Contractor Acquired Property

Presented by:

Carol Vigna, DPAP

David Guinasso, DPAP Support
What is CAP?

FAR 45.101 Definitions

“Contractor-acquired property” means property acquired, fabricated, or otherwise provided by the contractor for performing a contract and to which the Government has title.
“Government-furnished property” means property in the possession of, or directly acquired by, the Government and subsequently furnished to the contractor for performance of a contract. Government-furnished property includes, but is not limited to, spares and property furnished for repair, maintenance, overhaul, or modification. Government-furnished property also includes contractor-acquired property if the contractor-acquired property is a deliverable under a cost contract when accepted by the Government for continued use under the contract.
An Illustration
How does the Government have title to undelivered property?

The Government Property Clause 52.25-1

*Title under Cost-Reimbursement or Time-and-Material Contracts or Cost-Reimbursable contract line items under Fixed-Price contracts.*

(i) Title to all property purchased by the Contractor for which the Contractor is entitled to be reimbursed as a direct item of cost under this contract shall pass to and vest in the Government upon the vendor's delivery of such property.

(ii) Title to all other property, the cost of which is reimbursable to the Contractor, shall pass to and vest in the Government upon—

(A) Issuance of the property for use in contract performance;
(B) Commencement of processing of the property for use in contract performance; or
(C) Reimbursement of the cost of the property by the Government, whichever occurs first.
Government Property Clause

**FAR 45.107(a)** requires use of the Government Property Clause (**FAR 52.245-1**) in:

- Fixed price contracts which provide property
- Cost type and Time and Material Contracts*
- Labor hour contracts with GFP
- Part 12 contracts when the value of Government property exceeds the simplified acquisition threshold

*Includes Cost and T&M line items in other types of contracts*
An Example

The Contractor has a Fixed-Priced Contract without financing for the delivery of 10 widgets.

Each widget needs a gizmo, which the contractor purchases. They are sold in packs of 12.

Who owns the 2 extra gizmos?

Unless called out as deliverables on the contract, the 2 gizmos belong to the contractor.
An Example Part B

The Contractor has a Fixed-Priced Contract with financing for the delivery of 10 widgets.

Each widget needs a gizmo, which the contactor purchases. They are sold in packs of 12.

Who owns the 2 extra gizmos?

While there is outstanding financing the Government has title. But when all financing is liquidated, title reverts to the contractor.
An Example Part C

The Contractor has a Cost Contract for the delivery of 10 widgets.

Each widget needs a gizmo, which the contractor purchases. They are sold in packs of 12.

Who owns the 2 extra gizmos?

The Government has title to the gizmos. It can:
require they be delivered
allow the contractor to buy them back
have them put into plant clearance
Cost line items on a Fixed-Price Contract

Title to cost reimbursable line items on Fixed Price contracts is the same as title under a cost contract.
CAP and GFP Similarities

Both are considered Government Property PROVIDED to the contractor in accordance with FAR 45.102(b)

Both are titled to (owned by) the Public (Government)

Both are managed *for stewardship purposes* by the contractor

To protect the Public’s interests in the property both require Property Administration

To assure the Public obtains highest value possible for contractor property (that which is no longer required for performance), both require Plant Clearance
Differences between CAP & GFP

These differences start at the beginning of the acquisition process

Providing GFP is a decision on the part of the Government

CAP or the possibility of CAP is based on the contract type selected
For GFP

Held by the Government, either physically or legally, and transferred to a contractor;
  - acquired by the contractor and delivered to the Government (inspection & acceptance)
  - acquired or produced by another contractor, delivered to the Government
  - shipped from Government stores

GFP cannot be “repurchased” by the contractor

May only be dispositioned through Plant Clearance
For CAP

Hasn’t been formally delivered to the Government (not inspected and accepted)

May be “repurchased” by the contractor for full cost or returned to a vendor less a reasonable restock fee.
What happens to CAP?

Its consumed

The contractor can buy it back

The contractor can request it as GFP (but first it must be delivered and accepted)

The Government can have it delivered

If none of the above, it goes through plant clearance
How is CAP delivered?

PGI 245.402-71 (3) Contractor-acquired property not anticipated at time of contract award.

(i) For CAP not anticipated at the time of contract award, or not otherwise specified for delivery on an existing line item, *the contracting officer shall direct delivery of the CAP items to the Government on a not separately priced (NSP) line item* (e.g. contract line item, exhibit line item, etc.). Such items are typically identified through—

(A) Plant clearance in accordance with the clause at DFARS 252.245-7004, Reporting, reutilization, and Disposal;
(B) Inventory reports provided by the contractor in accordance with FAR clause 52.245-1; or
(C) Other reporting requirements specified in the contract.
When should the line items be created

As soon as identified

For items above the components capitalization threshold

For Special Tooling and Special Test Equipment designated for preservation and storage under a major Defense acquisition program

Otherwise – at the discretion of the Contracting Officer
Line items for the delivery of CAP

(iii) Each NSP line item of CAP to be delivered to the Government shall include the following information:

**Contractor-Acquired Property Delivery NSP Line Item**

<table>
<thead>
<tr>
<th>CLIN</th>
<th>Item Description/Nomenclature</th>
<th>Type Designation</th>
<th>NSN PIN</th>
<th>Quantity Unit of Measure</th>
<th>Serial Number(UII)*</th>
<th>Original Unit Acquisition Cost</th>
<th>Date Placed in Service by the Contractor</th>
</tr>
</thead>
<tbody>
<tr>
<td>X</td>
<td>x</td>
<td>As required</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
</tbody>
</table>

*X=required information*
### ITEM NO SUPPLIES/SERVICES QUANTITY UNIT UNIT PRICE AMOUNT

<table>
<thead>
<tr>
<th>ITEM NO</th>
<th>SUPPLIES/SERVICES</th>
<th>QUANTITY</th>
<th>UNIT</th>
<th>UNIT PRICE</th>
<th>AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>0002</td>
<td>NSP</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Delivery of CAP Line Items CPFF See Exhibit A**

**ESTIMATED COST $0.00  FIXED FEE $0.00  TOTAL EST COST + FEE $0.00**

See Exhibit A

<table>
<thead>
<tr>
<th>ITEM NO</th>
<th>SUPPLIES/SERVICES</th>
<th>QUANTITY</th>
<th>UNIT</th>
<th>UNIT PRICE</th>
<th>AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>0A01</td>
<td>CONNECTOR</td>
<td>7</td>
<td>Each</td>
<td>NSP</td>
<td></td>
</tr>
</tbody>
</table>

**CONNECTOR (7 Each @ $19.14)**

**CPFF**

"Placed in service 1/01/2017"

**VENDOR PART NR: 032-0021-0001 PSC CD: 1030**

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Exhibit A
Unit Acquisition Cost

The value of any delivered CAP item shall be at the contractor provided fully burdened cost, i.e., normal or provisional burdens to the direct costs in accordance with the applicable disclosed accounting practices, including an appropriate amount for fee or profit (as reflected in the contract under which the estimate is prepared) in addition to the direct and indirect costs.
Delivery of CAP

Once Contract Line Items are created, CAP will be delivered as any other deliverable line item, using WAWF iRAPT in accordance with:

- **DFARS 252.232-7003** (b) Except as provided in paragraph (c) of this clause, the Contractor shall submit payment requests and receiving reports using WAWF, in one of the following electronic formats that WAWF accepts: Electronic Data Interchange, Secure File Transfer Protocol, or World Wide Web input. Information regarding WAWF is available on the Internet at [https://wawf.eb.mil/](https://wawf.eb.mil/).

- **DFARS 252.246-7000** "(b) Contractor submission of the material inspection and receiving information required by Appendix F of the Defense FAR Supplement by using the Wide Area WorkFlow (WAWF) electronic form (see paragraph (b) of the clause at 252.232-7003 [http://www.acq.osd.mil/dpap/dars/dfars/html/current/252232.htm](http://www.acq.osd.mil/dpap/dars/dfars/html/current/252232.htm) ) fulfills the requirement for a material inspection and receiving report (DD Form 250).“

- **DFARS Appendix F** (b) The use of the DD Form 250 is on an exception basis (see DFARS 232.7003 [http://www.acq.osd.mil/dpap/dars/dfars/html/current/232_70.htm](http://www.acq.osd.mil/dpap/dars/dfars/html/current/232_70.htm) (a)) because use of the WAWF RR is now required by most DoD contracts.
CAP on a different contract

PGI 245.402-71 Delivery of contractor-acquired property.

(1) The contractual transfer of accountability of CAP from one contract to another is prohibited. Only upon delivery under a line item can property be transferred to other contracts as Government-furnished property (GFP) (see PGI 245.103-71).

(2) Upon delivery and acceptance by the Government, and when retained by the contractor for use under a contract, the delivered CAP items become GFP and shall be added to the contract GFP attachment (see PGI 245.103-72).
Steps for CAP to Become GFP

• Contractor requests item as GFP
• Line item is created for delivery of item
• Item is added to GFP list of gaining contract
• Item is delivered and accepted
• Once delivered and accepted and if necessary transferred to gaining contract it is GFP
For more information


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