



Contract Closeout Guidebook

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1 Purpose

The purpose of this guidebook is to help Department of Defense (DoD) officials establish and manage Contract Closeout. It provides an inventory of the pertinent polices and processes, with a goal of streamlining and consolidating guidance on Contract Closeout in a single easy-to-access document.

2 Preface

Contract Closeout is the final action taken on each DoD acquisition and establishes that each party has fully satisfied its obligation to the other. The contractor must have delivered everything the contract required (material, services, data, certifications, etc.) and the Government must have paid the contractor in full. Any excess funds on the contract must have been de-obligated. Property rights, both physical and intellectual, must have been settled to the satisfaction of the parties. Administrative actions must have been finalized, all necessary documentation must have been included in the contract file, and a Contract Completion Statement must have been generated. These Contract Closeout requirements can be found in Figure 1 below:



Requirements for Contract Closeout							
All parties have fully satisfied obligations to the other(s).	All contract requirements have been delivered.	Government has paid contractor in full.	All excess funds on the contract have been de-obligated.	Property rights have been settled to the satisfaction of all parties.	Administrative actions have been finalized.	All documentation has been included in the file.	Contract Completion Statement has been generated.

Figure 1

Timely Contract Closeout is important because without this final step in a contract’s life cycle, the Government cannot settle its financial records. Unliquidated balances, the funds remaining on a contract after performance has ended, can result in not identifying improper payments in a timely manner, or in the inability to reuse excess unspent funds elsewhere.

Even though Contract Closeout is important, it is often given a low priority by most contracting activities because efforts are focused on new contract awards so that end users can receive the goods and services needed to meet mission requirements. As a result, Contract Closeout is generally seen as an organizational weakness and often the subject of audit investigations and reports within the Department.

The closeout process can be simple or complex depending on the contract type. Contract Closeout may require coordination between the procuring contracting office, payment office, field administration office, program office, auditing office, security office, general council, and

the contractor. Proper contract construction, thorough contract and modification receipt and review, and timely monitoring of funds status and potential for cancellation of funds, leads to an easier and more efficient Contract Closeout process. Figure 2 includes the primary personnel and offices that play a role in the Contract Closeout process:



Figure 2

The purpose of this Contract Closeout Guidebook is to assist Contracting Officers with this important effort. The Guidebook takes policy from across the Federal Acquisition Regulation (FAR), Defense Federal Acquisition Regulation Supplement (DFARS), Procedures, Guidance, and Information (PGI), and Financial Management Regulation (FMR) and places it in a single reference. It does not address component specific policies and procedures for Contract Closeout.

3 The Contract Closeout Process

3.1 When Does the Contract Closeout Process Begin?

The office administering the contract is responsible for initiating administrative closeout after receiving evidence of physical completion. Physical completion is defined in FAR 4.804-4 as:

- The contractor has completed the required deliveries and the Government has inspected and accepted the supplies; The contractor has performed all services and the Government has accepted these services; and all option provisions, if any, have expired; OR
- The Government has given the contractor a notice of complete contract termination.

Note: Facilities contracts, rental, use, and storage agreements are considered to be physically complete when the Government has given the contractor a notice of complete contract termination; or the contract period has expired.

Under Cost-Type or Time & Material (T&M)/Labor Hour (LH) contracts, , if the Government does not intend to provide additional money to the contract, because of the terms of the Limitation of Cost/ Limitation of Funds and Payments under the T&M and LH Contracts clauses, which specify that the contractor does not have to continue performance once its costs equal the established cost ceiling of the contract, the contractor does not have to deliver the required supplies. Thus, under these types of contracts that contract should be considered physically complete once the cost ceiling is reached.

Although a contract may be physically complete, other factors may delay the actual closeout. For example, if the final amount due to the contractor has not been determined or if there is an outstanding claim by or against the contractor, the contract may not be closed even if it is physically complete. Based on these considerations, a contract may not be closed until it is physically complete, the amount owed to the contractor has been finally determined, and all claims regarding the contract have been resolved. Contracts are administratively complete when all administrative activities have been accomplished, any required releases executed, and final payments made.

A contract should NOT be closed if:			
The contract is in litigation or under appeal	The contract is under investigation or involves a deferred debt	The contract has value engineering proposals pending	The contract is terminated and the termination actions have not been completed

Figure 3

Closeout of Basic IDC/BOA/BPA: When the ordering period in the basic Indefinite Delivery-Contract (IDC), Basic Ordering Agreement (BOA), or Blanket Purchase Agreement (BPA) has lapsed, and no modification has been issued to extend the ordering period, the basic IDC, BOA, or BPA can be closed only when all orders issued against it have been closed.

Contract Closeout of individual orders under IDC, BOA, or BPA’s should begin once the order is physically complete.

Continued Contract: PGI 204.1601 allows for a continued contract to be issued solely for administrative reasons. The predecessor contract should be closed out when all inspection, acceptance, payment, and other closeout issues associated with supplies delivered and services performed under the predecessor contract are complete.

3.2 Types of Closeout

3.2.1 Automated Contract Closeout

As permitted by FAR 4.804-5(a), Automated Contract Closeout (ACCO) allows a system to initiate and execute the closeout action without action on the part of the Contracting Officer administering the contract. ACCO is a capability that currently resides in PIEE.

A contract qualifies for the ACCO process if it meets the criteria in Figure 5 below, which is outlined in DFARS PGI 204.804-3:

DFARS PGI 204.804-3 Requirements for Automated Contract Closeout
Contract Type = Firm-fixed priced
Contract Value does not exceed \$500,000 (inclusive of exercised options)
Contract does not contain any of the following provisions requiring administrative action at closeout: <ul style="list-style-type: none">(A) FAR 52.211-11 Liquidated Damages—Supplies, Services, or Research and Development.(B) FAR 52.216-7 Allowable Cost and Payment.(C) FAR 52.227-9 Refund of Royalties.(D) FAR 52.227-11 Patent Rights—Ownership by the Contractor.(E) FAR 52.227-13 Patent Rights—Ownership by the Government.(F) FAR 52.232-16 Progress Payments.(G) FAR 52.232-29 Terms for Financing of Purchases of Commercial Items.(H) FAR 52.232-30 Installment Payments for Commercial Items.(I) FAR 52.232-32 Performance-Based Payments.(J) FAR 52.245-1 Government Property.(K) FAR 52.248-1 Value Engineering.

Figure 5

DFARS PGI 204.804-3 also states that Components may apply additional conditions not listed in Figure 5 above, as necessary to ensure all contract requirements have been completed prior to closeout. The additional requirements for a contract to qualify for ACCO are listed in Figure 6 below:

Additional Automated Contract Closeout Requirements
All shipments for the contract must be in a processed or extracted status in Wide Area Work-Flow (WAWF)
A final invoice must have been submitted in WAWF
A “Paid” status must be present in WAWF (sourced from MyInvoice data)
Contract does not contain any of the following provisions: FAR 52.216-16 Incentive Price Revision – Firm Target FAR 52.216-17 Incentive Price Revision – Successive Targets FAR 52.219-9 Small Business Subcontracting Plan DFARS 252.227-7039 Patents – reporting of subject inventions
Contracts, orders, and all subsequent modifications must be present in EDA in Procurement Data Standard (PDS) compliant status if a Contract Writing System (CWS) was used to generate to contract action.

Figure 6

An example of a contract not qualifying for ACCO due to the inability for all contract actions to be captured as PDS is provided below in Figure 7. In this example, the base contract, N0002417C2110, was successfully posted to EDA in PDS format. However, modifications P00006 and onward were not successfully posted to EDA as PDS. In this case, ACCO would not be able to be performed for this contract. Note that in this example, N64149 is the Administering Office responsible for closeout of this contract, while N00024 is the Procuring Contracting Office.

Contract Number	Delivery Order	PCO Mod	ACO Mod	PDS	History	Conformance	CLIN
N0002417C2110		P00009			View	View	View
N0002417C2110		P00008			View	View	View
N0002417C2110		P00007			View	View	View
N0002417C2110		P00006		Deficient	View	View	View
N0002417C2110		P00005		Verified (2.5)	View	View	View
N0002417C2110		P00004		Verified (2.5)	View	View	View
N0002417C2110		P00003		Verified (2.5)	View	View	View
N0002417C2110		P00002		Verified (2.5)	View	View	View
N0002417C2110		P00001		Verified (2.5)	View	View	View
N0002417C2110				Verified (2.5)	View	View	View

Figure 7

If the contract meets all the criteria for ACCO as outlined in Figures 5 and 6 above, a notification will be sent to the organization administering the contract making them aware that if they do not take action, the contract will be closed in 120 days. After the 120 days has lapsed, an electronic Contract Completion notice, also known as the EDI 567C, will be created and posted to EDA. A Contract Closeout notification will also be sent to and stored in FPDS.

If an organization is aware of an issue that should prevent closeout, the organization must place the contract on hold within the 120-day limit. Upon release of the hold, the contract will automatically close when the 120 days has passed.

The Contracting Officer also has the ability to remove a contract from the ACCO process completely, and still has the ability to close the contract through the Manual Contract Closeout process. This may occur if there are additional unique conditions within the contract that must be verified or completed prior to closeout.

3.2.2 Manual Contract Closeout

Manual Contract Closeout is the process by which the Contracting Officer responsible for closeout, upon receiving notice of physical completion of the contract, begins a review of the contract requirements and funds status. The Contracting Officer creates a Closeout Checklist (DD Form 1597) (if the contract is over the Simplified Acquisition Threshold), to document satisfactory completion of all required contract actions prior to closeout. When all required actions are complete, the Contracting Officer completes a Contract Completion Notice (DD Form 1594 or electronic equivalent (EDI 567C) and distributes this notice to EDA.

Organizations responsible for administrative closeout that do not have a Contract Closeout tool capable of meeting all the requirements in FAR 4.804 and DFARS PGI 204.804 for data distribution **shall** use the PIEE Contract Closeout (CCO) module in lieu of manual Contract Closeout or the organization's partially automated processes. Below is the link to the memo announcing the release of the PIEE CCO module and reinforcing its usage expectations: <https://www.acq.osd.mil/dpap/policy/policyvault/USA002616-17-DPAP.pdf>

The PIEE Contract Closeout module allows the Contracting Officer to create and update the Closeout Checklist in an electronic format and forwards the resulting Contract Completion Statement in the form of an EDI 567C to EDA. The tool can be used to close any contract, whether the contract is in EDA, uses PDS or is invoiced using WAWF. However, the more information that is in the PIEE environment, the more the tool will complete for the Contracting Officer throughout the closeout process.

Leveraging the PIEE CCO module to perform closeout will improve efficiency, enforce compliance with applicable policy, and ensure that contract completion statements are shared in standard formats and distributed to all appropriate downstream systems, including FPDS. The PIEE CCO module also improves the auditability and timely recovery of excess funds. The PIEE CCO module is available to Contracting Officers or Specialists who have EDA access with an active Upload/Inactive Contracts role. Web based training on the PIEE CCO module is available at: <https://wawftraining.eb.mil/wbt/xhtml/wbt/closeout/index.xhtml>

Below are the procedures for Manual Contract Closeout:

A. Procedures for Manual Contract Closeout

i. Fund Status Review

Upon determining that a contract is physically complete, the Contracting Officer administering the contract is responsible for initiating a funds status review and identifying any excess funds. If there are excess funds remaining on the contract, it is the responsibility of the Contracting Officer to investigate and resolve this issue. Excess funding may result from one of the following scenarios:

- Undelivered item(s)
- Services not performed
- A change in the contractor's price on the invoice but not reflected in the contract schedule
- A contract modification was not processed
- The contractor's failure to invoice properly
- An error in the billing or paying records
- Shipments related to authorized quantity variation
- Discounts taken are not reported as excess funds

If necessary, the Contracting Officer should issue a modification for the contract de-obligating any known excess funding that the Government may want to obligate on a different contract or advise the contractor to bill for the excess funding, if appropriate prior to final closeout. Changes to the contract price or other contract terms will be done through contract modification. However, the FMR does not require a contract modification to be executed to de-obligate excess funds. Reporting the unliquidated obligated amount via the EDI 567C or DD 1594 is sufficient to de-obligate excess funds.

FMR Volume 3, Chapter 8 states: "081611 B(1). It is the responsibility of the Contracting Officer to send notification to the Financial Manager, Program Office, and Funds Holder denoting that a contract is complete and no further valid transactions will be forthcoming through the use of a DD Form 1594, Contract Completion Statement (DD 1594), or electronic equivalent as described in DFARS, PGI 204.804. Deobligation of excess funds at contract closeout may be accomplished through the use of a DD 1594 or electronic equivalent."

ii. Reconciliation Audit

Complex, long running contracts with many deliveries, payments, and modifications may require a reconciliation audit to be performed by the Disbursing Office. The Contracting Officer closing the contract should perform a reconciliation of the 'obligation transactions' to the contract, before requesting the Disbursing Office perform the payment/disbursement reconciliation.

Note: DFARS 204.804(3) allows a Contracting Officer to close out a contract or group of contracts without completing a reconciliation, through a negotiated settlement with the contractor, documented by a contract modification, if the contract was issued 17 fiscal years prior to the current fiscal year and the contract is determined by an official

at least one level above the Contracting Officer to be unreconcilable or not cost effective to reconcile. In the event that the Entitlement Office may have disbursed more than the contract total obligation, the Disbursing Office must be informed, and it becomes their responsibility to resolve any over payment.

iii. Special Contract Requirements or Clauses that need to be Addressed prior to Closeout – Contract Closeout Checklist (DD Form 1597) or equivalent includes but not limited to:

a. Disposition of Classified Material

Review the contract to determine if classified information was provided or created (i.e. was a DD Form 254 issued during the life of the contract?) both at the prime and subcontractor level. If so, the classified material must be disposed of properly. Contact the cognizant Defense Counterintelligence and Security Agency (DCSA) Office to notify them that the contract is complete and annotate the date that the contractor has notified you that all classified material has be disposed of properly before closing the contract.

b. Patents and Royalties

Review the contract requirements with respect to patent and royalty reporting. Ensure the contractor has submitted a Final Report (a DD Form 882 may be used) and that the Government Patent Counsel or designated representative has cleared the final report prior to closing the contract.

c. Value Engineering Change Proposals

Review the contract to determine if the contract contained Value Engineering Clauses, and if there are any outstanding Value Engineering Change Proposals (VECPs) pending. VECPs should be dispositioned prior to closing the contract.

d. Property and Plant Clearance

Review the contract requirements to determine if Government Property was provided under the contract and still remains in the contractor's hands. This includes both Government-Furnished Property and Contractor Acquired Property. All the property must be accounted for and disposed of in accordance with the Contracting Officer's instructions (scrapped, returned, consumed, or transferred to another contract). Any Government Property that is excess to the contract at completion, must go through plant clearance following the requirement of FAR 45-6. This property must be inventoried, reported to the Government, and dispositioned before the contract can be closed out.

e. Interim/Disallowed Costs

On flexibly priced contracts, a Contracting Officer determination needs to be made regarding disallowed costs identified on a Defense Contract Audit Agency (DCAA) Form 1 prior to closing the contract.

f. Price Revision (Economic Price Adjustment) or Price Redetermination Required

If price revision or redetermination is applicable, ensure the price revisions have been completed and documented by contract modification and that the contractor has been paid for the revised amounts before closing the contract.

g. Subcontract Settlement by the Prime Contractor

For contracts that are flexibly priced, the prime contractor must go through procedures with all subcontractors which are similar to those used by the Government. The Contracting Officer must ensure that all the prime's subcontracts have been paid and closed before the prime contract can be eligible for Contract Closeout.

h. Indirect Cost Rates Settled

If the contract is subject to FAR 52.216-7, Allowable Cost and Payment Clause, the contractor is required to submit an adequate final indirect cost rate proposal to the Contracting Officer and auditor within the 6-month period following the expiration of each of its fiscal years. Within 120 days after settlement of the final annual indirect cost rates for all years of a physically complete contract, the Contractor shall submit a completion invoice or voucher to reflect the settled amounts and rates. The completion invoice or voucher shall include settled subcontract amounts and rates. The prime contractor is responsible for settling subcontractor amounts and rates included in the completion invoice or voucher and providing status of subcontractor audits to the Contracting Officer upon request. **FAR 42.708 encourages the use of Quick Closeout procedures described at Appendix C. DFARS Class Deviation 2019-O0009 dated May 2, 2019, authorizes the use of Quick Closeout Procedures if the amount of the unsettled direct and indirect costs to be allocated to the contract (task or delivery order) does not exceed \$2,000,000 (regardless of dollar value for Defense Contract Management Agency (DCMA)).**

i. Subcontracting Plan

If the contractor is a large business, the contract should be reviewed to determine if an individual subcontracting plan was submitted. If so, a final report is required to be submitted within 30 days of contract completion. This information may be in the Electronic Subcontracting Reporting System (eSRS), unless use of eSRS is waived (<http://www.esrs.gov>).

j. Termination Settlement

Review the contract to determine if there have been any Termination actions (full or partial; Default or Convenience) on the contract and if all termination actions have been 'settled' and a contract modification has been issued to document such settlement. Ensure if any monies are due the contractor, that they are paid prior to closing out the contract.

k. Outstanding Audit Report Recommendations

Review the contract file to ensure that there are no outstanding audit reports involving the contract, and that all recommendations have been dispositioned prior to closing out the contract.

I. Receipt of Contractor's Closing Statements

If the contract is flexibly priced, the contractor must submit, as required by FAR 52.216-7(h)(ii), an Assignment and Release of Claims, to the Contracting Officer prior to Final Payment. Sample statement is included in Appendix F.

m. Final Contract Invoice/Voucher

Ensure that the contractor has submitted the final invoice/voucher and has received payment.

n. Other Contract Requirements to be Reviewed, if Applicable to the Contract

I. Bankruptcy

If the contract exceeds the SAT, the contract should contain the Bankruptcy clause, 52.242-13, which requires the contractor to notify the CO administering the contract within five (5) days of filing for bankruptcy (involuntary or voluntary). If the contractor has filed for bankruptcy, consult with your Legal Representative before deciding to close the contract. See more information in "Problems in Contract Closeout" in Appendix B of this guide.

II. Assignment of Claims

If the contractor and Government executed an Assignment of Claims, assigning proceeds of the contract to a financing or lending institution under FAR 52.232-23, and there is a balance due on the contract and the contractor wishes to receive the payment, then a Release of Assignment of Claims must be filed with the Contracting Officer and Disbursing Officer. In addition, if the contract is flexibly priced, prior to payment of the final voucher, the Contracting Officer must obtain a release from both the contractor and the assignee discharging the Government, its officers, agents, and employees from all liabilities, obligations, and claims arising out of or under the contract.

III. Liquidated Damages Provisions

If the contract contains a liquidated damages clause such as 52.211-11, Liquidated Damages -- Supplies, Services, or Research and Development, the clause requirements and the delivery records and shipments should be reviewed to determine if liquidated damages should be assessed to the contractor.

IV. Unresolved Contract Deficiency Reports

All Contract Deficiency Reports (CDRs) should be resolved and closed before closing the contract or order.

V. Cancelled Funds

If there are cancelled funds on the contract, determine if replacement current year funding is needed in order to pay the contractor any remaining monies owed. See DFARS 204.804(3)(i) for authority to offset balances for contracts greater than 17 years old.

VI. Disposition of Withheld Funds

If funds are withheld, such as Fee Withholding, Business System Non-Compliances, Cost Accounting Standards (CAS) Non-Compliances, Berry Amendment/Specialty Metals, Missing Components, T&M Withholding, Patent Withholding, Tech Data, Guaranty/Warranty, or Department of Labor withholdings, withholds need to be dispositioned or released prior to closeout.

VII. Past Performance Reporting

All required past performance reporting needs to be completed.

VIII. Deferred Debt

If any demand letters were issued to the contractor during the life of the contract and the contractor requests a deferral of the debt, the contract should not be closed until the debt is repaid or determined uncollectable by the appropriate Comptroller Point of Contact (POC).

IX. Final Scientific and Technical Reports

If a contract contains DFARS 252.235-701, Final Scientific or Technical Report, the contractor must submit the approved final scientific and technical report required by the clause.

X. Cloud Computing

If the contract and any subcontracts contain DFARS 252.239-7010, Cloud Computing Services, the Contractor is required to dispose of Government data and Government-related data in accordance with the terms of the contract and provide the confirmation of disposition to the Contracting Officer in accordance with Contract Closeout procedures.

XI. Undefined Contractual Action (UCA), Letter Contract, or Change Order

Any UCAs and Change Orders need to be definitized prior to close out of the contract.

XII. Transportation of Supplies by Sea

If the contract contains DFARS 252.247-7023 and the contract value exceeds the SAT, the contractor must provide, with their final invoice, a representation to the Contracting Officer regarding the use of US Flag Vessels for transportation.

XIII. Use of Government Supply Sources

If the Contractor assigned a Government sponsored Department of Defense Activity Address Code (DoDAAC) under DFARS 252.251-7000, Ordering from Government Supply Sources, in order to requisition parts or supplies, the Contracting Officer should ensure that the DoDAAC is disestablished at Contract Closeout. (Reference PGI 251.102). The Purpose Code Management (PCM) Module in PIEE can be used to establish retirement date for a DoDAAC assigned to a contractor.

XIV. Contracts with Long Term Warranty Provisions

In instances where long term warranties are offered routinely in the business world or are otherwise justified, consideration should be made as to how the long-term warranty will impact the final Contract Closeout process. While it may be tempting to hold off on closeout until the long-term warranty expires, it is highly recommended

that such contracts be closed once all deliverables have been received and accepted, and the contract is considered physically complete and otherwise administratively and financially complete.

The method for proper tracking of warranted items (either by the Government or a contractor) should be addressed early in the acquisition phase and incorporated into the contract prior to award. When it is the contractor’s responsibility to track warranty items, the PCO should ensure that prior to award, the contractor has an adequate tracking system to identify and process warranty items beyond the contract’s physical completion date. The warranty provision, while incorporated into the contract, should also be a stand-alone document that survives beyond the contract’s period of performance. As long as there is not a Contract Line Item Number (CLIN) or money attached for extended warranty, the contract should not be held open just for warranty administration. Leaving a contract open simply for administration of a long-term warranty where no funds are involved is ill advised and can complicate and unnecessarily extend the closeout process.

3.3 Time Standards for Contract Closeout

The time standard for closing a contract is based upon both the type of contract and date of physical completion (FAR 4.804-1). When a contract is physically complete and exceeds the time period allowed for closeout, it is considered to be “over aged”. The alpha code in parentheses in Figure 4 below represents the FPDS Contract Type code, which can be leveraged to query contract data by contract type.

Contract Type	Calendar Months <u>After the Month</u> in Which the Contract is Physically Complete
All Firm Fixed Price Contracts, Including Contracts Using Simplified Acquisition Procedures (J)	Six (6) Months
<u>Contracts Requiring Settlement of Indirect Cost Rates</u> Cost Plus Award Fee (R) Cost Contract (S) Cost Sharing (T) Cost Plus Fixed Fee (U) Cost Plus Incentive Fee (V) Time and Materials (Y)	Thirty-Six (36) Months
<u>All Other Contract Types</u> Fixed Price Redeterminable (A) Fixed Price with Economic Price Adjustment (K) Fixed Price Incentive (L) Fixed Price Award Fee (M) Lease (O) Labor Hour (Z) No Cost i.e. BOA/BPA/IDC Basics (Blank)	Twenty (20) Months

Figure 4

3.4 File Retention Period

FAR 4-805 requires all contract files to be retained for a period of six years after final payment (including Foreign Military Sales (FMS) procurements). If there is a Contracting Officer's Representative (COR) involved in the contract, the COR should deliver their COR files to the Contracting Officer for incorporation into the file prior to closeout (PGI 201.602-2). Within the Procurement Integrated Enterprise Environment (PIEE), the COR's files will automatically be retained in the Surveillance and Performance Monitoring (SPM) and Electronic Award File (EAF) modules.

3.5 Responsibility for Contract Closeout

Unless the delegation does not include closeout, the office listed in the "Administered By" block of the latest modification (or absent any modifications to the contract, the contract itself) is responsible for completing all the delegated administrative actions necessary to close out the contract. Any actions not delegated remain the responsibility of the Procuring Contracting Officer (PCO).

If the contract value exceeds the Simplified Acquisition Threshold (SAT) **AND is NOT subject to automated closeout procedures** cited in PGI 204.804-3, the Contracting Officer shall prepare a Department of Defense (DD) Form 1597, Contract Closeout Checklist or the Agency equivalent, to ensure all required contract actions have been accomplished.

The office administering the contract is responsible for notifying the Procuring Office if they cannot close the contract within the FAR timeframe as well as providing the Procuring Office with the reason for delay in closeout and the target closeout date. If that target date is reached and the contract can still not be closed another notification should be made to the Procuring Office with a revised target date and reason for delayed closeout.

3.6 Responsibility of the Procuring Office When Administrative Contract Closeout is Performed by a Different Office

The Contracting Office responsible for administrative closeout is responsible for performing all of actions necessary for closeout listed in this Guidebook, including the distribution of the Electronic Data Interchange (EDI) 567C to the Procuring Office in addition to Electronic Data Access (EDA) and affected financial systems as detailed in section 3.7 below. The EDI 567C is the electronic equivalent of the Contract Completion Statement, also known as the DD Form 1594.

The Procuring Office will close out their file as soon as practicable after receiving notification from the office administering the contract that all closeout actions are complete (DD 1594 or EDI 567C.) If the Procuring Office is aware of any circumstance that should delay Contract Closeout more than 3 months, such as litigation, investigation, or an un-resolved claim, they should contact the office that issued the administrative closeout so that the contract completion notice can be revised (Ref PGI 204.804(2)). An EDI 567C can be used for this purpose. Otherwise, no other action is required by the Procuring Office. It is not necessary to add a copy of the DD 1594 or EDI 567C from the Administrative Contracting Officer (ACO) into the

Procuring Office file as long as it has been posted on EDA, since documents posted to EDA are part of the authoritative contract file (DFARS 204.802(a)).

3.7 Contract Closeout Reporting

The Contracting Officer administering the contract must ensure that a contract completion statement, DD Form 1594 or electronic equivalent (EDI 567C), containing the following information, is prepared and forwarded to EDA and the affected financial systems.

Defense Logistics Manual (DLM) 4000.25, Chapter 7, describes the format and procedures associated with the EDI 567C transaction and can be found at:

<http://www.dla.mil/Portals/104/Documents/DLMS/Manuals/DLM/V7/Volume7.pdf>

Defense Logistics Management System (DLMS) is the DoD's Executive Agent for all Logistic Data Interchange and Procedures and develops and maintains standard business rules and information exchange standards for the Department.

Effective in FY18, a requirement was established to report closeout to the Federal Procurement Data System (FPDS). If an EDI 567C closeout notice is sent to EDA, then this requirement is met. If an EDI 567C is not sent, a closeout modification should be issued so that FPDS is updated to reflect the closed status (PGI 204.606).

If a contract is re-opened for any reason, the EDA helpdesk should be contacted so that the DD 1594 can be removed and new Contract Completion Notice (including the distribution of the 567C) should be executed when the contract is closed. The helpdesk can be contacted at disa.global.servicedesk.mbx.eb-ticket-requests@mail.mil or 866-618-5988.

4 Appendices

Appendix A – Acronyms

ACO - Administrative Contracting Officer
ACCO - Automated Contract Closeout
ACRN - Accounting Classification Reference Number
AT&L - Acquisition, Technology, & Logistics
BOA - Basic Ordering Agreement
BPA - Basic Purchase Agreement
CAS - Cost Accounting Standards
CCO - Contract Closeout (referring to the PIEE Tool)
CDR - Contract Deficiency Report
CLIN - Contract Line Item Number
CO - Contracting Officer
COR - Contracting Officer's Representative
CWS - Contract Writing System
DCAA - Defense Contract Audit Agency
DCMA - Defense Contract Management Agency
DD - Department of Defense Form
DoD – Department of Defense
DFAS - Defense Finance and Accounting Service
DFARS - DoD Federal Acquisition Regulation Supplement
DLM - Defense Logistics Manual
DLMS - Defense Logistics Management Standards
DoDAAC - Department of Defense Activity Address Code
DCSA - Defense Counterintelligence and Security Agency
EAF - Electronic Award File
EDA - Electronic Data Access
EDI - Electronic Data Interface
EPA - Economic Price Adjustment
eSRS - Electronic Subcontracting Reporting System
FAR - Federal Acquisition Regulation
FFP - Firm Fixed Price
FMR - Financial Management Regulation (DoD 7000.14-R)
FMS - Foreign Military Sales
FPDS - Federal Procurement Data System
FY - Fiscal Year
GAM - Government Administrator
HHS - Department of Health and Human Services
IDC - Indefinite Delivery Contract
LH - Labor Hour
NULO - Negative Unliquidated Obligation
ONR - Office of Naval Research
OSD - Office of the Secretary of Defense
PCM - Purpose Code Management
PCO - Procuring Contracting Officer
PDF - Portable Data Format

PDS - Procurement Data Standard
PGI - (DFARS) Procedures, Guidance and Information
PIEE - Procurement Integrated Enterprise Environment
PNM - Price Negotiation Memorandum
POC - Point of Contact
RCRA - Responsible Contract Reconciliation Agent
SAM - System for Award Management
SAT - Simplified Acquisition Threshold
SPM - Contract Surveillance and Performance Monitoring
T&M - Time and Materials
UCA - Undefined Contractual Action
ULO - Unliquidated Obligation
VECP - Value Engineering Change Proposal
WAWF - Wide Area WorkFlow (formerly IRAPT)

Appendix B – Problems in Contract Closeout

When performing Contract Closeout, roadblocks may appear that impact the ability of the Contracting Officer to complete a closeout. This appendix focuses on some of the common problems that may be encountered when closing contracts.

a. Contractor No Longer in Business – It is not uncommon to have open contracts for companies that are no longer conducting business. In these instances, the Government shall take every reasonable measure to locate the company and/or its principals. Try the following:

- (1) Examine the System for Award Management (SAM) (<https://beta.sam.gov/>) to see if the company is still registered.
- (2) Attempt to locate the company in writing, via certified mail, return receipt requested.
- (3) Contact/inquire about the company’s status from other Government officials (another Agency might have information you can use to find the vendor).
- (4) If the vendor’s address is close by, you could visit their office to see if they have moved or gone out of business. Interview nearby business owners or tenants to see if they know what happened to the company.
- (5) Contact the Bankruptcy Court of the State in which the company is located to determine if the company has filed for bankruptcy.
- (6) Attempt to contact the company/company officials by using telephone “directory assistance” to verify that the company hasn’t simply relocated. Use web search tools such as switchboard.com, whitepages.com, and other business search web resources.

Document the contract file with every attempt made to locate the company and its officials. If all the above attempts prove unsuccessful, it is recommended that the CO begin Administrative Unilateral Closeout. Administrative Unilateral Closeout begins with a thorough review of the official contract file(s). The following should be ascertained during that review:

- Is the contract physically complete and has Government acceptance of goods/services been received? Contact the Government's Technical POC to assist with this determination.
- Was the contractor previously paid any funds? Contact the cognizant entitlement office, explain the circumstances, and request a copy of the payment history for the contract.
- Has the cognizant DCAA been involved on this contract or any other Agency's contracts with this contractor? Check with the cognizant DCAA office or the ACO in charge of indirect rate settlement to determine the status of any indirect cost rate settlement [if this contract is other than Firm Fixed Price (FFP) or has CLINs that are other than FFP]. When dealing with cost-type contracts subject to the cost principles in 2CFR200, the entity in charge of indirect rate settlement is called the “cognizant Agency for indirect costs” and that may be the DoD or another Government agency. For Universities, the cognizant Agency for indirect costs would either be the Office of Naval Research (ONR) or the Department of Health and Human Services (HHS).
- Has the contract been Terminated for Convenience or Default?

- (8) Any other pertinent information relative to the contractor or performance of the contract e.g., unsettled subcontract costs, litigation, etc. should be considered. It is recommended that the CO check with other contracting personnel and the local Legal Office to ascertain if any actions are pending against the contractor.
- (9) The CO should initiate an Administrative Unilateral Closeout of the contract file. Review all the available data to determine the final contract price and if any excess funds can be deobligated from the contract. Complete a unilateral SF 30, Amendment of Solicitation/Modification of Contract, to de-obligate any excess funds and formally close out the contract. Coordinate the draft modification through supervisory channels and the Legal Office prior to execution.

b. Contractor Has Filed for Bankruptcy - Two types of bankruptcy the Contracting Officer might encounter are:

Chapter 7 – liquidation – non-exempt items sold by trustee; proceeds distributed to creditors, or

Chapter 11 – corporate debt reorganization in which reorganization plan must be approved by a majority of creditors.

The Contracting Officer should coordinate with their legal counsel on any closeout action. The final contract price should be established at the amount previously paid to the contractor and any excess funds should be de-obligated. In accordance with FAR 42.9, when notified of bankruptcy proceedings, agencies must, as a minimum –

- Furnish the notice of bankruptcy to legal counsel and other appropriate Agency offices (e.g., contracting, financial, property) and affected buying activities;
- Determine the amount of the Government's potential claim against the contractor (in assessing this impact, and identify and review any contracts that have not been closed out, including those physically completed or terminated);
- Take actions necessary to protect the Government's financial interests and safeguard Government property; and
- Furnish pertinent contract information to the legal counsel representing the Government.

If you discover that the contractor is bankrupt, contact legal counsel prior to taking any action in furtherance of Contract Closeout. A thorough review of the contract and the status of bankruptcy are required. Once a bankruptcy petition is filed, an automatic stay goes into effect. This stay generally precludes any action to collect from the debtor or that would interfere with the debtor's property interests. Contracts can be considered property of the bankrupt estate. Contract Closeout actions could interfere with this property interest and violate the stay. Consequently, Contract Closeout actions should generally not be initiated without relief from the stay. Violation of the stay can subject responsible parties to contempt citations.

Another reason for immediate coordination with the legal office is that any claim against the contractor must be filed with the court in the form of a Proof of Claim. With the filing of a bankruptcy petition, the court usually will set a date by which the Proof of Claim must be filed (the Bar Date). Potential claims against the contractor must be compiled and analyzed

to determine whether a Proof of Claim is in the best interests of the Government and, if so, that information must be provided to Defense Finance and Accounting Services (DFAS). DFAS has the responsibility for preparing the Proof of Claim and providing it to the cognizant U.S. Attorney for filing with the bankruptcy court. If the Government doesn't file a timely proof of claim (a form filed by DFAS establishing us as a creditor), the Government is not going to get any money back.

- If the Contracting Officer would like to close out the contract(s) after the stay is issued, contact the trustee through counsel for relief from stay.
- If the contract(s) have been fully performed and paid, inform the trustee that the Government intends to close the contract(s).

c. **Contractor Refuses to Submit Indirect Cost Data or Supporting Data** - In accordance with FAR 52.216-7, the contractor is required to submit a final indirect cost proposal to the Government within the 6-month period following the expiration of each of its fiscal years. Regardless of whether the rates are determined by an audit, it is the Contracting Officer's responsibility to secure certified final rate claims pursuant to FAR Part 42.705. The Contracting Officer should work with DCAA to obtain overdue proposals. Other recommended actions for the Contracting Officer:

- Become proactive as early as practicable and supplement/complement DCAA's efforts.
- Apprise contractors of obligations, repetitively at strategic junctures throughout the lifetime of a contract, starting early in the cycle.
- Offer technical guidance to ensure an adequate submission.
- Remember to stay on top of the situation and document all discussions and meetings, including telephone conversations in order to support any resulting unilateral decision.

The Contracting Officer should issue a letter to the contractor 90 days before the end of a contractor's fiscal year, requesting submission of the indirect cost proposal. If the contractor does not submit their proposal in a timely manner, measures shall be taken to protect the Government's financial interest. The Contracting Officer should issue a letter expressing concern over non-receipt of the proposal. The letter should include a reminder that failure to submit a proposal is considered to be an internal control deficiency and request a response within 30 days. Based on these factors, the Contracting Officer should proceed with unilateral determination of indirect cost rates (FAR 42.703-2(c)) and/or unilateral determination of final contract price.

d. **Contractor Refuses or Fails to Submit Final Invoice or Final Voucher** - Different circumstances and solutions are described below.

Firm Fixed Price: Contractor Fails to Submit Final Invoice

On occasion, contractors complete performance but fail to submit a final invoice on firm-fixed price contracts. After making a reasonable number of requests to the contractor, the following actions should be taken.

- Verify that the Government has accepted all shipments/performance.
- Send the contractor a letter asking if they have been paid completely; or if not, asking for a response on when they plan to submit their final invoice.

- If the contractor fails to respond by the suspense date in first letter, send a certified letter with a return receipt requested, to the contractor advising them of the intent to administratively close the contract.
- If the contractor responds that an amount is owed, but they will not submit a final invoice, the contract should be closed with remaining funds noted in the contract file. If the contractor fails to respond by the suspense date in the certified letter, the contract should be closed.

Cost Reimbursable: Contractor Fails to Submit Final Voucher

The Contracting Officer has the responsibility of obtaining final vouchers and closing documents in accordance with the FAR. The contractor is contractually required to submit final vouchers within 120 days after settlement of final indirect cost rates. As soon as rates are settled for all years involved in the contract and the contractor has signed all indirect cost rate agreements, the Contracting Officer should request that a final voucher be submitted in accordance with FAR 52.216-7(d) (5). Note: The contractor must submit an adequate final indirect cost rate proposal within a 6-month period following the expiration of its fiscal years. The proposal submission should include contract closing information for contracts physically completed in this fiscal year (include contract number, period of performance, contract ceiling amounts, contract fee computations, level of effort, and indicate if the contract is ready to close). Once a year's rate is settled, the Contractor shall update the billings on all contracts to reflect the final settled rates and update the schedule of cumulative direct and indirect costs claimed and billed within 60 days after settlement of final indirect cost rates.

In situations where indirect cost rates have been settled and the contractor has failed to adhere to FAR 52.216-7(d) (5), it is recommended that the Contracting Officer research and determine the reason for non-submission. Many times, contractors may not be able to submit final vouchers because:

- They are awaiting final subcontractor costs
- There is a lack of accounting staff to prepare final vouchers
- There is a lack of sufficient financial records needed to prepare cumulative cost sheets and ultimately the final vouchers
- The final voucher would result in a credit balance due to the Government
- The final voucher would equal \$0.00. (If no money is owed the contractor, they should still submit a zero-dollar Final Voucher for the Contracting Officer to approve.)

When the contractor fails to submit a final voucher within 120 days after settlement of final indirect cost rates for all years of a physically complete contract, and has not provided a reasonable explanation along with an acceptable plan to become current in the submittal of final vouchers and has not received an extension from the Contracting Officer, the Contracting Officer should take action. Remedies available to the Contracting Officer include:

- Refer the matter to higher authority
- Other non-contractual remedies such as inclusion of comments in Preaward Surveys or the Contractor Performance Reporting System (CPARS)
- Suspend interim financing payments on other contracts
- Disallow or recoup previously paid costs

- Decrement bidding/billing rates
- Initiate appropriate systems reviews
- Maintain fee withholds
- Notify the DCAA office that the contractor represents a risk for overbilling and recommend closer monitoring of interim vouchers for payment and that sampling parameters of interim vouchers be increased

After the Contracting Officer determines the reason for non-submission of final vouchers, several alternate methods exist that will enable the contracts to be closed. They include:

- Unilateral Determination
- Accelerated Final Voucher Preparation and Review Process

e. **Negative ULOs Exist on the ACRN or Contract Level**

When the financial system reflects a positive Unliquidated Obligation (ULO) at the contract level but a Negative Unliquidated Obligation (NULO) exists against one or more Accounting Classification Reference Number (ACRNs), the Contracting Officer should request that DFAS perform research/conduct a disbursement reconciliation and make the necessary adjustments to clear the NULO. If DFAS cannot resolve the adverse conditions, then the contract can become a candidate for Negotiated Settlement.

DFAS will try to locate critical documents required to conduct the audit. They will perform an extensive search for missing documentation required for the reconciliation. The contractor should be contacted as well to determine if they have any of the required payment records to allow for reconciliation. When the Responsible Contract Reconciliation Agent (RCRA) determines existing documentation is insufficient to complete the reconciliation, and additional documentation is unavailable, or any benefits to be gained by reconciliation of the contract would be exceeded by the cost of reconciliation, the contract is determined to be unreconcilable. FMR Volume 10, Chapter 20 outlines the procedures the RCRA needs to follow to certify the contract as unreconcilable. The contract should then be closed.

When the financial system reflects a NULO at the total contract level, the Contracting Officer must request that DFAS perform research/conduct a disbursement reconciliation. DFAS will try to locate critical documents required to conduct the audit. DFAS will perform an extensive search for missing documentation required for the reconciliation. The contractor should be contacted as well, to determine if they have any of the required payment records to allow for reconciliation. When sufficient documentation cannot be located to support contract reconciliation, a contract will be designated as unreconcilable. If the balances are all positive ULOs and the Accounting Station records have NULOs, then the accounting station will be responsible for reconciling their records.

The Contracting Officer will notify DFAS that the Contract Closeout is being pursued under Negotiated Settlement. This is to ensure that DFAS will not spend time trying to reconcile the contract. As with each of the alternate closeout methods, the Contracting Officer will need to perform an initial risk analysis and decide if this procedure is appropriate for a particular contractor. Factors to consider including in the risk analysis are listed below:

- Does using Negotiated Settlement support an orderly and economical process for closing this contract with little or no additional financial risk to the Government?
- Can a reasonable settlement be reached at the total contract level although full contract reconciliation has not been accomplished at the ACRN level and there is uncertainty about the amount owed to the Government or the Contractor?

Appendix C – DoD Class Deviation 2019-Quick Closeout Procedures Threshold



ACQUISITION
AND SUSTAINMENT

OFFICE OF THE UNDER SECRETARY OF DEFENSE
3000 DEFENSE PENTAGON
WASHINGTON, DC 20301-3000

MAY 03 2019

In reply refer to
DARS Tracking Number: 2019-O0009

MEMORANDUM FOR COMMANDER, UNITED STATES SPECIAL OPERATIONS
COMMAND (ATTN: ACQUISITION EXECUTIVE)
COMMANDER, UNITED STATES TRANSPORTATION COMMAND
(ATTN: ACQUISITION EXECUTIVE)
COMMANDER, UNITED STATES CYBER
COMMAND (ATTN: ACQUISITION EXECUTIVE)
INSPECTOR GENERAL OF THE DEPARTMENT OF
DEFENSE
DEPUTY ASSISTANT SECRETARY OF THE ARMY
(PROCUREMENT), ASA (ALT)
DEPUTY ASSISTANT SECRETARY OF THE NAVY
(ACQUISITION & LOGISTICS MANAGEMENT),
ASN (RDA)
DEPUTY ASSISTANT SECRETARY OF THE AIR FORCE
(CONTRACTING), SAF/AQC
DIRECTORS, DEFENSE AGENCIES
DIRECTORS, DEFENSE FIELD ACTIVITIES

SUBJECT: Class Deviation—Quick-Closeout Procedures Threshold

Effective immediately, contracting officers shall deviate from the quick-closeout procedures in Federal Acquisition Regulation (FAR) 42.708(a) for cost reimbursement, time and material, labor hour, fixed-price incentive, and fixed-price redeterminable contracts, task orders, and delivery orders. Specifically, in lieu of the thresholds at FAR 42.708(a)(2)(i) and (ii), contracting officers shall consider cost amounts to be relatively insignificant when the total unsettled direct and indirect costs to be allocated to any one contract, task order, or delivery order do not exceed \$2 million.

Defense Contract Management Agency (DCMA) Administrative Contracting Officers (ACOs) are further authorized to deviate from FAR 42.708(a)(2) and negotiate the settlement of direct and indirect costs for a specific contract, task order, or delivery order to be closed in advance of the determination of final direct costs and indirect rates set forth in FAR 42.705 regardless of the dollar value or percent of unsettled direct or indirect costs allocable to the contract. This class deviation supersedes and incorporates the DCMA Quick-Closeout Procedure Class Deviation (DCMA 17-142), dated August 15, 2017.

This class deviation remains in effect until it is incorporated in the Defense Federal Acquisition Regulation Supplement, or is otherwise rescinded. My point of contact is Mr. Bruce Probert, who is available at 703-697-4384 or david.b.probert2.civ@mail.mil.

Kim Herrington
Acting Principal Director, Defense Pricing
and Contracting

Appendix D – Contracting Officer’s Documentation for Using Quick Closeout Authority

a. The Contracting Officer responsible for administrative closeout is usually the primary person responsible for identifying contract candidates for quick closeout. Occasionally, a contractor may even request quick closeout of a contract, preferring immediate settlement and payment rather than expending costly administrative time waiting for the normal closeout process to be completed. Quick closeout, when appropriate, is an excellent way to close contracts and preclude aging funds from being lost. Quick closeout procedures should not be used if there has been a history of significant adjustments between allowable and allocable costs reimbursed during contract performance with costs claimed by the contractor in their invoices. Additionally, quick closeout should not be used if prior audits reflect a history of significant questioned costs.

b. A delay in closing out contracts can frequently be attributed to delays in obtaining final indirect rates for each fiscal year of the contract. Delays are often caused by:

- (1) Waiting on the contractor to complete their incurred cost submissions.
- (2) Waiting on DCAA to complete audits on the submissions.
- (3) Waiting for negotiation of rates and issuance of final rate agreements.
- (4) Shortage of manpower to devote to the closeout process.
- (5) Investigations where Department of Justice has issued a “cease and desist” order
- (6) Litigation
- (7) Contracting Officer needs to settle questioned costs

c. When deciding if a contract is a candidate for quick closeout, the Contracting Officer should consider the volume of contracts awaiting settlement of indirect rates that may be at risk for unobligated funds being cancelled, the complexity of the contract, the existence of outstanding issues related to the contract and/or past unfavorable experience with the contractor which might raise concerns.

d. Quick closeout procedures may be used if:

- (1) The CO and the contractor bilaterally agree to the use of quick closeout.
- (2) DCAA is contacted and has no reason to recommend against quick closeout.
- (3) The contract is physically complete and all services and supplies have been accepted.
- (4) Cost amounts will be considered relatively insignificant when the total unsettled **direct and indirect costs** to be allocated to any one contract, task order, or delivery order do not exceed \$2 million (see Class Deviation 2019-O0009 Quick Closeout Procedures Threshold at appendix B).

DCMA ACOs are further authorized to deviate from FAR 42. 708(a)(2) and negotiate the settlement of direct and indirect costs for a specific contract, task order, or delivery order to be closed in advance of the determination of final direct costs and indirect rates set forth in FAR 42. 705 regardless of the dollar value or percent of unsettled direct or indirect costs allocable to the contract. This class deviation supersedes and incorporates the DCMA Quick-Closeout Procedure Class Deviation (DCMA 17-142), dated August 15, 2017.

- (i) Agreement can be reached on a reasonable estimate of allocable dollars; and
- (ii) The determination of final indirect costs under the quick closeout procedures are final for the contracts it covers and no adjustments are made

to other contracts for over or under recoveries of costs allocated or allocable to the contracts covered by the advance agreement.

(NOTE: Indirect cost rates used in the quick closeout of a contract are not considered a binding precedent when establishing the final indirect cost rates for other contracts).

e. The Contracting Officer should explore the alternatives for establishing the contractor's indirect rates:

(1) The cognizant DCAA should have already been contacted during the earlier stage of determining whether quick closeout is feasible with this particular contract/contractor. For some of the larger Government contractors, there may be quick-closeout rates already established which could be confirmed with DCAA. Even if no such rates exist, DCAA, on a case-by-case basis, may be able to estimate indirect rates for quick-closeout purposes. DCAA can frequently recommend quick-closeout rates based on their knowledge of the contractor. DCAA may also be able to provide information as to whether there are any outstanding audit issues that could have a significant impact on Contract Closeout.

(2) For medium and small contractors, DCAA can utilize a risk base sampling process which will result in the contractor's submission being sampled for audit, or a low risk memo can be issued. This process is especially helpful in cases where a contractor has no other Government contract work other than the contract that is being closed.

(3) Using the contractor's prior years' audit history is another alternative for establishing indirect rates for the final years of the contract. The final rates for the immediate previous year or an average of final rates from the past several years may be used. As long as there is consistency in the indirect rates from year-to-year, after considering unallowable costs, the Government's risk of over reimbursing costs for the unaudited years is limited.

(4) Keep in mind that the Contracting Officer can use any other reasonable options for determining indirect rates, as long as the Contracting Officer can fully justify and document its methodology for establishing the rates and such methodology has been approved through the management chain. It is recommended that the Contracting Officer also coordinate the alternative it has chosen to determine indirect rates with DCAA and ask for any input they may have.

f. After the method for establishing indirect rates for quick-closeout purposes is determined, the Contracting Officer should prepare its negotiating objective and document how the objective has been deduced.

g. At the same time the Contracting Officer should request that the contractor submit its quick-closeout proposal with the final adjustment claimed. (Remember that Quick Closeout procedures should have already been discussed and agreed to with the contractor, and all communications should have been documented in the closeout file).

h. Negotiations should be conducted in accordance with approved procedures and documented via a formal Price Negotiation Memorandum (PNM).

Appendix E – Forms

Fillable Portable Data Format (PDF) Form and Instructions are available at the links listed below:

DD Form 254 (April 2018)

- **DD Form 254, DoD Contract Security Classification Specification**

<http://www.esd.whs.mil/Portals/54/Documents/DD/forms/dd/dd0254.pdf>

(Note: The electronic equivalent is the PIEE NISP Contract Classification System (NCCS) module)

DD Form 882 (July 2005)

- **DD Form 882, Report of Inventions and Subcontracts**

<http://www.esd.whs.mil/Portals/54/Documents/DD/forms/dd/dd0882.pdf>

DD Form 1593 (April 1969)

- **DD Form 1593, Contract Administration Completion Record**

<http://www.esd.whs.mil/Portals/54/Documents/DD/forms/dd/dd1593.pdf>

(Note: The electronic equivalent can be completed in the PIEE Contract Closeout (CCO) module)

DD Form 1594 (February 1970)

- **DD Form 1594 – Contract Completion Record**

<http://www.esd.whs.mil/Portals/54/Documents/DD/forms/dd/dd1594.pdf>

(Note: The electronic equivalent can be completed in the PIEE Contract Closeout (CCO) module)

DD Form 1597 (April 2000)

- **DD Form 1597 – Contract Closeout Checklist**

<http://www.esd.whs.mil/Portals/54/Documents/DD/forms/dd/dd1597.pdf>

(Note: The electronic equivalent can be completed in the PIEE Contract Closeout (CCO) module)

Appendix F – Sample Release of Claims and Assignment of Refunds, Rebates, and Credits

CONTRACTOR'S RELEASE AND/OR ASSIGNMENT OF REFUNDS, REBATES, CREDITS, AND OTHER AMOUNTS

I. IDENTIFICATION

1. Contractor's name and address <i>(hereinafter referred to as the Contractor)</i>	2. CONTRACT NUMBER <i>(hereinafter referred to as the contract)</i>
	3. AMOUNT OF RELEASE <i>(in dollars)</i>
	4. PURPOSE <i>(check appropriate box)</i> <input type="checkbox"/> RELEASE <input type="checkbox"/> ASSIGNMENT <input type="checkbox"/> BOTH

II. CONTRACTOR'S RELEASE

Pursuant to the terms of the Contract and in consideration of the sum set forth in Section I, Block 3., above which has been or is to be paid under the said Contract to the Contractor or its assignees, if any, the Contractor, upon payment of the said sum by the UNITED STATES OF AMERICA (hereinafter called the Government), does remise, release, and discharge the Government, its officers, agents, and employees, of and from all liabilities, obligations, claims, and demands whatsoever under or arising from the said Contract except:

1. Specified claims in stated amounts or in estimated amounts where the amounts are not susceptible of exact statements by the Contractor, as set forth in the space provided on the reverse of this form (Section V.).
2. Claims, together with reasonable expenses incidental thereto, based upon liabilities of the Contractor to their parties arising out of the performance of said Contract; provided that such claims are not known to the Contractor on the date of execution of this release; and provided further that the Contractor gives notice of such claims in writing to the Contracting Officer not more than six (6) years after the date of this release or the date of any notice to the Contractor that the Government is prepared to make final payment, whichever is earlier.
3. Claims for reimbursement of costs (other than expense of the Contractor by reason of his indemnification of the Government against patent liability), including reasonable expenses incidental thereto, incurred by the Contractor under the provisions of the said Contract relating to patents.

The Contractor agrees, in connection with patent matters and with claims which are not released as set forth in Section V., that he will comply with all of the provisions relating to notification to the Contracting Officer and relating to the defense or prosecution of litigation.

III. CONTRACTOR'S ASSIGNMENT OF REFUNDS, REBATES, CREDITS, AND OTHER AMOUNTS

Pursuant to the terms of the Contract and in consideration of the reimbursement of costs and payment of fee, if any, as provided in the said Contract and any assignment thereunder, the Contractor does hereby:

1. Assign, transfer, set over and release to the UNITED STATES OF AMERICA (hereinafter called the Government), all right, title, and interest to all refunds, rebates, credits, and other amounts (including any interest thereon), arising out of the performance of the said Contract, together with all the rights of action accrued or which may hereafter accrue thereunder.
2. Agree to take whatever action may be necessary to effect prompt collection of all refunds, rebates, credits, and other amounts (including any interest thereon) due or which may become due, and to promptly forward to the Government. Paying Office checks (made payable to the Treasurer of the United States) for any proceeds so collected. The reasonable costs of any such action to effect collection shall constitute allowable costs when approved by the Contracting Officer as stated in the said Contract and may be applied to reduce any amounts otherwise payable to the Government under the terms hereof.
3. Agree to cooperate fully with the Government as to any claim or suit in connection with refunds, rebates, credits, or other amounts due (including any interest thereon); to execute any protest, pleading, application, power of attorney, or other papers in connection therewith; and to permit the Government to represent him at any hearing, trial, or other proceeding, arising out of such claim or suit.

IV. CERTIFICATIONS

1. IN WITNESS WHEREOF, this release and/or assignment has (have) been executed this day.

* WITNESSES

(1) _____

(2) _____

*In the case of a corporation, the signatures of two witnesses are not required, but the certificate below must be completed.

CONTRACTOR

BY _____

TITLE _____ DATE _____

CORPORATE CERTIFICATION

2. I, _____ certify that I am the _____ (official title) of the corporation named as Contractor in the foregoing release and/or assignment; that _____ who signed said release and/or assignment on behalf of the Contractor was the _____ (official title) of the said corporation; that said release and/or assignment was duly signed for and in behalf of said corporation by authority of its governing body and is within the scope of its corporate powers.

(CORPORATE SEAL)

V. Specified claims applicable to Section II.1. of the Contractor's Release are to be set forth in the space provided below.

INSTRUCTIONS TO CONTRACTOR

1. This form may be used for three purposes:
 - a. As a *Contractor's Release*.
 - b. As an *Assignment of Refunds, Rebates, Credits, and Other Amounts*.
 - c. As both a *Contractor's Release and an Assignment of Refunds, Rebates, Credits, and Other Amounts*.
2. In completing Section I., the Contractor is indicated the purpose (see 1 above) for which he is submitting the completed form as follows:
 1. Contractor's Release Check *only* the release box in Section I.4. and, if a corporation, complete the Certificate in Section IV.2.
 2. Assignment of Refunds, Rebates, Credits, and Other Amounts Check *only* the assignment box in Section I.4. and, if a corporation, complete the Certificate in Section IV.2.
 3. As *both* a Contractor's Release and an Assignment of Refunds, Rebates, Credits, and Other Amounts Check the *both* box in Section I.4. and, if a corporation, complete the Certificate in Section IV.2.
3. The form is to be completed in triplicate as follows
 - a. ORIGINAL AND DUPLICATE When completed, forward these to the cognizant Contracting Officer.
 - b. TRIPLICATE Contractor's copy.
4. The Contractor is responsible for filling in all the information requested on the form. Use the space provided in Section V. for listing outstanding claims as requested in Section II.1. of the form.

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Appendix G – Chart of FAR/DFARS/PGI Closeout References

FAR	DFARS	PGI	Subject
		201.602-2	Requires CORs to deliver their COR files to contracting officer for incorporation prior to closeout
		204.1601	Continued Contracts - defines requirements for closeout of predecessor contract versus continued contract
		204.6	Defines FPDS Reporting Responsibilities and Closed Status
4.804			Defines Closeout Responsibility for Contract Files (Admin Office, Contracting Office, Pay Office); Defines Physically Complete and lists items to be considered in closeout (classified material, patents etc)
	204.804		Closeout of Contract Files - refers to PGI and states CO shall determine and document closeout date for file purposes. Also requires high priority to closeout of contingency contracts.
		204.804	Discusses DD1594, DD Form 1597, DLMS 4000.25 Vol 7 (old MILSCAP Manual) and addresses differentiation between admin office, contracting office, payment office responsibilities and addresses automated closeout
4.805			Defines File Retention Period
		207.105	Acquisition Plans - Requires contracts awarded for performance in contingency area be closed in a timely manner
		216.703	BOAs/IDTs - Individual orders should be closed upon completion.
		222.406-9	Disposition of withheld funds necessary to closeout a contract, DoL will retain withheld funds pending completion of investigation of labor standard violations e.g. Wage Rate, Contract Work Hours, Safety Standards etc.
		225.373	Reiterates the need for timely closeout of contingency contracts
27.303			Patents - Defines requirements for ktr to provide a report, prior to closeout, of all inventions or state there were none if the Patents clauses in the contract
		227.304-1	Requires all interim and final invention reports be submitted on DD Form 882
42.3			Contract Administration Office Functions (#65) - Closeout
42.703			Quick Closeout Procedure
		242.71	Voluntary Refunds should be requested when CO concludes the contractor overcharged under a contract or inadequately compensated the Govt for use of Govt Owned Property; a contract mod should be issued prior to final payment
		251.102-70	Requires that Govt Sponsored Contractor DoDAACs be reused for another contract 24 mos after original contract has closed
52.216-7			Allowable Cost & Payment Clause requires submission of final voucher, submission of final oh rate proposal, and prior to final payment on this contract an assignment of refunds, rebates, credits and a release of claims
52.227-11	252.227.7039		Final patent report must be submitted by the contractor on a DD Form 882, Report of Inventions and Subcontracts, within 3 months of physical completion of the contract. It must list all inventions made under the contract or certify that there were no inventions and list all subcontracts at any tier containing a patents rights clause or certify that there were no such subcontracts.
52.227-13			Final patent report must be submitted by the contractor on a DD Form 882, Report of Inventions and Subcontracts, within 3 months of physical completion of the contract. It must list all inventions made under the contract or certify that there were no inventions and list all subcontracts at any tier containing a patents rights clause or certify that there were no such subcontracts.
52.232-23			Assignment of Claims - Release
		252.235-7011	Requires a final scientific or technical report to be submitted by the contractor in contracts for Research and Development
		252.237-7019	Training for Contractor Personnel Interacting with Detainees - Requires Contractor to retain training receipt documents until contract is closed or 3 years after all work has been completed/accepted by govt, whichever is sooner
		252.239-7010	Cloud Computing Services - Discusses need for contractor to dispose of Govt Data and Govt related data iaw terms of contract and provide evidence of disposition to CO for closeout purposes
52.245-1			Government Property - Defines contractor responsibility for performing property closeout - reporting excess, damaged, and disposition of property
	App F-301		Requires that the final shipment number be suffixed with a Z indicating final.
	App F-401		Discusses the requirements for timely documentation for destination acceptance (this is basically from the old paper and milscap days) and forwarding such to the CAO for contract closeout procedures. Requires dest acceptance to occur in 4-5 work days after delivery to and acceptance by the receiving activity

Appendix H – PIEE Closeout Tool Roles, Workflow, and Reports

Contracts/Orders (and all subsequent modifications), if all posted in EDA in PDS compliant format, qualify the contract/order for Automated Closeout, if the criteria for Automated Closeout, cited elsewhere in this guide and in PGI 204.804-3 is met.

Any contract that does not meet the ACCO criteria can be manually closed out in the PIEE CCO tool following the completion of a Contract Closeout Worksheet in the CCO Tool. Contracts delegated to DCMA for administration will be closed by DCMA, who will electronically distribute the contract completion statement. A workflow illustration of the process is shown in Figure 8 below.

The Contract Closeout (CCO) Tool Icon in PIEE will automatically reside on the homepage of any EDA user with an active “Upload/Inactivate” Contracts role in EDA.

The roles and actions available in the PIEE CCO tool are:
CCO Contracting Officer – View, Hold, Create, Update, Release, and CLOSE
CCO Contracting Specialist – View, Hold, Create, Update, and Release
CCO View Only – View

Note only a **CCO Contracting Officer** role can actually close the contract manually in CCO.

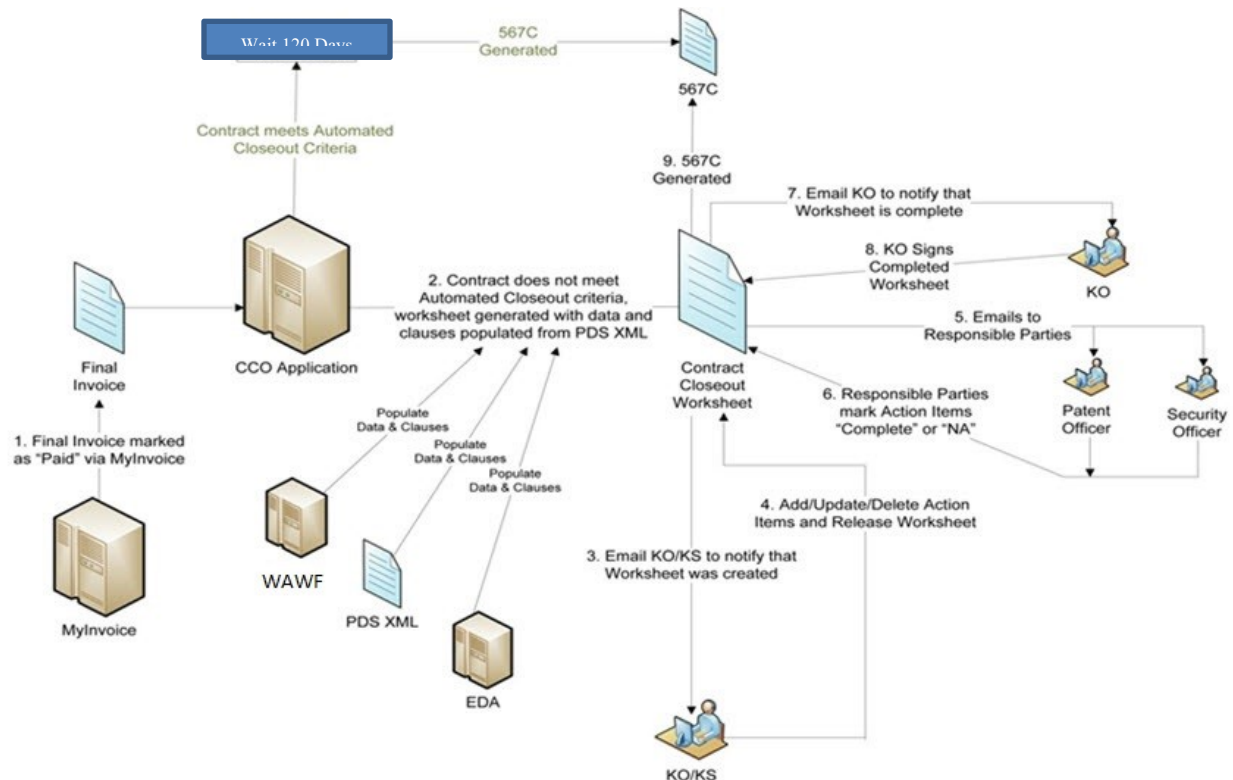
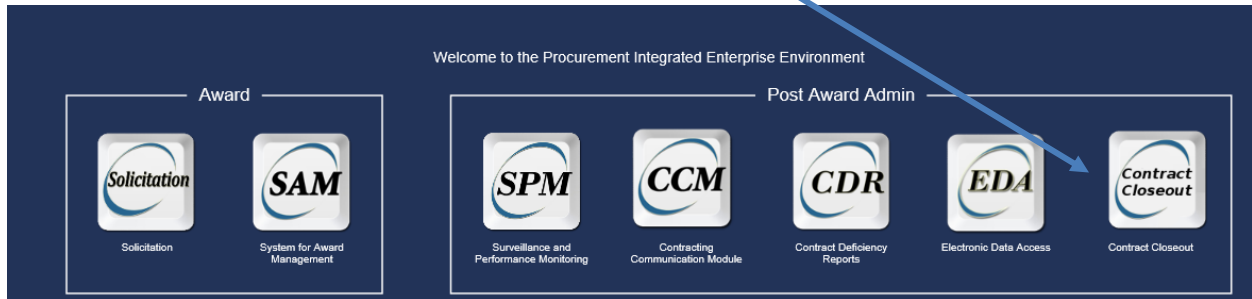
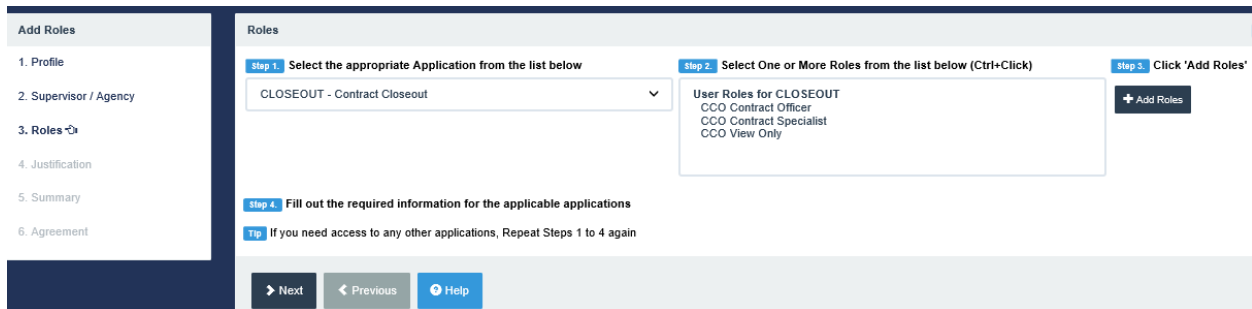


Figure 8

If the user has EDA access to upload/inactivate contractual documents on EDA, the Contract Closeout Icon will also appear in PIEE.



However, the user will have to modify their profile to add the appropriate closeout role, their supervisor will have to approve the request, and their Government Administrator (GAM) will have to activate them for the role in the CCO Tool.



Appendix I – AbilityOne Program

If a Department or Agency desires to obtain outside assistance with Contract Closeout the use of AbilityOne is a mandatory source. The DoD strongly supports the AbilityOne Program. The mission of the AbilityOne Program is to help people who are blind or have other severe disabilities find employment through nonprofit agencies that contract with the Federal Government. DoD is the largest customer of this program, providing the opportunity for thousands of people with disabilities to contribute to the DoD mission and earn a paycheck. Office of the Secretary of Defense (OSD) Acquisition, Technology, & Logistics (AT&L) letter, 14 September 2010 outlines this program. For additional information contact Ms. Susan Pollack at 703-697-8336.



OFFICE OF THE UNDER SECRETARY OF DEFENSE
3000 DEFENSE PENTAGON
WASHINGTON, DC 20301-3000

SEP 14 2010

MEMORANDUM FOR COMMANDER, UNITED STATES SPECIAL OPERATIONS
COMMAND (ATTN: ACQUISITION EXECUTIVE)
COMMANDER, UNITED STATES TRANSPORTATION
COMMAND (ATTN: ACQUISITION EXECUTIVE)
DEPUTY ASSISTANT SECRETARY OF THE ARMY
(PROCUREMENT)
DEPUTY ASSISTANT SECRETARY OF THE NAVY
(ACQUISITION & LOGISTICS MANAGEMENT)
DEPUTY ASSISTANT SECRETARY OF THE AIR FORCE
(CONTRACTING)
DIRECTORS OF THE DEFENSE AGENCIES
DIRECTORS OF THE DOD FIELD ACTIVITIES

SUBJECT: Mandatory Use of AbilityOne Program Contract Closeout Services

My memorandum of December 4, 2009, announced an important strategic sourcing initiative between the Department of Defense (DoD) and the AbilityOne Program for Contract Management Support Services (CMS) and the plan to award a long term contract based on the success of the ongoing CMS pilot contract with the Department of the Army. I am pleased to inform the procurement community that the AbilityOne Program Contract Closeout Support Services Indefinite Delivery/Indefinite Quantity (IDIQ) contract W9124D-10-D-0021 was awarded by the Army on June 29, 2010, and must be used by all DoD Components when outsourcing contract closeout services. Existing contracts with priced options for contract closeout services may be completed in accordance with the terms and conditions of the existing contracts.

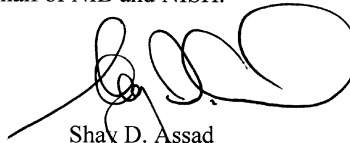
The CMS IDIQ contract provides non-inherently governmental contract closeout support and creates career-oriented, upwardly mobile employment opportunities for people who are blind or who have other significant disabilities, to include Wounded Warriors and service-disabled veterans. This contract fulfills a critical need for the Department by reducing the contract closeout administrative workload and allowing the contracting workforce to focus resources on critical mission support to the Warfighter.

The contract closeout services were added to the AbilityOne Program Procurement List, as posted in the Federal Register <http://edocket.access.gpo.gov/2010/pdf/2010-12898.pdf>, effective June 28, 2010. In accordance with the Javits-Wagner O'Day Act (41 USC 47) and the Federal Acquisition Regulation Subpart 8.7, the placement of contract closeout services on the AbilityOne Program Procurement List requires DoD components to contact the AbilityOne Program when a determination is made to outsource contract closeout work. The AbilityOne Program will assess the work required, and, if the capacity to provide the contract closeout

services is not available to meet the customer's needs then the Committee for Purchase From People Who Are Blind or Severely Disabled will issue a Purchase Exception to the requesting organization.

Each DoD Component will need to work with the AbilityOne Program to ensure key implementation issues are addressed to include determination of physical location of the services, accessibility to contract writing systems, establishment of IT security/transfer protocols and the formulation of closeout processes for the respective contracting offices.

Please address questions regarding this memorandum and AbilityOne Program procurement policy to Ms. Susan Pollack, OUSD(AT&L)/DPAP, at 703-697-8336, or susan.pollack@osd.mil. For information on AbilityOne Contract Closeout Services, DoD Components may contact National Industries for the Blind (NIB) Services Department at 866-573-3748 or services@nib.org, on behalf of NIB and NISH.



Shay D. Assad
Director, Defense Procurement
and Acquisition Policy

Appendix J – PIEE Closeout Reports

Report Name	Report Description
Contract Invoice History	For a specified Contract/Order Number, this report provides the details on all of the invoices at the CLIN level. The report output can be exported as an Excel document.
Contract Execution History	For a specified Contract/Order Number, this report provides Vendor details, DoDAAC details, and the Contract obligation amount and details at the line item level for ACRNs, Invoices, and shipments.
Procurement Instruments Awarded and Closed	<p>This report is in two formats - Summary and Detail. The report summarizes the data output by one of the three attributes:</p> <ul style="list-style-type: none"> a) Issue Office Agency b) Admin Office Agency c) Pay Office DoDAAC for a given FY (Fiscal Year) <p>If the report is run at the summary level, it allows for drill down at the detail level via the report output.</p>