



# PROCURE-TO-PAY<sup>Orlando</sup> TRAINING SYMPOSIUM 2018

## Contract Closeout Initiatives

Presented by:

LeAntha Sumpter, DPAP

David Guinasso, Supporting DPAP

# Agenda

- Contract Closeout Challenge
- Contract Closeout Accomplishments
- Standard Data for Closeout
- Routing Closeouts
- Contract Closeout Systems
- Data Lake Closeout Reports
- Best Practices

# Contract Closeout Challenge

- Contract Closeout has long been a challenge for DoD
  - Contracts were not being closed in a timely manner
  - Information supporting closeout is not readily available
  - Closeout transactions were not always sent in standard formats
  - Closeout notifications were not consistently sent to the correct recipients
  - Contract closeout information is not available to all impacted functions
- These challenges represent **opportunities** to leverage automation and process improvement
  - It costs at between 1-3 hours to manually close each contract
  - The universe of contracts that may be closed automatically is 3.8M
  - Potential for **between \$250M – \$750M** in annual cost avoidance for automated contract closeout
  - Contract Closeout is a priority in transitioning to a new contract writing environment
  - Many contracts require more than one organization to complete the closeout process

# Closeout Accomplishments

- Policy
  - Established Data Standard for Closeout (FY15)
  - Established Electronic Document Access as repository for closeout (FY15)
  - Raised Automated Closeout threshold (FY15)
  - Modified the Financial Management Regulations to eliminate the requirement for a contract closeout modification to deobligate excess funds (FY16)
- Routing
  - Created standard routing for contract closeouts (FY15)
  - Added ability for Standard Procurement System to send and receive closeout notices (FY15)
  - Created closeout feed to Federal Procurement Data System (FY18)
- Systems
  - Created Automated Closeout in Wide Area Workflow Portfolio (FY15)
  - Added Manual Closeout in Wide Area Workflow Portfolio (FY17)
  - Established Data Lake reports to support closeout (FY18)

# Standard Data Policy for Closeout

## **PGI 204.804-1 Closeout by the office administering the contract.**

Locally developed forms or a statement of completion may be used instead of the DD Form 1594, Contract Completion Statement, and use the administration office closeout date. Whichever method is used, the form shall be retained in the contract file and **copies sent to Electronic Document Access (EDA) and financial systems using the American National Standards Institute (ANSI) X12 Electronic Data Interchange (EDI) 567 transaction set.**

## **PGI 204.804-2 Closeout of the contracting office files if another office administers the contract.**

(iv) Upon final payment—

- (A) Process a DD Form 1594 or **the electronic equivalent** verifying that all contract administration office actions have been completed; and
- (B) Send the original DD Form 1594 or **the electronic equivalent** to the contracting office for filing in the contract file **and send a copy to EDA and financial systems using the ANSI X12 567.**

# DoD Automated Closeout

DFARS PGI 204.804-(3)(1) *Automated contract closeout*. As permitted by FAR 4.804-5(a), automated contract closeout allows a system to initiate and execute the closeout action. The contract qualifies for the automated closeout process if the contract—

- (i) Is firm-fixed priced;
- (ii) Does not exceed a total contract value of \$500,000 (inclusive of exercised options); and
- (iii) Does not contain any of the following provisions requiring administrative action at closeout:
  - (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.

Automated Closeout FY17	Automated Closeout FY18
2,654,490	1,029,692

Sources: WAWF, MOCAS, DLA EBS

# Financial Management Regulation (FMR)

- Volume 3 Chapter 8
  - 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.

The EDI 567C is the electronic equivalent of a DD 1594

# 2017 NDAA Section 836

## Contract closeout authority

Regulatory  
implementation  
underway

- Closeout any contract or group of contracts
  - Entered into prior to fiscal year 2000;
  - No further supplies or services deliverables due under the terms and conditions of the contract; and
  - Determined by the Secretary of Defense to be not otherwise reconcilable because—
    - Records have been destroyed or lost; or
    - Time or effort required to determine the exact amount owed to the United States Government or amount owed to the contractor is disproportionate to the amount at issue.
- Without completing a reconciliation audit or other corrective action
- Remaining contract balances may be offset with balances within a contract or within other contracts regardless of the year or type of appropriation
- The Secretary of Defense is authorized to waive any provision of acquisition law or regulation to carry out the authority, with notice to Congress
- No liability for contracting officers or financial personnel
- Modified by the 2018 NDAA to add one additional fiscal year each year

# Quick Closeout

## **42.708 -- Quick-Closeout Procedure.**

(a) The contracting officer responsible for contract closeout **shall** 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 indirect rates set forth in [42.705](#), if –

(1) The contract, task order, or delivery order **is physically complete**;

(2) The amount of unsettled direct **costs** and indirect costs to be allocated to the contract, task order, or delivery order is **relatively insignificant**. Cost amounts will be considered relatively insignificant when the total unsettled direct costs and indirect costs to be allocated to any one contract, task order, or delivery order does not exceed the lesser of—

(i) **\$1,000,000**; or

(ii) **10 percent of the total contract, task order, or delivery order amount**;

(3) The **contracting officer performs a risk assessment** and determines that the use of the quick-closeout procedure is appropriate. The risk assessment shall include—

(i) Consideration of the contractor's accounting, estimating, and purchasing systems;

(ii) Other concerns of the cognizant contract auditors; and

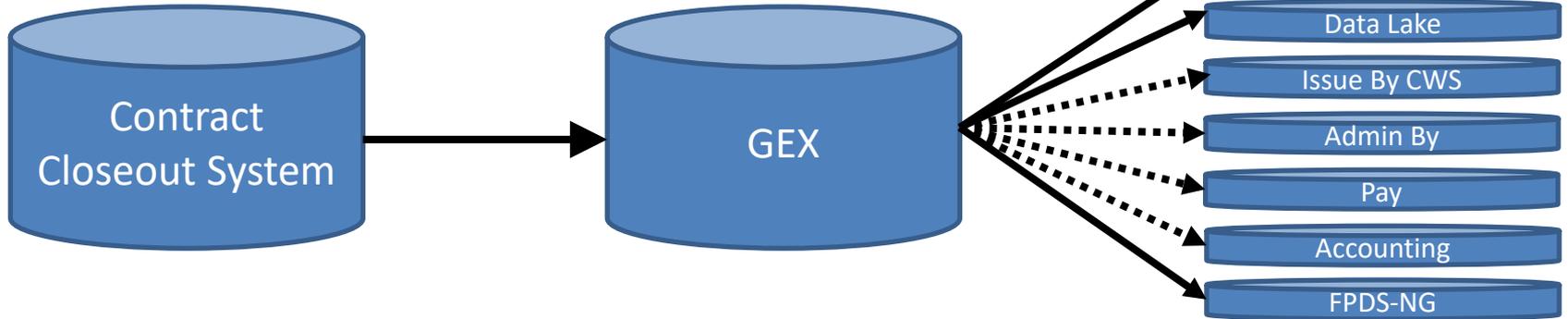
(iii) Any other pertinent information, such as, documented history of Federal Government approved indirect cost rate agreements, changes to contractor's rate structure, volatility of rate fluctuations during affected periods, mergers or acquisitions, special contract provisions limiting contractor's recovery of otherwise allowable indirect costs under cost reimbursement or time-and-materials contracts; and

(4) Agreement can be reached on a reasonable estimate of allocable dollars.

# 567C Contract Closeout Notice Data Routing\*

Contract Closeout System sends single transaction with single header. GEX will route.

WAWF  
SPS  
EBS  
MOCAS



Routing by DoDAAC for issue, admin, and pay offices; and by AAI for accounting

\*If 567C is not used a closeout modification from a Contract Writing System is required

# Federal Procurement Data System (FPDS) Close-Out Requirement

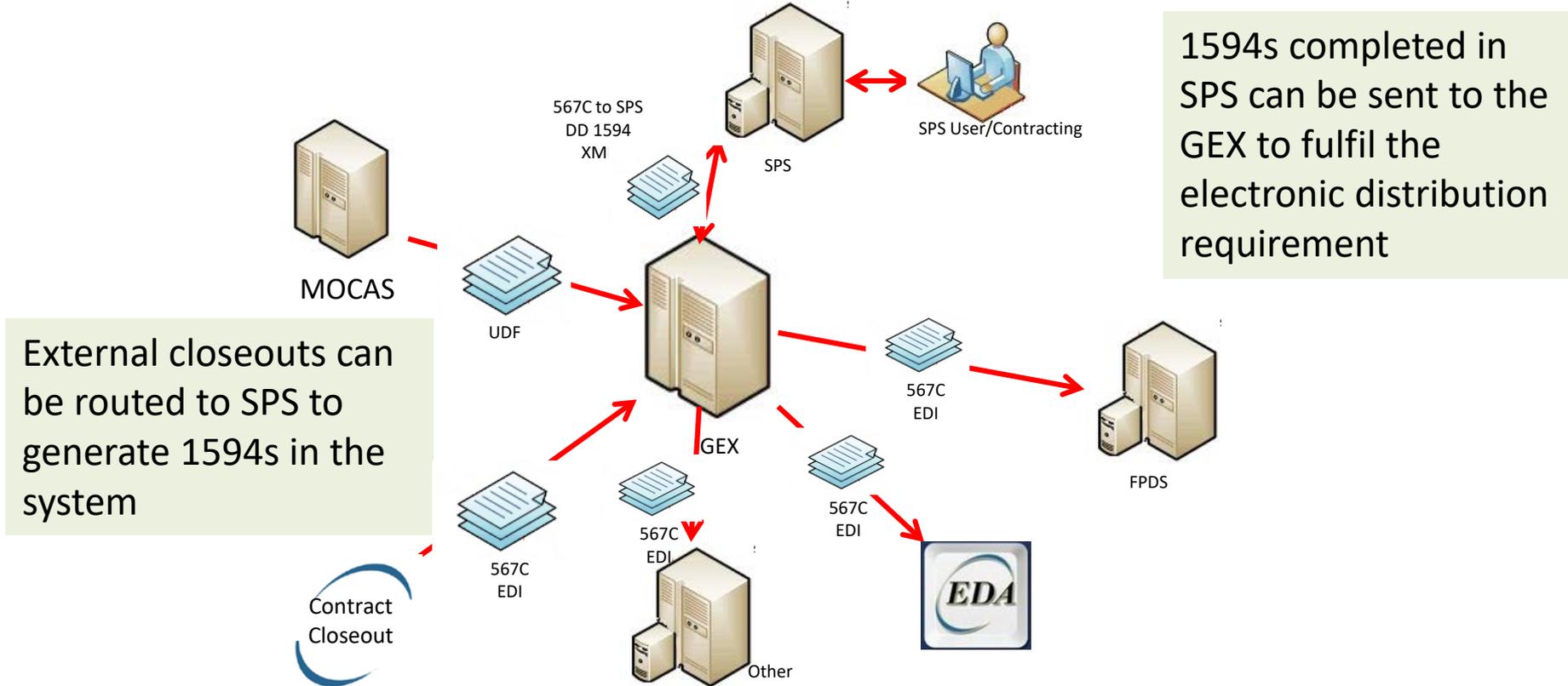
- Effective Q1 FY18 federal government procurement organizations must report closed contracts to FPDS
  - FPDS still records contract closeout when a modification is issued
  - FPDS now also records contract closeout when a notification is sent from GEX
- DoD does not require CWS to update FPDS directly if 567C transactions sent to EDA
  - No impact if your organization sends 567C closeout transactions to EDA
  - GEX maps started sending the closeout notices November 7, 2017

Over 1,000,000 Closeout Notices sent to FPDS in FY18

# Who sends electronic closeouts

System	Description	FY17 Closeouts	FY18 YTD Closeouts
MOCAS	When DCMA closes a contract in MOCAS a user defined file is sent to GEX which is translated into an Electronic Data Interchange (EDI) 567 for Electronic Document Access (EDA) and the Standard Procurement System (SPS) as well as other formats for component legacy systems.	64,420	25,663
SPS	When a DD1594 is completed in SPS it is available in an eXtensible Markup Language (XML) format that can be sent to GEX to translated to an EDI 567 and sent to EDA.	128,434	68,708
EBS	DLA Enterprise Business System sends EDI 567s for closed contracts to EDA	2,626,570	1,021,266
WAWF-Closeout	WAWF Contract Closeout automatically closes contracts that meet the automated closeout criteria (see slide 6). Contracts not meeting those criteria can be closed manually using the closeout tool. Information available in EDA, Invoice Receipt Acceptance & Property Transfer (iRAPT) and MyInvoice are imported into the tool to aid in the closeout process. Upon closeout, Automated or Manual, an EDI 567 is sent to EDA and other interested systems.	11,904	2,688

# SPS Closeout



# SPS Closeout Notices to GEX

Component	Sending DD 1594 XML to GEX
ALTESS	YES
USAMRRA	YES
NAVSUP	YES
BUMED	YES
Independent Sites	YES
NAVAIR	YES
NAVSEA	YES
MSC	YES
USMC	YES
Air Force	YES
DARPA	YES
WHS	YES
DHA	YES
USUHS	YES
TRANSCOM	YES
MDA	YES
DECA	YES
DODEA	YES
DLA Maritime	YES
DSS	YES
DTRA	YES
DCMA	YES
DHRA	YES
SOCOM	YES
DFAS	YES
DSCA	YES
DISA	No
DMA	No
NAVFAC	No
SPAWAR	No
SSP	Only 1 on EDA
ACC-ORL	Only 7 on EDA
USACE	No
DMEA	Only 1 on EDA

# WAWF Contract Closeout



- Automated Closeout: Automatically closes the contract and creates the 567C for contracts that meet the automated contract closeout criteria. The CO has 120 days to stop auto-close.

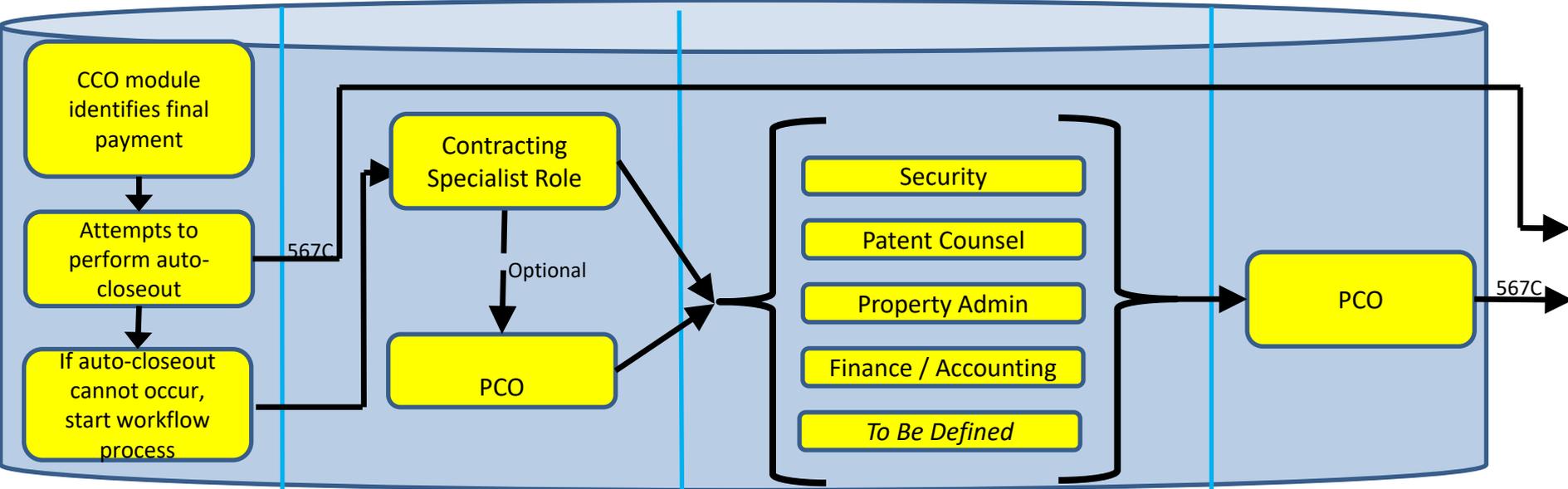
17,441 in auto-close que

- Manual Closeout: Allows for the manual generation of the DD1594 and contract completion checklist. Information is imported and prepopulated to support closeout from EDA, iRAPT and MyInvoice.

WAWF Automated Closeout requires  
-PDS to EDA  
-iRAPT Invoice  
-MyInvoice

WAWF Manual Closeout can be used for any contract that can't be auto-closed

# WAWF Contract Closeout Workflow



Automated Tool/ PCO identifies contract as physically complete. It attempts to perform auto-closeout. If it cannot, it will push the contract to the workflow phase

Either Contracting Specialist or PCO can prepare closeout checklist (dependent upon preference in group structure). GAM can toggle between permitting specialist kickoff or require PCO approval first. Default is for specialist to initiate.

Roles provide documentation (and certification of completion of documentation) in tool and workflow back to PCO

Once all roles complete certification, PCO finishes contract closeout. Tool outputs 567C. System can produce PDF image of closeout notification

# Data Lake Report Overview

- Reports have been specifically designed to provide greater visibility into the contract closeout data across the enterprise
- The reports take in data from numerous enterprise systems including iRAPT, EDA, and myInvoice
- Each report allows users to perform searches and export the results to either CSV (Excel) or PDF

Electronic Document Access (EDA), Invoice Receipt Acceptance & Property Transfer (iRAPT)

## Data Lake Closeout Reports

Contract Invoice  
History

Automated WAWF  
Closeout

Procurement  
Instruments  
Awarded & Closed

Ordering  
Instrument PIID  
Status

Contract Execution  
History

# Contract Invoice History

Browser tabs: http://ec2-52-72-44-239.compute-1.amazonaws.com/dashboard, Wide Area Workflow eBusines..., DLA COE Datalake

**EDA Contract Data**

CLIN	CLIN Obligated Amount	POP Start Date	POP End Date	CLIN Delivery Date	iRAPT Invoice Data					
					CLIN Invoice Amount	Invoice Date	Invoice Number	Final Invoice Indicator	Shipment Number	Final Shipment Indicator
0001	\$712,162.51	2008-08-25	2009-08-24		\$62,690.77	2008-12-12	BVN0001	N		
					\$55,955.27	2009-02-17	BVN0002	N		
					\$136,306.76	2009-02-27	BVN0003	N		
					\$76,960.24	2009-04-10	BVN0004	N		
					\$60,590.02	2009-05-07	BVN0005	N		
					\$151,094.02	2009-07-28	BVN0006	N		
					\$84,071.68	2009-08-14	90210517	N	SER0007	N
					\$66,130.68	2009-09-01	90218795	N	SER0008	N
					\$4,204.68	2009-10-26	90269335	N	SER0009	N
					\$1,785.64	2010-11-19	164217	N	SER0024	N
					-\$680.57	2013-09-06	BVNM058	N		
					<b>Total Obligated Amount:</b> \$712,162.51 <b>Invoice Total:</b> \$699,109.19 <b>Unliquidated Obligation:</b> \$13,053.32					

Taskbar: 100% zoom, 9:56 AM 4/11/2017

# Procurement Instruments Awarded and Closed

DLA COE **data**lake Beta ANALYTICS TASKS **REPORTS** CREATE QUERY SAVED QUERIES 

Procurement Instruments Awarded and Closed (In ▾)

## Procurement Instruments Awarded and Closed

Do you want to run a summary or detail report?  Summary  Detail

Group data by  Contract Issue Office Agency  
 Contract Admin Office Agency  
 Contract Pay Office DoDAAC

\*FY of PIID Issue  ▾

Contract Issue Office Agency  ▾

Contract Issue Office MAJCOM

Contract Admin Office Agency  ▾

Contract Pay Office DoDAAC

Data Lake Beta 2016 - v1.9.3

# Procurement Instruments Awarded and Closed Examples

**Example A**

Total Procurement Instruments	Total Open	Total Closed	% Closed	Total Past Archive Retention Date	% Past Archive Retention Date
17	1	16	94.12%	0	0.00%

**Example B**

Total Procurement Instruments	Total Open	Total Closed	% Closed	Total Past Archive Retention Date	% Past Archive Retention Date
13	7	6	46.15%	0	0.00%

**Example C**

Total Procurement Instruments	Total Open	Total Closed	% Closed	Total Past Archive Retention Date	% Past Archive Retention Date
14	8	6	42.86%	0	0.00%

# Ordering Instrument PIID Status Report



Ordering Instrument PIID Status (In Test) ▾

## Ordering Instrument PIID Status

\*Ordering Instrument PIID

Required

What data do you want to return?

All Contracts

Closed Contracts Only

Open Contracts Only

Ordering Issue Office DoDAAC

Optional

Ordering Admin Office DoDAAC

Optional

Ordering Pay Office DoDAAC

Optional

FY of Order

Optional ▾

Search

Export

# Ordering Instrument PIID Status Examples

**Example A**

Contract Issue Office Agency	Contract Issue Office DoDAAC	Contract Issue Office MAJCOM	Total Procurement Instruments	Total Open	Total Closed	% Closed	Total Past Archive Retention Date	% Past Archive Retention Date	Detail Report
DEPT OF THE AIR FORCE	FA2823	AFMC	984	823	161	16.36%	0	0.00%	<a href="#">Submit</a>
DEPT OF THE AIR FORCE	FA2835	AFMC	338	319	19	5.62%	0	0.00%	<a href="#">Submit</a>

**Example B**

Contract Issue Office Agency	Contract Issue Office DoDAAC	Contract Issue Office MAJCOM	Total Procurement Instruments	Total Open	Total Closed	% Closed	Total Past Archive Retention Date	% Past Archive Retention Date	Detail Report
DEPT OF THE ARMY	W15P7T	AMC	236	140	96	40.68%	0	0.00%	<a href="#">Submit</a>
DEPT OF THE ARMY	W15QKN	AMC	1269	1152	117	9.22%	0	0.00%	<a href="#">Submit</a>

**Example C**

Contract Issue Office Agency	Contract Issue Office DoDAAC	Contract Issue Office MAJCOM	Total Procurement Instruments	Total Open	Total Closed	% Closed	Total Past Archive Retention Date	% Past Archive Retention Date	Detail Report
DEPT OF THE NAVY	N68335	NAVAIR	1441	1219	222	15.41%	0	0.00%	<a href="#">Submit</a>
DEPT OF THE NAVY	N68936	NAVAIR	1317	1077	240	18.22%	0	0.00%	<a href="#">Submit</a>

# Contract Execution History

Browser address bar: <http://ec2-52-72-44-239.compute-1.amazonaws.com/dashboard> | Wide Area Workflow eBusines... | DLA COE DataLake

## EDA Contract

[Contract Details](#) | [Scroll to Top ^](#)

CLIN	CLIN Obligated Amount	POP Start Date	POP End Date	CLIN Delivery Date	Details
0001	\$712,162.51	2008-08-24	2009-08-23		 <div><p>Summary</p><p><b>Total Obligated Amount</b> \$712,162.51 <b>Invoice Total</b> \$699,109.19 <b>Unliquidated Obligation</b> \$13,053.32</p></div>
0002		2008-09-26	2009-08-23		 <div><p>Summary</p><p><b>Total Obligated Amount</b> \$290,892.68 <b>Invoice Total</b> \$292,859.50 <b>Unliquidated Obligation</b> <b>-\$1,966.82</b></p></div>
000201	\$12,730.57	2008-09-26	2009-08-23		 <div><p>See CLIN Base 0002</p></div>
000202	\$278,162.11	2008-09-26	2009-08-23		 <div><p>See CLIN Base 0002</p></div>
0003		2008-09-26	2009-08-23		 <div><p>Summary</p><p><b>Total Obligated Amount</b> \$45,277.31</p></div>

Taskbar: Windows 10 icons for Outlook, PowerPoint, Excel, Word, OneDrive, Edge, File Explorer, and a utility icon. System tray: 10:00 AM, 4/11/2017, 100% zoom.

# Closeout Best Practices

- Get everything in EDA
- Watch out for DoDAACs
  - Organizational changes
  - Errors in EDA
- Use Quick Closeout
- Make sure invoices are marked final when they should be.
- You don't need to issue closeout mods to deobligate excess funds or to report closeout to FPDS if sending a 567C

## Use Enterprise Systems & Data

✓ EDA/PDS

✓ IRAPT

✓ GEX

✓ MyInvoice

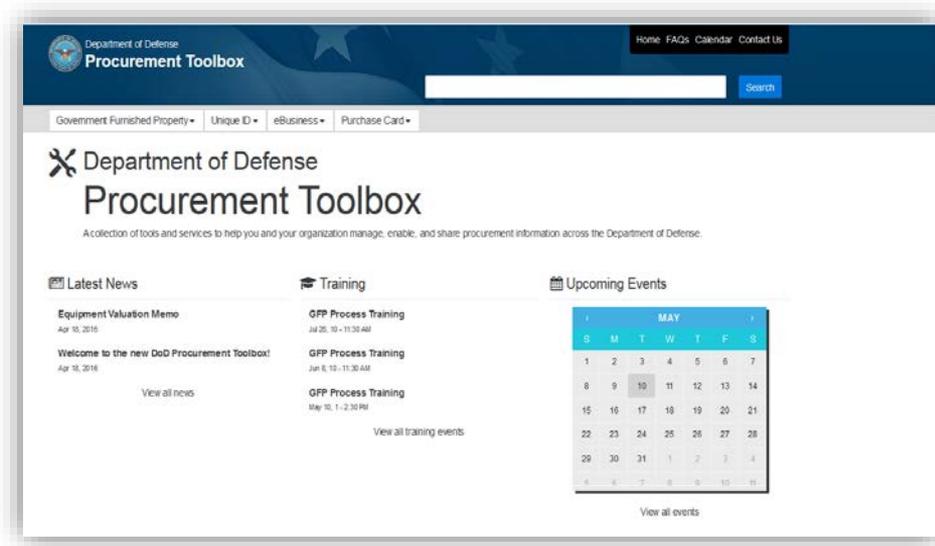
✓ Contract Closeout

# What if...

- Contracts are closed in SPS without 1594?
- Were closed in a system that doesn't send 567s?
- Were closed outside of a system?

Contact DPAP PDI

# For more information



- FAQs
- Policy
- [Training](#)
- [Contact DPAP PDI](#)
- [Capability Summaries](#)

[www.dodprocurementtoolbox.com](http://www.dodprocurementtoolbox.com)



# Procure-to-Pay



## Training Symposium

**April 3 - April 5, 2018 • Hilton Orlando - Orlando, FL**