

**TITLE: Construction Project Invoicing Procedure**

**PURPOSE:**

This procedure provides guidelines for processing capital construction related invoices.

**SCOPE:**

This procedure applies to contractor / vendor invoices for capital construction projects. The Regional PD&C Office has the authority to make the final determination regarding the management of invoices for any specific project as appropriate.

**RESPONSIBILITIES:**

1. It is the responsibility of the Executive Director of PD&C to ensure that standardized invoicing procedures are developed and communicated to the Regional PD&C Directors.
2. It is the responsibility of the Regional PD&C Directors to ensure compliance with this procedure.

**ABBREVIATIONS:**

1. PM = Project Manager
2. GMP = Guaranteed Maximum Price

**PROCEDURE:**

1. Invoice Content Requirements
  - a. Separate invoices are required for each project for which PD&C issues a project number. It is at the discretion of the Regional PD&C Director, to separate a major project into separate projects requiring separate invoices.
  - b. For example: a new office building may require a separate project number and invoicing for 1) site & shell; 2) Tenant A; 3) Tenant B etc.
  - c. Invoices and all correspondence must include PD&C project number in order to be processed.
  - d. Invoices shall include a contract number when applicable.
  - e. Payment terms shall be established as "Net 30 days" after receipt by Mercy
  - f. Indicate a contact name and phone number on invoices.
  - g. The contractor / vendor is responsible for including backup documentation substantiating reimbursable expenses.
  - h. Invoices are project specific; multiple projects may NOT be included on one invoice.

### 3. Invoicing Process

- a. Contractors / Vendors may not bill for changes until a change order is fully executed.
- b. Tax Status
  - i. The Sisters of Mercy includes taxable and non-taxable entities. It is the PM's responsibility to ensure the contractor is aware of the tax status of the facility for which the work is being done.
  - ii. A Project Exemption Certificate and a copy of the State exemption certificate will be sent upon receipt of a written or emailed request, to the Regional PD&C Director is processed:
    - 1. Allow a minimum of 2 weeks for processing.
    - 2. Include project name and project number and the return address where the exempt letter is to be sent.
    - 3. The Project Exemption Certificate will be mailed once and faxed once; after that it is the contractor / vendor's responsibility to pick up a duplicate copy of the Project Exemption Certificate from the Regional PD&C Office.
- c. The Invoice should reflect the specific facility for which the project work is being done.

### 4. Specific Instructions for the Construction Manager/General Contractor

- a. Contractor Pay Applications (invoicing)
  - i. A schedule of values to be submitted and approved by the Project Manager prior to submitting a pay application. A schedule of values for the general conditions consistent with the General Conditions Matrix (if applicable) should be included.
  - ii. Invoice monthly on AIA G702/G703 Application and Certificate for Payment forms (computer generated schedules are acceptable).
  - iii. Each pay application should be dated and numbered consecutively
  - iv. The last pay application for the Construction Manager/General Contractor and subcontractors is to be marked FINAL.
  - v. Provide three copies of Pay Application and back up documentation.
- b. For GMP and modified GMP contracts:
  - i. Full back up documentation will be required for the Construction Manager/General Contractor's Preconstruction Services, including
    - 1. Employee names,
    - 2. Dates and hours worked
    - 3. Description of work performed
    - 4. The agreed upon hourly wages.
    - 5. If Preconstruction services were lump sum bid, no backup documentation is required.

- ii. Full back up documentation will be required for the Construction Manager/General Contractor's General Conditions, including
  - 1. Employee names
  - 2. Dates and hours worked
  - 3. Description of work performed
  - 4. The agreed upon hourly wages as submitted on the Wage Rate Summary Sheet (see CMD-PDC033).
  - 5. If General Condition's were lump sum bid, back up documentation is not required.
- c. Any trade work that is competitively bid will require a copy of the subcontractor pay application with the Construction Manager/General Contractors monthly pay application and certificate for payment.
- d. Standard Invoicing
  - i. Contractors to provide Wage Rate Summary (see CMD-PDC033) by trade, for all trades working on project.
  - ii. Contractors shall not bill for changes until a Change Order has been executed.
  - iii. Any approved change orders that are completed on a time and material basis will require full back up documentation including
    - 1. Signed time tickets by owner's representative having authority.
    - 2. Labor rates per contracted rate sheets
    - 3. Material invoices
    - 4. Yard charges.
  - iv. No documents such as change orders or any other correspondence may be attached to the pay application.
- e. Lump Sum contracts:
  - i. Include copies of trade work contractors pay application with the Construction Manager/General Contractors monthly pay application and certificate for payment.
  - ii. Contractors shall provide a completed Wage Rate Summary (see CMD-PDC033) by trade, for all trades working on project.
  - iii. Change Orders
    - 1. Contractors may not bill for changes until a Change Order has been executed.
    - 2. Any approved change orders that are completed on a time and material basis will require full back up documentation including
      - a. Daily Signed Time tickets by owner's representative having authority
      - b. Labor rates per contracted rate sheets
      - c. Material invoices
      - d. Yard charges.
    - 3. Do not attach change orders or any other correspondence to the pay application.

f. Lien Waivers:

- i. Construction Manager/General Contractor shall include partial lien waivers, for the current application with each pay application, as allowed by state law.
- ii. This lien waiver must be signed and witnessed.
- iii. See Lien Waiver forms
  1. CMD-PDC098 "Partial Lien Waiver – Contractor / Subcontractor"
  2. CMD-PDC096 "Partial Lien Waiver – General Contractor"
  3. CMD-PDC097 "Final Waiver, Release and Discharge Contractor / Subcontractor"
  4. CMD-PDC095 "Final Waiver, Release and Discharge – General Contractor"
- iv. Final Payment and Final Lien Waiver:
  1. Any month that a subcontractor is billing final, a separate summary list of subcontractors submitting final bills must be included with the Construction Manager/General Contractor pay application, that month. The subcontractors pay application must be marked final.
  2. Prior to any final payments being issued to the Construction Manager/General Contractor or subcontractor all testing and verification that subcontractor work has been performed in accordance with specifications and is acceptable in writing is required.
  3. Final Unconditional Lien Waivers for Construction Manager/General Contractor should be submitted with final pay application and all subcontractors are required within 30 day of final payment, as allowed by state law. This lien waiver must be signed and witnessed. A copy of the required Lien Waiver is attached. All close out documents must be submitted and approved before final payment will be made.

g. Insurance:

- i. A current copy of the Construction Manager/General Contractor's General Liability and Worker's Compensation Certificate of Insurance is required by the Regional PD&C office prior to any payment. It is the Construction Manager/General Contractor's responsibility to verify all subcontractors have appropriate General Liability and Worker's Compensation Insurance.
- ii. A current copy of the Construction Manager/General Contractor's Builder's Risk Certificate of Insurance is required by the Regional PD&C office prior to any payment
- iii. The certificate of insurance should include
  1. Name of the insurance company
  2. Policy number
  3. Value of coverage (equal to value of project)
  4. Deductible amount
  5. Sisters of Mercy Health System should be named as additional insured on the Certificate of Insurance.

#### h. Invoicing Process

- i. Contractors shall send invoices and all supporting documentation to the local PD&C Project Manager responsible for the project.
  - ii. The PM shall ensure the invoice is routed through the local Mercy entity and all required approvals are obtained and documented.
  - iii. Once approved, the PM shall forward the invoice, documented Mercy approvals, and supporting documentation from the contractor to the Regional PD&C Director.
  - iv. The Regional PD&C Director approves the invoice and ensures that any required corporate approvals are obtained.
  - v. The Regional PD&C Director forwards the invoice to AP for payment.
- i. Contractor Questions regarding Invoice process should be addressed to:
- i. Sisters of Mercy PD&C North Regional Office
    1. Serves St. Louis area Mercy Facilities including Creve Coeur, Missouri Washington, Missouri, Sunset Hills and Maryville.
    2. Attn: PD&C Project Management Office, St. Johns Mercy Health Care
    3. 615 S. New Ballas Rd, St. Louis MO 63141
    4. Phone: 314-251-4829
    5. Fax: 314-251-4372
  - ii. Sisters of Mercy PD&C South Regional Office
    1. Services Springfield, Arkansas, Oklahoma and Kansas facilities
    2. Attn: PD&C Project Management Office, St. Johns Health System
    3. 1235 East Cherokee St., Springfield, MO, 65804
    4. Phone: 417-820-3300
    5. Fax: 417-820-7900

#### **HISTORY:**

1. Version 2 Changes: Significant content and formatting changes have been made. All PD&C coworkers should read and understand the revised procedure.
  - a. The document has been assigned a CMD document ID
  - b. The document has been reformatted to reflect the standard CMD format per CMD001
  - c. References to specific coworkers were replaced with role names.
  - d. Clarification made to invoicing requirements
  - e. Minor grammatical changes
2. Version 1
  - a. This document was initially distributed as 8334-CP006 in the PD&C Manual

#### **REFERENCES:**

n/a

**DISTRIBUTION:**

- 1. Notification of major content revisions to this procedure shall be provided to all PD&C coworkers.
- 2. Notification of minor content revisions to this procedure, that do not affect the users ability to execute the procedure, such as typographical corrections, shall be made at the discretion of the author.

**APPROVAL:**

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**REVIEWED BY:** Lea Hilton, Project Control & Acct Specialist                      **DATE:** 6/7/2006

**REVIEWED BY:** John Farnen, Director PD&C North Region                      **DATE:** 6/9/2006

**REVIEWED BY:** William Syler, Director PD&C South Region                      **DATE:** 6/8/2006

**APPROVED BY:** Terry Bader, Executive Director PD&C                      **DATE:** 6/8/2006

**APPROVED BY:** Hector Boirie, Chief Capital Mgmt Officer                      **DATE:** 6/8/2006

Original approvals on file.