

NATIONAL HIGHWAY AUTHORITY

27-Mauve Area, G-9/1, Islamabad

Accounts Section (Establishment)

No. 3(22)/NHA/Accts./Estab./04/182

Dated: 01 January, 2014

Subject: **STANDING OPERATING PROCEDURE**

A copy of Standard Operating Procedures (SOP) for payments to contractors/consultants is enclosed. In future all payments of contractors/consultants shall be processed / paid according to the procedures laid down in the SOP.

2. It is requested that the SOP may please be followed in letter and spirit, as per the area of responsibility specified in case of each officer and staff of respective wings, offices, sections as well the NHA contractors and consultants.

3. This has approval of the Chairman NHA.



(SHOAIB AHMED KHAN)

General Manager (B&A)

Distribution:

- i. All Members NHA Islamabad.
- ii. Director General (Admn) NHA, Islamabad.
- iii. All Sr. General Managers
- iv. All Regional General Managers
- v. General Manager (M-2)
- vi. General Manager (M-1)
- vii. General Manager MCRP
- viii. Secretary NHA
- ix. Director (Revenue)
- x. Director (Accounts-I)
- xi. Director (Accounts-II)

Copy to:

- Chairman NHA, Islamabad.

MINISTRY OF COMMUNICATIONS
NATIONAL HIGHWAY AUTHORITY

**Standard
Operating
Procedure**

Payments to Contractors & Consultants

Finance Wing

No. 3(22)/NHA/Accts/Estab./04/

Dated 1st January, 2004

CONTRACTOR'S PAYMENTS

1. **Mobilization Advance:**

1.1.1 **CONTRACTOR PREPARES THE BILLS**

After award of the contract/acceptance letter, the contractor will apply for Mob. Advance under the provisions of contract to the Engineer concerned. It is the responsibility for the contractor to attach the following documents along with the payment:

- Request for Mob. Advance.
- Performance Guarantee.
- Mob. Advance Bank Guarantee.
- Guarantees in accordance to the format provided in the contract documents.
- Guarantees from the scheduled banks or acceptable to NHA.

1.1.2 **CONSULTANT RECORD THE BILLS IN THE M.B**

The Consultant will check 100% of the amounts of Mob. Advance requested by the contractor according to the provisions of contract. He will record the payment in the measurement book with the following details:

- Name of the Project.
- Name of the contractor.
- Total Contract Cost less Provisional Sums.
- Bank Guarantee No, date, validity and amount.
- Performance Bank Guarantee No./10% Insurance Bond No., date, validity and amount.
- Contract Clause for Mob. Advance.
- Ensure the correctness of Mob. Advance under contract clauses.
- Signature and stamp on Measurement Book.
- Forward the case with a covering letter to the concerned Project Director.

1.1.3 **PROJECT DIRECTOR CERTIFIES THE BILLS ON M.B ALONG WITH CERTIFICATES**

The Project Director will ensure and verify the correctness of recorded entries made by consultant on measurement book and will be responsible for the followings:

- The contractor and consultant have completed all requirements as per SOP.
- 100% checking by the consultant has been carried out and the case is in order.
- Validity of Mob. Advance and Performance Bank Guarantee/Insurance Bond @ 10% of contract cost.
- Confirmation and authenticity of the Bank Guarantees.
- Provide certificate that 25% checking is made and payment is payable under contract provisions.
- Signature and stamp on Measurement Book.

Forward the case completed in all respect submitted by contractor and consultant along with all documents and M.B to G.M (Construction/Operations) through a covering letter with the recommendation of payment.

1.1.4 **GM(CONSTRUCTION/OPERATIONS) HEAD OFFICE TO PROCESS THE CASE FOR APPROVAL BY MEMBER (OPERATIONS)**

On receipt of Mob. Advance case from the Project Director Office, the General Manager (Construction/Operations) will ensure that documents/certificates required for advance payment have been duly completed by the PD Office. After satisfying himself from all codal requirements on the part of contractor, consultant and concerned Project Director, he will submit the case along with following details for approval of Member (Operations):-

- PC-I of the Project/status of the PC-I.
- Project Cost.
- Acceptance letter.
- Contract documents.
- Allocations/PSDP and expenditures.
- Source of funding, if PSDP is not available along with the approval of Member (Finance)
- Commencement Date.
- Completion Date.
- Validity of Bank Guarantee for Mob. Advance.
- Validity of Bank Guarantee for performance.
- Intimation of due date for payment as per contract provisions.

The General Manager (Construction/Operations) office will ensure the production of above documents and forward the approved case to Accounts Section after approval by Member (Operations) at least seven days before the due date.

1.1.5 **MEMBER (OPERATIONS) APPROVES THE BILLS FOR PAYMENT**

Member (Operation) will approve the payment of advance based upon the submission by the contractor verification and correctness of the Advance in accordance with contractual provisions by the Consultant and authentication by the Project Director and the General Manager (Construction/Operations). The approved case shall be forwarded by Member (Operation) to the concerned Assistant Director (Accounts), with a copy to the computer section of the Finance Wing for recording of the bill in the liability list land for issuance of a control number, to the Accounts Section and the office of General Manager (Construction/Operations).

1.1.6 **ACCOUNTS SECTION ON RECEIPT OF BILLS PROCESS THE CONTRACTOR'S PAYMENTS**

a. **Processing by Supdt. (Accounts)**

The Assistant Director (Accounts) will mark the case to Supdt. (Accounts) and he will check the advance payment arithmetically. He will be responsible for the following:

- 100% Arithmetic Check.
- Record the payment certificate in the MB.
- Record the bill in contractor ledger.
- Deduction of Income Tax as per prevailing rules.
- Preparation of Payment vouchers and noting for approval.
- Submission of the case to AD(Accounts). Three Days

b. **AD Scrutinizes the case for advance.**

The Assistant Director (Accounts) shall perform 25% Arithmetic test check conducted by the Supdt. (Accounts). He will be responsible for following:

- Validity of Guarantees.
- Custodian of Original Bank Guarantees.
- After satisfying himself, he will submit the case to Dy. Director (Accounts).
- Inform the computer section of the Finance Wing regarding processing of the bill with date. Two Days

(In case of cross-referencing or return of the file for completion of a requirement, the delay, if any occurring as a consequence, would be debited to the officer responsible for according incomplete/incorrect papers)

1.1.7 **DEPUTY DIRECTOR ENSURES CHECKS PRESCRIBED HAVE DULY BEING APPLIED CORRECTLY**

The Dy. Director (Accounts) shall give the certificate as required under financial manual and approve the payment vouchers upto Rs. 5.00 Million. He will ensure the checks prescribed for Suptd. (Accounts) and A.D (Accounts) have duly been applied correctly. He will send the approved payment vouchers direct to cash branch for payment or submit the case to Director (Accounts) if the payment is more than Rs. 5.00 Million. One Day.

1.1.8 **DIRECTOR OR GM APPROVES RELEASE OF PAYMENT**

The Director (Accounts) GM (B&A) will approve the advance payments beyond Rs. 5.00 Million and send the approved vouchers to Cash Branch for payment directly. One Day

Total 7 working days in Finance Wing, if the advance payment is in order.

1.1.9 **CASH SECTION**

On receipt of approved payment vouchers, the Cashier will be responsible to ensure the following:

Prepare the cheque subject to availability of funds.

To obtain the signatures from authorized officers.

To dispatch the cheque through Courier Service on the same day.

After the release of payment, the vouchers (original) along with documents, noting and M.B will be sent back to the A.D (Concerned).

To inform the General Manager (Construction/Operations) and the computer Section of the Finance wing prior to payment on receipt of vouchers and then on dispatch of cheque.

Payment shall be released on 8th working day if funds are available in the respective account.

1.2 **IPC'S/RUNNING BILL FOR WORK DONE**

1.2.1 **CONTRACTOR PREPARES THE BILL**

On receipt of commencement letter, the contractor shall submit his IPC's / Running Bill against work done on monthly basis to consultant on 5th of each month for processing of payment under intimation to Project Director. The Contractor will ensure:

- Request Letter
- Submission of Monthly IPC
- Limit of IPC
- Bill has been prepared in accordance with the approved BOQ items and contractual provision.
- Provide certificate that Guarantees already submitted to NHA are valid.

1.2.2 **CONSULTANT RECORD THE BILL IN THE M.B**

The CRE/RE of supervisory consultant shall check / verify the IPC and will be responsible to ensure the following:

- 100% check of the IPC.
- Physical execution of the work done.
- Quality of work in accordance with specification and standards laid down in contract.
- Bill is submitted as per approved format.
- Bill prepared in accordance with the approved BOQ items and contractual provisions.
- All the measurements have been recorded in the MB.

He will further provide the following details in the MB/IPC:

- Original Cost.
- Amount of approved V.O's/in case of VO's under process indicate time frame for the submission to the PD/GM(Construction/Operations).
- Revised Cost.
- Date of Measurement.
- Mob Advance paid and recovered.
- Secured Advance paid and recovered.
- Previous certified work done correctly been deducted.
- Retention Money, Security, Income Tax are properly deducted.
- Validity of performance and Advance Bank Guarantees.
- The certificates will be signed and stamp by the Engineer shall be affixed.

He will ensure and render the certificates that works measured 100% approved in BOQ/VO's and executed as per the specifications. After recommendation of the payment, he will forward the IPC/Bill to the concerned Project Director through a covering letter.

1.2.3 **PROJECT DIRECTOR CERTIFIES THE BILL ON MB ALONG WITH CERTIFICATES**

The Project Director concerned on receipt of IPC from the consultant shall apply required checks to scrutinize and evaluate the authenticity of work done recorded in the MB. He will certify the physical progress and the quality of works and that the required test has been conducted at site. He will also be responsible for the following:

- The contractor and consultant have completed all requirements as per SOP.
- 100% checking by the consultant has been carried out and the IPC is in order.
- No work is executed without prior approval of the BOQ/V.O's/indicates status of VO's under process. The Project Director shall be responsible to record reasons for variations in BOQ's as well as extension of time apportioning the responsibility for delay.
- Validity of Mob. Advance and Performance Bank Guarantees.
- Insurance policies/workmen compensation under contract clauses are available.
- Signature with stamp on the MB

The Project Director after satisfying himself of the correctness of IPC/Bill shall refer to the GM(Construction/Operations) for payment through a covering letter.

1.2.4 **GM(CONSTRUCTION/OPERATIONS) HEAD OFFICE PROCESS THE IPC FOR APPROVAL BY MEMBER (OPERATIONS)**

Member (Operation) will approve the payment of IPC based upon the submission by the contractor, verification and correctness of the IPC in accordance with contractual provisions by the consultant and authentication by the Project Director and the General Manager (Construction/Operations). The approved case shall be forwarded by Member (Operation) to the concerned Assistant Director (Accounts), with a copy to the computer section the Finance Wing for recording of the IPC in the liability list and for issuance of a control number, to the Accounts Section and the office of General Manager (Construction/Operations).

- Status of the PC-I
- Allocations (PSDP) and expenditures
- Source of funding, if PSDP is not available along with approval of the Member (Finance).
- Commencement Date.
- Validity of time extension.
- Approved Variation Orders or status / time frame.
- Recovery of MOB Advance.
- Validity of Bank Guarantees.
- Ensure that the requirements as per SOP have been completed 100% by the contractor, consultant and the Project Director.
- Intimation of the due date for payment as per contract provision.
- Submit to Member (Operations) for approval.

The General Manager (Construction/Operations) office will ensure to forward the approved case to Accounts Section at least seven days before the due date.

1.2.5 **MEMBER (OPERATIONS) TO SEND SUMMARY SHEET CONVEYING APPROVAL FOR PROCESSING THE PAYMENT**

Member (Operations) will approve the payment of IPC based upon the submission by the contractor, verification and correctness of the IPC in accordance with contractual provisions by the consultant and authentication by the Project Director and the General Manager (Construction/Operations). The approved case shall be forwarded by Member (Operation) to the concerned Assistant Director (Accounts), with a copy to the computer section of the Finance Wing for recording of the IPC in the liability list and for issuance of a control number, to the Accounts Section and the office of General Manager (Construction/Operations).

1.2.6 **ACCOUNTS SECTION CONCERNED ON RECEIPT PROCESS THE PAYMENT**

a. Processed by Supdt. (Accounts)

The Assistant Director (Accounts) will mark the case to Supdt. (Accounts) and he will check the IPC arithmetically. He will be responsible for the following:

- 100% Arithmetic Check.
- Record the payment Certificate in the MB
- Record the bill in contractor ledger.
- Deduction of Income Tax as per prevailing rules.
- Preparation of Payment vouchers and noting for approval
- Submission of the case to AD(Accounts). Three Days

b. **AD Scrutinizes the Case for IPC/Running Bill:**

The Assistant Director (Accounts) shall perform 25% Arithmetic test checks conducted by the Supdt. (Accounts). He will be responsible for followings:

- Validity of Guarantees.
- Custodian of Original Bank Guarantees.
- After satisfying himself, he will submit the case to Dy. Director (Accounts).
- Inform the computer section of the Finance Wing regarding processing of the bill with date. One Day

1.2.7 **DY. DIRECTOR ENSURES CHECKS PRESCRIBED HAVE DULY BEING APPLIED CORRECTLY**

To Dy. Director (Accounts) shall give the certificate as required under financial manual and approve the payment vouchers upto Rs. 5.00 Million. He will ensure the checks prescribed for Supdt. (Accounts) and AD (Accounts) have duly been applied correctly. He will send the approved payment vouchers direct to cash branch for payment or submit the case to Director (Accounts) if the payment is more than Rs. 5.00 Million. One Day.

1.2.8 The Director (Accounts)/GM(B&A) will approve the payments beyond Rs. 5.00 Million and send the approved vouchers to cash branch for payment directly. One Day

Total 6 working days in the Finance Wing, if the IPC is in order.

1.2.9 **CASH SECTION**

On receipt of approved payment vouchers, the Cashier will be responsible and to ensure the following:-

- Prepare the cheque subject to availability of funds.
- To obtain the signatures from authorized officers.
- To dispatch the cheque through courier service on the same day.
- After the release of payment, the vouchers (original) along with documents, noting and MB will be sent back to the AD(Concerned).
- To inform the General Manager (Construction/Operations) and the Computer Section of the Finance Wing prior to payment on receipt of vouchers and then on dispatch of cheque.

Payment shall be released on 7th working day if funds are available in the respective account.

1.3 **ESCALATION PAYMENT CERTIFICATE (EPC)**

1.3.1 **CONTRACTOR PREPARES THE BILL**

The contractor shall prepare and submit Escalation Payment Certificate (EPC) against verified work done of last IPC on monthly basis under intimation to Project Director. The contractor will ensure:

- Request Letter.
- Submission of Claim in cumulative form as well as indicating monthly figures.
- Bill has been prepared in accordance with the contractual provisions.
- Provide attested copies of notifications/gazettes/bulletins required for the claim.
- Provide certificate that Guarantees furnished to NHA are valid.

1.3.2 **CONSULTANT RECORD THE BILL IN THE M.B**

The CRE/RE of supervisory consultant shall check/verify the EPC and be responsible to ensure the following:

- 100% check conducted.
- Bill has been prepared in accordance with the approved standard format in cumulative form as well as for the current bill.
- Notification provided by the contractor duly attested for the purpose of current rates.
- The source of current rates is the same i.e provided for basic rates in contract.
- Verity the amount of work done (permanent) taken for the purpose of Escalation.
- Provisional sums/lump sum are to be deducted for the purpose of Escalation amount.
- The period of work done for the purpose of Escalation.
- EPC has approval form the Escalation Committee.
- All the record entries have been made in the MB.
- Validity of Performance and Advance Bank Guarantees.
- The certificates will be signed and stamp by the Engineer shall be affixed.

He will ensure and render certificates that the amounts claimed are in order. After recommendations for the payment, forward the EPC bill to the concerned Project Director through a covering letter.

1.3.3 **PROJECT DIRECTOR, CERTIFIES THE BILL ON MB ALONG WITH CERTIFICATES**

The Project Director concerned on receipt of EPC from the consultant shall apply required checks to scrutinize and evaluate the authenticity of the escalation claim. He will be fully responsible for the following:

- The contractor and consultant have completed all requirements as per SOP.
- 100% checking by the consultant has been carried out and the EPC is in order.
- No claim is included without approved rates/source.
- Signature with stamp on the M.B

The Project Director after satisfying himself of the correctness of EPC/Bill shall refer to the GM(Construction/Operations) for payment through a covering letter.

1.3.4 **GM(CONSTRUCTION/OPERATIONS) HEAD OFFICE TO PROCESS EPC FOR APPROVAL BY MEMBER (OPERATIONS)**

On receipt of the EPC from Project Director Office, the General manager (Construction/Operations) shall ensure that documents/certificates required for escalation bill have been duly completed by the PD Office. After satisfying himself regarding all codal requirements on the part of contractor, consultant and concerned Project Director, he will submit the EPC alongwith following details for approval of Member (Operations):

- Status of the PC-I
- Allocations (PSDP) and expenditures of the project
- Source of funding, if PSDP is not available along with approval of Member (Finance)
- Bill is approved by the Escalation Committee
- Ensure that the requirements as per SoP have been completed 100% by the contractor, the consultant and the Project Director.
- Intimation of due date for payment as per contract provisions.
- Submit to Member (Operations) for approval.

The General Manager (Construction/Operations) office will ensure to forward the approved case to Accounts Section at least seven days before the due date.

1.3.5 **MEMBER (OPERATIONS) SEND SUMMARY SHEET CONVEYING APPROVAL FOR PROCESSING THE PAYMENT**

Member (Operation) will approve the payment of EPC based upon the submission by the Contractor verification and correctness of the EPC in accordance with contractual provisions by the consultant and authentication by the Project Director and the General Manager (Construction/Operations). The approved case shall be forwarded by Member (Operation) to the concerned Assistant Director (Accounts), with a copy to the computer section of the issuance of a control number, to the Accounts Section and the office of General Manager (Construction/Operations).

1.3.6 **ACCOUNTS SECTION CONCERNED ON RECEIPT PROCESS THE PAYMENT**

a. Processed by Supdt. (Accounts)

The Assistant Director (Accounts) and he will check the EPC arithmetically. He will be responsible for the following:

- 100% Arithmetic check.
- Record the payment certificate in the MB
- Record the bill in contractor ledger.
- Deduction of Income Tax as per prevailing rules.
- Preparation of payment vouchers and noting for approval.
- Submission of the case to AD(Accounts). Two Days

b. **AD Scrutinizes the case for EPC/Escalation Bill.**

The Assistant Director (Accounts) shall perform 25% Arithmetic test checks conducted by the Supdt. (Accounts). He will be responsible for followings:

- Validity of Guarantees
- Custodian of Original Bank Guarantees
- After satisfying himself he will submit the case to Dy. Director (Accounts).
- Inform the computer section of the Finance Wing regarding processing of the bill with date one day.

1.3.7 **DY. DIRECTOR ENSURES CHECKS PRESCRIBED HAVE DULY BEING APPLIED CORRECTLY**

The Dy. Director (Accounts) shall give the certificate as required under financial manual and approve the payment vouchers upto Rs. 5.00 Million. He will ensure that the checks prescribed for Supdt. (Accounts) and AD(Accounts) have duly been applied correctly. He will send the approved payment vouchers direct to cash branch for payment or submit the case to Director (Accounts) if the payment is more than Rs. 5.00 Million. One Day.

1.3.8 **DIRECTOR OR GM APPROVES RELEASE OF PAYMENT**

The Director (Accounts)/GM (B&A) will approve the payments beyond Rs. 5.00 Million and send the approved vouchers to cash branch for payment directly. One Day.

1.3.9 **CASH SECTION**

On receipt of approved payment vouchers the cashier will be responsible and to ensure the following:

- Prepare the cheque subject to availability of funds.
- To obtain the signatures from authorized officers.
- To dispatch the cheque through courier service on the same day.
- After the release of payment the vouchers (original) along with documents noting and MB will be sent back to the AD(concerned).
- To inform the General Manager (Construction/Operations) and the computer section of the Finance Wing prior to payment on receipt of vouchers and then on dispatch of cheque.

Payment shall be released on 6th working day if funds are available in the respective account.

1.4 **RELEASE OF RETENTION MONEY**

1.4.1 **CONTRACTOR PREPARES THE BILL**

The contractor will prepare and submit the bill with detail of Retention Money deducted from his IPCs. He will request consultant for release of retention money as per contract provisions under intimation to Project Director. The contractor will ensure:

- Submission of request for release of retention money
- To provide the detail of retention money deducted.
- Issuance of completion certificates
- Issuance of defect liability certificates

1.4.2 **CONSULTANT RECORD THE BILL IN THE MB**

The CRE/RE of supervisory consultant shall check / verify the amounts of retention money / detail submitted by contractor. He will be responsible and ensure the following:

- 100% check of the R/Money payment.
- Retention Money is payable to the contractor as per contract provisions.
- The retention money amounts are recorded in the measurement book
- Issuance of completion certificates
- Signature with stamp on MB

He will ensure and render the certificates regarding the correctness of retention money payment. After recommendation of the payment. He will forward the case for release of retention money to the concerned Project Director through a covering letter.

1.4.3 **PROJECT DIRECTOR CERTIFICATES THE BILL ON M.B ALONG WITH CERTIFICATES**

The Project Director concerned on receipt of the case from consultant shall apply required test checks to scrutinize and evaluate the authenticity of the Retention money payment under contract clauses. He will ensure and be responsible for the following:

- Successful completion of the project.
- Certificate for completions are issued.
- Defect liability certificate is issued.
- In case final bill is not yet paid then ensure to provide the status of audit paras, undertaking by the contractor duly vetted by Director (Legal) and approved by Chairman NHA
- Signature with stamp on MB

The Project Director after satisfying himself of the correctness of retention money payment shall refer the case to GM (Construction/Operations) for payment through a covering letter.

1.4.4 **GM (CONSTRUCTION/OPERATIONS) HEAD OFFICE PROCESS FOR APPROVAL BY MEMBER (OPERATIONS)**

On receipt of case for release of retention money the GM(Construction/Operations) will ensure that documents/certificates required for release of retention money have been duly completed by the PD Office. After satisfying himself from all codal requirements on the part of contractor consultant and concerned Project Director he will submit the case along with following details for approval of Member (Operations):

- Validity of bank guarantees
- Ensure that the requirements as per SOP have been completed 100% by the contractor, consultant and the Project Director.
- Intimation of due date for payment as per contract provision.
- Submit to Member (Operations) for approval

The GM(Construction/Operations) office will ensure to forward the approved case to Accounts Section at least seven days before the due date.

1.4.5 **MEMBER (OPERATIONS) TO SEND SUMMARY SHEET CONVEYING APPROVAL FOR PROCESSING THE PAYMENT**

Member (Operation) will approve the payment of retention money based upon the submission by the contractor verification and correctness of the release of retention money in accordance with contractual provisions by the consultant and authentication by the Project Director and the General Manager (Construction/Operations). The approved case shall be forwarded by member (Operation) to the concerned Assistant Director (Accounts), with a copy to the computer section of the Finance Wing for recording of the release of retention money in the liability list and for issuance of a control number to the Accounts Section and the office of General Manager (Construction/Operations).

1.4.6 **ACCOUNTS SECTION CONCERNED ON RECEIPT PROCESS THE PAYMENT**

a. **Processed by Supdt. (Accounts)**

The Assistant Director (Accounts) will mark the case to Supdt. (Accounts) and he will check the release of retention money arithmetically. He will be responsible for the following:

- 100% Arithmetic check
- Record the payment certificate in the MB
- Record the bill in contractor ledger
- Deduction of Income Tax as per prevailing rules.
- Preparation of payment vouchers and noting for approval
- Submission of the case to AD (Accounts). Two Days.

b. **AD Scrutinizes the case for IPC/Running Bill/Ret. Money**

The Assistant Director (Accounts) shall perform 25% Arithmetic test checks conducted by the Supdt. (Accounts). He will be responsible for following:

- Validity of Guarantees
- Custodian of Original Bank Guarantees.
- After satisfying himself he will submit the case to Dy. Director (Accounts).
- Inform the computer section of the Finance Wing regarding processing of the bill with date. One Day.

1.4.7 **DY. DIRECTOR ENSURES CHECKS PRESCRIBED HAVE DULY BEING APPLIED CORRECTLY**

The Dy. Director (Accounts) shall give the certificate as required under financial manual. He will ensure the checks prescribed have duly been applied correctly. One Day.

1.4.8 **DIRECTOR OR GM APPROVES RELEASE OF PAYMENT**

Director (Accounts)/GM(B&A) will approve the payment of retention money and send the approved vouchers to cash branch for payment directly. One Day.

Total 5 working days in the Finance Wing, if the case for release of retention money is in order.

1.4.9 **CASH SECTION PREPARE THE CHEQUES**

One receipt of approved payment vouchers the cashier will be responsible and to ensure the following:

- Prepare the cheque subject to availability of funds.
- To obtain the signatures from authorized officers.
- To dispatch the cheque through courier service on the same day.
- After the release of payment the vouchers (original) along with documents noting and MB will be sent back to the AD(Concerned)
- To inform the General Manager (Construction/Operations) and the computer section of the Finance Wing prior to payment on receipt of vouchers and then on dispatch of cheque.

Payment shall be released on 6th working day.

1.5. **FINAL BILL**

1.5.1 **CONTRACTOR PREPARES THE BILL**

The contractor shall submit his final bill against work done to consultant for processing of payment under intimation to Project Director. The Contractor will ensure:

- Request letter for payment.
- Submission of final bill
- Bill has been prepared in accordance with the approved final BOQ and contractual provisions.
- Provide undertaking on stamp paper duly vetted by Director (Legal) against the recovery of Audit Paras.
- Provide the handing taking over certificate for the assets of employer.

1.5.2 **CONSULTANT RECORD THE BILL IN THE MB**

The CRE/RE of supervisory consultant shall check / verify the final bill and responsible to ensure the following:

- 100% check of the final bill
- Physical execution of the work done.
- Quality of work in accordance with specification and standard laid down in contract.
- Bill is submitted as per approved format
- Bill prepared in accordance with the approved final BOQ and contractual provisions.
- All the measurements have been recorded in the MB
- Undertaking against audit paras duly vetted by the Director (Legal) is provided.
- Handing/ taking over certificate is issued by the employer
- Indicate recoverable amounts, if any.

He will further provide the following details in the MB/Final Bill:

- Original Cost
- Amount of approved V.O's
- Commencement Date
- Revised Cost
- Date of Measurement
- Mob Advance paid and recovered.
- Secured Advance paid and recovered.
- Previous certified work done correctly been deducted.
- Retention money security income tax are properly deducted.
- Completion certificate is issued.
- The certificates will be signed and stamp by the engineer shall be affixed.

He will ensure and render the certificates that works measured 100% approved in Final BOQ and executed as per the specifications. After recommendations on the payment, he will forward the final bill to the concerned Project Director through a covering letter.

1.5.3 **PROJECT DIRECTOR CERTIFIES THE BILL ON MB ALONG WITH CERTIFICATES**

The Project Director concerned on receipt of final bill from the consultant shall apply required checks to scrutinize and evaluate the authenticity of work done recorded in the MB. He will certify the physical progress and the quality of works and that the required test has been conducted at site. He will also be responsible for the following:

- The contractor and consultant have completed all requirements as per SOP.
- 100% checking by the consultant has been carried out and the final bill is in order.
- No work has been executed outside the approved final BOQ
- Ensure that the internal/external auditors have audited project and the due audit recoveries have been effected.
- The Project Director shall be fully responsible for any over payment or non-recovery of agreed amounts.
- Signature with stamp on the MB

The Project Director after satisfying himself regarding the correctness of final bill shall refer to GM(Construction/Operations) for payment through a covering letter.

1.5.4 **GM (CONSTRUCTION/OPERATIONS) HEAD OFFICE TO PROCESS THE CASE FOR APPROVAL BY MEMBER (OPERATIONS)**

On receipt of the final bill from Project Director Office, the General Manager (Construction/Operations) will ensure that documents/certificates required for final bill have been duly completed by the PD Office. After satisfying himself regarding all codal requirements on the part of contractor, consultant, and concerned Project Director, he will submit the bill along with following details for approval of Member (Operations):

- Status of the PC-I
- Allocations (PSDP) and expenditures of the Project
- Source of funding if PSDP is not available along with approval of member (Finance)
- Commencement Date
- Completion Date
- Validity of time Extension
- Approved final BOQ
- Recovery of MOB Advance
- Required certificate/ undertaking have been issued
- Ensure that the requirement as per SOP have been completed 100% by the contractor, consultant and the Project Director.
- Intimation of due date for payment as per contract provisions/SOP
- Submit to Member (Operations) for approval

The General Manager (Construction/Operations) office will ensure to forward the approved case to Accounts Section at least fifteen days before the due date.

1.5.5 **MEMBER (OPERATIONS) TO SEND SUMMARY SHEET CONVEYING APPROVAL FOR PROCESSING THE FINAL BILL**

Member (Operations) will approve the payment of final bill based upon the submission by the contractor verification and correctness of the final bill in accordance with contractual provisions by the consultant and authentication by the Project Director and the General Manager (Construction/Operations). The approved case shall be forwarded by Member (Operation) to the concerned Assistant Director (Accounts), with a copy to the computer section of the Finance wing for recording of the final bill in the liability list and for issuance of a control number to the Accounts Section and the office of General Manager (Construction/Operations).

1.5.6 **ACCOUNTS SECTION CONCERNED ON RECEIPT PROCESS THE PAYMENT**

a. **Processed by Supdt. (Accounts).**

The Assistant Director (Accounts) will mark the case to Supdt. (Accounts), who will check the final bill arithmetically. He will be responsible for the following:

- 100% Arithmetic check
- Record the payment certificate in the MB
- Record the bill in contractor ledger
- Deduction of Income Tax as per prevailing rules.
- Preparation of payment vouchers and noting for approval.
- Submission of the case to AD(Accounts). Eight Days

b. **AD Scrutinizes the case for IPC/Running Bill.**

The Assistant Director (Accounts) shall perform 25% arithmetic test check conducted by the Supdt. (Accounts). He will be responsible for following:

- Validity of Guarantees
- Custodian of original bank guarantees
- After satisfying himself he will submit the case to Dy. Director (Accounts).

Inform the computer section of the Finance Wing regarding processing of the bill with date. Three Days

1.5.7 **DY. DIRECTOR ENSURES CHECKS PRESCRIBED HAVE DULY BEING APPLIED CORRECTLY**

The Dy. Director (Accounts) shall give the certificate as required under financial manual and ensure that the checks prescribed for Supdt. (Accounts) and AD(Accounts) have duly been applied correctly. He will submit the case to Director (Accounts) for the approval of Member (Finance). Two Days

1.5.8 **DIRECTOR OR GM APPROVES RELEASE OF PAYMENT**

The Director (Accounts) / GM (B&A) will approve the payments beyond Rs. 5.00 Million and send the approved vouchers to Cash Branch for payment directly. One Day.

Total 14 working days in the Finance Wing, if the final bill is in order.

1.5.9 **CASH SECTION**

On receipt of approved payment vouchers, the cashier will be responsible and to ensure the following:

- Prepare the cheque subject to availability of funds
- To obtain the signatures from authorized officers
- To dispatch the cheque through courier service on the same day.
- After the release of payment the vouchers (original) along with documents, noting and MB will be sent back to the AD (Concerned).
- To inform the General Manager (Construction/Operations) and the computer section of the Finance Wing prior to payment on receipt of vouchers and then on dispatch of cheque.

Payment shall be released on 15th working day if funds are available in the respective account.

1.5.9 **CASH SECTION**

On receipt of approved payment vouchers, the cashier will be responsible and to ensure the following:

- Prepare the cheque subject to availability of funds
- To obtain the signatures from authorized officers.
- To dispatch the cheque through courier service on the same day.
- After the release of payment, the vouchers (original_ alongwith documents, noting and MB will be sent back to the AD (Concerned)
- To inform the General Manager (Construction/Operations) and the computer section of the Finance Wing prior to payment on receipt of vouchers and then on dispatch of cheque.

Payment shall be released on 15th working day if funds are available in the respective account.

CONSULTANT'S PAYMENTS

2.1 **MOBILIZATION ADVANCE**

2.1.1 **CONSULTANT PREPARES THE INVOICES**

After award of consultancy contract the consultant will apply for Mobilization Advance under the provisions of contract to the Project Director. It is the responsibility of consultant to attach the following documents along with advance payment:

- Request for Mob. Advance
- Mobilization Advance Bank Guarantees
- Guarantees/Bonds in accordance to the format provided in the contract.
- Guarantees/Bonds from the Scheduled Banks/ approved Insurance Companies.
- In case of Design/Feasibility Study / General Agreements Consultant will submit the documents to the Design Cell.

2.1.2 **PROJECT DIRECTOR CHECKS / VERIFIES THE INVOICES**

The Project Director will scrutinize the claim of consultant. He will ensure and verify the correctness of advance claimed by consultant. He will be responsible for the following:-

- The claim is in accordance with the provisions of the contract agreement.
- Validity of Mobilization Advance Guarantees.
- Professional Insurance Indemnity Bond.

After satisfying himself of the correctness/genuine ness of the claim, the Project Director will forward the case alongwith all documents to General Manager (Construction/Operations) through a covering letter with the recommendation of payment.

- For Design/Feasibility study/General Consultants, NHA Design Cell will exercise / responsible for the above checks.

2.1.3 **GM (CONSTRUCTION/OPERATIONS/DESIGN) OFFICE TO PROCESS THE CASE FOR APPROVE MEMBER (OPERATIONS/PLANNING)**

On receipt of Mobilization Advance case from the Project Director Office, the General Manager (Construction/Operations) will ensure the documents required for advance payment have been duly completed by the Project Director Office. After satisfying himself from all codal requirements on the part of consultant and Project Director he will submit the case alongwith following details:-

- PC-I of the Project / Status of PC-I.
- Consultancy Cost.
- Consultancy Agreement.
- Allocations / PSDP and expenditures.
- Source of funding, if PSDP is not available alongwith the approval of Member (Finance).
- Starting Date of Consultancy.
- Completion Data.
- Validity of Bank Guarantee & Insurance Bond.
- Intimation of due date for payment as per contract provisions.
- Consultants other than supervision, General Manager (Design) will exercise the same powers in forwarding the invoices as of General Manager (Construction / Operations) before submission to Member (Planning) for approval.

2.2.4 **MEMBER (OPERATIONS/PLANNING) APPROVES THE INVOICES FOR PAYMENT**

Member (Operation)/Member (Planning) will approve the payment of Advance based upon the submission by the Consultant verification and correctness of the Advance in accordance with contractual provisions by the consultant and authentication by the Project Director / Design Cell and the General Manager (Construction / Operations) and General Manager (Design) respectively. The approved case shall be forwarded by Member (Operation) / Member (Planning) to the concerned Assistant Director (Accounts), with a copy to the compute section of the Finance Wing for recording of the bill in the liability list and for issuance of a control number, to the Accounts Section and the office of General Manager (Construction / Operations) and General Manager (Design).

2.15 **ACCOUNTS SECTION ON RECEIPT ON INVOICES PROCESS THE CONSULTANT'S PAYMENTS**

a. **Processing by Supdt. (Accounts)**

The Assistant Director (Accounts) will mark the case to Supdt. Accounts and he will check the advance payment arithmetically. He will be responsible for the following:

- 100% Arithmetic Check
- Record the bill in consultant ledger
- Deduction of Income Tax as per prevailing rules.
- Preparation of payment vouchers and noting for approval
- Submission of the case to AD (Accounts). Two Days

b. **AD Scrutinizes the case for advance.**

The AD (Accounts) shall perform 25% Arithmetic test check conducted by the supdt. (Accounts.) He will be responsible for following:

- Validity of Guarantees/bonds.
- Custodian of Original Bank Guarantees/Bonds.
- After satisfying himself, he will submit the case to Dy. Director (Accounts).
- Inform the computer section of the Finance Wing regarding processing of the bill with date. One Day.

2.1.6 **DY. DIRECTOR ENSURES CHECKS PRESCRIBED HAVE DULY BEING APPLIED CORRECTLY**

The Dy. Director (Accounts) shall give the certificate as required under financial manual and approve the payment vouchers upto Rs. 5.00 Million. He will ensure the checks prescribed for Supdt. (Accounts) and AD(Accounts) have duly been applied correctly. He will send the approved payment vouchers direct to Cash Branch for payment or submit the case to Director (Accounts) if the payment is more than Rs. 5.00 Million. One Day.

2.1.7 **DIRECTOR OR GM APPROVES RELEASE OF PAYMENTS**

The Director (Accounts) / GM(B&A) will approve the advance payments beyond Rs. 5.00 Million and send the approved vouchers to cash branch for payment directly. One Day.

Total 5 working days in Finance Wing, if the advance payment is in order.

2.1.8 **CASH SECTION**

On receipt of approved payment vouchers, the cashier will be responsible and to ensure the following:

- Prepare the cheque subject to availability of funds.
- To obtain the signatures from authorized offices.
- To dispatch the cheque through courier service on the same day.
- After the release of payment, the vouchers (original) alongwith documents and noting will be sent back to the AD(Concerned).
- To inform the General Manager (Construction/Operations/Design) and the computer section of the Finance Wing prior to payment on receipt of vouchers and then on dispatch of cheque.

Payment shall be released on 6th working day if funds are available in the respective account.

2.2.4 **CONSULTANCY/SUPERVISION INVOICES**

2.2.1 **CONSULTANT PREPARES THE INVOICES**

The consultant will prepare and submit his monthly invoice in accordance with the provisions of contract agreement, keeping in view the man-month, approved by the employer to Project Director on 5th of each month on approved standard format for processing of payment. It is the responsibility of consultant to attach the following documents along with his monthly invoice:-

- Request Letter.
- Submission of Monthly Invoice.
- Invoice has been prepared in accordance with the approved rates and contractual provisions.
- Provide certificate that Guarantees already submitted to NHA are valid.
- Attendance sheets of staff.
- Provide an affidavit for the payment of salary to his staff.
- In case of Design/Feasibility Study/General Agreements, Consultant will submit the documents to the Design Cell.

2.2.2 **PROJECT DIRECTOR CERTIFIES THE INVOICE**

The Project Director will scrutinize/certify the invoice in the light of contract agreement. He will be responsible and ensure the following;-

- The invoice is in accordance with the provisions of contract.
- The rates and man months are according to agreement.
- The staff deployed by consultant physically working at site.
- The validity of Bank Guarantee and Professional Liability Insurance Bond.

After satisfying himself of the correctness/genuineness of the claim, the Project Director will forward the case along with all documents to General Manager (Construction/Operations) through a covering letter with the recommendation of payment.

- For Design/Feasibility Study/General Consultants, NHA Design Cell with exercise/responsible for the above checks.

2.2.3 **GM (CONSTRUCTION/OPERATIONS) HEAD OFFICE PROCESS THE INVOICES FOR APPROVAL BY MEMBER (OPERATIONS)**

On receipt of the invoice from Project Director Office, the General Manager (Construction/Operations) will ensure that documents/certificates required for monthly invoice have been duly completed by the P.D Office. After satisfying himself from all codal requirements on the part of consultant and concerned Project Director, he will submit the invoice along with following details for approval of Member (Operations):

- PC-1 of Project/Status of the PC-1
- Consultancy Cost.
- Allocations (PSDP) and expenditures.
- Source of funding, if PSDP is not available along with approval of the Member (Finance).
- Date of agreement/Date of start.
- Completion Date.
- Approved Variation Orders or status/time frame.
- Validity of Bank Gurantees/Insurance Bonds.
- Ensure that the requirements as per SOP have been complete 100% by the consultant and the Project Director.
- Intimation of due date for payment as per contract provisions.
- Submit to Member (Operations) for approval.

The General Manger (Construction/Operations) office will ensure to forward the approved case to Accounts Section at least seven days before the due date.

Consultants other then supervision, General Manager (Design) will exercise the same powers in forwarding the invoices as of General Manager (Construction/Operations) before submission to Member (Planning) for approval.

2.2.4 **MEMBER (OPS/PLANNING) TO SEND SUMMARY SHEET CONVEYING APPROVAL FOR PROCESSING THE PAYMENT**

Member (Operations)/Member (Planning) will approve the payment of monthly invoice based upon the submission by the Consultant verification and correctness of the payment in accordance with contractual provisions by the consultant sand authentication by the Project Director/Design Cell and the General Manager (Construction)/Operations) and General Manager (Design) respectively. The approved case shall be forwarded by Member (Operations)/Planning to the concerned Assistant Director(Accounts), with a copy to the computer section of the Finance Wing for recording of the bill in the liability list and for issuance of a control number, to the Accounts Section and the Office of General Manager (Construction/Operations) and General Manager (Design).

2.2.5 **ACCOUNTS SECTION CONCERNED ON RECEIPT PROCESS THE PAYMENT**

a. **Processed by Supdtt (Accounts)**

The Assistant Director (Accounts) will mark the case to Supdtt (Accounts) and he will check the invoice arithmetically. He will be responsible for the following:

- 100% Arithmetic check.
- Record the bill in consultant ledger.
- Deduction of Income Tax as per prevailing rules.
- Preparation of Payment vouchers and noting for approval.
- Submission of the case to AD (Accounts). Three Days.

b. **AD Scrutinize the Case for Invoice**

The Assistant Director (Accounts) shall perform 25% Arithmetic test checks conducted by the Supdtt (Accounts). He will be responsible for followings:

- Validity of Guarantees
- Custodian of Original Bank Guarantees/Insurance Bond.
- After satisfying himself, he will submit the case to Deputy Director (Accounts).
- Inform the computer section of the Finance Wing regarding processing of the invoice with date. **One Day**

2.2.6 **DEPUTY DIRECTOR ENSURES CHECKS PRESCRIBED HAVE DULY BEING APPLIED CORRECTLY**

The Deputy Director (Accounts) shall give the certificate as required under financial manual and approve the payment voucher upto Rs. 5.00 Million. He will ensure the checks prescribed for Supdtt (Accounts) and AD (Accounts) have duly been applied correctly. He will send the approved payment vouchers direct to Cash Branch for payment or submit the case to Director (Accounts) if the payment is more than Rs. 5.00 Million. ***One Day***

2.2.7 **DIRECTOR OR GM APPROVED RELEASE OF PAYMENT.**

The Director (Accounts)/GM (B&A) will approve the payments beyond Rs. 5.00 Million and send the approved vouchers to Cash Branch for payment directly. ***One Day***

Total 6th working days in the Finance Wing if the IPC is in order.

2.2.8 **CASH SECTION**

On receipt of approved payment vouchers, the Cashier will be responsible and to ensure the following:

- Prepare the cheque subject to availability of funds.
- To obtain the signatures from authorized officers.
- To dispatch the cheque through Courier Service on the same day.
- After the release of payment, the vouchers (original) along with documents and noting will be sent back to the AD (concerned).
- To inform the General Manager (Construction/Operations) and the Computer Section of the Finance Wing prior to payment on receipt of vouchers and then on dispatch of cheque.

Payment shall be released on 7th working day if funds are available in the respective account.