

Firm Fixed Price (FFP) Closeout Interactive Job Aid

Introduction

This job aid allows the user to step through the FFP Closeout process and each supporting task.

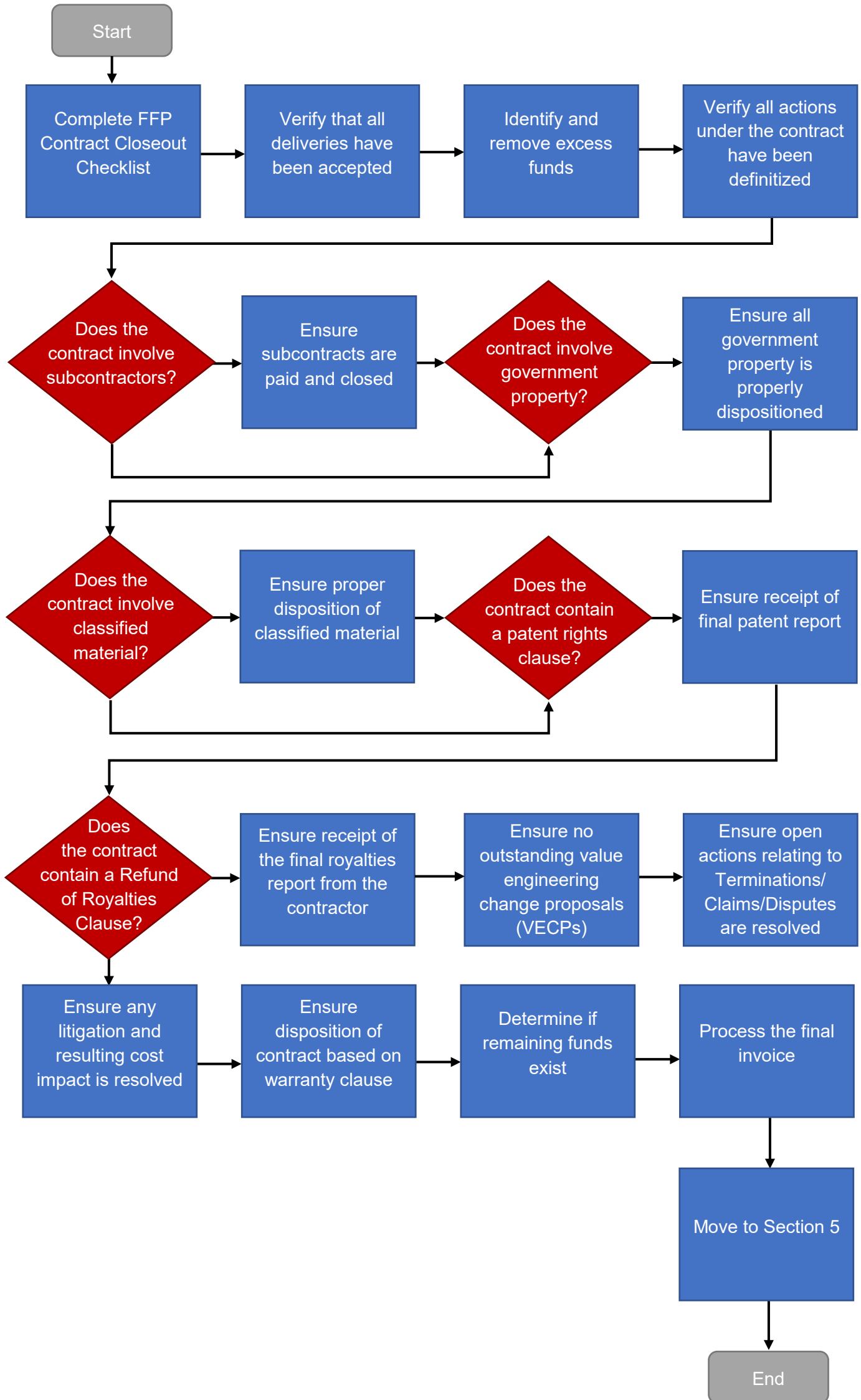
Purpose

The purpose of this job aid is to provide the ACO/CA with actionable steps and guidelines for completing each task in the FFP Closeout process.

How to Use this Job Aid

Select each process step in the decision tree to view more information. Selecting a process step will take you to additional content and/or job support tools below (such as checklists and infographics) to support task completion.

Flowchart



Additional Information



Complete FFP Contract Closeout Checklist

Complete the FFP Contract Closeout Checklist as each step in the FFP closeout process is completed.



Verify all deliveries have been accepted

Ensure that all contract items such as hardware, data, software, spares, and support equipment have been delivered and accepted by the government before the contract is closed.



Identify and remove excess funds

Review the contract funds status and notify the Procurement Contracting Officer (PCO) of any excess funds available for deobligation at the outset of the closeout process. It is recommended that this notification be done by e-mail with a return receipt to confirm notification. When excess or negative unliquidated funds exist, a funds review should be performed at the accounting classification reference number (ACRN) level to determine the cause.

To identify and remove excess funds, refer to the Contract Closeout—Complete Financial Actions (Excess Funds) Infographic.



Verify all actions under the contract have been definitized

Occasionally, urgent or unusual circumstances necessitate authorizing a contractor to start work before the contract has been negotiated. The contract authorizing such effort must include a NOT-TO-EXCEED (NTE) or ceiling price and a schedule for definitization. Prior to contract closeout, work with the PCO to ensure that all actions under the contract have been definitized.



Ensure subcontracts are paid and closed

Prime contractors use procedures similar to those of the government. Ensure that all of the prime's subcontracts are paid and closed before the prime contract can be eligible for contract closeout.



Ensure all government property is properly dispositioned

All government contract property accountable to a contract must be properly dispositioned in order for contract closeout to occur. To confirm all property actions are closed, verify the R9 Code 55 remark is entered into MOCAS.



Ensure proper disposition of classified material

All classified documents must be dispositioned in accordance with government security regulations as stated in contract terms and conditions. This is accomplished when a final DD Form 254, DoD Contract Security Classification Specification, is issued, indicating disposition, or the contractor provides written certification that all data has been properly processed.

The ACO/CA does not need confirmation or certification of completed actions from the security office to proceed with closeout.

To ensure proper disposition of classified material, refer to the Contract Closeout – Common Closeout (Disposition of Classified Material) Infographic.



Ensure receipt of final patent report

If the contract contains a patent rights clause, FAR 52.227-11 or 13, Patent Rights – Ownership by the Government, the contractor must submit a final patent report (DD Form 882, Report of Inventions and Subcontracts) within 90 days following physical completion. The report must:

- List all patent claims made under the contract or certify that there were no inventions.
- List all subcontracts that include a patents rights clause or certify that no subcontracts were issued with this requirement.

If the contract contains FAR 52.227-11, Patent Rights -- Ownership by the Contractor, a final patent report is required only if there is an invention.

If DFARS 252.227-7039, Patents--Reporting of Subject Inventions, is also in the contract, a final report is required within 2 months following physical completion. The representative designated by the service will provide the clearance.

If the final patent report is negative, send a 60-day suspense letter to the Procuring Contracting Officer (PCO). The following is required:

- Notify the PCO that the DD Form 882 or patent report is negative.
- Proactively verify information on the negative DD Form 882 and include the basis for the opinion (progress report, lab report, interim patent reports, comments from quality assurance specialists/program integrators, final technical report, etc.) in the request for patent clearance letter.
- Include an invitation to the PCO/patent counsel to voice their objection to the 60-day response if he or she desires.

The letter may include the language “If the PCO fails to issue a response within 60 days, patent clearance will be deemed to have been issued.” During the 60-day period, document aggressive follow-up on the status of the pending request for patent clearance.

When the DD Form 882 contains a report of patentable subject inventions or if there is reason to believe that a negative DD Form 882 has failed to disclose an invention, do not impose a 60-day suspense for a patent clearance response.



Ensure receipt of the final royalties report from the contractor

When the contract contains a Refund of Royalties clause (FAR 52.227-9), the contractor must submit a final royalty report stating the royalties paid or required to be paid. This report must be submitted within 90 days following physical completion.

If clearance has not been received on a negative report from the program office and patent counsel, inform the PCO of the impact on contract closeout and request a date by which the clearance will be provided.



Ensure no outstanding value engineering change proposals (VECPs)

When the contract includes FAR 52.248-1, Value Engineering, verify no outstanding VECPs requiring payment or disposition exist before closing contract.



Ensure open actions relating to Terminations/Claims/Disputes are resolved

All open actions and liabilities must be resolved prior to closeout. The government may at any time during contract performance fully or partially terminate contracts for default or for convenience.

The government may terminate a contract for default when the contractor has materially breached the contract by failing to perform in accordance with contract requirements. Under termination for default, the contractor is liable for any additional costs to the government to obtain terminated items.

Termination for convenience can occur when Congress or the program office withholds funding or the user determines that the item is no longer required. Pursuant to the Termination for Convenience clause, FAR 52.249, the government is liable for certain costs.

Ensure any litigation and resulting cost impact is resolved

The contractor, under the Disputes Clause, may appeal a decision of the contracting officer directly to the Court of Federal Claims. The prime contractor may sue or be sued by a subcontractor for damages related to the contract in question. Work with the PCO to ensure that any litigation and resulting cost impact is resolved under the contract before the contract is closed.



Ensure disposition of contract based on warranty clause

The FAR contains a number of warranty clauses suitable for use in different acquisition situations. Some of the warranty clauses can extend well beyond the physical completion of the contract. As long as there is not a CLIN or money attached for extended warranty, the contract should not be held open just for warranty.

Refer to the Contract Closeout – Complete Financial Actions (Coding for Warranty) Infographic for the steps in this process.



Determine if remaining funds exist

After contracts are physically complete and ready to be closed, except for funds, there may be instances where unliquidated funding remains on the contract. In these instances, a review must be accomplished to determine if the funds are “excess” or “remaining” to the contract requirements.

To determine if remaining funds exist, refer to the Contract Closeout – Complete Financial Actions (Funds Reconciliation) Infographic.

To reconcile remaining funds, refer to the reconcile remaining funds Contract Closeout – Complete Financial Actions (Remaining Funds) Infographic.



Process the final invoice

Approve and forward the final invoice to Defense Finance and Accounting Service (DFAS) Columbus for certification and payment. To verify that a contractor has submitted a final invoice, check the MOCAS screen YINV 2/contract #. The final invoice must have “Z” to indicate last billing. If a “Z” is missing on a final invoice, annotate the ACO notebook.

If there is not a final invoice, send the contractor a letter asking if paid complete or when they will submit a final invoice. The letter must be signed (digital signatures are acceptable). Do not explain to the contractor how they should submit an invoice.

If the contractor replies with a statement saying the last invoice received was supposed to be the final invoice, enter the following verbiage in the ACO notebook and continue: “(Today’s date)EVE0005 is the final invoice and was submitted to DFAS but the “Z” was omitted. Excess funds \$0.00/(initials here).”



Move to Section 5

Once all required closeout actions have been completed, move the contract out of MOCAS and provide closeout notification to the buying activity.

MOCAS generates a notice of last action (NLA) when final payment has been processed for Part A contracts. Verify that a Final Pay NLA has been issued. MOCAS automatically generates a PK9/EDI 567, Contract Completion Statement, in lieu of a DD Form 1594, to notify the buying activity that the contract is closed.

Note: If MOCAS does not contain final payment information on the Contract Close-out Notice (CCN) screen (final voucher number and final payment date), do the following:

1. Create a G NLA, which will populate those fields and allow a final pay F NLA to process.
2. Once the Final Pay NLA remark is entered on the R7 line of the MOCAS data record, proceed with closeout in accordance with MOCAS Manual, DLAM 8000.3, Chapter 4, Section 2.4.5.
3. Verify on the following workday that the contract moved to Section 5.