



## Engineering/Accounting: PRIVATE CLIENT PROPOSALS, CONTRACTS & PAYMENT

**Objective/Purpose/ Why:** *To outline Private Client Contract and Payment Standard Operating Procedures. The goal is to ensure that contracts contain standard provisions that protect ATG, and Project Managers ensure no more than 30 days of labor and other costs are put at risk. [Reduce risk (loss of revenue, cash flow) and save resources (additional time spent by various levels of staff to collect payment; possible attorney fees; leaving a loss to ATG)]*

**Subject Matter Expert:** *Project Accountants (PA), Project Controller (PC), Controller, Engineering Division Managers (DM), Engineering Private Client Group*

### **Private Client Proposals & Contracting:**

*Proposal Development:*

*Project Manager is responsible for developing the scope and fee, which must be approved by Division Manager before it proceeds to Contracting.*

- As soon as an inquiry is received and/or start of project pursuit, Project Manager will send Marketing a request to open an OPPO/PROP to track proposal efforts.
- Project Manager will develop a scope and fee and send to Division Manager for approval. PM will Cc Project Accountant/Project Controller during this process so a retainer invoice can be created and included as part of the Proposal.
- NOTE: All private client contracts will require a retainer. See retainer criteria below. Project will not be activated until retainer payment is received.
- Once scope and fee are approved by DM, Project Manager will attach ATG Standard Contract Provisions and retainer invoice to proposal package and proceed to contracting phase.

➤ Retainer Criteria

- Retainer equal to half of the lump sum portion of the contract amount is required for all projects. The retainer must be received prior to any work being started and prior to project being activated in Vision.
- Retainer for Additional Services may be required for clients that have exhibited poor AR history by consistently paying invoices late. Clients with an average AR for an active project of over 45 days will be required to pay a retainer.
- Retainer Exceptions will be sent for review during proposal development and Additional Services requests. Approval will be given at discretion of Division Manager with the assistance of Project Controller based on the following criteria:
  - Client average AR of 45 days or less. Average will include all prior projects.
  - No prior instances of late payment (over 45 days) and tasks closed due to non-payments.
  - Minimum of 4 completed projects in the last 4 years
  - No history of terminating projects prior to completion
  - No exceptions on new clients

*Contracting:*

*The Division Manager, Project Manager and Project Controller are responsible for reviewing the proposal, fee, and contract. The Project Manager is responsible for obtaining and maintaining a fully executed (signed, dated) copy of the contract for ATG records in the project files.*

- Project Manager will send Client Information Sheet to client contact to complete as soon as a proposal request is received. Client must complete sheet so Signatory Authority can be confirmed prior to proposal being submitted.
- Project Manager will send the following documents to Client and Cc PA/PC.
  - Proposal
  - ATG Contract and Standard Provisions
  - Retainer Invoice
  - Completed Client Info Sheet
- If Client requests to revise any sections of the ATG Standard Provisions, the following process should be followed:
  - Contract will be forwarded to Project Controller and Division Manager for Review



- PC and DM will review to either accept or reject revision requests and send back to Client for their concurrence.
  - If Client agrees with the terms, Client to execute document.
  - This process will continue until both parties agree to terms.
- NOTE: No ATG signatures should be added *prior* to execution by the client. ATG signatures should occur AFTER the client signs.
- Signatory Authority:
  - Clint Jumper, Sr. Vice President, is the default signatory authority for private client contracts
  - If Clint is not available to execute the private client contract, the following members of the Executive Team have approved signatory authority by the board:
    - Gayle Heath, CEO
    - Mike Heath, President
    - J.D. Allen, Executive Vice President
    - Daniel Rios, Chief Information Officer

#### *Additional Services:*

When Additional Services (AS) is needed, Project Manager is responsible for preparing AS document using approved Additional Services Template. Project Manager will need to confirm the following before any effort is completed:

- Client on Additional Services document is the same Client as original contract.
  - Authorization MUST come from contracting Client and not a third party i.e., developer, agency, etc.
- Additional Services Reason i.e., scope changes and/or budget amendments is very clearly stated
- No outstanding accounts receivable
- AS Authorization is signed by individual with Signatory Authority.

***\*\*All corresponding documents for AS must be saved in project folder.***



## **Payment and Collections:**

### *Retainer Application*

Credit for retainer payments will not be applied until a minimum of 50% of the effort has been completed and invoiced. The Project Manager will be responsible for communicating this process to the client during contracting. This process is also stated in the Proposal document.

### *Outstanding Invoices Owed to ATG Over 30 Days*

Payment is due upon receipt of invoice. Accounting will contact the client regarding status of outstanding payment within 30 days of invoice being submitted. If Client balance reaches 30 days outstanding, PM will not deliver any submittals until AR is paid.

### *Outstanding Invoices Owed to ATG Over 60 Days*

PM will contact the client regarding status of outstanding payment and work will suspend temporarily pending client response and payment. Accounting will make tasks inactive and the decision to resume work will be made by the Division Manager.

- *Interest Invoice* – Client will be advised that if payment is not made in the next 10 days, interest at 1.5% will be charged.
- *Interim/Final Product Submittal* - If the client has any outstanding invoices, the interim and/or final product will not be delivered until full payment is received by ATG. This applies to all clients regardless of payment history.

### *Outstanding Invoices Owed to ATG Over 90 Days*

Accounting/PM will contact client regarding status of outstanding payment. Work will suspend until payment is receiving for outstanding balance. If Client does not pay within 10 days of contact, balance will be turned over to Attorney.

- *Attorney* – Client will be advised with interest invoice submittal that if outstanding balance is not paid before 90 days outstanding, that collections will be turned over to Corporate Attorney.



- *Interim/Final Product Submittal* - If the client has any outstanding invoices, the interim and/or final product will not be delivered until full payment is received by ATG. This applies to all clients regardless of payment history.

***PM should not submit any deliverables to Client if there is outstanding AR.***

### **Exceptions or Waivers**

Any exceptions or waivers from the standard operating procedure for a Private Client contract or payment must have prior written approval from the Division Manager. *If Project Manager is faced with an unusual situation and/or concerned in how to proceed, PM should consult with Division Manager before taking any action.*

**Outcome:** *The expected deliverable is a signed and sealed report that meets the client's scope and expectations. The project should result in successful completion of the contract with all payments received within net 30 days, no write offs, and at least a 12% profit.*

**Resources:** *See Private Client Contract Template and Attachment C: Terms and Conditions; Additional Services Contract Template, Client Information Sheet*

### **Definitions:**

- **Private Client (Company)** refers to non-governmental businesses and organizations. These companies are owned by private individuals/shareholders or stockholders on the stock market.
- **TIA or Traffic Impact Analysis** – generally small engineering projects that are typically lump sum and short deadlines.
- **TES or Traffic Engineering Studies** – generally small engineering projects that are typically lump sum and short deadlines.



- **TCP or Traffic Control Plan – generally small engineering projects that are typically lump sum and short deadlines.**
- **Retainer – payment made in advance for professional services by the client to ATG prior to starting work on the project. The retainer is held until final invoicing of the project.**