DEPARTMENT OF THE NAVY

NAVAL SEA SYSTEMS COMMAND
1333 ISAAC HULL AVE SE
WASHINGTON NAVY YARD DC 20376-0001

IN REPLY TO
NAVSEAINST 4200.21
Ser 380P/0223

APR 11 2002

NAVSEA INSTRUCTION 4200.21

From: Commander Naval Sea Systems Command

Subj: FINANCIAL CLOSEOUT OF NAVSEA CONTRACTS

Ref: (a) Federal Acquisition Regulation (FAR) 4.804
(b) Defense Federal Acquisition Regulation Supplement (DFARS) 204.804.6
(c) MOCAS Desk Procedure 605, Miscellaneous CAR Documents of 19 Jul 91

Encl: (1) Contract Status Questionnaire
(2) Contract Status Certification

1. Purpose. To provide guidance on required supporting documentation to financially reconcile closed contracts and deobligate funds no longer required. Also, to establish procedures for follow-up of physically completed contracts that have not been closed.

2. Scope. This instruction is applicable to both the Naval Sea Systems Command and field activities as well as Foreign Military Sales (FMS), appropriated funds, and the Navy Working Capital Fund.

3. Background. Reference (a) provides time standards and responsibilities for closing out contract files. Reference (b) outlines specific steps that must be taken prior to certifying the physical and financial completion of contracts by issuance of a Contract Completion Statement (DD1594/PK9). Procuring Contracting Officer (PCO), Administering Contracting Officer (ACO), and paying office's records for many older contracts issued by NAVSEA and other organizations are incomplete or non-existent and records of contract closeout action are unavailable. References (a) and (b) do not provide guidance pertaining to the removal of unliquidated obligation balances in the official accounting system.

4. Procedures and Requirements for Contracts Not Closed, But Physically Completed.

a. For contracts requiring closeout in the payment system and/or accounting system, (e.g., Cost-Plus-Fixed-Fee and Fixed-Price-Incentive-Fee), NAVSEA must perform the following, if possible:

1) Complete Contract Status Questionnaire in enclosure (1) to record/verify the current status of the contract; i.e., is the contract still open or when will the closeout process begin. If research reveals that the contract is not finalized, enclosure (1) should remain with the investigating office.

2) Obtain a Contract Completion Statement (DD1594 or PK9) to confirm that the contract is closed. (NOTE: issuance of a DD1594/PK9 does not signify that the contract is closed in MOCAS.) Follow-up may be necessary in cases where the contract is still open in MOCAS to obtain status of pending audit and estimated close out date.

3) Confirm that accounting system obligations match contractual funding documentation for each ACRN.

4) Confirm that accounting system disbursements match paying office or, when paying office records are not available, match to Treasury (CERPS) disbursements for each ACRN.

b. Enclosure (1) is intended to assist program offices in developing uniform procedures for determining contract status. This questionnaire is not to be submitted as research to the comptroller's office.

5. Procedures and Requirements for Closed Contracts.

a. Effective immediately, on contracts for which required documentation to fully confirm contract closeout is unavailable, NAVSEA will use the following approach to certify that closeout has been completed:

1) Ensure that the accounting system reflects no problem disbursements (NULOs or UMDs) involving the contract to be closed out (run STARS SFJ to determine if UMDs exist on the FY appropriation and subhead, a DSD on each ACRN, and an ADHOC JVR inquiry for all lines of accounting identified on the contract).

2) Confirm that accounting system expenditures for each contract ACRN matches paying office or, when paying office records are not available, use Treasury (CERPS) records.

Once the foregoing two steps have been successfully completed, NAVSEA will execute the Contract Status Certification in enclosure (2) and place a copy in the official contract and FMS case records. NAVSEA will then deobligate all remaining accounting system ULO balances against the contract in accordance with the Contract Status Certification.

b. For MOCAS paid contracts, when a "Q Final" has been processed by Columbus, NAVSEA has approved the use of "Q Final" deobligations to recoup ULO balances in the accounting system provided there is no Contingency Liability Report or history data available in MOCAS, in accordance with reference (c).

6. If accounting system expenditures cannot be matched to paying office or Treasury (CERPS) records, for FMS lines only, the NAVSEA case manager will determine a Rough Order Magnitude (ROM) cost and time required for further research effort for all open contracts on the affected FMS case. These cases will be submitted to DSCA for review and guidance.

7. The NAVSEA Comptroller's Office is the approval authority for enclosure (2).

8. SEA 01P2 is the point of contact for all issues related to this guidance.

T. F. McGUIRE
Comptroller/Deputy Commander

Distribution List:
NAVSEA SPECIAL LIST Y3
COMNAVSEASYSCOM Shore Activities

CONTRACT STATUS QUESTIONNAIRE

Contract: _____ **SPIIN(s):** _____

Contractor: _____

Organization Contacted: _____ **ACO** _____ **PCO** _____ **Contractor**
(Check One)

Name: _____ **Tel:** _____

Fax: _____ **E-mail:** _____

1. _____ **Determine from PCO/Technical Code if contract is Material and Service complete. If so, as of what date? If not, what is ECD?**

2. _____ **Determine from ACO if closeout efforts have begun. If not, when will the contract become "overaged?"** (If already complete, obtain copy of DD 1594 and final mod. No further questions.)

3. _____ **Determine from ACO/PCO if DCAA has audited overhead rates, if required.**

4. _____ **Determine from ACO/PCO if there is any ongoing/pending litigation related to this contract.**

5. _____ **Determine from ACO if contractor final invoice has been received and processed. (For cases where the final invoice may be a credit, ensure payment has been made to the USG.)**

6. _____ **Determine from ACO if contractor has signed form releasing USG from further liability.**

7. _____ **Determine from ACO if GFM has been disposed of, if appropriate.**

8. _____ **Determine from ACO/Technical Code if contract redetermination has been completed, if required?**

9. _____ **Determine from ACO when issuance of the DD 1594 is anticipated.**

Remarks:

Completed by: _____ **Date:** _____

Enclosure (1)

STEPS REQUIRED TO VERIFY CONTRACT CLOSEOUT

1. Identify contractor, ACO, and paying office, using sources including:
   a. Contracts Directorate files for Headquarters contracts
   b. MOCAS research
   c. DCMA web site
   d. Acquisition Manager files
   e. Comptroller files
   f. Field activity files

2. Determine closeout status. Sources for closeout information include MOCAS, ACO's/PCO's, Contractors and Contracts Directorate files. If a contract has been closed out, obtain documentation. The following hierarchy of acceptable documentation includes:
   a. Contract Completion Statement (DD 1594) (should include final mod/ invoice/ULO amount)
   b. Memorandum for the Record from ACO or PCO
   c. Copy of final mod(s)/final DD250

3. If a contract has not been closed out - determine actions remaining before DD1594 issued which may include:
   a. Litigation pending
   b. Material/service complete. If not, ECD.
   c. Overhead rates have been audited by DCAA for cost plus contracts
   d. Contract re-determination is required, has occurred
   e. Contractor/subcontractor final invoices have been received and paid
   f. Contractor signed release form
   g. Government Furnished Material disposition instructions have been issued

4. Use/maintain copies of Contract Status Questionnaire.

5. Determine contract financial closeout status:
   a. Compare contractual obligations (hardcopy modifications) to the accounting system and prepare funding spreadsheet identifying obligation variances by ACRN.
      - For DFAS-CO paid contracts compare MOCAS records to the accounting system.
      - For non-MOCAS paid contracts obtain manual record (ie. DFAS Germany) or contractor record of obligations.
   b. Compare contract payment records to Accounting System expenditures.
      – MOCAS/paying office ledger sheets/vouchers
      – Accounting System/Treasury expenditures - For FMS appropriation, treasury expenditures are required. For Domestic appropriations, treasury expenditures are only required when paying office records are not available.
   c. Identify variances and prepare Problem Disbursement package with supporting documentation as outlined in the ASN (FM&C) memorandum of 26 Jun 97 for contracts still open in MOCAS.

6. Submit Contract Status Certification (Enclosure 2) to Comptroller and obtain concurrence.

7. Maintain copies of Certifications in central file.

CONTRACT STATUS CERTIFICATON

Contract: _____ **SPIIN(s):** _____

Contractor: _____

ACO: _____ **PCO:** _____

A. This Program Office has completed the required steps outlined on the back of this form (next page) and has determined the above contract has been closed out (obligations and expenditures have been reconciled) based on the following:

_____ Copy of DD 1594/PK9 (Yes/No) or

_____ Copy of final mod/ DD 250 (Yes/No) or

_____ ACO/PCO Memorandum for the Record on letterhead or e-mail indicating no records available (Yes/No) **AND:**

_____ Accounting System obligations match hard copy contract funding by ACRN and obligation spreadsheet

_____ Accounting System expenditures match Paying Office Records at contract/ACRN level based on:

_____ MOCAS – Closed History or Contingency Liability Report (CLR)

_____ Paying Office ledgers/spreadsheets/disbursement vouchers/final DD 250

_____ Contractor Billing Record/billing invoices (public vouchers/DD 250)

_____ Treasury records

B. Copies of all documentation are attached.

C. Request excess commitments/obligations be decommitted / deobligated.

D. If additional charges are subsequently identified, those charges will be posted to the affected line of accounting and the appropriate obligation reinstated.

Submitted:

_____ _____

Program Office **Date:**

Approved:

_____ _____

Comptroller **Date:**