

Contract Closeouts

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Why Does Closeout Matter?

- ▶ Timely contract closeout means to Federal Agency:
 - De-obligation of excess funds;
 - Recognizes the need for additional funds;
 - Minimizes contract administration costs.

- ▶ Timely contract closeout means to Program Shop
 - Allows affected Agency to concentrate on other current and future requirements;
 - Ensures that all internal Agency customer requirements have been met;
 - Ensures that past performance has been documented;
 - Ensures that Intellectual Property rights have been preserved.

Why Does Closeout Matter? (Cont'd)

- ▶ Timely contract closeout means for the Contractor
 - That contractor has received all monies due, including contract withholds;
 - Allows contractor to concentrate on other current and future opportunities;
 - Minimizes contract administration costs.

FAR 4.804-1(a) (App. A)

1. Files for contracts using simplified acquisition procedures are generally considered closed when the CO receives evidence of receipt of property and final payment unless otherwise specified by Agency regulations.
2. Files for FFP contracts (other than those above) should be closed within 6 months after the date on which the CO receives evidence of physical completion.

FAR 4.804-1(a) (Cont'd)

3. Files for contracts requiring the settlement of indirect cost rates should be closed within 36 months of the month in which the CO receives the evidence of physical completion.
4. Files for all other contracts should be closed within 20 months of the month in which the CO receives evidence of physical completion.

Timeframes – FAR 4.804-2(b)

- “All contract files shall be closed as soon as practicable after the contracting officer receives a contract completion statement from the administration office.”

FAR 4.804-1(c)

“A contract file shall not be closed if –

1. The contract is in litigation or under appeal; or
2. In the case of a termination, all termination actions have not been completed.”

CLOSEOUT PARTICIPANTS

- Contracting Officer (or ACO)
- DCMA
- DCAA
- Finance Office
- Purchasing Activity
- Contractor
- Legal counsel (both government (always) and private (if the need arises))

- Where there are problems, other participants may include:
 - OGC
 - DCIS
 - IG
 - DOJ
 - Suspension & Debarment Official

DCMA Closeout Policy

1. Close all contracts in accordance with FAR 4.804-1(a), Closeout of Contract Files, and FAR 4.804-5, Procedures for Closing Out Contract Files
2. To the maximum extent possible and where appropriate use Quick Closeout procedures at FAR 42.708, Quick-Closeout Procedure

Procedure for Closing Out Contract Files (FAR 4.804-5)

- The Contract Administration Office is responsible for initiating administrative closeout.
- Must review contract funds status and notify the contracting office of any excess funds that might be de-obligated.

Closeout Procedures Must Always Ensure

- That a plant clearance report is received;
- That a property clearance report is received;
- That all interim or disallowed costs are settled;
- That any price revision is completed;
- That all subcontracts are settled by the prime contractor;
- That the contract audit is completed;
- That DCAA has settled prior year indirect cost rates;

Closeout Procedures (Cont'd)

- That the disposition of classified material is complete;
- That a final patent report is submitted, cleared (if needed); (within 60 days)
- That a final royalty report is submitted, cleared (if needed);
- That there are no outstanding VECP's.

Closeout Procedures (Cont'd)

- That the termination docket is completed;
- That the contractor's closing statement is completed;
- That the contractor's final invoice has been submitted;
- That a contract funds review is completed and excess funds are de-obligated;

Closeout Procedures (Cont'd)

- When all of the above are completed, the ACO must ensure that a **CONTRACT COMPLETION STATEMENT** is prepared, which includes:
 - Contract Administration office name and address (if different from Contracting Office)
 - Contracting office name and address;
 - Contract number;
 - Last modification number;
 - Last call or order number;
 - Contractor name and address;
 - Dollar amount of excess funds, if any;
 - Voucher number and date, if final payment has been made;

Closeout Procedures (Cont'd)

- Invoice number and date, if the final approved invoice has been forwarded to a disbursing office of another agency or activity and the status of the payment is unknown;
- A statement that all required contract administration actions have been fully and satisfactorily accomplished;
- Name and signature of the contracting officer; and
- Date

Closeout Procedures (Cont'd)

- When the statement is completed, the contracting officer must ensure that:
 - The signed original is placed in the contracting office contract file (or forwarded to the contracting office for placement in the files if the contract administration office is different from the contracting office); and
 - A signed copy is placed in the appropriate contract administration file if administration is performed by a contract administration office.

Closeout Procedures (Cont'd)

Storage, Handling, and Disposal of Contract Files

Agencies must detail procedures, which take into account documents held in all types of media, including microfilm [rarely used today] and various electronic media.

See FAR 4.805 for details.

Contract Closeout Process Summary

1. Verify contract completion;
2. Obtain all forms, reports, and clearances;
3. Resolve outstanding issues;
4. Initiate final payment (or collection: overpayment);
5. De-obligate excess funds;
6. Prepare contract completion statement;
7. Prepare Past Performance Input;
8. Dispose of contract file.

Questions?