



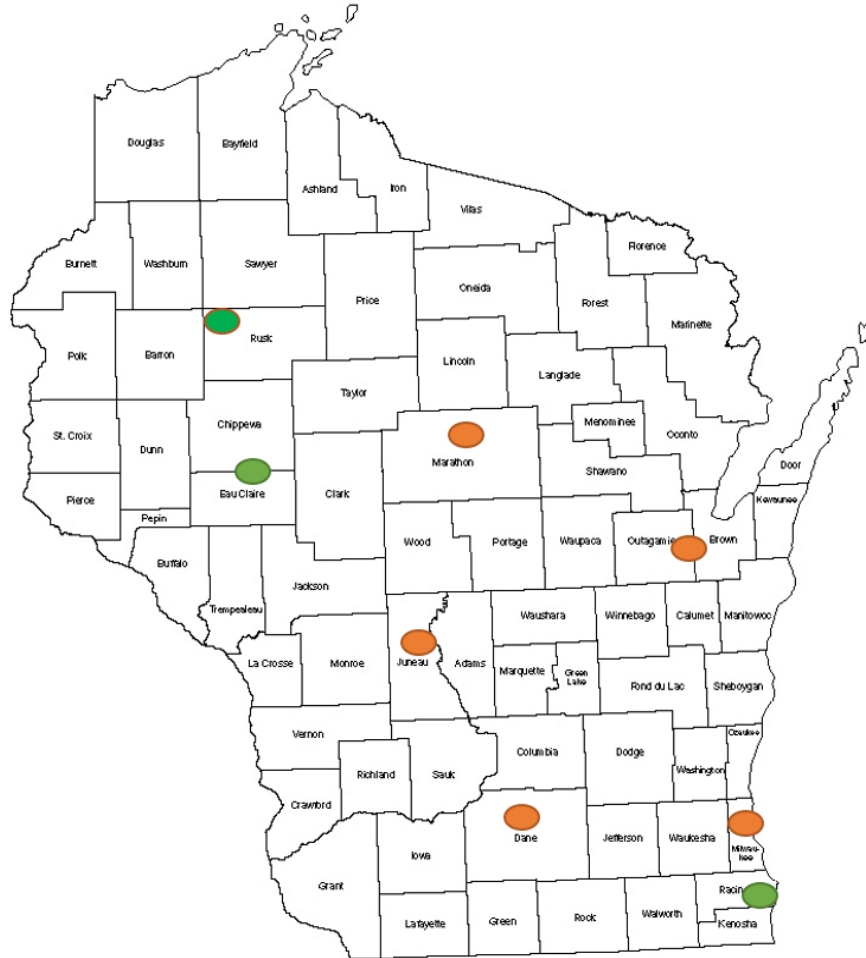
A Procurement Technical Assistance Center (PTAC)



# ACQUISITION HOUR: CONTRACT CLOSEOUTS: PREPARING FOR A SMOOTH ENDING

November 8, 2016





## LOCATIONS:

- **Primary office – Milwaukee** - Technology Innovation Center
- **Staffed Satellite offices**
  - Madison** (FEED – Food Enterprise & Economic Development / MEC – Madison Enterprise Center)
  - Camp Douglas** (Juneau County Economic Development Corporation)
  - Wausau** (Wausau Region Chamber of Commerce)
  - Appleton** (Fox Valley Technical College)
- **Active Partnerships**
  - Racine** – LaunchBox
  - Eau Claire** - Western Dairyland
  - Ladysmith** – Indianhead Community Action

## MY ACCOUNT

Hello benjaminb (not benjaminb? [Sign out](#)).

### Current Opportunities [View All](#)

- 1. Olbrich Botanical Gardens Education Center and Production Greenhouse Construction - September 21, 2016** Architectural Consulting Services for Olbrich Botanical Gardens Education Center and Production Greenhouse
- 2. Milwaukee County Zoo planning \$44.6 million in exhibit upgrades - September 1, 2016** The Milwaukee County Zoo plans to spend about \$44.6 million on exhibit upgrades and construction projects over the next five years, according to an economic impact study completed this summer by a University of Wisconsin-Milwaukee economics professor. The study does not say how the projects will be paid for.  
  
The study, which was commissioned by the zoo to measure its annual economic impact on the four-county Milwaukee metropolitan area, includes a rough outline of planned construction projects through 2021.
- 3. Milwaukee County - Acquisition and Development of a Commercial/Building - August 15, 2016**  
Milwaukee County  
Request for Proposals  
Acquisition and Development of a Commercial/Industrial Building at 9150 Watertown Plank Road, Wauwatosa, WI 53226  
(Taxkey # 3729999017)  
RFP # 7131  
Issue Date: August 4, 2016

### Latest Newsletters [View All](#)

**WPI Acquisition Alert**  
September 6th 2016

November 9, 2016

### Latest Presentations [View All](#)

**A Winning Approach to Contract Award:  
Preparation, Lead Generation, Follow-Up and  
Closing The Deal**

FROM OUR EXECUTIVE DIRECTOR

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NEWSLETTER ARCHIVE

CURRENT OPPORTUNITIES

# Contract Closeouts:

## *Preparing for a Smooth Ending*

Mark Dennis

Nov. 8, 2016

# What is Contract Closeout?

- Closeout:
  - The process of settling all outstanding issues
  - To ensure that each party has met all its obligations
  - and documenting the contract file accordingly.

## Objectives of a good closeout:

- Identify and resolve any uncompleted obligations or pending liabilities on the part of either the Government or the contractor.
- To ensure that contract-related decisions and actions have been properly documented, i.e. any necessary modifications.

# In The Beginning:

## Set up Contract Administration for:

- Government Property Management (GPM): Do we have it?
- Invoice Tracking: Did we bill it?
- Payment Tracking: Did we get it?
- Record Retention Policy and Contract Requirements: “Ours vs. Theirs.”
- Deliverables and Shipments: Proof of Delivery? Where recorded?
- The value of “Clean As You Go” approach.
- Final Contract Audits
  
- “Begin with the End in Mind.”

– Stephen Covey, *The 7 Habits of Highly Effective People*.



KEEP  
CALM  
THE  
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IS NEAR

- Make closeout a part of project planning.
- Project the final delivery date, then back-date from there.
- Indefinite contracts (IDIQ): At least, have your close-out plan in place, to be put into motion when the actual contract end can be forecast.
- Generously estimate how long closeout items might take, and begin as early as feasible, especially property and records.

# *Cross-Functional Planning Sessions:*

- Beginning, Middle, Near the End of the Contract.
  - Contract managers and administrators:
    - Chair and advise the meeting.
  - Finance: Payables and Receivables,  
“The Importance of Staying Current.”
  - Plant Production and Planning: Use and Storage of GFM / GFP, Damage / Loss / Theft policies. Copy of relevant procedures.
  - Purchasing: Keeping subcontractors and vendors informed.
  - Purchase Order controls, right-sized ordering.

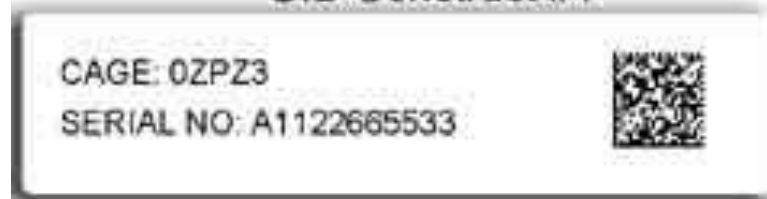


# Cross-Functional Planning Session(s):

- Inventory and Warehouse:
- GFM / GFP segregation and inventory. (FAR 52.245)
- GFM Procedures: Written, Reviewed, Approved.
- Shipping: Final Deliverables, GFM shipments
- Human Resources (vital if staffing will be impacted)
- Legal: Record Retention, Contract Reviews
- Top Management: “No surprises at the end.”

# Government Property Management (\*checklist graphic)

UID Construct #1



UID Construct #2



Dataplates



- FAR Part 45
- Documented GPM System (FAR 45.105)  
(Example: DCMA Instruction INST-124.)
- Document the required internal inventories and audits
- Clearly identified, segregated and tagged Government Furnished Property or Materials (FAR 52.245).

# Government Property Management



- Meet your Government Property Administrator (PA), early.
- Meet your Plant Clearance Officer, if applicable.
- Plan for when and how to return GFM / GFP. (FAR 45.602)
- Use Up, Return or Disposition, “Clean As You Go” any GFP / GFM no longer needed.
- Learn what GFP you can / cannot scrap, how, and the procedures (FAR 45.606)
- Final Closeout Visit, Tour, Record Review.

# Clean As You Go:

- Periodic Internal Audits (see contract requirements and your own Quality Plan)
- Contract Review: Overlooked / Postponed Requirements?
- GPM audits and inventories, Loss / Damage/ Theft Reports if needed. (FAR 45.104)
- Return or disposition GPM that is no longer needed – don't accumulate!
- Clean House: Using up materials including GFM, right-sizing materials orders near the end.

## Clean As You Go:

- Did we send all the invoices?
- Did we receive all the payments?
- Can we prove all the deliveries?
- File records ready for storage / backups?

# Physically Completed Contracts

- Supply Contracts: All required supplies have been delivered, inspected and accepted.
- Service Contracts: All services performed and accepted.
- All options have expired.
- Final Receiving Reports (DD250)
- Notice of Completion
- Program Management Acknowledgment

# Administratively Completed Contracts

- Data Items (CDRL) delivered and accepted?
- Contract Deliverables?
- Modifications approved, signed and received?
- Change Orders?
- Request for Equitable Adjustments?
- Property?

# Finance and Closing Audit Preparation

- Review contract types for potential Agency closing deadlines and audits. (FAR 4.804, Closeout of Contract Files)
- Realize that there are time requirements for ACOs to reduce and eliminate Un-liquidated Obligations (ULO) and return un-used contract funds to the Treasury. (FAR 4.804).
- Resolve any outstanding invoicing or payment issues ASAP. before the final delivery, or immediately afterward. (“Clean As You Go”).
- FAR 42: Final Billing and Release of Claims.
- Contact your ACO office to confirm the requirements and estimated closing times.

# Finance and Closing Audit Preparation

- Have all Direct and Indirect Costs been recorded and separated?
- Have all subcontracts been paid and closed out?
- Have final overhead rates been settled?
- Resolving withholds?
- Have interim and final Indirect Cost Proposals been submitted, in accordance with FAR 52.216-7 (if this clause is in your contract)?

# Finance and Closing Audit Preparation

- Determine whom / what department in your company will represent the company during an audit.
- Gather shipment, delivery, invoicing and payment records where they will be readily available. Arrange for safe storage, backups, and do not destroy!
- Don't forget to review other records: GPM, Subcontractor Plans and Records, Timesheets. (reference "Contract Data Management," *Contract Management* magazine, March 2016)
- ***Don't Shred!*** Contract-specific records should be retained until after the audits are "completely complete"

“Partners Through The End:”

## Subcontractors and Vendors

- No Surprises: Inform subcontractors early about the contract closeout date.
- Contract flow downs including applicable closeout clauses
- Clear communications on order quantities and delivery dates
- Caution suppliers against overstocking materials.
- Don't hedge bets on follow-on awards or contract extensions!

“Partners Through The End:”

## Subcontractors and Vendors

- Review invoices, payments, shipments.
- Subcontractor Plan: get the final year’s data for reporting.
- Prepare for record transfers and retention.
- Subcontractor closeout is similar to prime closeout, but must be completed earlier !
- Consider a subcontractor Awards / Recognition event for a successful partnership.

# Your Employees and the End of a Contract

- Human Resources is a key player, especially if a plant closure or layoff is coming as a result of a contract termination.
- Keep HR informed, and plan with HR on keeping employees informed.
- Employees should know that a contract is temporary, and will definitely end.
- Proper Channels: HR may determine how to inform the various types of employees who may be: full-time; union-represented; agency-provided; temporary; subcontractors.
- If layoffs are coming, HR may partner with State Employment / Workforce Development Office:
  - Unemployment policies and benefits
  - Re-employment Services
  - Resume Workshops

# Your Employees and the End of a Contract

- **Morale:** Have frequent update meetings. Keeping employees informed is one of the best keys to maintaining a positive workplace environment. It builds trust and communication.
- Involve employees in the close-out and its tasks.
- Coordinate meetings and announcements to reduce the rumor mill.
- If you are a contract manager or administrator, guard against small talk!
- Supervisors write up letters of recommendation / reference, well before the end.
- Consider having a final Awards Banquet, cook-out, other employee recognitions.
- Go out on a high note.

# Summary

- In The Beginning: set up systems to make closeout a success.
- Cross-Functional Planning to include closeout strategy.
- Government Property Management
- Clean As You Go
- Finance and Audit Preparation
- Record Retention
- Subcontractors and Vendors
- Your Employees

# *Questions and Discussion*

# Resources and References

- *Your Contract !*
- Your Administrative Contracting Office
- Federal Acquisition Regulations: <http://farsite.hill.af.mil/>
- For Defense Contracts:
  - DCMA-INST 111 (IPC-1), Plant Clearance
  - DCMA-INST-124, Contract Property Management
  - DCAA Manual 7641.90, Information for Contractors

# Upcoming WPI Events – Acquisition Hour Webinars

- November 9, 2016 – [Export Controls – ITAR and Associated Requirements](#)
- November 15, 2016 – [The New Small Mentor Protégé program –the SBA Perspective](#) – Presented by Shane Mahaffy, Lead Business Opportunity Specialist, U.S. Small Business Administration
- November 29, 2016 – [The New Small Mentor Protégé Program – A Lawyer’s Perspective](#) - Presented by Emily A. Constantine, Attorney, Husch Blackwell LLP
- November 30, 2016 – **Updates on the HUBZone program** – Presented by Shane Mahaffy, Lead Business Opportunity Specialist, U.S. Small Business Administration
- December 6, 2016 – [Preparing for CPSR Audit](#) – Presented by Phil Bail, Principal, Phil Bail & Associates
- December 7, 2016 – [10 Issues in Federal Government Construction Projects](#)

# Other Upcoming WPI Events

- [Post-Election Federal Market Insights - Where's the Money?](#) – November 15<sup>th</sup>, 2016 – Milwaukee – Presented by Capstone National Partners
- [What it Takes to WIN – Opportunities with the Department of Defense for Small Business Manufacturers](#) – November 17<sup>th</sup>, 2016 – Milwaukee – Presented by Jean Polka and Ken Kotloski, WPI
- [End of Year Federal Contractor Update](#) – January 17, 2017 - Milwaukee

# Other Upcoming Events



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



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



# QUESTIONS?

# Continuing Professional Education



CPE Certificate available, please contact:

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# SURVEY



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