

GFP ACCOUNTABILITY:

PART I — THE UNKNOWN GORILLA

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This is the first in a two-part series on government-furnished property (GFP). This article defines the problem, addresses the importance, and lays out the Army way ahead. The second article will help clarify myths or misperceptions about GFP. GFP is arguably the most misunderstood supply and accountability function within the Army. This is not just a logistics issue as some believe but 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). DoD Instruction 5000.64 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 but is not limited to spares and property furnished for repair, maintenance, overhaul, or modification to an Army contractor to provide specified or functional services and support to accomplish the tasks and/or responsibilities outlined by a negotiated statement of work/performance work statement (SOW/PWS). 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 non-standard equipment, commonly termed “white equipment.” GFP is an umbrella term that contains two categories: government-furnished equipment (GFE) — items that do not lose their identity such as generators and trucks; and government-furnished material (GFM) — items such as parts and construction materials that lose their identity 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 requires control upon issuance to a user.

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 (FIAR) guidelines direct the Army to ensure we have all government property, to include GFP, accountable within an accountable property system of record (APSR) not later than the end of fiscal 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 onto government property records is essential for several reasons. First, as good stewards of taxpayer dollars, we are entrusted to properly account for and control government property, regardless of who has physical control. Next, as a contract ends, military standard GFP items may be needed to fill unit shortages or non-standard items screened for utilization to support other contracts or at other Army locations, thus reducing costs to purchase equipment we already own.

A contractor uses a heavy duty forklift to move a container on Camp Delaram in Afghanistan on 7 June 2012.

Photo by SSgt Raul Gonzalez, USMC



Accomplishing this mandate presents the Army with a large challenge which some say is akin to “trying to eat a running elephant with a plastic fork.” The Army G4 estimates there are approximately 31,300 open contracts containing GFP. Within the Item Unique Identification (IUID) Registry, which tracks items above \$5,000 in value, contractors have entered approximately 167,000 items with a total value of around \$8 billion with about 70 percent of these being capital items valued at more than \$100,000 each. Unfortunately, the reliability of GFP in the IUID Registry is not known. Additionally, in Property Book Unit Supply – Enhanced (PBUS-E) and Defense Property Accountability System – Enhanced (DPAS-E), the Army has accountability of around 39,000 items of GFP with a value of roughly \$950 million. In Afghanistan, U.S. Army Central Command (ARCENT) and the Army Materiel Command (AMC) are tracking 156 contracts with about 356,000 items valued at \$938 million. ARCENT and AMC determined the Army will retain roughly 14,000 items (5 percent of the total in Operation Enduring Freedom) valued at \$47 million with the remainder being disposed of in Afghanistan through transfer to the Afghanistan government or Defense Logistics Agency-Disposition Services (DLA-DS). All these numbers provide some scale of the GFP accountability issue, yet none show the complete picture. We are unable to determine the full scope of the problem; we only know it is bigger than our documented information implies.

As far back as 2008, numerous audits and investigations have mentioned a Service failure to properly account for and oversee GFP. There are numerous reasons for the present accountability situation. The 2007 re-write of the Federal Acquisition Regulation (FAR) Part 45, Government Property, changed how we do business. Prior to the re-write, the contractor was responsible for maintaining the fiduciary records of all government property. After 2007, the responsibility of maintaining these records fell upon the government. The contractor is now only responsible for the stewardship of the government property, including maintaining serviceability and records documentation. Next, prior to 2001, GFP was issued primarily to contractors supporting depots or program management offices so there was no focus in the Army on this subject. Additionally, while Army policies and procedures to properly account for military equipment in units are in place, GFP was not treated as “Army property” and no specific GFP doctrine or policy was published or included in educational development. Therefore, leaders and supply personnel (including me on two occasions) took actions that they believed were proper but were incorrect. Often, GFP was laterally transferred to contractors and dropped off the Army (unit) property books thus removing it from government accountability. As a result of these conditions and the exponential growth of GFP in Iraq and Afghanistan, the Army is now in the situation of not having accountability in an APSR of the majority of GFP. While there is a great deal of GFP in Operation Enduring Freedom (OEF), the problem exists in the institutional Army as well, where contractors perform maintenance, execute large construction projects, manage dining facilities and ammunition production plants, and perform

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many other vital service support functions. Management of GFP involves a mindset change in how we think about this property once it is provided to the contractor. GFP accountability and management is quite different than what military leaders and property managers were taught about accountability of unit equipment. As a result, there are many myths about GFP that will be covered in part II of the series. 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 regulation(s). They are governed by FAR and Defense Federal Acquisition Regulation System (DFARS) requirements incorporated in the contract clauses.

Even though contractors do not follow the regulation requirements in reporting and inventories, we cannot wipe our hands free of accountability of the equipment. “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,” said Steve Tkac, director of Property & Equipment Policy, Office of the Under Secretary of Defense for Acquisition, Technology, and Logistics (OUSD AT&L). GFP property management is executed through the contracting office property management section by the property administrator (1103 series DA civilian personnel). 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 in accordance with regulations. They typically conduct statistical sampling inventories to identify contractor accuracy or compliance. The PMSA is similar to the Army Command Supply Discipline Program (CSDP). (Some larger contracts, such as the Logistics Civil Augmentation Program, may be delegated by the contracting officer to the Defense Contract Management Agency for oversight and conduct of the PMSA.)

The Army is taking necessary steps to get the process moving in the right direction. The Army G4 has taken the lead to synchronize and integrate the GFP effort with stakeholders. PBUSE was updated to include all of the DODI 5000.64 required data fields and contract information. PBUSE will be used predominately by most organizations and units, while DPAS-E will be utilized by mainly depots and program managers. The Army G4 added GFP supply policy into AR 735-5, *Property Accountability Policies*, in May 2013. The Army will focus on bringing GFE back to Army records in FY14 and FY15. As requiring activities are bringing the GFE to record, processes will be developed in FY14 to gain accountability of GFM in FY15 and FY16. Finally, AMC will develop a material system that will collect and match data from the contracting database, IUID registry, Wide Area Work Flow (WAWF) receipts by contractors, DPAS-E, and PBUSE data to

ensure we are accurately capturing and reconciling GFP across all systems, thus achieving enterprise asset visibility.

The Army will focus on GFE for the next two years using a two-pronged attack. The Office of the Deputy Assistant Secretary of the Army for Procurement (DASA[P]), through the 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 DFAR GFP clauses and accurate GFP listings. As GFP lists are identified, the requiring activity — the organization that required the contract and pays for the service — will identify a property book officer (PBO) who will catalog all equipment and add the equipment under a UIC identified for each contract. Procedures are outlined in AR 735-5.

A July 2013 Army G4 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 (DOTMLPF) gaps to resolve. Some of the more critical ones are:

- Developing techniques and procedures for GFP;
- Training for 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 CSDP;
- Addressing GFP accountability in Global Combat Support System-Army (GSS-A); and
- Addressing readiness reporting for GFP in maintenance policy.

While the task of bringing all this property to record in PBUSE or DPASE seems to be straightforward, there are two choke points:

- 1) The cataloging of hundreds of thousands of items for non-standard line item number (NSLIN) and management control number (MCN) from ACCS Engineering Systems Integration Plan (AESIP), and
- 2) The resources it takes to enter equipment into the APSR. It

is critical that the PBOs prevent inaccurate data being placed into the APSR.

There are numerous challenges with this ongoing effort to improve accountability. The most critical is the need for a strategic communications plan to inform leaders as well as supply personnel of the requirements, procedures, and reasons why GFP accountability is critical for Army fiduciary responsibility and readiness. The use of a legacy system, PBUSE, with little funding for improvements as the Army transitions to GCSS-A, will also be challenging. Additionally, historical documentation is not available for current GFP in the vast majority of cases. Despite the challenges, if we are able to keep to our milestones and implement the changes, we should be able to obtain enterprise visibility of GFP by 2nd Quarter, FY15 while we continue to bring equipment to record.

The Army has three years to “police the GFP battlefield” from over a decade of neglect to meet the FY17 deadline. There are numerous agencies involved with dedicated people who want to solve the problem. With the right leadership, emphasis, tracking, and resources, the Army will conquer this mountain of equipment and paperwork — thus obtaining enterprise visibility, accountability and auditability of GFP. This endeavor will make us better stewards of taxpayer dollars and improve Army fiduciary responsibility and readiness during this period of ongoing fiscal uncertainty. We owe it to the Army to ensure better use of resources and not have to refight 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 Army G4 website at <https://g357.army.pentagon.mil/OD/LOC/G43/Contingencyoperation/default.aspx>.

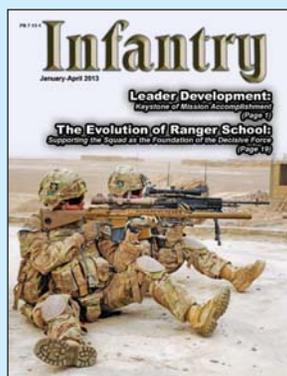
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