



DEPARTMENT OF DEFENSE

Defense Acquisition Regulations System

48 CFR Parts 245 and 252

[Docket DARS-2020-0026]

RIN 0750-AK92

Defense Federal Acquisition Regulation Supplement: Property Loss Reporting in the Procurement Integrated Enterprise Environment (DFARS Case 2020-D005)

AGENCY: Defense Acquisition Regulations System, Department of Defense (DoD).

ACTION: Final rule.

SUMMARY: DoD is issuing a final rule amending the Defense Federal Acquisition Regulation Supplement (DFARS) to replace a legacy software application used for reporting loss of Government property with new capabilities developed within the DoD enterprise-wide, eBusiness platform, Procurement Integrated Enterprise Environment.

DATES: Effective **[INSERT DATE OF PUBLICATION IN THE *FEDERAL REGISTER*]**.

FOR FURTHER INFORMATION CONTACT: Ms. Kimberly R. Ziegler, telephone 571-372-6095.

SUPPLEMENTARY INFORMATION:

I. Background

DoD is amending the DFARS to replace the Defense Contract Management Agency (DCMA) eTool application used to report the

loss of Government property with the new Government-Furnished Property (GFP) module in the Procurement Integrated Enterprise Environment (PIEE). The DCMA eTool application is a self-contained, legacy application that has numerous limitations, to include its inability to share data with other internal or external DoD business systems or to respond to changes in regulation, policies, and procedures. DoD developed the GFP module within the PIEE to house the GFP lifecycle to address these limitations and to provide the Department with the end-to-end accountability for all GFP transactions within a secure, single, integrated system.

DoD published a proposed rule in the ***Federal Register*** at 85 FR 53761 on August 31, 2020.

No respondents submitted public comments in response to the proposed rule, and no changes were made in the final rule.

II. Applicability to Contracts at or below the Simplified Acquisition Threshold and for Commercial Items, Including Commercially Available Off-the-Shelf Items

This final rule does not create any new provisions or clauses, nor does it change the applicability of any existing provisions or clauses included in solicitations and contracts valued at or below the simplified acquisition threshold, or for commercial items, including commercially available off-the shelf items.

III. Executive Orders 12866 and 13563

Executive Orders (E.O.s) 12866 and 13563 direct agencies to assess all costs and benefits of available regulatory

alternatives and, if regulation is necessary, to select regulatory approaches that maximize net benefits (including potential economic, environmental, public health and safety effects, distributive impacts, and equity). E.O. 13563 emphasizes the importance of quantifying both costs and benefits, of reducing costs, of harmonizing rules, and of promoting flexibility. This is not a significant regulatory action and, therefore, was not subject to review under section 6(b) of E.O. 12866, Regulatory Planning and Review, dated September 30, 1993. This rule is not a major rule under 5 U.S.C. 804.

IV. Executive Order 13771

This rule is not subject to E.O. 13771, because this rule is not a significant regulatory action under E.O. 12866.

V. Regulatory Flexibility Act

DoD has prepared a Final Regulatory Flexibility Analysis (FRFA) consistent with the Regulatory Flexibility Act, 5 U.S.C. 601, et seq. The FRFA is summarized as follows:

This rule amends the Defense Federal Acquisition Regulation Supplement to replace a legacy software application used for reporting loss of Government property with new capabilities developed within the fully integrated, DoD enterprise-wide, eBusiness platform, Procurement Integrated Enterprise Environment (PIEE). The objective of the case is to transition property loss reporting from a stand-alone, legacy software application to the PIEE. Use of the new system functionality

will enable DoD to address numerous audit findings and security concerns.

There were no significant issues raised by the public in response to the initial regulatory flexibility analysis.

This rule will likely affect some small business concerns that are provided Government-furnished property in the performance of their contracts and those who experience a loss which must be reported in the PIEE. Data generated from the Defense Contract Management Agency eTool for fiscal years (FY) 2017 through 2019 indicates that an average of 3,765 loss cases are submitted each year. Of those 3,765 loss cases, 52 percent or 1,958 cases are filed by the top 7 large entities, while 48 percent or 1,807 make up all others, which may include unique small entities.

Data generated from the Federal Procurement Data System (FPDS) for FY 2017 through 2019 indicates that DoD has awarded an average of 34,463 contracts that contain the two applicable Government property clauses, FAR 52.245-1, Government Property, and DFARS 252.245-7002, Reporting Loss of Government Property. Of those applicable contracts, DoD has awarded approximately 16,966 contracts to an average of 4,009 unique small entities during the three-year period. This would equate to 4 applicable contracts awarded to each unique small entity.

While there is no way to identify how many property loss cases are attributable specifically to unique small business concerns, it can be assumed that 11 percent of applicable contracts have had a property loss case reported (3,765/34,463). If the top 7

large entities are removed from the equation, the number is reduced to 5 percent (1,807/34,463). We can therefore assume that of the 16,966 contracts awarded to small entities, approximately 5 percent, or 848 contracts awarded to 212 small entities, may require a property loss case.

The rule does not impose any new reporting, recordkeeping, or compliance requirements. The replacement of the application used for the approved information collection requirements is intended to maintain the status quo and potentially reduce compliance requirements over time due to the technological advances in the PIEE.

There are no practical alternatives that will accomplish the objectives of the rule.

VII. Paperwork Reduction Act

The Paperwork Reduction Act does apply to this rule. However, these changes to the DFARS do not impose additional information collection requirements to the paperwork burden previously approved under OMB Control Number 9000-0075, Government Property. By replacing the software application used for reporting property loss, the status quo is maintained for the current information collection requirements. OMB Control Number 9000-0075 provides approval for collections of information under FAR clause 52.245-1, Government Property, which requires reporting of Government-property losses. DFARS clause 252.245-7002, Reporting Loss of Government Property, is used in conjunction with FAR 52.245-1, and merely stipulates that DoD

contractors will electronically report any property losses as required by FAR 52.245-1 using the PIEE portal.

List of Subjects in 48 CFR Parts 245 and 252

Government procurement.

Jennifer D. Johnson,

Regulatory Control Officer, Defense Acquisition Regulations System.

Therefore, 48 CFR parts 245 and 252 are amended as follows:

1. The authority citation for 48 CFR parts 245 and 252 continues to read as follows:

Authority: 41 U.S.C. 1303 and 48 CFR chapter 1.

PART 245—GOVERNMENT PROPERTY

2. Amend section 245.102 by—

- a. In paragraph (4) (i) removing “GFP” and adding “Government-furnished property” in its place; and
- b. Revising paragraph (5).

The revision reads as follows:

245.102 Policy.

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(5) *Reporting loss of Government property.* The Government-Furnished Property module of the Procurement Integrated Enterprise Environment is the DoD data repository for reporting loss of Government property in the possession of contractors. The requirements and procedures for reporting loss of Government property to the Government-Furnished Property module are set

forth in the clause at 252.245-7002, Reporting Loss of Government Property, prescribed at 245.107.

PART 252—SOLICITATION PROVISIONS AND CONTRACT CLAUSES

3. Amend section 252.245-7002 by—

- a. Removing the clause date of “(DEC 2017)” and adding “(JAN 2021)” in its place; and
- b. Revising paragraph (b) (1).

The revision reads as follows:

252.245-7002 Reporting Loss of Government Property.

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(b) * * *

(1) The Contractor shall use the property loss function in the Government-Furnished Property (GFP) module of the Procurement Integrated Enterprise Environment (PIEE) for reporting loss of Government property. Reporting value shall be at unit acquisition cost. Current PIEE users can access the GFP module by logging into their account. New users may register for access and obtain training on the PIEE home page at <https://piee.eb.mil/piee-landing>.

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