

PART/ RUNNING ACCOUNT BILL PAYMENTS
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1.0 Purpose

The purpose of this procedure is to define a system for planning and controls of activities relating to payment to contractors Part /Running Account bills as per execution and terms and conditions of agreement entered into with the contractors by the KSPHC.

1.1 Application

This procedure is applicable to cover all the part / running account bills of works as per agreement.

2.0 Responsibility

Overall Responsibility rest with the Executive Engineer and Authority for various activities of project management is described in procedure part.

3.0 Terms and definitions

- 1 **Part bills or Running Account Bills:** Denotes the account with a contractor when payment for work or supplies is made to him at convenient intervals subject to final settlement of the accounts on the completion or determination of his contract.
- 2 **On Account payment or payment on Account:** Means a payment made on a running account, to a contractor in respect of work done or supplied made by him and duly measured. Such a payment may or may not be for the full value of work or supplied; if it is subject to the final settlement of running account on the completion of the contract for the work or supplies.
- 3 **Intermediate payments:** The term applied to a disbursement of any kind on a running account not being the final payment. It includes an "Advance payment", a "Secured advance" and an "on account payment" (other than the final payment on a running account) or a combination of these.
- 4 **Mobilisation Advance:** Financial Assistance made to the contractor at a percentage of total contract value at an agreed rate of interest as per conditions of agreements and recoverable with interest before/ on completion of 75% of total value of contract.
- 5 **Detailed measurement Book:** A permanent record to record the detailed measurement of quantity of work carried out for the purpose of making payment and for recording details of payment.
- 6 **Check measurement Book:** Check measurement book is a measurement book wherein the details of check measurements are taken by the AEE/EE as per codal provisions at certain percentage basis are recorded and forms important document for making payment.
- 7 **Abstract Measurement Book:** It is a Measurement Book maintained to record concisely the abstract of total quantities item wise from the Detailed Measurement Book for the Purpose of making payment.

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8 **Verification** - Confirmation, through the provision of objective evidence, that specified requirements have been fulfilled.

4.0 Procedures

This procedure is to establish a systematic procedure for effective processing of part/ Running account bills for payment by the KSPHC. The procedure also ensures that financial aspects of the KSPHC are done as envisaged and there are no deviations and all deviations are properly explained. In addition the procedure ensures that the management is updated with the financial progress made at periodical intervals.

This procedure covers all the processes of payment of part/ running account bill.. Wherever system procedures are established that provide detailed information about that process, relevant procedures have been referenced. In order to facilitate easy understanding of process sequence, project-management process is divided into convenient process.

Following abbreviations and terms are used in the table;

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|-----|---|--------------------------------|----|---|--------------------|
| D | = | Document | R | = | Record |
| CMD | = | Chairman and Managing Director | ED | = | Executive Director |
| FA | = | Financial Advisor | | | |
| EE | = | Executive Engineer | | | |
| AS | = | Account Superintendent | | | |

4.1 BILLS PAYMENTS

Sl. No.	Responsibility	Activity description	D / R	D / R Reference
1	Contractor	<p>Preparation of bill by field staff:</p> <p>(a) The contractor should prepare Running Account Bill at a regular interval in the prescribed form based on the joint measurements taken and accepted by the contractor and the section officer in charge and submitted in triplicate to the section officer in charge of the works for further process of payment.</p>	D	Bills

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2	JE/AE	<p>Submission of bills to JE / AE</p> <p>(b) The JE / AE shall prepare the abstract of measurements by recording abstract quantities of check measured items from detailed Measurement Book , at the stages of construction, as per codal provisions of PWD, as per rates and specifications of agreement and should verify with reference to measurements and submit to the AEE for approval.</p>	D	Bills, DMB, AMB, Agreement
3	AEE	<p>Submission of bills to AEE</p> <p>(c) The AEE shall verify the bill with reference to the check measurement done by him not less than 75% of quantities/items of agreement and detailed measurement book as to rates and quantity as per agreement. AEE shall submit the bill along with the abstract and detailed measurement books, duly recording all the required certificates, as per agreement conditions and along with the signature of the contractor, in token of acceptance of the measurements for payment and the bill shall then be submitted along with the measurement book to EE for approval.</p>	D	Bills, DMB, AMB, Agreement, Check MB
4	EE	<p>Submission of bills to EE</p> <p>(d) The EE of the Division before signing the bill shall compare the quantities in the bill with those recorded in the Measurement Book and also w.r.t check measurement done by him at least 25% of quantities/ items and see that all rates are correctly entered and that all calculations have been checked arithmetically. The bill shall then be referred along with the MB to the Divisional Office.</p>	D	Bills, DMB, AMB, Agreement, Check MB

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5	Divisional Accounts Clerck/AS	<p>Verification of the bill at Division office (EE) level:</p> <p>(1) The Divisional Office shall enter the bill in the Bill Register.</p> <p>(2)Accounts Section shall then verify the bill in respect of the following:</p> <p>(a) Arithmetical accuracy of all calculations.</p> <p>(b) Measurements recorded in the MB should be arithmetically checked.</p> <p>(c) Quantities indicated in the bill against Abstract/ Detailed MB and correctness of total claim under each item.</p> <p>(d) Any deviations in specifications</p> <p>(e) The deductions that are to be made from brick masonry, plastering etc as per codal provisions.</p> <p>(f) Verification whether the agreement with the contractor is in force as on the date of payment.</p> <p>(g) The action taken reports (ATR's) as against Quality control reports of the field Engineers themselves or quality control Division officers.</p> <p>(h) All statutory/departamental recoveries as per codal provisions, statues, proposed by the head office/Division and as per agreement are made or not.</p> <p>(i) All the dues from the contractor are effected correctly as per the contractor ledger , register of mobilization advance, materials issued account.</p> <p>(j) Dates of recording of measurements and check measurements.</p> <p>(k) Verification of certificates required as per agreement conditions and other codal provisions.</p> <p>(l) The signature of contractor in token of acceptance of the measurements for payment.</p> <p>(m) Availability of supplemental agree-ment signed by the contractor and duly concluded by the competent authority , for all authorized extras.</p> <p>(n) Recovery of mobilization advance and interest thereon properly worked out and agreed with the note book of Mobilisatiion advance.</p> <p>(o) The recovery statement for materials issued to the contractor shall be checked w.r.t rates and quantity of issue.</p>	D	Bills, DMB, AMB, Agreement, Check MB
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		<p>(p) The theoretical consumption statement is to be verified with the actual consumption/issue for recovery of excess consumption of materials at the rates agreed in the agreement/as per codal provisions is correct.</p> <p>After scrutinizing the work bills w.r.t the sanction estimate, agreement, MB and as above a certificate to this effect should be recorded in the bill under the signature of accounts clerk/ Accounts Superintendent.</p> <p>After due verification as above and in case of any differences w.r.t. the above, the bill will be put up to the Executive Engineer to obtain the required information.</p>		
6	EE	<p>Approval of bill by EE for payment:</p> <p>The EE shall verify that all the observations and remarks made by the Division Accounts Section and the points mentioned ---- above are satisfied and the payments proposed as per agreement conditions.</p> <p>Part payment can be released to the contractor pending approval of deviations/ execution of supplemental agreement as per the instructions of Head Office if any.</p> <p>The EE shall then pass the bill and forward to the Head Office for payment.</p>	D	Bills
7	Accounts Clerk at HO	<p>Payment of bill at Head Office:</p> <p>At Head Office on receipt of bill in duplicate, it will be entered in the bill register and handed over to concerned Accounts Superintendents for processing for payment.</p>	R	Bill Register
8	Accounts clerk/AS	<p>The bills are scrutinized arithmetically by the accounts wing with the help of accounts staff under the Accounts Superintendents and submitted to CAO, FA, and ED/CMD for approval for payment.</p>	D	Bills, DMB, AMB, Agreement, Check MB

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9	CAO/FA/ED/CMD	CAO, FA, ED/CMD shall approve the payment of bill on the recommendations of the lower formation.	D	Bills
10	Tally Accountant	On being approved by the ED/CMD the accounts section shall prepare a payment voucher through Tally system and passed on to the CAO for approval of payment voucher.	R	Payment Voucher
11	CAO/Cashier	CAO shall approve the payment voucher. After approval of Voucher by CAO, the Cashier will draw a cheque/Demand Draft in favour of contractor and forwarded to him or Transfers the amount to his account through Telegraphic Transfer.	R	Cheque/DD
12	E-Billing	The Corporation has pioneered the launch of web-based on line billing in MS project 2002 package in respect of contractor's bills for construction activities. For the time being both manual bill and e-bills are run parallelly however the payments are made based on manual bill till stabilization of e-bill. On total switch over from manual bill to e-bill the above procedure shall also apply to e-bill mutatis mutandis.		

Documents:

- (1) Detailed Measurement Book of the work
- (2) Abstract Measurement Book of the work
- (3) Division bill Register.
- (4) Head office bill register
- (5) Agreement of the work/EOT orders.

Approved by: Chairman and Managing Director
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