SUBJECT: Accountability and Management of Government Contract Property

References: See Enclosure 1

1. PURPOSE. In accordance with the authority in DoD Directive (DoDD) 5134.01 (Reference (a)), this Instruction reissues DoD Instruction (DoDI) 4161.2 (Reference (b)) to:

a. Establish policy, assign responsibilities, and prescribe procedures in accordance with Part 45 of Federal Acquisition Regulation (FAR) (Reference (c)) and Part 245 of Defense Federal Acquisition Regulation Supplement (DFARS) (Reference (d)) for the accountability and management of Government contract property in the custody of defense contractors.

b. Assist DoD property managers, program managers, contracting officers and other acquisition professionals, logisticians, and other officials in understanding their roles and responsibilities.

c. Cancel DoD 4161.2-M (Reference (e)).

2. APPLICABILITY. This Instruction applies to the OSD, the Military Departments, the Office of the Chairman of the Joint Chiefs of Staff and the Joint Staff, the Combatant Commands, the Office of the Inspector General of the Department of Defense, the Defense Agencies, the DoD Field Activities, and all other organizational entities within the DoD (hereinafter collectively referred to as the “DoD Components”).

3. DEFINITIONS. See Glossary.

4. POLICY. It is DoD policy that:
a. Contractors ordinarily shall be required to furnish all property necessary to perform Government contracts in accordance with the policies and procedures of Reference (c). Property may be furnished to contractors only under the circumstances described in Reference (c) and Reference (d), and only for performance of a specific contract or contracts.

b. Contractors may be authorized access to DoD supply sources under the policies and procedures of DOD Manual 4140.01 (Reference (f)) and Part 51 of Reference (c).

c. The DoD Components shall comply with the requirements of Reference (f) and DoDI 5000.64 (Reference (g)) to establish and maintain accountability for Government contract property furnished to, or acquired by, contractors and third parties.

5. RESPONSIBILITIES. See Enclosure 2.

6. PROCEDURES. See Enclosure 3.

7. RELEASABILITY. UNLIMITED. This Instruction is approved for public release and is available on the Internet from the DoD Issuances Website at http://www.dtic.mil/whs/directives.

8. SUMMARY OF CHANGE 2. This change reassigns the office of primary responsibility for this instruction to the Under Secretary of Defense for Acquisition and Sustainment in accordance with the July 13, 2018 Deputy Secretary of Defense Memorandum (Reference (h)).

9. EFFECTIVE DATE. This issuance is effective April 27, 2012.

Frank Kendall
Acting Under Secretary of Defense for Acquisition, Technology, and Logistics

Enclosures
1. References
2. Responsibilities
3. Procedures
Glossary
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ENCLOSURE 1

REFERENCES

(b) DoD Instruction 4161.2, “Management, Control and Disposal of Government Property in the Possession of Contractors,” September 26, 1997 (hereby cancelled)
(c) Federal Acquisition Regulation, current edition
(d) Defense Federal Acquisition Regulation Supplement, current edition
(f) DoD Manual 4140.01, “DoD Supply Chain Materiel Management Procedures,” date varies by volume
(g) DoD Instruction 5000.64, “Accountability and Management of DoD Equipment and Other Accountable Property,” April 27, 2017, as amended
(h) Deputy Secretary of Defense Memorandum, “Establishment of the Office of the Under Secretary of Defense for Research and Engineering and the Office of the Under Secretary of Defense for Acquisition and Sustainment,” July 13, 2018
(m) DoD Guidebook for Contract Property Administration, current edition
(o) DoD Instruction 8320.02, “Sharing Data, Information, and Technology (IT) Services in the Department of Defense,” August 5, 2013

1 Available at http://www.acq.osd.mil/dpap/pdi/index.html.
ENCLOSURE 2

RESPONSIBILITIES

1. UNDER SECRETARY OF DEFENSE FOR ACQUISITION, TECHNOLOGY, AND LOGISTICS (USD(AT&L)). The USD(AT&L) shall:

   a. Establish Government contract property management policies, standards, and performance measures to achieve and sustain effective accountability, management, control, as well as accurate identification, registration, and accounting processes of Government contract property in acquisition and logistics operations.

   b. Monitor and evaluate DoD-wide performance in achieving the requirements established in accordance with paragraph 1.a. of this enclosure.

   c. Grant waivers to this Instruction, when required in response to contingency operations and specific agency needs.

   d. Establish DFARS prescriptions, clauses, and procedures, guidance, and information (PGI) required to implement the policies and procedures of this Instruction, where appropriate.

   e. Ensure that this Instruction is consistent with Reference (f), Reference (g), and DoDI 8320.04 (Reference (i)).

   f. Provide requirements to the Director, Defense Logistics Agency (DLA) for the DoD IUID Registry and its integral Government Furnished Property (GFP) Module.

   g. Direct the development and implementation of training and education for the DoD workforce on Government contract property management.

2. DIRECTOR, DLA. The Director, DLA, under the authority, direction, and control of the USD(AT&L) and in addition to the responsibilities in section 3 of this enclosure, shall:

   a. Develop and implement the DoD IUID Registry GFP Module.

   b. Establish procedures and information exchange requirements consistent with this Instruction and Volume 6 of Defense Logistics Manual 4000.25 (Reference (j)) for implementation of the Defense Logistics Management System (DLMS) supporting net-centric electronic traceability of GFP within logistics processes.
3. **HEADS OF THE DoD COMPONENTS.** The Heads of the DoD Components shall:

   a. Manage Government contract property in accordance with the requirements of Reference (g) and this Instruction.

   b. Incorporate the requirements of this Instruction into guidance and procedures, where appropriate.

   c. Implement the procedures of this Instruction for net-centric electronic traceability in acquisition, logistics support, and operational use; property transfers to contractors; property reporting; contractor-acquired property (CAP); contractor access to the DoD supply system; and accountability.
ENCLOSURE 3

PROCEDURES

1. GENERAL PROVISIONS. The DoD Components shall implement the policies and procedures in References (f), (g), and (i) in a manner that will ensure proper management, control, reporting, and disposal of Government property in the custody of contractors.

   a. Consistent with the requirements of Reference (g) and the procedures of Defense Logistics Manual 4000.25-1 (Reference (k)), ensure that program and item managers manage CAP.

   b. Consistent with the requirements of Reference (g) and the procedures of subpart 245.2 of DFARS PGI (Reference (l)), ensure that program and item managers identify GFP to be provided to contractors.

   c. Utilize the guidelines in the DoD Guidebook for Contract Property Administration (Reference (m)).

2. NET-CENTRIC ELECTRONIC TRACEABILITY. The DoD Components shall implement transaction-derived, net-centric electronic traceability of GFP transfers utilizing the DoD IUID Registry and its integral GFP Module to:

   a. Trace GFP at the unique item level by unique item identifier (UII) or serial number when item marking and implementation of serialized item management by UII is pending (used with national stock number (NSN), manufacturer’s part/model/lot number, and manufacturer’s Commercial and Government Entity (CAGE) or North Atlantic Treaty Organization (NATO) CAGE (NCAGE) code).

   b. Trace GFP at the non-unique item level by NSN or manufacturer’s part/model/lot number, and manufacturer’s CAGE or NCAGE code.

3. PROPERTY TRANSFERS BETWEEN DoD AND CONTRACTORS. The DoD Components shall:

   a. Use electronic transactions when transferring Government property to a contractor and upon return of property to DoD.

   b. Require contractors to use the Wide Area Workflow (WAWF) to receipt property transfers or use DLMS standard logistic transaction set 527R, available on the DLMS Supplements page of the DLMS Website (http://www.dla.mil/j-6/dlmos/elibrary/TransFormats/140_997.asp), to provide materiel receipt acknowledgement citing the applicable contract number for property shipments.

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c. Cite a contract number and, where applicable, the call or order number, in electronic transactions under which the property is accountable for stewardship, if known at the time of shipment. If not known at the time of shipment, record the contract number in the accountable property system of record within 30 days of receipt.

4. PROPERTY REPORTING. The DoD Components shall:

   a. Require contractors to report GFP to the DoD IUID Registry and its integral GFP Module in accordance with subparts 211.274-4 and 252.211-7007 of Reference (d).

   b. Use the DoD IUID Registry and its integral GFP Module as the master data source for reporting GFP in custody of contractors to:

      (1) Conduct and report transfers of Government contract property accountability in accordance with the procedures in subpart 245.103-71 of Reference (l).

      (2) Ensure contractor reporting of GFP that meets the requirements of subpart 252.211-7007 of Reference (d).

      (3) Require that contractors, as part of the required receipt of any Government property, report to the DoD IUID Registry using WAWF, DLMS transactions, or direct update of the registry. The receipting transaction shall identify the property by the data elements specified in subpart 252.211-7007 of Reference (d).

   c. Use the DLMS 856S Shipment Status (available at the DLMS Website), citing the applicable contract number when GFP is shipped under MILSTRIP procedures. DoD activities may use the DLMS 856S to provide shipment status for non-MILSTRIP GFP shipments moving under a DD 1149, “Requisition and Invoice/Shipping Document.”

   d. Ensure appropriate accountable property records are maintained utilizing the data reported in the DoD IUID Registry and its integral GFP Module in accordance with Reference (g).

5. CONTRACTOR-ACQUIRED PROPERTY (CAP). While retaining title to property on cost type contracts, the DoD Components shall ensure that CAP is not recorded in Government accountable property systems of record until receipt or acceptance in accordance with Reference (g) and subpart 245.4 of Reference (l).

   a. Establish accountability of CAP by ensuring the contractor maintains an adequate property system in accordance with the current requirements of subpart 52.245-1(b)(1) of Reference (e).

   b. Establish accountable property records for CAP only upon delivery to or acceptance by the Government on a contract line item number (CLIN) in the DoD Component’s accountable property system of record.
6. CONTRACTOR ACCESS TO THE DoD SUPPLY SYSTEM. The DoD Components shall:

   a. Provide contractor access to DoD supply sources for requisitioning Government property and account for this property under part 51 of Reference (c).

   b. Manage authorization of contractor access to the DoD supply system by assigning DoD Activity Address Codes (DoDAACs) in the DoD Component designated contractor DoDAAC series to all contractors approved for access to the DoD supply system and by deleting such DoDAACs upon expiration of the last remaining contract, consistent with the current provisions of Reference (f) and subparts 51.102(c)(2) and 51.103(b)(1) of Reference (c).

   c. Control contractor access by use of the procedures in Reference (k) and subpart 252.211-7007 of Reference (d).

   d. Ensure that all contractor requisitions of Government property include the contract number and, where applicable, the call or order number under which requisition authority is granted.

   e. Identify non-serialized Government contract property authorized for contractor requisition on a non-reimbursable basis by the data elements in subpart 245.201-71(2) of Reference (k).

7. ACCOUNTABILITY. The DoD Components shall:

   a. Provide effective and efficient oversight of contractors having custody of Government contract property consistent with Government Accountability Office publication GAO-07-0731G (Reference (n)) and the procedures in this Instruction.

   b. Maintain accountability of each GFP item meeting the requirements of subpart 252.211-7007 of Reference (d) by its UII.

   c. Maintain accountability of GFP items not marked with a UII using the NSN, manufacturer’s part/model/lot number and CAGE or NCAGE code for the applicable unit of measure. Serial numbers for items subject to serialized item management, but not yet marked with a UII, shall be provided. Items not identified to an NSN or manufacturer’s part number/CAGE code combination shall be further identified by a description.

   d. Ensure GFP that is managed at the item level is accounted for in DoD Component accountable property systems of record in accordance with Reference (g).

   e. Reinforce internal controls regarding acquisition and logistics traceability, tracking, financial reporting, and stewardship responsibility for GFP.
GLOSSARY

PART I. ABBREVIATIONS AND ACRONYMS

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
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</thead>
<tbody>
<tr>
<td>CAGE</td>
<td>Commercial and Government Entity</td>
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<tr>
<td>CAP</td>
<td>contractor acquired property</td>
</tr>
<tr>
<td>CLIN</td>
<td>contract line item number</td>
</tr>
<tr>
<td>DFARS</td>
<td>Defense Federal Acquisition Regulation Supplement</td>
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<tr>
<td>DLMS</td>
<td>Defense Logistics Management System</td>
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<tr>
<td>DoD</td>
<td>Department of Defense</td>
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<tr>
<td>DoDAAC</td>
<td>Department of Defense Activity Address Code</td>
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<tr>
<td>FAR</td>
<td>Federal Acquisition Regulation</td>
</tr>
<tr>
<td>IUID</td>
<td>item unique identification</td>
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<tr>
<td>GFP</td>
<td>Government furnished property</td>
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<tr>
<td>NATO</td>
<td>North Atlantic Treaty Organization</td>
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<tr>
<td>NCAGE</td>
<td>North Atlantic Treaty Organization Commercial and Government Entity</td>
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<tr>
<td>NSN</td>
<td>national stock number</td>
</tr>
<tr>
<td>PGI</td>
<td>procedures, guidance and information (within DFARS)</td>
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<tr>
<td>UII</td>
<td>unique item identifier</td>
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<tr>
<td>USD(AT&amp;L)</td>
<td>Under Secretary of Defense for Acquisition, Technology, and Logistics</td>
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<tr>
<td>WAWF</td>
<td>Wide Area Work flow</td>
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PART II. DEFINITIONS

Unless otherwise noted, these terms and definitions are for the purposes of this Instruction.

accountability. Defined in Reference (g).

accountable property record. Defined in Reference (g).

accountable property system of record. Defined in Reference (g).

contractor acquired property. Defined in Reference (g).

contract line item number. Defined in subpart 204.7103 of Reference (d).

DoD activity address code. Defined in Reference (k).
DoD IUID Registry. Defined in Reference (i).

enterprise identifier. Defined in subpart 252.211-7003 of Reference (d).

Government contract property. Personal property owned by the Government and furnished to a contractor, or acquired by a contractor and title vests in the Government. Government property does not include property under any statutory leasing authority (except as to non-government use of property under subpart 45.301(f)) of Reference (c); property to which the Government has acquired a lien or title solely because of partial, advance, progress, or performance-based payments; software; or intellectual property.

GFM. Material owned by the Government and furnished to a contractor to use for specific contract purposes. Title to all material furnished by the Government remains with the Government. GFM is property that may be incorporated into or attached to a deliverable end item or that may be consumed or expended in performing a contract. GFM does not include material sold by the Government to a contractor, equipment, special tooling, special test equipment or real property.

GFP. Defined in Reference (g).

GFP Module. An automated data base for capturing records of U.S. GFP sent on a non-reimbursable basis to a contractor without a UII assigned.


IUID. Defined in subpart 252.211-7003 of Reference (d).

NSN. Defined in Reference (f).

net-centric. Defined in DoDI 8320.02 (Reference (o)).

reparable item. Defined in Reference (f).

stewardship responsibility. Defined in Reference (g).

UII. Defined in subpart 252.211-7003 of Reference (d).

unique item level traceability. The requirement to trace determination and maintenance of the history of transactions for lifecycle management events related to acquisition, property accountability, storage, operation, maintenance, safety, physical security, retirement, and disposal by each individual item, e.g. for a single instance of a stock-numbered item or a single assembly/subassembly.