

GSA ORDER

Subject: General Services Administration Acquisition Manual; GSAM Case 2020-G520, Updated Contract Closeout Procedures

- Purpose. This order transmits a revision to the General Services Administration Acquisition Manual (GSAM) to update contract closeout procedures.
- Background. The Federal Acquisition Regulation (FAR) provides guidance to agencies on how to close out government contract files at FAR 4.804, which lists various requirements that must be met. The GSAM at 504.804-5 supplements the closeout procedures identified in the FAR with additional guidelines that were originally published in Senior Procurement Executive (SPE) memo SPE-2006-05-11. This memo is currently expired and parts of the current GSAM section need to be updated. The GSA Office of the Chief Financial Officer (OCFO) published the Accounts Payable Policy Manual CFO 4252.1C in 2017, which updated much of the GSAM and SPE memo language. Notably, the OCFO Manual provides more detail on the procedures GSA must use to deobligate residual funding balances. In order to ensure timely financial reconciliation and dispositions, revised GSAM guidance was needed and is included in these changes.
- Effective date. July 6, 2021.
- Explanation of changes. This amendment includes non-regulatory changes. For full text changes of the amendment see Appendix A, GSAM Text Line-In/Line-Out.

This amendment revises the language of the following GSAM subparts, changes summarized below:

GSAM 504.804-5 (Procedures for closing out contract files):

- 504.804-5(a) - Deletes current text entirely and replaces it with directions that contracting officers have 14 calendar days from receipt of evidence of physical completion to input a status of “physically complete” (or similar) in any applicable contract administration system.

- 504.804-5(b) - Deletes current text entirely and replaces it with directions that contracting officers have 14 calendar days to determine any outstanding financial balances and reconcile those balances. Additionally, any balance greater than \$100,000¹ must be communicated to OCFO.
- 504.804-5(c) - Removing section in its entirety.
- 504.804-5(d) - Removing section in its entirety.
- 504.804-5(e) - Removing section in its entirety.
- 504.804-5(f) - Removing section in its entirety.

5. Cancellation. None.

6. Point of contact. For clarification of content, contact Mr. Bryon Boyer or Ms. Saroja Koneru, GSA Acquisition Policy Division, at gsarpolicy@gsa.gov.

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¹ This dollar figure represents a specific request from OCFO to tie to dollar amounts for their “materiality” standards, which are unrelated to any acquisition thresholds, including the Simplified Acquisition Threshold and Micro Purchase Threshold.

GSAM Text, Line-In/Line-Out

GSAM Baseline: Change 128 effective 06/22/2021

- Additions to baseline made by rule are indicated by [bold text in brackets]
- Deletions to baseline made by rule are indicated by strikethroughs
- Five asterisks (* * * * *) indicate that there are no revisions between the preceding and following sections
- Three asterisks (* * *) indicate that there are no revisions between the material shown within a subsection

Part 504—Administrative Matters

Subpart 504.8—Government Contract Files

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504.804 [Reserved] [Closeout of contract files.]

504.804-5 Procedures for closing out contract files.

(a) **[Contracting Officer Responsibilities Upon Evidence of Physical Completion.** Upon receipt of evidence of physical completion of a contract, the contracting officer must, within 14 calendar days, ensure input of the status of “physically complete” (or similar) into any contract administration and/or financial systems applicable to the contract.] ~~HGAs are directed to take appropriate steps to ensure that physically completed contracts are formally closed in accordance with the procedures at FAR 4.804, GSAM 504.804-5, and guidelines provided below for simplified acquisitions and contracts with residual balances. HGAs are reminded that when closing out contract actions at FAR 4.804-1(a)(2), (3), and (4), the contracting officer shall use the closeout procedures at FAR 4.804-5. However, these closeout actions may be modified to reflect the extent of administration that has been performed. Contracting activities that have supplemented the FAR procedures with instructions pertinent to the specific contract types, business systems, and resources employed are encouraged to continue the use of such supplements.~~

(b) **[Contracting Officer Responsibilities To Reconcile Financial Balances of Physically Completed Contracts.**

- (1) Upon receipt of evidence of physical completion of a contract (including those contracts using simplified acquisition procedures), the contracting officer must, within 14 calendar days, determine if any outstanding financial balance exists. The contracting officer may request, as needed, information from the Office of the Chief Financial Officer (OCFO).
- (2) The contracting officer must reconcile any outstanding balances (e.g., through discussing final billings with contractors, descoping, deobligating funds, cancelling the

contract in whole or in part, or terminating the contract in whole or in part, as applicable). The contracting officer must then take the necessary corrective actions to resolve such financial balances, in coordination with OCFO as needed.

~~Contracting officers must be vigilant and proactive with respect to proper contract closeout procedures. They must not allow completed contracts to remain open indefinitely or allow a failure to conduct timely closeout to violate regulatory or statutory requirements, or negatively impact GSAs accurate and timely financial reporting.~~

(3) Contracting officers must notify OCFO within 30 days of receipt of evidence of physical completion, of all known or anticipated excess financial balances remaining that meet or exceed \$100,000, that have not previously been communicated to OCFO through other means such as regular OCFO data calls. Excess financial balances are any known or anticipated financial balances after receipt and payment of the final invoice or billing from the contractor (e.g., the amount expected remaining to be deobligated or descoped by the contracting officer).]

~~(c) Under FAR 4.804-1(a)(1), the contracting officer only needs evidence of receipt of goods and services and final payment to closeout the contract files. For contracts awarded under the simplified acquisition procedures, contracting officers shall ensure that the contract award document and the statement of work includes the following statement:~~

~~“For payment purposes, the contractor shall mark its final invoice for payment as Final Invoice for Payment.”~~

~~(1) For task and delivery orders awarded under these procedures, the orders shall also include the statement above.~~

~~(2) Contracting officers shall instruct contracting officer representatives or project managers receiving supplies and services under the simplified acquisition procedures to forward copies of the receiving report and final invoice to the contracting officer for contract close-out purposes.~~

~~(d) Cancellation of open items with residual balances.~~

~~(1) Open item balances (remaining) of \$100,000 and below should be canceled if deemed invalid following the procedures below. Service and Staff Office (SSO) funds managers (persons certifying the availability of funds) will have the authority and responsibility to cancel balances if deemed invalid. Only valid obligations should be retained in the financial accounting system.~~

~~(2) The following procedures should be followed to cancel invalid obligations:~~

~~(i) The SSO funds managers will generate a list of proposed deobligations and present it to the contracting officer and his/her director for review and approval.~~

~~(ii) The contracting officer or director shall respond to the SSO funds manager within 45 days, justifying in writing why any open item on the list should not be canceled.~~

~~(iii) If the funds manager receives no response from the contracting officer, the funds manager is authorized to take appropriate steps to deobligate the open items in the accounting and business systems.~~

~~(iv) When a contracting officer approves the cancellation of obligation under items b or c, above, the contracting officer shall prepare the appropriate documents necessary (e.g., contract modification) for the contract file.~~

~~(e) These actions by the SSO funds managers shall be considered an internal financial accounting action and shall have no bearing on the Government's rights and duties under the contracts until the contracting officer officially closes the contract.~~

~~(f) *Non-contracting officer acquisitions.* For newly created open items that did not require the signature of a contracting officer (GSAM 501.603-1(f)) the funds manager has the authority to correct or cancel any open item not deemed valid. Examples of such document types include micropurchases using the governmentwide commercial purchase card, internal GSA orders and security clearances (e.g., IX, IY, GX). The funds managers should follow the financial systems procedures outlined in this memorandum for cancellation and should inform the originator of the open item of the cancellation.~~

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