

STATE CONTROLLER POLICY

SETTLEMENT AGREEMENTS

- 1) **Definition-Settlement Agreement.** A State contract between two or more parties for the purpose of ratifying agreements reached concerning employment or contractual disputes. The Settlement Agreement may include language releasing either or both Parties from any actual or potential liability arising out of the dispute.
- 2) **Policy**
- a. **Form and Content.** The Office of the State Controller shall determine the form and content of all settlement agreements
 - b. **Signature Authority.** The Office of the State Controller shall execute all settlement agreements unless:
 - i. The State Controller delegates this approval authority to the controller for an agency or institution of higher education; or
 - ii. The settlement agreement does not involve an expenditure of funds and the parties are an individual and an institution of higher education.
 - c. **Contract Amendment.** When a contract dispute arises between the State agency or institution of higher education and the contractor, the State agency or institution of higher education and the contractor shall execute a settlement agreement as an amendment to the original contract.
 - d. **Offset.** Prior to signing the agreement, the Office of the State Controller shall contact Central Collections and the Judicial Department to determine whether the claimants owe the State money. If the claimant owes the State money, the amount of the settlement payment shall be offset by the amount owed.

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State Controller