



May 5, 1998

**THIS MEMO HAS EXPIRED**MEMORANDUM 024

TO: DISTRICT CONSTRUCTION ENGINEERS  
*Charles Goodman*

FROM: Charles Goodman, Construction Engineer

COPIES: J. B. Lairscey, Lex Chance, Bill Deyo, Ken Morefield

SUBJECT: CONTRACTOR SETTLEMENTS PAID BY CONTRACT  
INVOICE TRANSMITTAL (CIT)

The settlement of the contractor's claim often results in court orders or settlemental agreements which are paid by a CIT rather than by the normal Final Estimate process. The CIT process expedites payment to the contractor but does not allow the payment to be captured in the CRS system. Inaccurate job costs are reflected in the CRS system, which results in inaccurate reports.

In the future, when settlements are paid by CIT, the CRS system should be updated to reflect the amount of the CIT. On jobs that are in Qualified Reserve status (all other amounts due have been paid) and the payment is a lump sum, a Final Estimate should be produced with the amount of the settlement coded under the "Court Orders" field and appropriate comments inserted into the body of the estimate. On contracts that have not reached the Qualified Reserve status, a Final Estimate should be produced and reflect any reduction or elimination of Liquidated Damages, coding an amount under the "Other" of "Court Order" field for settlement agreements, or additional item quantities coded so as to reflect the net amount of the agreement. Comments should be inserted in the body of the estimate to explain the nature of the entries.

IN ANY CASE, NO ESTIMATE CREATED SHOULD BE FORWARDED TO THE COMPTROLLER FOR PAYMENT. Such estimates are only for reporting purposes.

Assistance in determining how a settlement should be reflected can be obtained by contacting the State Estimates Engineer's office.

Should you have any questions on this matter or any other concerns, call me at 414-4150 or Suncom 994-4150.

CWG/mw