

## **GFP and DPAS Webinar**

**Presented by Amber Barber and Mark Bergeron**

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### **INTRODUCTION**

Thank you all for joining us. My name is Amber Barber, I am from the OSD Property and Equipment Policy Office, and I will be hosting the “GFP and DPAS Webinar” today. Also joining me is Mark Bergeron, a DPAS expert and training specialist. The goal of today’s session is to discuss the management of GFP, a topic that is gaining a lot of attention across the Department. During this Webinar, we will explain what users need to know to effectively manage GFP in DPAS.

Before I delve into the content of this presentation, I would like to address a couple administrative items. This presentation will last one hour. During this hour, I am sure you will have questions. You can type questions at any time using the question pod, and I will address them during the q and a breaks. There will be a transcript of all questions asked (with answers), including those I don’t get to answer during the session, on the website. A PDF version of this Webinar will also be available. Please turn your volume up and let the presentation team know if you have problems with the audio. You can use the question pod for this. If you want, you can maximize the presentation pod; just toggle the Full Screen button. If you have any technical issues during this session, please use the question pod.

### **AGENDA**

Now, let me provide an overview of what we will cover today. First, we will go over some basic definitions and background. Then, I will discuss the life cycle events of government property, and the associated business processes. After that, Mark will discuss the systems requirements for managing these business processes in DPAS.

Again, please feel free to ask questions throughout the presentation by using the question pod.

### **DEFINING GOVERNMENT PROPERTY**

Let’s start out with a general definition of government property. Government property includes all property that is owned by or leased to the government. It includes personal property and real property. Personal property covers equipment and systems, spares and supplies, while real property includes facilities, structures, and buildings. DPAS is designed for personal property, but can also manage real property.

Government property that is provided to contractors is known as Government Furnished Property, or GFP. GFP is classified as either Government Furnished Equipment, GFE, or Government Furnished Material, GFM, depending on the nature of the property.

### **GOVERNMENT FURNISHED EQUIPMENT**

Equipment that the Government provides to a contractor to support performance of a contract is classified as GFE. The broad definition of equipment is all property that is functionally complete for its intended purpose, durable and non-expendable. Generally, equipment has an expected service life of two years or more, and is not intended for sale. Equipment does not lose its identity or become a part of another article

when used; it is a fully complete end product. Also, equipment is acquired or constructed with the intention of being used.

GFE is simply equipment furnished by the government to a contractor for the performance of a contract. Examples of GFE include lathes, radar systems for testing purposes, heavy machinery, Special Tooling, or Special Test Equipment. GFE is not consumed or expended by the contractor during the performance of a contract.

## **GOVERNMENT FURNISHED MATERIAL**

Material owned by the Government and furnished to a Contractor for specific contract purposes is Government Furnished Material. An easy way to distinguish material from equipment is to think of material as an ingredient. When you mix many ingredients together, you create an end product. Just like an ingredient, material loses its individual identity within the final product. Usually, material is destined for consumption.

Unlike GFE, GFM is consumed, attached, or expended by the contractor during the performance of a contract. Because of this, there is no expectation that material will ever be returned, except as a part of an end item. Examples of Material and GFM include titanium and aircraft engines, as well as nuts, bolts, washers, screws, and other consumable items.

Title to all GFM remains with the Government. DODM 4140.01-M provides the most guidance for the treatment of material.

## **CONTRACTOR ACQUIRED PROPERTY (CAP)**

In addition to GFP, contractors acquire equipment and material to use on Government contracts. In general, the contractor owns assets acquired under fixed price contracts. For Cost Type contracts, however, all equipment and material acquired belongs to the government immediately. In these cost type contracts, any property acquired, fabricated or otherwise provided by the contractor for use in contract performance qualifies as CAP.

The government retains title to, or owns, all CAP, and the contractor uses CAP. If the Government did not reimburse the contractor for the cost of the needed item, then the contractor would own it.

CAP has an interesting relationship with GFP. When the contractor delivers CAP to the government for use on the same or another contract, that CAP is then considered GFP. Property originally deemed CAP is only "CAP" for one contract. When that same property is used on subsequent projects, it will be classified as GFP. This occurs because the government is now the entity distributing the property.

Furthermore, property accountability personnel are responsible for establishing accountable property records when CAP is delivered via Contract Line Items (CLINs). Efforts are under way to automate the receipt of this information so property personnel can immediately access necessary data elements.

## **LIFE CYCLE EVENTS OF GOVERNMENT PROPERTY**

Now we will discuss four general phases in the life-cycle of Government Property. These phases are not intended to be exhaustive; I have selected four general phases for the purpose of today's session. First, the government must determine the rationale for the item. Then comes the acquisition process, followed by accountability and maintenance. Finally, the last phase entails the reutilization and disposition of the property.

## **(1) DETERMINATION OF NEED**

During the Determination of Need phase, the government must decide whether an item is really needed. Can the mission be accomplished without the item? A determination of need should include the rationale for acquisition of assets. It should consider alternatives to new procurement and life cycle costs.

## **(2) ACQUISITION**

Once the needs have been established, the government must begin the acquisition process. During this process, a determination to provide property to a contractor should be made, as well as the best type of contract. Typically, contractors are required to furnish all property necessary to perform Government contracts. There are times, however, when the Government must provide property to a contractor. If so, the Contracting Officer, or the CO, must follow the guidance in Federal Acquisition Regulation for Government Property, which is part 45.

Contracting Officers can provide property to contractors only when it is clearly demonstrated that doing so is in the government's best interest. This means that the overall benefit significantly outweighs the increased cost of administration, including ultimate property disposal. This also means that providing the property does not substantially increase the Government's assumption of risk, and that government requirements cannot otherwise be met. The government will also likely provide property when the government is the only provider of a specific material needed for a contract, or the government maintains a large inventory of the desired material. The contractor's inability or unwillingness to supply its own resources, however, is not sufficient reason for the government to furnish the property.

Contractors may provide the necessary items on a cost reimbursement contract. This results in CAP. CAP keeps a project flowing; a CAP arrangement allows the contractor to make reasonable purchases without waiting for government approval for each individual transaction. CAP should not be managed in DPAS until it is delivered to the government. Program managers must also decide whether equipment being procured will require "marking."

For more specific information on the rules governing GFP, refer to FAR Part 45.

## **GFP LIFE CYCLE SYSTEMS**

The government uses various systems to track and manage property throughout the life cycle phases. In the past, Contractors were required to report any Government Property to the government via the 1662 process. With the implementation of the Item Unique Identification, or IUID, Policy, Contractors are now required to use IUID in reporting GFP, as well as transmit information through the Wide Area Workflow, or WAWF. Government personnel must create and maintain records for all GFP with an accountable property system of record, like DPAS. Use of the IUID Registry does not replace this requirement. The next few slides will address these systems in detail.

IUID is an asset identification system. Items are distinguished from one another by a Unique Item Identifier, or a UII. The UII is housed in the IUID registry, and captures important data for valuation and tracking of items. The UII is permanent, and is only assigned to a single item.

IUID is applicable to items valued at more than \$5,000, as well as serially-managed, mission essential, controlled inventory, and permanent identification needed items. If the Government is providing property, coordination is necessary to identify UIIs of actual GFP. During the acquisition phase, the Contracting Officer will submit solicitations and process proposals maintaining GFP identity, as well as ensure GFP

acknowledgement in solicitations. The Contracting Officer will also ensure that CLIN language clearly identifies GFP by UII. If actual GFP items are unknown at the time of award, the contract can be modified later when the UIIs have been identified.

### **WIDE AREA WORKFLOW (WAWF)**

The WAWF is another system used throughout the life cycle phases. It is a secure, Web-based system for electronic invoicing, receipt and acceptance. The WAWF application enables electronic form submission of Invoices, government inspection, and acceptance documents to support the DoD's goal of moving to a paperless acquisition process.

WAWF also provides the capability to electronically capture and submit information in support of the shipment and the receipt of GFP by the DoD and Vendor activities. This functionality provides all requiring activities, property managers, financial managers, and contractors the capability to access up-to-date information, on a need-to-know basis.

WAWF can only be used to add UIIs to the IUID Registry for new acquisitions. UIIs for legacy property cannot be added using WAWF; they must be added via Direct Submission Method. DPAS has UII management capabilities, as well as an interface with the IUID Registry. Mark will describe the requirements in DPAS for UII and GFP a little later. DPAS has also established an interface to WAWF. Once fully matured, we plan to use this capability to receive information that property management personnel need to establish accountable property records for CAP, and transfer GFP assets to contractors.

### **CAGE**

Along with UIIs, the Commercial and Government Entity code, or CAGE code, is another data element in the WAWF. The CAGE code is a five-character ID number that identifies government contractors. This identifier serves multiple functions in WAWF and DPAS transactions, as well as during the contracting process.

### **(3) ACCOUNTABILITY & MAINTENANCE**

Now, let's return to the life cycle phases. Following Acquisition comes the Accountability and Maintenance phase. Accountability looks at the big picture. It focuses on the processes, systems, records, and methodologies necessary for effective management of personal property throughout its entire life cycle. DPAS plays a crucial role in this phase.

The Government must maintain accountable records of the equipment furnished to a contractor. The contractors are required to maintain the equipment in their possession, and keep accurate property systems and records, as required by FAR 52.245-1.

The Government can audit the contractor's property management system as frequently as conditions warrant. The contractor must make property records available to the Government, and maintain a property management system that satisfies FAR requirements. If the Government determines that the contractor's property management practices are inadequate, the Contractor must take all necessary corrective action.

During the "Accountability and Maintenance" phase, property accountability personnel will identify and provide any previously unidentified UIIs to the Contracting Officer, as well as acknowledge receipt of GFP by the Contractor. They will also deliver Government Property to the Contractor via the WAWF process, and monitor WAWF for other property transactions. Property accountability personnel will

ensure GFP status is updated in DPAS to reflect equipment on loan to the contractor, and update GFP status in DPAS when equipment is returned to the Government.

#### **(4) REUTILIZATION & DISPOSITION**

When property is no longer required by the Contractor to support the contract, the property must be reported as excess to the Government. The legal requirements of US Code Title 40, Section 546 Contractor Inventories and the regulatory requirements of FAR 45.401 prohibit a Contractor from disposing of Contractor Inventory on a DoD contract without Government approval. Contractor Inventory covers any property, including GFP, in the possession of a contractor which exceeds the amount needed to complete the contract. It also includes any property that the Government has the option to take over before completion of the work due to changes in specifications or contract termination.

The provisions of FAR 52.245-1 govern the disposal approval process; it designates the following forms for use in reporting, redistribution, and disposal of Contractor inventory and in accounting for this property. These forms are listed on the screen. In the PDF version of this Webinar, you can click on each form to access more information.

*Now I will hand things over to my fellow presenter, Mark Bergeron, for a discussion of the system requirements for managing GFP Business Processes in DPAS.*

### **SYSTEM REQUIREMENTS FOR MANAGING GFP BUSINESS PROCESSES IN DPAS**

#### **INTRODUCTION**

Thanks Amber. Now, let's get into the system requirements for managing GFP business processes in DPAS. For today's presentation, I will identify the necessary actions to track GFP in DPAS. I have created a common GFP scenario to illustrate these processes. I am assuming everyone has a basic working knowledge of DPAS and, by the end of this presentation, I hope everyone will know how to update DPAS to track GFP.

Let me give you an overview of the topics I will cover. First, I will go over DPAS GFP Setup Requirements, followed by an explanation of how to assign assets as GFP. After that, I will discuss GFP Reports & Inquiries.

#### **DPAS GFP SETUP REQUIREMENTS**

Before issuing a loan to a contractor, three records must be created:

1. Contractor record
2. Contract record
3. Address record

I have developed a scenario to help illustrate this process. Let's assume DoD has a contract for a company called "Chemical Solutions Inc" to develop a new cleaning solvent for "Gun Mounts" used by the Navy. As part of the contract, the government authorized the contractor to use a government-owned "Gun Mount" to test the new cleaning solvent on metal surfaces. This item was listed in the contract as government furnished property, or GFP.

Building a Contractor record is the first step necessary to properly track this asset as GFP in DPAS. To do so, we must navigate to Master Data > Contractor. On the Search Criteria page, complete the following steps:

1. Verify the correct Accountable UIC is listed
2. Enter the Contractor's CAGE code. Important! The CAGE code must be valid. You can find it on the face of the Contract.
3. Select the Add button

On the Contractor Add page, complete as much information as possible. Use the contract information to populate this screen. Then, select the Add button to process the record.

After creating a Contractor in DPAS, we must create a Contract record for the contract awarded. To do so, we must navigate to Master Data > Contract. On the Search Criteria page, complete the following steps:

1. Verify G is selected for the Contract Use Code.
2. Enter the Contract Number from the contract.
3. Select the corresponding Contractor. In this scenario, we select "Chemical Solutions Inc."
4. Select the Add button

Once you reach the Contract Add page, do the following:

1. Select the correct Contract Type Code. In most cases, the contract will be a standard DoD FAR. An example of another Contract Type to select would be "Grant."
2. Verify the Contract Number is correct.
3. Verify the correct Contractor is selected. (All Contractors built for the accountable UIC will display).
4. Enter the Contract Start and End Dates
5. Optional information on Property Admin Points of Contact may be entered. It is a good practice to capture this information.
6. Select the Add button to process the record.

Please note that multiple Contract records can be built for a single Contractor.

The next step in the process is to create an address record. This will show where the "Gun Mount" will be delivered. To create an Address record, we must navigate to Master Data > Address. On the Search Criteria page, complete the following tasks:

1. Verify the correct UIC is listed
2. Select an Address Type of LC-Loan – CAGE. This value is chosen because this scenario involves a loan to a contractor.
3. Select the Add button

On the Address Add page, complete as much information as possible about the contractor's address. Then, select the Add button to process the record.

## **ASSIGNING ASSETS AS GFP**

Once the Contractor, Contract and Address records are established, you can begin assigning the asset as GFP. To assign assets as GFP in DPAS, we will begin with a government-owned piece of equipment and update its record as GFP. Before an asset can be assigned as GFP, its UII status must be ART. ART means “Assigned, Recorded in DPAS and Tagged,” and entails a separate process within DPAS. The first step in this process is to navigate to Asset Management > Update. On the Search Results page, we enter the asset ID of the item we would like to assign as GFP to the contract record. In this scenario, it will be the Asset ID of the “Gun Mount.” Select the Search button to locate the asset in the system.

On the Search Results page, we have located the “Gun Mount.” Please take note of a couple of key fields on this page. Notice the Loan Code is currently “G.” This indicates the asset is currently government owned. We can also see the UII Status Code is ART. This tells us that the asset is ready to be assigned as GFP. Because of this, we select the record and click the Continue button.

The Selected Rows page offers three actions. In DPAS, we use the “loan” process vs. the “transfer process” when assigning assets to a Contractor. So we will choose the Loan Update action and select the Continue button.

When the Asset Update – Loan Change page first displays the Loan Code is “G”. This represents the current loan status of the “Gun Mount.” We need to update the status of the asset to “C-Out on Loan to Non-Govt Acty.”

Once the Loan Code is changed to “C,” more fields appear on the refreshed screen. The following must be completed on this screen:

1. Select your DODAAC from the DODAAC/CAGE Code drop-down
2. Enter a Document Number if required/desired
3. Select an Asset Status Code
4. Select the Contract Number that authorizes this Gun Mount as GFP. (This was built in the Contract Table described in the set-up process, and is associated with a Contractor).
5. The Contract Start and End Dates will automatically fill in from the Contract dates.
6. Use the browse button to locate the Contractor’s LC address previously built in the address table.
7. Enter a Shipment Date
8. Select the Update button to process the asset

This screen can also be used to conduct a Contract-to-Contract loan. Simply change the Contract number to another contract held by the same Contractor. We can also conduct a Contractor-to-Contractor loan by choosing a Contract number held by a different Contractor.

## **GFP ASSETS RETURNING**

Once the asset is no longer authorized for use on a government contract and we receive the asset back, we need to update its status. We will use the Asset Update process to change the status back to “G-Government-Owned.”

We once again search on the same asset id and return to the Search Results page. Notice that the “Gun Mount” now has a Loan Code of “C.” To process this asset back to a Loan Code of “G,” we will select the asset and click the Continue button. On the Selected Rows page, we will again choose Loan Update

and select the Continue button. When the Asset Update – Loan Change page first displays, the Loan Code is “C”; this is the current status.

When the Loan Code is changed to “G,” the page will refresh and fewer fields will be available. Complete the page and select the Update button to process the asset back to government-owned status.

If you are notified that an asset is Lost, Damage or Destroyed while in the possession of the contractor you must follow the same procedures we discussed and change the Loan Cd fro C back to G and then use the DPAS Asset Disposition process with an Action Cd of Loss, Damaged or Destroyed. Be sure to annotate in the remark the report and circumstance of the Loss.

## **GFP REPORTS & INQUIRIES**

To collect information about GFP, you will use various Reports and Inquiries.

The Reports and Inquires in web DPAS make it easy to pull information about Contractors, Contracts and assets on loan through GFP.

In DPAS, you must first “Schedule” your reports to run. We have moved past the scheduling of the reports to the Search Results, which displays the three reports we will focus on:

1. Custodian Asset Report
2. Assets On Loan Report
3. Contract Report

The Custodian Asset Report will display all of the assets assigned to a custodian. If an asset is assigned to the custodian and out on loan, the report will display a Loan Code of “C.”

The Assets On Loan Report will show all of the assets on loan. The assets will be listed by Accountable UIC, UIC and Contract Number. The example above displays a single asset out on loan. Notice the Asset Id of the Gun Mount is the only asset assigned to the Contract number built in our scenario.

The Contract Report will display all of the Contracts by Accountable UIC and Contract Name. In this scenario, “Chemical Solutions Inc” has one contract assigned under this accountable UIC.

The Contractor inquiry will show all data available from the Contractor table. There are a variety of fields available for search criteria. The Contract inquiry displays information from the Contract table in Web DPAS. It also offers a quick reference to the associated Contractor’s information. A variety of fields are available for search criteria.

## **CONCLUSION**

Ladies and gentlemen, we are in the home stretch. Ladies and gentlemen, we are in the home stretch. To tie everything together, I will summarize the key points of today’s presentation, and then we have a quick poll to get your feedback. I will also continue taking your questions during this time, so keep them coming.

To summarize, I would like to give a clear comparison of government and contractor responsibilities:

For all GFP items, the government must ensure the following. First, that Accountable Property Records are maintained from receipt to final disposition, and that proper contract modifications are made to add UII data. We use DPAS to maintain GFP information, including details about the contract, contractor, UII, and loan status, as well as normal property record data elements. Another core area of government responsibility is to ensure the proper use of WAWF.

While the property is in the possession of the contractor, they also have distinct responsibilities. The contractor must maintain a property management system, and keep maintenance schedules according to FAR requirements. The contractor must also use IUID processes to report GFP. The contractor must utilize WAWF to deliver GFP and CAP to the Government.

Once capabilities are fully matured, we will use WAWF to transmit property information to DPAS, as well as send information to WAWF. The developers for both systems are creating an advanced interface to make the most current property information available to both systems and people.