

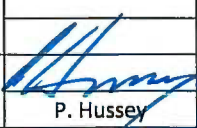
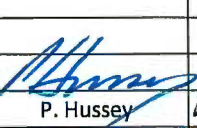
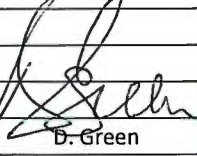
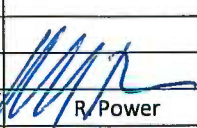
**Lower Churchill Management Corporation**



**PAYMENT CERTIFICATE PROCEDURE**

**Nalcor Doc. No. LCP-PT-MD-0000-CA-PR-0003-01**

Comments: Revised to update the process	Total # of Pages: (Including Cover): 11
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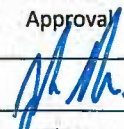
Status / Revision	Date	Reason for Issue	Prepared by	Functional Manager Approval	Quality Assurance Approval	Project Manager (Generation + Island Link) Approval
B3	02-Mar-2016	Issued for use	 P. Hussey	 P. Hussey	 D. Green	 R. Power
B2	11-Apr-2013	Issued for Use	J. Skinner	P. Hussey	D. Green	R. Power
B1	7-Mar-2013	Issued for Use	J. Skinner	P. Hussey	D. Green	R. Power

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Inter-Departmental / Discipline Approval (where required)

Department	Department Manager Approval	Date
Finance		
	J. Skinner	
	Name	
	Name	
	Name	

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**1 PURPOSE**

To outline the procedure related to the verification and approval of Contractor Payment Certificates and the roles and responsibilities of all involved in the process.

**2 SCOPE**

This procedure defines the requirements for the distribution, verification and approval of Contractor Payment Certificates.

**3 DEFINITIONS**

[LCP-PT-MD-0000-PM-LS-0001-01 Project Dictionary](#) is the approved dictionary of definitions for the LCP.

<b>Payment Certificate / Milestone Certificate</b>	A documented declaration by a Contractor that it has achieved a milestone and/or a level of work progress associated with a payment.  Approval of a Payment Certificate or Milestone Certificate by Company Representative constitutes approval that the Contractor has met criteria for payment under the Agreement.
<b>Payment Certificate Approval Form</b>	A form used to document the Payment Certificate validation process. The form is generated by the Contract Administrator upon receipt of a Payment Certificate and becomes part of the Payment Certificate application.
<b>Company</b>	LCP entity contracting goods and services from Contractor.
<b>Agreement</b>	A legal agreement that binds an LCP entity and any of its successors or assigns to a financial commitment and/or obligation to another party. For the purposes of this document, Contracts and purchase orders are collectively referred to as Agreements.

**4 APPREVIATIONS AND ACRONYMS**

LCP                      Lower Churchill Project  
 PM+                     Project Management +

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**5 RESPONSIBILITIES**

<b>Area Manager</b>	<p>Review and validate the Contractor’s Payment Certificate application in its entirety in accordance with Section 7.2.5 of this procedure.</p> <p>Provide support to the Company Representative as required.</p>
<b>Company Representative</b>	<p>Review and approve the Contractor’s Payment Certificate application.</p> <p>Communicate any issues related to Contractor’s Payment Certificate application to Contractor Representative.</p>
<b>Contract Administrator</b>	<p>Review and verify the Contractor’s Payment Certificate application in accordance with Section 7.2.2 of this procedure.</p>
<b>Contractor Representative</b>	<p>Submit the Payment Certificate application and all supporting documentation to the Company Representative for verification and approval.</p> <p>Invoice the Company for Company approved milestone achievement and/or work progress, covered by the Payment Certificate.</p>
<b>Technical and /or Construction Representative</b>	<p>Review and verify the Contractor’s Payment Certificate application in accordance with Section 7.2.4 of this procedure.</p> <p>Provide support to the Area Manager and Company Representative as required.</p>
<b>Cost Controller</b>	<p>Review and validate the Contractor’s Payment Certificate application in accordance with Section 7.2.3 of this procedure.</p> <p>Provide support to the Area Manager and Company Representative as required.</p>

**6 REFERENCES**

- [LCP-PT-MD-0000-FI-PR-0001-01](#)      [Financial Authority Procedure](#)
- [LCP-PT-MD-0000-PM-LS-0001-01](#)      [Project Dictionary](#)
- [LCP-PT-MD-0000-SC-PL-0001-01](#)      [Procurement Management Plan](#)
- [LCP-PT-MD-0000-CA-FR-0001-01](#)      [Payment Certificate Approval Form](#)

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## **7 PROCEDURE**

### **7.1 PAYMENT CERTIFICATE FUNDAMENTALS**

Upon Agreement award, the Contract Administrator, in conjunction with the Company Representative or delegate will identify the project team members required to contribute to the Payment Certificate verification and approval process. Depending on the nature of the Agreement and the scope of the work, different functional disciplines may be engaged to become part of this process.

Payment Certificates are prepared by the Contractor using the Payment Certificate form found in the Agreement. The Payment Certificate represents a declaration by the Contractor that it has achieved a milestone and/or a level of work progress. The Payment Certificate must be accompanied by all supporting documentation required to substantiate the Contractor's declaration of milestone achievement or work progress outlined in the Payment Certificate application.

By approving and returning the Payment Certificate application to the Contractor Representative, the Company Representative has acknowledged that the work has been completed in accordance with the terms and conditions of the Agreement.

### **7.2 VERIFICATION AND APPROVAL**

The individuals and departments involved in the verification process can be customized by the Company Representative depending on the nature of the Agreement and the team members responsible for verifying the Payment Certificate application. This section reviews the roles and responsibilities of the team involved in the verification and approval process that are expected to be common in most, if not all Payment Certificates.

The typical journey of a Payment Certificate is depicted in the Payment Certificate Flowchart (Attachment 8.1). In this example, the team expected to being involved in Payment Certificate validations are depicted in the flowchart. The remainder of Section 7 outlines the roles and responsibilities of the people identified in the flowchart. The following is not meant to be all-encompassing and is not meant to restrict the scope of a review but rather to provide guidance to those involved as to where their focus should be.

#### **7.2.1 CONTRACTOR REPRESENTATIVE**

The Contractor Representative is responsible for:

1. Preparing the Payment Certificate application in accordance with the Agreement and ensuring that it is:
  - a. Fully documented and supported;

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- b. Easily cross-referenced to supporting documentation; and
  - c. Properly reflects the milestone achievement and/or work progress submitted for Company approval.
2. Transmitting the Payment Certificate application to the Company Representative, in accordance with the Agreement.

### 7.2.2 CONTRACT ADMINISTRATOR

The Contract Administrator is responsible for:

1. Coordination and control of the Payment Certificate verification and approval process and ensuring compliance with this procedure and the Agreement.
2. In conjunction with the Company Representative, identifying the participants in the verification and approval process and updating the Payment Certificate Approval Form accordingly.
3. On receipt of a Payment Certificate application, printing a copy of the Payment Certificate Approval Form ([LCP-PT-MD-0000-CA-FR-0001-01](#)) and attaching it to the Payment Certificate application.
4. Verifying the Payment Certificate application is compliant with the Agreement.
5. On completion of the verification process, signing the Payment Certificate Approval Form ([LCP-PT-MD-0000-CA-FR-0001-01](#)) and noting any comments on the form that need to be brought to the attention of the Area Manager and Company Representative.
6. Addressing and resolving all notes on the Payment Certificate Approval Form ([LCP-PT-MD-0000-CA-FR-0001-01](#)), in conjunction with the Company Representative.
7. Coordinating all communications between the Contractor Representative and Company Representative.
8. Working with Project Controls, ensuring the approved Payment Certificate application has been recorded in PM+ before being returned to the Contractor Representative.

### 7.2.3 COST CONTROLLER

The Cost Controller is responsible for:

1. Reviewing and verifying milestone achievement and/or work progress presented in the Payment Certificate application (using the project systems and records to confirm that verification) and verification of the basis of any estimates.
2. Updating LCP systems to reflect cost, schedule, progress, quantities and other pertinent information contained in the Company approved Payment Certificate application.

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3. Reviewing the methodology of how progress is measured in the Payment Certificate application and verifying compliance with approved methods.
4. On completion of the verification process, signing the Payment Certificate Approval Form ([LCP-PT-MD-0000-CA-FR-0001-01](#)) and noting any comments on the form that need to be brought to the attention of the Area Manager and Company Representative.

#### 7.2.4 TECHNICAL AND/OR CONSTRUCTION REPRESENTATIVE

The Technical and/or Construction Representative is responsible for:

1. Reviewing the milestone achievement and/or work progress presented in the Payment Certificate application, including the basis of measurement, to confirm that it is reasonable and representative to the actual work performed by the Contractor.
2. Ensuring any outstanding issues with the Contractor not identified in the Payment Certificate application, including quality issues, have been considered and documented in the Payment Certificate application.
3. On completion of the verification process, signing the Payment Certificate Approval Form ([LCP-PT-MD-0000-CA-FR-0001-01](#)) and noting any comments on the form that need to be brought to the attention of the Area Manager and Company Representative.

#### 7.2.5 AREA MANAGER OR AREA CONSTRUCTION MANAGER

The Area Manager or Area Construction Manager is responsible for:

1. Ensuring all verification has been performed by the appropriate team members.
2. Reviewing comments from team members identified on the Payment Certificate Approval Form ([LCP-PT-MD-0000-CA-FR-0001-01](#)).
3. Reviewing the milestone achievement and/or work progress presented in the Payment Certificate application.
4. On completion of the verification process, signing the Payment Certificate Approval Form ([LCP-PT-MD-0000-CA-FR-0001-01](#)). If issues have been identified by the Area Manager or other verifiers, the Payment Certificate issues are summarized by the Area Manager and, with the assistance of the Contract Administrator, are resolved with the Contractor Representative.

#### 7.2.6 VERIFICATION SUPPORT

When required, the functions identified above are supported by:

1. Quality Assurance, including Field Inspectors
2. Quantity Surveyors



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3. Head office team members  
 If other disciplines are involved in the review and approval of Payment Certificates they will be added to the Payment Certificate Approval Form and will sign it.

**7.2.7 PAYMENT CERTIFICATE APPROVAL**

If the Company Representative approves the Payment Certificate application, it is signed and returned to the Contract Administrator. The Contract Administrator forwards the approved Payment Certificate application to the Contractor Representative, in accordance with the Agreement.

**7.2.8 PAYMENT CERTIFICATE ADJUSTMENT**

If the Company Representative concludes that adjustments to the Payment Certificate application are warranted, a letter is prepared by the Contract Administrator clearly stating the reasons for the adjustment. Both the letter and the amended Payment Certificate application are issued to the Contractor Representative, in accordance with the Agreement.

**7.2.9 PAYMENT CERTIFICATE REJECTION**

If the Company Representative concludes that the Payment Certificate application should be rejected, a letter is prepared by the Contract Administrator clearly stating the reasons. Both the letter and the rejected Payment Certificate application are issued to the Contractor Representative, in accordance with the Agreement.

**8 ATTACHMENTS**

**PAYMENT CERTIFICATE FLOWCHART**

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**ATTACHMENT 8.1**

**PAYMENT CERTIFICATE FLOWCHART**

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