



DLMS Summit - DLMS Enhancements to Accommodate Property

Defense Pricing, Contracting, and Acquisition
Policy (DPCAP)

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Topics

- **Focus on Property**
- **GFP Handshakes**
- **Propertyifying DLMS**
 - Enhancements from traditional supply
 - PDCs Complete and In Process
- **Property System Interface Trigger Method**



Relevant Memos

Triple Signed memo introduces GFP Handshakes



OFFICE OF THE SECRETARY OF DEFENSE
1000 DEFENSE PENTAGON
WASHINGTON, DC 20301-1000

June 26, 2024

MEMORANDUM FOR ASSISTANT SECRETARIES OF THE MILITARY DEPARTMENTS
(FINANCIAL MANAGEMENT AND COMPTROLLER)
ASSISTANT SECRETARIES OF THE MILITARY DEPARTMENTS
(LOGISTICS AND SUSTAINMENT)
DEFENSE AGENCY AND DOD FIELD ACTIVITY DIRECTORS

SUBJECT: Updating Government Furnished Property Data in Component Logistics Information
Technology Systems – Request for Implementation Status

- References: (1) Federal Acquisition Regulation (FAR) Part 45, Government Property, May 22, 2024
 (2) Defense FAR Supplement (DFARS) Part 245, Government Property, May 30, 2024
 (3) DoD Financial Management Regulation (FMR) Volume 4, January 2024
 (4) Department of Defense Instruction (DoDI) 4161.02, Accountability and Management of Government Contract Property, August 31, 2018
 (5) DoDI 5000.64, Accountability and Management of DoD Equipment and Other Accountable Property, June 10, 2019
 (6) Department of Defense Manual 4140.01, Volume 11, DoD Supply Chain Materiel Management Procedures: Inventory Accountability and Special Management and Handling, November 4, 2022
 (7) Deputy Assistant Secretary of Defense for Logistics strategy, Logistics Information Technology Strategy 2024-2029, February 6, 2024

Timely and accurate accounting for the status, value, and location of Department of Defense (DoD) assets is critical to achieving and maintaining an unqualified financial statement audit opinion. Property in the Possession of Contractors (PiPOC), including Government Furnished Property (GFP) provided to the Department's contractors and financial assistance recipients for performance of current awards, represents a significant area of asset accountability. GFP tracking issues contribute to the Department's PiPOC material weakness. As incorporated in the referenced policy issuances, the Department's strategy for addressing GFP tracking issues is threefold: (1) full deployment of the GFP Module in the Procurement Integrated Enterprise Environment, (2) enforced contractor/recipient GFP reporting in the GFP Module, and (3) incorporation and use of the data collected in the GFP Module in the Department's Accountable Property Systems of Record and Integrated Materiel Management Systems. These systems are collectively referred to as Logistics Information Technology (LogIT) systems in this memorandum. The GFP Module consolidates GFP management into a single automated platform that enables the reuse of data throughout the GFP lifecycle; thereby improving data accuracy and reducing manual input of data by contractors.

The GFP Module collects data from contractors and recipients, in accordance with clauses in their awards (e.g., DFARS 252.245-7005), for several scenarios depicted in Attachment 1. These are the scenarios that may occur while GFP is in the contractor's

Audit Priority memo specifies APRS to GFP Module Interfaces



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DEC - 7 2024

MEMORANDUM FOR SENIOR PENTAGON LEADERSHIP
COMMANDERS OF THE COMBATANT COMMANDS
DEFENSE AGENCY AND DOD FIELD ACTIVITY DIRECTORS

SUBJECT: Secretary of Defense Fiscal Year 2025 Financial Statement Audit Remediation
Priorities

As we conclude the seventh annual Department of Defense financial statement audit, I acknowledge the collaboration progress the audit has fostered, in terms of monitoring and reporting across the DoD. However, we did not achieve all our fiscal year (FY) 2024 audit remediation goals; we must do more in FY 2025.

In my October 13, 2023 memorandum, "Expectations for Supporting Department of Defense Financial Statement Audits," I emphasized the important audit remediation work I needed you to complete so we could accelerate our goal of earning an unmodified audit opinion. The U.S. Marine Corps FY 2023 unmodified opinion taught us that engagement from the entire enterprise is critical to success. To posture for an unmodified audit opinion by December 31, 2028, as required by the National Defense Authorization Act for Fiscal Year 2024, we must actively pursue critical audit remediation achievements ahead of the FY 2028 financial statement audit.

To that end, it is crucial to achieve yearly goals and meet related milestones so that we stay on course. My FY 2025 priorities (attached) intentionally impact financial management and operational communities and recognize efforts made thus far, such as with Fund Balance with Treasury. Four FY 2024 priorities carry over, with some adjustments to goals and metrics — Improve Fund Balance with Treasury, Strengthen Systems Control Environment, Advance the Universe of Transactions, and Optimize Asset Valuations. I am establishing a fifth priority, Integrate Procure to Pay Processes to Accelerate Auditability.

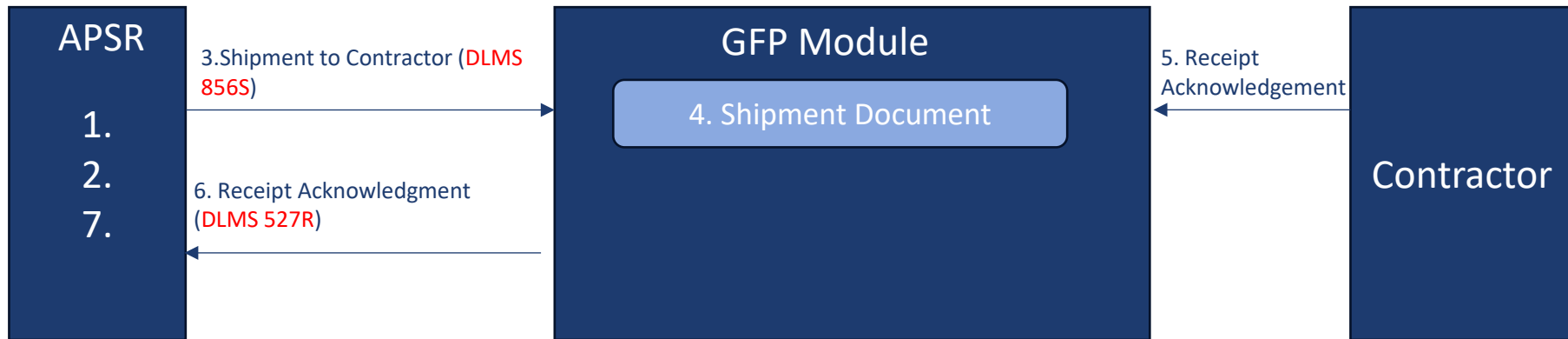
DoD Senior Executive Service members with ownership of any part of these priorities will continue to include the relevant priorities in the Results Driven critical element of their performance plans and appraisals. General and flag officer nomination recommendations shall include an audit priorities statement. We will continue to leverage metrics and dashboards in Advana, audit roadmaps, and our audit governance process to measure progress, hold leaders accountable, and use our material weakness working groups to overcome our barriers.

Thank you for your steadfast commitment to the Department's financial statement audits,

- o Demonstrate **50 percent system development progress** toward ensuring Reporting Entities' APSRs and IMMS are compliant with integrating Government Furnished Property (GFP) data from the Procurement Integrated Enterprise Environment GFP Module via automated interface in accordance with DoDI 4161.02 no later than **September 30, 2025**.



GFP Handshake 1 – (a) Shipment From DoD to Contractor and (b) Contractor Receipt Acknowledgement



1. Accountable Property Officer identifies item to be provided to Contractor
2. Accountable Property System of Record (APSR) formats data
3. APSR transmits transaction to GFP Module
4. GFP Module presents the shipment document to the contractor
5. Contractor acknowledges receipt in the GFP Module when items are physically in its custody (DFARS 252.245-7005)
6. Receipt acknowledgement is transmitted by GFP Module to APSR
7. APSR closes the in-transit and recognizes the item is in contractor custody



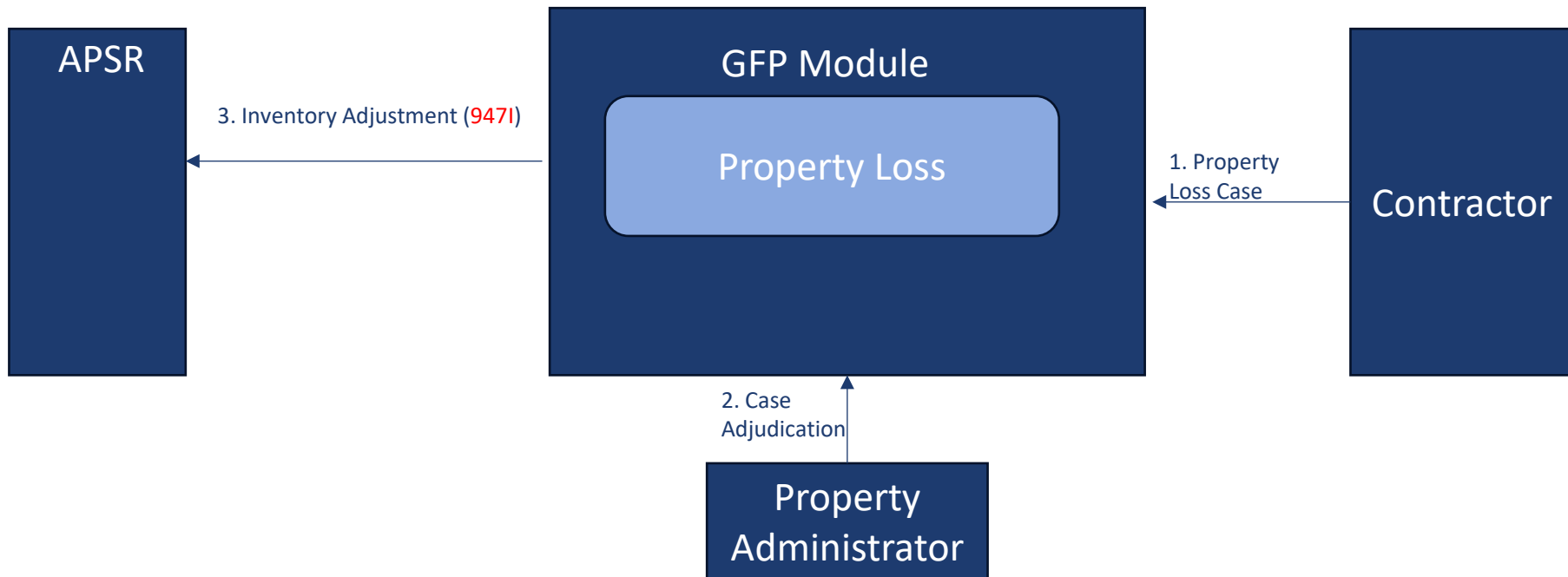
GFP Handshake 2 – Shipment from Contractor to DoD



1. Contractor creates shipment document in GFP Module (DFARS 252.245-7005)
2. Shipment is transmitted to APSR
3. APO updates APSR when items are physically back in DoD custody
4. APSR transmits Receipt Acknowledgement to GFP Module
5. GFP Module shipment status updated to "Received"



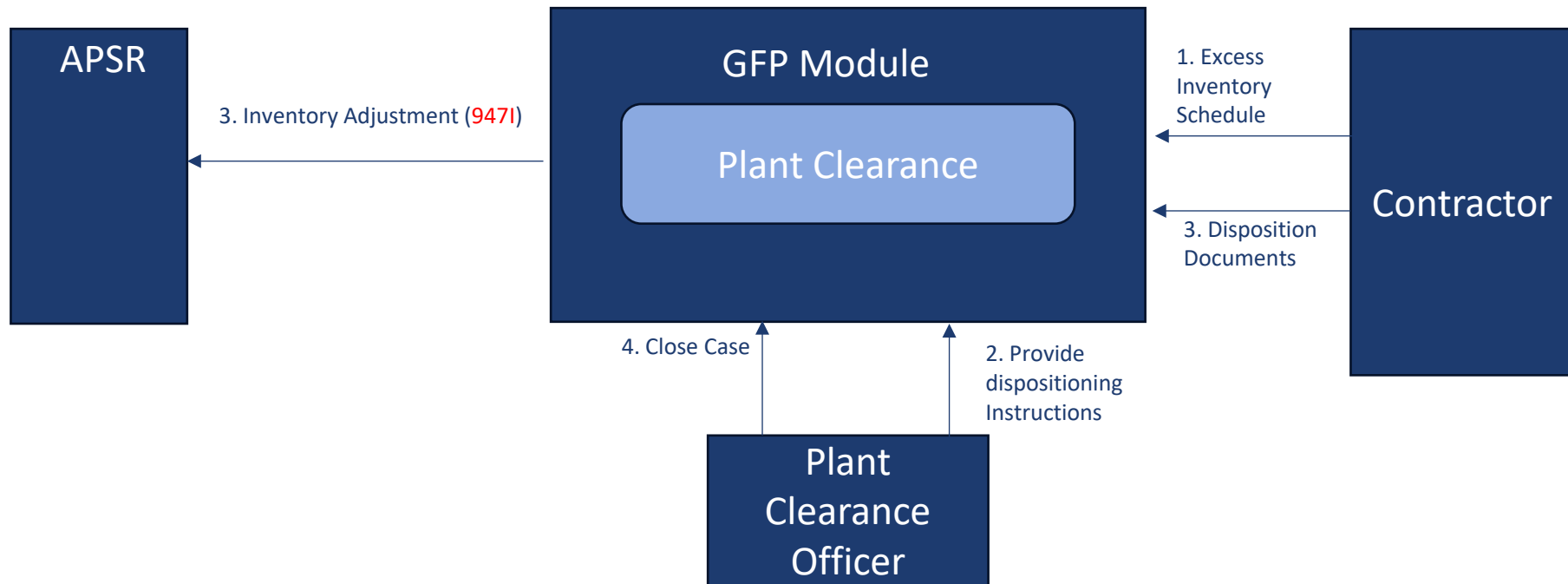
GFP Handshake 3 – Inventory Decrement due to Property Loss



1. Contractor creates Property Loss case in GFP Module (DFARS 252.245-7005)
2. Property Administrator Adjudicates case in GFP Module
3. Upon case closure, items on case are transmitted as an inventory loss to the APSR



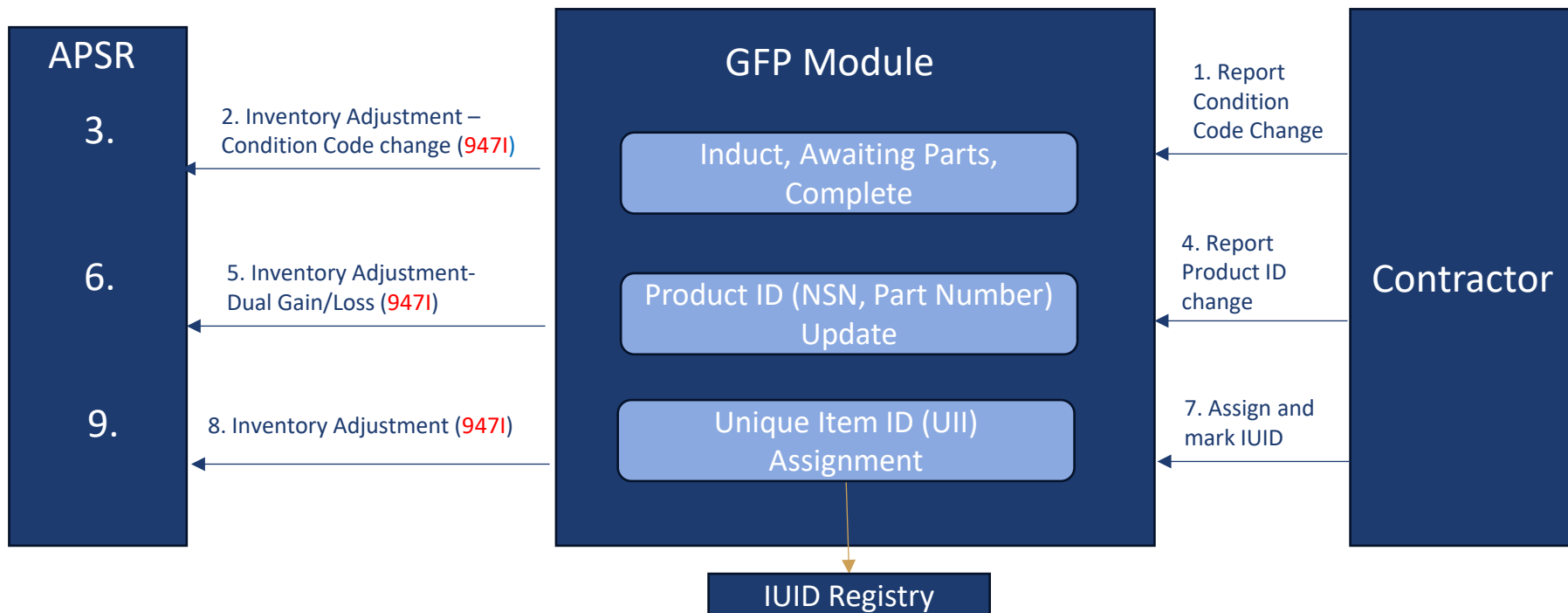
GFP Handshake 4 – Inventory Decrement due to Plant Clearance



1. Contractor submits excess inventory schedule GFP Module (DFARS 252.245-7005)
2. Plant Clearance Officer (PLCO) documents disposition instructions in GFP Module
3. Contractor uploads documents demonstrating completion of disposition actions
4. PLCO Closes case
5. Upon case closure, GFP items on case are transmitted as an inventory loss to the APSR



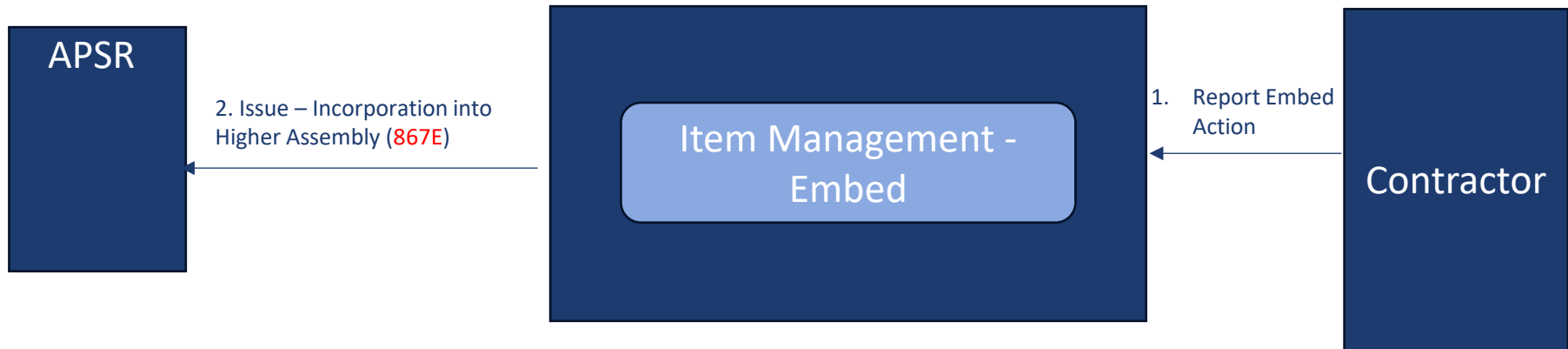
GFP Handshake 5 – Inventory Adjustments (a) – Item Condition Code Change, (b) Product ID Update, (c) Unique ID Assignment



1. Contractor reports condition code change; e.g., repair item changing from failure to serviceable condition
2. GFP Module transmits inventory adjustment to APSR
3. APSR updates item condition in accordance with DoDI 5000.64
4. Contractor reports upgrade to item identification; e.g., part number, NSN, serial number
5. GFP Module transmits inventory adjustment (loss of original identifier; gain of new identifier) to APSR
6. APSR decrements the original item and increments the new item
7. Contractor reports the assignment an item unique identification number and 2D IUID data matrix mark to a GFP item
8. GFP Module transmits inventory adjustment indicating the new unique item identifier (UII) to the APSR
9. APSR associates new UII with previous serial number of item



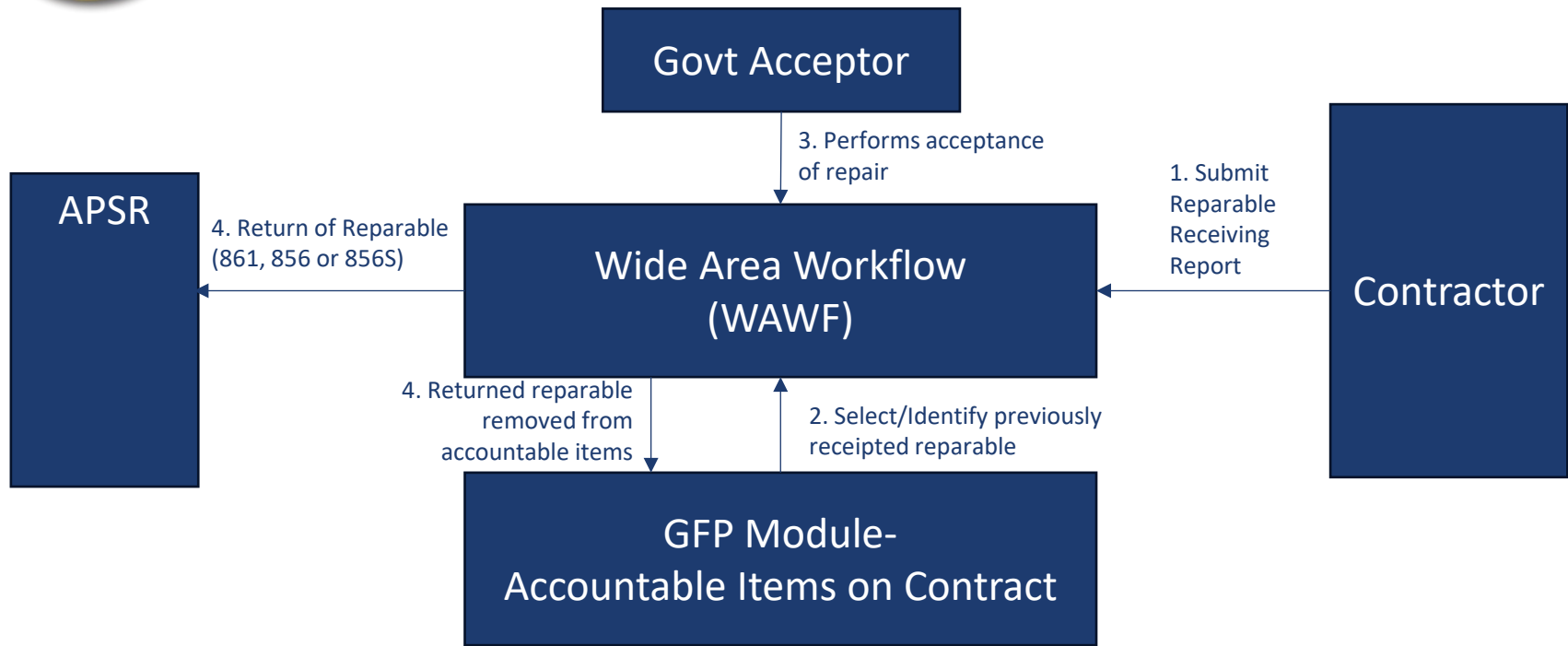
GFP Handshake 6 – Incorporate Serially Managed GFP into Higher Assembly



1. Contractor reports that a serially managed GFP item has been incorporated into a higher assembly. (DFARS 252.245-7005) If the higher assembly is GFP, the parent is also identified. The embedded GFP item is removed from the contractor's accountable items and is tracked in the embedded items list.
2. GFP Module transmits indication of embed action to APSR



GFP Handshake 7 – Return of Reparable



1. Contractor submits Reparable Receiving Report (RRR) in WAWF when repair is complete (DFARS Appendix F)
2. The RRR connects to the GFP Module data enabling the Contractor to select previously received reparable (if the contractor has submitted electronic file, the reference to the GFP Module is made at the data layer)
3. Government Acceptor performs acceptance of the repair service
4. Reparable items identified on the RRR are removed from the contractor's accountable items in the GFP Module
5. Return of the item to DoD custody and completion of repair transmitted to APSR



DLMS Changes

PDC Number	Status	Impacted Tx	Intent	Specific Changes
1491	ADC	867E	Promulgate 867E	Added new transaction 867E to carry the event of Embed or consume of GFP
1501	ADC	947I	Add Case Number	N901 new codes to identify Property Loss (AHE) or Plant Clearance (AHF) Case Number follows in N902
1515	PDC	947I	Product ID Update	Enables two sets of four data element product IDs the one provisioned by the property system and the one upgraded by the contractor in one transaction.
1517	PDC	947I	All GFP Inventory Adjustment events	Adds model number to W19 and N9 and provides table of where Product ID data elements are to be carried. Added Ull assignment characteristics (E/M, ST/STE, Acq Cost) for use by contractors.

Additional enhancements to 856S and 527R in work will become PDC 1526



Property System Transmission Trigger

- The GFP Attachment identifies which Product ID is tracked in which Property System for a given contract
 - Drop down list of Property System IDs
- **Property System table**
 - Identifies which Handshakes are active for that property system
 - Turned “on” after testing and approval
 - Each event inbound to the Property System is controlled individually
 - Identifies the RIC of the property system
 - Becomes the routing indicator for DAAS

Administration Console Menu

GFP Property Systems (GFP_PROPERTY_SYSTEMS) - Edit

Property System ID*	System.Acronym	Sub System
GCSS-Army	MEBS	
DITPR Number	Routing ID*	Property System Description
10036		
Organization*	Email*	Extract Type - Select one or more (Ctrl+Click) (Shift+Click)
DLA		All Plant Clearance Case - 9471 Property Loss Case - 9478 Item Management Condition Code Update - 9471 Disposal of IT's Involvement - 9479
Active*		
Y		

Submit Return