

DFARS Procedures, Guidance, and Information

PGI 245—Government Property

(Added July 23, 2010)

PGI 245.1 - GENERAL

PGI 245.102-70 Policy.

(1) A basic principle of the Federal Acquisition Regulations System is that, upon contract award, contractors bring all the necessary organization, experience, accounting and operational controls, property, and technical skills, or the ability to obtain them (reference FAR 9.104-1 (e), (f), and (g) of General Standards). Therefore, upon contract award, responsible contractors should have the means to provide effective and efficient stewardship of Government property.

(2) For the purpose of this PGI, “Government property” is personal property owned by the Government and furnished to a contractor, or acquired by a contractor and title vests in the Government. Government property does not include property under any statutory leasing authority (except as to non-Government use of property under FAR 45.301(f)); property to which the Government has acquired a lien or title solely because of partial, advance, progress, or performance-based payments; software; or intellectual property. It does not include property that is incidental to the place of performance; such as when the contract requires contractor personnel to be located on a Government site or installation where the use of Government-provided office space and equipment, e.g., chairs, telephones, and computers, is standard practice.

PGI 245.103 General.

PGI 245.103-70 Furnishing Government property to contractors.

(1) The requiring activity (project or program manager, or purchase request generator), as part of its responsibility for acquisition planning (FAR part 7, Acquisition Planning), is the decision point as to whether or not to furnish property to contractors. The basis for any decision to provide Government property shall be documented by the requiring activity and provided to the contracting officer. Such documentation is not required when contractors are furnished property for repair, modification, or overhaul under a contract.

(2) Prior to furnishing Government property to the contractor, the contracting officer shall ensure that each of the requirements of FAR 45.102 are addressed as follows, and documented in the contracting file—

(i) *Element 1: In the Government’s best interest.* Discussion should be specific, factual, and where necessary, address actual or projected dollars and percentages. Merely selecting one or two objectives supported by a general, perfunctory discussion does not address this element satisfactorily. Discussion should address the following factors:

(A) Economy – Furnishing Government property is the lowest cost or price alternative.

(B) Standardization – There is a critical need for precise replication.

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(C) **Security** – Government property is needed due to national security issues/concerns.

(D) **Expedite production** – Government property is crucial to achieving timely or accelerated delivery of a supply item or service.

(E) **Scarcity** – The Government can obtain scarce items, or is the only source of property necessary for successful execution of a contract.

(F) **Maintain the industrial base** – Government property is needed to ensure future capability to obtain a particular supply item or service.

(G) **Contract type** – Government property will enable the Government to obtain a more favorable contract type.

(ii) **Element 2: Overall benefit.** Demonstrate that the overall benefit to the acquisition significantly outweighs the increased cost of administration, including property disposal.

(A) Property in the hands of contractors drives program costs. Therefore, in order to make the case that providing Government property to the contractor is worthwhile, the associated costs must be considered and the business decision justified. The costs of Government property removal and disposal, including demilitarization and disposal of environmentally-regulated property, must be included.

(B) Costs must be either less than what the contractor might otherwise incur, or the demonstrated benefit to the Government must outweigh these additional contract costs.

(iii) **Element 3: Government assumption of risk.** Demonstrate that providing the property does not substantially increase the Government's risk.

(A) Risk must be discussed and documented. A risk analysis is warranted to demonstrate that the Government is not substantially increasing its risk. For example, when furnishing Government property, the Government is ordinarily responsible for suitability of use, timely delivery, and replacement of defective Government property.

(B) Other risks may need to be considered, discussed, and documented.

(iv) **Element 4: Government requirements cannot otherwise be met.** Document why the furnishing of Government property is critical and significant to meeting acquisition plan objectives.

PGI 245.103-71 Transferring Government property accountability.

(1) Government property can only be transferred from one contract to another when firm requirements exist under the gaining contract (see FAR 45.102, Policy.). Such transfers shall be documented by modifications to both gaining and losing contracts. (Note: This also applies to orders issued under the same contract.) Once transferred, all property shall be considered Government-furnished property (GFP) when retained by the contractor for continued use under the gaining contract.

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(2) The warranties of suitability of use and timely delivery of do not apply to GFP acquired or fabricated by the contractor as contractor-acquired property that is subsequently transferred to another contract with the same contractor.

(3) Maintaining property on an existing contract beyond completion of delivery performance or service completion is prohibited.

(4) It is the responsibility of contracting officers/item managers to ensure that Government property transfers are properly reported electronically, including the initial furnishing by DoD of Government property and the subsequent transfer of such property to other contracts/contractors, or its return to the Government. DoD or contractor-operated logistics systems using Defense Logistics Management System (DLMS)-enhanced reporting capability, to include authorizing contract number and Item Unique Identification (IUID), when applicable, shall be employed to report initial shipment, receipt acknowledgement, or return of items of supply in accordance with MILSTRIP and Military Standard Transaction Reporting and Accounting Procedure(s) (MILSTRAP). Such use of the DLMS will satisfy Government property transfer reporting requirements. For other Government property items where the DLMS is not applicable, the DoD Wide-Area Workflow (WAWF) Government property transfer system functionality should be used to accomplish reporting requirements. For information on DLMS, MILSTRIP, and MILSTRAP, see http://www.dla.mil/j-6/dlms/eLibrary/Manuals/dlms_pubs.asp and click on DoD 4000.25-M, DoD 4000.25-1-M, and DoD 4000.25-2-M, respectively. For information on WAWF, see <https://wawf.eb.mil>; under the Navigation Menu on the left, there is an "About WAWF" link. Click on "list of options" to learn more about WAWF. One of those links is "Access Web-Based Training (External Link)." That link will take the user to <http://wawftraining.com>. This is a web-based, computer-based training type course that includes a section on "Property Shipment and Receipt."

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[PGI 245.2—SOLICITATION AND EVALUATION PROCEDURES

PGI 245.201 Solicitation.

PGI 245.201-70 Definitions.

As used in this subsection—

(1) “As is” means that the Government may, at its option, furnish Government property in an “as-is” condition. In such cases, the Government makes no warranty with respect to the serviceability and/or suitability of the Government property for contract performance. Any repairs, replacement, and/or refurbishment shall be at the contractor's expense.

(2) “Commercial and Government entity (CAGE) code” means: (i) A code assigned by the Defense Logistics Information Service (DLIS) to identify a commercial or Government entity; or (ii) A code assigned by a member of the North Atlantic Treaty Organization that DLIS records and maintains in the CAGE master file. This type of code is known as an “NCAGE code”. As defined in the DoD 4100.39-M, Federal Logistics Information System Glossary, the CAGE Code is a five-character data element assigned to establishments that are manufacturers or have design control of items of supply procured by the Federal Government. In the United States, the first and last positions of a CAGE code will be numeric.

(3) “Contractor-acquired property.” See FAR 45.101.

(4) “Description” means a collection and compilation of data to describe an item. The descriptive noun of the item nomenclature, as defined in DoD 4100.39-M, Glossary.

(5) “Government property.” See FAR 45.101.

(6) “Government-furnished property.” See FAR 45.101.

(7) “Major end item” means a final combination of end products that is ready for its intended use; e.g., launchers, tanks, mobile machine shops, aircraft, and vehicles.

(8) “National stock number (NSN)” means a 13-digit stock number used to identify items of supply. It consists of a four-digit Federal Supply Classification

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code and a nine-digit national item identification number (NIIN), as defined in DoD 4140.1-R, DoD Supply Chain Materiel Management Regulation.

(9) “NIIN” means the last nine digits of the NSN that differentiates each individual supply item from all other supply items. The first two digits signify the National Codification Bureau that assigned the NIIN, wherein the last seven digits are non-significant and are sequentially assigned by the Federal Logistics Information System. All United States-manufactured items have a National Codification Bureau code of "00" (cataloged before 1975) or "01" (cataloged in 1975, or later).

(10) “Nomenclature” means: (i) The combination of a Government-assigned type designation and an approved item name; (ii) Names assigned to kinds and groups of products; or (iii) Formal designations assigned to products by customer or supplier (such as model number, or model type, design differentiation, specific design series, or configuration).

(11) “Part or identifying number (PIN)” means the identifier assigned by the original design activity, or by the controlling nationally recognized standard, that uniquely identifies (relative to that design activity) a specific item, as defined by Military Standard 130, Standard Practice for Identification Marking of U. S. Military Property, latest version.

(12) “Quantity” means a numeric value for such characteristics as dimensions, measure, magnitude, electrical rating, etc. Also, the numerical designator for a unit of issue described in table 53, unit of issue codes, DoD 4100.39-M, Federal Logistics Information System, volume 10.

(13) “Reparable.” See DFARS clause 252.211-7007.

(14) “Requiring activity” means the DoD organization, or part of an organization, that identifies and defines a requirement for supplies or services, and requests the initiation of, and provides funding for, an acquisition to fulfill the requirement.

(15) “Serial number” means an assigned designation that provides a means of identifying a specific individual item, as defined by Military Standard 130, Standard Practice for Identification Marking of U. S. Military Property, latest version.

(16) “Type Designation” means a combination of letters and numbers arranged in a specific sequence to provide a short, significant method of identification for an item. The various type designators are as follows:

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(i) **Electronics: MIL-STD-196, Joint Electronics Type Designation System, February 17, 1998.**

(ii) **Aerospace Vehicles: DoD 4120.15-L, Model Designation of Military Aerospace Vehicles, May 12, 2004.**

(iii) **Aerospace Engines and Equipment: MIL-HDBK-1812, Type Designation, Assignment and Method of Obtaining, February 14, 1997.**

(iv) **Ships: SECNAVINST 5030.8, Classification of Naval Ships and Craft, November 21, 2006.**

(v) **Army Watercraft: AR 56-9, Watercraft, February 7, 2002**

(vi) **Army Nomenclature: MIL-STD-1464A (AR), Army Nomenclature System, May 15, 1987.**

(vii) **Navy Nomenclature: MIL-STD-1661(OS), Mark and Mod Nomenclature System, August 1, 1978.**

(17) **“Unique item identifier (UII).” See DFARS clause 252.211-7003.**

(18) **“Unit of measure” means a measurement term, as listed in Table 81, Unit of Measure Designations, Volume 10, DoD 4100.39-M, Federal Logistics Information System, used in conjunction with a unit of issue of related national stock numbers.**

PGI 245.201-71 GFP attachments to solicitations and awards.

When GFP is anticipated, include two separate attachments in solicitations and awards to specify the required GFP item identification data elements. Complete the following attachment formats for all items of GFP anticipated to be provided to a contractor.

(1) ***First Attachment.*** A listing of the Government property to be offered in all solicitations where GFP is anticipated, including when major end items are being provided under a modification or upgrade contract; or when reparable items are being provided under a repair, modification, or overhaul contract.

Government-Furnished Property Attachment Number (*)
Government-provided GFP, Including Major End Items and Reparable items
(* In accordance with PGI 204.7105(b)(5), enter numerical sequence number for the attachment)

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Pursuant to the Government property clause herein, the Government shall furnish to the contractor the item(s) of property listed below as GFP, for use in performance of this contract.

GFP Part A - Individual Serialized Items List										
(A) Item Number	(B) Type Designation	(C) PIN	(D) MFR CAGE	(E) Quantity and Unit of Measure	(F) Nomenclature and Description	(G) Part/ Model and NSN Number	(H) Serial Number (UII)	(I) AS IS: Yes/No	(J) Unit Acq Cost*	(K) Tag, Label or Permanent Marking Inst**
*Not Required if the item has a UII and has been registered in the DoD UIID Registry.										
** The requiring activity should determine if GFP will be marked with a UII. Marking and registration of those items shall be accomplished in accordance with DFARS clause 252.211.7003.										

GFP Part B - Non-Serialized Items Listed by NSN and Quantity										
(A) Item Number	(B) Type Designation	(C) PIN	(D) MFR CAGE	(E) Quantity and Unit of Measure	(F) Nomenclature and Description	(G) NSN Number	(H) Part/ Model Number	(I) AS IS: Yes/No	(J) Unit Acq Cost*	(K) Tag, Label or Permanent Marking Inst**
*Not Required if the item has a UII and has been registered in the DoD UIID Registry.										
** The requiring activity should determine if GFP will be marked with a UII. Marking and registration of those items shall be accomplished in accordance with DFARS clause 252.211.7003.										

(2) Second Attachment. A listing of Government property to be authorized for contractor requisition from DoD supply sources in accordance with the clause at FAR 52.251-1.

Government-Furnished Property Attachment Number (*)
Government Property Authorized for Contractor Requisition with or without
Reimbursement from DoD Supply Sources
(* In accordance with PGI 204.7105(b)(5), enter numerical sequence number for the
attachment)

Pursuant to the Government property clause herein, the Government shall furnish to the contractor the item(s) of property listed below as Government property for use in performance of this contract. Requisitioning documentation for the property will be prepared by the contractor pursuant to the clause at 252.251-7000, Ordering from Government Supply Sources, as specified herein. Items on the Part A list are subject to reporting as GFP. Items on the Part B list become contractor-acquired property and are not subject to reporting as GFP.

Part A - Contractor-Requisitioned Non-Serialized Items List

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(A) Item Number	(B) Type Designation	(C) PIN	(D) MFR CAGE	(E) Quantity and Unit of Measure	(F) Nomenclature and Description	(G) NSN Number	(H) Unit ACQ Cost	(I) AS IS: Yes/No	(J) Tag, Label or Permanent Marking Inst*
* The requiring activity should determine if GFP will be marked with a UII. Marking and registration of those items shall be accomplished in accordance with DFARS 252.211.7003.									

Part B - Contractor-Requisitioned Reimbursable Non-Serialized Items List								
(A) Item Number	(B) Nomenclature and Description	(C) PIN	(D) NSN	(E) Quantity	(F) Unit of Measure	(G) AS IS: Yes/No	(H) Dollar Limit Authorized	(I) Tag, Label or Permanent Marking Inst*
*The requiring activity should determine if GFP will be marked with a UII. Marking and registration of those items shall be accomplished in accordance with DFARS clause 252.211.7003.								

PGI 245.201-72 Contracting office responsibilities.

(1) Prepare the GFP attachments in accordance with the procedures in PGI 245.201-71.

(2) Maintain the GFP attachments in the contract.

PGI 245.201.73 Security classification.

Classified contracts are not exempt from including GFP attachments solely because the contracts are classified.

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(Added July 23, 2010)

PGI 245.4 – TITLE TO GOVERNMENT PROPERTY

PGI 245.401-70 Contractor-acquired property.

PGI 245.102-70 Policy.

(1) Title vests in the Government for all property acquired or fabricated by the contractor in accordance with specific requirements for passage of title in the contract. Oversight and visibility of this Government property, therefore, is limited to reviews and audits of contractor accounting and property management systems. Ad-hoc contractor generated reports of contractor-acquired property used by government personnel for “property accountability” can result in duplicate accountability records, inefficient operations, and increased program costs, and are discouraged.

(2) Contractor-acquired property items not anticipated at time of contract award, or not otherwise specified for delivery on an existing line item, shall be delivered to the Government on a contract line item. The value of that item shall be recorded at the original purchase cost or best estimate. 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 completed manufacture, if fabricated.

(3) Upon delivery and acceptance by the Government of contractor-acquired property items, and when retained by the contractor for continued use under a successor contract, these items become GFP. The items shall be added to the successor contract as GFP by contract modification.

(4) Individual contractor-acquired property items should be recorded in the contractor’s property management system at the contractor’s original purchase cost or best estimate.

(5) Financial/accounting treatment shall be in accordance with DoD Financial Management Regulations, DoD 7000.14-R, volume 4, chapter 6.

(6) To the extent that contractor-acquired material that is excess to the needs of the accountable contract is required on follow-on or other contracts, the costs of such property shall be credited to the losing contract; the gaining contract shall be debited accordingly. This supports the FAR 31.205-26 policy that material costs should be borne by the contract that consumes material when materials are required for specific contracts. This also complies with the requirements of DFARS clause 252.242.7004, Material Management Accounting Systems, requiring a material management and accounting system. This process applies only to contractor-acquired material. It does not apply to other contractor-acquired property, i.e., equipment, special tooling or special test equipment, or GFP.

(7) Contractor “credit-debit” systems and material management accounting systems do not involve or require contractual modifications for the transfer of material by credit as they are internal contractor accounting transactions. However,

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such systems should be reviewed for efficacy and efficiency by the DoD component responsible for contract administration.

(8) All other contractor inventory that is excess to the needs of the contract shall be disposed of in accordance with FAR subpart 45.6.

(9) References: DoD Instruction 5000.64; FAR part 45 and its associated clauses; and FAR part 31; and DFARS clause 252.242-7004.

PGI 245.401.71 – Delivery of contractor-acquired property.

(1) When delivery of contractor-acquired property is required, the contracting officer shall direct that the delivery be accomplished by contract line item.

(2) Each contract line item of contractor-acquired property shall include the following information:

Contractor-Acquired Property Delivery Contract Line Item

CLIN	Item Description/ Nomenclature	Type Designation	NSN	PIN	Quantity	Unit of Measure	Serial Number (UII)*	Original 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]

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PGI 219—Small Business Programs

PGI 219.3—DETERMINATION OF SMALL BUSINESS STATUS FOR SMALL BUSINESS PROGRAMS

No Current PGI Text.