**For Projects 1100 and Less**

**Holdback Payables – payments to subtrades**

**Step 1: Subtrade Invoice Stanley for Holdback Release**

All subtrades should be instructed (we should include in contracts) to send a final holdback invoice to accounting@stanleyconstruction.ca when they have completed their entire scope of work. There are rare exceptions when 2 holdback release invoices will be accepted but in most cases only 1 will be accepted.

Some notes:
- The holdback will not be paid without the receipt of the holdback invoice.
- Stanley will not remind companies to submit holdback invoices. This is their responsibility.
- If the amount on the holdback invoice does not match what is in Sage 100, it will be rejected.

**Step 2: Accounting Enters the Holdback Invoice into Sage 100**

If the invoice balances to what we have in Sage 100 as the outstanding holdback and if it is received after the full scope of work has been completed by the subtrade, the holdback invoice will be entered into Sage 100 (using 4-2, “Options”, “Enter Holdback Invoice”).

A few notes:
- In the invoice filed HOLDBACK will be inserted first and then the holdback invoice number.
- The invoice will be entered as “hot list” and “review”
- The invoice paid date will be entered as 45 days after the current expected project conclusion.
- Project Managers must not approve holdback invoices in their hot list until the next Step 6.

**Step 3: The Stanley Holdback Payment is Received from the Customer**

It is important to stress, that no holdbacks are to be paid to any subtrade in advance of the holdback being received by Stanley from the client. Exceptions can only occur with the approval of Paul or Dave.

Project Managers are notified by Accounting that the holdback payment has been received.

**Step 4a: Accounting to Create Project Cost Report (Similar to old Format)**

Accounting will create a summary of all subtrades with outstanding holdbacks and invoices paid and then provide it to Project Managers.

**Step 4b: Project Managers Highlight Any “Do Not Pay” Subtrades**

Project Managers should review the report they have been provided and inform accounting of any subtrades whose holdback should never be paid (accounting will then reverse those holdbacks to ensure there is no risk of a future payment).

This report must be saved in 6-2 for that project.

**Step 5: Project Managers Confirm Total Contracts & PO’s Reconcile to Total Paid & Holdback**

To confirm that the total contract/PO value has not been exceeded by the subtrade, the Project Manager should use the following 2 reports:

1. For the total of invoices paid and holdbacks use: the report received form Accounting in Step 4a
2. For the total Purchase Orders and Contracts use: 6-6-2 Report 31 (for PO’s) and 6-7-3 Report 31 (for subcontracts)

**Step 6: Project Managers Approve Holdback From Hot List for Payment**

After completing Step 5 and the amounts reconcile, Project Managers can then approve the respective reconciled items for subtrades in their hot list for payment. Please update the payment date with the date of approval.

Potential Issues

1. Subtrades may not invoice for the holdback for years later. While “Step 4” has a way of catching some of these, it is recommended that contracts include a clause where invoices received 6 months after substantial completion are null and void and will not be paid.