



OFFICE OF THE UNDER SECRETARY OF DEFENSE

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ACQUISITION AND
TECHNOLOGY
DP (DAR)

August 30, 1999

In reply refer to
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MEMORANDUM FOR DIRECTORS OF DEFENSE AGENCIES
DEPUTY FOR ACQUISITION AND BUSINESS MANAGEMENT,
ASN(RD&A)/ABM
DEPUTY ASSISTANT SECRETARY OF THE AIR FORCE
(CONTRACTING), SAF/AQC
DEPUTY ASSISTANT SECRETARY OF THE ARMY (PROCUREMENT)
EXECUTIVE DIRECTOR FOR PROCUREMENT MANAGEMENT (DLSC/DLA)

SUBJECT: Class Deviation--Deobligation Authority for the
Administrative Contracting Officer

Effective immediately, all Department of Defense (DoD) contracting activities shall deviate from the requirements of Federal Acquisition Regulation (FAR) 4.804-5 and 42.302 when closing out contract files. FAR 4.804-5 and 42.302 do not include deobligation of excess funds as a function normally delegated to the contract administration office.

DoD contracting activities shall use the attached modified FAR language. The modified FAR language revises FAR 4.804-5 and 42.302 to establish deobligation of excess funds as one of the contract administration functions normally delegated to the contract administration office.

This class deviation is effective until the FAR is revised.

Eleanor R. Spector
Director, Defense Procurement

Attachment:
As stated

cc: DSMC, Ft. Belvoir

ENCLOSURE(1)

SEP 1 1999



4.804-5 ~~Detailed~~ ~~p~~[P]rocedures for closing out contract files.

(a) The ~~office administering the contract~~ [contract administration office] is responsible for initiating (automated or manual) administrative closeout of the contract after receiving evidence of its physical completion. At the outset of this process, [the contract administration office must] ~~an initial~~ [review the] contract funds status review ~~shall be accomplished, and where appropriate, excess funds identified to the contracting office~~ [and notify the contracting office of any excess funds the contract administration office might deobligate]. When complete, the administrative closeout procedures ~~shall~~[must] ensure that-

- (1) Disposition of classified material is completed;
- (2) Final patent report is cleared;
- (3) Final royalty report is cleared;
- (4) There is no outstanding value engineering change proposal;
- (5) Plant clearance report is received;
- (6) Property clearance is received;
- (7) All interim or disallowed costs are settled;
- (8) Price revision is completed;
- (9) Subcontracts are settled by the prime contractor;
- (10) Prior year indirect cost rates are settled;
- (11) Termination docket is completed;
- (12) Contract audit is completed;
- (13) Contractor's closing statement is completed;
- (14) Contractor's final invoice has been submitted; and
- (15) Contract funds review is completed and ~~deobligation of any excess funds is recommended~~ [deobligated].

(b) When the actions in paragraph (a) of this subsection have been verified, the contracting officer administering the contract ~~shall~~[must] ensure that a contract completion statement, containing the following information, is prepared:

- (1) Contract administration office name and address (if different from the contracting office).
- (2) Contracting office name and address.
- (3) Contract number.
- (4) Last modification number.
- (5) Last call or order number.
- (6) Contractor name and address.
- (7) Dollar amount of excess funds, if any.
- (8) Voucher number and date, if final payment has been made.

(9) Invoice number and date, if the final approved invoice has been forwarded to a disbursing office of another agency or activity and the status of the payment is unknown.

(10) A statement that all required contract administration actions have been fully and satisfactorily accomplished.

(11) Name and signature of the contracting officer.

(12) Date.

(c) When the statement is completed, the contracting officer shall[**must**] ensure that-

(1) The signed original is placed in the contracting office contract file (or forwarded to the contracting office for placement in the files if the contract administration office is different from the contracting office); and

(2) A signed copy is placed in the appropriate contract administration file if administration is performed by a contract administration office.

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42.302 Contract administration functions.

(a) [**The contracting officer normally delegates**] ~~¶[t]he~~ following contract administration functions ~~are normally delegated~~ to a CAO. The contracting officer may retain any of these functions, except those in paragraphs (a)(5), (a)(9), and (a)(11) of this section, unless [**the cognizant Federal agency (see 42.001) has designated**] the contracting officer ~~has been designated to perform these functions by the cognizant Federal agency (see 42.001).~~

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[(70) Deobligate excess funds after final price determination.]