

# New Construction Act – Prompt Payment Regime

NCHCA – EDUCATION SERIES  
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## Introduction

Additional Construction Act changes came into effect October 1<sup>st</sup>.

The City has met with Consultant and Construction Industry Associations.

The City has consulted with Ministry of Transportation, School Boards and other Municipalities.

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# Introduction

Today's topics:

- Elements of a Proper Invoice
- Changes to Payment Process

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# Elements of a Proper Invoice

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# Invoicing requirements from the act

1. The contractor's name and address
2. The date of the proper invoice and the period during which the services or materials were supplied
3. Information identifying the authority, whether in the contract or otherwise, under which the services or materials were supplied (Purchase Order #)
4. A description, including quantity where appropriate, of the services or materials that were supplied.
5. The amount payable for the services or materials that were supplied, and the payment terms
6. The name, title, telephone number and mailing address of the person to whom payment is to be sent.
7. Any other information that may be prescribed\*

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# City invoicing requirements

Invoicing requirements may change contract to contract. The following slides summarize standard invoicing requirements in Construction Contracts.

## THE CONTRACTOR IS REQUIRED TO ENSURE IT IDENTIFIES THE FOLLOWING INFORMATION ON ALL INVOICES:

1. CONTRACTOR NAME, MAILING ADDRESS, EMAIL ADDRESS AND TELEPHONE NUMBER
2. INVOICE DATE
3. UNIQUE INVOICE NUMBER \*
4. PURCHASE ORDER NUMBER
5. PAYMENT TERMS
6. THE PERIOD DURING WHICH THE SERVICES OR MATERIALS WERE SUPPLIED
7. DESCRIPTION OF THE GOOD OR SERVICE PURCHASED
8. PURCHASE ORDER NUMBER (IF APPLICABLE)
9. IDENTIFICATION OF THE CITY CONTACT BY FULL NAME OR ESTABLISHED CITY CLIENT/CUSTOMER
10. SUBTOTAL, TAXES AND TOTAL AMOUNT DUE
11. CONTRACTOR'S TAX REGISTRATION NUMBER WHERE APPLICABLE. \*

\* REQUIREMENTS THAT ARE ADDITIONAL INFORMATION FROM MINIMUM REQUIREMENTS OUTLINED IN THE ACT

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# City invoicing requirements

THE CONTRACTOR IS REQUIRED TO ATTACH THE FOLLOWING INFORMATION ON ALL INVOICES:

1. UNIT COST, QUANTITY, SUBTOTAL, TAXES AND TOTAL AMOUNT DUE
2. WSIB CERTIFICATE\*
3. STATUTORY DECLARATION\*

THE CONTRACTOR MAY ELECT TO INCLUDE THE FOLLOWING INFORMATION ON ALL INVOICES:

1. CONTRACT NUMBER\*

\* REQUIREMENTS THAT ARE ADDITIONAL INFORMATION FROM MINIMUM REQUIREMENTS OUTLINED IN THE ACT

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# Proposed Changes to Payment Process

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## Existing Process for Unit Price Contracts

PQR discussion and agreement  
PPC creation and sign off  
Finance processing

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## PQR process typically begins at month's end

Inspector provides quantities to the CA

CA validates quantities

Quantities are reviewed by contractor

CA sends quantities to PM

Quantities are reviewed by PM

PM sends off for PPC creation

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## PQR process now complete, PPC is created

PPC issued to PM

PM sends to CA

CA validates & signs off

Signed PPC goes to contractor

Contractor reviews & signs off

PPC gets returned to the CA

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## PPC process continued...

CA sends signed PPC back to PM

PM signs PPC

PM brings signed PPC to Finance

Once the signed PPC is with Finance, the payment is processed within a couple of days. Payment is made 30 days from the invoice date. If the invoice is past due, it will be paid immediately.

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## Proposed Process for Unit Price Contracts

This proposal streamlines the internal process, and adds a new step where the contractor is asked to submit the invoice to the City.

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## Proposed contractor payment

The proposed process will include additional internal steps that will incorporate the services of the Contract Administrator.

Efficient collaborative documentation of quantities throughout the month

Vendor to submit a proper invoice as detailed in the specific contract document

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# Summary

- The proposed process eliminates the PPC
- Encourages the contractor, CA and inspector to work together to resolve quantities
- The creation of invoices is a new process for contractors
- Invoices will be submitted through the City's A/P electronic system