

AGAR ADVISORY

UNITED STATES DEPARTMENT OF AGRICULTURE
OFFICE OF PROCUREMENT AND PROPERTY MANAGEMENT
AGAR ADVISORY NO. 93.

Guidance on Contract Closeout and Unliquidated Obligations

1. SUMMARY

This AGAR Advisory establishes additional procedures for contract closeout in support of the proper deobligation of unliquidated obligations (ULOs) following the end of contract performance or contract termination. These procedures are being initiated in response to a recent OMB A-123 assessment that found significant weakness in the deobligation process at USDA and that contract closeout was an area for identifier improvement.

2. REFERENCES

- a. Departmental Regulation (DR) 2230-001, Reviews of Unliquidated Obligations, requires that contracting staffs and financial officers of USDA agencies coordinate activities regarding the deobligation of unliquidated obligations. The DR specifies the steps that officials must follow. DR 2230-001 may be accessed at <http://www.ocio.usda.gov/directives/doc/DR2230-001.htm>.
- b. Closeout requirements are included in the Federal Acquisition Regulation (FAR) at FAR Section 4.804, Closeout of Contract Files, and FAR Section 42.708, Quick-Closeout Procedure.

3. ACTION

Each contracting activity shall complete the following actions:

- a. Establish a written contract closeout procedure consistent with the FAR, which incorporates the deobligation of funds as specified in DR 2230-001.
- b. Develop and utilize a contract closeout checklist based on these procedures and retain this checklist in the contract file.
- c. Provide training in contract closeout to those contract specialists responsible for closeout activities.
- d. Submit copies of the contract closeout procedure and checklist to OPPM Procurement Policy Division (PPD), attention Donna Calacone, at Donna.Calacone@usda.gov by **March 31, 2010**.

AGAR Advisories are posted on the USDA World Wide Web site at the following URL: <http://www.da.usda.gov/procurement/policy/advisories.html>. If you have questions or comments regarding this advisory, please contact Donna Calacone by telephone at (202)205-4036 or email at Donna.Calacone@usda.gov or send an email message to: procurement.policy@usda.gov.

EXPIRATION DATE: Effective upon issue date until canceled.

[END]