



OUSD(AT&L) Acquisition Resources & Analysis (ARA)

# Property and Equipment Policy

## Accountability and Custody for Government Property and Contract Property



# Accountability for Government Property

## **Objective:**

- To discuss the accountability of Government Property (GP) requirements when in the possession of the Government (specifically DoD) and when in the possession of contractors



# Who is Accountable?

## The Issue

- For a Period of time between the 1984 Publication of the original Federal Acquisition Regulation (FAR) and the year 2000, there was an underlying assumption that when Government property (GP) was furnished to contractors as Government furnished property (GFP), that the Government was no longer required to maintain records for that property and all record keeping was the Contractor's responsibility.



# The Issue and Result

## The Statement Causing the Confusion

- The 1984 Version of FAR Part 45 contained a regulatory requirement that stated:  
*Contractor records of Government Property established and maintained under the terms of the contract are the Government's official Government property records.*  
***Duplicate official records shall not be furnished to or maintained by Government personnel...***

## Consequence

- Agencies dropped all accountability of property from their records
- From a contractual regulatory perspective: this statement was deleted with the issue of the 2007 iteration of FAR Part 45
- Recently DoD has taken an aggressive approach to ensure all GP has an accountable property record



# The Contemporary Regulatory Genesis of Property Accountability

## DoD Directive 5134.01 requires the Under Secretary of Defense for Acquisition, Technology and Logistics (USD(AT&L)) to:

- Establish accountability policies and guidance for all of DoD's property
- Develop and oversee strategic plans for property accountability systems

To accomplish this requirement

## DoD Instruction 5000.64, "Accountability and Management of DoD Equipment and Other Accountable Property"

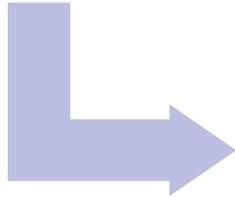
- Objective: To establish accountability and management policy for tangible DoD-owned equipment and other accountable property



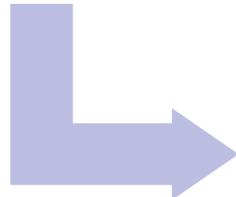
# Accountability Defined

## DoDI 5000.64: Definition of Accountability

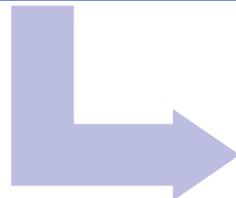
The obligation imposed by law, lawful order, or regulation



Accepted by an organization or person for keeping accurate records



To ensure control of property, document or funds, with or without physical possession



The obligation refers to the fiduciary duties, responsibilities, and obligations necessary for protecting the public interest.





## **DoD Accountability efforts look at:**

- Processes, systems and people for effective management and internal controls upon receipt, delivery or acceptance of personal property

## **Property Accountability Ends:**

- With the lifecycle event that formally relieves the organization of the responsibility by authorized means



# Accountability Applied

- **DoDI 5000.64 establishes ACCOUNTABILITY for all accountable property at various levels:**

Though the listing of these responsibilities are important from a process ownership perspective,

*The substance of the instruction focuses on the performance requirements, the procedures in regard to the accountability of the property.*



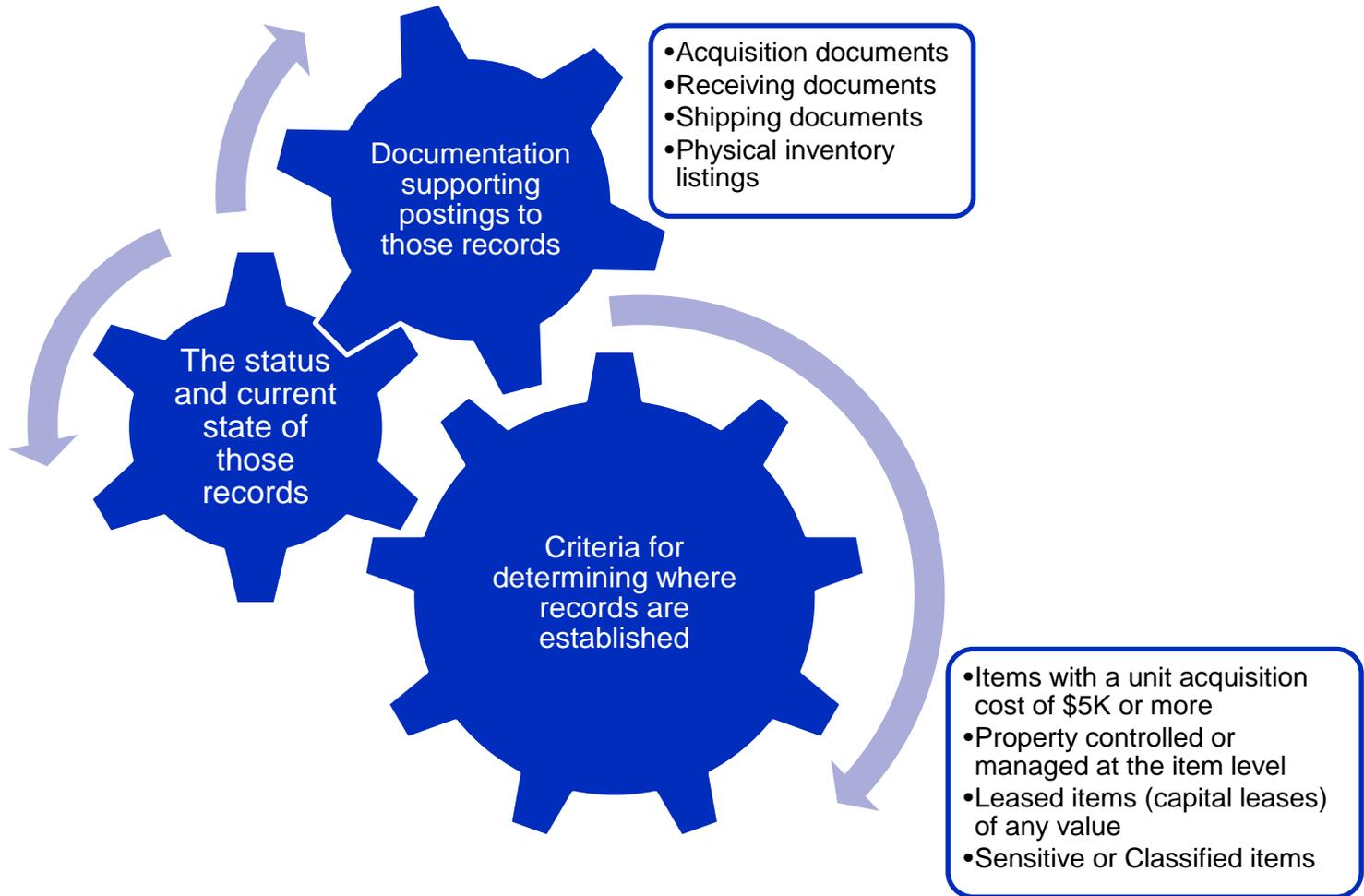
# Procedures for Property

- **Accountability Established:**
  - Upon Completion of a specific act or action such as receipt, delivery or acceptance.
- **Accountability Tracked:**
  - Using item unique identification (IUID), serial number or other unique identifier
- **Accountability Managed:**
  - By an Accountable Property Officer (APO)
  - Through the use of Automatic Identification Technologies (AIT) and
  - Through accountable property records within an Accountable Property System of Record (APSR)



# Procedures for Property

## DoDI 5000.64, Enclosure 3: Accountable Property Records Guidance





# Procedures for Property

## DoDI, Enclosure 3, Paragraph 5

*“Accountable property records need also be established when management has determined that, notwithstanding its acquisition cost, an item must be controlled and managed to protect against unauthorized use, disclosure, or loss; or when otherwise required by law, policy, regulation or agency direction.”*

### A few examples include:

Information technology property

Such as desktops, laptops, mobile computing devices

Pilferable Property

Property hazardous to public health, safety or the environment

Small arms

See DoDM 4140.01-V11 for additional small arms management information

Property designated as heritage assets



## Accountable Property System of Record (APSR)

- APSR is **defined** as:
  - *The Government system used to control and manage accountable property records;*
  - *A subset of existing organizational processes related to the lifecycle management of property;*
  - *The system that is integrated with the core financial system*
- DoDI 5000.64, Enclosure 3, Paragraph 6, provides the minimum **data elements** needed for accountable property records to be included in the Government's APSR for equipment



# Data Elements for Property

The instruction requires that, at a minimum, the following **DATA ELEMENTS** be established and maintained for accountable property:

(a.) Name, Part Number and Description

(b.) Owner

(c.) Status

(d.) Quantity

(e.) General Ledger Classification

(f.) Value

(g.) Estimated Useful Life

(h.) Unique Item Identifier (UII)

(i.) Date Placed in Service

(j.) Location

(k.) Current Condition

(l.) Posting Reference

(m.) Transaction Type

(n.) Transaction Date

-For further information see DoDI 5000.64 Enclosure 3 (6)



# Who Maintains the APSR?

## Accountable Property Officer (APO)

- Responsible for establishing and maintaining APSR
- Depending on your command or activity, an APO may go by many different titles:



### ARMY

- Supply Support Accountable Officer
- Property Book Officer

### NAVY

- Personal Property Manager

### AIR FORCE

- Accountable Officer
- Chief of Supply
- Chief of Material Management

### MARINE CORPS

- Accountable Officer

### JOINT COMMANDS

- Joint Property Book Officer

**NOTE:** They have many different names/titles but their function is to establish and maintain their APSR!



# Accountable Property Officer (APO)

## DoDI 5000.64 APO Definition:

*“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.**”*



# Quick Recap

- DoDI 5000.64 provides guidance for DoD to comply the numerous applicable laws and regulations for accountability of government property
- DoDI 5000.64 defines accountability as the obligation imposed by law, lawful order, or regulation, accepted by an organization or person for keeping accurate records, to ensure control of property, documents or funds, with or without physical possession
- DoDI 5000.64 describes the minimum data elements to establish accountable property records for government property in its possession
- DoDI 5000.64 defines and sets forth the requirements for an APSR and describes the function of an Accountable Property Officer (APO)



# Accountability for Property in the Possession of Contractors

- We have discussed the historical context of accountability for Government property in the possession of the Government
- We now need to see the CURRENT APPLICATION regarding **ACCOUNTABILITY** of Government property in the possession of contractors, often referred to as contract property.



# Accountability for Government Property in the Possession of Contractors

- **DoDI 5000.64 addresses this issue**
- Enclosure 3, Paragraph 3, entitled “Property Furnished to a Third Party” states:

– *“Although the Department of Defense may not have physical custody, in order to maintain effective property accountability and for financial reporting purposes, DoD Components shall establish and maintain records and accountability for property (of any value) furnished to contractors as Government furnished property (GFP).”*



# Accountability for Government Property in the Possession of Contractors

## *Key Points*

- Government Property furnished to contractors continue to be ACCOUNTABLE on Government's records
- The GP does NOT drop off those records
- Even though the Government does NOT have physical possession, Government is still accountable for that GP
- Once Government/Contract property is furnished to contractor, the contractor is ALSO required to establish and maintain records



*Questions?*



# Accountability for Government Property in the Possession of Contractors

We covered DoD's  
record keeping  
requirements for  
Government Property as  
required by **DODI 5000.64**

Now, lets look at the  
regulations for management  
and records, for Government  
Property in the ***possession of  
Contractors***, which is Federal  
Acquisition Regulation (FAR)



# Accountability for Government Property in the Possession of Contractors

## FAR Part 45, “Government Property”

Sets forth Government’s regulation for providing GP to contractors

Provides guidance for the following:

- Policy on providing Government Property
- Liability for the loss of GP
- Authorizing the use of GP
- Disposal of GP



# Accountability for Government Property in the Possession of Contractors

## FAR Part 45.107

Critical section that deals with the use and application of GP clauses that are incorporated into a contract with a contractor

There are 3 Government Property Clauses in the FAR:

- 52.245-1: Government Property
- 52.245-2: Government Property Installation Operation Services
- 52.245-9: Use and Charges



## Most Critical When Dealing With Accountability

FAR 52.245-1, "Government Property"

The Contractor becomes the "steward" of the GP that has been provided and must establish accountable records of that GP



# Accountability for Government Property in the Possession of Contractors

## **FAR 52.245-1(f)(1)(iii), “Records of Government property:”**

*“The Contractor shall create and maintain records of all Government property accountable to the contract, including Government-furnished and Contractor-acquired property.”*

*Key Point: DoDI 5000.64 and this FAR clause requires the Government AND Contractor to maintain records of GP!*

**Also, this FAR clause has additional record keeping requirements for Government Property in the possession of Contractors contained in Paragraph (A):**

- Creating Property Records: “...shall enable a complete, current, auditable record of all transactions...”
- And the DATA ELEMENTS required: “...shall, unless otherwise approved by the Property Administrator, contain the following:”



# Accountability for Government Property in the Possession of Contractors

## **DATA ELEMENTS imposed upon Contractors by the Government Property Clause:**

- (1) Name, part number and description**
- (2) Quantity received**
- (3) Acquisition cost**
- (4) Unique-item identifier**
- (5) Unit of measure**
- (6) Contract number**
- (7) Location**
- (8) Disposition**
- (9) Posting reference and date of transaction**
- (10) Date placed in service**

-FAR 52.245-1(f)(1)(iii)(A)



# Accountability for Government Property in the Possession of Contractors

## Data Elements Comparison in Both Regulations

DoDI  
5000.64

- MANY data elements are the same.
- Both the Government AND the Contractor establish and maintain records of Government Property

FAR 52.245-  
1(f)(iii)(A)



# Accountability for Government Property in the Possession of Contractors

- It is important to note that when the Government FURNISHES property to a contractor one of the requirements is for the APO to provide numerous DATA ELEMENTS.
- DFARS PGI 245.103-72 discusses the action and the attachments to be used when providing the property and corresponding information to the contractor.
  - [http://farsite.hill.af.mil/reghtml/regs/far2afmcfars/fardfars/dfars/PGI%20245\\_1.htm#P25\\_1489](http://farsite.hill.af.mil/reghtml/regs/far2afmcfars/fardfars/dfars/PGI%20245_1.htm#P25_1489)



# Accountability for Government Property in the Possession of Contractors

## *The Contract is the Authoritative Document*

- The CONTRACT provides authorization for the Government property to be provided to the contractor!
- Accountability for GP in contractor possession is conveyed by the contract clauses
- Physical transfer can be accomplished through paper or electronic exchange. This, however, does not equate to transfer of accountability.

*The incorrect assumption is that a hand receipt or other document transfers accountability of the property*



# Two Entities With the Same Concern

So for purposes of **ACCOUNTABILITY** and to support the **AUDITABILITY** for **EXISTENCE** and **COMPLETENESS** **BOTH** parties, the Government APO through an APSR and the Contractor through its Property Management System (PMS), are establishing and maintaining records of Government property.

***One required by a DoDI  
5000.64***

***One required by a FAR  
Contract Clause 52.245-1***

***A system of checks & balances with Government record being the  
official record***



# APO Concerns

## ***How does an APO know if the contractor has established and is maintaining adequate records for Government Property in their possession?***

- The **Government Property Administrator** is responsible for this task
- A Property Administrator (PA) is different than an APO
- FAR 45.101 defines a PA as:

*-“an authorized representative of the contracting officer appointed in accordance with agency procedures, responsible for administering the contract requirements and obligations relating to Government property in the possession of a contractor.”*



# The Government Property Administrator

## *Property Accountability:*

<b>Accountable Property Officer (APO)</b>	<b>Government Property Administrator (PA)</b>
Concerned with the records established and maintained by the Government for GP in possession of the Government	Concerned with the management of records established and maintained by contractor of GP in the possession of the Contractor
Concerned with the records established and maintained by the Government for GP in the possession of a contractor (or third party)	Performs an audit of the Contractor called a Property Management System Analysis (PMSA)



## PA's Responsibilities

# Performing a Property Management System Analysis (PMSA) (FAR 45.105)

*The critical responsibility of a PA is to Audit the contractor's Property Management System by:*

- Auditing the contractual record keeping requirements that support the Government's fiduciary records
- Auditing the physical inventory processes in place performed by the contractor
- Auditing the use of the Government property provided to the contractor
- Numerous other process reviews as called out in the DoD Guidance for Contract Property Administration  
[www.acq.osd.mil/dpap/pdi/pc/docs/Property\\_Guidebook.dOCX](http://www.acq.osd.mil/dpap/pdi/pc/docs/Property_Guidebook.dOCX)



## ***How can the performance of a PMSA give the APO confidence that the contractor has established “STEWARDSHIP” records of the accountable Government property under its contracts?***

- Through the Property Management System Analysis (PMSA) the APO is assured that:
  - The contractor’s records and processes have been audited,
  - The contractor has the necessary records to ensure existence and completeness, and
  - The Government property is being appropriately managed!





## Presentation covered:

- DoDI 5000.64 requires the Government APO maintains records of Government Property, even when the GP is provided to Contractor
- Government Property Clause at FAR 52.245-1: the contractor in possession of GP is required to establish and maintain records as a contractual requirement
- The FAR Government Property Clause data elements are similar to those required under DoDI 5000.64
- The Property Administrator's roles and responsibilities is to ensure the contractor complies with the contractual requirement to establish and maintain Government Property records



# Government Property Clauses - Resources

## Resources Used:

### P&PE Policy Website

- <http://www.acq.osd.mil/pepolicy/index.html>

### DoDI 5000.64

- <https://dap.dau.mil/policy/Lists/Policy%20Documents/DispForm.aspx?ID=1643>

### FAR Part 45

- <https://acquisition.gov/far/current/html/FARTOCP45.html#wp233425>

### DFARS PGI Guidance

- <http://farsite.hill.af.mil/VFDFARA.HTM>

### DFARS PGI

- <http://www.acq.osd.mil/dpap/dars/dfars/changenotice/2014/20140311/pgi-changes-20140311.pdf>

### Government Furnished Property

- [http://www.acq.osd.mil/pepolicy/accountability/accountability\\_GFP.html](http://www.acq.osd.mil/pepolicy/accountability/accountability_GFP.html)