

## The Novation Process in C.Buy

There is often confusion over the use of the term “Novation” in relationship to the C.Buy award process. The purpose of this document is to clarify the function of Novation within the C.Buy System.

1. A Novation is fundamentally a change to an award obligation financial transaction status.
2. A contractual change in an award obligation as defined by FAR Part 42.12—Novation and Change-of-Name Agreements, requires a Novation to the financial transaction.
3. Any change to a vendor CCR record which affects the following, requires a financial record Novation even though the circumstances defined by FAR Part 42.12 may not exist.

If any one of the following fields is updated in CCR the novation feature will need to be used through an administrative modification to update the award document to the correct vendor record in CFS.

- TIN Number (True Novation Agreement)
  - DUNS Number
  - DUNS + 4
  - CAGE/NCAGE Code
  - Vendor change of address
  - Vendor changes company name
4. Another issue requiring an Administrative modification to Novate is when a duplicate vendor record is found to exist in the CFS vendor tables. Example:

If an award is sent to CFS and the vendor has not been established in the CFS vendor file it will create a new vendor record. In adding vendors to CFS, a software issue allows a new vendor record to be created with a new DUNS number, but it should have been added to an existing CFS vendor record with the same TIN number. This causes issues within the CFS vendor file where duplicates now exist and one record must be marked as duplicate and one record remains as the prime vendor record. If the vendor record that is linked to an award is marked duplicate the next modification will not except until a novation transaction is sent to update the vendor mapping in CFS to the prime vendor record. This is often seen when a

modification is obligated and the modification is rejected with a vendor error message. Not all vendor error messages require a Novation fix but many do.

In summary, not all Novation's are created equal, but any change in the vendor financial record is a Novation, either legal as defined by the FAR or administrative as defined above.

To create a novation, a no cost administrative modification must be created. No line items are required on the modification as you may not make changes to the financial status of the existing obligation when doing a Novation modification.

- Open the modification administrative section, click on the Signatures Tab.
- On the signature Tab, enter the new vendor profile ID and check the Novation Box.
- When the modification is completed and the obligation is submitted to finance and accepted, the vendor record will change correcting whatever the issue was.
- When the modification is validated, the base award record is the changed to the new vendor record.