

**THE CITY OF NEW YORK
COMPTROLLER'S OFFICE**

COMPTROLLER'S INTERNAL CONTROL AND ACCOUNTABILITY DIRECTIVE

**DIRECTIVE 16 - PROCEDURE FOR RENDERING FORFEIT AND VOID
CONTRACTS OF CONTRACTORS PARTICIPATING IN ILLEGAL
INTERNATIONAL BOYCOTTS**

1.0 INTRODUCTION

On August 15, 1978, the City council amended The Administrative Code to prohibit a contractor doing business with the City from participating in an international boycott.

This directive sets forth procedures pursuant to which the Comptroller shall exercise his power under the new section 343-10.0 of The Administrative Code to render forfeit or void contracts of any contractor doing business with City who has been determined by the Export Administration of the United States Department of Commerce, or any other United States agency, to have participated in an illegal international boycott, or has been convicted for such illegal participation under the new August 1978 Export Administration reporting regulations.

2.0 ORGANIZATION

This directive is organized into two sections, as follows:

- Agency Notification (3.0)
- Agency Pre-Audit Responsibility (4.0)

3.0 AGENCY NOTIFICATION

The Contract Unit, Data Control Division, Comptroller's Office, will compile a listing of all contractors found to be legally or administratively in violation of Federal regulations which forbid their participation in an illegal international boycott. This list will be forwarded to the agencies and amended as warranted.

To date no contractor has been judged to be in violation of such regulations.

4.0 AGENCY PRE-AUDIT RESPONSIBILITY

- (a) It is the agency's responsibility to ensure that contracts are not awarded to vendors listed as having participated in an illegal international boycott. The agency should establish a pre-audit procedure wherein all contracts issued subsequent to the date of this directive contain the following stipulation:

in "The contractor agrees that neither the contractor nor any substantially owned affiliated company is participating or shall participate in an international boycott violation of the provisions of the Export Administration Act of 1969, as amended, or the regulations of the United States Department of Commerce promulgated thereunder.

"Upon the final determination by the Commerce Department or any other agency of the United States as to, or conviction of the contractor or a substantially owned affiliated company thereof, participation in an international boycott in violation of the provisions of the Export Administration Act of 1969, as amended, or the regulations promulgated thereunder, the Comptroller may, at this option, render forfeit and void this contract.

"The contractor shall comply in all respects, with the provisions of section 343.10.0 of the Administrative Code of the City of New York and the rules and regulations issued by the Comptroller thereunder."

Additionally, the agencies will systematically review the list of contractors adjudged to be in violation of section 343-10.0 and published by the Office of the Comptroller prior to sending out Requests for Bids. If a contractor is included on said list, the agency shall notify the contractor that his name has been removed from the bid list and that he will not be allowed to further participate.

(b) If, after a contract has been awarded, the Comptroller learns that the contractor has been convicted of participating in an illegal international boycott, the Comptroller may, at his option, render the contract forfeit and void. If the Comptroller should learn that a contractor has been determined to have participated in an illegal boycott, but decides in his discretion not to render forfeit or void the contract, the Comptroller shall report the basis for such decision to the City Council.

[January 1979]