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Invoicing & Payment Procedure



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Invoicing & Payment Procedure

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1.0 PURPOSE

The purpose of this procedure is to provide a work flow process covering preparation, review, analysis and verification of Works/Services performed, approval, recommendation and payment of all invoices submitted by the 2nd Party executing Works or providing Services to the Project; and to ensure that all submitted invoices are in compliance with the Contract Commercial Conditions, Schedule of Prices and Bill of Quantities (BOQ).

2.0 SCOPE

This procedure applies to Contract activities conducted under the administration and management of the Contracts Management Department.

3.0 DEFINITIONS

Term	Definition
2nd Party	Contractor, Consultant, Engineer or Supplier who expresses interest in prequalifying for a specific package of Works or Services and upon Award becomes the entity contracted to perform such Works or Services.
Agreement	Contract or Purchase Order (collectively "Agreement") between the Entity and a 2nd Party.
Construction Contractor	The Main or Principal Contractor responsible for undertaking the Construction Works on the Project.
Enterprise Content Management System (ECMS)	An information management and collaboration platform for managing and controlling program documents and records.
Entity	Government Entity, Authority or Ministry responsible for the Project(s).
Laws	Government Tenders and Procurement Law issued pursuant to Royal Decree No. (M/128) dated 13/11/1440 AH and the Implementing Regulations thereof issued pursuant to the Minister of Finance's Resolution No. (1242) dated 21/3/1441 AH and as amended thereafter.
Etimad Platform	An E-services platform created to provide Ministry of Finance services to all Government Entities and ensure the digital transformation of the Ministry's services in line with the National Transformation Program. These services include contract management, budgeting and payments in addition to the management of tenders, procurement and financial rights.
Project	Project to be undertaken by an Entity that consists of single or multiple Agreements with 2nd Parties to perform Works or Services as part of the execution plan to deliver such a Project.
Services	Provision of technical or consulting services for design, studies, investigations (geotechnical, surveying testing), specialist advice or the like that are not the Works but necessary to support them.
Site Construction Department	Department within the Project Management Company that is responsible for Construction activities/operations.
Contracts Management Department	Department within the Entity Project Management Organization (EPMO) or at corporate level authorized to conduct contracts formation and administration activities.



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Site Document Control	Department within the Project Management Company that is responsible for the control of all project Documents using ECMS.
Site Engineering Department	Department within the Project Management Company that is responsible for Engineering or design activities/operations.
Works	Construction or supply of goods, facilities or the like of permanent and temporary nature as contracted by the Entity.

4.0 REFERENCES

NOT USED.

5.0 ROLES & RESPONSIBILITIES

The following defines the individual roles and responsibilities associated with the Invoicing and Payment procedure:

Individual	Role
Accounts Payable	Responsible for reviewing, checking and processing invoices.
Authorized Representative	The individual assigned to manage the Agreement on behalf of the Entity.
Construction Manager	The individual with primary responsibility of managing the day-to-day activities of the 2nd Party at the Site, verification of Works performed and liaising with the Contracts Administrator in reviewing and processing invoices.
Contracts Administrator	Responsible for the administration of the Agreement in full compliance with its requirements.
Contracts Management Department Manager	Responsible for the management of the overall Agreement in accordance with Project procedures and requirements.
Department Manager	The managers of Contracts Management Department, Engineering Management Department, Construction, Project Controls, Finance & Accounting, Quality Assurance/Quality Control, or Health, Safety, Security, and Environmental (HSS&E) and any other departments on the Project.
Department Representative	The representative of the Engineering Management Department responsible for Consultancy Contracts; the representative of the Construction Department responsible for Construction Contracts; and the representative of other departments for Technical Service Contracts.
Document Controller	Responsible for managing the incoming and outgoing flow of documentation on the Project.
Resident Engineer	The individual with the primary responsibility of managing and coordinating the day-to-day activities of the 2nd Party. The Resident Engineer will liaise with the Contracts Administrator to ensure effective management of the Contract.

6.0 PROCESS

This procedure applies to all Project Contracts and is intended to provide guidance for the preparation, review and payment of the 2nd Party invoices.



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It is the Entity's responsibility to ensure that this process is automated and utilizes Etimad E-services Platform where applicable.

6.1 Receipt of Application for Payment

The 2nd party is responsible for the preparation of the Payment Application in accordance with the requirements of the Agreement for submission to the Entity in the format and number required on the dates and periods specified.

The Contracts Administrator shall record the date of receipt of the Payment Application on the Correspondence Logs (whether or not the Payment Application is submitted under the cover of a letter or as a standalone application).

6.2 Review and Approval of Application for Payment

Upon receipt of the Payment Application, the Contracts Administrator shall distribute the Payment Application to the Authorized Representative or Department Representative as appropriate. The Contracts Administrator shall also:

- a. Check the overall invoice format and calculations for accuracy and compliance with the Contract's terms and conditions.
- b. Verify / agree that the invoice items, prices, quantities are in conformity with the Schedule of Prices (BOQ) included in the Contract Documents and that the quantities are verified against actual installed units of Work or Services completed in the period to which the Application refers.
- c. Verify / agree that all required deliverables have been received and are acceptable to the Authorized Representative or Department Representative.
- d. Verify / agree that applicable insurances, bonds, securities and the like are still valid and in effect for the Works or Services.
- e. Verify / Assess any back-charges, retentions, delay penalties or other deductions to the Payment amount that the Entity is entitled to withhold in accordance with the Agreement.

Any errors or discrepancies between the Payment Application submitted by the 2nd Party and the Entity's verification of such shall be notified to the 2nd Party for resolution. In the absence of an agreement, the Entity shall make a determination on the basis of its knowledge and assessment of the Payment Application.

6.3 Preparation of Payment Certificate

The Contracts Administrator shall prepare the Payment Certificate based on the assessment/determination of the Entity.

The Payment Certificate shall be reviewed by the Contracts Management Department Manager prior to providing it to the 2nd Party.

6.4 Issuance of Payment Certificate

The Entity shall issue to the 2nd Party its Payment Certificate which reflects the agreed value of Works completed for that period and/or the Authorities may determine and request the 2nd Party to present its Tax Invoice in the amount certified for Payment.

6.5 2nd Party Preparation of Invoice

Upon receiving the Payment Certificate, the 2nd Party shall prepare its Tax Invoice in accordance with the Payment Certificate and submits it to the Entity for processing. The invoice is addressed to the Entity's Accounts Payable Department.



6.6 Receipt and Processing of Invoice by the Entity

The Document Controller stamps and logs all incoming invoices in accordance with the Document Controller procedure. Document Controller then forwards the original invoice to the Entity's Accounts Payable Department with copies to the Authorized Representative, Department Representative, Contracts Administrator and Contracts Management Department Manager by e-mail transmittal.

The Contracts Administrator logs the details of the invoice in the Invoice Processing Log and ensures there are no duplications.

The Contracts Administrator processes the invoice for payment after verifying that all agreed changes have been incorporated and it aligns with the Payment Certificate. If a draft invoice was not submitted previously, then the Contracts Administrator and the Authorized Representative or Department Representative, as appropriate, shall review the invoice following the steps outlined above.

The Contracts Administrator, Authorized Representative or Department Representative, as appropriate, and the 2nd Party shall resolve any discrepancies and disparities that arise and validate the payment value.

The Contracts Administrator makes note of any unresolved differences in the Invoice Processing Log and informs the Authorized Representative or Department Representative as appropriate.

After completing the review process, the Contracts Administrator prepares the invoice approval slip, the payment certificate (**Attachment 01**) and the contract invoice concurrence sheet (**Attachment 2**). The Contracts Administrator then attaches the invoice and other relevant supporting documentation to this Invoice Approval Package.

The Contracts Administrator is responsible for tracking the actual progression of the Invoice Approval Package through the responsible parties and reporting the status in the Invoice Processing Log. Should any of the approving parties have comments or require a change, the Contracts Administrator shall take action as required to clarify, verify or resolve the issue.

The Contracts Administrator and the appropriate Department Representative shall sign the Invoice Approval Slip.

The Contracts Administrator shall then obtain the signature of the Contracts Management Department Manager, the appropriate Department Manager or nominated Representative on the contract invoice concurrence sheet.

Once the invoice approval slip and the contract invoice concurrence sheet have been approved in full, the Contracts Administrator shall obtain the signature of the Project Manager on the Contract Interim Payment Certificate Summary.

Once the approval cycle is complete, the Entity's Contracts Administrator shall transmit the Invoice Approval Package to Accounts Payable. Accounts Payable shall then submit the payment request to the Entity's Treasury and track actual payment.

Once the Invoice Approval Package is fully approved, the Contracts Administrator shall update the Invoice Processing Log and file the Invoice Approval Package (hard and soft) in the Contract File.

The Entity's Accounts Payable will process the approved payment to the 2nd Party and inform the Contracts Administrator who updates the Invoice Processing Log.

The Contract Administrator and account payable should observe and comply with the invoice processing and payment time span set in the Procurement Law and its Implementation Regulation.

7.0 ATTACHMENTS

1. EPM-KD0-TP-000046 - Project Payment Certificate Template
2. EPM-KD0-TP-000047 - Contract Invoice Concurrence Sheet Template



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Attachment 1 - EPM-KD0-TP-000046 - Project Payment Certificate Template

Project Payment Certificate Template

Contract No:	
Second Party:	
Payment Application No.:	
Payment Certificate No.:	
Period Ending:	

The First Party certifies that for [Works/Services] performed by the Second Party for the above stated period ending, the following amounts are certified for payment in accordance with Article [INSERT] entitled [INSERT] of the Contract. Second Party shall present their Tax Invoice compliant with the Contract and this Payment Certificate to the Authorized Representative of the First Party within [INSERT] days.

Item	Description	Previous Certified Payment	This Certificate	Total Certified to Date	Current Contract Value (Incl Approved Changes)
Bill of Quantities References					
1	[INSERT SUMMARY LINE ITEM]				
2	[INSERT SUMMARY LINE ITEM]				
3	[INSERT SUMMARY LINE ITEM]				
4	[INSERT SUMMARY LINE ITEM]				
5	[INSERT SUMMARY LINE ITEM]				
6	[INSERT SUMMARY LINE ITEM]				
7	[INSERT SUMMARY LINE ITEM]				
8	[INSERT SUMMARY LINE ITEM]				
9	[INSERT SUMMARY LINE ITEM]				
10	[INSERT SUMMARY LINE ITEM]				
	(A) Total Gross Certificate	0	0	0	0
Deductions					
D1	Advance Payment Repayment				
D2	Delay Penalties				
D3	Other Withholdings:				
	[STATE OTHER]				
	(B) Total Deductions	0	0	0	
NETT AMOUNT CERTIFIED FOR PAYMENT (A)-(B)			0		

The First Party represented by the below named Authorized Representative certifies the interim payment amount of SAR [INSERT VALUE] excluding Tax (if any) is payable to the Second Party upon presentation of the correct Invoice in accordance with the Contract Documents. This Certificate does not constitute an acceptance of the works by the First Party nor does it relieve the Second Party from its obligations relevant to performance of the Works or any Warranties and Obligations for works to which this Payment Certificate applies.

Signed by the Authroized Representative of the First Party
PRINT NAME:
PRINT TITLE:

Date of this Certificate



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Attachment 2 - EPM-KD0-TP-000047 - Contract Invoice Concurrence Sheet Template

DATE:		NOTES:		
CONTRACT No.:				
CONTRACT TITLE:				
CONTRACTOR NAME:				
PAYMENT CERTIFICATE No.:				
INVOICE No.:				
INVOICE DATE:				
INVOICE VALUE:				
PAYMENT DUE DATE:				
FUNCTIONAL MANAGER	NAME	AGREE	REJECT	SIGNATURE/DATE
CONTRACTS ADMINISTRATOR		<input type="checkbox"/>	<input type="checkbox"/>	
ENGINEERING MANAGEMENT DEPARTMENT MANAGER		<input type="checkbox"/>	<input type="checkbox"/>	
CONSTRUCTION MANAGER		<input type="checkbox"/>	<input type="checkbox"/>	
PROJECT CONTROLS MANAGER		<input type="checkbox"/>	<input type="checkbox"/>	
FINANCE MANAGER		<input type="checkbox"/>	<input type="checkbox"/>	
PROJECT MANAGER		<input type="checkbox"/>	<input type="checkbox"/>	
RECOMMENDED/CONCUR FOR PAYMENT				
CONTRACTS MANAGEMENT DEPARTMENT MANAGER		ENTITY AUTHORIZED REPRESENTATIVE		
Signature:		Signature:		
Print Name:		Print Name:		
CONCUR WITH PAYMENT IN FULL: <input type="checkbox"/>		APPROVED FOR PAYMENT IN FULL: <input type="checkbox"/>		
REJECT INVOICE-RETURN TO CONTRACTOR: <input type="checkbox"/>		REJECT INVOICE-RETURN TO CONTRACTOR: <input type="checkbox"/>		
REMARKS:				
COST CODE DISTRIBUTION (PROJECT CONTROLS TO COMPLETE)				
ACCOUNT		AMOUNT		
_____		_____		
_____		_____		
_____		_____		