



ACQUISITION  
AND SUSTAINMENT

## THE UNDER SECRETARY OF DEFENSE

3010 DEFENSE PENTAGON  
WASHINGTON, DC 20301-3010

DEC 16 2019

MEMORANDUM FOR COMMANDER, UNITED STATES CYBER COMMAND  
(ATTN: ACQUISITION EXECUTIVE)  
COMMANDER, UNITED STATES SPECIAL OPERATIONS  
COMMAND (ATTN: ACQUISITION EXECUTIVE)  
COMMANDER, UNITED STATES TRANSPORTATION  
COMMAND (ATTN: ACQUISITION EXECUTIVE)  
ASSISTANT SECRETARY OF THE ARMY FOR ACQUISITION,  
LOGISTICS, AND TECHNOLOGY  
ASSISTANT SECRETARY OF THE NAVY FOR RESEARCH,  
DEVELOPMENT, AND ACQUISITION  
ASSISTANT SECRETARY OF THE AIR FORCE FOR  
ACQUISITION, TECHNOLOGY, AND LOGISTICS  
DIRECTORS OF THE DEFENSE AGENCIES  
DIRECTORS OF THE DOD FIELD ACTIVITIES

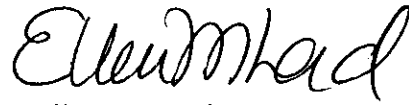
SUBJECT: Strengthening Oversight of Government Furnished Property as Part of Property Management Systems Analyses

Defense Federal Acquisition Regulation Supplement Clause 252.245-7003, Contractor Property Management System Administration, requires contractors to establish and maintain an acceptable property management system. For contracts delegated to the Defense Contract Management Agency (DCMA) for administration, DCMA performs Property Management Systems Analyses to assess the acceptability of these systems in accordance with agency level procedures.

The Financial Improvement and Audit Readiness efforts have documented continued challenges with the government property records, and with the validation of inventory records in particular. To address these challenges for Department of Defense (DoD) inventory designated as Government Furnished Property (GFP), I am hereby directing the Director, DCMA, to validate contracts, subject to DCMA administration and oversight, for compliance with the requirements of FAR clause 52.245-1, Government Property. DCMA shall assess contractor compliance by reviewing the records and physical inventory controls within the contractors' property management systems. This is to occur on an annual basis for systems with greater than one hundred million dollars' worth of government property. The confidence level for these reviews shall be raised to the 97th percentile, and the populations shall include all DoD GFP at those contractor locations. In addition, DCMA is hereby directed to publish the DCMA Government Furnished Property Management Guidebook on their external website. This will provide transparency for our industry partners and allow for other DoD organizations to model their processes on the DCMA procedures.

To ensure a similar approach is taken at companies where DCMA does not administer contracts (e.g. the Secretary of the Navy's shipbuilding contracts), DCMA should work with

representatives of those communities to implement a similar process. If you have any questions regarding this matter, my point of contact is Ms. Carol Vigna, at (703) 697-4373 or [carol.a.vigna.civ@mail.mil](mailto:carol.a.vigna.civ@mail.mil). The DCMA point of contact is Mr. Robert Brown, at (804) 734-1443 or [robert.e.brown214.civ@mail.mil](mailto:robert.e.brown214.civ@mail.mil).

A handwritten signature in black ink that reads "Ellen M. Lord". The signature is written in a cursive, flowing style.

Ellen M. Lord