



ACQUISITION  
AND SUSTAINMENT

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

MAY 04 2018

In reply refer to  
DARS Tracking Number: 2018-O0014

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 AND PROCUREMENT)  
DEPUTY ASSISTANT SECRETARY OF THE AIR FORCE  
(CONTRACTING)  
DIRECTORS OF THE DEFENSE AGENCIES  
DIRECTORS OF THE DOD FIELD ACTIVITIES

SUBJECT: Class Deviation—Contract Closeout Authority

Effective immediately, contracting officers may close out contracts, or groups of contracts, through the issuance of one or more modifications to such contracts without completing a reconciliation audit or other corrective action in accordance with Federal Acquisition Regulation (FAR) 4.804-5(a)(3) through (15), as appropriate, if each contract—

- Was entered into on a date that is at least 17 fiscal years before the current fiscal year;
- Has no further supplies or services due under the terms of the contract; and
- Has been determined by an individual, at least one level above the contracting officer, to be not otherwise reconcilable, because—
  - The contract or related payment records have been destroyed or lost; or
  - Although contract or related payment records are available, the time or effort required to establish the exact amount owed to the U.S. Government or amount owed to the contractor is disproportionate to the amount at issue.

When using this authority, contracting officers may close out these contracts through a negotiated settlement with the contractor. The closeout process shall include bilateral modification of the affected contract, including those contracts that are closed out in accordance with a negotiated settlement. When closing out a group of contracts, a bilateral modification of at least one contract shall be made to reflect the negotiated settlement for a group of contracts, and unilateral modifications may be made, as appropriate, to other contracts in the group to reflect the negotiated settlement.

Additionally, when closing out contracts under this authority, remaining contract balances—

- May be offset with balances in other contract line items within the same contract, regardless of the year or type of appropriation obligated to fund each contract line item and regardless of whether the appropriation obligated to fund such contract line item has closed; and
- May be offset with balances on other contracts, regardless of the year or type of appropriations obligated to fund each contract and regardless of whether such appropriations have closed.

This deviation implements section 836 of the National Defense Authorization Act (NDAA) for Fiscal Year (FY) 2017, as modified by section 824 of the NDAA for FY 2018. Currently, contracting officers must have a complete history of contract and payment records in order to closeout a contract. This deviation will permit DoD to close out certain older contracts that no longer contain the requisite documentation needed under the current closeout procedures.

This class deviation remains in effect until it is incorporated in the DFARS via DFARS Case 2018-D012, or otherwise rescinded. My point of contact is Mr. Greg Snyder, who is available at (703) 614-0719, or at gregory.d.snyder.civ@mail.mil.



Shay D. Assad,  
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