

Contract Administration

Activity 39: Assignment of Claims

Procedures covering the assignment of claims.

Related Flow Charts: [Flow Chart 39](#)

Tasks	FAR Reference(s)	Additional Information
1. Determine if assignment of claims is permissible.	FAR 32.802 Conditions [assignment of claims].	<p>A contractor may assign moneys due or to become due under a contract if all of the following conditions are met:</p> <ul style="list-style-type: none">• The contract specifies payments aggregating \$1,000 or more.• The assignment is made to a bank, trust company, or other financing institution, including any federal lending agency.• The contract does not prohibit the assignment. For example, assignment is prohibited when:<ul style="list-style-type: none">○ The contract includes the Prohibition of Assignment of Claims clause (FAR 52.232-24); or○ When commercial item contract payment will be made by a third party (e.g., use of a governmentwide commercial purchase card).• Unless otherwise expressly permitted in the contract, the assignment:<ul style="list-style-type: none">○ Covers all unpaid amounts payable under the contract;○ Is made only to one party, except that any assignment may be made to one party as agent or trustee for two or more parties participating in the financing of the contract; and

Tasks	FAR Reference(s)	Additional Information
2. Determine if an assignment of claims has already been made.	FAR 32.802 Conditions [assignment of claims].	<ul style="list-style-type: none"> ○ Is not subject to further assignment. <p>Review the information provided with the current notice of assignment, available in the contract file, and readily available from other sources. Look for any indication of a previous assignment of claims.</p>
3. Identify any problems with the notice of assignment or the assignment of claims instrument.	<p>FAR 32.802 Conditions [assignment of claims].</p> <p>FAR 32.805 Procedure [assignment of claims].</p>	<p>Assignments must provide a notice of assignment.</p> <p>The assignment must be properly executed:</p> <ul style="list-style-type: none"> • For a corporation: <ul style="list-style-type: none"> ○ Executed by an authorized representative; ○ Attested by the secretary or the assistant secretary of the corporation; and ○ Impressed with the corporate seal or accompanied by a true copy of the resolution of the corporation's board of directors authorizing the signing representative to execute the assignment. • For a partnership: <ul style="list-style-type: none"> ○ A general partner of the partnership; and ○ Authorized to execute assignments on behalf of the partnership. • For an individual: <ul style="list-style-type: none"> ○ Signature acknowledged before a notary public or other person authorized to administer oaths.

Tasks	FAR Reference(s)	Additional Information
<p>4. Identify any problems with the notice of further assignment or reassignment of claims instrument, notice of release, or release instrument.</p>	<p>FAR 32.805 Procedure [assignment of claims].</p>	<p>If an assignment has already been made, the assignee must submit the following documents:</p> <ul style="list-style-type: none"> • Written notice of release of the contractor by the assigning financial institution; • Copy of the release instrument; • Written notice of further assignment or reassignment; • Copy of the further assignment or reassignment instrument. <p>In identifying potential problems with these documents, consider the following:</p> <ul style="list-style-type: none"> • The notice of further assignment or reassignment should meet the same requirements as a notice of assignment; • The true copy of the further assignment or reassignment instrument should meet the same requirements as a copy of an assignment instrument; • The notice of release should provide an acknowledgement similar to the one on the notice of assignment; and • The true copy of the release should clearly release the contractor from the previous assignment of claims.
<p>5. Advise the assignee of any identified problems and any necessary changes.</p>	<p>FAR 32.802 Conditions [assignment of claims].</p> <p>FAR 32.805 Procedure [assignment of claims].</p>	<p>Advise the contractor of problems that prevent processing the assignment, further assignment, or reassignment of claims. For example, advise the assignee if:</p> <ul style="list-style-type: none"> • Assignment of claims is not permitted under the contract. • The notice of assignment or the assignment instrument do not meet FAR and agency requirements. • An assignment of claims has already been made for the contract and there is no record that a release of that assignment has been filed.

Tasks	FAR Reference(s)	Additional Information
<p>6. Acknowledge receipt of the notice of assignment.</p>	<p>FAR 32.805 Procedure [assignment of claims].</p>	<p>Prior to acknowledging receipt, ensure that the following conditions are met:</p> <ul style="list-style-type: none"> • The contract has been properly approved and executed; • The contract is one under which claims may be assigned; • The assignment, further assignment, or re- assignment covers only money due or to become due under the contract; • The assignee is registered in SAM.gov; and • Any additional agency requirements have been met.
<p>7. Process documents for the assignment, further assignment, or reassignment of claims following agency and office requirements.</p>	<p>FAR 32.802 Conditions [assignment of claims]. FAR 32.805 Procedure [assignment of claims].</p>	<p>Document information related to the assignment of claims in the contract file. Normally, this should include a:</p> <ul style="list-style-type: none"> • Copy of the notice of assignment, further assignment or reassignment; • True copy of the assignment, further assignment, or reassignment of claims instrument; • Copy of any notice of release; • True copy of any release instrument; and • Record of any communication with the assignee or the contractor about the assignment. <p>Agency or office requirements may also require additional processing or documentation.</p>