



# Office of State Procurement

## *Contract Closeout Procedure*

### Agency Training

# Overview

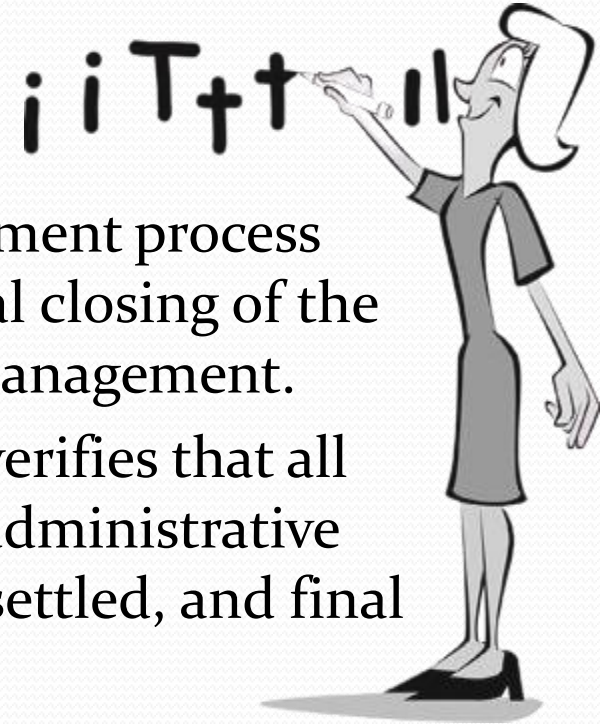
- What is Contract Closeout and what is its role in Contract Management?
- When should Contract Closeout occur?
- Why is Contract Closeout important and what are some potential benefits of having a procedure in place?
- How does OSP manage Contract Closeout?





# Contract Closeout Procedure

- What is contract closeout?
  - Final action taken in the Contract Management process that at its conclusion ends with the physical closing of the contract file and its removal from active management.
  - An effective Contract Closeout procedure verifies that all the terms of a contract have been met, all administrative actions have been completed, all disputes settled, and final payment has been made.
  - It also allows for a final review of a file to ensure compliance with all contract management and other required policies and procedures have been followed.



# Contract Closeout Procedure

- When is a contract ready to be closed?
  - It is **NOT** necessarily when the contract period expires!
- All of the following should be true prior to a contract closure being finalized:
  - All services have been satisfactorily performed and/or all products have been delivered and accepted.
  - Final payment has been made.
  - Any outstanding complaints, deficiencies, etc. are resolved.
  - Any contractually required documents, reports, etc. have been provided.
  - All property, inventory and ownership issues are resolved (e.g. rented equipment or State-owned property being returned).

# Contract Closeout Procedure

- Why is having an effective Contract Closeout procedure important?
  - It ensures that both parties fulfilled their contractual obligations.
  - Final review of the contract file can potentially:
    - Reduce audit findings
    - Ensure that outstanding funds are unencumbered
    - Be used to assess the success of the contract and lessons learned for future contracting
  - Reduces the number of open contract files needing management.



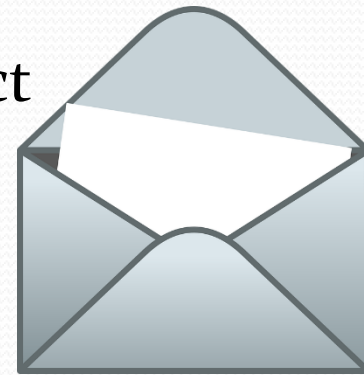
# OSP Contract Closeout Process

- When do we start?
  - SPAs typically begin working on closeout thirty (30) days prior to final expiration of Contract.
    - This may vary depending on the complexity of the contract.
    - Starting early allows for any issues that may delay contract closeout to be addressed in a timely manner.



# OSP Contract Closeout Process

- How do we begin?
  - SPAs initiate this process by emailing a Contract Closeout Notification Letter to the Vendor.
  - The letter typically covers:
    - Official notification of the contract end date
    - Notification of any outstanding reporting requirements, documents, etc. and a requested due date.
    - A request that the Contractor notify our office of any outstanding issues that they are aware of that will potentially delay the contract closeout (e.g. orders or services not to be completed by the contract expiration date) and if possible an anticipated timeframe for their resolution.



# OSP Contract Closeout Process

- What else is required?
  - SPAs complete a Contract Closeout Checklist that ensures that they have verified:
    - The file is organized per OSP's internal policy and contains all required documentation
    - All Purchase Orders/Invoices were submitted and paid
    - All outstanding issues are resolved (e.g. deficiency complaints)
    - All outstanding reports, documents, etc. have been received
    - Contract Performance Evaluation form received from Agency(ies)
    - All property and/or information returned to the appropriate parties (if applicable)
    - Have the commodities/services been re-bid or is there intent to do so



# Routing of Contract Closeout

- Once the SPA verifies all of the required items on the checklist the file is routed to the appropriate management personnel for final closeout approval.
- Upon final approval a Supervisor shall closeout the contract in LaGov and return the file to the SPA.
- After the file is returned to the SPA the following should occur:
  - Analyst should recheck that file is organized properly
  - Analyst should then give the complete contract file to their admin so that it can be filed and stored in the file room.



# Office of State Procurement

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