



DEPARTMENT OF THE AIR FORCE  
WASHINGTON, DC

OFFICE OF THE ASSISTANT SECRETARY

Policy Memo 10-C-07

MEMORANDUM FOR ALMAJCOM/FOA/DRU (CONTRACTING)

APR 23 2010

FROM: SAF/AQC  
1060 Air Force Pentagon  
Washington, DC 20330-1060

SUBJECT: Government-Furnished Property (GFP) in Services Contracts

As you are all aware, GFP is property in the possession of, or directly acquired by, the Government and subsequently furnished to the contractor for performance of a contract. The property administration process exists to ensure GFP is managed and reported in accordance with the FAR and contractual requirements. A recent Air Force audit ([F2010-0001-FC1000](#)) has revealed significant deficiencies in how we are authorizing and managing GFP in services contracts. This memo is written to emphasize the contracting officer's important role in supporting property management oversight.

The audit found that contracting personnel are not always obtaining or maintaining adequate documentation to clearly justify their decisions to authorize contractor use of government property. FAR 45.102(b) states that contracting officers shall provide property to contractors only when it is clearly demonstrated that: (1) doing so will be in the Government's best interest; (2) the overall benefit to the acquisition (of providing the property to the contractor) significantly outweighs the increased cost of administration, including ultimate property disposal; (3) providing the property does not substantially increase the Government's assumption of risk; and (4) Government requirements cannot otherwise be met. It is the contracting officer's responsibility to apply these criteria and to ensure the written justification authorizing the use of GFP is completed and included in the contract file.

The audit also found a deficiency in how we are confirming the adequacy of contractor property management systems. FAR 45.105(a) provides that the Government is responsible for analyzing the contractor's property management policies, procedures, practices, and systems and for doing so as frequently as conditions warrant. This responsibility, along with the responsibility to oversee the property administration process, may be performed by an assigned property administrator; however if these responsibilities are not delegated, they remain the responsibility of the contracting officer. Additionally, FAR 52.245-1 outlines contractor requirements with respect to GFP.

Finally, the audit identified shortcomings in contractor compliance with GFP reporting requirements. DFARS 211.274-4, requires Government-furnished equipment to be reported in the DoD IUID Registry. Acquisition teams should implement proper oversight controls to verify that contractors accomplish this reporting, consistent with the requirements of DFARS 252.211-7007. Quality assurance personnel and program managers can register to obtain access to all

data reported in the Registry, as described in the *DoD Guide to IUID Quality Assurance*, Version 1.0, dated 20 Nov 09.

To confirm our commitment to improving GFP management practices, I am adding the requirements relating to justifying decisions to provide government property and analyzing contractor property management systems (described at FAR 45.102(b) and 45.105(a), respectfully) to the Compliance Checklist.

If you have any questions, please contact [REDACTED] SAF/AQCP, at (703) 588-7030, DSN 425-7030 [REDACTED].



Associate Deputy Assistant  
Secretary (Contracting)  
Assistant Secretary (Acquisition)