Surviving Contract Closeout

Presented by: LeAntha Sumpter, DPAP
Adarryl Roberts, DLA

May 30 – June 1, 2017 • Hyatt Regency Orlando FL
Surviving Contract Closeout Agenda

• Contract Closeout Challenge & Accomplishments
• WAWF Contract Closeout Capability
• FPDS Closeout Reporting Capability
• Data Lake Report Overview
• Data Lake Deployment Plan & Role in Contract Closeout
• Overview of NDAA 2017 Contract Closeout Authority (Section 836)
Contract Closeout Challenge

• Contract Closeout has long been a challenge for DoD
  – Contracts were not being closed in a timely manner
  – Closeout transactions were not always sent in standard formats
  – Closeout notifications were not consistently sent to the correct recipients

• 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 savings 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

More Work to be Done!
Accomplishments FY14-16

• Policy:
  – DFARS PGI 204.8:
    • Expanded automated closeout coverage for non-complex contract actions
    • Established a standard transaction (EDI 567C) to transmit closeout notices
    • Identified EDA as the authoritative repository for closeout notices
  – DoDFMR Volume 3, Chapter 8, 081611:
    • Established the use of the 567C for communicating contract closeout notifications between procurement and FM systems
    • Allows deobligation of remaining funds via 567C

• IT Infrastructure:
  – Drained the SPS swamp of closed contract notifications
  – Deployed WAWF automated closeout module for simple, small dollar contracts
  – Raised dollar threshold for DCMA’s automated closeout
  – Updated EDI 567C
    • Facilitated the use of the 567C for communicating contract closeout notifications between procurement and FM systems

Closeout Metrics in EDA Since FY14
TOTAL: 6,052,208
DLA: 5,392,503   DCMA: 217,691   WAWF Automated: 17,078   Other: 424,936
WAWF Contract Closeout Capability

- In December 2016 an engineering change proposal was approved for the Contract Closeout (CCO) module to track and workflow closeout actions
  - Tool will be based off of existing automated closeout architecture, with changes to accommodate manual processing
  - The result will be a closed contract and 567C from CCO to GEX (routed to EDA and any other systems that need to consume the transaction)
- WAWF Tool currently in final phases of testing
- Scheduled deployment in Q3 FY 17
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 requiring 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.

PCO

Security
Patent Counsel
Property Mgr
Finance / Accounting
To Be Defined

GAM can toggle between permitting specialist kickoff or requiring PCO approval first. Default is for specialist to initiate.
567C Contract Closeout Notice Data Routing

CCO sends single transaction with single header. GEX will route.

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

2017 Procure-to-Pay Training Symposium
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
FPDS New Close-Out Requirement

• Effective Q1 FY18 federal government procurement organizations must report closed contracts to FPDS
  – FPDS currently records contract closeout only when a modification is issued

• FPDS version 1.5 will include:
  – New status indicator for closed contracts
  – Ability for contracts to be marked as ‘closed’ when a modification is not issued
  – New outbound web service to provide ‘closed’ contract indicators is planned

• DoD will not require CWS to update FPDS directly (plan is to leverage 567C transactions sent to EDA to route closed notices to FPDS via the GEX)
  – No impact if your Organization sends 567C closeout transactions to EDA
  – GEX maps will be ready to start sending the closeout notices Q1 FY18
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

• The following are a few reports which might be useful to this group
# Contract Invoice History

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- **Total Obligated Amount:** $712,162.51
- **Invoice Total:** $699,109.19
- **Unliquidated Obligation:** $13,053.32
## Automated WAWF Closeout

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#### Summary

- **Total Obligated Amount**: $712,162.51
- **Invoice Total**: $609,100.19
- **Unliquidated Obligation**: $13,053.32

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#### Summary

- **Total Obligated Amount**: $292,850.50
- **Invoice Total**: $292,850.50
- **Unliquidated Obligation**: $1,966.82

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#### Summary

- **Total Obligated Amount**: $45,277.31
Data Lake Deployment Plan

• Late April: Data Lake received authority to operate and completes standup in production environment
• May 10: Initiated data extraction process required to populate the tool to perform verification and validation (V&V) of scenarios with limited data
• May 22: Began V&V with participation from user community
• Summer 2017: Target full operational capability for initial scenarios with complete WAWF and EDA data sets
• Q4 FY17: Define SPS enhancement to improve closed data extract efficiency
Data Lake Role in Contract Closeout

• PBORG has approved “purple” contract file for use in data lake to store closed contract records
  – Includes both pre-award and post award data
  – Facilitates record retention requirements for closed contracts
  – SPS has provided sample mapping of contract file folders into purple list

• SPS Specific Capabilities
  – In preparation for SPS sunset, Data Lake is prepared to store contracts that are closed but not yet past records retention timeline to prevent unnecessary data transfer to next-gen CWS’s
  – Piloted with select SPS sites to prove capability to ingest and store data
  – SPS data is sent to Data Lake via existing archiving capability in SPS
    • More information available to system administrators on how to implement utility
## I. Pre-Award

**A. Solicitation Documents**
- 01. Requirements Package
- 02. Pre-Solicitation Notices
- 03. Reviews / Approvals / Justifications - Solicitation
- 04. Determinations / Determinations and Findings (D and F)
- 05. Government Furnished Property (GFP) - Pre-Award
- 06. Waivers
- 07. Pre-Award Documents

**B. Bid / Proposal Review**
- 01. Administrative Documentation
- 02. Source Selection
- 03. Evaluations

**C. Contract Review and Award (Reviews / Approvals / Justifications)**

## II. Award

**D. Contractual Documentation (Order / Agreement / Grant / Announcement/ Modifications)**

**E. Post-Award Documents**

**F. Services Contract Administration**

**G. Construction Contract Administration**

**H. General Contract Administration**
- 01. General Contract Administration Documentation
- 02. Government Furnished Property (GFP) - Post-Award
- 03. Contract Closeout Documentation
- 04. Financial Documentation

**I. Drawings / Specifications / Submittals**
2017 NDAA Section 836
Contract closeout authority

• 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