CITY OF GREATER SUDBURY

PROGRESS PAYMENT STATEMENTS, PROGRESS PAYMENT CERTIFICATE AND INVOICING PROCEDURE

ENG-PM-S001 v.1.01

Progress Payment Statements, Progress Payment Certificate and Invoicing Procedures

Errors or omissions to the "Progress Payment Statements, Progress Payment Certificate and Invoicing Procedures" should be brought to the attention of Engineering Services: Contract Administrator.

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DOCUMENT APPROVAL			
Date	**Name**	**Title**	**Initials**
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DOCUMENT REVIEW & UPDATE SCHEDULE		
Next Review Date	**Document Owner**	**Title**
January 2018	Jody Rybachuk	Contract Administrator
Note: Templates, procedures, manuals, instructions, forms, etc. should be reviewed and updated on annual basis.		

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All staff members are responsible for ensuring that they are using the correct revision of this document.

Progress Payment Statements, Progress Payment Certificate and Invoicing Procedure
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Version Date: April 28, 2017

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Revision History			
Date	**Description**	**Author**	**Title**
April 28, 2017	*General Revision*	J. Rybachuk	Contract Administrator

REFERENCED AND RELATED DOCUMENTS

- Field Inspector Manual
- Change Order Procedure

Table of Contents

1. DEFINITIONS

CGS: City of Greater Sudbury

CO: Change Order

DPS: Daily Payable Summary

PPC: Progress Payment Certificate

PPS: Progress Payment Statement

PTD: Project to Date

QA: Quality Assurance

QTY: Quantity

REF: Referee Testing

SOW: Scope of Work

SUP: Schedule of Unit Prices

2. PURPOSE AND SCOPE

The purpose of this procedure and process flow is to define the responsibilities and steps in obtaining the month-end information required for contracted services.

This will provide accurate forecasting and monthly accrual cost reporting to the Project Management Team. The Field Inspector will submit this information to the Contract Administrator, which could be a Consultant or a City of Greater Sudbury (CGS) employee, through the Progress Payment Statement (PPS) process contained within this document. The PPS includes a Daily Payment Sheets (DPS) worksheet to be completed by the Field Inspector. The DPS worksheets will be compiled to provide detailed monthly actual amounts as specified in the Contract Schedule of Unit Prices (SUP) and approved Change Orders (CO). Details of an approved CO will be added and accounted for on the PPS. Refer to the Project Change Request / Change Order Procedure for specific instructions regarding Change Orders.

Submission will be as per the Progress Payment Certificate (PPC) Calendar Schedule which will be issued within the worksheet documents. All dates are to be adhered to in order to have the Draw processed for that month. Late submissions may result in delay of processing until the following month.

3. INPUTS

The Inputs for this Procedure are:

- o Daily Payable Summary (DPS)
- o Deficiencies and Reserves List
- o Testing, Restoration and Construction Records Reserves
- o Lien Holdback
- o Change Orders (CO)

4. <u>OUTPUTS</u>

The outputs to this procedure are:

- o Provides a PPS that is to be completed by the Field Inspector and submitted for approval and use.

- o Generates a manageable and measurable spreadsheet that can be used to track actual quantities and amounts as well as track project-to-date totals against each line of a Contract and approved CO.

- o Provides a procedure to ensure only items that have been verified through the QA process are being paid for by CGS.

- o Provides the Vendor and CGS with the same contract and CO information. This is useful for invoicing purposes, tracking amounts remaining on various lines or the Contract as a whole.

- o Provides a PPC that is aligned with project progress for payment to Contractor.

5. <u>PROGRESS PAYMENT STATEMENT (PPS):</u>

Once a Contract has been awarded, approved and issued to the Contractor, a PPS with Work Instructions will be created which will be used to generate the Progress Payment Certificate (PPC) for each pay period.

Any amendments to the Contract made through an approved CO will be reflected in the PPS following this procedure.

5.1. PPS Procedure:

At the start of a contract a project specific PPS is created. The PPS shall include exact line items, line descriptions, quantities, unit costs and dollar values as specified in the Contract. This is compiled by the Designer as their final estimate, as well as populated Schedule of Unit Prices (SUP) from the selected Contractor.

The PPS is issued to the Field Inspector along with this procedure, instructions and a submission schedule. The Field Inspector is responsible to coordinate with the Contractor to enter the quantities achieved during the pay period into PPS. The Field Inspector shall include supporting documentation (i.e. Daily Payable Summary (DPS), new COs, etc.) for the entered quantities.

The Field Inspector shall not enter any quantities that have outstanding Quality Assurance (QA) test results. If a quantity has outstanding Referee (REF) test results then only the information verified by the QA results shall be entered into the PPS, including possible Price Adjustments. If REF results differ from the QA results, appropriate adjustments will be made in the PPS for the next payment period. Any price adjustments shall be documented in accordance with the Change Order procedure.

Once all of the relevant information has been entered into the PPS, the Field Inspector shall sign off within their area of responsibility and issue the PPS.

The PPS is then reviewed for quantities, deficiencies, reserves and holdbacks. Upon satisfactory review it shall then be signed off on quantities and QA by the Administrator of the contract, either the CGS Project Manager or the Consultant Contract Administrator. This is then issued to the Contractor for acknowledgement sign-off by the Administrator of the contract.

The information contained in the PPS has been previously coordinated between the Field Inspector and Contractor and is issued as a formal acknowledgement. Once signed off the Contractor shall return the PPS to the Contract Administrator.

Once the PPS has been signed off and costs approved a Progress Payment Certificate (PPC) for that pay period is created and circulated for signatures by the CGS Contract Administrator.

Once the PPC is signed off and approved it is then released to the Finance Department for payment by the CGS Contract Administrator.

5.2.   PPS Process Flow:

CGS Project Managers are required to track their respective PPS as it would prove challenging otherwise. These are time sensitive tasks which will follow the Progress Payment Certificate Calendar Schedule. All dates are to be adhered to in order to ensure the Finance Department can process the payment Draw for that month. Late submissions may result in the delay of processing until the following month.
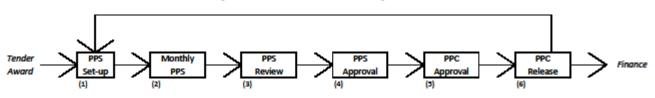
Figure 1: Flow Chart Diagram

The following steps adhere to the Flow Chart Diagram and PPS template.

(1) PPS Set-up

   a. Set-up PPS spreadsheet (CGS Contract Administrator).

      - The PPS spreadsheet is to always reside on the CGS server and worked on there.

      - The file location is to be saved under the respective contract folder on the server J:\S_Capital_Projects

      - Naming convention for all PPS files will be ENG##-##-PPS# and is not to be changed throughout the process.

b. Distribute PPS (CGS Contract Administrator).

    i. Email notification of template completion and location is sent to Construction Services at ConstructionServices@greatersudbury.ca for CGS administered projects.

        a. Construction Services to notify Field Inspector.

           - Construction Services Clerk or designate retrieves email from corresponding email account and forwards it to the responsible Field Inspector for the respective contract.

    ii. Email PPS template file to Consultant Contract Administrator for Consultant administered projects.

        a. Further notification and distribution is as per Consultant practices.

c. Apply noted CO's to PPS (Contract Administrator).

    i. For CGS administered contracts, CO's will be applied as they are approved and submitted to the CGS Contract Administrator.

        a. Only approved CO's will be applied. Time line of approval and entry may fall under the following month.

        b. If emergency work has been performed in advance of the approved CO, the CGS Project Manager is to communicate and submit the PCR to the CGS Contract Administrator to allow payment for the current month.

    ii. The Consultant is responsible for the entry of the CO's as per their practices for Consulted administered contracts.

(2) A - Monthly PPS

a. Compile monthly quantities, Regular and CO items (Field Inspector).

    i. For CGS administered contracts, additional DPS utilization not part of this procedure may be required as per Construction Services practices (Field Inspectors Hand Book).

    ii. Additional DPS procedures as per Consultant practices for Consulted administered contracts.

(2) B - Monthly PPS

a. Sign-off on quantity verification, Regular items (Field Inspector).

    i. For CGS administered contracts, Field Inspector will apply their electronic signature to the PPS spreadsheet.

      ii.   Additional DPS procedures as per Consultant practices for Consulted administered contracts.

(2) C - Monthly PPS

    a.   Sign-off on quantity verification, CO items (Field Inspector).

      i.   For CGS administered contracts, Field Inspector will apply their electronic signature to the PPS spreadsheet.

      ii.   Additional DPS procedures as per Consultant practices for Consulted administered contracts.

(2) D – Monthly PPS

    a.   Apply any reserves or deficiencies (Field Inspector).

      -    Construction Deficiencies

      -    Quality Deficiencies (coordination with QA Technician)

      -    Restoration

      -    Testing

      -    Construction Data

    b.   Submission for review and sign-off (Field Inspector).

      i.   Email notification for review is sent to CGS Project Manager for CGS administered contracts.

      ii.   Submission to Consultant Contract Administrator as per Consultant practices for Consulted administered contracts.

(3) A - PPS Review

    a.   Review and revise monthly quantities as required (CGS Project Manager / Consultant Contract Administrator).

      i.   For CGS administered contracts, the revision can either be corrected by CGS Project Manager and communicated back to the Field Inspector, or returned to Field Inspector for their correction and re-submission.

      ii.   Revision practice as per Consultant for Consulted administered contracts.

    b.   Review and revise reserves and/or deficiencies as required (CGS Project Manager / Consultant Contract Administrator).

      i. For CGS administered contracts, the revision can either be corrected by CGS Project Manager and communicated back to the Field Inspector, or returned to Field Inspector for their correction and re-submission.

      ii. Revision practice as per Consultant for Consulted administered contracts.

(3) B - PPS Review

    a. This is the Contract Regular Items PPS summary sheet.

(3) C - PPS Review

    a. This is the Contract CO Items PPS summary sheet.

(3) D - PPS Review

    a. Sign-off confirming that quantities, cost and quality are within contract restraints and have met all required standards is required (CGS Project Manager / Consultant Contract Administrator).

    b. Submit PPS to Contract Administrator (CGS Project Manager / Consultant Contract Administrator).

      i. For CGS administered projects, an email notification is to be sent to the CGS Contract Administrator.

      ii. Submit as per Consultant practice for Consulted administered projects.

(3) E - PPS Review

    a. Compile PPS Summary pdf package & Issue to Contractor (Contract Administrator).

      i. PPS pdf package:

        - PPS sign-off sheet with first signature (included).

        - PPS Regular and CO items (included).

        - Reserves and Deficiencies (included).

        - Review of quantities sign-off, Regular and CO items (included).

        - DPS's for the corresponding month (included).

    b. Compile/collect signatures from Contractor (Contract Administrator).

- Contractor PPS Acknowledgement sign-off confirming that all quantities presented are true and have been utilized for the respective contract directly is required.

c. Submit PPS via email to the CGS Contract Administrator (Contract Administrator).

    i. PPS pdf package is to be submitted which includes:

- PPS sign-off sheet with first and second signatures (included).

- PPS Regular and CO items (included).

- Reserves and Deficiencies (included).

- Review of quantities sign-off, Regular and CO items (included).

- DPS's for the corresponding month (included).

    ii. PPS native file is to be submitted as well.

(4) PPS Approval

a. E-file of PPS files to project file on the server (CGS Contract Administrator).

    i. Remove from email server (CGS Contract Administrator).

    ii. Ensure naming convention consistency (CGS Contract Administrator).

b. For Consulted administered contracts an email notification to CGS Project Manager is sent to request their signature for approval (CGS Contract Administrator).

    i. IF CGS Project Manager is the CGS Sponsor, the email notification is to be sent to the CGS Contract Administrator and copied to the CGS Project Manager/Sponsor.

c. Review and sign-off of PPS for cost control (CGS).

    i. For Consultant administered contracts, the CGS Project Manager will review and sign-off the PPS Approval (confirming that the PPS has been reviewed and is within approved budget).

        i. If the CGS Project Manager is the CGS Sponsor then this step will be completed by the CGS Contract Administrator.

    ii. For CGS administered contracts, the CGS Contract Administrator will review and sign-off the PPS Approval (confirming that the PPS has been reviewed and is within approved budget).

      iii.   An email notification to CGS Contract Administrator is sent to notify of completion (CGS Project Manager).

(5) PPC Approval

   a. Compile PPC (CGS Contract Administrator).

      i.   PPC pdf package includes:

         -   PPC and Accounts Summary (included)

         -   PPS sign-off, Regular and CO items (included)

         -   Reserves and Deficiencies (included)

         -   Review of quantities sign-off, Regular and CO items (included)

         -   DPS's for the corresponding month (included)

   b. Issue PPC for signatures (CGS Contract Administrator).

      i.   Issue PPC to Construction Services Manager and the Sponsor(s).

   c. Review and sign-off PPC for Approval (Construction Services Manager).

      i.   Automated submission via electronic signature issue.

         -   This will be issued at the same time as the Sponsors' review for process flow efficiencies.

   d. Review and sign-off PPC for Accounts (Sponsors).

      i.   Automated submission via electronic signature issue.

         i.   This will be issued at the same time as the Construction Services Manager review for process flow efficiencies.

   e. Auto compile/collect signatures for PPC (CGS Contract Administrator).

(6) PPC Release

   a. Finalize PPC package (CGS Contract Administrator).

   b. Secure final PPC package file (CGS Contract Administrator).

   c. Release PPC package to Finance (CGS Contract Administrator).

   d. Roll over the monthly payment (CGS Contract Administrator).

   e. Return to Step 1(if the contract is ongoing) - Distribute monthly PPS template (CGS Contract Administrator).

5.3. RACI Matrix:

Figure 2: RACI Matrix for Projects Managed by Consultants

N/A=Not Applicable   R=Responsible   A=Accountable   C=Consulted   I=Informed

TITLE / ACTIVITY	Contractor	Consulting Field Inspector	Consulting Contract Administrator	CGS Contract Administrator	CGS Project Manager	CGS Project Sponsor/PM	CGS Construction Services Manager
PPS Creation				R			
PPS Instructions sent to Consultant				R			
PPS Instructions sent to Field Inspector			R				
Monthly Generation of PPS		R	A	I		C	A
Sign-off of Monthly PPS Qty Verification		R	A	I		C	A
Sign-off of Monthly PPS Quantity, Cost & Quality			R / A	I / C	C	C / A	A
Approval of Monthly PPS				R	R	A	
Issue of Monthly PPC				R		I	I / A
Approval of Monthly PPC				C / I		R / A	R

Figure 3: RACI Matrix for Projects Managed by CGS

N/A=Not Applicable   R=Responsible   A=Accountable   C=Consulted   I=Informed

TITLE / ACTIVITY	Vendor	CGS Field Inspector	CGS Contract Administrator	CGS Project Manager	CGS Project Sponsor	CGS Construction Services Manager
PPS Creation			R			
PPS Instructions sent to Field Inspector			R	I		
Monthly Generation of PPS		R	I	C	C	A
Sign-off of Monthly PPS Qty Verification		R	I	C		A
Sign-off of Monthly PPS Quantity, Cost & Quality			I	R	A	C
Approval of Monthly PPS			R	I / C	A	
Issue of Monthly PPC			R		I	I / A
Approval of Monthly PPC			C / I		R	R

6. **CHANGE ORDER (CO):**

Refer to the Project Change Request (PCR) / Change Order (CO) procedure for instruction regarding the PCR/CO process.

7. **INVOICING:**

Once a PPS is approved the Contractor may submit a matching Invoice to Accounts Payable. Only line items on the invoice with corresponding line items on the approved PPS will be paid. Other line items will not be accepted and will have to be approved on subsequent PPS before invoicing. The invoice must be accompanied by an approved PPS and supporting documentation.

Accounts Payable will forward the invoice to the CGS Project Manager for payment approval.