



DEPARTMENT OF THE NAVY
OFFICE OF THE ASSISTANT SECRETARY
(RESEARCH, DEVELOPMENT AND ACQUISITION)
1000 NAVY PENTAGON
WASHINGTON, DC 20350-1000

FEB 8 2016

MEMORANDUM FOR DISTRIBUTION

SUBJECT: Clarification of Government-Furnished Property Reporting Requirements

The attached two joint ASN(RDA) and ASN(FMC) memoranda dated May 4, 2015 and December 23, 2015 were both issued with new Government-Furnished Property (GFP) reporting guidance. The NMCARS at 5245.103-73 "Contracting officer responsibilities" was updated on October 22, 2015 to also provide new GFP reporting requirements for contracting officers during the pre-award process. In order to clarify GFP reporting requirements for contracting officers, the following applies—

The GFP Compliance Checklist provided as Annex 9 to the NMCARS is contracting officer-focused and is to be used to document compliance with pre-award GFP requirements. In addition, the Annex 9 Checklist is required to be included as an attachment to the associated Business Clearance Memorandum and to serve as a basis for input into the quarterly Government-Furnished Property Compliance Report summary using the format provided in Annex 4 of the NMCARS. Specific requirements for both this checklist and quarterly reporting are found in NMCARS 5245.103-73.

The more encompassing GFP Compliance Checklist issued with the joint May 4, 2015 memorandum and referenced in the joint December 23, 2015 memorandum, is to be used for post-award reviews and includes items that require program management review and validation. The use for this checklist includes the May 4, 2015 memorandum's required Plan of Action and Milestones reviews and submissions, as well as spot checks and other post-award material management reviews. No additional reporting is required on this checklist at this time.

Please ensure that all acquisition personnel involved in GFP reporting take all necessary steps to immediately comply with the guidance in this memorandum. These GFP reporting requirements will remain in effect until such time as they are amended or rescinded.

My point of contact for any additional questions can be reached at 703-693-4019.

Elliott B. Branch

Elliott B. Branch
Deputy Assistant Secretary of the Navy
(Acquisition & Procurement)

Attachments:
As stated

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See next page

SUBJECT: Clarification of Government-Furnished Property Reporting Requirements

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ASSISTANT SECRETARY OF THE NAVY
(FINANCIAL MANAGEMENT AND COMPTROLLER)
WASHINGTON, DC 20350-1000

MAY 4 2015

ASN (FM&C)
4340

ASN (RD&A)
4340

JOINT MEMORANDUM

From: Assistant Secretary of the Navy (Research Development and Acquisition)
Assistant Secretary of the Navy (Financial Management and Comptroller)

To: Distribution

Subj: GOVERNMENT-FURNISHED PROPERTY COMPLIANCE WITH REGULATORY AND POLICY REQUIREMENTS

- Ref:
- (a) OUSD(AT&L) memo, "Standard Equipment Data Elements for Government-Furnished Property Baseline Establishment," of January 7, 2012
 - (b) FAR 52.245-1 Government Property
 - (c) FAR 52.245-9 Use and Charges
 - (d) DFARS 252.245-7001 Tagging, Labeling and Marking of Government-Furnished Property
 - (e) DFARS 252.245-7002 Reporting Loss of Government-Furnished Property
 - (f) DFARS 252.245-7003 Contractor Property Management System Administration
 - (g) DFARS 252.245-7004 Reporting, Reutilization, and Disposal
 - (h) DFARS 252.211-7007 Reporting of Government-Furnished Property
 - (i) DoDI 5000.64, "Accountability and Management of DoD Equipment and Other Accountable Property," of May 19, 2011
 - (j) DoDI 4161.02, "Accountability and Management of Government Contract Property," of April 27, 2012
 - (k) DoDI 4140.01, "DoD Supply Chain Material Management Policy," of December 14, 2011
 - (l) FAR 52.245-2 Government Property Installation Operation Services
 - (m) DFARS 252.245-7000 Government-Furnished Mapping, Charting and Geodesy Property

Encl: (1) Government-Furnished Property Compliance Checklist

**Subj: GOVERNMENT-FURNISHED PROPERTY COMPLIANCE WITH
REGULATORY AND POLICY REQUIREMENTS**

1. Strong stewardship of the resources entrusted to the Department of Navy (DON) is the foundation for achieving and sustaining effective and efficient war fighting readiness in our Naval forces. A core expectation is that Navy and Marine Corps activities will maintain high levels of property management, accountability, auditability and transparency. As the DON approaches the Congressionally-mandated full financial audit in 2017, increased scrutiny is being applied to accountability, reporting and regulatory compliance for Government-Furnished Property (GFP). In reference (a), the Under Secretary of Defense (Acquisition, Technology, and Logistics) directed all Department of Defense (DoD) Components to establish a validated Government-Furnished Equipment baseline. While local efforts may be underway to identify existing GFP, systemic and Department-wide changes must be implemented to ensure all future contracts account for GFP properly to ensure continued accountability and visibility.

2. Effective immediately, Contracting Officers (KOs), Program Managers (PMs) and requirements personnel must ensure all mandatory requirements for GFP, found in references (b) through (k), are addressed for every new cost reimbursement, time-and-material, or any other contract or modification that includes GFP. Furthermore, KOs, PMs and requirements personnel shall ensure requirements in references (l) and (m) are included when required. For purposes of this memo, requirements personnel are hereinafter included with PM responsibilities. It is important to note that none of these requirements are new. Heads of Contracting Activity (HCAs) and Program Executive Officers (PEOs) are directed to review and validate all new cost reimbursement, time-and-material, or labor-hour type contracts or any other contracts or modifications that have GFP include these mandatory elements. A checklist is provided to download this policy memo at <http://www.secnav.navy.mil/rda/Pages/Policy-Memos.aspx> to assist KOs, PMs, PEOs and HCAs with documenting these reviews. A sample of this checklist is provided as enclosure (1). A revision to the Navy Marine Corps Acquisition Regulation Supplement is in process that will require the use of the checklist as part of the contract business clearance memorandum, making it part of the official contract file.

3. HCAs and PEOs shall also ensure all existing contracts with base periods of performance which extend beyond 30 September 2017 are reviewed for compliance with GFP requirements. In addition, HCAs and PEOs shall ensure that contract modifications are executed for existing contracts that are not fully compliant with GFP requirements to bring them into compliance.

Subj: GOVERNMENT-FURNISHED PROPERTY COMPLIANCE WITH
REGULATORY AND POLICY REQUIREMENTS

The checklist identified above shall be used to assist with documenting these reviews of existing contracts and shall also be included in the official contract file.

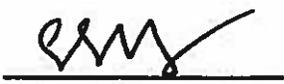
4. HCAs are directed to provide Assistant Secretary of the Navy (Research Development and Acquisition) (ASN (RD&A)) with a Plan of Action and Milestones (POAM) that addresses completing the reviews of existing contracts and respective contract modifications no later than 1 July 2015. The POAM shall be submitted via email, using the subject "(HCA Activity Name) GFP Compliance POAM," to RDAPolicy@navy.mil with copies to the points of contact listed below. The POAM shall include a target date for completing all reviews and related contract modifications. When developing the POAM, HCAs should consider that compliance reviews conducted while issuing a contract modification will meet the requirement of reviewing that existing contract.

5. Checklists shall be provided to ASN (RD&A) and/or Assistant Secretary of the Navy (Financial Management and Comptroller) (ASN (FMC)) upon request, and will be used to measure compliance with the mandatory requirements cited herein. Compliance will be assessed jointly by ASN (RD&A) and ASN (FM&C) and reported to the Office of the Under Secretary of Defense (Acquisition, Technology, and Logistics).

6. Our points of contact are



S. J. RABERN



SEAN J. STACKLEY

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Government-Furnished Property Compliance Checklist

Instructions:

This checklist is designed to enable both pre- and post-award review of compliance with existing GFP requirements as found in FAR, DFARS and DoD Policy.

PRE-AWARD: Lines 1-17 shall be validated prior to award and a copy of the checklist with lines 1-17 and 22 completed shall be included with the Business Clearance Memorandum.

POST-AWARD: Lines 1-7, 18-21 and 23 shall be completed each time GFP is delivered to the contractor.

Additional post-award reviews by senior leadership or their designees shall complete all appropriate lines.

Lines 1 - 7: Enter information as appropriate.

Lines 8-17: KO/HCA select from the pull-down list after validating that the clause/list is included in the contract.

Lines 18-20: PM*/PEO select Yes, No, or N/A from the pull-down list after validating material is listed in IUID Registry, Contractor's system and APSR.

Line 21: PM*/PEO identify the Government APSR used to track the GFP.

Lines 22-25: Initial as appropriate and enter date of review.

NOTE: For multiple contracts, add columns to the right (columns C, D, E, etc).

* PM Includes Program Manager, requirements personnel or personnel assigned to track compliance

Copies of all completed checklists, both pre-and post-award shall be retained in Excel format for data collection.

| | |
|----|--|
| 1 | Contract Number |
| 2 | Modification/Delivery Order/Task Order # (if applicable) |
| 3 | Program Name |
| 4 | Contracting Officer (KO) Name |
| 5 | Program Manager (PM) Name |
| 6 | Period of Performance Start date |
| 7 | Period of Performance End date |
| 8 | FAR clause 52.245-1 Government Property with Alternate I or II |
| 9 | FAR clause 52.245-9 Use and Charges |
| 10 | DFARS clause 252.245-7001 Tagging, Labeling and Marking of GFP |
| 11 | DFARS clause 252.245-7002 Reporting Loss of Government Property |
| 12 | DFARS clause 252.245-7003 Contractor Property Management System Administration |
| 13 | DFARS clause 252.245-7004 Reporting, Reutilization and Disposal |
| 14 | DFARS clause 252.211-7007 Reporting of GFP |
| 15 | FAR clause 52.245-2 Government Property Installation Operation Services (if applicable) |
| 16 | DFARS clause 252.245-7000 Government-Furnished Mapping, Charting and Geodesy Property (if applicable) |
| 17 | Validate all known GFP is listed on OSD mandated attachments per PGI 245.103-72 Use forms available at http://dodprocurementtoolbox.org/site/detail/id/25 |
| 18 | Validate all GFP is reported to IUID Registry per FAR 252.211-7007 |
| 19 | Validate all GFP captured in Contractor's Property Management System per FAR 52.245-1 |
| 20 | Validate all GFP is captured in APSR per DoDI 5000.64, DoDI 4161.02, SECNAVINST 8200.42, SECNAVINST 4440.33A |
| 21 | Identify APSR |
| 22 | KO Initials/date |
| 23 | PM Initials/date |
| 24 | PEO Review Date |
| 25 | HCA Review Date |



**THE ASSISTANT SECRETARY OF THE NAVY
(RESEARCH, DEVELOPMENT AND ACQUISITION)
(FINANCIAL MANAGEMENT AND COMPTROLLER)
WASHINGTON, DC 20350-1000**

DEC 23 2015

JOINT MEMORANDUM

**From: Assistant Secretary of the Navy (Research, Development and Acquisition)
Assistant Secretary of the Navy (Financial Management and Comptroller)**

Subj: GOVERNMENT FURNISHED PROPERTY COMPLIANCE

Ref: (a) Joint ASN (RD&A) / ASN (FM&C) memorandum dated 4 May 2015

1. Reference (a) reinforced the regulatory and policy requirements for accountability of Government Furnished Property (GFP) and established a two-phased approach to GFP compliance. The first phase, focus on improved compliance with Federal Acquisition Requisition and Defense Acquisition Requisition Supplement requirements at contract inception, is making excellent progress. Compliance with required contract clauses has risen from 16 percent for 2QFY15 to 86 percent for 4QFY15. This marks a significant improvement that, if sustained, will facilitate improved future accountability of GFP. Heads of Contracting Activities (HCAs) are reminded to continue using the checklist provided in reference (a) to help validate compliance during the pre-award period.

2. The second phase of our approach required each HCA to: (1) review all contracts with a base period of performance extending beyond September 30, 2017 for GFP compliance; and (2) to develop a Plan of Action and Milestones (POA&M) that includes a target date for the review and correction of deficient contracts. We further bounded this review effort through the Department of the Navy (DON) GFP Working Group by directing reviewers to exclude contracts awarded before August 30, 2012.

3. Our staffs have been jointly leading GFP outreach sessions at many of your commands, with more scheduled in the near future. The POA&Ms and your feedback from these outreach sessions have identified several common concerns that may inhibit full and timely compliance with the regulatory and policy requirements. These concerns include manpower, time and funding constraints to fully review and modify existing contracts, and systems capability gaps which limit the ability of our Accountable Property Systems of Record to mitigate those manpower and resource constraints through automation. HCAs and Budget Submitting Offices should apply their resources to those deficiencies that present the highest risk to audit readiness and to effective management of the Department's resources.

4. The Office of the Under Secretary of Defense (Acquisition, Technology and Logistics) has consistently identified GFP accountability as a material weakness in its annual Statement of Assurance every year since 2011; nevertheless, achieving full accountability of GFP remains a priority for both audit readiness purposes and effective resource management. Federal Audit Standards require an auditor to assess the complete universe of property owned by the DON including property in the possession of contractors, both capitalized and not capitalized. The

Subj: GOVERNMENT FURNISHED PROPERTY COMPLIANCE

entire universe must be identified in order to demonstrate we have correctly captured and accurately reported the subset of capitalized assets. Additionally, properly documenting what we have and where it is held is essential to effective management of resources, determining the correct sample size for audit, and proving that DON's internal management controls are adequate. Inability to provide this comprehensive accounting for all property, including GFP, would present a significant audit risk for the DON.

5. Although the regulatory and Office of the Secretary of Defense policy requirements cited in reference (a) for GFP accountability and management are mandatory and cannot be waived by the DON, we recognize that unique situations may exist in which compliance may be difficult or even unachievable prior to the target audit date of 2017. If such a condition exists within your command, notify the Assistant Secretary of the Navy (Research, Development and Acquisition) (ASN (RD&A)) and the Assistant Secretary of the Navy (Financial Management and Comptroller) (ASN (FM&C)) via formal memorandum of those specific accountability requirements that will not be achieved prior to September 30, 2017 and of the actions that are planned or in place to minimize risk expected to result from non-compliance. This formal memorandum shall be submitted no later than 60 days following the date of this memorandum. The Office of the Secretary of the Navy will review your assessment and will either accept your alternative approach, work to mitigate the identified condition, or direct follow-on actions.

6. We are encouraged by the significant strides made toward achieving full accountability of government property in the custody of contractors. Much work remains to ensure all policy and regulatory requirements are met while properly balancing risks and resources to achieve full audit readiness.

7. Our points of contact are



S. J. RABERN
Assistant Secretary of the Navy
(Financial Management and Comptroller)



SEAN J. STACKLEY
Assistant Secretary of the Navy
(Research, Development and Acquisition)

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PART 5245 GOVERNMENT PROPERTY

SUBPART 5245.1—GENERAL

5245.102 (DFARS 245.102) Policy.

(4)(ii)(C)(1)(i) Submit the required D&Fs for approval to DASN(AP) by email at RDAJ&As@navy.mil with the subject "DFARS 245.102(4)(ii)(C)(1)(i) - Government-Furnished Property Identification Exception D&F/Activity Name."

(2) Submit copies of D&Fs executed pursuant to DFARS 245.102(4)(ii)(C)(1) to DASN(AP) by email at RDAJ&As@navy.mil with the subject "DFARS 245.102- Government-Furnished Property Identification Exception D&F/Activity Name."

5245.103 (DFARS 245.103) General.

5245.103-70 (PGI 245.103-70) Furnishing Government property to contractors.

The requiring activity decision to provide Government property shall address the elements contained in PGI 245.103-70(2) in the documentation provided to the contracting officer.

5245.103-71 (PGI 245.103-71) Transferring Government property accountability

The contracting officer shall obtain approval of an authorized representative of the requiring activity before transferring property between contracts.

5245.103-73(DFARS 5245.103-73) Contracting officer responsibilities.

(i) When the use of FAR clause 52.245-1, Government Property, is required, the contracting officer shall complete Annex 9, Government-Furnished Property Compliance Checklist, as an attachment to the Business Clearance Memorandum (BCM).

(ii) Reporting. Submit a summary of all actions where the Government-furnished Property Compliance Checklist was completed to DASN(AP) by email at RDAJ&As@navy.mil with the subject "NMCARS 5245.103-73 – Government-Furnished Property Compliance Checklist Quarterly Report" by January 31, April, 30, July 31, and October 31. The format for the report is provided in Annex 4.

SUBPART 5245.6—REPORTING, REUTILIZATION AND DISPOSAL

5245.602 (DFARS 245.602) Reutilization of Government property.

5245.602-390 (DFARS 245.602-3) Screening.

(a) To accomplish the screening requirements within prescribed time periods, the following procedures shall be employed:

(1) Upon receipt of inventory schedules in acceptable form, the plant clearance office should provide an original to the requiring activity and copies to DoN inventory managers, the contracting activity, and Naval activities other than inventory managers who have potential requirements for the property.

(2) Provide retention and redistribution requirements of the owning Commands, Offices and Bureaus (requiring activities), inventory managers, contracting activities and other Naval activities directly to the reporting office during this period.

(b) The final approval for contractor retention of standard components of special test equipment (STE) or for the transfer of industrial plant equipment items that are components of STE, shall be made by the contracting officer in lieu of the ACO.