



# UID Forum

Implementation Strategies for Programs and Suppliers

# Government Property Overview

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- Government Property consists of **Special Tooling, Special Test Equipment, Equipment, and Material** (can also include items for repair and spares)





## Government Property Overview

- Government Furnished Property (GFP) vs. Contractor Acquired Property (CAP) -- two different things -- important to stress the difference
- What is GFP?
  - Property the Government furnishes to a contractor for contract performance
- What is CAP?
  - Property the contractor acquires—and the Gov't takes title;
  - Involves only cost-reimbursement contracts;
  - Delivery and acceptance has not taken place (may never take place);
  - Not recorded in DoD property accountability systems or the UID registry unless the CAP subsequently delivered

**CAP that is subsequently delivered is GFP!**



## Government Property Overview (cont.)

- Government Furnished Equipment [ST and STE]
  - Essentially a change of location
  - Managed at the “each” level
  - Only the custody has changed; should already be on the Government’s “books” (accountable property system)
  - Can also be equipment acquired originally as CAP under one contract and provided (transferred) to support work on a subsequent contract
- Government Furnished Material
  - Destined for consumption (hardware used to mfr. end-items or repairs); usually no expectation of return
  - However, some items are managed at the “each level” (e.g., engines)
  - Values are included in the cost of the end-item



## Basic FAR Requirements

- FAR 45.102 – Contractors are ordinarily required to furnish all property necessary to perform Government contracts. Contracting Officers shall provide property only when clearly demonstrated –
  - To be in the Government's best interest;
  - Overall benefit to the acquisition significantly outweighs the increased cost of administration, including ultimate property disposition;
  - Providing property does not substantially increase the Government's assumption risk; and
  - Government requirements cannot otherwise be met
- Exception: Property provided for repair or overhaul



## Basic FAR Requirements (cont.)

- “To be in the Government’s best interest”
  - Economy: to support a lower cost or price alternative
  - Standardization: a critical need for precise replication
  - Security: Government is only source of property
  - Expedite Production: Property is crucial to achieving timely or accelerated delivery
  - Scarcity: Government is able to provide scarce items
  - Maintain Industrial Base: Property is needed to ensure future capability
  - Contract type: Furnishing property will enable the Government to obtain a more favorable contract type



## Basic FAR Requirements (cont.)

- “Overall benefit to the acquisition significantly outweighs the increased cost of administration, including ultimate property disposition”
  - Furnishing property can drive program costs; costs must be considered, explored, calculated
  - Costs of demilitarization and hazardous waste disposal must be considered
  - Costs must be either less than what the contractor might otherwise incur
  - Benefit to the Government should outweigh additional costs
- “Providing property does not substantially increase the Government’s risk”
  - When furnishing property, Government assumes responsibility for suitability of use, timely delivery



## Basic FAR Requirements (cont.)

- FAR 45.201 – Solicitation Requirements
  - Contracting Officer shall insert a listing (in the solicitation) of the Government Property to be offered. The listing shall include:
    - Name, Part Number and description
    - Manufacturer
    - Model Number
    - NSN (if needed for additional item ID tracking and disposition)
    - Quantity
    - Unit Acquisition Cost
    - IUID (if available; needed for individual item tracking)
  - Contracting Officer will state if property is being furnished “as is” (if not, Gov’t ensures suitability for use)



## Basic FAR Requirements (cont.)

- FAR 52.245-1 – Government Property Clause
  - Contractors shall have a system to manage (control, use, preserve, protect, repair and maintain) Government property in its possession.
  - Contractors shall initiate and maintain the processes, systems, procedures, records, and methodologies necessary for effective control of Government property, consistent with voluntary consensus standards and/or industry-leading practices and standards for Government property
- A basic stewardship responsibility for Government Property in a contractor's possession
- Oversight/surveillance/audit of that system is conducted by the agency responsible for contract administration, e.g., DCMA



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- DFARS Clause 252.211-7007 (November 2008)
- Requires contractors to report virtual UIIs to the registry:
  - Special Tooling
  - Special Test Equipment
  - Equipment

*\$5,000 or more unless otherwise identified/required by the requiring activity*
- Exclusions!
  - Material
  - Items for repair (“reparables”)
  - Contractor acquired property
- The clause does not require marking



## Frequently Asked Questions

- Why was contractor acquired property excluded?
  - Because the Government has not yet taken delivery
  - Gov't has title; contractors controls CAP via their property management system (FAR 52.245-1); Govt performs oversight of that system
- Why were reparables excluded?
  - Because reparables have already been delivered (only the condition has changed) [a new draft DFARS proposed rule for reporting of reparables is in the offering]
- Why was “marking” excluded?
  - Because in many cases the contractor lacks sufficient design authority
  - Note: the terms marking, tagging & labeling tend to be used indiscriminately [a new draft DFARS proposed rule is in the offering]
- Why was Government-furnished material excluded?
  - Because GFM is mostly managed at the NSN, not item, level [a new draft DFARS proposed rule for reporting of GFM is in the offering]



## On the Horizon

- DoD Concept of Operations for GFP
- Additional DFARS rules involving IUID
  - DFARS Case 2008-D047 Government Serialization -- will require contractors to mark Government-assigned serial numbers, such as tail numbers/hull numbers/equipment registration numbers, on major end-items
  - DFARS Case 2008-D048, GFM Reporting -- similar to the GFE rule, will require contractors to report GFM to the UID registry
  - DFARS Case 2008-D050, GFP Marking, Tagging and Labeling



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## References

- DoD Instruction 5000.64 (Nov. 2, 2006)
- DoD FMR, Volume 4, Chapter 6
- DoD Contractor Acquired Property Business Rule (December 22, 2007) [www.acq.osd.mil/me](http://www.acq.osd.mil/me)
- Federal Acquisition Regulations, Part 45 and its associated clauses
- DFARS 252.211-7007- “Reporting Item Unique Identification of Government-furnished Equipment”



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## Questions?

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