

Spc. Lyle Carter, with the 396th Transportation Company, 157th Combat Sustainment Support Battalion, organizes equipment while taking inventory for a palletized load system at Bagram Airfield, Afghanistan. (Photo by Sgt. V. Michelle Woods)



Accounting for Government Furnished Property

This article defines the government furnished property problem, addresses its importance, and lays out the Army's way ahead.

■ By Col. James Kennedy



Government furnished property (GFP) is arguably the most misunderstood supply and accountability function within the Army. This is not just a logistics issue but also an Army issue that must be understood by all leaders and branches.

There are two types of government property: GFP and contractor acquired property (CAP). Department of Defense (DOD) Instruction 5000.64, Accountability and Management of DOD Equipment and Other Accountable Property, defines

GFP as “any property in the possession of, or directly acquired by, the Government and subsequently furnished to the contractor (to include sub-contractors and alternate locations) for performance of a contract.”

GFP includes spares and property for repair, maintenance, overhaul, or modification furnished to an Army contractor to provide specified or functional services and support to accomplish the tasks and responsibilities outlined by a negotiated statement of work or performance work statement.

CAP is defined as “any property acquired, fabricated, or otherwise provided by the contractor for performing a contract, and to which the Government has title. CAP that is subsequently delivered and accepted by the Government for use on the same or another contract is considered GFP.” GFP can be either military standard equipment, commonly called “green equipment,” or nonstandard equipment, commonly termed “white equipment.”

GFP is an umbrella term that contains two categories: government furnished equipment (GFE) and government furnished materiel (GFM). GFE includes items that do not lose their identity, such as generators and trucks. GFM includes items that lose their identity such as parts, construction materials when consumed through use, and other low-dollar items that may not qualify for property accounting purposes but retain some limited residual identity characteristics that require control when issued to a user.

GFP Accountability

In support of auditability requirements in the National Defense Authorization Act of 2010, the Office of the Under Secretary of Defense (Comptroller) Financial Improvement and Audit Readiness Guidelines direct the Army to ensure it has all government property, to include GFP, accountable within an accountable property system of record (APSR) no later than the end of fis-

cal year (FY) 2017. Additionally, in 2011, the DOD noted GFP accountability as a material weakness in its annual statement of assurance report to Congress.

Establishing accountability in government property records is essential for several reasons. First, we are entrusted to properly account for and control government property, regardless of who has physical control. Second, as a contract ends, military standard GFP items may be needed to fill unit shortages.

Following this mandate presents the Army with a challenge. The Department of the Army (DA) G-4 estimates that approximately 31,300 open contracts contain GFP. Within the Item Unique Identification (IUID) Registry, which tracks items worth more than \$5,000, contractors have entered approximately 167,000 items with a total value of about \$8 billion.

Unfortunately, the reliability of GFP in the IUID registry is not known. In Property Book Unit Supply-Enhanced (PBUSE) and the Defense Property Accountability System (DPAS), the Army has accountability of about 39,000 items of GFP with a total value of approximately \$950 million.

In Afghanistan, U.S. Army Central (ARCENT) and the Army Materiel Command (AMC) are tracking 156 contracts with approximately 356,000 items valued at \$938 million. ARCENT and AMC determined that the Army will retain roughly 14,000 items (5 percent of the total used in Operation Enduring Freedom) valued at \$47 million, with the remainder being disposed of in Afghanistan through transfer to Afghanistan’s government or Defense Logistics Agency Disposition Services.

These numbers provide some scale of the GFP accountability issue, yet they do not show the complete picture. We cannot determine the full scope of the problem; we only know it is bigger than our documented information implies.

GFP Accountability Failures

Since 2008, numerous audits and investigations have mentioned failures in properly accounting for and overseeing GFP. There are many reasons for the present accountability situation.

The 2007 rewrite of Federal Acquisition Regulation (FAR) Part 45, Government Property, changed how we do business. Before the rewrite, the contractor was responsible for maintaining the fiduciary records of all government property. Since 2007, the responsibility of maintaining these records has fallen on the government. The contractor is now only responsible for stewardship of the government property, including maintaining serviceability and records documentation.

Before 2001, GFP was issued primarily to contractors supporting depots or program management offices, so the Army did not focus on this subject. Although Army policies and procedures to properly account for military equipment in units were in place, GFP was not treated as Army property and no specific GFP doctrine or policy was published.

So, leaders and supply personnel took incorrect actions that they believed were proper. Often GFP was laterally transferred to contractors, dropped off the unit property books, and removed from government accountability. As a result of these conditions and the exponential growth of GFP in Iraq and Afghanistan, the Army now lacks accountability in an APSR for most GFP.

A great deal of GFP is in Afghanistan, but the problem also exists in the institutional Army, where contractors perform maintenance, execute large construction projects, manage dining facilities and ammunition production plants, and perform many other vital service support functions.

Management Responsibility

The management of GFP involves a change in how we think about this property once it is provided to the contractor. GFP accountability and

management is quite different from what military leaders and property managers were taught about accountability of unit equipment.

Leaders must understand that the contract establishes accountability with the contractor and defines the movement, inventory, reporting, and maintenance of the equipment while in the possession of the contractor. Contractors are not normally responsible for following Army regulations. They are governed by the FAR and Defense Federal Acquisition Regulation Supplement (DFARS) requirements that are incorporated in the contracts.

Even though contractors are not required to follow the inventory and reporting requirements set forth in Army regulation, they are not free from maintaining accountability of the equipment. Steven Tkac, Acting Deputy Director of Acquisition Resources and Analysis for Property and Equipment Policy, stated, "The bottom line is that regardless of asset classification, the government is responsible for knowing what property belongs to them, who has it, and where it is, even if it's in the possession of a contractor."

GFP management is executed through the contracting office property management section, which is made up of series 1103 (industrial property management specialist) DA civilians. These personnel are responsible for providing property accountability oversight of the contractor. They periodically perform property management systems analysis (PMSA) to ensure the contractor is maintaining property records, conducting inventories, and adhering to the contract requirements regarding acquisition, maintenance, and accountability of GFP according to contract requirements.

Property management personnel typically conduct statistical sampling inventories to identify contractor accuracy or compliance. The PMSA is similar to the Army command supply discipline program. Some larger contracts, such as the Logistics Civil Augmentation Program, may be del-

egated by the contracting officer to the Defense Contract Management Agency for oversight and execution of the PMSA.

Changing GFP Procedures

The Army is taking necessary steps to get the process moving in the right direction. The DA G-4 has taken the lead to synchronize and integrate the GFP effort with stakeholders. PBUSE was updated to include all of the required data fields and contract information from DOD Instruction 5000.64. Most organizations and units will use PBUSE while depots and program managers will use DPAS.

In May 2013, the DA G-4 added GFP supply policy into Army Regulation (AR) 735-5, Property Accountability Policies. The Army will focus on bringing GFE back to Army records in FY 2014 and FY 2015. As requiring activities are bringing the GFE to record, processes will be developed in FY 2014 to gain accountability of GFM in FY 2015 and FY 2016.

Finally, AMC will develop a materiel system that will collect and match data from the contracting database, IUID registry, Wide Area Work Flow receipts by contractors, DPAS, and PBUSE to ensure we are accurately capturing and reconciling GFP across all systems and thus achieving enterprise asset visibility.

The Army will focus on GFE for the next two years using a two-pronged method. The Office of the Deputy Assistant Secretary of the Army (Procurement), through its Heads of Contracting Activities and with the help of requiring activities, is identifying all contracts that have GFE and ensuring all contracts contain required FAR and DFARS GFP clauses and accurate GFP listings.

As GFP lists are identified, the requiring activity (the organization that required the contract and paid for the service) will identify a property book officer who will catalog all equipment and add the equipment under a unit identification code for

each contract. These procedures are outlined in AR 735-5.

In July 2013, a DA G-4 GFP “Tiger Team” workgroup consisting of sustainment, materiel, contracting, and policy subject matter experts identified 25 initial doctrine, organization, training, materiel, leadership and education, personnel, and facilities gaps to resolve. Some of the more critical ones are:

- Updating property accountability policies.
- Developing techniques and procedures for GFP accountability.
- Training leaders and supply personnel.
- Resourcing additional civilian property administrators (1103 series) to fill the positions that are currently 39-percent filled.
- Improving government oversight of property management actions.
- Including AMC in the GFP disposal process.
- Adding GFP to the Army command supply discipline program.
- Addressing GFP accountability in Global Combat Support System-Army.
- Addressing readiness reporting for GFP in maintenance policy.

Although the task of bringing all this property to record in PBUSE or DPAS seems to be straight forward, there are two choke points: first, cataloging hundreds of thousands of nonstandard line item numbers and management control numbers from the Army Enterprise Systems Integration Program and, second, the resources it takes to enter equipment into the APSR. It is critical that the property book officers put only accurate data in the APSR.

The most significant challenge in improving accountability is the need for a strategic communications plan to inform leaders and supply personnel of the requirements, procedures, and reasons that GFP accountability is critical for Army fiduciary responsibility and readiness. Next, using a legacy system, PBUSE, with little funds for improvements as the Army



Sgt. Gregory Ray, a supply sergeant assigned to the 2nd Battalion, 3rd Infantry Regiment, discusses property book issues with Theodore Holman, a member of the Property Accountability Augmentation Team (PAAT) at Joint Base Lewis-McChord, Wash. The PAAT assists units with supply personnel shortages and property book management. (Photo by Staff Sgt. Antwaun Parrish)

transitions to Global Combat Support System-Army, will also be challenging. Another challenge is that historical documentation is not available for current GFP in most cases.

Despite the challenges, if the Army can keep to its milestones and implement the changes, it should be able to obtain enterprise visibility of GFP by the second quarter of FY 2015 while continuing to bring equipment to record.

The Army has three years to “police the GFP battlefield” from over a decade of neglect to meet the FY 2017 deadline. Numerous agencies are involved, and dedicated people want to solve the problem. With the right leadership, emphasis, tracking, and resources, the Army will conquer this mountain of equipment and paperwork and obtain enterprise visibility, accountability, and auditability of GFP.

This endeavor will make the Army a better steward of taxpayer dollars and improve its fiduciary responsi-

bility and readiness. We must ensure better use of resources so that we do not have to readdress this problem in the future.

For more information on GFP, visit the DOD GFP website at http://www.acq.osd.mil/pepolicy/accountability/accountability_GFP.html or the DA G43 Contingency Operations Division website at <https://g357.army.pentagon.mil/OD/LOC/G43/Contingencyoperation/default.aspx>.

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