

DFARS Procedures, Guidance, and Information

PGI 245—Government Property

(Revised August 2, 2016)

PGI 245.4—TITLE TO GOVERNMENT PROPERTY

PGI 245.402 Title to contractor-acquired property.

PGI 245.402-70 Policy.

Title vests in the Government for all property acquired or fabricated by the contractor in accordance with paragraph (e)(3) of the clause at FAR 52.245-1, Government Property. Oversight and visibility of contractor-acquired property (CAP) is accomplished through reviews and audits of contractor business systems, including—

- (1) Accounting systems (see DFARS [242.75](#));
- (2) Property management systems (see DFARS [245.105](#)); and
- (3) Material management and accounting systems (see DFARS [242.72](#)).

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](#)).

(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.

(ii) The contracting officer shall direct delivery of CAP on a line item as soon as the CAP item is identified, if—

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(A) The value of the item meets or exceeds the capitalization threshold as identified in the memorandum issued jointly by the Under Secretary of Defense (USD) Comptroller and the USD (Acquisition, Technology, and Logistics) on 20 September 2013, entitled, “Elimination of Military Equipment Definition and Increase to Capitalization Thresholds for General Property, Plant and Equipment” (available at <http://www.acq.osd.mil/pepolicy/pdfs/FinancialReportingGPPEMemo.pdf>) or;

(B) The item is special tooling, special test equipment, or equipment designated for preservation and storage under a major defense acquisition program (reference: Section 815 of the National Defense Authorization Act for Fiscal Year 2009 (Pub. L. 110-417)).

(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

LI	Item Description/ Nomenclature	Type Designation	NSN	PIN	Quantity	Unit of Measure	Serial Number (UII)*	Unit Acquisition Cost	Date Placed in Service by the Contractor
x	x	As required	x	x	x	x	If known	x	x

*Contractor-acquired property items shall be marked as required by DFARS clause [252.211-7003](#).

(A) 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. This is consistent with DFARS [211.274-3](#), Policy for valuation, regarding unit acquisition cost.

(B) Unless otherwise noted by the contractor at the time of delivery to the Government, the placed-in-service date shall be the date of acquisition or, if fabricated, the date of completed manufacture.

(4) *Special circumstances.* In some circumstances, such as contractor-performed logistics support, interim contractor support, or performance-based logistics support under fixed-price contracts, contract deliverables consist of non-hardware items, such as operational readiness rate goals or mean-time-between failures of a system. In order to meet these deliverables, contractors are required to provide certain property items to the Government. In such cases, the contract does not include specific delivery line items requiring formal delivery of the property. By extension, the Government will not have title to the property at the time contractor provides the property. In such cases, title to the property passes to the Government upon Government acceptance (as defined in FAR 46.101) of the items at the destination stated in the contract. Contracting officers shall ensure that the contract—

(i) Clearly defines how and when acceptance will be performed; and

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(ii) Includes applicable requirements for quality assurance, part marking, anti-counterfeiting, or other requirement for the delivery of the property.