

10 December 1993

Works Branch Technical Circular No. 36/93

**Final Accounts
Certificates for Final Payment
and Certificates for Re-entered Contracts**

Introduction

This Circular describes the format of Certificates for Final Payment and Certificates for Re-entered Contracts.

Background

2. Currently, one set of final payment certificate forms apply to Civil Engineering and Electrical and Mechanical Engineering Works and another set apply to Building Works because different contractual procedures are used.

3. The current procedures used in Building Works as set out in the GCC Clause 79 require the Surveyor to measure and value the Final Contract Sum. The Contractor submits the Statement of Final Contract Sum using the agreed figures and stating his satisfaction that the Final Contract Sum is in accordance with the Contract and signs to that effect. The Surveyor certifies that the Final Contract Sum is in accordance with the Contract and that payment is due. The Employer then accounts for any sum(s) deductible in accordance with the Contract, signs and passes for payment.

4. The current procedures used in Engineering Works as set out in the GCC Clause 79(6) require the Contractor to submit to the Engineer the statement of final account and supporting documentation. The Engineer then checks this statement of final account, finalizes all outstanding valuations of variations and assessments of claims, if any, by exercising the powers given in the GCC to agree and/or fix rates and to decide on claims and goes on to issue the final payment certificate using the standard interim payment certificate form. It is not necessary to seek agreement from the Contractor nor the Employer on the sum due to the Contractor.

5. The procedures used both in Building Works and in Engineering Works intend and imply that final settlement is not reached. Legal advice is that for contracts executed under seal both leave the account open for 12 years from the date of the final payment certificate.

6. The Director of Audit, Director of Accounting Services, Director of Corruption Prevention and Secretary for the Treasury agree that the "no finality" approach is appropriate. This permits the Employer and the Contractor to retrieve over/under payments, subject to the limit referred to in para 5 above.

Direction

7. There is no agreed standard format for certificate for contracts re-entered under GCC Clause 81.

8. The Building and the Civil Engineering final payment certificate forms and the re-entered contract certificate forms are introduced. These certificate forms have been agreed in principle by the Attorney General's Chambers and shall be used with immediate effect.

9. The forms for Building Works are available from Architectural Services Department and those for Civil Engineering Works are included in the Project Administration Handbook Chapter 7 which can be taken as the model. Individual departments are encouraged to produce forms to suit their requirements based on the model.

10. The certificate shall not make express reference to approval of any work, this being covered by GCC Clause 80 maintenance certificate/final completion certificate.

11. Where payment has to be made by the Contractor to the Employer, the standard General Demand Note shall be issued. The General Demand Note contains the words "payment to be made within 14 days from date of bill". Under GCC Clause 79(6) of the Engineering Works the balance due from the Contractor to the Employer is required to be paid by the Contractor within 28 days of the Engineer's final payment certificate. The General Demand Note shall be amended to comply with the Contract.

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