



Bulletin: OCFO 20-01

Date: February 28, 2020

Subject: Procedures for Processing Assignment of Claims

To: All Agencies

PURPOSE:

The purpose of this bulletin is to provide Financial Management Services (FMS) procedures for processing Assignment of Claim, Release of Assignment, Escrow, Factoring and Novation Agreements for money due or that become due under a contract processed through the Integrated Acquisition System (IAS) in FMFI.

DEFINITION:

Assignment of Claim is the transfer or making over by a contractor to a bank, trust company, or other financing institution, as security for a loan to the contractor, of its right to be paid by the Government for contract performance. For more definitive information on Assignment of Claim, refer to excerpts from the Federal Acquisition Regulation (FAR, Sub Part 32.8, Assignment of Claim).

POLICY:

Assignment of Claim for money due under an awarded contract can only be received from a bank, trust company, or other financing institution, including any Federal lending agency.

Assignment documentation consists of two parts:

- (1) Notice of Assignment completed by the financial institution.
- (2) Instrument of Assignment or Assignment of Claim completed by the vendor/contractor and requires a notary or corporate seal.

RESPONSIBILITIES:

Agency will process assignment documentation as follows:

- Confirm that a complete signed copy by all parties are received and notarized.
- Contracting Officer (CO) to execute the Receipt of Acknowledgment as contained within the assignment.
- Provide the assignee's banking information (routing/account numbers), email and mailing address.
- Provide contracted vendor's email address.
- Provide agency contact telephone number and email address.

- Confirm that the contract number as provided within the assignment is contained within the FMMI application and provide the Purchase Order (PO) number.
- Email or fax complete acknowledged copy of the Assignment of Claim as well as coversheet containing requested information to Treasury Certifying Officer (TCO).

TCO will process assignment documentation as follows:

- Confirm and/or establish vendor record for assignee.
- Confirm availability of funds within the FMMI PO.
- Email IAS Help Desk to establish partner function under the IAS contract number using the assignee's vendor record number.
- Upon confirmation from IAS Help Desk, confirm partner function established under the FMMI PO number linked to the IAS contract number.
- Notify agency, vendor and assignee that the partner function is established and that payments may be processed via email.

Upon assignment obligation satisfaction, the financial institution must send, on their letterhead, a Release of Assignment to the CO with the agency. The CO will email or fax the release to the TCO. The TCO will coordinate the removal of the alternate payee from the IAS obligation and FMMI PO and advise the CO upon completion.

A change of financial institution will require a Release of Assignment from the original financial institution and submission of new Assignment of Claim documentation.

Subsequent payment(s) will disburse to awarded contract payee or to the new financial institution if a change is in effect.

Third-party requests (Escrow, Factoring, etc.) wherein the tax identification number (TIN) remains the same as the awarded IAS contract, the TCO will process in the same manner as the Assignment of Claim disbursing the payment to the third party, however reporting the payment activity under the TIN that was awarded the contract. CO to submit these types of requests in the same manner as the Assignment of Claim.

Novation Agreement requires the agency to de-obligate the IAS obligation and establish a new obligation under the new TIN. If de-obligation is not possible, please contact Vendor Maintenance and request the new vendor code is added as an alternate payee on the old vendor master. Submission of payments will continue to post under the awarded contract vendor code however payments will disburse under the novation alternate payee vendor code.

Email contact information for TCOs:

Tammy Alphonse - Tammy.Alphonse@usda.gov

Ann Gaten - Ann.Gaten@usda.gov

TCO facsimile – 303 205 3435

Questions concerning this bulletin should be directed to Lloyd Davis, Supervisor FMS/ACD, Lloyd.Davis@usda.gov and TCOs as identified above.