

Lower Churchill Management Corporation



Accounts Payable Procedure

LCP-PT-MD-0000-FI-PR-0022-01

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Accounts Payable Procedure		
Nalcor Doc. No.	Revision	Page
LCP-PT-MD-0000-FI-PR-0022-01	B1	2

Table of Contents

1.0	PURPOSE	3
2.0	SCOPE.....	3
3.0	DEFINITIONS	3
4.0	ABBREVIATIONS AND ACRONYMS.....	6
5.0	REFERENCE DOCUMENTS	7
6.0	RESPONSIBILITIES	7
7.0	INVOICE VERIFICATION & APPROVAL	9
7.1	Invoice Receipt and Assignment	9
7.2	Financial Verification	10
7.2.1	Review Invoice Format & Content	10
7.2.2	Review Invoice for Tax Compliance.....	11
7.2.3	Verification of Holdbacks.....	14
7.2.4	Attest Supporting Documentation	15
7.2.5	Attest of Invoices Supported By Payment Certificates	16
7.2.6	Invoicing Issues & Errors	16
7.2.7	Completion of Financial Verification	17
7.3	Technical Verification	17
7.4	Budget Verification by the Lead Cost Controller	18
7.5	Budget Holder Approval.....	18
7.6	Post Verification & Approval	18
7.7	Invoice Verification & Approval Checklist	19
8.0	PRISM.....	19
8.1	Entry in Project Control System	19
8.2	Preparing Approval Forms.....	21
8.3	Post-Verification & Approval Process	22
9.0	PM+	22
9.1	Entry in Project Control System	22
9.2	Preparing Approval Forms.....	24
9.3	Post-Verification & Approval Process	25
10.0	OTHER EXPENDITURES	25
10.1	Corporate Purchasing Card	26
10.2	Travel Claims	26
10.3	Manual Cheque Requests	26
10.4	Recurring Payments	27
11.0	EXTENDED ATTEST	27
	ATTACHMENT 10.1	29
	ATTACHMENT 10.2	31
	ATTACHMENT 10.3	34
	NRWT Quick Reference Guide.....	35

Accounts Payable Procedure		
Nalcor Doc. No.	Revision	Page
LCP-PT-MD-0000-FI-PR-0022-01	B1	3

1.0 Purpose

The purpose of this procedure is to define the processes and controls by which the LCP F&A completes the Attest, processing and approval of invoices.

2.0 Scope

This document outlines the processes and controls implemented to Attest, process and approve LCP invoices from the time they are received from Contractors up to the time they are delivered to C-AP for data input and payment in JDE. LCP F&A is accountable for the administration and application of this procedure including updating this document for any future changes in process.

3.0 Definitions

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

Authorization for Expenditure	The mechanism by which approval for appropriations of capital expenditure is obtained. AFE's can take any of the following forms: <ul style="list-style-type: none"> - Pre-Sanction AFE - The means by which funds for pre-sanction activity for each Project Component are approved for expenditure by the Board of Directors. - Master AFE - The means by which funds for post-sanction activity for each Project Component are approved for expenditure by the Board of Directors. - Supplemental AFE - The mechanism used to secure approval for capital expenditures that are outside the scope or in excess of a previously issued AFE
Attest	The process of completing Financial Verification, Technical Verification and securing Budget Holder approval to pay an invoice.
Authorization	Authorization is a broad grant of permission to carry a proposal through to completion according to certain specifications and expectations. It does not represent a Financial Commitment or Contract to another party, however without it; such a commitment cannot be entered into by a Budget Holder.
Budget Holder	Person who is delegated Authorization Authority in accordance with the Financial Authority Procedure and has been assigned Responsibility for the completion of aspects of the work scope contained in the Project Component

Accounts Payable Procedure		
Nalcor Doc. No.	Revision	Page
LCP-PT-MD-0000-FI-PR-0022-01	B1	4
	AFE and who is accountable for developing, scheduling, controlling, forecasting and delivering against a particular scope of work. The Budget Holder is also responsible for financial stewardship of funding associated with his/her work scope.	
Change Order	A commercial document which represents an accepted and approved change to a Contract.	
Financial Commitment	<p>Subject to securing Financial Authorization, a legal agreement (Contract/PO/WTO/PAA/Change Order) between an LCP Company and another party which constitutes an obligation to receive and pay for goods and/or services for an agreed price or in accordance with an agreed pricing structure.</p> <p>The financial obligation of procured goods and/or services for the scope of various project work packages and/or the estimated value of other associated project costs (e.g. Project Management/special type Contracts). Committed costs for awarded goods and services include the original values plus any approved changes to the Contracts (which may or may not be a project scope change).</p>	
Contract	A legal agreement that binds an LCP company to a Financial Commitment and/or obligation to another party.	
Contractor	An independent third party that has entered into a Contract with an LCP company.	
Contract Assignment Log	A MS Excel file that lists each active Contract and the Cost Analyst responsible for attesting the contract invoices.	
Cost Control Account (CCA)	A unique code which is applied against each item of cost for the project. The structure of the Cost Control Account is used for organizing and managing scope, asset, cost, resource, work, and schedule activity information.	
Financial Verification	The verification by the appropriate parties of the successful completion of the Attest function as described in Attachment 10.1 - Financial Verification Checklist.	
Invoice Adjustment Form (IAF)	A form used to record any monetary adjustments to an invoice. The Invoice Adjustment Form summarizes the total payable before tax per the original invoice, any adjustments required and the revised amounts owing including tax. A copy of the Invoice Adjustment Form is used to communicate invoice adjustments to the originating Contractor.	

Accounts Payable Procedure		
Nalcor Doc. No.	Revision	Page
LCP-PT-MD-0000-FI-PR-0022-01	B1	5
Invoice Verification & Approval Form (IVAF)	A form used to document details of the invoice related to processing, verification, approval and coding. This form provides the means to document completion of Financial Verification, Technical Verification and Budget Holder approval and pertinent information required for data entry in JDE.	
Invoice Tracking Log	A MS Excel file that contains information related to the status and location of invoices.	
Materials Receiving Report (MRR)	A PM+ report generated by a material controller that confirms the material(s) received have been quantified and inspected and comply with the quantity ordered and material specifications outlined in the Contract.	
Package Engineer	Person who has been assigned to manage the completion of a particular work package(s) contained in a Project Component under the responsibility of a Budget Holder. The Budget Holder can also be the Package Engineer.	
Payment Approval Slip (PAS)	A form used to document details of the invoice related to processing, verification, approval and coding. This form provides the means to document completion of Financial Verification, Technical Verification and Budget Holder approval and is produced by PM+.	
Payment Certificate	A certificate documenting a declaration by a Contractor that an amount of work, represented by a payment milestone or specific units of work, has been achieved and that payment is now due.	
Project Component	The development of the Lower Churchill Project currently entails six (6) separate but related projects, namely (1) the hydroelectric generating plant at Muskrat Falls and (2) at Gull Island, (3) Labrador Transmission Assets, (4) the Labrador Island Transmission Link, (5) the Maritime Link and (6) the transmission infrastructure and arrangements necessary for the marketing of Gull Island power. These six (6) projects are referred to as Project Components.	
Project Management Plus (PM+)	Integrated project management software program that's application includes the management of commitments and associated invoices.	
Prism – G2	Integrated project management software program that's application includes the management of commitments and associated invoices.	
Project Office	Project headquarters located at 350 Torbay Road, Suite 2, St. John's, NL.	
Requisition	Documents the internal review and authorization process; to be secured	

Accounts Payable Procedure		
Nalcor Doc. No.	Revision	Page
LCP-PT-MD-0000-FI-PR-0022-01	B1	6

	prior to procuring goods and services. A requisition form initiates the purchasing or contracting process, which results in the issue of a Financial Commitment document (i.e. Contract, WTO, PAA or Change Order).
Real Property	Defined in the Excise Tax Act in S. 123(1) to include land and buildings, as well as leasehold interests in such property. It does not include security interests in real property such as mortgages and liens, which are treated as "financial instruments" for GST purposes.
Substantial/Final Completion Certificate	An official document signed by both Company and Contractor agreeing that Contractor has completed to satisfaction substantially all of the "work" outlined in the Agreement.
Technical Verification	The engineering review of an invoice's supporting documents for such items as milestone certificates, quantity survey certificates, Materials Receiving Reports and documentation to support work task completions.
Travel Authorization Form (TA)	A form used by LCP to pre-approve travel and estimated expenditures related to travel on LCP business.

4.0 Abbreviations and Acronyms

AFE	Authorization for Expenditure
AP	Accounts Payable
CCA	Cost Control Account
CRA	Canada Revenue Agency
C-AP	Corporate Accounts Payable
FAP	Financial Authority Procedure
GST	Goods and Services Tax
HST	Harmonized Sales Tax
IAF	Invoice Adjustment Form
IDCS	Invoice Data Control System
ITC	Input Tax Credit
IVAF	Invoice Verification & Approval Form
JDE	J D Edwards
LCP	Lower Churchill Project
LCP-AP	Lower Churchill Project - Accounts Payable
LCP-SCM	Supply Chain Management
MS	Microsoft
MCQ	Manual Cheque Request
MRR	Materials Receiving Report

Accounts Payable Procedure		
Nalcor Doc. No.	Revision	Page
LCP-PT-MD-0000-FI-PR-0022-01	B1	7

NRWT	Non Resident Withholding Tax
OSD	Over, Short and Damaged Report
P-Card	Corporate Purchasing Card
PAA	Personnel Authorization Approval
PAS	Payment Approval Slip
PDF	Portable Document Format
PM+	Project Management Plus
QST	Quebec Sales Tax
TA	Travel Authorization Form
VAT	Value Added Tax
WHSCC	Workplace Health, Safety and Compensation Commission
WTO	Work Task Order

5.0 Reference Documents

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-FI-PR-0013-01	Electronic Data Exchange Procedure
LCP-PT-MD-0000-FI-PR-0021-01	Purchasing Card Procedure
LCP-PT-MD-0000-FI-PR-0009-01	Journal Entry Procedure
LCP-PT-MD-0000-FI-FR-0001-01	Invoice Adjustment Form
LCP-PT-MD-0000-CA-PR-0003-01	Payment Certificate Procedure
LCP-PT-MD-0000-FI-PR-0010-01	Travel Claim
LCP-PT-MD-0000-FI-PR-0010-01	Manual Cheque Request Form
LCP-PT-MD-0000-HR-SD-0001-01	Travel Procedure
LCP-PT-MD-0000-FI-FR-0004-01	Invoice Verification and Approval Form
LCP- The Current	Assignment Conditions for Consultants

6.0 Responsibilities

Accounts Payable (AP) Administrative Assistant	Responsible for logging and circulating invoices and maintaining the AP Invoice Tracking Log.
Area Manager	Perform the Technical Verification of Contractor invoices in accordance with the responsibilities outlined in this procedure and Attachment 10.1.
Budget Holder	Review and approve invoices for payment after successful completion of both Technical and Financial Verification. Ensures compliance with processes and controls associated with Technical and Financial Verification of invoices, and manages the developing,

Accounts Payable Procedure		
Nalcor Doc. No.	Revision	Page
LCP-PT-MD-0000-FI-PR-0022-01	B1	8

	scheduling, controlling, forecasting and delivering against a project scope.
Company Representative	Approve and sign all official correspondence to Contractors. Can be the same person as the Budget Holder.
Supply Chain Representative	The individual who is responsible for administering and managing contracts. Perform the commercial verification of Contractor invoices in accordance with the responsibilities outlined in this procedure and Attachment 10.1.
Corporate Accounts Payable (C-AP)	Responsible for data entry and processing of approved invoices in JDE.
Cost Analyst	Coordinate the Attest process and complete a Financial Verification of Contractor invoices in accordance with the responsibilities outlined in this procedure and Attachment 10.1.
Cost Controller	Complete verification of Contractor invoices as outlined in this procedure and Attachment 10.1.
Lead Cost Controller	Responsible for ensuring that the dollar value being billed on a PM+ invoice does not exceed the Commitment.
Senior Project Accountant	Formulates and monitors processes and controls associated with invoice verification and Attest. Ensures this procedure is updated as required.
Project Controller	Provide direction and guidance to the LCP F&A team regarding invoice Attest and processing.
Project Receptionist	Forward all mail addressed to Lower Churchill Project – Accounts Payable to the F&A Administrative Assistant.
Senior Tax Specialist	Provides direction and guidance on tax related issues. Where applicable, verifies the calculation of NRWT.
Technical Verifier	Checks the invoice to verify that the work being billed has been completed, goods being billed have been received, or amount being billed is compliant with the Agreement. The Technical Verifier can be a Package Engineer, an Area Manager, a Supply Chain Representative, a Senior Tax Specialist, or anyone who has the capacity to confirm that what is being billed is acceptable.

Accounts Payable Procedure		
Nalcor Doc. No.	Revision	Page
LCP-PT-MD-0000-FI-PR-0022-01	B1	9

7.0 Invoice Verification & Approval

All LCP invoices are processed using an approach developed to ensure a consistent, complete and documented Attest and approval process. The objectives of this procedure include ensuring invoices are:

1. Compliant with the Contract and include all required supporting documentation.
2. Free of errors or omissions.
3. Compliant with tax regulations.
4. Approved in accordance with the Financial Authority Procedure LCP-PT-MD-0000-FI-PR-0001-01.
5. Coded to the appropriate code of accounts and Agreement line items.

The Project uses two Project Controls Systems to manage cost information, PM+ and Prism. Construction costs are managed in PM+ and administrative and staffing costs are managed in Prism. Invoices processed in either system are subject to the same Attest requirements, however the step-by-step system processing requirements differ and are outlined in Section 8 and 9 of this document.

7.1 Invoice Receipt and Assignment

Contractors are required to submit LCP invoices in paper format to the Project Office. The Project Receptionist forwards invoices to the F&A Administrative Assistant upon receipt. The F&A Administrative Assistant date stamps the invoice. PM+ invoices receive two additional stamps: one showing the "LCP Legend of Audit Markings" and the other showing the Contractor payment due date, JDE vendor number, and Company code. These additional stamps for PM+ invoices are necessary as the PAS for PM+ invoices would not otherwise show this information, whereas the IVAF for Prism invoices includes this information.

After an invoice is stamped it is logged in the Invoice Tracking Log, which is maintained by the F&A Administrative Assistant. Cost Analysts review this log to ensure invoices are processed on a timely basis. Information recorded in the Invoice Tracking Log includes the following:

- a) Contract Number
- b) Invoice Number
- c) Contractor Trade Name
- d) Date Received
- e) Processing Deadline
- f) Payment Deadline
- g) Net Amount
- h) Gross Amount
- i) Cost Analyst Initials

Accounts Payable Procedure		
Nalcor Doc. No.	Revision	Page
LCP-PT-MD-0000-FI-PR-0022-01	B1	10

Any invoices referencing new Contract numbers are forwarded to the Senior Project Accountant for assignment to a specific Cost Analyst. Once the invoice has been assigned, the F&A Administrative Assistant will document the assignment in the Contract Assignment Log. The F&A Administrative Assistant distributes the logged invoices to the appropriate Cost Analyst.

Standard payment terms for LCP invoices are 30 days from receipt at the Project Office. The Cost Analyst has 23 days after receipt of the invoice to administer the Attest process and forward the invoice to C-AP for data input in JDE and payment. In rare cases alternate payment terms have been agreed upon with Contractors. In these cases, the Cost Analyst will modify the processing time accordingly.

C-AP generates payment to Contractors on designated payment days. To ensure invoices are paid on time, the "Date Due" noted on the invoices should reference the payment date immediately prior to the 30th day after receipt.

7.2 Financial Verification

The Cost Analyst commences the Attest process by completing a Financial Verification of the invoice. To be effective in conducting the Financial Verification, the Cost Analyst must be knowledgeable of and ensure compliance with LCP policies, procedures and commercial agreements, including but not limited to the following:

- a) Contract associated with the invoice
- b) Payment Certificate Procedure **LCP-PT-MD-0000-CA-PR-003-01**
- c) Accounts Payable Procedure **LCP-PT-MD-0000-FI-PR-0022-01**
- d) Travel Procedure **LCP-PT-MD-0000-HR-SD-0001-01**
- e) Lower Churchill Project Assignment Conditions
- f) Financial Authority Procedure **LCP-PT-MD-0000-FI-PR-0001-01**

Although certain elements of the financial attest process are performed on every invoice, others only apply in certain circumstances or may be unique to a specific contract. The remainder of section 7.2 will outline the attest process as applicable to most if not all invoices.

7.2.1 Review Invoice Format & Content

The Cost Analyst will review the invoice to ensure it contains the required information and is mathematically correct. This review will include confirmation of the following:

Accounts Payable Procedure		
Nalcor Doc. No.	Revision	Page
LCP-PT-MD-0000-FI-PR-0022-01	B1	11

- a) The Agreement reference is identified on the invoice. This is important as some contractors have multiple agreements with LCP entities.
- b) The GST/HST registration number is noted, if applicable. This is required in order to facilitate claiming an ITC.
- c) The invoice is addressed to the correct LCP company.
- d) The name and address of the Contractor agrees to the Agreement.
- e) The GST/HST is calculated correctly.
- f) The invoice is mathematically correct (i.e.: The invoice down-adds, cross-adds and agrees to supporting schedules).

7.2.2 Review Invoice for Tax Compliance

The LCP Cost Analyst is responsible to ensure that the correct treatment of taxes has been applied to all invoices submitted for payment.

There are several types of tax that the Cost Analyst may encounter, including the following:

1. GST/HST (**Section 7.2.2.1**)
2. Quebec Sales Tax (**Section 7.2.2.2**)
3. Other Provincial Sales Tax (**Section 7.2.2.3**)
4. Non-Resident Withholding Tax (**Section 7.2.2.4**)
5. Value Added Tax (**Section 7.2.2.5**)
6. US State Tax (**Section 7.2.2.6**)
7. Importer of Record (**Section 7.2.2.7**)
8. Real Property (**Section 7.2.2.8**)

The remainder of Section 7.2.2 will provide further details on the above. Any tax issues not covered in this document should be brought to the attention of the Senior Project Accountant for further direction and resolution.

7.2.2.1 GST/HST

Fundamentally, the tax rate that applies to all charges to the LCP for services, equipment or materials will be HST (currently at 15%). The tax rate applied is based on the supply of goods and services which have an end use in the Province of Newfoundland and Labrador. Unless otherwise stated in this

Accounts Payable Procedure		
Nalcor Doc. No.	Revision	Page
LCP-PT-MD-0000-FI-PR-0022-01	B1	12

procedure, no GST/HST rate other than 15% should be applied to invoices received. If other rates are applied, the Cost Analyst must consult with the Senior Project Accountant for further direction and resolution.

Reimbursable expenses being invoiced to the LCP should be net of any refundable taxes the Contractor is eligible to recover. When attesting an invoice, the Cost Analyst must verify the Contractor has removed any refundable taxes from the billing. If reimbursable taxes are included in the invoice, The Cost Analyst should amend or reject the invoice accordingly.

Billable meals and entertainment expenses incurred by the Contractor are eligible for a refundable tax credit equal to 50% of the taxes paid. The Cost Analyst should treat the ineligible portion of the tax as a billable cost.

Refer to **Appendix 10.2 – Quick Reference GST/HST Guide** for guidance regarding specific scenarios that are commonly encountered when attesting Contractor invoices.

7.2.2.2 QST

Procurement of goods and services in the Province of Quebec, for ultimate use in Newfoundland and Labrador, are not subject to QST. All QST charges should be brought to the attention of the Senior Project Accountant. Where possible, recovery of QST will be pursued with the support of the Corporate Tax Specialist.

7.2.2.3 Other Provincial Sales Tax

As the end use and place of supply of the goods and services for LCP is Newfoundland and Labrador, other provincial sales taxes do not apply. If such taxes are included in Contractor invoices, the Cost Analyst should consult with the Senior Project Accountant for further direction and resolution.

7.2.2.4 NRWT

Under CRA regulations, the LCP is required to withhold an amount for NRWT on invoices issued by non-resident Contractors for services and related reimbursable costs incurred in Canada.

If the non-resident Contractor is granted an income tax waiver by the CRA, then withholding amounts for NRWT will not apply during the period the waiver is in effect. This means that the Cost Analyst is not required to withhold an amount for NRWT. The Contractor must provide a copy of a valid CRA waiver in order to be exempt from NRWT.

Accounts Payable Procedure		
Nalcor Doc. No.	Revision	Page
LCP-PT-MD-0000-FI-PR-0022-01	B1	13

If no waiver is granted, the NRWT is applied at the current rate of 15% for fees for services conducted in Canada. This excludes both travel time to and from non-resident's country and the Canadian destination and travel related expenses.

NRWT will also apply to non-resident Contractors if that Contractor rents equipment for income purposes while in Canada. Under such circumstances, the current NRWT of 25% will apply. The Cost Analyst must consult with the Senior Project Accountant for further direction and resolution on all NRWT issues.

Upon completion of any deductions for NRWT, the Cost Analyst will send a copy of the IVAF and invoice to the Corporate Tax Specialist to facilitate a technical review of the calculation and to assist in filing of the NRWT returns with the CRA. The Cost Analyst must also generate an Invoice Adjustment Form (IAF) for the Contractor showing the NRWT adjustment to their invoice and provide them with a copy.

Please refer to **Appendix 10.3 – Quick Reference NRWT Guide** for guidance regarding specific scenarios that are commonly encountered when attesting Contractor invoices.

7.2.2.5 Value Added Tax

Value Added Tax and other taxes charged by foreign Contractors should not be included in Contractor invoices for goods and services procured by the LCP from foreign jurisdictions. If VAT is included in Contractor invoices, the Cost Analyst will consult with the Senior Project Accountant for further direction and resolution.

7.2.2.6 US State Tax

US state tax charged by US Contractors should not be included in the costs of goods and services procured by the LCP. If US state tax is included in Contractor invoices, the Cost Analyst will consult with the Senior Project Accountant for further direction and resolution.

7.2.2.7 Importer of Record

The importer of record is the party responsible for clearing any goods/services through customs. The LCP contract templates address the issue of importer of record. Effectively if the Contractor is the importer of record, then that Contractor is responsible to pay GST/HST. If the Contractor is not registered for GST/HST, the taxes paid by the Contractor become a non-refundable cost.

Accounts Payable Procedure		
Nalcor Doc. No.	Revision	Page
LCP-PT-MD-0000-FI-PR-0022-01	B1	14

In instances where LCP is the importer of record, it will be required to pay the GST/HST. LCP has contracted a freight forwarder/customs broker to provide direction and guidance when importing goods. This broker will pay all duties and taxes on behalf of the LCP and issue invoices to LCP to recover these disbursements. The Cost Analyst must pay particular attention to these invoices as the refundable GST/HST often does not equate to the standard 15%. If the Cost Analyst is unclear on the tax calculation they should engage the Senior Project Accountant for further direction.

7.2.2.8 Real Property

In the event of expenditure for Real Property, such transactions are subject to special rules under the GST/HST legislation. When an LCP Company purchases Real Property from a non-registered individual it is required to self-assess GST/HST at the appropriate rates on the value of the property acquired. LCP is also entitled to claim a corresponding input tax credit.

Purchases of Real Property must be reported to the Senior Project Accountant, who will provide the necessary documentation to the Senior Tax Specialist to perform the self-assessment.

7.2.3 Verification of Holdbacks

Particular Contracts require a performance or mechanics lien holdback. In these instances, the Cost Analyst will verify the accuracy of the holdback amount on the Contractor's invoice. The GST/HST component of a holdback becomes payable on the earlier of the day that the holdback is paid or the day the holdback period expires, pursuant to a written Contract or applicable legislation. LCP will require that Contractors use the following method when applying a holdback:

Contract price	\$100,000
Less: 10% Holdback	<u>10,000</u>
Subtotal	90,000
HST (15%)	<u>13,500</u>
Total payable	<u>103,500</u>

The Cost Analyst will ensure the proper calculation and coding of the holdback. If any variation of this methodology is evident, the Cost Analyst will consult with the Accounting Manager for further direction and guidance.

For Contracts containing performance holdbacks, payment will be in accordance with the Contract. For Contracts containing mechanics lien holdbacks, payment is in accordance with the Mechanics Lien Act.

The Cost Analyst will advise the Senior Project Accountant upon receipt of an invoice containing a holdback release. The Senior Project Accountant will request a lien search to be conducted by the LCP

Accounts Payable Procedure		
Nalcor Doc. No.	Revision	Page
LCP-PT-MD-0000-FI-PR-0022-01	B1	15

legal counsel prior to the release of any holdbacks to verify no liens have been filed by the Contractor or any of the Contractor's subcontractors. A copy of the response from legal counsel will be added to the invoice supporting documentation.

7.2.4 Attest Supporting Documentation

Contractors are required to provide adequate supporting documentation to substantiate the charges on an invoice as is deemed appropriate by Company. This documentation can take many forms including but not limited to the following:

- a) Company approved:
 - i. Timesheets
 - ii. Expense claims
 - iii. Travel Authorizations (TA's)
 - iv. Field Work Orders
 - v. Change Orders
 - vi. Payment Certificates
 - vii. Substantial or Final Completion Certificates
 - viii. Milestone Completion Certificates
 - ix. Materials Receiving Reports
- b) Third party invoices / receipts
- c) Labour and materials reports

As part of the Financial Verification, the Cost Analyst will agree invoice charges to supporting documentation. The supporting documentation will then be reviewed to ensure Contract compliance, company approval (where appropriate) and compliance with LCP policies and procedures. Often review of supporting documentation will include the following:

1. Confirm the timeframe of services being billed aligns with the Contract.
2. Verify there are no duplicate billings on the invoice. Consideration of prior billings should be included in assessment.
3. Confirm charges agree with rates, terms and conditions outlined in the Contract and assignment conditions for Contractors
4. Ensure quantities agree to MRR / OSD reports where applicable.
5. Ensure the statutory declaration and WHSCC clearance certificate are included and properly completed, where applicable. Discrepancies should be brought to the attention of the Contract Administrator.
6. Confirm the invoice agrees to the approved Payment Certificate, where applicable.
7. Confirm the Contractor has complied with the agreed methodology for progress measurement, where applicable (This step can be confirmed during the technical verification stage in many cases).

Accounts Payable Procedure		
Nalcor Doc. No.	Revision	Page
LCP-PT-MD-0000-FI-PR-0022-01	B1	16

8. Confirm commitment funds are available to cover the value of the invoice. This step involves using the project cost control systems to verify the cumulative invoiced cost has not exceeded the committed value by line item. Discrepancies should be brought to the attention of the appropriate Contract Administrator and/or Cost Controller.

7.2.5 Attest of Invoices Supported By Payment Certificates

Specific Contracts require the Contractor to complete and submit a Payment Certificate for approval before submitting an invoice to an LCP Company. The Payment Certificate Procedure (**LCP-PT-MD-0000-CA-PR-0003-01**) outlines several Attest functions that are completed and documented as part of the Payment Certificate verification and approval process. Verification work completed during the Payment Certificate approval process is not required to be duplicated during the invoice Attest process.

7.2.6 Invoicing Issues & Errors

Should an issue arise during the invoice Attest process that warrants an invoice adjustment, the Cost Analyst prepares an IAF (**LCP-PT-MD-0000-FI-FR-0001-01**) that summarizes the adjustment and the effect the adjustment has on GST/HST and on the amount due to the Contractor. The IAF forms part of the invoice package. This IAF is reviewed by the Senior Project Accountant before posting the adjustment in the cost control system. The IAF is forwarded with the invoice and supporting documentation to the Budget Holder for review and approval. Further, an electronic copy of the IAF is filed by Contractor and by invoice number in the T: Drive using the following pathway: (*T:\Project Controller\Accounts Payable\Contractor Invoices and Correspondence\Invoice Adjustments*). Once the invoice is approved and ready for final processing and payment, the Cost Analyst will forward a copy of the IAF to the Contractor.

For invoices that contain significant errors or disputed amounts that cannot be reasonably addressed, the invoice will be rejected and the Contractor notified by issuing a letter outlining the reasons for rejection. The rejection letter will be drafted by the Cost Analyst and reviewed by the Senior Project Accountant and/or the Accounting Manager, and the appropriate Contract Administrator before issuance by the Company Representative to the Contractor.

Additionally, any invoicing issues or errors must be logged in the Issues & Errors log found in (**T:\Project Controller\Accounts Payable\Contractor Invoices and Correspondence\Issues Log**). This log is reviewed periodically with the objective of addressing recurring issues.

Accounts Payable Procedure		
Nalcor Doc. No.	Revision	Page
LCP-PT-MD-0000-FI-PR-0022-01	B1	17

7.2.6.1 Coding Correction

When a coding error is identified, the Cost Analyst will create a journal entry to correct the coding in JDE as well as make an adjustment in the appropriate cost management system. For more information on creating journal entries, refer to the Journal Entry Procedure (**LCP-PT-MD-0000-FI-PR-0009-01**).

7.2.7 Completion of Financial Verification

Once the Financial Verification is completed, the Cost Analyst will enter the invoice into the appropriate cost management system and sign the invoice. Refer to section 8.0 and 9.0 which outlines the steps necessary to input invoices into Prism or PM+, respectively.

The invoice is then forwarded to the F&A Administrative Assistant for further verification and approval. All LCP team members involved in the verification and approval process are indicated on a sign-off sheet that accompanies the invoice. The signoff sheet is either generated out of PM+ (PAS) or is an excel template (IVAF) customized for the Prism Contracts. Regardless of the type of form used, the invoice is subjected to the following:

- a) Technical Verification (Assuming this step has not already been performed at the Payment Certificate stage).
- b) Budget verification by the Lead Cost Controller (PM+ invoices only).
- c) Budget Holder approval.

The Cost Analyst will ensure the signoff sheet indicates the appropriate team members before forwarding the invoice to the F&A Administrative Assistant. Further details on these steps are outlined in the sections that follow.

7.3 Technical Verification

Technical Verification involves reviewing the charges on an invoice to confirm the goods and/or services charged have been successfully delivered and/or progressed by the Contractor and are due and payable under the Contract. Often this verification is documented by means of a Company approved milestone certificate, quantity survey certificate, Materials Receiving Report, Payment Certificate or other supporting documentation.

The person responsible for Technical Verification is determined by the Budget Holder. Typically the Package Engineer or Area Manager is responsible for the completion of the Technical Verification of the invoice, however, in certain instances Technical Verification is completed by the Budget Holder.

Accounts Payable Procedure		
Nalcor Doc. No.	Revision	Page
LCP-PT-MD-0000-FI-PR-0022-01	B1	18

Once the Technical Verification is complete, the technical verifier will sign the signoff sheet and return the invoice to the F&A Administrative Assistant for further circulation.

7.4 Budget Verification by the Lead Cost Controller

Construction invoices managed in the PM+ cost control system are forwarded to the Lead Cost Controller for budget review. The Lead Cost Controller verifies the invoice has been applied to the correct line items in the system. Once satisfied, the Lead Cost Controller signs the signoff sheet and returns the invoice to the F&A Administrative Assistant.

7.5 Budget Holder Approval

The Budget Holder will review the invoice and if an issue is identified, the invoice is returned to LCP-AP for resolution. This may include an invoice adjustment or rejection. Any adjustments will be communicated to the Contractor Representative by way of an IAF or letter.

Once satisfied, the Budget Holder will sign the invoice package and return it to the F&A Administrative Assistant for further processing and payment.

7.6 Post Verification & Approval

Once the approved invoice has been returned to the F&A Administrative Assistant, it is forwarded to the Cost Analyst who will change the status of the invoice to "Approved" in the appropriate integrated cost control system.

The Cost Analyst will then forward any invoices billed to Muskrat Falls Corporation, Labrador Transmission Corporation and Labrador Island Link Limited Partnership to the Senior Project Accountant to verify funding is available to pay the invoice.

Once the above steps are completed, the F&A Administrative Assistant will update the AP Invoice Tracking Log to show the successfully processed invoice as "Posted". The fully attested and approved invoice is scanned and uploaded into the project electronic data storage system (Aconex).

The F&A Administrative Assistant sends the fully attested and approved Prism invoices to C-AP each Monday, Wednesday and Friday. The Cost Analyst must forward invoices that need to be sent to C-AP to the F&A Administrative Assistant no later than 3:00pm the business day before the invoices are sent.

Accounts Payable Procedure		
Nalcor Doc. No.	Revision	Page
LCP-PT-MD-0000-FI-PR-0022-01	B1	19

Once the F&A Administrative Assistant has compiled all of the invoices for the package and marked them as “Posted” in the log, a list of the “Posted” invoices (generated from the Invoice Log) is prepared and cross-checked against the invoices. This quality check ensures all invoices are accounted for and that nothing gets misplaced between the LCP Project Office and the C-AP office. The F&A Administrative Assistant will send this listing along with the package and it will be signed and returned to the F&A Administrative Assistant by C-AP verifying all invoices have been received.

C-AP will process the invoices in JDE. Any issues or concerns identified by C-AP will be brought to the attention of the Senior Project Accountant for direction and resolution.

7.7 Invoice Verification & Approval Checklist

To assist in performing Financial Verification, an Invoice Verification & Approval Checklist (Appendix 10.1) has been developed that identifies the common steps required to attest LCP invoices. This checklist serves as a guide only and additional verification may be required to address issues unique to a particular Contract. Some Contracts have a customized Attest procedure to ensure risks are mitigated and the roles and responsibilities of the Attest and approval team are defined.

8.0 Prism

8.1 Entry in Project Control System

Once the financial Attest and IVAF has been completed, the Cost Analyst can enter relevant invoice information in Prism. Complete the following steps for entry of an invoice in Prism:

1. The Cost Analyst should log into Prism and click on the “Prism Button”, where a drop down menu should appear.
2. Select “Open Project” where there will be a list of available “projects”. There are currently six projects available to select:
 1. LCP Finance – Lower Churchill Project Debt and Financing
 2. LCP General – Lower Churchill Project General
 3. LCP HR – Lower Churchill Project Human Resources
 4. ML – Maritime Link
 5. LCP TTO – Lower Churchill Project Transition To Operations
 6. GI – Gull Island
3. Select the project module that will contain the information about the particular Contract referenced on the invoice. In order to make this determination, start by considering the nature of the invoice. If the invoice is for LCP personnel fees and expenses, then the Contract will be

Accounts Payable Procedure		
Nalcor Doc. No.	Revision	Page
LCP-PT-MD-0000-FI-PR-0022-01	B1	20

found in the LCP HR project. If the invoice is for LCP personnel fees and expenses specifically related to the Maritime Link project, then the Contract will be found in the ML project. If the invoice is for work completed by contractors that are not LCP personnel or for general supplies or services, then the Contract Order will be found in the LCP General project. Finally, if the invoice is for services related to LCP's debt and financing, then the Contract will be found in the LCP Finance project. If the Cost Analyst is unsure of what project module the invoice's corresponding Contract information will be found, they should check with the Senior Project Accountant. Once the Prism project is identified; select the appropriate project then "Open".

4. Several tabs will appear across the top of the page. Select the "Invoice" Management" tab and click "Invoices" icon on the top left of the screen. A table should appear called "Invoices – Purchase Orders" that lists "Purchase Order IDs" and "Descriptions". Click the filter icon and click the blank field that appears underneath the "Purchase Order IDs" heading. Key in the Contract referenced on the invoice and click on the resulting Contract that populates. In the table below "Invoices – Purchase Orders" called "Invoices - Navigation", a list of previously recorded invoices related to this Contract should populate. At this point, the Cost Analyst can perform a quick check to ensure the invoice in hand is not a duplicate by ensuring the same invoice in this table.
5. Next, the Cost Analyst should click the green plus sign icon at the top of the screen called "Add Record" to add a new invoice to the database. The Cost Analyst must populate the following fields in the "Invoices – Data" table:
 - Invoice ID
 - Description
 - Invoice Number
 - Invoice Created
 - Invoice Date
 - Invoice Received

The "Invoice Created" date should be the date of entry, the date fields titled "Invoice Date" and "Invoice Received" should be the date the invoice is received. If the Cost Analyst enters a received date that is before the first day of the current cost period, a message will appear that says "Received date cannot be before the current period". The first day of the current cost period is generated by the system and changes each month, but it is typically the first or second day of the current month. The Cost Analyst may have to manipulate this date so that it is accepted by the system.

6. At the bottom of the page there is a list of tabs. Select the tab called "Invoice Items" if not already selected and a table will appear called "Invoices – Invoice Items". Click on the green plus sign icon at the top of this "Invoices – Invoice Items" table and a list of Contract line items

Accounts Payable Procedure		
Nalcor Doc. No.	Revision	Page
LCP-PT-MD-0000-FI-PR-0022-01	B1	21

will appear. The Cost Analyst must select the appropriate Contract line item(s) related to the invoice. If unsure, they can reference the Contract information in the “Procurement” tab. To do this, click on the “Procurement tab” at the top of the screen and click the “Purchase Orders” icon that appears. Click the filter icon at the top of the page and click “Purchase Order IDs”. Key in the Contract number related to the invoice and click on the Contract that populates. At the bottom of the screen there should be several tabs. Click on the “Line Items” tab to view all the Contract line items. The Cost Analyst should scroll to the “Line Item Description” column on the screen and click on the magnifying glass icon to view the line item details. The rate on the invoice should agree to the rate in the Contract. Any discrepancies should be investigated and resolved. Next, scroll to the right until “Cost Committed”, “Cost Invoiced” to date, and “Cost Remaining” for each Contract line item is visible. If there are sufficient funds available in the “Cost Remaining” column for each Contract line item applicable, then the Cost Analyst can proceed with processing the invoice.

7. Once the line items and commitment availability are confirmed, return to the “Invoices Management Tab” click on the green plus sign icon at the top of the “Invoices – Invoice Items” table, select the appropriate Contract line item(s), and click “ok”. The line items should populate in the “Invoices – Invoice Items” table. The Cost Analyst must scroll to the “Cost” column in the table and key in the amounts that correspond to each Contract line item. Note that the amounts entered exclude any GST/HST. The Cost Analyst does not record taxes (GST/HST, etc.) in Prism.
8. After the Cost Analyst has finished keying in the amounts corresponding to each line item, they must change the “Invoice Status” to “Unapproved”. Click on the blank field next to “Status ID” and select “Unapproved”. If this is not available, refresh the data by clicking on the blue icon that says “Refresh Data” at the top of the “Invoices – Data” table and retry.
9. Once the invoice status is updated, the Cost Analyst will pass the invoice to the F&A Administrative Assistant for circulation.

8.2 Preparing Approval Forms

After the Cost Analyst completes the financial Attest of the invoice, they must complete and print an IVAF and attach it to the front of the invoice. IVAF templates for current Contracts can be found in *T:\Project Controller\Accounts Payable\Contractor Invoices and Correspondence*.

The Cost Analyst must enter the following information into the IVAF:

- JDE Supplier Number
- Supplier Name
- Invoice Number
- Invoice Date

Accounts Payable Procedure		
Nalcor Doc. No.	Revision	Page
LCP-PT-MD-0000-FI-PR-0022-01	B1	22

- Business Unit
- Contract/PO Number
- Currency
- JDE Account Code
- Cost Control Account Code
- Cost
- JDE Explanation for Processing
- Financial Verification
- Technical Verification
- Budget Holder Approval

Once the above fields are filled out the Cost Analyst will enter the invoice into Prism as outlined in section 8.1 and sign the “Financial Verification” box. Once those steps are completed the invoice can be given to the F&A Administrative Assistant for logging in the AP Invoice Tracking Log and circulated for Technical Verification and financial approval.

8.3 Post-Verification & Approval Process

After the Cost Analyst receives the approved invoice they must log into Prism as described in section 8.1 and change the “Invoice Status” to “Approved”. To complete this, click on the blank field next to “Status ID” and select “Approved”. If “Approved” is not available, refresh the data by clicking on the blue icon that says “Refresh Data” at the top of the “Invoices – Data” table and retry. Once the invoice status successfully says “Approved”, the Cost Analyst will write their initials on the IVAF in the “Entered in Prism” box, and pass the fully attested and recorded invoice back to the F&A Administrative Assistant.

9.0 PM+

9.1 Entry in Project Control System

Once the Attest of the invoice is complete, the Cost Analyst must enter the invoice into PM+. The following steps outline the process:

1. Log into *PM+* and click “File” and “Navigator”.
2. Double click on “Cost Centre Method v2”, which can be found on the left side of the screen, then “Accounting”, then “Invoice”. A new screen should appear that says “Invoice (CMINVO)” with an empty blue field for “PO/Contract”.

Accounts Payable Procedure		
Nalcor Doc. No.	Revision	Page
LCP-PT-MD-0000-FI-PR-0022-01	B1	23

3. Enter the Contract number in this field and press “Enter”.
 - i. If the Contract is identified, use the green arrows at the top left of the “Invoice (CMINVO)” screen to navigate to the last record in the database. Each record corresponds to a single invoice.
 - ii. If the Contract is new, there won’t be any existing records in PM+. The Cost Analyst will have to right-click in the table and select “Add Record”.
 - iii. If the Contract has not been entered by a member of the Project Controls Team, a message will appear saying “Item ‘AA#####-###’ does not pass the validation test” when the Cost Analyst keys in the Contract number. This means that the Cost Analyst cannot check the Financial Commitment availability or enter any invoice information as the Contract has not been committed in the system. The Cost Analyst should engage a member of the appropriate Cost Controller to determine how to proceed.
4. In addition to the Contract number, the Cost Analyst must enter the following invoice information in PM+:
 - Invoice No.
 - Description
 - Date of Invoice
 - Date Received
 - Date Due
 - Cost Period Created
 - Invoice Subtotal
 - Holdback Amount (if applicable)
 - Tax Amount
 - Grand Total

Note that the dates are of utmost importance here. The “Date of the Invoice” can be any date up to and including current date; however, the Cost Analyst will likely have to modify the “Date Received” and the “Date Due” to correspond with C-AP payment schedule. The objective is to ensure the due date indicated on the invoices corresponds with the last C-AP pay date within the 30 day payment terms.

5. The Cost Analyst must enter the invoice information at the bottom of the “Invoice (CMINVO)” screen and ensure it matches the information keyed at the top of the screen. There are two ways to do this - clicking the import progress billing (“Import from Prog. Bill”) button or clicking the “Pay Item Block Input” button and manually selecting each Contract line item.

Accounts Payable Procedure		
Nalcor Doc. No.	Revision	Page
LCP-PT-MD-0000-FI-PR-0022-01	B1	24

- i. If “Import from Prog. Bill.” option is available, click that button and a dropdown menu appears showing all of the approved Payment Certificates that are available to choose.
- ii. The Cost Analyst should select the appropriate Payment Certificate that corresponds to the invoice in question. Once the Cost Analyst selects this Payment Certificate, each line item should populate with both a quantity and amount, and should produce the same total that was entered at the top of the “Invoice (CMINVO)” screen.
- iii. Note that if the invoice total does not agree with the progress billing total in PM+, the Cost Analyst will not be able to print the PAS or approve the invoice. The invoice amounts must be adjusted at the top of the “Invoice (CMINVO)” screen to align with those that populate from either the imported progress billing (“Import from Prog. Bill”) or the manually inputted pay items (“Pay Item Block Input”). If the amounts are different from an issue that cannot be categorized as a rounding error, the Cost Analyst must contact the appropriate person in Project Controls to change the total to the appropriate amount.
- iv. Clicking the “Pay Item Block Input” option involves the Cost Analyst manually selecting each Contract line item that is applicable to the current invoice. The Cost Analyst must select each applicable Contract line item and click “Add”. The Cost Analyst must click “Ok” once all items are selected.
- v. If the amounts at top of the “Invoice (CMINVO)” screen match those entered at the bottom of the screen, the Cost Analyst has successfully entered the invoice information in PM+.

9.2 Preparing Approval Forms

Once all invoice details are entered in PM+ and verified that the invoice amount at the top of the “Invoice (CMINVO)” screen match the amount below, the Cost Analyst must complete and print a Payment Approval Slip (PAS) and attach it to the front of the invoice.

The distribution list for the PAS can be found under the “Invoice (CMINVO)” screen by selecting the option “Approval Info”. Select this option to review and/or update the verification and approval information. At a minimum, the Cost Analyst should see their name next to “Financial Verification”, the Lead Cost Controller’s name next to “Lead Cost Controller”, and the Budget Holder’s name next to “Budget Holder”. Other individuals who are required to verify the charges can be listed as well. If there is no approval information available, the Contract is likely a new one and the Cost Analyst must enter the appropriate individuals that will be involved in the verification and approval process. The verification team can be determined by consulting the Budget Holder. If the Cost Analyst is unsure who the Lead Cost Controller or Budget Holder is, they can refer to who approved the Contract or

Accounts Payable Procedure		
Nalcor Doc. No.	Revision	Page
LCP-PT-MD-0000-FI-PR-0022-01	B1	25

consult with the Senior Project Accountant. To enter new information, click on the blank field and search for the appropriate person's name (listed alphabetically by last name).

Once the Cost Analyst has finished checking and or updating this information, they must select "Detail" to go back to the home screen. Next they may click the "PAS Report" button at the top right of the page. A report should populate that has "PAS Report" selected. Next select "Approval Titles First" and hit the "Query Mode" button (shaped like a yellow box) to change the PAS report into the appropriate format. Finally, go to the top left of the PM+ window and click the "Print" icon. A new window should appear and the Cost Analyst must click on "Print", which will generate a PDF version of the PAS report. Click "Print" one more time and a hard copy of the PAS will print to your network default printer. The Cost Analyst must attach this PAS report to the front of the invoice and give it to the F&A Administrative Assistant for circulation to the appropriate parties.

9.3 Post-Verification & Approval Process

For PM+ invoices, the Cost Analyst must change the status of the invoice to "Approved" so it can be sent for payment. To do this, the Cost Analyst will have to log into PM+ as described in section 9.1 Entry in Project Control System – PM+, key in the Contract number, and use the arrows to navigate to the current invoice. Once arrived at the current invoice, in the top right corner change the "Invoice Status" from "Pending" to "Approved". To do this, the Cost Analyst must key in their username and password as well as select the appropriate cost period to approve an invoice. The appropriate cost period is determined by Project Controls. The invoice must be approved in the same cost period in which it was originally created. The cost period that the system wants to select will automatically appear after the Cost Analyst types in their username and password, but they must verify that the selected cost period matched the created cost period. If it does not, simply select the appropriate period.

Once PM+ invoices have been categorized as approved, they must be processed through a "Batch" using IDCS. Refer to Electronic Data Exchange Procedure (LCP-PT-MD-0000-FI-PR-0013-01) for further details.

10.0 Other Expenditures

In addition to Contractor invoices, the following also require Financial and Technical Verification, approval and processing by the LCP-AP.

Accounts Payable Procedure		
Nalcor Doc. No.	Revision	Page
LCP-PT-MD-0000-FI-PR-0022-01	B1	26

10.1 Corporate Purchasing Card

Certain LCP team members have been issued a Corporate Purchasing Card (Company credit cards or “PCards”), issued by US Bank, for business and travel purposes. Refer to the Corporate Purchasing Card Procedure (**LCP-PT-MD-0000-FI-PR-0021-01**) for further details.

10.2 Travel Claims

Travel claims are commonly used by seconded employees as a means to reimburse for costs including accommodations, airfare, per diem expenses and transportation.

Seconded employees must use travel claims for items that are not permitted to be charged to PCards (e.g., meals cannot be charged to a P-Card). Seconded employees can claim Canadian per diems by entering the information in the corporate payroll system or by expense claim. International per diem amounts cannot be entered in the corporate payroll system due to different per diem rates. In those instances employees must complete a travel claim (**LCP-PT-MD-0000-FI-PR-0010-01**) and support the charges with an approved TA and receipts, code the charges and have their immediate supervisor approve the charges, along with the appropriate Budget Holder with sufficient financial authority. The travel claim is submitted to the F&A Administrative Assistant for distribution to the appropriate Cost Analyst for Attest.

The Cost Analyst reviews the travel claim to ensure it is properly documented and supported and that the costs being reimbursed are compliant with LCP policies and procedures. The Cost Analyst will sign for Financial Verification and return the expense claim to the F&A Administrative Assistant who will enter the expense claim in the Invoice Tracking Log. The AP Administrative Assistant will forward it to the appropriate Budget Holder for approval.

Once approved, the Cost Analyst stamps the travel claim form as “Entered in Prism” to indicate to C-AP that LCP F&A has successfully completed the Attest process. The travel claim is returned to the F&A Administrative Assistant who will enter the information in the AP Tracking Log and forward it to C-AP for payment.

10.3 Manual Cheque Requests

Occasionally a payment is required in the absence of an invoice. In these instances a “Cheque/Electronic Funds Transfer/Wire Transfer Request” form (**LCP-PT-MD-0000-FI-PR-0010-01**), also called a Manual Cheque Request form, and is completed by the requesting LCP team member.

Accounts Payable Procedure		
Nalcor Doc. No.	Revision	Page
LCP-PT-MD-0000-FI-PR-0022-01	B1	27

An approved Requisition and Contract (usually an internal purchase order) is required prior to processing an MCQ.

Documentation must accompany the MCQ to support the payment request. Further, the MCQ must contain the correct JDE and CCA coding. The Cost Analyst may assist the requestor with filling out the Manual Cheque Request form, if necessary. The requestor is responsible for getting the MCQ approved by the Budget Holder in accordance with the FAP before forwarding it to the Cost Analyst to Attest.

The Cost Analyst performs the Attest function and signs the MCQ form for Financial Verification. The MCQ form is then circulated by the F&A Administrative Assistant for Technical Verification and Budget Holder approval.

When the MCQ form is returned to the Cost Analyst from circulation and has received all the necessary signatures and approvals, it is entered in Prism. See Section 8.1 regarding how to enter the MCQ in Prism.

Once entered, the Cost Analyst stamps the MCQ form as “Entered in *Prism*” to indicate to C-AP that LCP F&A has successfully completed the Attest and the MCQ is ready for payment. The MCQ form is returned to the F&A Administrative Assistant who will enter the information in the AP Tracking Log and forward it to C-AP for payment.

10.4 Recurring Payments

Certain situations require payments on a regular monthly basis for which invoices are not issued, such as recurring monthly lease payments on property or equipment. These payments are often referred to as “Diary Payments” and are the same amount each month. In those instances a Cheque/Electronic Funds Transfer/Wire Transfer Request is completed by the LCP. The Cost Analyst is responsible for confirming the number and timing of payments identified on the request aligns with the Contract. Refer to section 10.3 – Manual Cheque Requests for further details.

11.0 Extended Attest

The LCP may identify instances where it is not practical or possible to verify the completeness or validity of costs being billed under a Contract in the invoice Attest process. When these instances are identified, they are brought to the attention of the Accounting Manager.

The Accounting Manager documents the issue in the LCP F&A Risk Mitigation Register. All items logged in the register are investigated by the Accounting Manager. The investigation may include:

- a) Consultation with LCP team members.

Accounts Payable Procedure		
Nalcor Doc. No.	Revision	Page
LCP-PT-MD-0000-FI-PR-0022-01	B1	28

- b) Consultation with the Contractor (in conjunction with the Contract Administrator and/or Company Representative).
- c) Reviewing the Contract and relevant correspondence between the Company and the Contractor.
- d) Reviewing supporting documentation included with prior invoices.

If it is determined that extended attest activities are required to mitigate a risk, an Extended Attest Plan is developed. The Extended Attest Plan will be approved by the Accounting Manager and the Budget Holder prior to implementation.

The Accounting Manager is responsible for ensuring:

- a) Resources are assigned to carry out the tasks outlined in the Extended Attest plan.
- b) The Extended Attest plan, procedures and results are documented and the report is approved by the Accounting Manager, the Budget Holder and other team members as deemed appropriate. Once approved, the report is registered in Aconex by Document Control.
- c) The results of the extended attest are summarized in the Risk Mitigation Register.
- d) Any financial or commercial implications of the extended attest are addressed with the Budget Holder and Contractor.

Accounts Payable Procedure		
Nalcor Doc. No.	Revision	Page
LCP-PT-MD-0000-FI-PR-0022-01	B1	29

ATTACHMENT 10.1

Invoice Verification and Approval Checklist

Accounts Payable Procedure		
Nalcor Doc. No.	Revision	Page
LCP-PT-MD-0000-FI-PR-0022-01	B1	30

Invoice Verification & Approval Plan									
Verification Performed At Either The Payment Certificate or Invoice Stage		Section	Financial Verification			Commercial Verification	Technical Verification		Financial Approval
Verification Performed At The Invoice Stage			AP Admin Assistant	Cost Analyst	Sr. Project Accountant	Supply Chain Rep.	Lead Cost Controller	Area Manager	Budget Holder
Financial, Tehcnical and Commercial Verification									
1	Date stamp invoice for date invoice is received.	7.1							
2	Log invoice in "Tracking Register".	7.1							
3	Ensure the correct Agreement is referenced on the invoice	7.2.1							
4	Verify GST/HST number is present on invoice.	7.2.1							
5	Verify correct LCP company is billed.	7.2.1							
6	Verify the name and address of the Contractor agrees to the Agreement	7.2.1							
7	Verify mathematical acuracy of invoice and supporting schedules.	7.2.1							
8	Verify GST/HST calculations are correct.	7.2.2.1							
9	Perform NRWT calculations and confirm calculation with Tax.	7.2.2.4							
10	Ensure no VAT is included.	7.2.2.5							
11	Verify calculation of holdback if applicable.	7.2.3							
12	Ensure that all required supporting documentation is attached and agrees to invoice.	7.2.4							
13	Confirm the timeframe of services being billed aligns with the Agreement.	7.2.4							
14	Confirm invoice is not a duplicate billing.	7.2.4							
15	Verify rates being charged are in accordance with the Agreement.	7.2.4							
16	Confirm invoice agrees to MRR / OSD Reports.	7.2.4							
17	Verify refundable ITC's are not being charged in cost reimbursable items.	7.2.4							
18	Verify the Statutory Declaration is included and signed. Forward to Contract Administrator if claims are noted.	7.2.4							
19	Review and validate the Payment Certificate and/or supporting documentation are compliant with the Agreement.	7.2.5							
20	Ensure Contrator has complied with the agreed methodology for progress measurement.	7.3							
21	Draft Invoice Adjustment Form for markdowns if applicable.	7.2.6							
22	Confirm commitment funds are available in the Cost Control System to cover the invoice.	7.4							
23	Verify invoice amounts are applied to the correct line items in the Cost Control System.	7.4							
24	Verify funding is available to pay the invoice.	7.6							
Approval									
25	Approve invoice for payment.								
Monitoring									
26	Monitor invoice due dates and ensure the attest and approval of the invoice is completed within 23 days after receipt.								
Payment									
27	Verify the required verification and approval of the invoice has been completed and process for payment.								
28	Log the invoice as "Sent to Corporate for Payment" in the Invoice Tracking Log.								
	Required								
	If Required								

Accounts Payable Procedure		
Nalcor Doc. No.	Revision	Page
LCP-PT-MD-0000-FI-PR-0022-01	B1	31

ATTACHMENT 10.2

Quick Reference GST/HST Guide

Accounts Payable Procedure		
Nalcor Doc. No.	Revision	Page
LCP-PT-MD-0000-FI-PR-0022-01	B1	32

Quick Reference GST/HST Guide	
Description	GST/HST Implications
Airline Tickets	Domestic flights are taxable but the GST/HST rate applied depends on origin or initial departure city of the flight. International flights excluding Canada, US, Hawaii, and St. Pierre not taxable
Board and Lodging - Employee	Taxable if rate exceeds \$20.00/day or \$120.00/week. Residential rents >30 days are not taxable
Discounts	Early payment – HST applicable to total invoice amount Volume discount – HST applied to discounted amount
Entertainment Expenses	If paid by employee 50% of 15/115/x 50% if HST applied and expenses were incurred in 2 or more provinces, or 50% of 5/105 if GST applied in all other cases. If billed by a third party – Claim HST/GST as charged by supplier.
Gas charges – rented vehicles	IF HST charged only on rental – HST is included in gas charge
Per diem charges – Payroll or travel claim	Meals 50% of 15/115, incidentals 15/115
Insurance	No GST/HST/PST
Insurance brokerage Fees – Placement	No HST
Insurance Brokerage Fees – Risk Management	HST applicable
Insurance Brokerage expenses reimbursement	No HST
Insurance Deductible – up to \$10,000	15/115 for actual repairs. Invoice must be attached No HST ITC on cash settlements
Licensing Fees - Vehicles	Exempt
Meals – Invoiced by Vendor	If receipt attached to invoice – actual tax charged If vendor uses LCP per diem charges – 15/115/x 50%
Membership Fees	If charged – claim tax
Mileage (Personal Vehicle)	If LCP rate – (HST included) – Floating rate/KM changes quarterly If Vendor rate (No HST included)
Non-Resident Services	Taxable if Company Registered for HST
Parking Fees	14/114 - (HST rate less 1 over 100 plus HST rate less 1) of taxi receipt OR claim actual GST/HST on receipt as ITC if available
Taxi Fares	14/114 - (HST rate less 1 over 100 plus HST rate less 1) of taxi receipt OR claim actual GST/HST on receipt as ITC
Tips	Tax normally charged prior to tip. If tip added to invoice by vendor then tax would apply to the tip. Tax is at same rate as meal (50%).

Accounts Payable Procedure		
Nalcor Doc. No.	Revision	Page
LCP-PT-MD-0000-FI-PR-0022-01	B1	33
Travel Claim Expenses – Canada	Claim Actual HST	
Travel Claim Expenses – Outside Canada	Claim Actual GST/HST as applicable	

Accounts Payable Procedure		
Nalcor Doc. No.	Revision	Page
LCP-PT-MD-0000-FI-PR-0022-01	B1	34

ATTACHMENT 10.3

Quick Reference NRWT Guide

Accounts Payable Procedure		
Nalcor Doc. No.	Revision	Page
LCP-PT-MD-0000-FI-PR-0022-01	B1	35

NRWT Quick Reference Guide

Under CRA regulations, the LCP is required to withhold an amount for NRWT on certain costs invoiced by non-resident Contractors associated with work performed in Canada.

If the non-resident Contractor applies for and is granted an income tax waiver by the CRA, then withholding amounts for NRWT will not apply during the period the waiver is in effect. The Contractor must provide a copy of a valid CRA waiver in order to be exempt from NRWT.

If no waiver is provided to Company, the NRWT is applied against certain applicable costs related to work performed in Canada at the current rate of 15%. The NRWT is calculated on the applicable cost net of any HST charged. Further, the calculation of HST on the invoice is not impacted by a NRWT deduction.

For guidance, the following illustrates how NRWT is applied to certain types of costs associated with work performed in Canada:

Ref. #	Description	Impact on NRWT
1	Labour charges for work performed in Canada.	NRWT is applied against all labour charges related to work performed in Canada.
2	Interest expense charged on invoices containing NRWT applicable services.	Under no circumstance is NRWT applied against interest expense.
3	Living allowances paid to Contractor personnel while working in Canada.	NRWT is not applied against reasonable living allowances. Further, reasonable allowances do not require supporting receipts.
4	Per Diems paid to Contractor personnel while working in Canada.	NRWT is not applied against reasonable per diem rates. Further, reasonable per diem charges do not require supporting receipts.
5	Mileage allowance claims paid to Contractor personnel for travel in Canada.	NRWT is not applied against reasonable mileage allowance claims. Further, reasonable claims do not require supporting receipts.
6	Travel expenses for travel in Canada.	Travel expenses, including transportation, accommodations, and meals are not subject to withholding as long as they are supported by receipts.
7	Travel to and from Canada.	NRWT is not applied against labour or expense cost associated with travel to and from Canada.
8	Equipment Rental Charges	NRWT is applied against the billing of equipment rental costs for equipment rented in Canada to perform work in Canada. The rate of NRWT on equipment rental charges is 25%.

The Cost Analyst will consult with the Project Accounting Lead for further direction if required.

Corporate Tax will complete monthly NRWT remittance forms and process required payments to the CRA. Further, Corporate Tax will issue to vendors, who are subject to NRWT, annual tax receipts (T4A-NR) as prescribed by CRA.