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GOVERNOR

DIRECTOR'S OFFICE
DEPT. OF
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MAR 13 1 44 PM '96

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Deputy Comptroller

STATE OF HAWAII
DEPARTMENT OF ACCOUNTING
AND GENERAL SERVICES
P. O. BOX 119
HONOLULU, HAWAII 96810-0119

MAR 12 1996

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COMPTROLLER'S MEMORANDUM NO. 1996-9

TO: Heads of Departments

SUBJECT: Contract Encumbrance Vendor Changes

Effective immediately, departments will be able to request changes to the vendor for construction contract encumbrances under certain situations. The purpose of permitting the change in vendor is to allow a department to utilize the remaining funds in a contract to complete the project or to complete punch list items when the contractor has gone into bankruptcy, cannot be found, or refuses to complete the project in accordance with the contract. This exception will be allowed only if the surety or bonding company refuses to complete the project in accordance with the contract or opts to make payment to the State.

A written request with sufficient documentation must be submitted to the Comptroller for his approval describing in full the reason for the change. After being notified that their request has been approved, departments can then begin the process of obtaining another contractor to complete the project. Departments are reminded that any payments from a surety are to be deposited to the credit of the general fund.

If there are any questions regarding this change in policy, please call Ms. Sheila Walters at 586-0650.

Sam Callejo
SAM CALLEJO
Comptroller