

Contractor Assignments and Name Changes Guideline - 4.6.G (08/20/04)

[Last Update: \(08/20/04\) BDenman:kma - 4.6.G.0](#)

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This guideline was extensively revised to address administrative changes throughout the document.

Definitions

An **assignee** is the party who will perform the contract work as the Contractor's substitute.

An **assignor** is the Contractor who assigns the work to a third party (assignee).

An **assignment** is a transfer by the Contractor of the duties and benefits arising under a Sandia contract to a third party. The assignor continues to be responsible for contract performance after an assignment; however, Sandia consents, under an assignment, to have the contract performed by the assignee.

An **Assignment for the Benefit of Creditors** is an assignment solely of the right to receive monies paid under a contract.

A **name change** recognizes the legal name change of the Contractor without disturbing the original contractual rights and obligations of Sandia or the Contractor.

An **Integrated Contractor (IC)** is a Contractor that works for Department of Energy/National Nuclear Security Administration (DOE/NNSA), uses DOE/NNSA funds to finance operations under a cost-type contract, and maintains a separate set of accounts and records for recording and reporting all business transactions under the contract in accordance with DOE/NNSA accounting practices and procedures; the Contractor's accounts are integrated with those of DOE/NNSA.

An **IC** assignment substitutes the IC for Sandia as the party receiving the contract work. The assignment obligates the IC to administer the contract.

Assignments and Novations - 4.6.G.1

An assignment of a Sandia contract by a Contractor to a third party is permissible under the assignment clause in Sandia's Terms and Conditions (Ts&Cs) provided the assignment is prospectively approved by the Sandia Contracting Representative (SCR). The SCR is responsible for assuring that the assignee is a responsible party capable of performing the work under the contract prior to approving a request for an assignment

Any assignment (not on a Sandia approved form) or novation agreement received by the SCR should be submitted to the Legal Division for their review and approval. In addition, the SCR should consult immediately with the Legal Division when any request for an assignment or novation is received which is related to an international company.

Novation agreements are usually only submitted for government agency contracts and are rarely accepted by Sandia.

The following table outlines the process for the SCR to use to execute an assignment.

Step	Who	Action
1	Contractor	Sends written request for assignment describing identity of assignee to SCR.
2	SCR	<ul style="list-style-type: none">- Secures verbal acceptance of assignee from Requester and documents file that the substitution is acceptable to Requester.- Requests credit approval, per Guideline 3.5 – Financial Evaluation of Contractors, of the assignee.- Secures Auditing approval of assignee if assignment involves cost-type contracts.– Contacts Contract Audit Department and informs them of pending assignment.

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|---|-----------------------------|--|
| 3 | SCR | Originates and sends three (3) copies of the assignment agreement and cover letter to assignor. |
| 4 | Assignor
and
Assignee | Execute assignment and return all three (3) originals to Sandia, Attn: SCR. Agreements must be signed with attested signatures and corporate seals affixed. If other than the President, Vice President, Secretary, or Treasurer signs the assignment and total amount of the contracts involved exceeds \$25K, a Certificate of Authority, signed and sealed by the firm's Secretary is required. |
| 5 | SCR | <ul style="list-style-type: none">- Prepares memo for inclusion in the approval package which states:<ul style="list-style-type: none">-- reason for change,-- credit approval, per Guideline 3.5, on the assignee, has been received, and-- the substitution is acceptable to the Requester.- Obtains Procurement Department Manager's approval on the assignment.- Distributes original assignment to:<ul style="list-style-type: none">-- assignor,-- assignee, and-- Procurement contract file- Distributes copies of assignment to:<ul style="list-style-type: none">-- Contract Audit Department,-- Treasury and Travel Services Department,-- Accounts Payable Department, and-- Legal Division.- Amends affected contract(s), replacing name of assignor with name of assignee. |
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Assignment to IC Procedures - 4.6.G.2

Commercial contract performance and administration may be assigned to ICs when Sandia management deems it appropriate. Procurement's responsibilities include:

- consult and coordinate with the:
 - responsible Sandia organizations,
 - commercial Contractor, and
 - IC,
- establish the effective date of the assignment,
- process the assignment agreement,
- transfer pertinent documents to the assignee, and
- prepare the final contract revision.

Prior to initiating an assignment agreement, the SCR shall notify Accounts Payable of the total estimated costs to be billed up to the effective date of the assignment so that proper transfer of cost responsibilities may be made.

When Sandia management deems it appropriate that commercial contract performance and administration may be assigned to ICs these steps are followed:

Step	Who	Action
1	SCR	<ul style="list-style-type: none">- Obtains approval on the Procurement Action Summary (PAS) for the assignment and the contract revision, prior to execution of agreement, from:<ul style="list-style-type: none">-- SCR's immediate manager,-- Director of Procurement and Logistics,-- Legal, and-- Auditing.- Sends three (3) copies of assignment agreement with instructions to the commercial Contractor.
2	Commercial/ Contractor	Signs, attests and seals agreement and returns the three (3) copies to the SCR.
3	SCR	- Submits assignment agreement in triplicate for

signature to:

- Legal,
- Director of Procurement and Logistics,
and
- Vice President.

- Forwards agreement to IC for execution.

The SCR distributes the fully executed assignment agreement per the following table.

Originals

- IC
- Commercial Contractor
- Legal

Copy

SCR for contract file.

The SCR completes the contract revision. A copy of the revision will be sent automatically to the commercial Contractor, as they are on distribution. If the SCR wants a copy of the revision to go to the IC also, the SCR must put them on the distribution list.

Upon request from the IC, the SCR may transfer copies of these documents:

- contract, together with incorporated documents such as drawings and specifications,
- revision,
- interim audits, and
- statements of cost.

Copies of these documents shall be transferred with a letter of transmittal.

Assignment for Benefit of Creditors - 4.6.G.3

Under an assignment for benefit of creditors, no change is made in the identity of the Contractor or in the Statement of Work (SOW). An assignment for the benefit of creditors merely changes the identity of the party who is to receive monies that Sandia pays under the contract. This type of assignment is frequently encountered when Contractors borrow money against their accounts receivable, a business practice called factoring. SCR approval is not required for these assignments.

Step	Who	Action
1	Contractor	Sends letter or copy of assignment documents to SCR executed by an officer of the Contractor's company and an officer of the assignee requesting an assignment for benefits of creditors.
2	SCR	Sends Contractor's request to Treasury Services and files copy of request in Procurement contract file.
3	Treasury Services	Notifies the following that assignment for benefit of creditor has been accepted: <ul style="list-style-type: none"> - Contractor, - SCR, and - Accounts Payable. <p style="text-align: center;">Future payments will be made in accordance with the assignment.</p>

Name Changes - 4.6.G.4

Contractors occasionally change their legal names. Since Sandia issues checks in the name of the Contractor, SCRs should ensure that Contractor's current legal name is recorded in the contracts. SCR approval is not required for Contractor name changes.

Step	Who	Action
1	Contractor	Sends letter on company letterhead (via e-mail or regular mail) to SCR indicating name change.
2	SCR	<ul style="list-style-type: none"> - Sends letter to Accounts Payable giving both former and new Contractor names. - Originates contract revision indicating the Contractor's name change. <p>Note: The contract revision will automatically change all internal Procurement records for this specific action.</p>

NOTE: The SCR or Contractor must notify the Facility Survey and Approval Coordinator (FSAC) when a company possessing a Foreign Ownership, Control, or Influence (FOCI) Determination submits a request for company name or company address change. See Guideline 5.4 – Security, for additional information on FOCI requirements.

Assignment Forms - 4.6.G.5

The following forms are located at URL <http://www-ir.n.sandia.gov/organization/div11000/11200.htm>.

- Assignment of Contracts Form
 - Assignment of Contracts Letter
 - Assignment of Payments Form
 - Assignment of Payments Letter
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References - 4.6.G.6

- Guideline 3.5 - Financial Evaluation of Contractors
 - Guideline 5.4 - Security
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Send feedback on ideas and information on this page to the Process Expert, Bertie Denman.



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