16 November 2005

FINAL ACCOUNTS PROCESSES

At yesterday’s Finance Committee, you asked some questions on the timing of Final Accounts, with particular reference to two O’Rourke packages which had been completed many months, if not years, ago. I undertook to write to you with further information.

You were correct in saying that work on some Trade Packages, including those you referred to, finished a long time ago. Subject to certification by the main Consultants and authorisation by the Client, invoices for that work were raised on packages throughout the project. But only 97% of amounts due were paid, the remainder being retained against possible defects and other claims. The release of these “retentions” was linked contractually to the “Practical Completion of the Project”, which, as I indicated yesterday, was achieved in February 2005, and to the making good of defects.

A Final Account is required to agree the sums due either to the Trade Contractor or to the Client after all remedial or additional work has been completed, thus enabling the release of the balance of retentions. While some of the administration of Final Accounts could have been carried out during the construction phase, packages could not be fully finalised until responsibility for defects had clarified. Accordingly, the bulk of Final Accounts, no matter when the related work was completed, could not have been submitted before Practical Completion of the Project.
You also commented on Final Accounts being returned for correction. I have checked the matter and been assured that these were returned for presentational and procedural reasons and not because the accounts were substantially incorrect.

I hope this is helpful. Please let me know if you require further information

P E GRICE
Clerk/Chief Executive