



PROCUREMENT TOOLBOX

CONTRACT CLOSEOUT AND RETIREMENT

CONTRACT CLOSEOUT

Managing the closeout of the contract is the final step of contract administration and the procurement cycle.¹

A contract is completed when:

- All commodities or services have been received and accepted
- All reports have been delivered and accepted
- All public-entity-furnished equipment and material have been returned if applicable
- Final payment has been made to the contractor

Before final payment to the contractor, the procurement official should ensure that all outstanding issues have been resolved and that both parties have fulfilled their contractual obligations. A contract is considered successful when all legal, administrative, and managerial tasks have been met.

Each stage of the procurement process should be thoroughly documented and kept in a central location. This includes the combined records of the user agency, the user agency contract administrator, and the central procurement office. For the purposes of this issue, we will call this centralized record a *contract file*.



¹ Procurement U. (2020, May 8). Procurement 101: Foundations of Public Procurement. [online course] MyAbsorb. <http://procurementu.myabsorb.com>

WHAT SHOULD BE IN YOUR CONTRACT FILE

USER AGENCY AND CENTRAL PROCUREMENT DOCUMENTATION

All files from both offices spanning the life of the contract from planning stage to closeout and copies of the final version of the contract.

NEGOTIATION DOCUMENTATION

All records showing the negotiation process from team selection to contract kick-off.

SUPPLIER PERFORMANCE REPORTS

All records of supplier performance throughout the contract lifecycle.

DELIVERIES AND RECEIPTS

A good paper trail is always appreciated. Make sure to keep track of all pertinent documents.

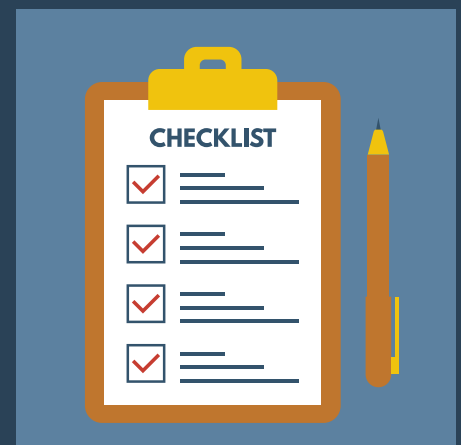
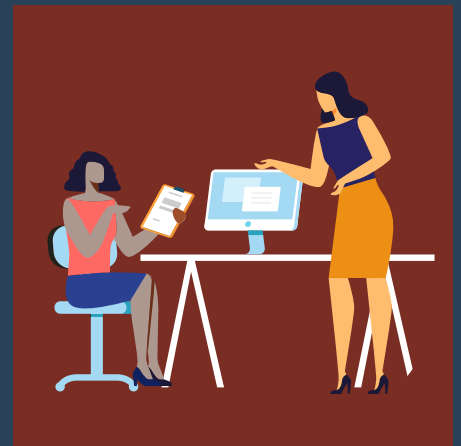
AMENDMENTS AND MODIFICATIONS

All contract amendments or modifications made to the initial agreed upon contract should be thoroughly documented.

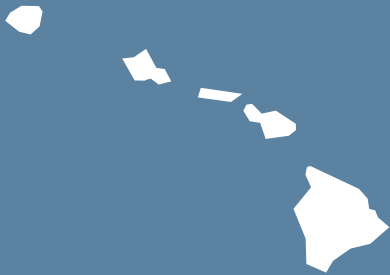
STATUTORY OBLIGATIONS

Any documentation pertaining to the contract as required by statute or regulation.

It is helpful to have a contract closeout checklist prior to providing final acceptance of the contract. Many procurement offices have a standard list of tasks and issues to review as part of the closeout process.



PROCUREMENT IN ACTION



The Hawaii Procurement Office has a contract closeout checklist on their website. Check it out [here](#).

POST CONTRACT/RETIREMENT

Closing out a contract isn't as simple as clocking out at the end of the day. Contract retirement must address the re-use or disposal of publicly owned items. Obsolete or excess property is commonly referred to as surplus property. Proper management of surplus government property ensures there is no misuse and provides transparency to the public.² The procurement office may not always be responsible for surplus property but should work closely with the responsible agency in their state.

Beyond confirming all contractual obligations have been met, there is a level of analysis applied to identify challenges met, lessons learned, and how to best distribute the information moving forward.



TOOLS TO LEARN MORE

Review the Contract Closeout Checklist in the [Contract Administration Guide](#) to make sure you have covered all of your bases on contract close out!

Complete the Procurement U Course: [Procurement 101: Foundations of Public Procurement](#) to learn about how contract closeout/retirement fits into the procurement cycle.

Take [Procurement U Course: 203-Contract Administration Strategies](#) to discuss the process involved in closing the contract.

Review Chapter 14: Contract Management and Contract Administration, and Chapter 16: Surplus Property Management in NASPO's [State and Local Government Procurement: A Practical Guide](#).

²Procurement U. (2020, May 8). Procurement 101: Foundations of Public Procurement. [online course] MyAbsorb. <http://procurementu.myabsorb.com>