DEFENSE CONTRACT MANAGEMENT AGENCY
3901 ADAMS AVENUE, BUILDING 10500
FORT GREGG-ADAMS, VA 23801-1809

MEMORANDUM FOR COMPONENT HEADS   September 30, 2024

SUBJECT: DCMA Policy-type Memorandum 24-004, "Changes to DCMA Manual 2501-07, 'Contract Closeout'"

References: DCMA-MAN 2501-07, "Contract Closeout," January 13, 2019, as amended
DCMA-MAN 4501-01, "Agency Issuance Program," March 18, 2024

Purpose.

This DCMA Policy-type Memorandum (DCMA-PTM) amends DCMA Manual (DCMA-MAN) 2501-07, "Contract Closeout."

- This DCMA-PTM corrects Section 17.1 in DCMA-MAN 2501-07. It is necessary to issue this DCMA-PTM in response to an Agency level corrective action plan for FIAR audit findings in accordance with DCMA-MAN 4501-01, "Agency Issuance Program."

- During the FY24 DCMA Contract Pay System and Organization Controls engagement, the DCMA Financial Improvement Audit Remediation (FIAR) external auditor selected 45 closed contracts for review and found the following deficiencies in contract closeout:

  o The contracting officer signed the closeout checklist **after** closure for 12 contracts.

  o DCMA management could not provide evidence demonstrating when the contracting officer signed the closeout checklist for 1 closed contract.

- The external auditor issued a Notice of Finding and Recommendation due to contract closeout checklists signed after contract closure.

- DCMA-AQC, Contracts/Pricing, Policy and Processes Division, created an Integrated Product Team (IPT) consisting of members from the DCMA FIAR and IET Office, DCMA-AQC Policy, DCMA-AQI, DCMA-AQX, and subject matter experts from the Contract Closeout workgroup to review the audit findings. The IPT recommended corrections to the Contract Closeout Manual. These corrections are needed to be made immediately to ensure the Agency achieves a favorable FY25 FIAR audit.

Applicability.

This DCMA-PTM applies to all DCMA activities unless higher-level regulations, policy, guidance, or agreements take precedence.

Policy.

- It is DCMA policy that:

    o Contracts will be closed using the Agency closeout tool. The Agency closeout tool is currently the Contract Closeout (CCO) Module in the Procurement Integrated Enterprise Environment (PIEE).

    o A contract closeout checklist (CCO worksheet in PIEE or DD Form 1597) is used to ensure all applicable closeout actions have been completed.

Responsibilities.

- Administrative Contracting Officer (ACO)/Contract Administrator (CA).

    The ACO/CA will take immediate actions to implement the changes to Section 17.1. of the Contract Closeout Manual by starting the CCO worksheet when the contract is physically complete.

- DCMA-AQC Contract Closeout Policy Owner/Action Officer.

    The DCMA Contract Closeout Policy Owner, with assistance from subject matter experts, will provide training in an upcoming 1102 forum or other setting (Contracts Director's call or Let's CONnect) to notify ACO/CAs of the changes.

Procedures.

- Current language in DCMA-MAN 2501-07, Section 17.1:

    17.1. FINAL PAY NLA/PK9. Once all required closeout actions are complete and the checklist is completed and signed, the ACO must close the contract in MOCAS [Mechanization of Contract Administration Services] using the Contract Closeout Application. The closeout checklist must be signed by the ACO prior to closing the contract either manually or in the tool. MOCAS will generate a NLA when final payment is processed for Part A contracts. The ACO/CA will verify the Final Pay NLA [Notice of Last Action] was issued. MOCAS will automatically generate a PK9, Contract Completion Statement, to notify the Buying Activity the contract is closed. If the PK9 does not transmit, the ACO must complete a DD Form 1594, to notify the PCO/buying activity that the contract is closed.

- Section 17.1. is amended to read as follows:

17.1. FINAL PAY NLA/PK9.

The expectation is the ACO will start the CCO worksheet in PIEE, when the contract is physically complete (moves to Section 2). The ACO should make every attempt to utilize the PIEE CCO module to document the actions taken, sign the worksheet, and close the contract. If MOCAS closure is utilized, refer to Paragraph 17.1.c.

    a. **Available Tools.**

Refer to the training section on the Contract Closeout resource page for available tools to track closeout status.

    b. **Final voucher processing.**

All applicable fields must be completed on the CCO checklist, indicating all terms and conditions of the contract have been met, prior to approving the final voucher. If the ACO anticipates a delay in final payment processing, a method to prevent the contract from closing, is to input R9 64 code in MOCAS.

    c. **MOCAS Manual Closure Process.**

The CCO worksheet must be completed and signed within 30 calendar days after the contract closed. If unable to complete the CCO worksheet in PIEE, a manual DD Form 1597, "Contract Closeout Checklist," or image of the CCO worksheet must be completed, signed, dated electronically, with a copy stored in the official contract file.

    d. **Final NLA and PK9**.

MOCAS will generate a NLA when final payment is processed for Part A contracts. The ACO/CA will verify the Final Pay NLA was issued. MOCAS will automatically generate a PK9, Contract Completion Statement, to notify the Buying Activity the contract is closed. If the PK9 does not transmit, the ACO must complete a DD Form 1594, to notify the PCO/buying activity that the contract is closed.

Labor Codes.

Located on Resource Page

Resource Page.

https://dod365.sharepoint-mil.us/sites/DCMA-BCF-CALM/SitePages/2501-07r-Contract-Closeout-.aspx

Releasability.

- **Cleared for public release.**

Effective.

- This DCMA-PTM is effective immediately and will be incorporated into DCMA-MAN 2501-07, "Contract Closeout," This DCMA-PTM will expire effective 12 months from the date of issuance.

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