

Canceling funds in Baltimore

Patrick Tremblay | DCMA Public Affairs



Members of the 80-person strong Contracts Operations Group gather at the Defense Contract Management Agency Baltimore. The team includes administrative contracting officers, contract administrators and procurement technicians. Last fiscal year they saved Department of Defense customers 97 percent of their at-risk funds – nearly \$43 million – through diligent canceling funds efforts. (Photo illustration by DCMA Public Affairs)

The contracting staff at Defense Contract Management Agency

Baltimore has a lofty job this fiscal year – tackle more than \$70 million in at-risk funds. Failure to address them could mean the customer’s loss of their use.

At-risk funds are funds assigned to existing contracts set to cancel at the end of the fiscal year. “It can be a significant part of the workload,” said Kelly Gustafson, one of 20 administrative contracting officers at DCMA Baltimore. Gustafson also serves as the process owner for the canceling funds function at the contract management office, and

estimates about 40 percent of her work is in canceling funds.

The office is responsible for a diverse area including Maryland, the District of Columbia and part of West Virginia. The office’s Contract Operations Group, made up of administrative contracting officers, contract administrators and procurement technicians, is responsible for administering a large volume of contracts that range by type and complexity. The entire group works on canceling funds.

Each October the contract management office receives a new list of funds set to become unavailable at the end of the fiscal year. “Our mission is to work with the contractors, buying activities and other

Department of Defense agencies to ensure these funds are saved by the deadline,” said Gustafson. “Canceling funds allows us to help the customer be a proper steward of their annual budget.”

This means one of two things must happen to the funds. “Either the contractor has to arrange to bill for the funds prior to the end of the year, or they have to give us permission to de-obligate the funds,” Gustafson said. De-obligation allows the buying activity, or customer, to maintain control of the funds, and either redirect or return them.

Each administrative contract officer has a portfolio of contracts, or CAGE (commercial and government entity)

codes, they are responsible for shepherding through the canceling process.

“This year I have \$10 million in funds in my cage codes,” said Gustafson, who came to the agency in 2007 through the Keystone intern program. “We solicit help from the contract administrators, and everyone in the Contract Operations Group assists with the process.”

The program requires regular communication with various stakeholders, including the Defense Finance and Accounting Service, procuring contract offices, customer liaisons and defense contractors.

“This is an area where our work continues to grow,” said Dave Appold, one of two contracts chiefs at the office. “Our folks do an outstanding job of identifying, engaging early and using the latest data to save the buying entity money.”

Appold and fellow contract chief Marcella Parish oversee DCMA Baltimore’s contracts group of about 80 professionals. The group manages roughly 20,000 contract accounting classification reference numbers, or ACRNs, each with the potential to include canceling funds. Over the past three years, the total of these has grown.

The agency-wide metric is to save 90 percent of canceling funds, either by facilitating their billing during the current fiscal year or by having the contractor

de-obligate the funds so the customer can regain their control. DCMA Baltimore has exceeded the agency’s goal in the past two years.

“In fiscal year 2010, we saved 97 percent of \$20 million in canceling funds,” said Gustafson. “In 2011, it was \$42.9 million, and we saved 96.6 percent.”

The current fiscal year has an even larger number - \$73.5 million. More than \$66 million of this has an elevated classification, meaning the customer has to use the at-risk funds during the current year or lose them altogether.

Mark Brown, DCMA Baltimore’s deputy director, arrived at the office in December 2011. He came from a contract management office that had \$12 million in canceling funds in fiscal year 2011.

“I was a bit shocked when I initially was briefed on our fiscal year 2012 goal of \$73.5 million here,” said Brown. “While it will be a significant challenge, we have an outstanding team of contracting professionals and solid processes that will allow us to accomplish our goal. CMO leadership has significant involvement in the program and we’re ready to engage with senior officials in industry and the buying commands, as needed. We have a plan, and we’re working it.”

Charlene Ivey, DCMA Baltimore director, said the canceling funds team had a huge success last year. “By saving

nearly \$43 million in canceling funds, DCMA Baltimore’s Contract Operations Group enabled various buying activities throughout the country to utilize these funds to re-procure needed and valuable Defense Department supplies and services.”

The contracts chiefs, Appold and Parish, report the group’s progress to the director monthly, then weekly as the fiscal year nears its end. Several times a year the entire team will meet, with each member briefing the director on individual progress. Ivey said this gives the diligent team the attention they deserve.

“The first time we held meetings with the CMO director everyone was nervous. Now they really look forward to it,” said Ivey. “It’s a great opportunity for each to see how an individual’s work adds to the larger success of the canceling funds program and the CMO.”

This year, Brown started meeting with the entire team early in the fiscal year to ensure they had a clear path forward and a solid plan to address the larger number of canceling funds.

Brown said, “This gives the group an opportunity to identify directly to management where we can assist in the progress and step-in to elevate concerns to buying activities, program offices and DFAS.”

The DCMA Baltimore Contract Operations Group will be recognized for outstanding contributions in stewardship to the Department of Defense, including the canceling funds program, at the Baltimore Federal Executive Board’s 2012 Excellence in Federal Career Awards. 



Al Szekretar, a contracts section supervisor at the Defense Contract Management Agency Baltimore, reviews a document with Aundre Holmes and Kelly Gustafson, both administrative contracting officers, and Veneta Magwood, a procurement technician. The four are among 80 contract professionals at the contract management office who work canceling funds to help Defense Department customers be good stewards of their budgets. (Photo by Patrick Tremblay, DCMA Public Affairs)