

FOREWORD

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Rwanda Public Procurement Authority (RPPA) as an Institution that provides advices to the Government on the smooth running of public procurement operations and contract management, establishes laws and sets the instructions regulating public procurement, enhances capacity building in favor of officials in charge of public procurement proceedings, audits and monitors Public Institutions on how they abide by public procurement laws and regulations, RPPA recently has received additional responsibilities to play the role of advocacy as far as invoice payment modalities are concerned between contractors and public Institutions.

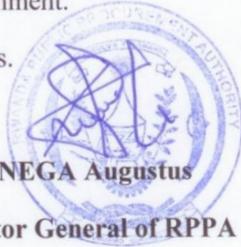
Once the requested needs has been satisfied and contract terms fully respected by both contractors and public Institutions, the invoice payment delays don't only constitute the hindrances to the contractors' interests but also to the general development of the whole country. So, it is in this regard, RPPA has accepted with open arms the new responsibility to advocate for the contractors whose payments are encountering delays relatively to payment modalities as provided by the contract terms, relatively also to the reception time of the invoice by the procuring institution with which they had signed a contract.

This circular has been compiled to be a useful tool to contractors and would help them understand very well the whole payment modalities between them and Government, which documents are required and on which time to be issued, how to make a follow-up to provided invoices, what attitude to take when invoice payment delay occurs and what Institution they can resort to in case of payment delays.

Also, in this circular RPPA gives advice to public Institutions on what they have to put into consideration about contractors' invoices, what they have to do when contractors have already fulfilled their duties on due time and in accordance with contract, what to do when contractors' invoices present some errors or shortcomings, what communication means that can be used to inform the contractors about their invoice payments etc.

This is the first citizen charter circular on payment modalities in public institutions compiled by Rwanda Public Procurement Authority (RPPA) to help the contractors and public Institutions understand well the payment modalities with respect to time framework and contract terms. Therefore, we take this opportunity to request everyone who will read this circular to have hand by giving ideas in improving payment modalities in public institution to ensure smooth running of payment modalities once services are rendered to the Government.

Thanks.



SEMINEGA Augustus

Director General of RPPA

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1. The payment process by the Public Institution

In this circular, the Contractor, in other words the creditor, is defined as an entrepreneur who has signed a contract with a given Public Institution called the debtor, for the tender of goods supply, construction works, consultancy services or any other relevant needs according to the contract. The competent authorities of the Institution carry out an evaluation and approve what have already been done. This implies that the Creditor must fulfill the following requirements:

- The existence of a signed contract between the Contractor and the Public Institution called here the Debtor,
- Having performed his/her duties according to the contract. This means that goods are already delivered, works or services are already completed as defined by the contract,
- Presenting the delivery or reception note to the concerned Institution,
- The existence of the acceptance report by the Institution's officials approving goods delivery or final reception of works or services,

The payment proceedings only rely on duly signed contract by the contractor and the Debtor Institution as supporting document even if an addendum to the existing contract occurs. If there is an addendum on the initial contract term a contract amendments has also to be agreed on by the two parts

NB: For Tender for supplies or some non-consulting services whose threshold is less or equal than 5,000,000Rwf, the signed contract between two parts can be replaced by an “authorized Purchase Order” signed by the procuring Entity.

2. Invoice payment and Time framework

As stated above, the invoice is only presented by the creditor that having contracted by the debtor and after fulfilling his/her all contract obligations and delivered goods, services have been inspected and accepted by the procuring entity (Debtor).

Specifically, claimed payment are results from the following:

i. Works

The works that require to be invoiced are those already accomplished whose quality and quantity have been approved by the supervisor appointed by the

procuring entity and this supervisor can be an employee of the Institution, other individual or a private company.

In the preparation of the invoice, the creditor should avoid to include the works already paid in the previous invoices. The latter, must clarify the total value of the whole works, the paid and unpaid works, the percentage of retentions on every presented invoice as stated in the contract terms in order to refund the advance payment if it has been paid to the creditor.

In any case nobody is allowed to charge in his invoice the construction materials brought on site and which he did not yet use.

ii. Services

The Consultant, who has performed services to the public Institution, presents his/her invoice

Upon the Client's receipt of the acceptable draft report.

The invoice would only cover the already performed services according to payment modalities stated in the contract.

iii. Goods

The invoice on supplied goods is prepared by the Supplier upon the inspection and acceptance of delivered goods by the officials of the procuring Entity. For supplies governed by the International Commercial Terms (Incoterms), the invoice would be presented to the public Institution according to the stipulated incoterm in the contract, when the buyer is liable to all risks on bought goods.

3. The documents required for payment

a. For works contract

- i. Transmission Letter accompanying the invoice,
- ii. Report on works already done approved by supervision authority
- iii. Original invoice approved by supervision authority
- iv. Copy of the contract,
- v. The detailed bill of quantities showing how the total amount to be paid has been calculated, how the unit prices were applied to the quantity of all completed works, how the advance payment have been deduced from the value of the

invoice, the inventory of completed works and remaining works, how delay penalties, if any, are applied to the presented invoice etc.

b. For Goods contract

- i. Transmission Letter accompanying the invoice,
- ii. Copy of the contract,
- iii. Original invoice,
- iv. Report on inspection and acceptance reports of deliveries,
- v. Original copy of the contract,
- vi. “Laboratory Certificate” where applicable,
- vii. Goods delivery notes,
- viii. Shipping documents or airway bill when the contract agreement specifies “Incoterms”,
- ix. The detailed price schedule showing how the total amount to be paid has been calculated, how the unit price was applied to the quantity of all delivered goods, how the advance payment have been deducted from the value of the invoice, how delay penalties if any are applied to the presented invoice etc.

c. Consultancy Services

- i. Transmission Letter accompanying the invoice,
- ii. Copy of contract,
- iii. Copy of deliverables report,
- iv. Report or other document or letter from the procuring Entity acknowledging the final reception between the creditor and the debtor.

4. The Contractor’s requirements before payment

- i. The Contractor must have a good and clear understanding of the contract terms in order to prepare the invoice accordingly. This will protect him from acting against the contractual obligations that can lead to silly losses, especially the rejection of the invoice during payment time. Thus, the Contractor must understand deeply the “Technical specifications” or “terms of References;

ii. The Contractor has to master the Laws and instructions governing public procurement and avoid going astray from them. For example:

- Deliver any good or service without any signed contract between the contractor and the procuring entity;
- Performing/Executing any tender with only final notification letter as supporting document;
- Performing/Executing while there are no “technical specifications” or “terms of reference” provided by the public Institution,

iii. The Contractor must carefully read and understand well the contract content especially as regards the Time and payment modalities for rendered services or delivered goods or executed works and what are the requirements for payment;

iv. The Contractor must perform and abide by the contract content in order to avoid any disputes with a public Institution;

v. The Contractor must provide along with his invoice all required documents for payment;

vi. The Contractor must avoid delivering/rendering additional service or goods not stated in the contract without any written agreement with the Institution as well as avoid the over- invoicing;

vii. The Contractor must respect Time framework and follow-up of the invoice payment when he/she has been achieved all contract requirements;

viii. Not over- invoicing the services provided to the government.

5. Payment modalities

As stated above, the creditor is defined as a Contractor who has signed and performed the Tender contract with the Government. For what the Contractor has done, be they goods supply, works or services, the officials of the contracting Entity or its representatives must carry out an inspection/ evaluation and provide an approval to them according to the contract agreements.

How payment is performed?

The Contractor prepares a transmission letter accompanying the invoice with all required supporting documents as determined in the contract as well as all other documents clarified in this circular paper. All those documents are submitted to the debtor Institution. They are submitted to the reception desk and the Contractor remains with a copy for reception stamp as an evidence that the invoice has been received.

Within 3 working days without any reaction to the invoice, this implies that the invoice presents no errors and has been accepted by the Institution and the depositor of the invoice can expect the payment to be done within the period provided for in contract terms.

The Contractor must be paid within the period defined in the contract document. When the period of payment is less than 45 days, the public Institution may be allowed to exceed this period, but starting from the reception and acceptance of the invoice, this period can never go beyond 45 days determined by regulations.

The public Institution that has received the invoice cannot exceed 3 working days without returning it back to the owner in case it presents some errors or shortcomings. When it returns back to its depositor, the public Institution is obliged to provide written explanations clarifying its errors or shortcomings to be corrected before payment proceedings.

6. The Contractor's attitude vis-à-vis the insolvency of public Institution

When the Contractor submit his/her invoice and there is no feedback within the aforementioned period, he/she has to expect to payment as per contract payment modalities. After the expiration of the period defined by the contract without being paid, the Contractor is invited to resort to the following tips:

- ✓ Writing a recalling letter to the contracting Institution and asking for payment,
- ✓ when 15 days from the reception of the recalling letter pass without being paid or given any valid reasons for delays in payment, the creditor writes a letter to RPPA and gives a copy to the contracting procuring institution requesting for advocacy towards the procuring entity that he had contract agreement and which did not pay him. The letter addressed to RPPA must be accompanied by the copy of invoice the contractor has submitted to the procuring entity.
- ✓ Beyond 30 days without being paid from the reception of the letter by RPPA, the Contractor is allowed to write the letter to MINECOFIN clarifying his/her problem.

7. The Public Institutions' requirements

In order to ensure the smooth running of payment proceedings between Contractors and public Institutions, the latter are obliged to respect the following principles:

- ✓ No public Institution is allowed to advertise a tender without making sure that the funds to run all activities are incontestably available;
- ✓ Before advertising a tender, the procuring entity must beforehand and deeply assess if the needs in the tender are complete and well defined either in quantity, quality or functionality (quantity, quality as well as clarify the Technical specifications and/or Terms of reference);
- ✓ Make sure that the contract terms clarifies very well the payment modalities and proceedings,
- ✓ Put in place the strategic measures to ensure good contract management as well as organized reception committees of what have already been done or supplied by the successful Contractor;
- ✓ When the Contractor presents his/her invoice, the procuring entity must not exceed 3 working days without informing him/her about the possible errors or shortcomings;
- ✓ When the invoice presents some errors or shortcomings, it must be returned to the depositor with detailed explanations about it and the Contractor would have to make the correction;
- ✓ When the provided invoice by the Contractor presents no errors or shortcomings, the public Institution must not exceed the days defined by the contract without proceeding to the payment, but an exception can occur when a justifiable and independent reason to the Institution emerges;
- ✓ When untimely reasons to the public Institution hinder the time of payment of invoice as provided by the contract, the procuring Entity writes the letter to the Contractor justifying the payment delays and give a copy to RPPA and Rwanda Revenue Authority (RRA);
- ✓ For some Institutions, works reception is sometimes delayed and this constitutes an obstacle to the invoice payment. No public Institution should be allowed to exceed 21 working days since the letter from the contractor requesting for final reception is available without proceeding to it, unless there is a reason communicated in writing to the Contractor;

8. Imparting information to the contractor about his/her invoice's payment

After having paid the creditor, by issuing the payment order to the bank account given in the contract by the creditor, the procuring entity must directly inform the creditor about his payment and if possible giving him a copy of the payment order. This communication process can be done through the following ways:

- ✓ An SMS can be sent through mobile phone;
- ✓ An electronic mail can be sent to the Contractor;
- ✓ By a phone call the contractor may be invited to grab a copy of "payment order" to the debtor 's address ;
- ✓ If possible a letter announcing the payment of the invoice can be written and sent to the creditor, with enclosed a copy of the payment order as evidence.