

Accountability and Custody for Government Property and Contract Property

WEBINAR – Q&A Transcript

Question: Would you expand on the Accountable Property System of Record (APSR)'s requirement to interface with core financial systems?

An APSR is a business system/application used to account for and maintain accountability of government property. It is the official records for the government entity regarding the property it is responsible for and reflects the appropriate updates to the property as a result of life cycle transactions. The APSR is a subsidiary ledger to the financial system's general ledger and represents the complete listing of all government property which is financially reported by the agency. In order to function as an APSR, the business system/application must interact and provide key data elements to the government's core financial systems. Key data elements are acquisition cost, date placed in service, estimated useful life and life cycle events.

Question: Are consumables considered government property and at what point should Government Furnished Material (GFM) be considered consumed and no longer tracked as government property?

When property is bought by the government, it becomes government property. There is no distinction between consumable, non-consumable, equipment, tools, etc., meaning government property is government property. If the government provided consumable property as GFM or the consumables are considered "contractor acquired property" (CAP) that has been formally delivered to and received by the government, then it is government property. The key point for GFM is that the government must have receipt acknowledgement from the contractor of the GFM provided under the contract. The government is presently not required to account for GFM quantities beyond the point of shipping GFM to the contractor. Government expectations are these materials will be consumed in the production process and the government will receive the desired end item.

Question: Who should be appointed Accountable Property Officer (APO) for Government Furnished Property (GFP) where one doesn't already exist?

An APO should be an "individual who, based on his or her training, knowledge, and experience in property management, accountability and control procedures, is appointed by proper authority to establish and maintain an organization's accountable property records, systems, and/or financial records, in connection with Government property, irrespective of whether the property is in the individual's possession." It is a good idea to have an APO within the program office for major programs, within areas of asset management (for example IT offices or fleet management offices), or even by geographical location. An APO within a program office would have the visibility needed to gather information regarding GFP. Please note it is inappropriate for a contracting officer or property administrator to be assigned the duties of an APO; these people are not always part of the accountable organization nor are they in a position to be establishing and maintaining property accountability records for an accountable agency.

Question: Who specifically signs for the property from the government?

If the government is the receiving party, the person signing for property should have the authority to acknowledge the property has been received in the proper condition and quantity. When looking at new purchases, the person signing for the government should have the authority to accept the property as fulfilling the terms of the contract or purchase request. Contractors are not supposed to sign for property on behalf of the government. If the contractor is the receiving party, then the contractor is responsible

for ensuring the person is authorized to represent the company. Also, the contractor has a requirement to acknowledge receipt electronically, and this can be accomplished using Wide Area Workflow.

Question: There is only a requirement for contractors to report receipt of GFM, not consumption. At what point should GFM be expended and no longer tracked as government property?

The expectations for GFM are that they will be used/consumed during the manufacturing process. GFM is not maintained in a Government ASPR once the items are issued to a contractor. The Government supply system is relieved of the quantity when the items are issued, and they are no longer tracked by the Government. For non-serially managed items, such as GFM, there are reporting requirements for the Contractor to acknowledge receipt of the GFM assets provided. At the end of a contract, consumption is taken into consideration, and if the need for any unused GFM remains the GFM will be transferred to a new contract (usually a follow on contract). If there is no continuing need for GFM, the property will then be given disposition instructions such as return to the government, ship to another government entity, etc.

Question: If an agency is now telling a contractor that we (government) no longer track items under \$5k etc., does the government's manual thereby need to be incorporated into the contractor's contract for adherence? Otherwise, we (contractors) track according to 52.245-1 and our approved procedures/control system.

First, when looking at contract property, the limit of \$5,000 acquisition cost no longer applies. Any agency instruction to a contractor that says otherwise is not in compliance with DoD policy. As soon as a piece of property has been determined to be necessary to be provided to a contractor, we (the DoD) are accountable for that property regardless of financial cost. It is important for DoD to ensure we are only providing the property that is actually required for contract performance, and not for convenience or out of habit. Second, contractors should perform to the contract and the contract clauses just as the latter portion of the question says. Contractor performance is first and foremost to the contract and to the approved internal procedures for property management.

Question: Is it accurate that GFE (but not GFM) is required to be tracked in the APSR since GFM is considered expended/consumed when provided to the contractor?

DoD Components are required to "establish records and maintain accountability for property (of any value) furnished to contractors as Government Furnished Property." This requirement also includes property that is loaned and/or otherwise provided to outside entities such as Federal agencies, State and local governments, and foreign governments" (Reference DoDI 5000.64). Contractors also keep and maintain records for stewardship purposes in accordance with FAR requirements (Reference: Federal Acquisition Regulations, Part 45). This requirement does not normally extend to GFM as GFM is destined for consumption.

Questions: Are the contract GFP attachments (RGFP/SGFP) also part of the core financial system?

No, the GFP attachments are not part of the core financial systems. These attachments become part of the contract file and supporting documentation used for accountability purposes.

Question: Is there a way to gain access to Defense Property Accountability System (DPAS), without having a DPAS property account, in order to review GFP in the possession of a contractor?

No. One must be part of the accountable organization that is using DPAS to account for Government Property, must have a legitimate need, and complete appropriate DPAS training. If the question is about the process for gaining an understanding of DPAS and its capabilities, the DPAS website has training

available. If you would like more information, please visit the DPAS website, the Property and Equipment website, or contact us. If you are an auditor, there is a way for you to view property information, but this must be approved by the accountable organization's information owner and again, you must have a need to view the data.

Question: How much responsibility, does the Contracting Officer's Representative (COR) have in the accountability for GP?

It depends. The COR plays the point of contact and provides information. The COR could be designated the APO, but they must meet the criteria for being an APO and their appointment must be written/authorized.

Question: Is equipment provided to contractors for use on a project at military base considered General Equipment (GE) or Government Furnished Equipment (GFE)?

In answering this question, it is important to remember that in either case, it is Government Property and it must be accounted for. Oftentimes, the government makes equipment available for contractors to use such as office furniture and office equipment. This is equipment incidental to the contractor's place of performance and is considered general equipment. Government furnished equipment or "GFE" consists of equipment in the possession of or acquired directly by the Government, and subsequently delivered to or otherwise made available to the contractor for use on a contract (i.e. contract performance). GFE, as part of GFP, should also be detailed in the contract so the contractor has documented authorization to use the property at their facility. As you can see, there is a subtle line in this case between contractor's use of GE and GFE. The accountability requirements however are the same. There must be property records for the accountable property and these must be maintained in an APSR.

Question: Are there requirements, outside those established in the contractor's property management system, that require contractors to perform physical inventories?

Contractors must follow the FAR and adhere to the contract terms and conditions. Inadequate government record keeping, as described in the earlier part of the presentation, has created a void that the DoD is trying to fill. Some entities have assumed the resolution is to conduct wall to wall inventories. This is not the Department's position for obtaining sufficient information to establish missing property records. Please refer to the GFP page on the Property and Equipment Policy's website for the Department's memorandum for establishing a baseline for GFP assets and the steps each entity has been asked to take.

Question: Is there a policy that requires the Property Administrator (PA) to provide the Property Management System Analysis (PMSA) to the APO?

The performance of a Property Management System Analysis by the PA gives the APO confidence that the contractor has established "STEWARDSHIP" records of the accountable Government property under the contract they are administering. Per FAR 45.105, the Government PA has the responsibility and the authority to perform periodic "analyses of the contractor's property management policies, procedures, practices and systems." As the PA is an agent of the Contracting Officer, there is not a direct policy as of today that instructs a PA to provide the PMSA results to an APO. The APO should seek to establish a working relationship with the Contracting Officer where such information could be made available to them in the future.

Question: What is the required frequency for updates to the APSR for GFP?

There is no set frequency for updates to the APSR for GFP. Life cycle activities impacting the equipment should be made in a timely manner as they occur so that the property records reflect the current state. These updates should be built into the overall business process and again the expectation is the APSR will be updated in a timely fashion. Agencies may set their own timelines. Please check your agency's property accountability policies for additional guidance.