June 25, 2015

MEMORANDUM FOR SUPPLY PROCESS REVIEW COMMITTEE (PRC) MEMBERS, CONTRACT ADMINISTRATION PRC MEMBERS AND FINANCE PRC MEMBERS

SUBJECT: Approved Defense Logistics Management Standards (DLMS) Change (ADC) 1163, Automated Contract Closeout using the DLMS 567C and Update Non-Automated Contract Closeout Procedures using the DLMS 567C (Supply/Contract Administration /Finance)

The attached change to Defense Logistics Manual (DLM) 4000.25, Defense Logistics Management Standards, is approved for implementation.

Addressees may direct questions to the DLMSO point of contact: Ms. Samantha Khuon, DLMSO Contract Administration Lead, 703-767-5288, DSN 427-5288 or email: Samantha.Khuon@dla.mil. Others must contact their Component designated representative.

DONALD C. PIPP
Director
Defense Logistics Management
Standards Office

Attachment

cc:
ODASD (SCI)
ODASD (PDI)
WAWF PMO

ADC 1163
Approved Defense Logistics Management Standards (DLMS) Change (ADC) 1163, <mark>Automated</mark> Contract Closeout using the DLMS 567C and Update Non-Automated Contract Closeout Procedures using the DLMS 567C

1. ORIGINATING SERVICE/AGENCY AND POC INFORMATION:

    a. Submitting Service/Agency: Defense Procurement and Acquisition Policy (DPAP) Program Development and Implementation (PDI)

    b. Technical POC: DPAP PDI, (703) 697-4440

    c. Functional POC: DPAP PDI, (703) 697-4384

2. FUNCTIONAL AREA:

    a. <u>Primary/Secondary Functional Area</u>: Contract Administration and Contract Closeout

    b. <u>Primary/Secondary Functional Process</u>: Financial Management and Records Retention

3. REFERENCES:

    a. [Defense Federal Acquisition Regulation Supplement (DFARS) 204.804](#) "Closeout of contract files"

    b. [FAR 4.804](#) "Closeout of Contract Files"

    c. ECP 0850 Software Requirements Review, Version 5.7.2, Automated Contract Closeout

    d. ECP 0850 Critical Design Review, Version 5.7.2, Automated Contract Closeout

    e. [DLM 4000.25](#), Volume 7, Contract Closeout Procedures

    f. DLMS Implementation Convention (IC) [567C](#), Contract Completion Statement/ Unclosed Contract Status/Contract Close-out Standard

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

4. APPROVED CHANGE(S): Significant updates subsequent to staffing are <mark>highlighted in green.</mark>

    a. <u>Brief Overview of Change</u>: This change is provided to:

      (1) Revise the DLMS 567C IC (Reference 3.f.) for automated contract closeout procedures to support automated closeout requirements (References 3.a. and 3.b.), and support DFARS 204.804 requirements for routing to Electronic Document Access (EDA). <mark>Automated contract closeout allows a system to "automatically" initiate and execute the closeout action. This is</mark>

distinguished from non-automated contract closeout procedure that use DLMS transactions but are initiated with human intervention.

(2) Revise the DLMS 567C IC for additional non-automated contract closeout procedures identified during development of this approved change.

(3) Document automated contract closeout procedures in the DLM 4000.25, Volume 7, Contract Administration.

(4) Document the additional non-automated contract closeout procedures identified herein in the DLM 4000.25, Volume 7, Contract Administration.

b. **Background:**

(1) The DLMS 567C historically is used between administrative contracting offices and procurement offices. Contract completion is the basis for records retention, and the information contained in the DLMS 567C needs to be shared across a broader set of stakeholders. Changes to the IC are needed to reflect that broader sharing of information and to support the automated generation of contract completion notices in DFARS 204.804. The Wide Area Workflow (WAWF) eBusiness Suite, Invoicing, Receipt, Acceptance, and Property Transfer (iRAPT) engineering change proposal (ECP) 0850 defined the problem as: "The existing Contract Closeout process for most users is a manual process, even in cases where no decisions are required." In August 2014, a Defense Procurement and Acquisition Policy (DPAP) survey of contract writing systems revealed few contract writing systems collect or share closeout notifications. Currently, only the Defense Contract Management Agency (DCMA)—through their Mechanization of Contract Administration Services system (MOCAS)—and the Army have implemented an automated closeout capability. The existing manual closeout process consumes resources unnecessarily. The current manual process impacts both auditability and the timely recovery of excess funds. Additionally, contract closeout starts the clock for records retention, so without a timely closeout notification, systems keep records longer than necessary. Summary: Automated contract closeout could simplify the process where appropriate.

(2) PGI 204.804-1 (see Reference 3.g.) states that the office closing out the contract can use either locally developed forms or a statement of completion instead of the DD Form 1594, Contract Completion Statement, and use the administration office closeout date. Whichever method is used, the form must be retained in the official contract file. Copies should be sent to EDA and financial systems using the DLMS transaction based upon the American National Standards Institute (ANSI) X12 Electronic Data Interchange (EDI) 567 transaction set.

(3) While developing this change, several additional functional requirements were identified for non-automated contract closeout procedures. These affect addressing, updates to previously closed contracts, and routing of 567C transactions final closeout for a cancelation of a unilateral purchase order not accepted by the contractor. These are specifically noted in the following section.

c. **Approved Change in Detail:**

(1) As permitted by FAR 4.804-5(a) (Reference 3.a.) and DFARS 204.804-3 (Reference 3.b.), automated contract closeout allows a system to automatically initiate and execute the contract closeout action.

(a) The automated contract closeout process identified in this DLMS change will apply where notifications are distributed using data from iRAPT, EDA, and MyInvoice.

(b) Contracts to be closed must NOT be DCMA Administered unless the "Admin By DoDAAC" matches a DoDAAC on an exception list, as they will use their existing capability described above. The exception list is in the iRAPT database table; changes to the table can be done via a database script.

(2) The automated contract closeout functionality will be a systemic process in the new Contract Closeout module added to the WAWF eBusiness Suite for any EDA user with an active 'Upload/Inactive Contracts' role.

(3) A new Contracting Officer (KO) role will be created within the module to enable contracts to be placed on hold. This will enable the KO the opportunity to stop the automated closeout process in the event of litigation, criminal investigation, etc.

(4) Modify the DLMS 567C to uniquely identify the three scenarios associated with automated contract closeout:

(a) Automated Contract Closeout, to be identified in 1/BC07/020 Code CL – Closed

(b) Update to a previous automated contract close out action, to be identified in 1/BC07/020 Code 2 – Change (Update)

(c) Cancellation of a previously submitted automated contract closeout action, to be identified in 1/LQ02/110 Code K – Cancellation (See Transaction Status Indictor Code in LQ01)

(5) Contracts qualify for the automated contract closeout process if the contract meets the requirements identified in Table 1. If these requirements are met, automated contract closeout can be initiated once the contract is eligible, deliveries are complete, and the final invoice is paid.

Table 1. Qualification Requirements for Automated Contract Closeout

• As permitted by FAR 4.804-5(a) and DFARS 204.804-3), automated contract closeout allows a system to initiate and execute the closeout action.
• Identified in the Procurement Data Standard (PDS) data as firm-fixed priced.
• Does not exceed a total contract value of $500,000 (inclusive of exercised options).
• Does not have a hold on the contract placed by the Contracting Officer.
• 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 Contractor.

Table 1. Qualification Requirements for Automated Contract Closeout

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.
• 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.
• 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.
Source: Qualification requirements as defined in the WAWF iRAPT Engineering Change Proposal 0850 Automated Contract Closeout

(6) Upon receipt of a payment voucher from MyInvoice against an Invoice marked as "Final" for an eligible contract sequence (unique Procurement Instrument Identification Number (PIIN)/Supplementary Procurement Instrument Identification Number (SPIIN)), the Automated Contract Closeout procedures will:

(a) validate that the primary criteria reflected in Table 1 are satisfied,

(b) ensure there is no exclusion from automatic closeout posted to EDA by the Contracting Officer, and

(c) determine that all materiel deliveries associated with the PIIN/SPIIN are in a Processed status.

(7) If all of the aforementioned criteria are positive, then the system will set a 60-day (parameterized) date for triggering the execution of the automated contract closeout, at the end of which the DLMS 567C is released to EDA via Global Exchange Services (GEX).

(8) If a document is received during the 60-day window, a new 60-day window to monitor for transactions that will impact the closeout will be set based on the following:

(a) If a new shipment document is received, the new window will start upon that document becoming "Processed" in iRAPT.

(b) If a new invoice is received, the new window will start upon receipt of the MyInvoice transaction reflecting "Paid".

(9) At the end of the last 60 day (parameterized) point, the system will automatically generate a DLMS 567C transaction (content based upon a DD Form 1594) and forward that to GEX addressed for ultimate receipt at EDA.

(10) iRAPT/EDA processing for updated DLMS 567C for a previously automated close out contract action

(a) If iRAPT receives a document after generation of the DLMS 567C, a new 60-day parameterized window will be established based upon the following criteria:

1. If a new shipment document is received, the new window will start upon that document becoming "Processed" in iRAPT.

2. If a new invoice is received, the new window will start upon receipt of the MyInvoice transaction reflecting "Paid".

(b) Simultaneous with establishment of a new parameterized window, 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 has started. This ensures that the contract is not open in one system and closed in another system. Without this additional notification, users looking at EDA will not know that there are missing/open actions for a contract.

Staffing Note: This additional change will have a phased implementation and requires an ECP be developed by the WAWF/iRAPT PMO.

(c) At the end of the 60 day period, the system will re-evaluate all criteria and if positive generate an "update" DLMS 567C. The beginning segment (1/BC07/020) will contain Code 2 – Change (Update).

(11) Contract Closeout Transaction Routing Procedures. The iRAPT automated contract closeout DLMS 567C transaction will be routed to EDA and the applicable Agency Accounting Identifier (AAI).

(a) By default, all DLMS 567C transactions will route to EDA via GEX.

(b) Any accounting systems to receive a copy of the DLMS 567C will be identified by using the AAI in the envelope of the DLMS 567C transaction.

(c) The AAIs will also be identified in the 1/N1/030 as transaction recipients.

Staffing Note: The "From/To" was established as a core DLMS precept that DLMS transactions should designate an originator and recipient in the actual body of the DLMS transaction, vice solely in the envelope. This is to ensure that this information remains in the transaction history after the envelopes are stripped to parse the transactions into AISs. The business rules and processing of the financial accounting piece of the automated contract closeout will be addressed in a future DLMS change and associated WAWF ECP. Adding the financial accounting piece will require identifying the AAI within the body of the DLMS 567C transaction. The capability to implement the AAI addressing in the N1 segment is a phased implementation for iRAPT.

(12) Updates to Contract Closeout Procedures for systems other than iRAPT.

(a) Contract closeout actions executed by systems other than iRAPT may also transmit updates to a previously closed out contract action, if a new shipment document or invoice is received. Code 2 Change (Update) will be cited in the Beginning Segment, 1/BC07/020.

1. The appropriate action activity will send a DLMS 567C transaction to cancel the previously sent contract closeout transaction, citing the 1/LQ02/110 Code K (Cancellation). A copy of the 567C will be sent to EDA to update the contract status; this ensures that the action is not open in one system and closed in another system.

2. Upon completion of the new closeout actions based on the additional documentation received, the appropriate action activity will generate an 'update" DLMS 567C. The beginning segment (1/BC07/020) will contain Code 2 – Change (Update) and in 1/CS05/050 use the appropriate contract closeout status report code used in the initial non-automated closeout transaction.

(b) Per the guidance in Reference 3.g., non-automated contract closeout procedures, outside of iRAPT require DAAS/GEX to forward an image (copy) of all 567C contract closeout transactions to EDA regardless of the originating system or method of closeout.

(13) Cancelation of a Unilateral Purchase Order not Accepted by the Contractor. A DLMS 567C will be sent to EDA.

(a) Background. 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. Thus, there must be a 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).

(b) Procedure. In 1/CS05/050, Code H – Cancelation of a unilateral purchase order not accepted by the contractor, will be added to the available contract closeout status report codes identified in Enclosure 3. This provides EDA with the notification to delete any record of the cited purchase order. This change applies to automated and non-automated contract closeout procedures.

Staffing Note (for WAWF PMO): This additional change will have a phased implementation and requires an ECP be developed by the WAWF/iRAPT PMO.

Staffing Note (for PMOs other than WAWF): Upon coordination with DAAS/GEX, systems are authorized to implement this change on a staggered schedule.

(14) 567C Contract Closeout IC Changes. The detailed changes for the 567C Contract Closeout IC are in Enclosure 1, the following is a summary of the key 567C changes.

(a) Beginning Segment for Contract Completion Status (1/BC07/020) – Add action codes for "CL – Closed" and "2 – Change (Update)"

(b) Name Segment (1/N1/030)

1. Add codes to the N101 to identify EDA, AAI, and WAWF.

2. Add codes to the N103 to identify the type of address code for the three new codes being added to N101.

(c) Contact Segment (1/G6101/040) – Add Code AM for Administrator and enter "WAWF" in G6102 to identify WAWF as the responsible official/system that signs the contract completion statement.

(d) Contract Summary Segment (1/CS05/050)

1. Add new Code G to indicate final contract completion statement for automated closeout to differentiate from the normal contract closeouts by the contracting office or the administrative contracting office.

2. Add new Code H to indicate the cancelation of a unilateral purchase order not accepted by the contractor.

d. Revisions to DLM 4000.25 Manuals:

(1) Update the DLMS 567C IC with changes to address the automated contract closeout process. (See Enclosure 1.)
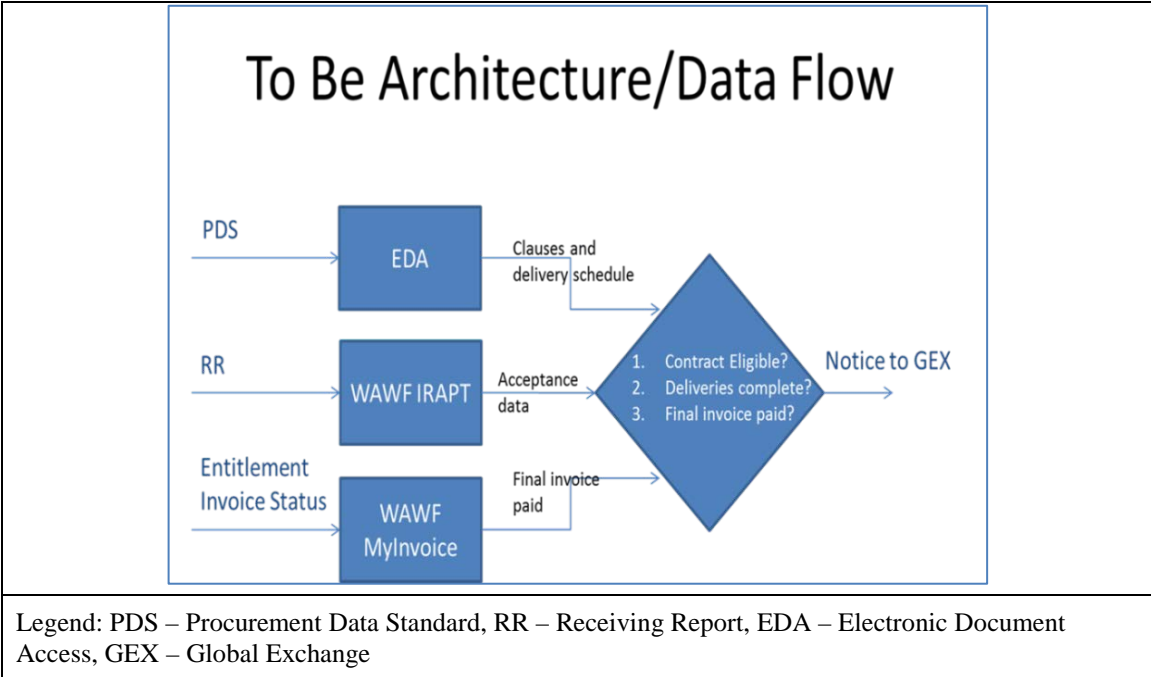
(2) Update DLM 4000.25, Volume 7, Contract Administration. (See Enclosure 2.)

(3) Create a new Appendix for DLM 4000.25, Volume 7 to document the Contract Closeout Status Report code list identified in the DLMS 567C, 1/CS05/050. (See Enclosure 3.)

e. Approved Transaction Flow: Contract offices administering contracts will generate contract completion notices using the DLMS 567C format to be transmitted in accordance with DFARS 204.804 to EDA and financial systems, as well as the traditional routing to procurement offices; the associated procedures are currently available in DLM 4000.25 Volume 7, Chapter 4 Contract Completion Status Reporting. iRAPT will create automated contract closeout notices for contracts that meet the criteria in DFARS 204.804, processing and transmitting them as documented in this approved change.
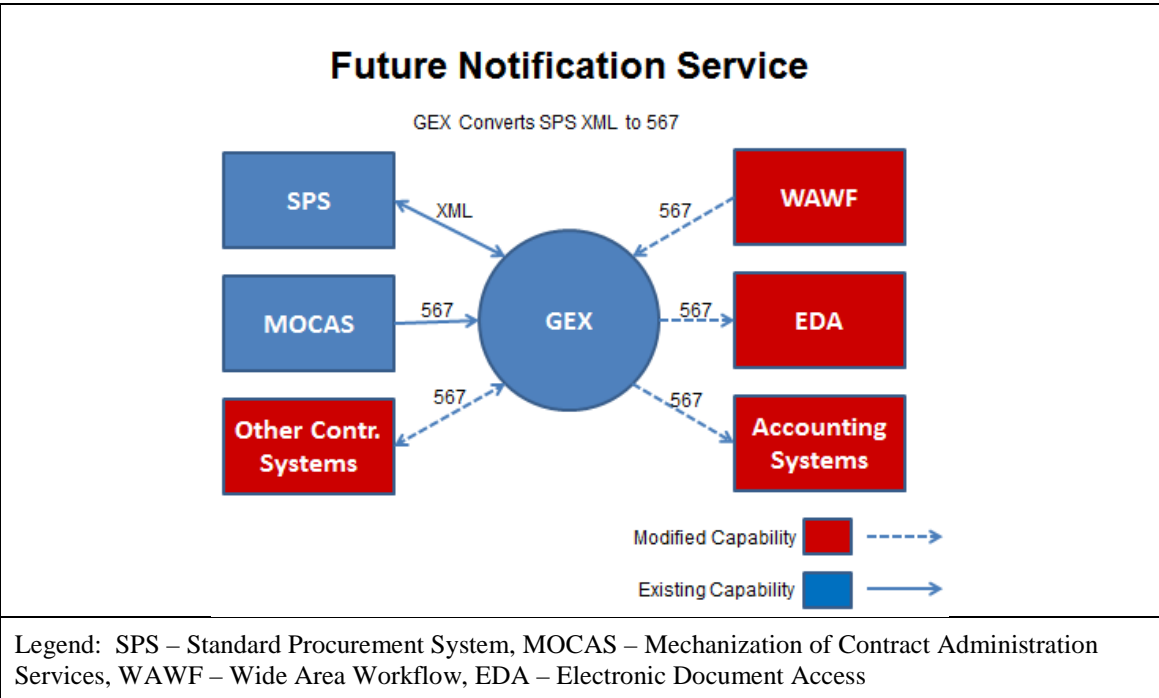
Figure 1 shows the To Be Architecture for the iRAPT Automated Contract Closeout data flow to GEX using the DLMS 567C.

Figure 1. To Be Architecture for Contract Closeout Data Flow

Legend: PDS – Procurement Data Standard, RR – Receiving Report, EDA – Electronic Document Access, GEX – Global Exchange

Future Requirements: The financial accounting piece of the automated closeout will be addressed in a future DLMS change. Adding the financial accounting piece will require identifying the AAI within the body of the transaction. Future notification Services are shown in Figure 2.

Figure 2. Future Notification Services

Legend: SPS – Standard Procurement System, MOCAS – Mechanization of Contract Administration Services, WAWF – Wide Area Workflow, EDA – Electronic Document Access

   f. Alternatives: None identified

5. REASON FOR CHANGE: To support expanded use of the DLMS 567C per DFARS 204.804.

6. ADVANTAGES AND DISADVANTAGES:

    e. <u>Advantages</u>: Enables end-to-end automated process for contract closeout, and an authoritative source for contract records retention.

    f. <u>Disadvantages</u>: None

7. ASSUMPTIONS USED OR WILL BE USED IN THE CHANGE OR NEW DEVELOPMENT: Financial systems will be able to receive the DLMS 567C transaction. EDA will be modified to accept the DLMS 567C transaction.

8. ESTIMATED TIME LINE/IMPLEMENTATION TARGET:

    a. Joint Implementation. Joint implementation by iRAPT and EDA for the identified automated contract closeout changes is scheduled for August 21-23, 2015 based on the WAWF Release 5.7.2 Contract Closeout Deployment Date.

    b. Phased Implementation. Several changes were identified when this ADC was being developed and require a future ECP to be developed by the WAWF/iRAPT PMO:

        (1) The requirement for iRAPT to generate a 567C cancellation to EDA for an updated DLMS 567C to a previously a submitted automated closeout contract action when additional documents are received and a new 60 day parameterized window (paragraph 4.c.(10)) is set.

        (2) The additional addressing requirements identified for the 1/N1/030 to enable addressing within the DLMS 567C transaction for automated contract closeout transactions (paragraph 4.c.(11)(c).

        (3) Cancelation of a unilateral purchase order not accepted by the contractor (paragraph 4.c.(13).

    c. Staggered Implementation. The additional functional requirements identified herein for non-automated closeouts (manual or other than iRAPT) will have a staggered implementation and requires changes to affected Component systems.

        (1) Update to previously non-automated closeout contract action (paragraph 4.c.12).

        (2) Update to route <u>all</u> DLMS 567C contract closeout transactions to EDA regardless of the originating system or method of closeout (paragraph 4.c.12).

        (3) Cancelation of a unilateral purchase order not accepted by the contractor (paragraph 4.c.(13).

9. ESTIMATED SAVINGS/COST AVOIDANCE ASSOCIATED WITH IMPLEMENTATION OF THIS CHANGE: $15.41M annually based on the number of contracts that would move from a manual to an automated closeout process annually, multiplied by the estimated time to manually close a contract, multiplied by an average hourly rate for a GS-12 employee.

10. IMPACT:

  a. **Update to DLMS Data Elements:** Add data elements "Party to Receive Electronic Memo of Invoice", "Administrator", and "Contract Closeout Status Report Codes" to the Logistics Data Resource Management Systems (LOGDRMS) (see Enclosure 4).

  b. **Automated Information Systems (AIS):** While these DLMS changes are primarily limited to WAWF, EDA, and Agency Accounting systems, Component contract writing systems are authorized to receive the DLMS 567C. To do so, Components should coordinate with the iRAPT program office and the GEX.

  c. **DLA Transaction Services:** It is anticipate that the volume of DLMS 567C traffic via the GEX will increase by 300 percent.

  d. **Non-DLM 4000.25 Series Publications:** None identified

11. Proposed DLMS Change (PDC) 1163 Staffing Response/Comment Table:

	Originator	Response/Comment
1.	Air Force	Concur without comment
2.	Army	Concur without comment
3.	DLA	Concur without comment
4.	DLA Transaction Services	Concur without comment
5.	Marine Corps	Concur with comment. **Comment:** How is the contracting office notified of the automatic contract close-out? **DLMSO Response:** Components should coordinate with GEX to receive DLMS 567C. Page 10 in the PDC: c. Automated Information Systems (AIS): While changes in this DLMS change are primarily limited to WAWF, EDA, and Agency Accounting systems, Component contract writing systems are authorized to receive the DLMS 567C. To do so, Components should coordinate with the WAWF program office and the GEX. WAWF PMO Response: There has been talk of a map that would send the 567s to SPS. It would also process closeout notices currently generated by MOCAS on DCMA administered contracts. So far there has been no decision on this.

	Originator	Response/Comment
6.	Navy	Navy concurs with PDC 1163, with the following comment/question: **Comment:** This PDC would require a small change to Navy ERP to modify the inbound 567C to incorporate the new mappings. **Question:** Navy ERP currently receives 567Cs from MOCAS. Will the new mappings also apply to the 567Cs that MOCAS produces? **WAWF Team Response:** This ECP is for WAWF 567C extracts. WAWF will extract a 567C UDF. GEX will translate the UDF into a 567C (4010) X12 and route it based on the WAWF extract. DLMSO Response: MOCAS should implement the Contract Close-out procedures identified in paragraph 4.c.(12) . The procedures are authorized for staggered implementation.
7.	USTRANSCOM	Abstain

Enclosure 1 - Update for the 567C IC Table format Changes

All Federal Notes in DLMS 567C will transition to DLMS Notes.

Item #	Location	567C Contract Completion Statement/ Unclosed Contract Status/Contract Close-out Standard – DLMS IC Revision	Reason
1.	DLMS Introductory Note	Update DLMS Notes 1 and 2: *1. Contract Administration Offices (CAOs) use this transaction set to report to Purchasing Offices (POs), EDA, and financial systems, both closed and unclosed contract file status. POs use this transaction set to request CAOs delay contract file closing. POs use this transaction to report closed status to EDA and financial systems where the POs retain contract administration. Contract file closings are dependent upon contract face values and the attendant administrative costs associated with such contract file closings.* *2. Use a single occurrence of this transaction set to transmit a final ~~CAO~~ contract completion statement for small purchases (usually without payment data), ~~or~~ an interim ~~CAO~~ contract completion statement for large purchases (with or without payment data), ~~or~~ a final ~~CAO~~ contract completion statement for large purchases (must include payment data) to the PO, EDA, and financial systems, ~~or~~ a CAO extension of contract closing to the PO, or a PO request to the CAO for contract closing extension for specified periods of time, or an automated contract closeout systemically generated, such as by Wide Area Workflow. Each 567C transaction set may contain only one (1) of the five reports stated above, to include cancellations thereof. Multiple contract reports are not permitted.*	Updates language in the introductory notes to accommodate the requirements for the automated contract closeout transaction
2.	DLMS Introductory Notes	Add ADC 1163 to DLMS Introductory note 3: *- ADC 1163, Automated Contract Closeout using the DLMS 567C and Update Non-Automated Contract Closeout Procedures using the DLMS 567C (Supply/Contract Administration /Finance)*	To identify DLMS changes included in the DLMS IC.

Item #	Location	567C Contract Completion Statement/ Unclosed Contract Status/Contract Close-out Standard – DLMS IC Revision	Reason
3.	1/BC07/020	Mark as used and add the following codes and DLMS notes: ***CL Closed*** ***DLMS Notes:*** *1. Use to identify a contract closeout action for a contract that qualifies for a system initiated automated contract closeout.* *2. For an automated contract closeout, use of CL Closed, acknowledges compliance with the automated contract closeout transactions statement of authority and eligibility for initiation of the automated contract closeout cited in* **DLM 4000.25, Volume 7**, *Chapter 4, paragraphs C4.11.2 and C4.11.4* *2 Change (Update)* ***DLMS Note:*** *1. Use to identify an update to the initial automated contract closeout action. Use with 1/ LQ02/110 Code K for Cancellation.* *2. Authorized for use by both system initiated automated closeouts (e.g., iRAPT) and non-automated contract closeout action.*	Adds two codes to identify the transaction is used for automated contract closeout and note that 2 Change (Update) may be used for non-automated contract closeout actions
4.	1/N1/030	Add an additional DLMS note *4. DAAS/GEX will forward an image (copy) of all 567C contract closeout transactions to EDA regardless of the originating system or method of closeout.*	A copy of all contract closeout transaction is sent to EDA.
5.	1/N101/030	Add the following new codes and DLMS notes ***EM Party to Receive Electronic Memo of Invoice-*** ***DLMS Note: Use when 1/CS05/050 cites code G to identify Electronic Document Access (EDA) as the transaction set recipient.*** ***CW Accounting Station*** ***DLMS Note: Use when 1/CS05/050 cites code G to identify the Agency Accounting Identifier (AAI) to receive the transaction set. Code set available at*** **https://beis.csd.disa.mil/beis-xml/sfiscombo.xml** ***RGA Responsible Government Agency*** ***DLMS Note: Use when 1/CS05/050 cites code G (Automated Contract Closeout) to identify WAWF-iRAPT as the sender of the transaction set. Enter "WAWF" in N101.***	Follows the core DLMS precept that DLMS transactions should designate originator and recipient addresses.

Item #	Location	567C Contract Completion Statement/ Unclosed Contract Status/Contract Close-out Standard – DLMS IC Revision	Reason
6.	1/N103/030	Add the following new codes and DLMS notes *PI Payor Identification* *DLMS Note: Use with N101 Code CW to identify the Agency Accounting Identifier (AAI) in WAWF-iRAPT Automated Contract Closeout transactions.* *93 Code assigned by the organization originating the transaction set* *DLMS Note: Use with N101 Code RGA to identify WAWF as the sender of the automated contract closeout transaction.* *94 Code assigned by the organization that is the ultimate destination of the transaction set* *DLMS Note: Use with N101 Code EM to identify Electronic Document Access as the recipient of all Contract Closeout transactions.*	Added for use with the new codes being added in 1/N101/030.
7.	1/G6101/040	Add the following new code and DLMS note: *AM Administrator* *DLMS Note: When BC07 is code CL or 2, use to indicate a WAWF automated contract closeout transaction. Enter "WAWF" in G6102.*	Adds specific code to identify the transaction as an automated contract closeout.
8.	1/CS05/050	Update existing Federal note to DLMS note, add the following codes and note to the existing list, renumber DLMS Notes as necessary. DLMS Note: For a list of available codes, see DLM 4000.25 Volume 7, Appendix 1 – Contract Closeout Status Report Codes *G Final contract completion statement for automated contract closeouts (by WAWF-iRAPT systemically)* *H Cancelation of a unilateral purchase order not accepted by the contractor*	Identifies the type of contract closeout status report

Enclosure 2

DLM 4000.25 Volume 7, Chapter 4 Contract Completion Status Reporting Updates

The following paragraphs are updated as indicated. Insertions are identified by *red, bold, italics*. Deletions are identified by ~~double strikethrough~~.

C4.1 <u>GENERAL</u>

    C4.1.1. <u>Purpose</u>. This chapter prescribes standard procedures for reporting:

        C4.1.1.1. The status of unclosed contracts subsequent to physical completion,

        C4.1.1.2. Major events leading to the closing of the contract files by the Contract Administration Office (CAO), *the office administering the contract for closeout including where administration is retained by the Purchasing Office (PO),*

        C4.1.1.3. The extension of the contract closeout period by the CAO, ~~and~~

        C4.1.1.4. The extension of the contract closeout period by the ~~Purchasing Office (PO)~~*,*

        C4.1.1.5. The execution of an automated contract closeout,

        C4.1.1.6. The update of a previously submitted contract closeout, and

        C4.1.1.7. The final closeout of a cancelled contract in EDA.

[Intervening paragraphs not shown]

    C4.1.4. <u>Contract Completion Statements</u>. Each CAO-issued DLMS 567C may include only one contract completion statement, ~~unclosed contract status~~, ~~or~~ ~~cancellation~~*, automated contract closeout, update to an initial automated contract closeout, cancellation of a closeout action, or final closeout of a cancelled contract in EDA*. The PO-issued DLMS 567C may include only one contract closeout extension. Multiple contract completion statements within a single DLMS 567C transmission are not permitted at this time.

[Intervening paragraphs not shown]

C4.5. <u>CONTRACT COMPLETION STATEMENT</u>

    C4.5.1. <u>Purpose</u>. The contract completion statement is the DFARS-authorized electronic version of the <u>DD Form 1594</u> (Reference 3.g.), Contract Completion Statement. It is the means by which the CAO informs the PO (or designated Automatic Data Processing (ADP) point) of the major events of physical completion, final payment, and/or closure of the CAO contract file. For all contracts, a final contract completion statement is the basis for the PO to closeout its contract file. *For contracts with a total value of under $500,000, the closeout process is automated per FAR 4.804-5(a) and DFARS 204.804-3, see section C4.11. Automated Contract Closeout for additional information.*

[Intervening paragraphs not shown]

C4.5.5. Unliquidated Amount. The unliquidated amount is money that was obligated on the contract but not spent. In all cases, the final contract completion statement must include any unliquidated amount that remains on the contract or order after final payment has been made. The unliquidated amount is the remainder of the accumulated amounts paid, as netted by all collections, subtracted from the amount obligated on the contract by any contract modifications, and adjusted by deductions and all variance codes. The unliquidated amount *must* be conveyed in the AMT data segment of the CS loop in the DLMS 576C and will appear only when an unliquidated amount remains on the contract.   The accountable activity must reclaim this money before the PO closes the contract.

[Intervening paragraphs not shown]

C4.7.6. Exception to Closure. A contract file *must* not be closed if the contract is in litigation or under appeal; or in the case of a termination, all termination actions have not been completed. See FAR 4.804-1(c).

[Intervening paragraphs not shown]

C4.10.2. Uses. As discussed in sections C4.4., C4.5., ~~and~~ C4.6, *and C4.11*., there are ~~six~~ *eight* uses of the contract completion status transaction[1]. Each use is identified by a code in the 1/CS05/050 data element.

[Intervening paragraphs not shown]

C4.10.2.4. iRAPT. The final contract completion statement for automated contract closeouts (Code G).

C4.10.2.5. Multiple Users. Final closeout for a cancelled contract (Code H).

C4.10.3.1. To/From Code. The 1/N1/030 segment precedes the 1/CS/050 loop, and with two iterations, carries the Code FR (from) and the Code TO (to); these will be the appropriate PO and CAO that will be common to all records in a given transaction set. *DAAS/GEX will forward an image (copy) of all 567C contract closeout transactions to EDA regardless of the originating system or method of closeout. Refer to ADC 1163. See C4.11.8 for N1 segment addressing for automated contract closeout procedures.*

[Intervening paragraphs 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 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 204.804-3), automated contract closeout allows a system to initiate and execute the closeout action.

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[1] Refer to Volume 7, Appendix 1 (ADC 1163)

C4.11.3. Eligibility Requirements.[2] *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 will be created within the Automated Contract Closeout module to enable contracts to be placed on hold. 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.*

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[2] Refer to ADC 1163, Update DLMS 567C Automated Contract Closeout.

C4.11.4. Initiation of Automated Contract Closeout. If the eligibility requirements are met, automated contract closeout can be initiated once deliveries are complete and the final invoice is paid.

C4.11.4.1. A 60-day parameterized window will be established once deliveries are complete and the final invoice is paid.

C4.11.4.2. If a document is received during the 60-day window, a new 60-day window will be set based on the following:

C4.11.4.2.1. If a new shipment document is received, the new window will start upon that document becoming "processed" in WAWF.

C4.11.4.2.2. If a new invoice is received, the new window will start upon receipt of the MyInvoice transaction reflecting "paid."

C4.11.4.3. At the end of the final 60-day window, the DLMS 567C will be released to EDA via the GEX.

C4.11.5. Authority and Eligibility Statement. The automated contract closeout transactions statement of authority and eligibility for initiation of the automated contract closeout cited in C4.11.2 and C4.11.4 will be included by reference in the automated contract closeout transaction when using 1/BC07/020, code CL – Closed.

C4.11.6. Generating Updates to Automated Contract Closeout

C4.11.6.1. If additional documents are received after the transmission of the Automated Contract Closeout to EDA, a new 60-day parameterized window to monitor for additional transactions that would impact the closeout will be established based upon the following criteria:

C4.11.6.1.1. If a new shipment document is received, the new window will start upon that document becoming "processed" in WAWF.

C4.11.6.1.2. If a new invoice is received, the new window will start upon receipt of the MyInvoice transaction reflecting "paid."

C4.11.6.2. Simultaneous with establishment of a new parameterized window, 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.

C4.11.6.3. At the end of the 60-day period, an updated DLMS 567C will be released to EDA via the GEX. The beginning segment will contain the Action Code 2 to indicate that the transaction is an updated automated contract closeout.

C4.11.7. Name/Place Data for Automated Contract Closeout

         C4.11.7.1. To/From code.[3] The automated contract closeout notices will be distributed electronically using the DLMS 567C transaction set to EDA and applicable Agency Accounting Identifiers (AAI)

         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.

         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

         C4.11.7.4. DAAS/GEX will forward an image (copy) of all 567C contract closeout transactions to EDA regardless of the originating system or method of closeout. Refer to ADC 1163.

C4.12. Cancelation of a unilateral purchase order not accepted by the contractor

         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 cancelation 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.

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[3] *Under the existing design (March 2015), the Automated Contract Closeout transactions will not contain a From and To indicating the sending and receiving organizations for the transaction set and will use the DLMS 567C transaction header envelope and GEX routing rules. This change will have a phased implementation and requires an ECP be developed by the WAWF-iRAPT PMO. Refer to ADC 1163.*

Enclosure 3
DLMS Volume 7, New Appendix AP1

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	Cancelation of a unilateral purchase order not accepted by the contractor

Enclosure 4 – LOGDRMS Core

NAME	PARTY TO RECEIVE ELECTRONIC MEMO OF INVOICE
DEFINITION	PARTY TO RECEIVE ELECTRONIC COPY OF THE CONTRACT CLOSEOUT
DATA CODE CHARACTERISTICS	**TYPE**: ID **MIN**: 2 **MAX**: 3

NAME	ADMINISTRATOR
DEFINITION	A PERSON OR OFFICE TO WHOM COMMUNICATIONS SHOULD BE DIRECTED.
DATA CODE CHARACTERISTICS	**TYPE**: ID **MIN**: 2 **MAX**: 2

NAME	CONTRACT CLOSEOUT STATUS REPORT CODES
DEFINITION	USED IN THE DLMS 567C CONTRACT COMPLETION STATEMENT/UNCLOSED CONTRACT STATUS/CONTRACT CLOSEOUT TO IDENTIFY THE TYPE AND PURPOSE OF THE TRANSACTION.
DATA CODE CHARACTERISTICS	**TYPE**: ID **MIN**: 1 **MAX**: 1