



OFFICE OF
INSPECTOR GENERAL
U.S. DEPARTMENT OF THE INTERIOR

NATIONAL PARK SERVICE CONTRACT CLOSEOUT PROCEDURES



OFFICE OF
INSPECTOR GENERAL
U.S. DEPARTMENT OF THE INTERIOR

Memorandum

JUL 31 2017

To: Michael T. Reynolds
Acting Director, National Park Service

From: Mary L. Kendall *Mary L. Kendall*
Deputy Inspector General

Subject: Final Audit Report – National Park Service Contract Closeout Procedures
Report No. 2016-CG-068

This memorandum transmits the findings of our audit of the National Park Service's (NPS) contract closeout procedures. We offer six recommendations to help NPS develop and implement policies, procedures, and processes to ensure compliance with closeout requirements, identify unliquidated obligations for excess funds, and eliminate its backlog of unclosed contracts.

In its response to our draft report, NPS concurred with all six recommendations (see Appendix 4). We consider three recommendations resolved and implemented, and three recommendations resolved but not implemented (see Appendix 5).

The legislation creating the Office of Inspector General requires that we report to Congress semiannually on all audit, inspection, and evaluation reports issued; actions taken to implement our recommendations; and recommendations that have not been implemented.

If you have any questions concerning this report, please do not hesitate to contact me at 202-208-5745.

Table of Contents

Results in Brief	1
Introduction.....	3
Objective	3
Background	3
Findings.....	4
Contracts Not Closed Within Established Time Standards.....	4
Documenting Physical Completion	5
Contract Completion Statements Not Prepared	7
Contracts Not Reviewed to Identify Excess Funds	8
Excess Obligations on Service Contracts	8
Completed Contracts with Minimal Amounts Obligated	9
Release of Claims Not Obtained When Required.....	10
74 Complete Contracts Not Closed in PRISM.....	11
52 Contract Files Not Adequately Documented	11
Conclusion and Recommendations.....	13
Conclusion.....	13
Recommendations Summary.....	13
Appendix 1: Scope and Methodology.....	15
Scope	15
Methodology	15
Appendix 2: NPS National Capital Region Contracts Reviewed	17
Appendix 3: NPS Denver Service Center Contracts Reviewed.....	19
Appendix 4: Response to Draft Report	21
Appendix 5: Status of Recommendations.....	25

Results in Brief

We audited the National Park Service (NPS) to determine whether it complied with contract closeout requirements established by the Federal Acquisition Regulation (FAR), the U.S. Department of the Interior Acquisition Regulations (DIAR), and NPS acquisition. NPS annually oversees close to \$1.5 billion in contracts. Compliance with closeout requirements is critical for ensuring verification of goods and services provided, validation of final payment and incurred costs, and releasing excess funds for possible use elsewhere.

We reviewed 89 contracts valued at \$33,763,172, and identified deficiencies with contract closeout compliance. Specifically, two contracting offices, the Denver Service Center Contracting Services Division (DSC) and the National Capital Region Acquisition Management Division (NCR), did not—

- close 76 contracts within required time standards, with delays ranging from 19 days to 1,130 days;
- prepare contract closeout statements to verify that required closeout steps had been completed for 64 contracts;
- complete an initial funds review to identify excess funds for deobligation for 54 contracts;
- obtain a release of claims for 10 contracts where the release was required;
- close 74 contracts in the Procurement Information System that had been completed; and
- adequately document 52 contracts.

These deficiencies occurred because NPS did not provide adequate oversight of compliance with closeout requirements, DSC and NCR did not properly prioritize closeout in the contract life cycle, and NPS had inadequate policies and procedures that did not ensure compliance with contract closeout requirements. As a result, DSC and NCR have a backlog of contracts that need to be closed. In addition, DSC and NCR have not deobligated 3.5 percent of the amount we tested. Specifically, DSC and NCR did not deobligate \$568,322 in excess funds in a timely manner and have not deobligated \$626,924 in excess funds that remain obligated on completed contracts.

These \$1,195,246 (\$568,322 plus \$626,924) in excess funds could have been put to better use and could have funded other important NPS projects. We did not perform statistical sample, but if the NPS were to apply the same error rate we identified, we estimate that NPS has about \$52.5 million (\$1.5 billion in contracts annually x 3.5 percent) in funds that could be used for other projects.

We offer six recommendations to help NPS develop policies and procedures to ensure compliance with closeout requirements, implement a process to identify

unliquidated obligations for excess funds, and devise procedures to eliminate backlog of unclosed contracts.

Introduction

Objective

Our audit objective was to determine whether the National Park Service (NPS) complied with the Federal Acquisition Regulation (FAR), the U.S. Department of the Interior Acquisition Regulations (DIAR), and NPS requirements for closing contracts.

The scope and methodology are included in Appendix 1.

Background

Closing a contract includes tasks such as verifying goods and services were provided and making final payment to the contractor. Contract closeout is important because it enables the U.S. Government to protect its interest against litigation, and releases excess funds tied to the contract by deobligation. Having a large number of contracts awaiting closeout after the FAR's time standards, poses a financial risk to NPS. Generally, the appropriations used to fund a contract cannot be used to incur new obligations after the end of the fiscal year for which it was appropriated. NPS can use the original appropriated funds for additional five fiscal years beyond expiration to adjust and make payments to liquidate liabilities arising from obligations made within fiscal year for which the fund was appropriated.

To limit the Government's exposure to certain financial risks, FAR 4.804-1(a) establishes time standards for closing contracts. Specifically, compliance with contract closeout requirements and timely deobligation of excess funds are opportunities for NPS to reprogram funds for other projects. Contract closeout is only performed when contracts are complete. According to FAR. 4.804-4, a contract is considered to be complete (except for rentals, use, and storage agreements) when the contractor has completed the required deliveries or performed all required services and the Government has inspected and accepted the supplies or services, or when and all option provisions have expired. Contract files are not closed if the contract is in litigation or terminated.

In addition, FAR 4.804-5 requires agencies to complete and document closeout steps taken to provide a record of all final contract decisions, contract actions, and payments. The contracting officer is required to ensure that all actions are complete and that person must prepare a statement confirming completion (which becomes the authority to close the contract).

Findings

We found that NPS' Denver Service Center Contracting Services Division (DSC) and National Capital Region Acquisition Management Division (NCR) did not comply with contract closeout requirements. Specifically, for the 89 contracts reviewed, with a value of \$33,763,172 we found that DSC and NCR did not—

- close 76 contracts within required time standards, with delays ranging from 19 days to 1,130 days;
- prepare contract closeout statements to verify that required closeout steps had been completed for 64 contracts;
- complete an initial funds review to identify excess funds for deobligation for 54 contracts;
- obtain a release of claims for 10 contracts where the release was required;
- close 74 contracts in the Procurement Information System (PRISM) contract management system that had been completed; and
- adequately document 52 contracts.

These deficiencies occurred because DSC and NCR personnel were unaware of contract closeout requirements or were performing other duties. In addition, DSC and NCR had not implemented processes and procedures that ensure compliance with contract closeout requirements, such as automated closeout statements for contracts that use simplified acquisition procedures and procedures for documenting contract completion milestones.

As a result, DSC and NCR have a backlog of contracts that need to be closed. DSC and NCR did not fully protect the Government's interest when they omitted contract completion statements and did not obtain releases of claims from contractors. In addition, DSC and NCR did not deobligate \$568,322 of excess funds in a timely manner and have not deobligated \$626,924 of excess funds that remain obligated on completed contracts.

Contracts Not Closed Within Established Time Standards

DSC and NCR did not close 76 contracts within required time standards with delays ranging from 19 days to 1,130 days. Closing contracts within required time standards ensures that excess funds are identified and deobligated for use in other programs. In addition, compliance with closeout time standards ensures that closeout steps are completed while the contracting officer is familiar with the contract. FAR 4.804-1(a) establishes time standards for closing out physically

completed contract files that do not use simplified acquisition procedures.¹ The time standards vary by contract type, and range from immediately after contract deliverables are received to as long as 36 months after evidence of physical completion.² Figure 1, below, illustrates the FAR 4.804(a) closeout time standards by contract type.

Type of Contract	Time Standard for Closeout
Contracts using simplified acquisition procedures	After the contracting officer receives evidence of receipt of all contract deliverables and final payment
Firm-fixed price contracts	Within 6 months after the contracting officer receives evidence of physical completion
Contracts requiring settlement of indirect cost rates (cost-reimbursement contracts)	Within 36 months after the contracting officer receives evidence of physical completion
All other contracts	Within 20 months after the contracting officer receives evidence of physical completion

Figure 1. Contract closeout time standards established by FAR 4.804(a).

Contracts using simplified procedures are considered closed when the contracting officer receives evidence of property receipt and final payment. NPS Acquisition Policy and Procedures Memorandum 1443.04-01 (revision 1) requires contracting officers to perform contract closeout procedures and prepare a contract completion statement for all contracts, including those using simplified acquisition procedures. To determine compliance with closeout time standards for contracts that used simplified acquisition procedures, we measured the time between final payment and the preparation date for the contract completion statement. FAR 4.804-5(a) allows automated contract closeout, and implementing automated closeout procedures for simplified acquisitions would reduce administrative time spent on closing high-volume, small dollar contracts.

Documenting Physical Completion

We determined that one of the primary factors contributing to contracts not being closed within established time standards was that the physical completion milestone did not prompt contract closeout procedures at DSC or NCR.

Physical completion is important because it prompts the contracting officer to initiate contract closeout procedures. For contracts that are not awarded using

¹ Simplified acquisition procedures are used to acquire supplies and services, including construction, research and development, and commercial items. The purpose of simplified acquisition procedures is to reduce administrative costs, promote efficiency and economy, avoid unnecessary administrative burden, and improve opportunities for small businesses.

² Physical completion is when all contractual goods and services have been received and accepted by the Government.

simplified acquisition procedures, FAR4.804-4 defines a contract to be physically complete (except for rentals, use, and storage agreements) when the contractor has completed the required deliveries or performed all required services and the Government has inspected and accepted the supplies or services, or when and all option provisions have expired. Contracting officers are not required to document physical completion, but are required to document actions supporting administrative responsibilities.³ Emphasis on physical completion will help improve compliance with contract closeout requirements because the milestone prompts the initiation of contract closeout procedures.

Recommendation	
We recommend that NPS:	
1.	Initiate automated contract closeout statements for contracts that use simplified acquisition procedures.
2.	Update Acquisition Policy and Procedures Memorandum 1443.04-01 to define physical completion, time standards for closing contract files, and the information required to document the milestone.

DSC and NCR did not close contracts within required time standards because they were unaware of contract closeout requirements. Contracting personnel who were aware of closeout time standards attributed delays to higher priority tasks, and cited delays completing contractor performance evaluations. Figure 2 shows the number of late contracts by contract type.

Contract Type	Total Contracts	Late Contracts
Contracts using simplified acquisition procedures	14	13
Firm-fixed price contracts	74	62
All other contracts	1	1
Total	89	76

Figure 2. Number of contracts, by type, not closed within time standards established by FAR 4.804(a).

By not complying with closeout standards, DSC and NCR have created a backlog of completed contracts that have not been closed. Both DSC and NCR employ contractors to assist with the contract closeout process. A DSC closeout specialist

³ FAR 4.802 and FAR 4.803 define that the contract file should contain documents supporting all actions reflecting the basis for and the performance of contract administration responsibilities. It should also contain, if applicable, the copy of the contract and all modifications, together with official record copies of supporting documents executed by the contract administrative office.

estimated the current backlog of contracts that need to be closed is near 1,000. Due to the number of unclosed contracts, closeout specialists cannot improve DSC and NCR compliance with contract closeout time standards until the backlog is addressed.

Recommendation
<p>We recommend that NPS:</p> <ol style="list-style-type: none"> 3. Develop and implement a plan to resolve the backlog of unclosed contracts.

Contract Completion Statements Not Prepared

DSC and NCR did not prepare contract completion statements for 64 contracts. The contract completion statement represents the completion of the closeout process which becomes the authority to close the contract. The contract completion statement ensures all required contract actions are complete and excess funds have been deobligated from the contract. According to FAR 4.804-5, the contracting officer is required to prepare a contract completion statement and NPS Acquisition Policy and Procedures Memorandum 1443.04-01 adds supplemental procedures, which apply to all contract files including simplified acquisitions. Figure 3 illustrates the contracts for which a contract completion statement was prepared.

	DSC	NCR	Total
Completion Statement Prepared	13	12	25
Completion Statement Omitted	32	32	64
Total	45	44	89

Figure 3. Contracts for which a contract completion statement was prepared.

DSC and NCR did not generate contract completion statements because they were unaware of the requirement, were working performing other duties, or relied on the contract closeout specialist to perform the task. In addition, DSC and NCR have not implemented processes and procedures to ensure they generate a contract completion statement. Prior to our site visit to the NCR contracting office, a standard contract closeout template was not in use. For contracts without remaining obligations and completed deliveries or periods of performance, generating a contract completion statement is simple. The task involves completing and documenting responses to standard questions including verifying that goods or services have been delivered or performed, that final payment has been made, and that no obligated funds remain.

Recommendation

We recommend that NPS:

4. Conduct contract closeout training for contracting personnel to ensure that information is properly distributed and communicated to all employees in the DSC and NCR.

Contracts Not Reviewed to Identify Excess Funds

DSC and NCR personnel did not complete an initial funds review for 54 contracts. The purpose of the initial funds review is to identify excess funds for deobligation, which NPS can then use for other programs. Generally, excess funds can only be used for programs initiated in the same fiscal year, which makes timely review of the initial funds crucial to NPS' ability to use excess fund for other programs. FAR 4.804-5 outlines procedures for closing out contract files, and specifically requires the contracting officer to complete an initial funds review to identify excess funds. Figure 4 shows the number of contracts for which an initial funds review was completed by DSC and NCR.

	DSC	NCR	Total
Initial Funds Review Completed	21	14	35
Initial Funds Review Omitted	24	30	54
Total	45	44	89

Figure 4. Contracts for which an initial funds review was completed.

DSC and NCR did not review completed contracts for excess funds because they were either unaware of contract closeout requirements or were performing other duties, such as contract awards and modifications. DSC and NCR did not deobligate \$568,322 of excess funds in a timely manner and have not deobligated \$626,924 of excess funds that remain obligated on completed contracts.

Excess Obligations on Service Contracts

DSC and NCR have not deobligated \$626,924 from 16 complete contracts. If identified in a timely manner, the remaining obligations can be used by other NPS programs. DSC and NCR issued 11 of the 16 contracts with remaining obligations for services. Contracts for services often have remaining obligations because the terms of the contract only allow the contractor to bill for work performed, which may be less than the contract's issued amount. Service contracts generally end when the period of performance expires, which has been problematic at DSC and NCR because the expiration of the period of performance does not trigger contract closeout procedures. This occurred, in part, because DSC and NCR do not have procedures in place to prompt the initial funds review and contract closeout. NCR personnel stated the remaining funds do not belong to the contracting office, and

they are required to wait for the program office to initiate deobligation. DSC and NCR personnel stated they review an unliquidated obligation report semiannually to identify contracts with remaining funds. Figure 5 shows the number of contracts with remaining obligated amounts.

Office	Contract Number	Days Open	Remaining Obligation
DSC	INP12PC00079	704	17,618
DSC	INP09PD76955	38	13,207
DSC	INP15PC00409	263	10,121
DSC	INP10PD75926	217	1,144
NCR	INP11PC00268	34	352,680
NCR	INP10PC76573	551	64,488
NCR	INP14PC00541	124	59,260
NCR	INP12PC23716	461	36,109
NCR	INP13PC00413	643	30,000
NCR	INP08PC76332	461	15,469
NCR	INP13PC00525	642	13,000
NCR	INP15PX00999	201	8,903
NCR	INP14PX00329	61	2,552
NCR	INP13PC00098	1,130	1,530
NCR	INP15PC00546	341	844
NCR	INP13PC00027	643	.02
		Total	626,924

Figure 5. Contracts with remaining obligations.

Completed Contracts with Minimal Amounts Obligated

We identified 11 contracts at DSC and NCR with remaining obligations of less than \$30. The remaining obligations were caused by rounding errors. Closing a contract with remaining funds is time consuming and often the effort to close the contract exceeds the benefit obtained. When the contractor's final invoice is received, the payment processing team and contracting officer did not identify and correct billing errors to ensure that invoiced amounts equal the amount obligated on the contract. Figure 6 provides a list of the contracts with minimal remaining obligations prior to contract closeout.

Office	Contract Number	Days Late (Negative if Closed On Time)	Obligation Remaining Prior to Closeout
NCR	INP13PC00027	643	\$0.02
NCR	INP14PC00071	-161	0.13
NCR	INP14PD02708	125	0.13
NCR	INP13PX00448	801	0.01
DSC	INP14PD03097	458	28.30
DSC	INP10PB75795	259	25.73
DSC	INP14PD00927	234	14.76
DSC	INP11PD22634	819	2.89
DSC	INP12PD04158	8	3.00
DSC	INP14PD00995	564	0.01
DSC	INP14PB00450	283	0.01

Figure 6. Contracts with obligated balances less than \$30.

Recommendation
<p>We recommend that NPS:</p> <ol style="list-style-type: none"> 5. Conduct a review of closeout procedures at the DSC and NCR to identify unliquidated obligations to ensure that excess funds are identified and reprogrammed more timely.

Release of Claims Not Obtained When Required

DSC and NCR did not fully protect the Government from potential future claims and legal issues when they did not obtain a release of claims on 10 contracts when required by DIAR 1404.804-70. A release of claims is a statement signed by the contractor that discharges the Government from all liabilities, obligations, and claims. According to DIAR 1404.804-70, the contracting officer is required to insert the “Release of Claims” clause (1452.204-70) in all construction, architect and engineering, and cost-reimbursement contracts that exceed the simplified acquisition threshold of \$150,000. The Release of Claims clause may be inserted in other types of contracts when the contracting officer determines that the release is necessary to protect the interests of the Government. Figure 7 shows the contracts where a release of claims was required but not prepared.

Contract Number	Issuing Office	Items/Services Procured	Contract Value
INP13PC00307	DSC	Flight 93 National Memorial	\$2,139,899
INP11PB91203	DSC	Construction Management Services, removal of Elwha and Glines Canyon Dams, Olympic National Park	1,212,520
INP14PC00089	DSC	Statue of Liberty National Monument and Ellis Island Trash Compactor Replacement and Repair	910,269
INP14PD02374	DSC	National Headquarters campus to mitigate flooding risk at Hanis Point facilities	542,180
INP15PD03811	DSC	Valley Forge National Historic Park— Rehabilitate the Visitor Center for energy efficiency, and safety	240,893
INP14PD03180	DSC	Rehab the Toklat Utility infrastructure for Denali National Park in Alaska	228,095
INP15PC00883	DSC	Repair the chimney and lighting protection at Thomas Edison National Historic Park	213,431
INP15PB00040	DSC	Replace trans-canyon pipeline at Phantom Ranch	206,328
INP15PC00764	NCR	Replace the roof on the main Sherrick house at Antietam National Battlefield	203,273
INP13PB00429	DSC	Construction management/inspection services to repair drainage system	196,962
Total			\$6,093,850

Figure 7. Contracts where a release of claims was required but not obtained.

DSC and NCR did not obtain a release of claim when required because they have not implemented processes and procedures to ensure compliance with contract closeout and FAR documentation requirements.

74 Complete Contracts Not Closed in PRISM

DSC and NCR did not close 74 contracts in PRISM that have been completed and have a backlog of completed contracts that need to be closed. DSC and NCR have not implemented processes and procedures that ensure compliance with contract closeout requirements. NPS Acquisition Policy and Procedures Memorandum 1443.04-01 adds supplemental procedures that apply to all contract files, including simplified acquisitions. The contracting officer is required to ensure the closeout process has been completed in PRISM.

52 Contract Files Not Adequately Documented

DSC and NCR did not adequately document the contract files to support the procurement, including the basis for the award and payments made to the contractor. We determined that 52 of the 89 contract files were inadequately documented. For example, the file for Contract No. INP12PD76744 did not contain a copy of the base award, contractor invoices, evidence of initial funds review, and the contract completion statement. The FAR requires a contract file to

contain adequate and readily accessible records covering the following: acquisition and award of the contract, actions of the contract performance, and contract payments.⁴ Adequately documenting the contract file is critical for those reviewing the actions, and for the review of contracts by agencies supplying the funds to ensure that regulations were complied with.

Recommendation

We recommend that NPS:

6. Complete the necessary contract actions described in Appendix 2, including the following:
 - a. Close the completed contracts that remain open in the contract management system.
 - b. Complete contract closeout statements as needed.
 - c. Deobligate excess funds on contracts for use in other NPS programs.

⁴ FAR 4.802 and FAR 4.803 define that the contract file should contain documents supporting all actions reflecting the basis for and the performance of contract administration responsibilities. It should also contain, if applicable, the copy of the contract and all modifications, together with official record copies of supporting documents executed by the contract administrative office.

Conclusion and Recommendations

Conclusion

DSC and NCR can improve compliance with contract closeout requirements. Improvements to the contract closeout process will protect the government's interest and ensure that excess funds are deobligated for use by other programs. Addressing the unclosed contract backlog will allow the contract closeout specialists at DSC and NCR to assist with compliance.

Recommendations Summary

NPS formally responded to our draft report and concurred with all recommendations. Based on its response, we consider three recommendations resolved and implemented, and three recommendations resolved but not implemented. We recommend that NPS:

1. Initiate automated contract closeout statements for contracts that use simplified acquisition procedures.

NPS Target Date for Completion: Recommendation implemented

2. Update Acquisition Policy and Procedures Memorandum 1443.04-01 to define physical completion, time standards for closing contract files, and the information required to document the milestone.

NPS Target Date for Completion: December 31, 2017

3. Develop and implement a plan to resolve the backlog of unclosed contracts.

NPS Target Date for Completion: Recommendation implemented

4. Conduct contract closeout training for contracting personnel to ensure that information is properly distributed and communicated to all employees in the Denver Service Center and National Capital Region.

NPS Target Date for Completion: Recommendation implemented

5. Conduct a review of closeout procedures at the Denver Service Center and National Capital Region to identify unliquidated obligations to ensure that excess funds are identified and reprogrammed more timely.

NPS Target Date for Completion: September 30, 2017

6. Complete the necessary contract actions described in Appendix 2, including the following:

- a. Close the completed contracts that remain open in the contract management system.
- b. Complete contract closeout statements as needed.
- c. Deobligate excess funds on contracts with excess obligations for use in other NPS programs.

NPS Target Date for Completion: December 31, 2018

Appendix 1: Scope and Methodology

Scope

Our audit scope included a sample of 89 contracts for the National Park Service (NPS) with ending performance years ranging from August 2012 through September 2016.

Methodology

We conducted the audit in accordance with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

We selected two NPS contracting offices based on high frequency in awarding contracts and the value of the contracts. Those two contracting offices are the National Capital Region Acquisition Management Division (NCR) in Washington, DC, and the Denver Service Center Contracting Services Division (DSC) in Lakewood, CO.

To accomplish our audit objective, we—

- reviewed contract closeout requirements in the Federal Acquisition Regulations, the Department of the Interior Acquisition Regulation 1404.8 “Contract Files,” and NPS’ Acquisition Policy and Procedures Memorandum 1443.0401 (revision 1);
- reviewed 89 contracts awarded from the DSC and NCR;
- used financial systems to obtain and analyze contract information including the Federal Procurement Data System—Next Generation (FPDS-NG), Financial Systems Division Portal (FSD), and Financial Business Management System (FBMS);
- interviewed appropriate personnel who are involved in contracting closeout procedures;
- conducted site visits at DSC and NCR; and
- tested internal controls by verifying computer-processed information by verifying contract data from FPDS-NG and FBMS with information in contract files.

We used the Federal procurement systems, FPDS-NG and FSD, to select a nonstatistical sample of 89 contracts with an aggregated value of \$33,763,172 that were awarded from NCR and DSC.

To ensure diversification of contracts in our nonstatistical sample, we used the following attributes for selection: closed contract, open contract but whose ending performance date has ended, and contract with unliquidated obligation balance.

We obtained computer-processed information from FPDS–NG, FSD Portal, and FBMS for the selection process of the nonstatistical sample, and to determine two contracting offices to visit (NCR and DSC). We also used these systems to obtain information when a contract file did not contain sufficient information.

To assess the sufficiency and the appropriateness of the computer-processed information, we verified the contract data by comparing information extracted from FPDS-NG and FBMS against official records (contract files) at visited contracting offices. We determine that the computer-processed information to be complete and accurate.

Appendix 2: NPS National Capital Region Contracts Reviewed

	Contract Number	Contract Value	Closed Within Time Standards	Days Late (negative if closed on time)	Completion Statement	Initial Funds Review	Release of Claims	Closed in PRISM	Contract File Documented
1	INP11PC00268	\$2,364,787	Late	34	No	No	No	No	No
2	INP10PC76573	563,007	Late	551	No	No	No	No	No
3	INP14PC00071	537,527	Late	19	Yes	Yes	Yes	No	No
4	INP14PD02708	489,356	Late	125	Yes	Yes	Yes	No	No
5	INP08PC76332	416,378	Late	461	No	No	No	No	No
6	INP13PC00027	385,244	Late	643	No	No	No	No	No
7	INP14PX02058	344,293	Late	221	No	No	No	No	No
8	INP14PD01974	221,776	Late	175	Yes	Yes	Yes	No	Yes
9	INP15PC00764	203,273	On-time	-92	Yes	Yes	No	No	Yes
10	INP13PC00098	164,909	Late	1130	No	No	Not Required	No	No
11	INP14PC00541	155,600	Late	124	No	No	Not Required	No	No
12	INP12PC23716	143,474	Late	461	No	No	Not Required	No	No
13	INP15PD02392	95,781	On-time	-26	No	No	Not Required	No	No
14	INP15PD03753	92,237	On-time	-174	Yes	Yes	Not Required	No	Yes
15	INP15PC00552	91,529	Late	261	Yes	Yes	Not Required	No	Yes
16	INP13PC00475	84,919	Late	362	No	No	Not Required	No	No
17	INP13PX02357	82,488	Late	967	No	No	Not Required	No	No
18	INP15PC00546	66,511	Late	341	No	No	Not Required	No	Yes
19	INP14PX00329	64,652	Late	61	No	Yes	Not Required	No	Yes
20	INP13PC00413	60,000	Late	643	No	No	Not Required	No	No
21	INP14PD00024	40,181	Late	486	No	No	Not Required	No	No
22	INP15PB00467	30,693	Late	193	No	No	Not Required	No	No
23	INP12PD76744	25,301	Late	111	No	No	Not Required	No	No
24	INP14PD00651	21,982	Late	407	No	No	Not Required	No	No

	Contract Number	Contract Value	Closed Within Time Standards	Days Late (negative if closed on time)	Completion Statement	Initial Funds Review	Release of Claims	Closed in PRISM	Contract File Documented
25	INP14PD01546	\$20,491	Late	322	No	No	Not Required	No	No
26	INP15PX00999	20,000	Late	201	No	No	Not Required	No	No
27	INP15PD00520	19,363	On-time	-1671	No	No	Not Required	Yes	No
28	INP14PX00502	19,128	Late	232	Yes	Yes	Not Required	No	Yes
29	INP15PC00300	14,000	Late	275	Yes	Yes	Not Required	No	Yes
30	INP16PX00100	14,000	On-time	-14	Yes	Yes	Not Required	No	Yes
31	INP13PC00525	13,000	Late	642	No	No	Not Required	No	No
32	INP14PD00657	12,740	Late	494	No	Yes	Not Required	No	No
33	INP15PX02191	12,400	Late	366	No	No	Not Required	No	Yes
34	INP13PX00448	10,343	Late	801	No	No	Not Required	No	No
35	INP16PX00183	10,241	Late	225	Yes	Yes	Not Required	No	Yes
36	INP15PX04336	9,579	Late	390	No	No	Not Required	No	Yes
37	INP15PD02841	9,406	Late	84	Yes	Yes	Not Required	No	Yes
38	INP14PD01549	7,963	Late	324	No	No	Not Required	No	No
39	INP14PD01527	4,830	Late	327	No	No	Not Required	No	No
40	INP14PD02525	4,623	Late	267	No	No	Not Required	No	No
41	INP13PX00418	4,125	Late	803	No	No	Not Required	No	No
42	INP14PD01281	3,726	Late	362	No	No	Not Required	No	No
43	INP15PX02499	2,995	Late	192	Yes	Yes	Not Required	No	Yes
44	INP14PD01515	520	Late	322	No	No	Not Required	No	No
	Total	\$6,959,371							

Appendix 3: NPS Denver Service Center Contracts Reviewed

	Contract Number	Contract Value	Closed Within Time Standards	Days Late (negative if closed on time)	Completion Statement	Initial Funds Review	Release of Claims	Closed in PRISM	Contract File Documented
1	INP12PC00079	\$ 8,712,579	Late	704	No	No	Not Required	No	Yes
2	INP15PC00409	5,220,027	Late	263	No	No	Yes	No	Yes
3	INP13PC00307	2,139,899	On-time	-149	No	No	No	No	Yes
4	INP11PB91203	1,212,520	On-time	-101	No	Yes	No	No	No
5	INP13PC00114	1,193,122	Late	753	Yes	Yes	Yes	Yes	Yes
6	INP14PC00089	910,269	Late	227	No	No	No	No	Yes
7	INP13PC00123	727,742	Late	864	Yes	Yes	Yes	Yes	Yes
8	INP14PD02374	542,180	Late	126	No	No	No	No	Yes
9	INP15PC00304	510,559	On-time	-155	No	No	Yes	No	No
10	INP10PD75926	489,541	Late	217	No	No	Not Required	No	Yes
11	INP13PD00845	467,681	On-time	-82	Yes	Yes	Yes	Yes	Yes
12	INP13PC00253	360,468	Late	189	No	No	Yes	No	Yes
13	INP14PC00573	284,817	Late	294	No	No	Yes	No	Yes
14	INP13PC00349	274,027	On-time	-139	No	No	Yes	No	No
15	INP11PD22219	258,366	Late	455	No	Yes	Not Required	No	No
16	INP15PC00894	255,872	Late	186	No	No	Not Required	No	No
17	INP15PD03811	240,893	Late	65	No	No	No	No	Yes
18	INP14PD03180	228,095	Late	171	No	No	No	No	Yes
19	INP10PB76311	218,484	Late	505	No	No	Not Required	No	No
20	INP11PD24928	215,553	Late	248	No	No	Not Required	Yes	Yes
21	INP15PC00883	213,431	Late	4	No	No	No	No	No
22	INP15PB00040	206,328	Late	4	No	No	No	No	Yes

	Contract Number	Contract Value	Closed Within Time Standards	Days Late (negative if closed on time)	Completion Statement	Initial Funds Review	Release of Claims	Closed in PRISM	Contract File Documented
23	INP15PC00619	\$202,716	Late	140	No	No	Yes	No	Yes
24	INP13PB00429	196,962	On-time	-2	No	No	No	No	No
25	INP11PD22634	178,997	Late	819	No	Yes	Not Required	No	No
26	INP09PD76955	161,258	Late	38	No	No	Not Required	No	Yes
27	INP10PD76340	152,413	Late	822	Yes	Yes	Not Required	Yes	No
28	INP14PB00095	150,673	Late	153	No	Yes	Not Required	No	No
29	INP11PD21674	135,920	Late	526	No	Yes	Not Required	No	No
30	INP11PD24426	112,964	Late	1121	No	No	Not Required	No	No
31	INP14PC00168	112,474	On-time	-24	Yes	Yes	Not Required	Yes	Yes
32	INP14PB00450	94,600	Late	283	Yes	Yes	Not Required	Yes	No
33	INP14PD00995	49,264	Late	564	No	Yes	Not Required	No	No
34	INP13PD00159	47,822	Late	699	Yes	Yes	Not Required	Yes	No
35	INP10PB75795	46,821	Late	259	No	Yes	Not Required	No	No
36	INP12PD10645	45,479	Late	886	No	Yes	Not Required	No	No
37	INP13PB00174	45,266	Late	666	Yes	Yes	Not Required	Yes	Yes
38	INP16PD00145	38,789	Late	192	Yes	Yes	Not Required	No	Yes
39	INP14PD00927	34,985	Late	234	No	No	Not Required	No	No
40	INP14PD03097	34,752	Late	458	Yes	Yes	Not Required	Yes	Yes
41	INP12PD04158	29,683	Late	8	No	Yes	Not Required	Yes	No
42	INP12PD12325	27,503	Late	674	Yes	Yes	Not Required	Yes	Yes
43	INP13PD02087	18,003	Late	172	Yes	Yes	Not Required	Yes	Yes
44	INP14PX00159	3,537	Late	531	Yes	No	Not Required	Yes	No
45	INP13PD02352	468	Late	286	No	No	Not Required	No	No
	Total	\$26,803,802							

Appendix 4: Response to Draft Report

The National Park Service's response to our draft report follows on page 22.



United States Department of the Interior
NATIONAL PARK SERVICE
1849 C Street, N.W.
Washington, D.C. 20240

IN REPLY REFER TO:

JUN 19 2017

Memorandum

To: Deputy Inspector General
From: Acting Director *Michael S. Rymer*
Subject: Draft Audit Report – National Park Service Contract Closeout Procedures (Report No. 2016-CG-068)

Thank you for the opportunity to review and comment on the Office of Inspector General (OIG's) *Draft Audit Report – National Park Service Contract Closeout Procedures (Report No. 2016-CG-068)*.

Please find attached the actions that the NPS will take to address the OIG's recommendations.

If you require additional information, please contact Patrick Breen, Bureau Procurement Chief, at Patrick_breen@nps.gov.

Attachment

***National Park Service Response to:
Office of Inspector General (OIG's) Draft Audit Report – National Park Service Contract
Closeout Procedures (Report No. 2016-CG-068)***

Recommendation 1: Initiate automated contract closeout statements for contracts that use simplified acquisition procedures.

Response: Recommendation completed by DSC and NCR.

DSC has developed a Closeout view of the existing PR log on Sharepoint. All records marked as final payment completed are filtered to the closeout view.

NCR uses their Procurement Request Tracker. The MABO lead reviews the list every two (2) weeks. When the contract action reached its completion date, the items are highlighted in yellow to indicate the need for close out. After 30 days, the item is highlighted in red and the MABO lead has been instructed to follow up with the Contracting Officer on a routine basis until the item is closed out.

Proposed Corrective Action: Recommendations were met. No further action required.

Responsible Official: N/A

Target Date: N/A

Recommendation 2: Update Acquisition Policy and Procedures Memorandum 1443.04-01 to define physical completion, time standards for closing contract files, and the information required to document the milestone.

Response: The Washington Contracting Office, Acquisition Policy Branch agrees with this recommendation.

Proposed Corrective Action: The Acquisition Policy Branch will update Acquisition Policy and Procedures (AP&P) Memorandum 1443.04-01. The revised AP&P will include a definition of physical completion, time standards for closing contract files, and information required to document contract close out.

Responsible Official: Antonia Giammo

Target Date: 12/31/2017

Recommendation 3: Develop and implement a plan to resolve the backlog of unclosed contracts.

Response: Recommendation completed by NCR and DSC. The closeout process is mapped out showing roles and responsibilities. In addition, DSC's Purchase Request Sharepoint site and NCR's PR Tracker have been updated to accommodate a view of all contracts with final payment complete requiring Closeout for better tracking.

Proposed Corrective Action: Recommendations were met. No further action required.

Responsible Official: N/A

Target Date: N/A

Recommendation 4: Conduct contract closeout training for contracting personnel to ensure that information is properly distributed and communicated to all employees in the Denver Service Center and National Capital Region.

Response: Recommendation completed by DSC and NCR. DSC conducts periodic closeout training; last session was completed in April/May 2016, and plans another refresher in the next couple of months. NCR provided training to its staff in November of 2016 and will conduct periodic refresher courses.

Proposed Corrective Action: Recommendations are met by periodic training already given. Another refresher training session is planned and will be completed before the end of FY 17.

Responsible Official: N/A

Target Date: N/A

Recommendation 5: Conduct a review of closeout procedures at the Denver Service Center and National Capital Region to identify unliquidated obligations to ensure that excess funds are identified and re-programmed more timely.

Response: DSC and NCR will submit a copy of their closeout procedures to the Washington Contracting Office for review.

Proposed Corrective Action: Within 30 day, DSC and NCR will submit a copy of their closeout procedures to the Washington Contracting Office, Acquisition Policy Branch. The Acquisition Policy Branch will review the procedures and make recommendations and comments as appropriate.

Beginning in April 2017, the Contracting Offices utilize the newly developed AOC “dashboards” and the AFS4 system to identify unliquidated obligations and actions requiring closeout modifications. The contracting offices will work from the most current contracts first and then complete the older ones in order to de-obligate current funding that can be re-obligated in the current fiscal year.

Responsible Official: Antonia Giammo

Target Date: 9/30/2017

Recommendation 6: Complete the necessary contract actions described in Appendix 2, including the following:

- a. Close the completed contracts that remain open in the contract management system.
- b. Complete contract closeout statements as needed.
- c. Deobligate excess funds on contracts with excess obligations for use in other NPS programs.

Response: DSC and NCR will review the list at Appendix 3 to determine status of all contracts, determine required documentation for closeout; obtain necessary documentation, and proceed with closeout activities.

Proposed Corrective Action: DSC and NCR will process closeout actions in accordance with mandated requirements and local process.

Responsible Official: Lori Irish / Michael Reimers

Target Date: December 31, 2018

Appendix 5: Status of Recommendations

In its response to our draft report, the National Park Service concurred with our findings and recommendations (see Appendix 4). Based on the response, we consider three recommendations resolved and implemented, and three recommendations resolved but not implemented.

Recommendations	Status	Action Required
1, 3, and 4	Resolved and implemented.	No further action required.
2, 5, and 6	Resolved but not implemented.	We will refer these recommendations to the Assistant Secretary for Policy, Management and Budget to track their implementation.

