



April 27, 2011

SUSAN BROWNELL
VICE PRESIDENT, SUPPLY MANAGEMENT

SUBJECT: Audit Report – Internal Controls over the Contract Close-out Process
(Report Number CA-AR-11-004)

This report presents the results of our audit of internal controls over the contract close-out process (Project Number 09YG045CA000). Our objective was to determine whether the U.S. Postal Service was properly closing contracts. This self-initiated audit addresses operational risk. See [Appendix A](#) for additional information about this audit.

Contract close-out is the administrative procedure associated with the end of the business agreement with the supplier and the Postal Service and the archiving of documents in the contract file. Contract close-out should occur either after the supplier has successfully completed contract performance and has been compensated accordingly or when the contract is terminated for default or convenience. Upon completion of contract close-out procedures, the contracting officer (CO) must officially signify that all required sign-offs have been completed and include all related documentation in the contract file. The CO should update the Contract Authoring Management System (CAMS) with information regarding all major changes to the contract status, including that the contract has been completed and closed. The Postal Service should release all remaining funds committed to the contract upon close-out.

Contract close-out requirements are often neglected because of their perceived lack of importance in the contract lifecycle; however, the requirements play a key role in ensuring the processing of final payments, timely decommitment of funds, and the return of Postal Service property.

Conclusion

Supply Management personnel did not always follow contract close-out procedures or records management requirements. Of the 649 contracts we selected for review¹, we were able to review only 539 contract files because Supply Management could not locate 110 contract files (17 percent) at the time of our site visits. Of the 539 contract files reviewed, 381 (71 percent) were missing the required close-out documents or the contracts had expired and had not been properly closed out. Additionally, CAMS

¹ The contracts were selected from CAMS data as of October 23, 2009.

close-out data was not always reliable. Specifically, while reviewing the 539 contract files, we identified 54 erroneous close-out reports².

Contract Close-Out Requirements

COs did not always comply with the Postal Service's contract close-out requirements³. Of the 539 contract files reviewed, 381 were missing close-out documents or the contracts had expired and had not been properly closed out. Also, of 374 contracts coded as closed in CAMS, only 52 (14 percent) had modifications that officially closed the contract and decommitted leftover funds. Category management center (CMC) managers were not consistent in requiring their staffs to follow contract close-out requirements and most staff stated they were not trained on contract close-out requirements. Additionally, in some cases, contracting staff members were confused about the various Postal Service payment systems and the procedures for locating contract payments. For the 381 contracts missing close-out documents, \$926,405,513 in funding was not decommitted. There is risk of the Postal Service making contract overpayments when contract amounts are not timely decommitted. See [Appendix B](#) for our detailed analysis of these issues and [Appendix C](#) for a discussion of the monetary and other impacts reported.

In March 2011, Supply Management began offering a five-part training series titled: *CAMS and Contract eFile Document Compliance Training*. The training was designed, in part, to address previous OIG audit findings⁴ regarding deficiencies in tracking contract actions. During the contract close-out session of this training, Supply Management left modification of the contract to decommit funds to the discretion of the CO. The accounting service center can also decommit funds at close-out. Regardless of the party decommitting the funds, it is important that excess funds are promptly decommitted and not left vulnerable to misappropriation.

Records Management Requirements

Supply Management personnel did not always follow the Postal Service's records management requirements for retention and disposal of contract files.⁵ Of the 649 contracts selected for review, 110 contract files could not be located. In some cases, we attempted to trace the files to various CMCs that may have received the files in transfer, but at the time of our review, neither the CMC currently responsible for the files or the preceding CMC could locate the files. CMC managers were not providing sufficient oversight to ensure employees were following records management requirements. Of the 110 missing contract files, 75 had a remaining commitment of \$133,891,984. Of those 75 contracts, we located 36 payments made for a total of \$54,742,683. A contract's file documentation is critical in documenting key contract decisions, such as approvals, payments, and modifications. When the contract file is

² These close-out reports had erroneous contract amounts, dates, and CO data.

³ *Supplying Practices*, Section 5-14, "Close-out Contract."

⁴ For example, *U.S. Postal Service Purchasing Policies* (Report Number CA-AR-10-005, dated September 20, 2010), included a finding that the Postal Service could not readily identify its non-competitive contract universe.

⁵ Handbook AS-353, *USPS 400-Supplier and Tenant Records*, "Retention and Disposal."

missing, signature copies of the contract, modifications, and other decision documents are not available to support key contract decisions.

Reliability of CAMS Data

The CAMS data was not always reliable for validating close-out information. We identified 54 CAMS close-out reports that contained erroneous contract amounts, dates, and CO data. On March 18, 2011, we issued a draft report (*Contract Management Data*, CA-AR-11-002) recommending that the Postal Service improve procedures for validating contract data and create policies and processes to ensure data integrity.

We recommend the vice president, Supply Management:

1. Establish standardized contract close-out policies and procedures. This should include a system alert requiring contracting staff to complete Contract Authoring Management System close-out reports before they close-out a contract and ensuring that remaining funds are promptly decommitted when the contract is completed and closed.
2. Ensure Supply Management personnel are trained in contract close-out procedures. Specifically, personnel should be trained to accurately complete the Contracting Authoring Management System close-out reports and extract payment history data from the payment systems. The training should be part of new employee training and be updated every other year.
3. Establish a periodic control to ensure category management center personnel follow records management requirements for contract files including, but not limited to, retaining records for the required 6 years.
4. Establish a periodic control to ensure contracts are being closed timely and that close-out procedures are being followed to include that Contract Authoring Management System close-out reports contain accurate information.

Management's Comments

Management agreed with all recommendations. They stated they conducted CAMS training in March and April 2011 and two of the training sessions focused on contract close-out requirements. They stated they will train all new CAMS users and will update the training and present it to employees as needed. Management also stated they provided information on tools available to assist COs with the close-out process and are investigating the possibility of customizing the CAMS application to require the completion of a report before a contract status can be changed to "closed." Additionally, management agreed to implement a standardized process for contract file archiving and storage by July 2011 and to update and issue a revised close-out scorecard that includes trend information by June 2011.

Management disagreed with the reported impacts. They stated the U.S. Postal Service Office of Inspector General (OIG) selected two sites for review that were undergoing significant transitions and associated transfers of contract files. They stated this contributed to their inability to have contract files available for audit and they were subsequently able to locate the majority of the files. They did not agree that payments associated with missing contracts should be categorized as unsupported questioned costs, or that remaining commitments for missing contracts should be categorized as assets at risk.

Management also disagreed with our reporting of assets at risk for contracts that were either missing close-out documentation or had expired. They stated the report did not identify the contracts and the OIG did not respond to their request for detailed data to support the finding. They also stated there are legitimate business reasons for a contract to remain open after the period of performance concluded.

Further, management disagreed with our reporting of data integrity associated with the reliability of CAMS data. They confirmed there is an error in Enterprise Data Warehouse (EDW) reporting; however, they stated there were close-out dates in CAMS for the identified contracts. See [Appendix D](#) for management's comments, in their entirety.

Evaluation of Management's Comments

The OIG considers management's comments responsive to the recommendations and corrective actions should resolve the issues identified in the report. We commend management for initiating corrective actions during the course of our audit.

Management expressed concern over the selection of the audit sites and the impact reported for missing files. We informed management of the sites we planned to visit at the beginning of the audit. In addition, prior to our visits, we provided site managers with lists of the contracts we planned to review. While on site, we worked with employees to find files, including attempting to locate files they said were at other locations. We visited the Chicago office prior to the announcement that it would be closing. The Chicago staff did not indicate that files were in transition, simply that they could not be

found. We coordinated our search for the missing files with Supply Management headquarters staff, who also did not mention file transition as an issue. Without available contract file documentation, payments are not properly supported and commitments are at risk of improper disbursement. Management's planned action to implement a standardized process for contract file archiving and storage should help reduce the risk of missing files.

Management also expressed concern regarding our evaluation of assets at risk, stating there may be legitimate reasons for payments made after the period of performance has expired. This may be true for some payments made shortly after the expiration of the contract performance period; however, we evaluated these outstanding commitments based both on lack of sufficient contract-close-out documentation and on the timeliness of decommitment. Some of these contracts expired as long as 5 years ago. Management's planned actions to address the timely decommitment of contractual funds should address this issue.

Management also expressed concern that the OIG did not respond to their request to provide data to support the contracts that were either missing close-out documentation or had expired. We answered every management request for data, including providing the list of missing contract files, but management did not ask us to provide the list of contracts that were either missing contract documentation or had expired. We provided management with a listing of contracts that were either missing contract documentation or expired upon receiving their comments. Our analysis of the contracts identified that the CO did not document that all required steps were completed prior to closing the contract or the contract was improperly left open.

Finally, we agree with management that the contracts without close-out dates on an EDW report have close-out dates in CAMS. Unfortunately, management did not provide the support detailed in their response until after the draft report was submitted for comment, although we requested an explanation numerous times during the audit. Therefore, we deleted the finding and associated other impact from the final report.

The OIG considers all the recommendations significant, and therefore requires OIG concurrence before closure. Consequently, the OIG requests written confirmation when corrective actions are completed. These recommendations should not be closed in the Postal Service's follow-up tracking system until the OIG provides written confirmation that the recommendation can be closed. Management indicated that the actions for recommendation number 1 were completed; however, we need to be informed of whether management intends to require the completion of the CAMS close-out report prior to agreeing to close the recommendation. The actions taken by management are sufficient to close recommendation number 2.

We appreciate the cooperation and courtesies provided by your staff. If you have any questions or need additional information, please contact Judy Leonhardt, director, Supply Management or me at 703-248-2100.



Mark W. Duda
Deputy Assistant Inspector General
for Support Operations

Attachments

cc: Joseph Corbett
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APPENDIX A: ADDITIONAL INFORMATION

BACKGROUND

The vice president, Supply Management, reports to the chief financial officer executive vice president. Supply Management is organized into five portfolios under which there are 18 CMCs. Each portfolio addresses a unique area of Postal Service purchasing power. Within each portfolio, the CMCs break the purchasing portfolios further down into specific market sectors.

Contract close-out is the administrative procedure associated with the end of the business agreement with the supplier and the archiving of documents in the contract file. Contract close-out should occur after a supplier has successfully completed contract performance and has been accordingly compensated or when the contract is terminated for default or convenience.

The primary purpose of contract close-out is to ensure the supplier has complied with all contractual requirements and that the Postal Service's needs have been met and fulfilled. Upon completion of contract, a CO should validate that the contracted goods and services have been received, all appropriate payments have been made, and the remaining committed funds are decommitted. The CO must also validate that all required sign-offs have been completed and include all related documentation in the contract file. Contracts that are terminated for default or convenience are also subject to contract close-out procedures. The CO is responsible for ensuring the contract's status is correct in CAMS.

OBJECTIVE, SCOPE, AND METHODOLOGY

Our objective was to determine whether the Postal Service was properly closing contracts. To accomplish our objective, we identified — using CAMS data as of October 23, 2009 — contracts that fell into the following four categories:

- Contracts closed in fiscal years (FYs) 2008 and 2009.
- Open contracts more than 5 years old.
- Open contracts with expired period of performance date.
- Closed contracts with no close-out dates.

We organized the identified contracts by the CMC from which they originated. We selected the Western Services CMC, Chicago, IL (selecting 191 contracts for review) to perform survey work. After completion of the survey work, we selected the following four additional CMCs to perform audit fieldwork:

- Delivery, Industrial Equipment, and Telecommunications, Greensboro, NC (169 contracts selected for review).
- Eastern Services, Memphis, TN (100 contracts selected for review).

- Environmental and Maintenance, Repair and Operations, Dallas TX (100 contracts selected for review).
- Surface Transportation, Largo, MD (98 contracts selected for review).

At each CMC, we reviewed the statistically selected contract files to determine whether the *Supplying Principles and Practices* (SP&Ps) contract close-out procedures had been applied. For the closed contracts, we determined whether the contract file contained a receiving report or e-mail from the client validating the receipt of product or services and a record of payments, including the final payment. We also determined whether excess funds on the closed contracts had been decommitted and whether the contact file contained a CAMS close-out document. Additionally, we determined whether open contracts had expired and should have been closed out.

We conducted this performance audit from September 2009 through April 2011 in accordance with generally accepted government auditing standards and included such tests of internal controls as we considered necessary under the circumstances. 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 objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective. We discussed our observations and conclusions with management on March 8, 2011, and included their comments where appropriate.

We relied on data obtained from Postal Service database systems. We did not directly audit the systems but performed a limited data integrity review by validating a sample of data to source documentation. We did note discrepancies in the data that are included in this report.

PRIOR AUDIT COVERAGE

The OIG did not identify any prior audits or reviews related to the specific objective of this audit.

APPENDIX B: DETAILED ANALYSIS

Contract Close-out Requirements

Of the 539 contract files we reviewed, 381 were either missing contract close-out documents or the contracts had expired and had not been closed-out properly. In addition, of 374 contracts coded as “closed” in CAMS, only 52 had modifications in the files that officially closed the contract and decommitted leftover funds. The Postal Service’s *Supplying Principles and Practices*, Section 5-14, “Close-out Contract,” details the following contract close-out requirements:

- A contract is considered performed and fully completed when:
 - The supplier has completed the required deliveries and the Postal Service has received, inspected, and accepted the products.
 - The supplier has performed all services and the Postal Service has accepted those services.
 - The contract performance has been officially assessed and evaluated.
 - The final payment has been made.
- The CO is responsible for ensuring the following actions are completed before contract close out:
 - The scope of work performed is verified.
 - Financial information is reviewed for completeness and accuracy.
 - All required items are delivered and properly accepted.
 - The purchasing office has signed off on contract completion.
 - The purchasing team has documented all lessons learned in the contract file.
 - Inventory has been managed and disposed of per the contractual requirements and the contracting files have been properly closed and archived.
- The CO is responsible for ensuring contract files have been appropriately closed and archived. The contract file must contain sufficient documentation that would allow an outside party to review and understand the process and business decisions resulting in contract award, contract modification, and contract termination or expiration. Warning notices and records associated with contracts terminated for default or for convenience must also be in the contract file.

COs did not always comply with the required contract close-out procedures because:

- CMC managers were inconsistent in requiring their contracting staff to follow Postal Service's contract close-out requirements. No written or established contract close-out procedures existed at any of the five selected CMCs. Most of the employees at the CMCs followed procedures that they developed internally.
- Contracting staff was not always adequately trained on contract close-out requirements. During our five site visits, all the staff interviewed stated they did not have adequate training on the CAMS close-out procedures. They were confused about which screen to use and which processes to follow.

To assist CMC contracting staff, Supply Management personnel built a questionnaire into the CAMS close-out process. The questionnaire automatically appears on a contracting staff's computer screen when the staff member attempts to close-out a contract in CAMS. Supply Management personnel designed the questionnaire, which requires "yes" or "no" answers, to ensure CMC contracting staff completed all SP&P close-out requirements before closing a contract. However, CMC contracting staff can — and normally do — bypass these questions without providing answers. A system alert could be implemented to ensure CMC contracting staff members complete the questionnaire before closing a contract.

Contracting staff members were confused by the multiple payment systems with conflicting contract payment data. There are three different contract record-of-payment systems:

- The CAMS module of the EDW (CAMS-EDW).
- The Accounting Data Mart (ADM) module of the EDW system (ADM-EDW).
- The Accounts Payable Excellence system.

At the five CMCs we visited, contracting staff, overall, were confused about the CAMS close-out system and how to adequately locate contract payments, which hindered them from properly closing the contracts.

There is risk in not decommitting excess funds when a contract has been closed-out improperly. For the 381 contracts missing close-out documents, \$926,405,513 in funding was not decommitted. We are reporting the funds not decommitted as assets at risk.

Records Management Requirements

Supply Management personnel did not always follow the records management requirements for the maintenance and disposal of contract files. Handbook AS-353, *USPS 400-Supplier and Tenant Records*, "Retention and Disposal," requires that contract records be closed at the end of the fiscal year in which they become inactive, and retained for 6 years thereafter. Of the 649 contracts we selected for review, 110 contract files were missing and could not be accounted for. For example, at the Surface CMC, we were told 24 files had been transferred to Global Business. We followed up with Global Business personnel, but were unable to locate the files. We determined that the cause for the missing files was that Supply Management did not ensure that its contracting staff complied with the records management requirements.

There is considerable risk when contract files are missing. Without the contract file, signature copies of the contract, modifications, and other decision documents are not available to support key contract decisions. Of the 110 missing contract files, 75 contracts had commitment dollars of \$133,891,984. We obtained payment data from the CAMS-EDW and the ADM-EDW systems. From the two systems, we located 36 contracts with payments totaling \$54,742,683. The spend amount is categorized as unsupported questioned costs because no documentation exists to validate the payments. The remaining 39 contracts had committed dollars of \$79,149,3018, and we did not locate any associated payments. This amount will be categorized as assets at risk.

Reliability of CAMS Data

Supply Management staff must use CAMS for all transactions involving contracted supplies and services. Supply Management's goal is to go paperless with all CAMS data by FY 2012. However, CAMS is not always reliable for validating contract close-out data and contract status. Contracting staff should be trained to input accurate contract close-out data to ensure CAMS data is improved before the paperless conversion is completely implemented.

During our audit, we found 54 erroneous close-out reports in CAMS. These reports had erroneous contract amounts, dates, and CO data.

APPENDIX C: MONETARY AND OTHER IMPACTS**Monetary Impacts**

Finding	Impact Category	Amount
Records Management Requirements	Unsupported questioned costs ⁶	\$54,742,683

Other Impacts

Finding	Impact Category	Amount
Contract Close-out Requirements	Assets at risk ⁷	\$926,405,513
Records Management Requirements	Assets at risk ⁸	79,149,301
Total		\$1,005,554,814

⁶ Cost that are unnecessary, unreasonable, or an alleged violation of law or regulation. These costs are also not supported by adequate documentation. This is the amount of payments made to suppliers associated with missing contract files.

⁷ Assets or accountable items that are at risk of loss because of inadequate internal controls. This is the amount of dollars still committed on closed or expired contracts.

⁸ Assets or accountable items that are at risk of loss because of inadequate internal controls. This is the amount of dollars still committed on contracts with missing files.

APPENDIX D: MANAGEMENT'S COMMENTS

SUSAN M. BROWNELL
VICE PRESIDENT, SUPPLY MANAGEMENT



April 18, 2011

LUCINE M. WILLIS

SUBJECT: Draft Audit Report – Internal Controls Over the Contract
Close-out Process (Report Number CA-AR-11-DRAFT)

Thank you for the opportunity to review and comment on the subject draft report. We agree that award close-out is an important aspect of the contracting process and that some improvements are needed to ensure that close-outs are performed properly and in a timely manner. Many of those improvements, such as, procedures and system training, and the identification of available tools to support the users were part of our FY2011 plans and have already been implemented prior to the issuance of this report. Further details and the action plan for each recommendation are provided below.

While we understand that the results of this audit were based on the availability of records to be reviewed during the audit period, after further research we have determined that this report does not fully consider all of the relevant circumstances that occurred during this audit. We found that the OIG selected for review a substantial number of contracts at two sites that were undergoing significant organization transitions and associated transfer of contract files. At the time of the audit, preparatory actions were underway in the Chicago office, Western Services CMC, to stage approximately 7,000 contracts for transfer and/or close-out in advance of the office closure. Similarly, the OIG audited the Surface Transportation CMC office in Largo shortly after the transportation contracting function was transferred from several Area offices to the Surface CMC. These situations contributed to our inability to have the files readily available at the time of the audit. Subsequently, we have been able to locate the majority of these files.

We disagree with the audit's monetary impact of \$54,742,683 as unrecoverable, unsupported, questioned costs associated with missing contract files. The audit associated this dollar amount with all of the payments made under these contracts. The audit erroneously concluded that because files were not available during OIG review, these contract payments cannot be supported. As contracts are awarded, applicable information regarding payment terms and conditions is provided to the Accounting Service Center (ASC). Before the ASC issues payments, they ensure that invoices are proper and are paid in accordance with the terms of the contract. The audit report has also identified \$79,149,301 as assets at risk. The audit associates this dollar amount with the remaining committed balance on the missing contracts where the OIG did not locate any associated payments. It is not logical to conclude that absence of a file at the time of audit would result in any remaining contract balances as assets at risk. Before any payments could be made, valid invoices must be submitted, certified and processed against contract payment information in the accounts payable system.

The OIG report stated 381 contracts were either missing closeout documentation or had expired and, in the OIG's assessment, had not been properly closed out resulting in \$926,405,513 in

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assets at risk. The OIG audit report did not identify these contracts nor did they respond to our request to provide comprehensive data so that we could research and determine the status of these contracts. Without the data we are unable to determine if these contracts were expired (reached the end of performance) but not closed, were closed in our Contract Authoring Management System (CAMS), or closed in our accounting systems. The OIG contends that assets are at risk if a contract is not closed. There are legitimate business reasons that a contract would remain open after the period of performance has concluded. Often there are issues with invoicing, claims, requests for equitable adjustments, warranties, etc that are addressed after the end of the period of performance. Therefore, the monetary amounts associated with contracts that are not closed should not be considered as assets at risk.

We disagree with the data integrity impact that was based on the reliability of the CAMS data and associated to 9,988 contracts. We have confirmed there are close-out dates in CAMS for these contracts; however, we discovered a system issue where the close-out date entered in CAMS does not always populate into the Enterprise Data Warehouse (EDW) system and we are currently working to resolve this issue. In the meantime, the closed date can be determined by looking at the last status date within EDW. Since the OIG's finding was determined from an EDW report, we request that the OIG remove this impact from the final report.

AUDIT RECOMMENDATIONS

We recommend the vice president, Supply Management:

Recommendation 1. Establish standardized contract close-out policies and procedures. This should include a system alert requiring contracting staff to complete CAMS close-out reports before they close-out a contract and ensuring that remaining funds are promptly decommitted when the contract is completed and closed.

Management Response/Action Plan: We agree with this recommendation and management has taken a proactive approach to address this matter. We have determined that our purchasing policy provides acceptable guidance on the requirements for contract close-out. To standardize the contract close-out process, we performed training that combined policy and system process. This was accomplished within our 5-week refresher training sessions, described in recommendation 2 below, where we provided two sessions on award close-out. The award close-out sessions included a review of the policy, required close-out activities, guidance on identifying eligible contracts, the retrieval of payment history reports from the EDW, the decommitment process, CAMS data entry fields, close-out reporting and checklist fields, and file documentation requirements. The presentations and system screen prints are available to all users for their reference at the CAMS Resource Blueshare site.

Additionally, we provided information on tools available to contracting officers to assist with the close-out process: 1) a scorecard that isolates awards that are 91 days beyond the delivery date or period of performance; and, 2) a field within the system titled "completion date" that the contracting officer may use as an alert to begin the close-out process.

To further enhance the process, we are investigating the possibility of customizing the CAMS application to require the completion of the CAMS close-out report as a part of the close-out process before the contract can be changed to a closed status.

Per an established SOX Control, contract funding is decommitted by one of two processes:

- 1) The contracting officer may close the contract in CAMS, execute a contract modification to decommit remaining funds and send the modification to our ASC. The ASC performs the final close action to lock the contract in the accounts payable system.

2) Contracts are closed by the Contracting Officer in CAMS. Supply Management pulls the list of closed contracts from CAMS on a monthly basis and sends the report to the ASC. The ASC performs the final close action to lock the contract in the accounts payable system and decommit any remaining funds.

Based on this information, we believe we have met the intent of this recommendation and ask that the OIG consider this recommendation implemented and closed.

Target Implementation Date: Completed.

Responsible Official: Actions were completed by the Manager, Supply Chain Management Strategies.

Recommendation 2. Ensure Supply Management personnel are trained in contract close-out procedures. Specifically, personnel should be trained to accurately complete the CAMS close-out reports and extract payment history data from the payment systems. The training should be part of new employee training and be updated every other year.

Management Response/Action Plan: We agree with this recommendation and management has taken a proactive approach to address this matter. In order to refresh users' knowledge of our systems, training was developed as part of our FY2011 continuous improvement program that focused on key processes and data elements in CAMS. A total of 10 training webinar sessions were developed and presented March 1 through April 7, 2011 which included two sessions on award close-out. As part of the award close-out training module, relevant aspects of the purchasing guidance were presented (i.e., scope verification, financial review, delivery and acceptance, and retention). We demonstrated how to identify awards eligible for close-out by using the existing Scorecard available to users that isolates awards on a monthly basis that are 91 days beyond the delivery date or period of performance. Additionally, we demonstrated the two reports available within the EDW system that provide payment history and decommitment amounts. We then provided guidance on performing the close-out process within the CAMS.

We will provide training to all new CAMS users. Training will be periodically updated and presented to employees as needed.

Target Implementation Date: This training was completed April 7, 2011.

Responsible Official: The responsible officials were Manager of Supply Chain Management Strategies and the Manager of Supply Management Infrastructure.

Recommendation 3. Establish a periodic control to ensure CMC personnel follow records management requirements for contract files, including, but not limited to retaining records for the required 6 years.

Management Response/Action Plan: We agree with this recommendation and will establish a standardized process for contract file archiving and storage. Also we will develop a web based tool (or other appropriate solution) to capture and track information regarding the storage location of such files. The refresher training addressed our policy requirements to retain contract files for a 6-year period. Additionally, we will work with the Headquarters Records Office, to periodically review and identify contract files for retention or destruction.

Target Implementation Date: A standardized process and tracking solution will be implemented by July 2011.

Responsible Official: The responsible officials are the Manager of Supply Management Infrastructure and the Manager of Supply Chain Management Strategies.

Recommendation 4. Establish a periodic control to ensure contracts are being closed timely and that close-out procedures are being followed to include that CAMS close-out reports contain accurate information.

Management Response/Action Plan: Management agrees with this recommendation. The training on award close-out has provided clear instructions on the steps that must be taken to ensure the close-out process is accurately completed. The training also emphasized the importance of completing close-out actions in a timely manner. Our control process includes an existing scorecard that isolates awards that are 91 days beyond the delivery date or period of performance. This scorecard is provided by Supply Chain Management Strategies on a monthly basis to each CMC for action. To ensure that close-outs are being performed timely, the scorecard will be updated to add a trend report and escalated to upper management for periodic review.

Target Implementation Date: The scorecard will be updated and issued by June 2011.

Responsible Official: The responsible official for the scorecard is the Manager of Supply Chain Management Strategies.

We do not believe that this report contains any proprietary or business information and may be disclosed pursuant to the Freedom of Information Act. If you have any questions about this response, please contact Susan Witt at 202 268-4833.



cc: Joseph Corbett
Deborah Giannoni-Jackson
Corporate Audit and Response