



DEFENSE LOGISTICS AGENCY
HEADQUARTERS
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March 2, 2021

MEMORANDUM FOR RECORD (MFR)

SUBJECT: Administrative Approved Standards Change (ADC) 1163A, DLM 4000.25, DLMS
Volume 7, Chapter 4, Contract Completion Status Reporting (Contract
Administration/Closeout)

The attached administrative change to DoD Enterprise Business Standards, as outlined
in the attachment, is approved for implementation.

Addressees may direct questions to Ms. Tonja Carter, e-mail: Tonja.Carter@dla.mil
Others must contact their designated PRC representative available at
<http://www.dla.mil/HQ/InformationOperations/DLMS/allpoc/>

THOMAS A. DELANEY
Director, Enterprise Business Standards Office

Attachment
As stated

cc:
ODASD(Logistics)
OUSD(C)
OUSD(A&S/DPC)

ADC 1163A
DLM 4000.25, Volume 7, Chapter 4,
Contract Completion Status Reporting

1. ORIGINATING SERVICE/AGENCY AND POC INFORMATION: Defense Pricing and Contracting (DPC), Program Development and Implementation (PDI)

a. **Technical POC:** DPC PDI, (703) 697-4440, or (703) 697-4384

b. **Functional POC:** Enterprise Business Standards Office, Tonja Carter, Contract Admin, (269) 961-5227, Tonja.Carter@dla.mil

2. FUNCTIONAL AREA LOGISTICS AND TRANSACTION CHANGES:

a. **Primary/Secondary Functional Area:** Contract Administration and Contract Closeout

b. **Primary/Secondary Functional Process:** Financial Management and Records Retention

3. REFERENCES:

a. Defense Logistics Manual (DLM) 4000.25, Volume 7, Chapter 4, Contract Completion Status Reporting

b. [Procedures, Guidance and Information \(PGI\) 204.804-1](#), Closeout by the Office Administering the Contract

c. Approved DLMS Change (ADC) 1163, Automated Contract Closeout using the DLMS 567C and Update Non-Automated Contract Closeout Procedures using the DLMS 567C, dated June 25, 2015

d. Wide Area Work Flow (WAWF) Engineering Change Proposal (ECP) 1087 Critical Design Review (CDR), Version 5.10.1, Contract Closeout Clause Table Changes

e. WAWF Engineering Change Proposal (ECP) 1107 CDR, Version 5.10.1, Expansion of Contract Closeout Module

f. [Defense Federal Acquisition Regulation Supplement \(DFARS\) 204.804](#), “Closeout of contract files

g. [FAR 4.804](#) “Closeout of Contract Files”

h. [PGI 213.307-3](#) Cancellation of a unilateral purchase order

4. APPROVED CHANGE(S):

a. **Brief Overview of Change:** This approved change will:

(1) Remove the duplicate reference to criteria that would preclude automated closeout in DLM 4000.25, Volume 7 (Reference 3.a.), and reference the PGI 204.804-3 automated contract closeout criteria (Reference 3.b.).

(2) Modify the DLMS 567C to remove the ability to cancel a unilateral purchase order not accepted by the contractor.

(3) Updated terminology to reflect the change to Procurement Integrated Enterprise Environment (PIEE).

b. **Background:**

(1) ADC 1163 (Reference 3.c.) addressed the automated contract closeout process using the DLMS 567C. Specific details for this change are contained in WAWF ECP 1087 Contract Closeout Table Changes and ECP 1107 Expanded Contract Closeout Module (References 3.d. and 3.e.). The DFARS PGI 204.804-3 (Reference 3.b.) and DLM 4000.25, DLMS Volume 7, Chapter 4 (Reference 3.a.) reference the criteria to qualify a contract for the automated closeout process. To maintain integrity and reduce administrative updates, Volume 7, Chapter 4 will point to PGI 204.804-3 as the authoritative reference for automated contract closeout criteria. This change will minimize confusion regarding which FAR clauses represent contracts qualified for the automated contract closeout process.

(2) After implementation of the automated contract closeout module, the DPC Team identified that cancellation of a unilateral purchase order would not be done with a DLMS 567C. It would be accomplished by contract modification, which uses the Procurement Data Standard (PDS) or an 860 Purchase Order Change as noted in DFARS PGI 213.307-3 (Reference 3.g.)

c. **Approved Change in Detail:**

(1) In Volume 7, Chapter 4, remove the reference to automated closeout eligibility criteria and point to PGI 204.804-3 (Reference 3.b.) as the single authoritative reference for the appropriate FAR clauses. See Enclosure 1.

(2) In Volume 7, Chapter 4, revise the wording to cancel a unilateral purchase order to require a contract modification and remove that as an option in the DLMS 567C. See Enclosures 1 and 2.

(3) In Volume 7, Appendix 1 and the DLMS 567C, remove Contract Closeout Status Report Code H "Cancellation of a unilateral purchase order not accepted by the contractor"

d. **Revisions to Defense Logistics Manuals:**

(1) Update Volume 7, Chapter 4, and Appendix 1 (Enclosure 1).

(2) Update DLMS 567C Contract Completion Statement/ Unclosed Contract Status/Contract Close-out (Enclosure 2).

e. **Alternatives:** None

5. **REASON FOR CHANGE:** Reduces duplicate sources of information.

6. **ADVANTAGES AND DISADVANTAGES:**

a. **Advantages:** Reduces the amount of time required to update information sources and reduces the probability of using incorrect FAR Clauses.

b. **Disadvantages:** None

7. **ESTIMATED TIMELINE/IMPLEMENTATION TARGET:** Upon signature of the Approved Change.

8. **ESTIMATED SAVINGS/COST AVOIDANCE ASSOCIATED WITH IMPLEMENTATION OF THIS CHANGE:** None

9. **IMPACT:**

a. **New/Changes to Data Elements:** None. Change is to the list of codes used in a DLMS Data Element.

b. **Automated Information Systems (AIS):** None. The implementation of the Procurement Data Standard (PDS) for contract modifications allowed for the contract modification to serve that purpose and the use of the 567C for that purpose became redundant

c. **Defense Automatic Addressing System (DAAS):** None.

d. **Non-DLM Publications:** DPC updated PGI 204.804-3 automated contract closeout criteria (Reference 3.b.).

Enclosure 1

Defense Logistics Manual (DLM) 4000.25, Volume 7, Contract Administration

Make the following change to Volume 7. Additions are identified by ***bold red italics*** and deletions by double strikethrough text.

Chapter 4, Contract Completion Status Reporting Updates

Preceding text not shown

C4.10.2.1. CAO Issuance. Those issued by the CAO:

C4.10.2.1.1. The unclosed contract status (Code D);

C4.10.2.1.2. The final contract completion statement for a small purchase (Code A);

C4.10.2.1.3. The interim contract completion statement for a large purchase (Code B); and

C4.10.2.1.4. The final contract completion statement for a large purchase (Code C).

C4.10.2.2. PO Issuance. The transaction issued by the PO is the contract closeout extension (Code E)

C4.10.2.3. DFAS Issuance. The transaction issued by DFAS is the financial contract completion statement (Code F).

C4.10.2.4. ***Wide Area Work Flow (WAWF)*** ~~Invoicing, Receipt, Acceptance and Property Transfer (iRAPT)~~. The final contract completion statement for automated contract closeouts (Code G); and

Intervening text not shown

C4.11. AUTOMATED CONTRACT CLOSEOUT

C4.11.1. Purpose. The Automated Contract Closeout is a systemic process in the Contract Closeout module accessible from the ***Procurement Integrated Enterprise Environment (PIEE)*** ~~Wide Area Work Flow (WAWF)~~ eBusiness Suite home screen for Electronic Document Access (EDA) users with an active 'Upload/Inactive Contracts' role. This will apply where notifications are distributed using data from WAWF ~~eBusiness Suite, Invoicing, Receipt, Acceptance and Property Transfer (iRAPT)~~, EDA, and MyInvoice.

C4.11.2. Authority. As permitted by FAR 4.804-5(a) and DFARS ***PGI*** 204.804-3, automated contract closeout allows a system to initiate and execute the closeout action.

C4.11.3. Eligibility Requirements. Contracts to be closed must not be administered by the Defense Contract Management Agency (DCMA) unless the “Admin By DoDAAC” matches a DoDAAC on an exception list. A new Contracting Officer (KO) role ~~was will be~~ created within the Automated Contract Closeout module to enable contracts to be placed on hold.

DFARS PGI 204.804-3 contains the criteria that a contract must meet to be automatically closed. ~~Under the Authority identified in C4.11.2, contracts qualify for the automated closeout process if the contract meets the following requirements:~~

~~C4.11.3.1. Identified in the Procurement Data Standards (PDS) extensible markup language (XML) data as firm fixed priced,~~

~~C4.11.3.2. Does not exceed a total contract value of \$500,000 (inclusive of exercised options),~~

~~C4.11.3.3. Does not have a hold on the contract placed by the Contracting Officer, and~~

~~C4.11.3.4. Does not contain any of the following clauses requiring administrative action at closeout:~~

- ~~• FAR 52.211-11 Liquidated Damages—Supplies, Services, or Research and Development.~~

- ~~• FAR 52.216-7 Allowable Cost and Payment.~~

- ~~• FAR 52.227-9 Refund of Royalties.~~

- ~~• FAR 52.227-11 Patent Rights—Ownership by the Contractor.~~

- ~~• FAR 52.227-13 Patent Rights—Ownership by the Government.~~

- ~~• FAR 52.232-16 Progress Payments.~~

- ~~• FAR 52.232-29 Terms for Financing of Purchases of Commercial Items.~~

- ~~• FAR 52.232-30 Installment Payments for Commercial Items.~~

- ~~• FAR 52.232-32 Performance Based Payments.~~

- ~~• FAR 52.245-1 Government Property.~~

- ~~• FAR 52.248-1 Value Engineering.~~

~~C4.11.3.5. Use of PDS data from EDA enables review of applicable clauses, which is then coupled with evidence of submission from iRAPT and payment of the final invoice in MyInvoice~~

~~C4.11.3.6. The following conditions are necessary for automated closeout using this capability:~~

- ~~• Contract must utilize WAWF for deliveries and payments.~~

- ~~• Contract must be available in EDA as PDS.~~

- ~~• Entitlement systems must feed WAWF invoice status.~~

Intervening text not shown

C4.11.6.2. Simultaneous with establishment of a new parameterized window, **WAWF** ~~iRAPT~~ will generate a DLMS 567C Cancellation of a previously submitted automated contract closeout action. This will be identified by 1/BC07/020 Code 2 (Change (Update)), 1/CS05/050 Code G (Final contract completion statement for contract closeouts) and 1/LQ02/110 Code K (Cancellation). This will notify EDA that additional documents were received and a new 60-day parameterized window is started. This ensures that the contract is not open in one system and closed in another system.

Intervening text not shown

C4.11.7.2. The 1/N1/030 segment precedes the 1/C/050 loop, and with two iterations, carries the Code FR (from) and the Code TO (to); this will be **WAWF**-~~iRAPT~~ in the FR and the AAI in the TO.

Intervening text not shown

C4.11.7.3. Use the appropriate qualifier in N101 and N103 to identify **WAWF**-~~iRAPT~~, EDA, and the AAI.

C4.11.7.3.1. To identify **WAWF**-~~iRAPT~~, use N101/RGA and N103/93.

C4.11.7.3.2. To identify the AAI, use N101/CW and N103/PI.

C4.11.7.3.3. To identify EDA, use N101/EM and N103/94

Intervening text not shown

C4.12. CANCELLATION OF A UNILATERAL PURCHASE ORDER NOT ACCEPTED BY THE CONTRACTOR

C4.12.1. As required by FAR 13.302-4(b), contracting officers will notify the contractor in writing that the purchase order has been cancelled and request the contractor's written acceptance of the cancellation. DFARS PGI 213.307-3 requires that unilateral purchase orders be cancelled with a contract modification.

~~C4.12.1. As permitted by FAR 13.004 the Government may unilaterally issue an award in response to a vendors quote. Such awards are not binding contracts until acceptance by the vendor either in writing or through performance. As such, there are sets of contracts that remain open in Defense business systems even though no deliveries or work has or will ever occur. C4.12.2 provides the mechanism for identifying and closing these unfulfilled awards in order to free obligated funds and stop perpetuating these extraneous contract files. Contracts identified as unfulfilled, should be administratively closed in accordance with FAR42.302(a)(63).~~

~~C4.12.2. A cancellation of a unilateral purchase order not accepted by the contractor will be submitted using Code H in 1/CS05/050.~~

~~C4.12.3. This procedure applies to both automated closeouts systemically initiated by iRAPT, as well as all other non-automated closeouts submitted by other systems.~~

Appendix 1, Contract Closeout Status Report Codes

AP1. APPENDIX 1

CONTRACT CLOSEOUT STATUS REPORT CODES

NUMBER OF CHARACTERS: One

TYPE OF CODE: Alpha

EXPLANATION: Used in the DLMS 567C Contract Completion Statement/
Unclosed Contract Status/Contract Close-out to identify the
type and purpose of the transaction.

DLMS SEGMENT/QUALIFIER: CS Segment, CS05 Data Element ID 127

CODE	Title
A	Final contract completion statement for small purchases
B	Interim (physical) completion statement for large purchases
C	Final contract completion statement for large purchases
D	Extension of contract closing date (by CAO)
E	Extension of contract closing date (by PCO)
F	Financial contract completion statement (by DFAS)
G	Final contract completion statement for automated contract closeouts
H	Cancellation of a unilateral purchase order not accepted by the contractor

Enclosure 2

DLMS Transaction

Revise the DLMS 567C X12 EDI Implementation Convention as shown:

(Deletions are identified by single strikethrough text)

#	Location	DLMS IC 567C Contract Completion Statement/Unclosed Contract Status/Contract Close-out Revision	Reason
1.	DLMS Introductory Note	<p><u>Add ADC 1163A to DLMS Introductory notes:</u> <i>- Approved Administrative Defense Logistics Enterprise Standards (DLES) Change (ADC) 1163A, DLM 4000.25, Volume 7, Chapter 4 Contract Completion Status Reporting (Contract Administration)</i></p>	To identify DLMS changes included in the implementation convention.
2.	1/CS05/050	<p><u>Remove Code H from DLMS Note 1:</u> DLMS Note: 1. Must use one of the following codes to identify the type of contract closeout status report: A - Final contract completion statement for small purchases B - Interim (physical) completion statement for large purchases C - Final contract completion statement for large purchases D - Extension of contract closing date (by CAO) E - Extension of contract closing date (by PCO). F - Financial contract completion statement (by DFAS) G - Final contract completion statement for automated contract closeouts (by WAWF IRAPT systemically) H - Cancellation of a unilateral purchase order not accepted by the contractor 2. When N101 is code PR and N106 is code FR, cite code F in this data element. 3. For a list of available codes, see DLM 4000.25 Volume 7, Appendix 1 – Contract Closeout Status Report Codes</p>	Removes option for using code H in a contract closeout transaction. DAAS query on 2/9/2021 confirmed not recent usage of Code H (past 6 months)