GFP clauses in contracts can be found at the following link:**

https://www.acq.osd.mil/dpap/pdi/gfp/gfp_scorecard.html



The Attachment

- ◆ **Formalizes the “deal” of what property will be provided to the Contractor**
- ◆ **Authorizes Contractors to have custody of Government property**
- ◆ **Indicates which items are serially managed versus non-serially managed for Contractor reporting under DFARS 252.211-7007 and marking under DFARS 252.245-7001**



GFP Attachment Process

- ◆ **GFP Attachment are created, reviewed, and approved in the GFP Module for solicitations, contract awards, and modifications in accordance with PGI 245.103-72**
 - » Web entry or Excel upload
 - » Data aligns with Accountable Property System of Record
- ◆ **Upon approval, the GFP Attachment is automatically uploaded to EDA and becomes part of the contract**
 - » No need to separately upload from CWS or GFP Module
 - » Include a notation in Section J of the contract that there is a GFP Attachment

GFP Attachment Information and Training available on the DoD Procurement Toolbox

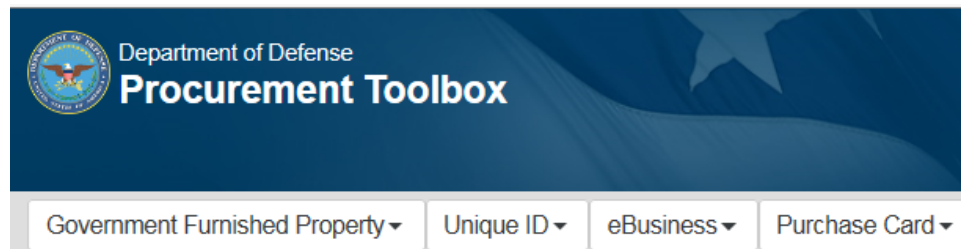


For More Information

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 >>



GFP Training

- Government Furnished Property ▾
- Unique ID ▾
- eBusiness ▾
- Purchase Card ▾
- Cybersecurity ▾
- Procure to Pay (P2P) ▾
- Contract Closeout ▾
- beta.SAM ▾

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Government Furnished Property (GFP)

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

GFP Training

General GFP Topics

Name	Date	
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 >>
GFP Module Attachment Training This training describes the workflow concepts and execution steps to create, review, and approve GFP Attachments in the GFP Module.	10/2020	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.	10/2020	View >>

Training available on the DoD Procurement Toolbox;
Recorded sessions at bottom of page

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



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>

Training certificates are issued for live webinar sessions only



Questions?

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