



# SINACO ENGINEERS (PVT) LTD

## STANDARD OPERATING PROCEDURE DOCUMENT

Developed By:

Greyneon Private Limited



Address: 33 Block F, Johar Town, Lahore, Pakistan

Website: [www.greyneon.com](http://www.greyneon.com)

Email: [info@greyneon.com](mailto:info@greyneon.com)

Tel #: +92 042 35220891

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# **SYSTEM DRIVERS**

## **THE PURPOSE OF THE SYSTEM**

The purpose of this system is to automate the entire processes of SINACO Engineers Private Limited that includes the main areas such as HR, Payroll, Engineering, Inventory, Procurement, Accounts and Management.

## **CLIENTS, CUSTOMERS AND OTHER STAKEHOLDERS**

Following individuals and departments of SINACO Engineers Private Limited will be concerned.

- Accounts Department
- HR department
- All the Managers and Coordinators
- Engineers
- Directors
- Labor

## **USERS OF THE SYSTEM**

- Accounts Department
- HR department
- All the Managers and Coordinators
- Engineers
- Directors

# **PROJECT CONSTRAINTS**

## **MANDATED CONSTRAINTS**

### ➤ IMPLEMENTATION ENVIRONMENT

The system can be used where there is internet facility and devices such as Laptop, PC, Tablets or Mobile Phone.

### ➤ PARTNER APPLICATIONS AND BROWSERS

Google Chrome and Mozilla Firefox

### ➤ ANTICIPATED WORKPLACE ENVIRONMENT

This could be anywhere where internet facility is available.

## NAMING CONVENTIONS AND DEFINITIONS

- Chief Executive Officer as **CEO**  
The one who has the control and authority to control everything.
- Project Manager as **PM**  
He controls everything at the project site.
- Site In charge as **SI**  
The one who gives site estimates.
- Project Coordinator as **PC**  
He overlooks and controls the site demand and is the main bridge of coordination between site and Head Office.
- Site Demand as **SD**  
The material/cash required at site.
- Central Store as **CS**  
The one who over looks and controls the entire Central Store
- Inward Gate Pass as **IGP**  
Whenever any item/material enters the dump store/site it is recorded by IGP
- Outward Gate Pass as **OGP**  
Whenever any item/material exists the dump store/site it is recorded by OGP
- Engineering Director as **ED**
- Goods Inward Note as **GIN**  
When an item is purchased it can be forwarded to dump store or site along with goods inward note
- Purchase Order as **PO**  
The order of the final and approved material that is to be bought.
- Head Office as **HO**  
From where the entire approvals come.
- Delivery Challan as **DC**

Delivery Challan is the receiving, Head of dump store will check the material according to the delivery Challan

- Goods Received Inspection Note as **GRIN**  
The inspection report that is made by the authoritative person to check the concerns such as quantity and damages.
- Bill of Quantity as **BOQ**
- Military Engineering Service as **MES**
- Internal Reference Number as **IRN**
- Any required Material/Tool/Machinery is referred as an **ITEM**
- Quality Control as **QC**  
QC deals with clients and checking at site that the work has been done according to the BOQ and timelines.
- Quantity Surveyor as **QS**  
The Quantity Surveyor deals with creating bills of the work done and approved by QC and Client.
- Construction Manager as **CM**  
Construction Manager creates and share the schedule of site with Project Manager.
- The inspection done within the company by Quality control is known as **INTERNAL INSPECTION**.  
To check that the work done at site is according to the BOQ and timelines.
- The inspection done by the client is known as **EXTERNAL INSPECTION**.  
To check that the work done at site is according to the BOQ and timelines.

## RELEVANT FACTS AND ASSUMPTIONS

The assumption is made that the users have basic Technology/Cell Phone/Laptop/Computer knowledge.

## OPEN ISSUES AND RISKS

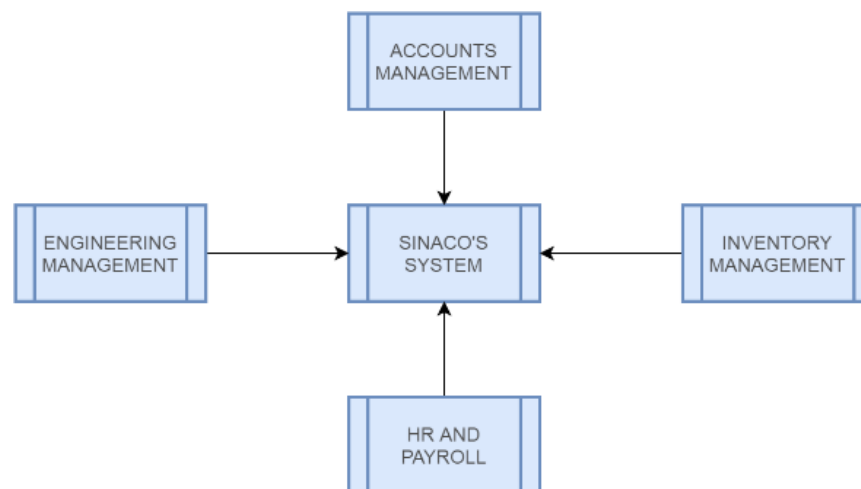
- There is a risk that a user do not own a PC.
- Users do not have any internet connection or net is temporarily down.

## INTRODUCTION

This documentation will serve to understand the system well. Entire Modules and their processes are written down to clear the ambiguity and flows.

Four basic modules are the pillar to the entire SINACO Company's automated system. Each of them incorporates its own features, functions, contribution, linking and processes in the system. Cautiously the requirement have been gathered to automate the system and propose solutions. The main modules are Accounting, Payroll and HR, Procurement and Engineering.

**Given below is the graphical representation of Modules overview.**



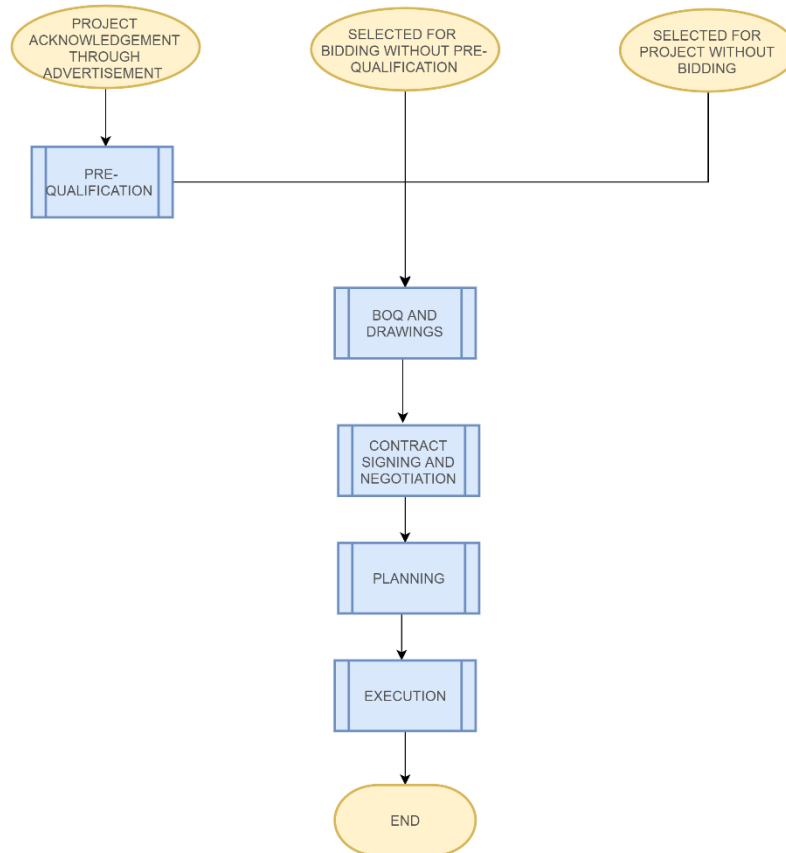
*Figure 1*

## ENGINEERING FLOW

The Engineering Module will cater entire phases from the acknowledgement of project to its execution. Firstly, the Pre-qualification document is created from the advertisement in newspaper, if company pre qualifies, BOQ and drawings are created for tendering phase after winning the project negotiations and contract signing takes place. Then, the master planning of project is done and finally the execution takes place.

## ENGINEERING MODULE GENERIC FLOW

This is the Generic Flow for Engineering Process.



*Figure 2*

1. SINACO can get to know about the project through **three ways**.
  1. Newspaper Advertisement.
  2. Selection for bidding without Pre-qualification.
  3. Directly getting the project without bidding.
  
2. If the project came to acknowledgement through Newspaper Advertisement, then the company prepares a **Pre-qualification Document** for **Pre-qualification**. Now the question raises what the pre-qualification actually is (*Refer Figure 2.5*).
  
3. After that **BOQ and Drawings** are provided to company.
  
4. Then **Contract Signing and Negotiation** takes place, this negotiation can be internal or an external one, that is between client and company on the terms and conditions.

5. After that, **Planning** and then **Execution** takes place.

## DETAILED ENGINEERING MANAGEMENT

These are the possible components that can contribute in an Engineering management. Each component is further described.

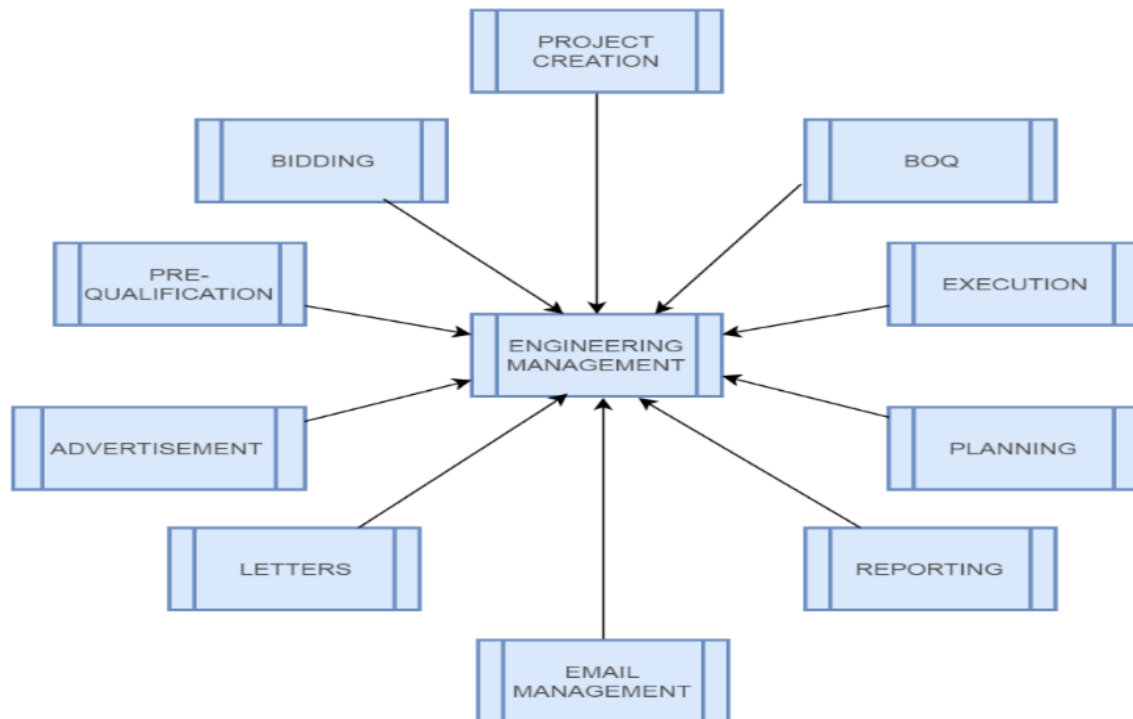


Figure 2.1

## ADVERTISEMENT

1. At the start an **Advertisement** will be created. Only the signed Advertisement from one of the Engineering Directors will be uploaded in system and only after its attachment the Advertisement will be created.
2. From advertisement the Pre-qualification document is created and then it is sent to client.

## ADVERTISEMENT GENERIC FLOW

This is the Generic flow for Advertisement

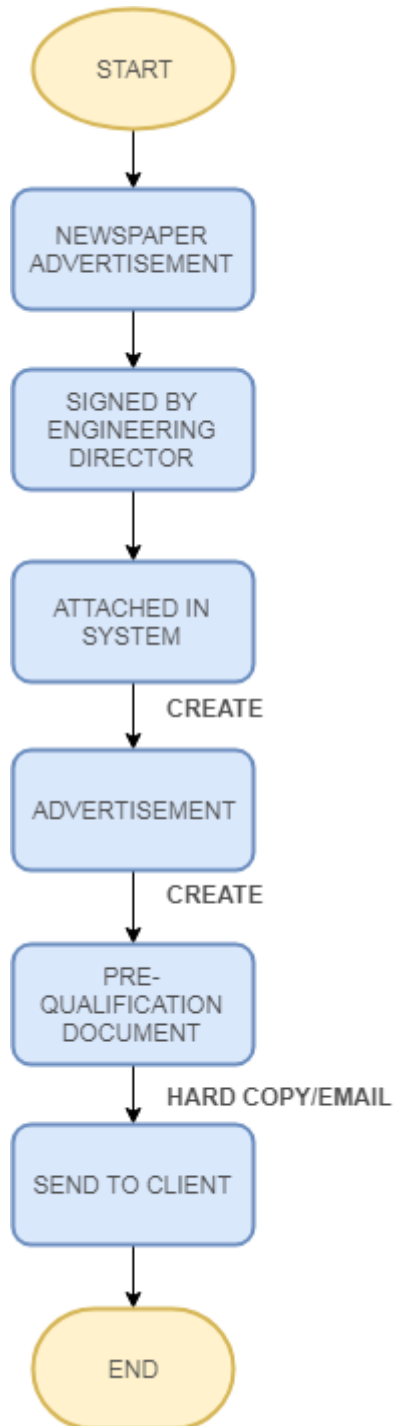


Figure 2.2

## CREATE ADVERTISEMENT

While creating an Advertisement form, the following details will be asked.

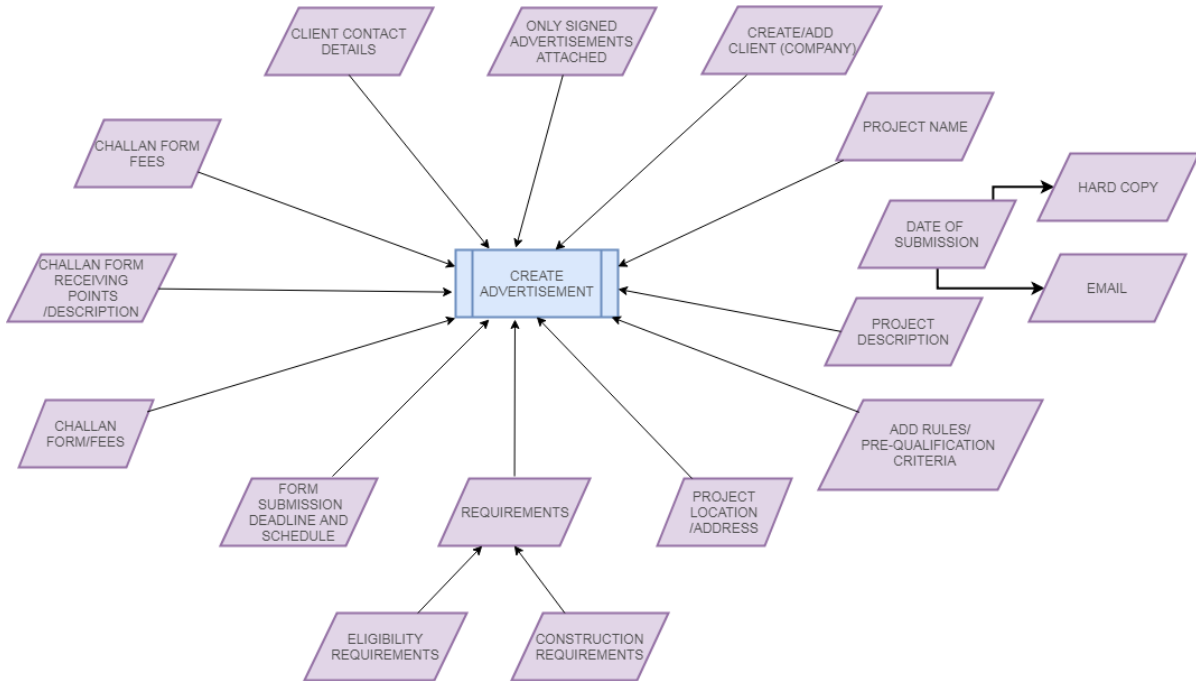


Figure 2.3

The Client/Company create form will have the following fields.

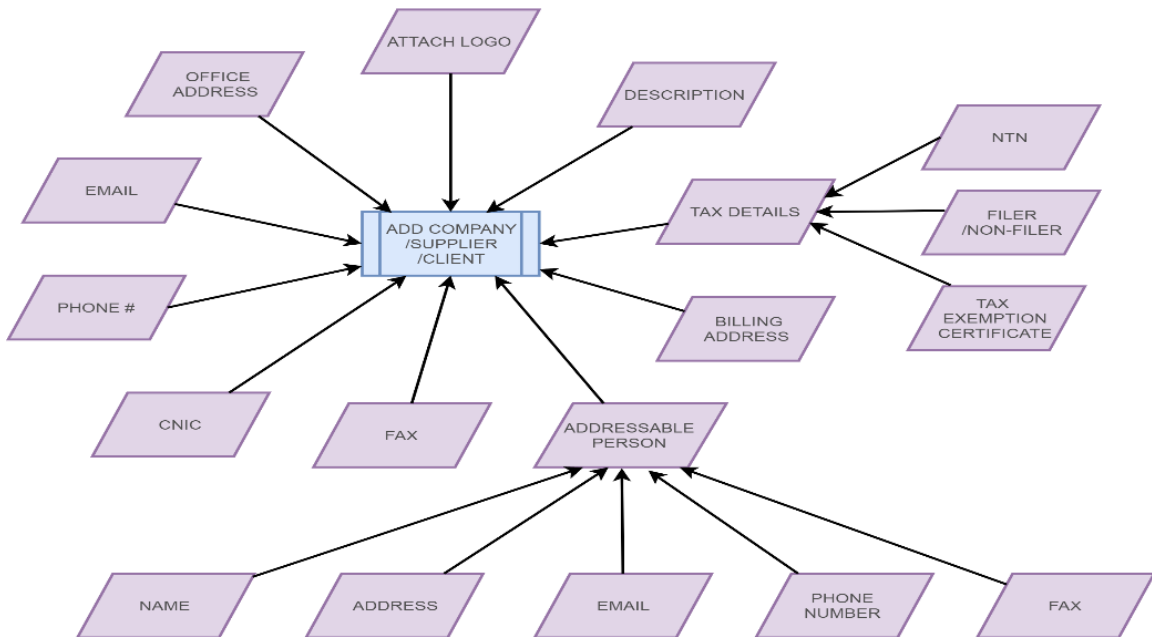


Figure 2.4

# PRE-QUALIFICATION DOCUMENT

## PRE-QUALIFICATION GENERIC FLOW:

1. Through Advertisement Document the Pre-qualification Document will be created.
2. When the Advertisement will be created. The client will be selected (*refer figure 2.4*) and the advertisement created against that client will be displayed.
3. After selection of the specific advertisement, already given details (*refer figure 2.5*) will be displayed.

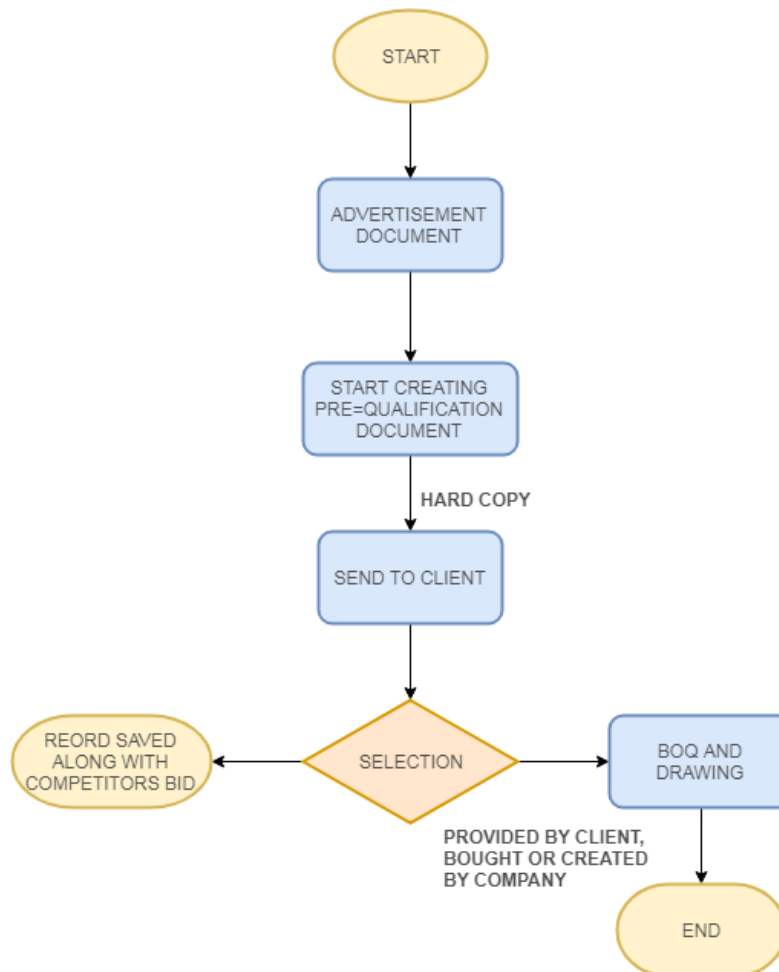


Figure 2.5

The Pre-qualification Document will have the following components.

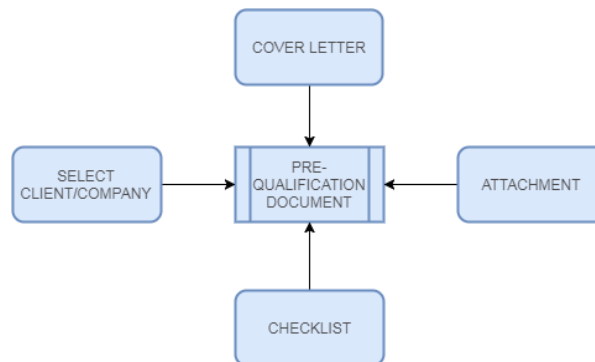


Figure 2.6

## COVER LETTER

1. It is the first page of the **Pre-qualification Document**, it will have the **Introduction** of the company.
2. The **Experience** will be added, it can be **Custom** or can select from the **History of all Projects/ previous Experience directory** already added in system. The experience will include Nature of the project, Location, Client Details (optional) and the status of the project that is in process, complete, about to start, in negotiation etc.
3. The **Experience** can be searched through client and location and various other criteria's.
4. In **Custom Experience**, the experience will be added by the user and it will eventually be added in the list of Experiences.

**The Cover letter will have the following components**

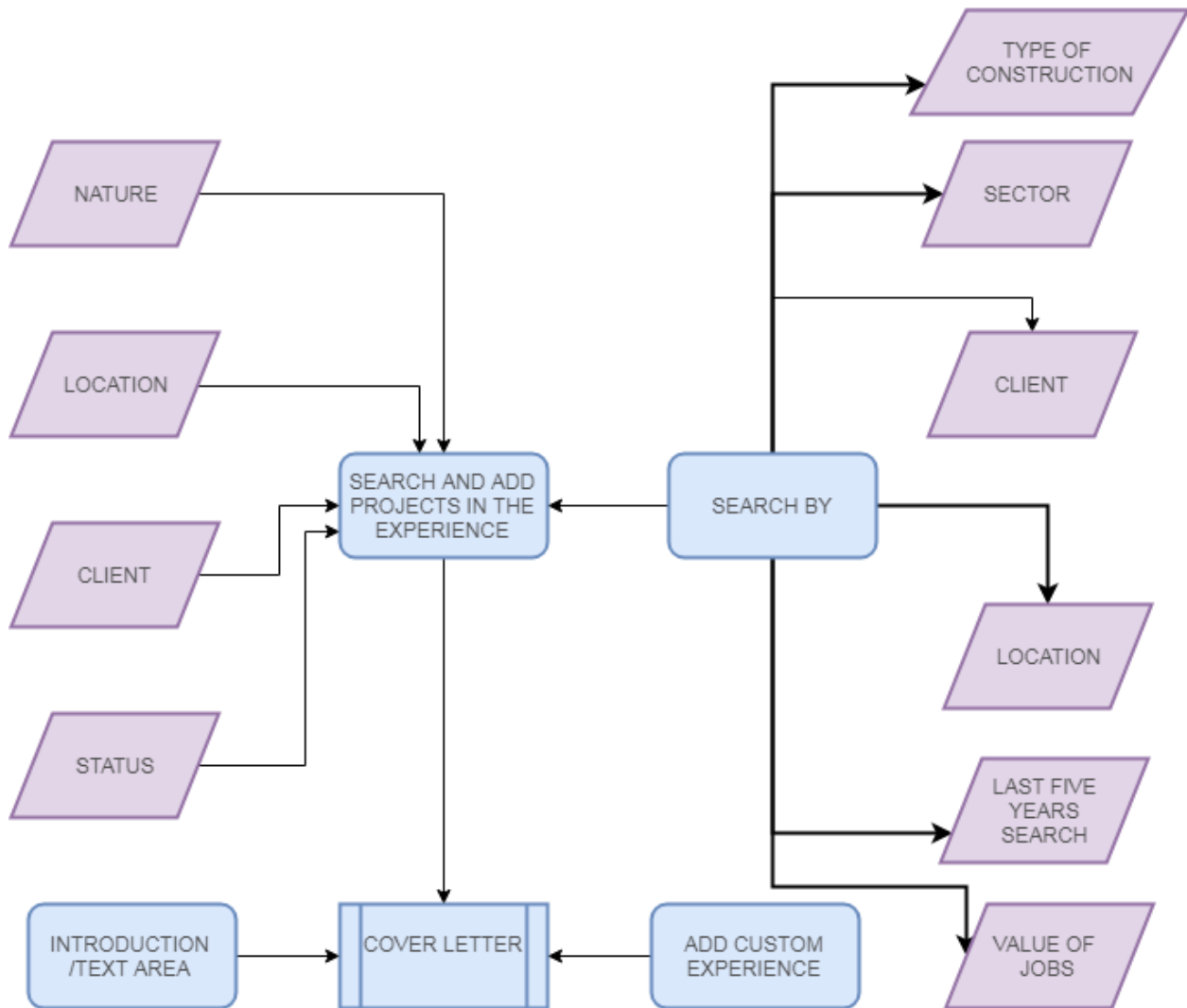


Figure 2.7

## ATTACHMENT

1. The Attachment could be an **Image, a Document or a Section/Separator**.
2. A section/separator will be like a custom page. User can design the page that is add headings, text, color of page etc. according to his desire and needs.

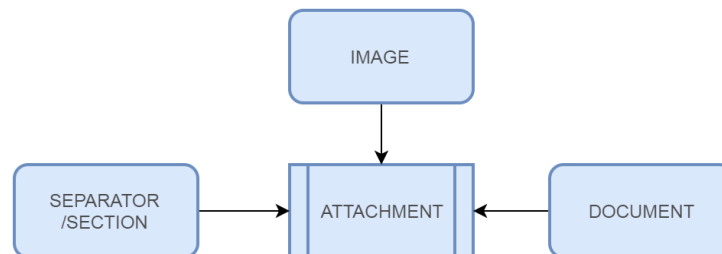


Figure 2.8

## CHECKLIST

1. There will be a **checklist** at the side of the **Pre-qualification document** page just to make sure that nothing goes missing in the document.
2. **Custom to-do list:** This will be a list that can be generated by your own.
3. **System's Pre-qualification List:** This will be the system generated checklist already created by user, it will have general feature like add experience etc.
4. **Eligibility Requirement Checklist:** This will have the checklist of the eligibility requirements that was added while creating the advertisement. This is basically the requirements from client.
5. **Construction Requirement Checklist:** This will have the checklist of the construction requirements that was added while creating the advertisement. This is basically the requirements from client.

The Checklist can be of four types

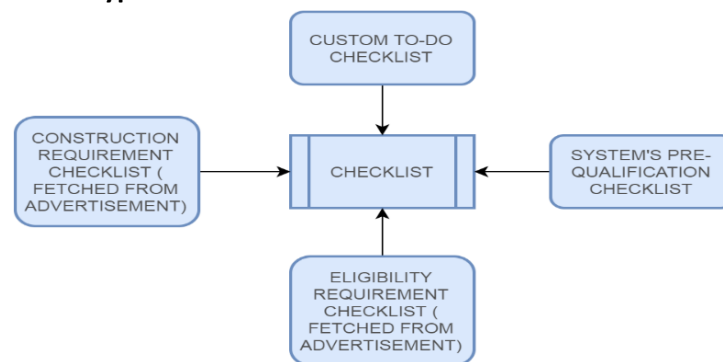
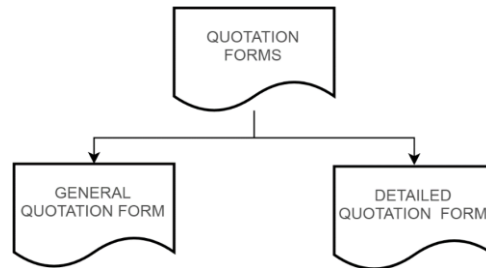


Figure 2.9

## BOQ AND DRAWINGS

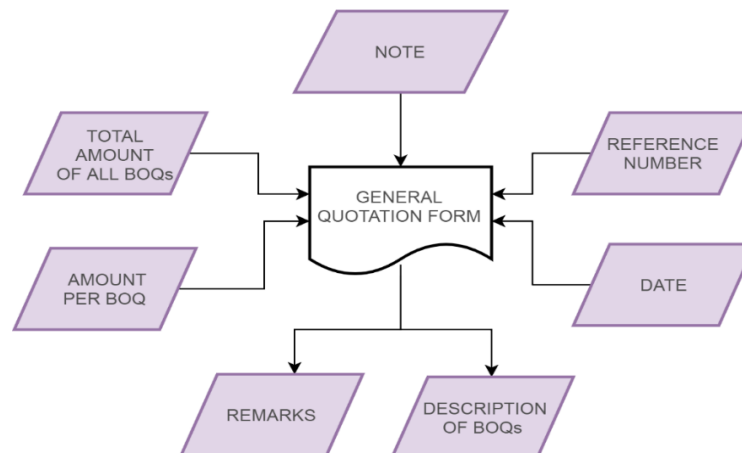
1. If the company qualifies the Pre-qualification phase and gets selected for the **Bidding, the BOQ and Drawing** are provided to the selected candidates.
2. The BOQ can be provided by the clients, by Company itself that is company's engineers and architects creates the BOQ and drawings or sometimes they ask the Company to buy from the destined points. This BOQ is known as **Proposed BOQ and Drawings (refer Figure 2.15)**. The BOQ sent from client can have the following fields, description, quantity, unit, rate, amount, remarks (if from army can also include MES) will be incorporated in creating a BOQ (Not limited and confined to these fields). Furthermore, IRN and rates will be added from SINACO's side.
3. Now, the **Final BOQ** will be created & drawings will be attached for the reference that is the BOQ items have been given IRN and have been through Rate Input, Rate Analysis and Premium Calculation phase. Now, let's discuss what each of these phase actually is.

4. Whenever that specific BOQ item will be searched all the workings done against it (that is IRN) can be retrieved and can be further edited as required.
5. If the BOQ item to be added in Final BOQ is already in the Final BOQ list then the system will not do any of the below mentioned workings. And will keep on adding the BOQ items until all the items are added in the Final BOQ list.
6. After the completion of Final BOQ, the quotation will be sent to client submission.
7. The Quotation will have two forms



*Figure 2.10*

**The General Quotation Form will have no details and only the general information shown in the diagram below**



*Figure 2.11*

**The Detailed Quotation Form will have all the details**

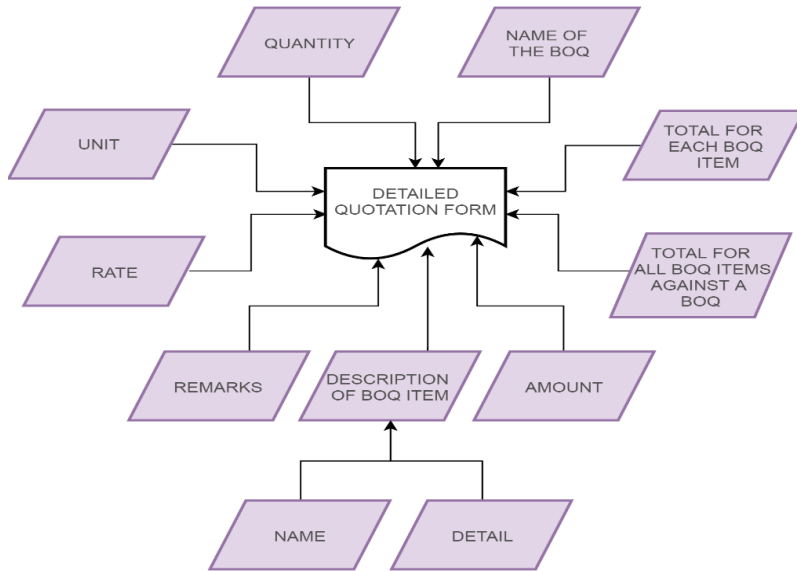
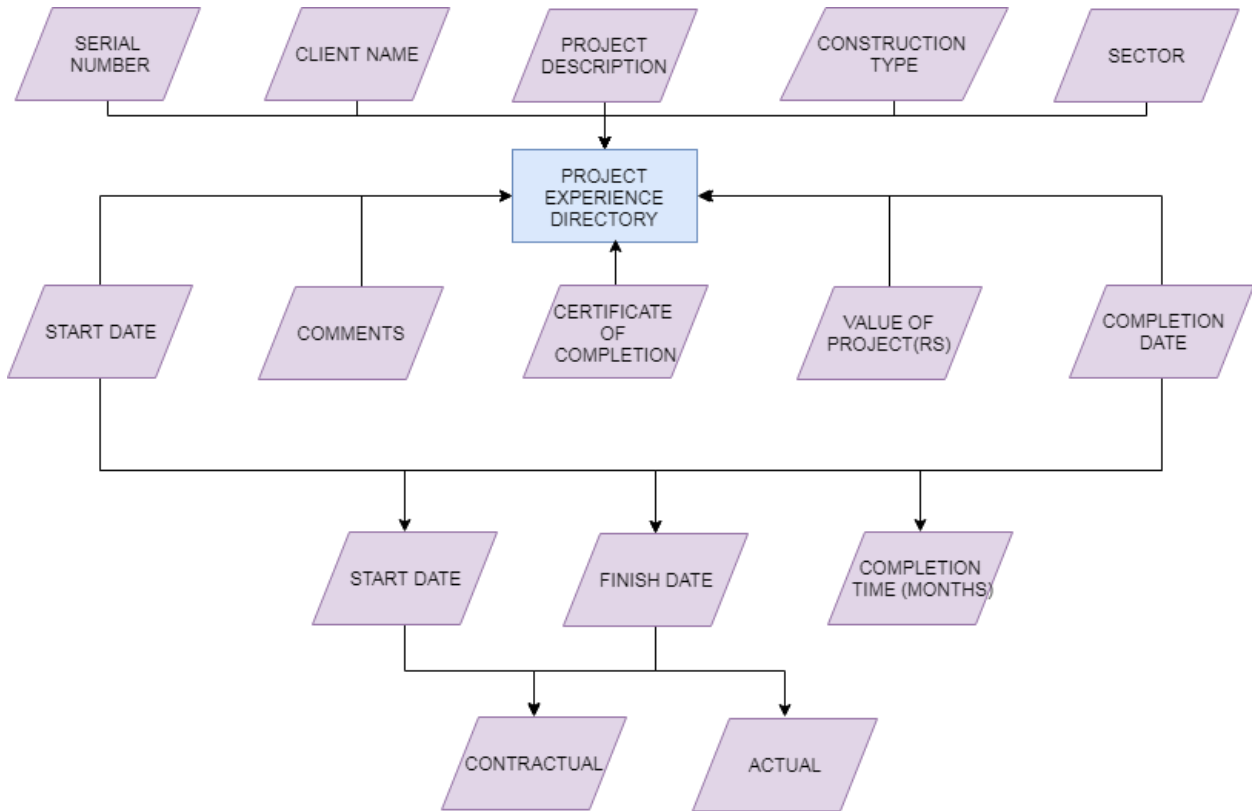


Figure 2.12



**Project Experience Directory**

## BOQ AND DRAWINGS GENERAL FLOW

This General Flow shows how the Proposed BOQ is obtained and how it finally turns into Final BOQ and is sent to client for tender.

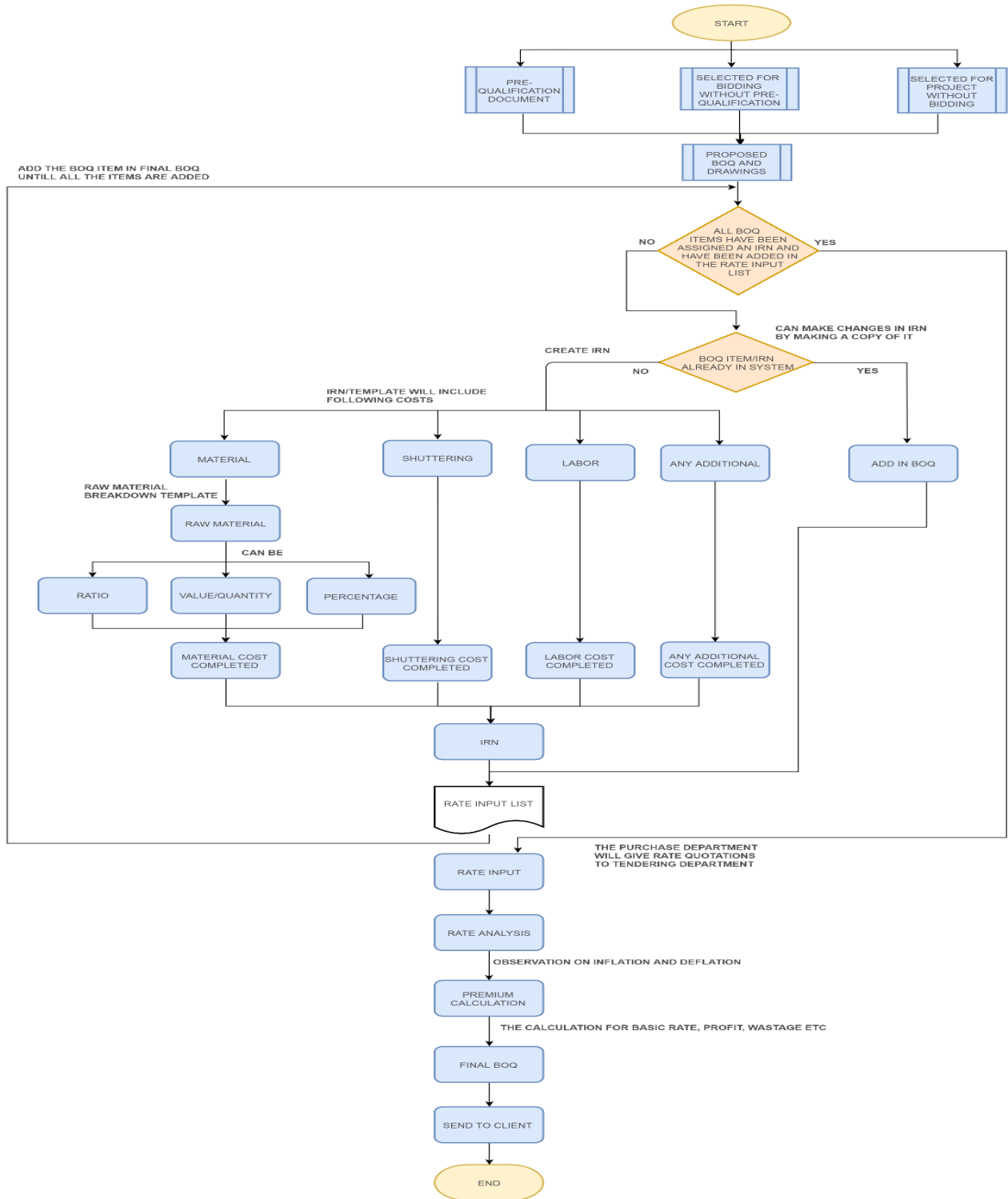


Figure 2.13

## FINAL BOQ AND DRAWINGS

These are the components of Final BOQ and Drawings.

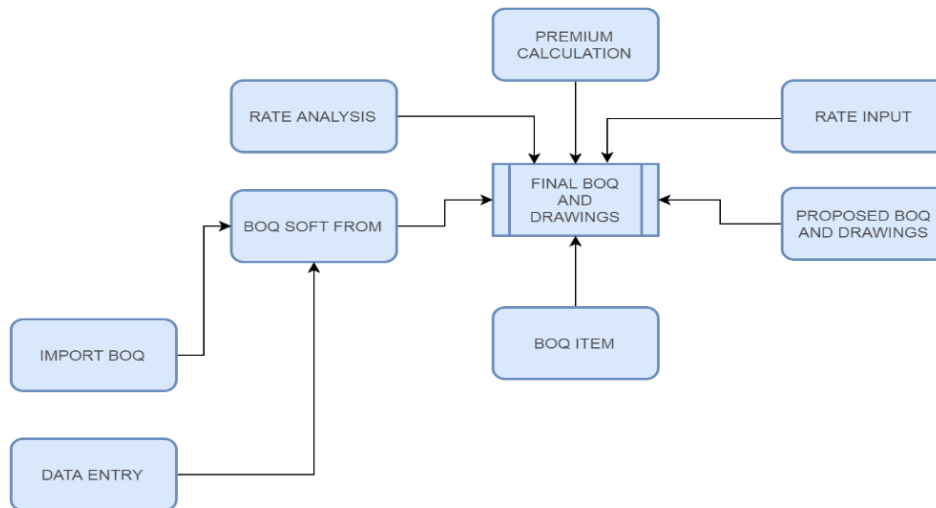


Figure 2.14

## ESTIMATED COST AND DRAWINGS

- The Proposed BOQ and Drawings are sent from the Client side  
**NOTE:** It sometimes include Rates when the client agrees that if the rate goes higher they will pay the rest and if it gets lower the Company will pay back.

Following details will be added in proposed BOQ and drawings

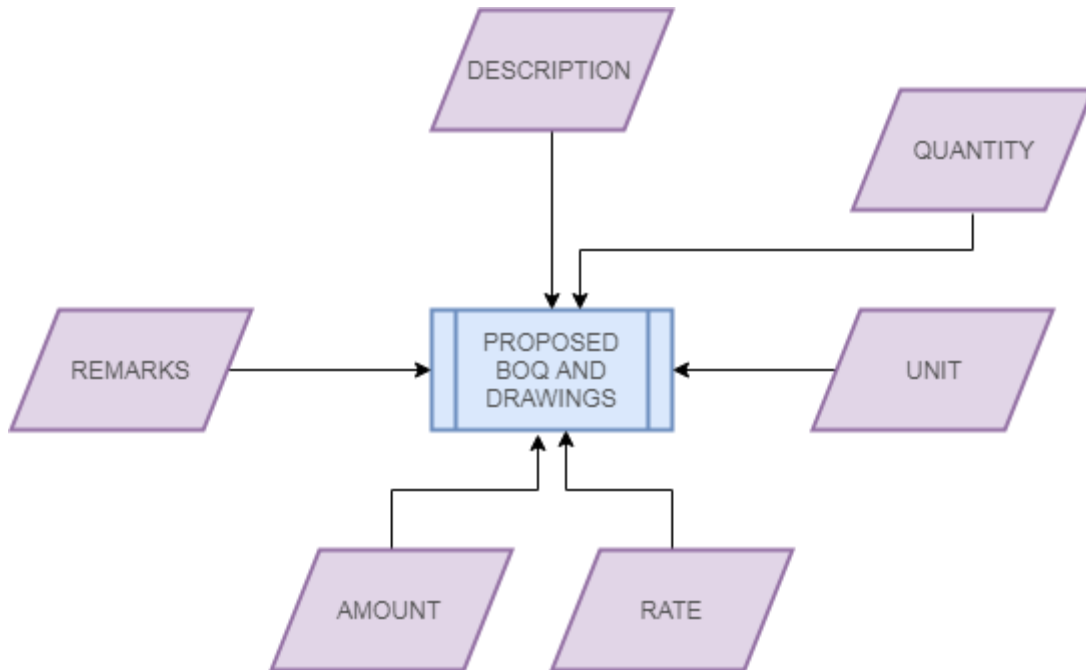


Figure 2.15

## BOQ ITEM

1. For each BOQ item the breakdown **template** will be created, it will have the following sections
  - Material cost.
  - Shuttering cost (and other similar costs that will include measurements)
  - Labor cost.
  - Any Additional Cost.
2. Then against material cost the further breakdown in raw materials will be done, this will be **Raw Materials Breakdown Template**. You can select a Raw Material from already created Raw Materials or can make a new one that will be eventually added to the Raw Material List. You can select which material is required and whether that material will be made up with the ratio of two or more material, the exact value (quantity) is required or some percentage is required.
3. Each BOQ item will be given an Internal Reference Number (IRN). This IRN will have all the details of BOQ item such as the Rate Analysis, Rate Input, and Premium calculation done against it.

Given below is the graphical representation of how the BOQ item will be created.

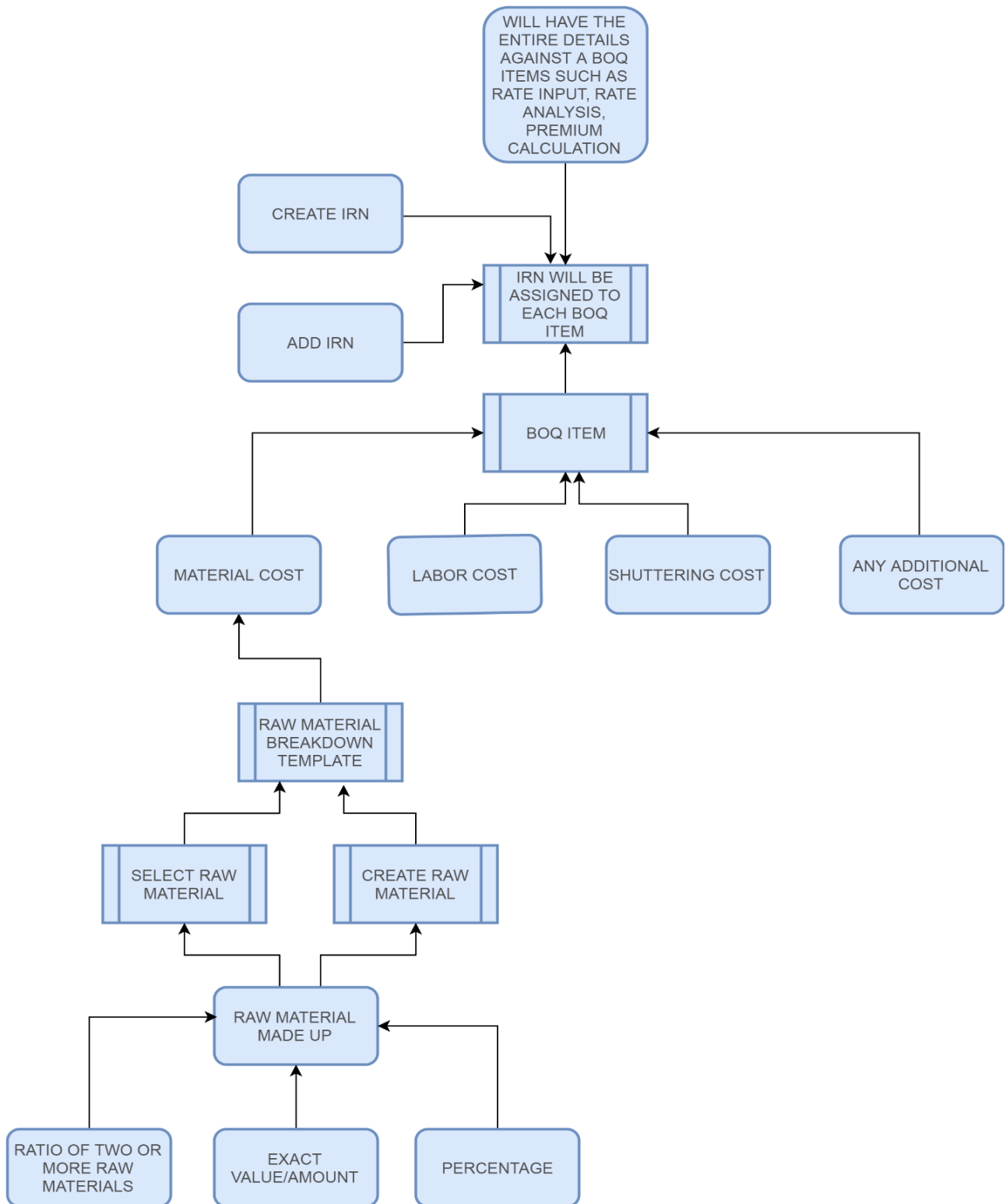


Figure 2.16

## RATE INPUT

- The **Tendering Department** will send all of the IRN items to the purchase department, this will be the request for quotation RFQ having the list of all raw materials obtained from BOQ items breakdown. Now, the purchase department can take the rate from supplier through email, calling them or meeting personally (the entire section for the purchase and management of supplier will be catered). It is the responsibility of Purchase department to enter rates.

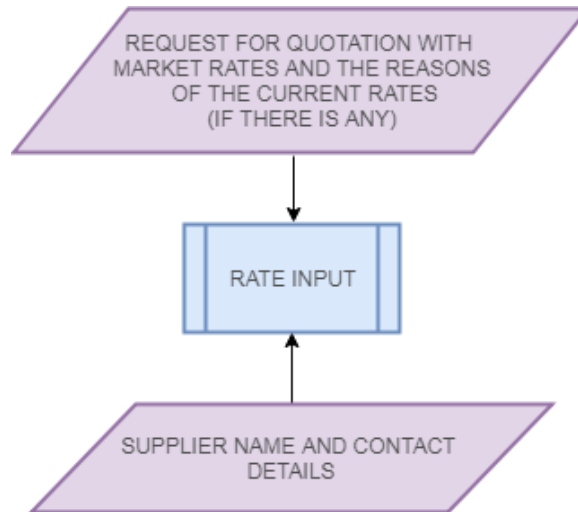


Figure 2.17

## RATE ANALYSIS

- Then the rate analysis will be done. The rate analysis will include the following observations, estimations and data.

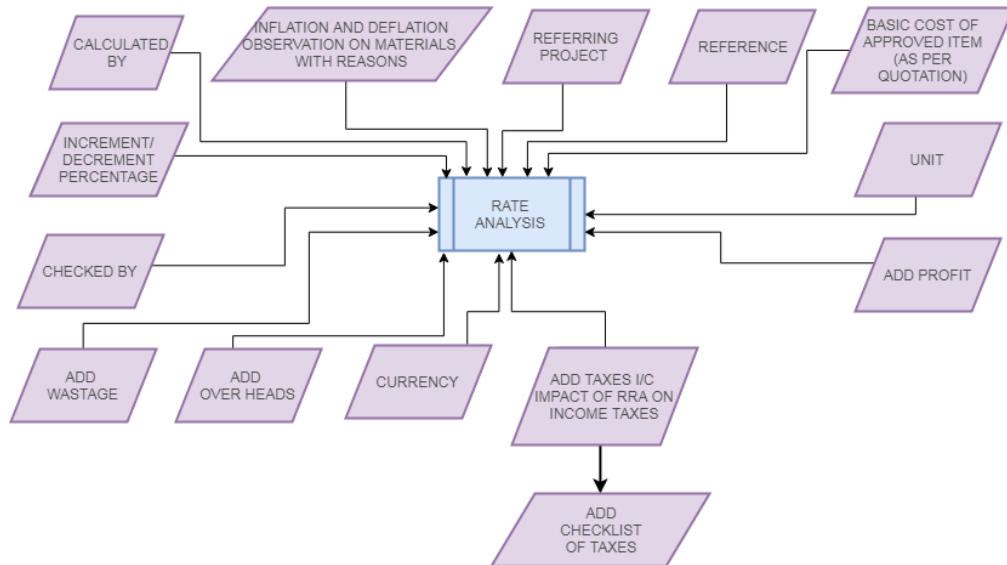


Figure 2.18

## PREMIUM CALCULATION

6. Premium calculation will be done for rates that is the basic price that will be obtained from market (market rates), profit margin, and inflation will be added will be calculated etc.

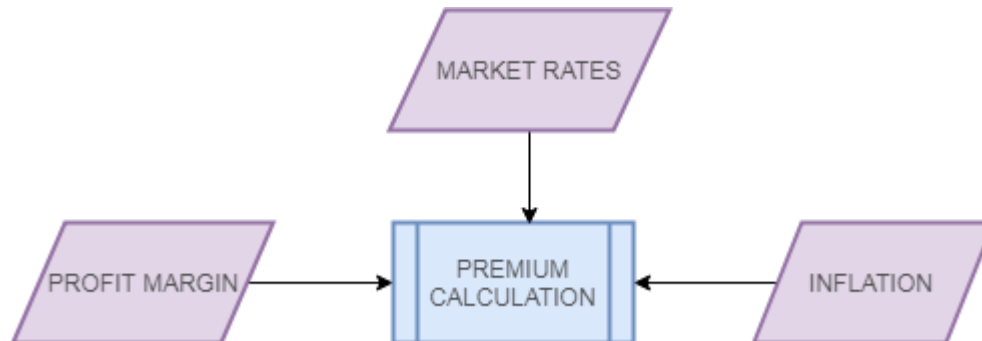


Figure 2.19

## BID DOCUMENT SIGNING, NEGOTIATION AND REBATE GENERAL FLOW

7. After completion of above mentioned process, a contract will be signed that will include, retention money and mobilization advance to be deducted at every bill, bank guarantee and other clauses the bid will be sent to the client.

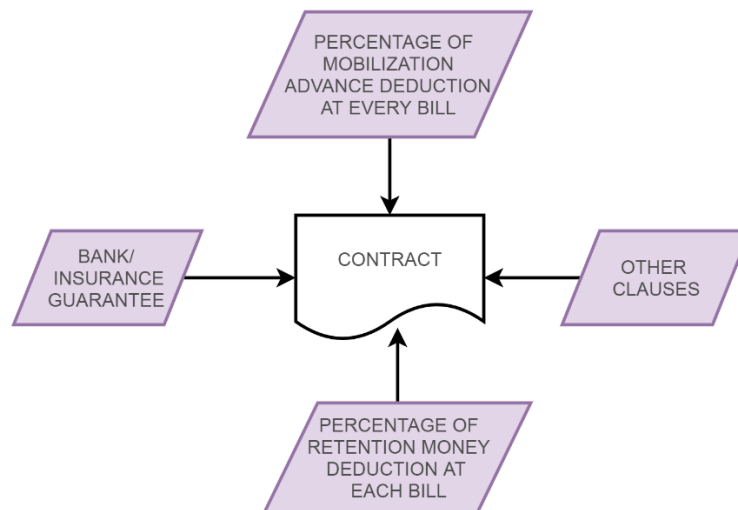


Figure 2.19 (a)

8. Then, the bid will be sent for tender.

9. If the company gets selected, there is a possibility that the client calls company for rebate that is a discussion for the discounts and concession required from the company. **(THE REBATE DISCUSSION WILL NOT BE DONE THROUGH SYSTEM)**. The changes made by rebate will be noted and saved in system.
10. If any settlement is done after rebate or company wins the project directly (that is no rebate) and they decide to take that project they will start planning.  
**NOTE: Bank guarantee/ Bid bond will be returned as security** (returnable after project win/lose).  
**(For complete flow refer section "Bank guarantee" in Accounts Module)**

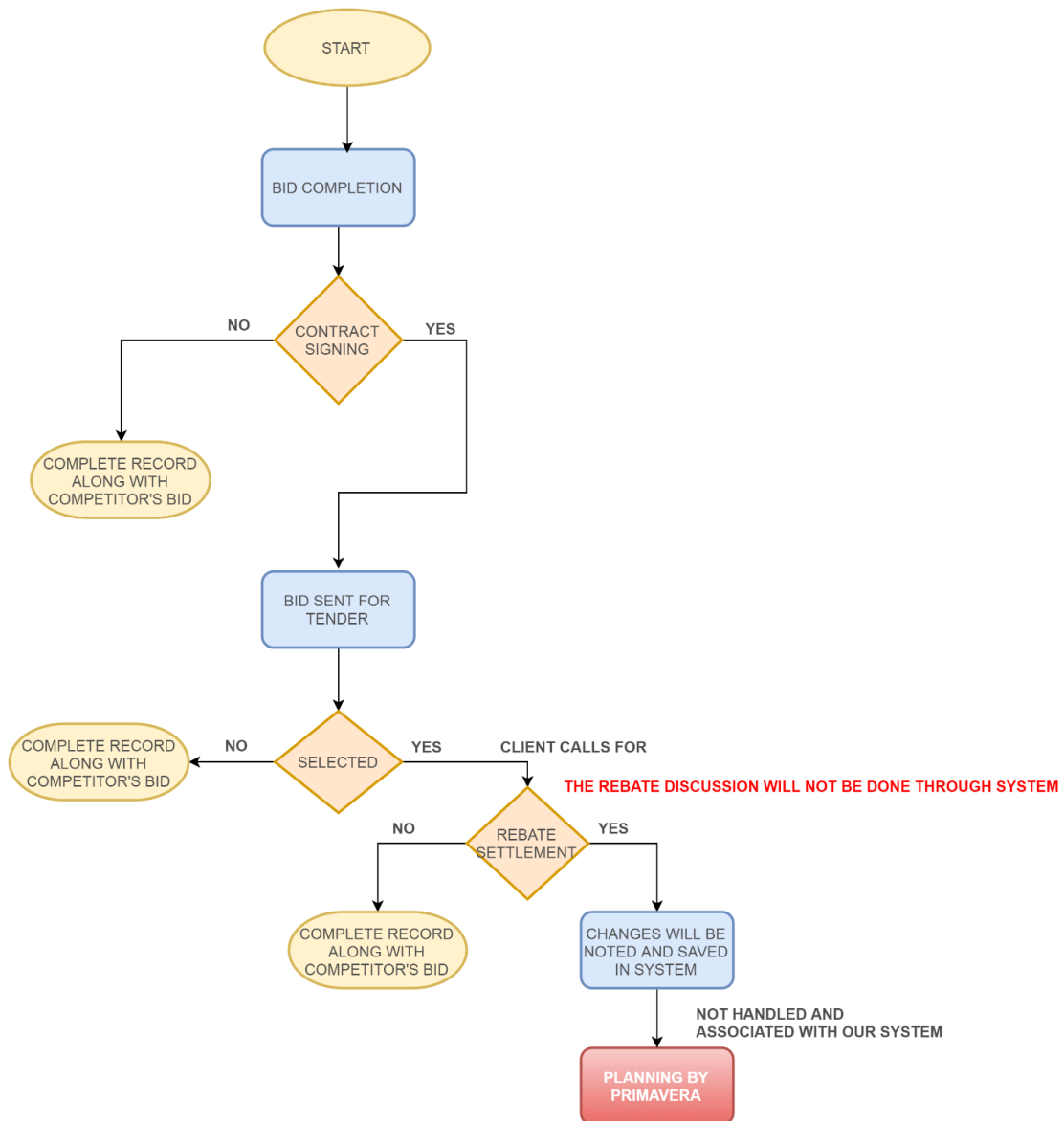


Figure 2.20

## PLANNING

11. **Master Planning** that takes place before the start of the Mobilization and **Daily Planning** will be done through a third party Software “**PRIMAVERA**”. And through the workings of that Software the **Workable BOQ** will be created and entered in new system

## WORKABLE BOQ

12. Workable BOQ is the adjustments in Final BOQ that will be given to site execution to work upon it, this is done to take precautionary measurements, secure timelines and control wastage.
13. Revised workable BOQ can also be worked out due to extra material purchases on site.
14. Revised workable BOQ have to be approved by Engineering Director.

## GENERAL PLANNING FLOW

This general planning flow depicts when the planning stage occurs in the engineering process.

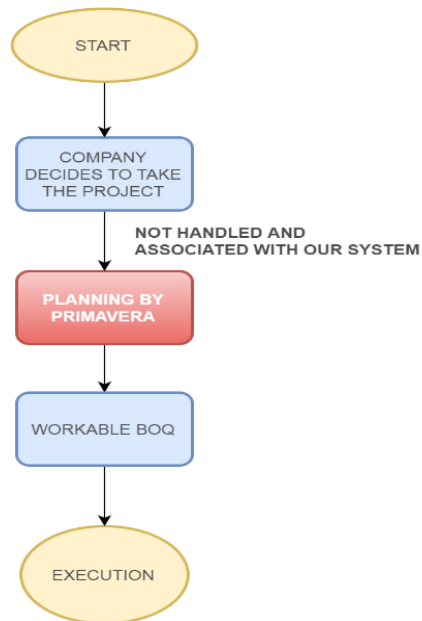


Figure 2.21

## EXECUTION

The execution of project takes place at site that includes several processes such as creating Internal and external demands, stock issuance and consumption, internal and external inspection, keeping track of lost and wastage of material. All these processes are well defined in the “**Execution**”.

## EXECUTION GENERIC FLOW

The Execution generic flow is as follows

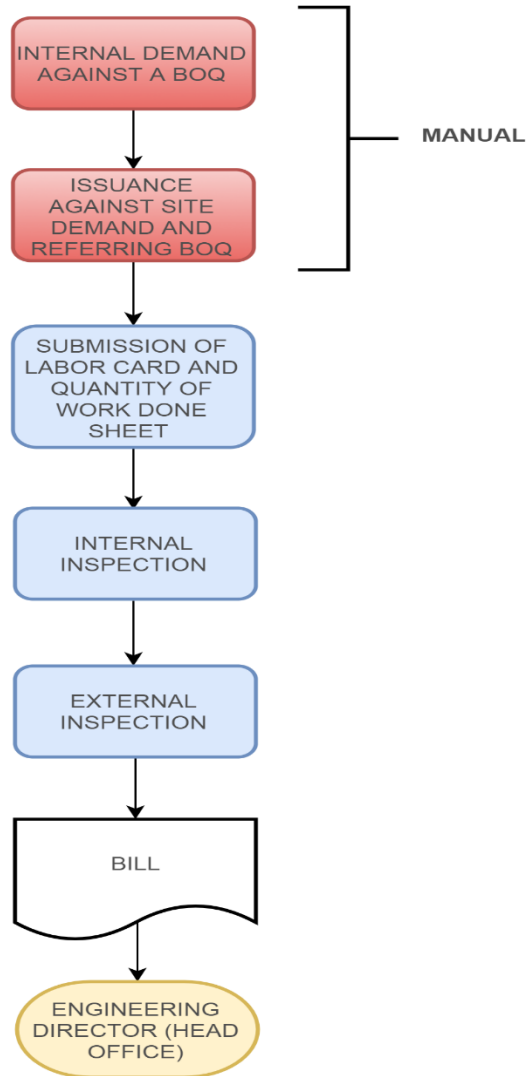


Figure 2.22

## DETAILED EXECUTION MANAGEMENT

These are the possible components that can contribute in the Execution. Each component is further described.

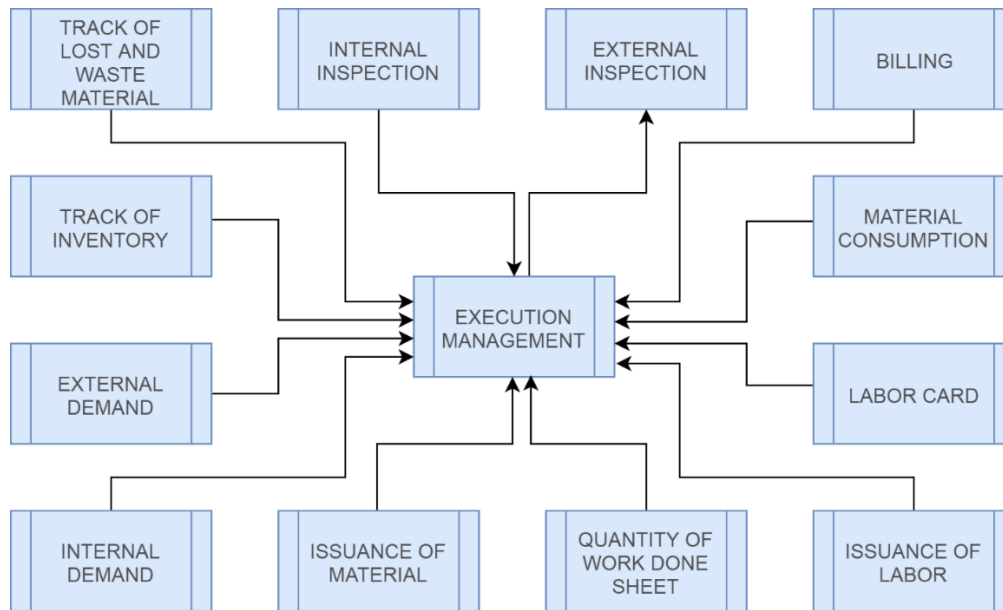


Figure 2.23

## SITE DEMAND

1. The site demand for purchase of materials against any BOQ is generated from **Construction Manager/Civil Supervisor to Project Manager**
2. **NOTE:** The Supervisor will tell that against which BOQ item he is demanding so that the track can be done. Site demand linked with store and showing available stock in store.
3. If the material is available at site but if it is not available then **site demand** (site demand) will be sent to Head Office by Site Manager if approved by Project Manager then material is sent to **site's virtual store**.
4. The Construction Manager or Project Manager will issue it against a site demand having **internal demand reference** as well.
5. **NOTE:** This demand and issuance will be manual.
6. At issuance it will be written for how many days the supervisor is taking the material and labor (day's parameter).
7. At the end of the day the supervisor will submit the **Labor card** and a **sheet** specifying that what work has been done today and the quantity done against it to **Quality Control Department, HR ADMIN and Accountant**.

## LABOR CARD

1. From labor card **HR & ADMIN** will add the labor hours

## INVENTORY TRACK

2. **Accountant** will make an entry and minus the material from virtual store

## INTERNAL INSPECTION

3. Then the Quality control department pre-checks the work done and creates **Quality Control Pre-Check Inspection Form**.

The following details will be added in **Quality Control Pre-Check Inspection Form**.

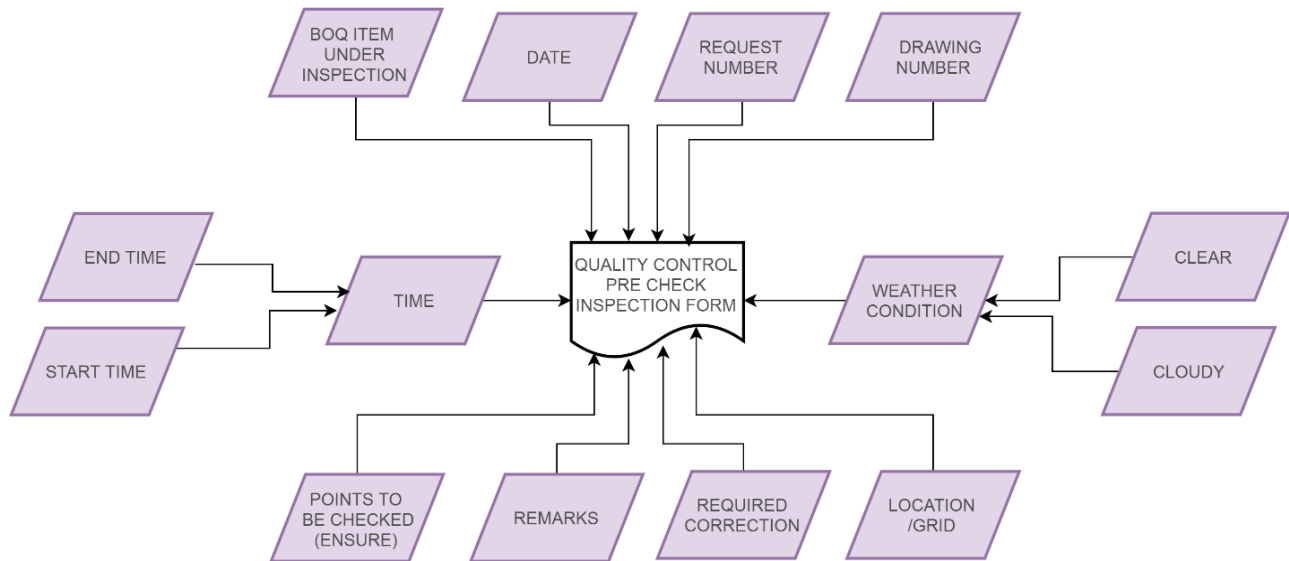


Figure 2.24

## BILLING

1. The Quantity Surveyor will create measurement sheet and the bill **(THE BILL AND MEASUREMENT SHEET WILL BE GENERATED IN EXCEL SHEET AND WILL NOT BE CREATED THROUGH SYSTEM)** after the reconciliation of work done and will send it to Engineering Department.

### NOTE:

- The system should provide template to create site bill in excel
  - The excel file should be able to be imported.
2. The Engineering department will firstly create the **abstract sheet** from measurement sheet.



## SINACO ENGINEERS (PVT) LIMITED

CONSTRUCTION OF PAKISTAN TOBACCO COMPANY

### CIVIL WORKS OF RESIDENTIAL APARTMENTS 4 NOS

### STRUCTURE WORKS

ABSTRACT OF COST (BOQ ITEMS)

INVOICE # 05 & FINAL

Dated: Fri, 15, Sep, 2017

S #	DESCRIPTION OF ITEM'S	QUANTITY				UNIT	RATE (PKR)	AMOUNT	REMARKS
		BOQ	PREVIOUS	CURRENT	TOTAL			TOTAL	
B1	Excavate all type of soil for wall & column foundations below ground level and place, stock, pile excavated material outside the working area this includes dewatering , shoring, leveling, dressing, mechanical compaction of soil, bricking, removal of rocks and disposed of unsuitable material at the site as directed by the consultant. (Working Space will be given)								
a	Column & Wall footing	9,683.00	-	17,818.86	17,818.86	Cft	13.00	231,645.23	
B2	Supply & apply termite treatment in foundation with Biflex chemical with water ratio & area to be sprayed, as per manufacturers instructions, or as directed by the consultant.								
a	In footings & on floor	12,882.00	-	10,045.35	10,045.35	Sft	12.50	125,566.88	
B3	Supply, mix, place, cure and compact concrete type C10 (1:4:8) in foundation using 50% 3/4" down and 50% 1/2" pure well graded Margala crush mixed with Clean River sand according to drawing including supply, fixing and removal of well leveled ordinary steel form work complete in all respect or as directed by the consultant. (Basic Cost of Local Sand 13/- per Cft, Crush 60/- per Cft)								
a	Column footings .	835.00	-	715.29	715.29	Cft	225.00	160,940.19	

### CIVIL WORKS OF RESIDENTIAL APARTMENTS 4 NOS

### STRUCTURE WORKS

ABSTRACT OF COST (BOQ ITEMS)

INVOICE # 05 & FINAL

Dated: Fri, 15, Sep, 2017

S #	DESCRIPTION OF ITEM'S	QUANTITY				UNIT	RATE (PKR)	AMOUNT	REMARKS
		BOQ	PREVIOUS	CURRENT	TOTAL			TOTAL	
B6	Supply, cut, bend, place and bind reinforcement including the cost of binding wire.								
a	Use deform grade-60 steel reinforcement bars with min.tensile yield strength of FY=60,000 psi as per ASTM sepecification.	36,469.00	-	29,330.64	29,330.64	Kg	122.50	3,593,003.28	

**TOTAL AMOUNT = 8,396,303.01 PKR**

Figure 2.25

- The amount quoted in BOQ will be taken by selecting the BOQ that were added in quotation. As the abstract sheet will be made against any project, only those BOQs will be displayed that were added in the project quotation (*refer figure 2.12*).

- There is a possibility that the item is a non-BOQ item. Then the item will be selected from the dropdown having the list of all BOQs entered in the system.
- The rate per unit will be taken from the BOQ already entered in the system before awarding.
- Non BOQ items will be added at abstract sheet (input level).

3. Then the **summary sheet** is created



## **SINACO ENGINEERS (PVT) LIMITED**

**ENGINEERS & CONTRACTORS**  
**CONSTRUCTION OF PAKISTAN TOBACCO COMPANY**  
**CIVIL WORKS OF RESIDENTIAL APARTMENTS 4 NOS**  
**SUMMARY OF COST**  
**INVOICE # 05 & FINAL**

To,

M/S Pakistan Tobacco Company Limited  
 Ap Scanning Team, Serena Business Complex  
 Khayaban-E-Suharewardy  
 44000 Islamabad

PO # : 71003-85957  
 LETTER REF # : SEL/LHR/C-451/8003  
 INVOICE DATE: Fri, 15 Sep, 2017

TOTAL WORK COMPLETED	BOQ	PREVIOUS	CURRENT	TOTAL	AMOUNT (RS)
1 Civil Works Of Residential Apartments 4 Nos					
> Demolishing & Removals	=	25,000	-	25,000	25,000
> Structure Works	=	9,586,994	-	8,396,303	8,396,303
> Masonry Works	=	6,514,882	-	4,472,028	4,472,028
> Glass / Aluminium & Steel Works	=	1,612,890	-	1,109,480	1,109,480
> Wooden Works	=	2,691,900	-	1,209,748	1,209,748
> Flooring & Walls	=	4,284,558	-	2,935,321	2,935,321
> Painting Work	=	1,182,740	-	1,395,100	1,395,100
> Plumbing Works	=	1,758,550	-	2,526,214	2,526,214
> Electrical Works	=	3,792,065	-	3,157,505	3,157,505
> Non Boq - 1	=	-	-	2,448,788	2,386,748
> Non Boq - 2	=	-	-	3,357,097	3,357,097
<b>Total Work Done</b>	=	<b>31,449,578</b>	-	<b>31,032,583</b>	<b>30,970,543</b>
Add 5% for Overhead Factor	=	1,572,479	-	1,551,629	1,548,527
<b>Total Work Done</b>	=	<b>33,022,057</b>	-	<b>32,584,212</b>	<b>32,519,070</b>
				>>	>> 32,519,070
<b>DEDUCTIONS</b>					
Mobilization Advance Payment					
> (Fully Recovered in Invoice # 03) Rs = 4,953,309	=		4,953,309	-	4,953,309
> Payment Against Invoice # 01	=		4,584,403	-	4,584,403
> Payment Against Invoice # 02	=		6,973,474	-	6,973,474
> Payment Against Invoice # 03	=		46,691	-	46,691
> Payment Against Invoice # 04	=		5,971,730	-	5,971,730

> Payment Against Invoice # 01	=	4,584,403	-	4,584,403	
> Payment Against Invoice # 02	=	6,973,474	-	6,973,474	
> Payment Against Invoice # 03	=	46,691	-	46,691	
> Payment Against Invoice # 04	=	5,971,730	-	5,971,730	
<b>Total Deductions</b>	=	<b>22,529,607</b>	-	<b>22,529,607</b>	>> >> (22,529,607)
<b>Say Net Payable Amount (Exclusive of All Taxes)</b>				=	<b>9,989,463</b>
<b>Amount In Words:</b>	Rupees Nine Million Nine Hundred Eighty Nine Thousand Four Hundred Sixty Three Only				

Figure 2.26

**NOTE:** The summary sheet will be created for all the abstracts of cost made against all BOQ and Non-BOQ items

4. Then the summary sheet is sent to Accounts department
5. From summary sheet (*reference figure 2.27*)


PARTICULARS	Current IPC # 8A	Todate Bill	
	RUPEES	RUPEES	RUPEES
Total Value of Work Done upto IPC # 8A	180,551,715.00		180,551,715
Less: Value of Work Done Upto Previous IPC # 7	(171,020,320.00)		-
Current Value of Work Done - IPC # 8A	9,531,395.00		180,551,715
Add: PRA's Sales Tax on Services	16% 1,525,023.20		28,888,274.40
Total Amount Payable Inclusive of PRA's Sales Tax on Services	11,056,418.20		209,439,989
<b>Less: Deduction as per Agreement</b>			
Retention Money @ 5%	5% (476,570)	(8,551,015)	(9,027,585.0)
Mobilization Advance 100% - Full Recovered	(3,363,806)	(17,102,032)	(20,465,838)
<b>Amount Payable Inclusive of PRA,s Sales Tax on Services Before Tax</b>	<b>7,216,042.20</b>		<b>179,946,566</b>
<b>Less: Payments Already Received / [Gross Including WHT]</b>			
<b>Against IPC # 1</b>			
Cheque # 00104068 Received	-	(17,661,817)	
With Holding Tax on 1st Running Bill	-	(1,400,413)	(19,062,230)
<b>Against IPC # 2</b>			
Cheque # 00104204 Received	-	(7,656,966)	
With Holding Tax on 2nd Running Bill	-	(710,850)	(8,367,816)
<b>Against IPC # 3</b>			
Cheque # 00104329 Received		(29,038,007)	
With Holding Tax on 3rd Running Bill		(2,302,436)	(31,340,443)
<b>Against IPC # 4-A</b>			
Cheque # 00104396 Received		(14,504,944)	
With Holding Tax on 4thA Running Bill		(1,150,104)	(15,655,048)
<b>Against IPC # 4-B</b>			
Cheque # 00104423 Received		(14,504,944)	
With Holding Tax on 4thB Running Bill		(1,150,104)	(15,655,048)
<b>Against IPC # 5-A</b>			
Cheque # 00104545 Received		(13,426,046)	
With Holding Tax on 5thA Running Bill		(1,064,557)	(14,490,603)
<b>Against IPC # 5-B</b>			
Cheque # 00104649 Received		(12,180,659)	
With Holding Tax on 5thB Running Bill		(965,810)	(13,146,469)
<b>Against IPC # 6-A</b>			
Cheque # 00104668 Received		(12,451,714)	
With Holding Tax on 6thA Running Bill		(987,301)	(13,439,015)
<b>Against IPC # 6-B</b>			
Cheque # 00104857 Received		(11,949,196)	
With Holding Tax on 6thB Running Bill		(963,315)	
Safety Related Expenses		(200,000)	(13,112,511)
<b>Against IPC # 7</b>			
Cheque # 00104907 Received		(26,370,416)	
With Holding Tax on 7th Running Bill		(2,090,921)	(28,461,337)
<b>Net Amount Payable Inclusive of PRA,s Sales Tax on Services Before WHT</b>	<b>7,216,042.20</b>		<b>7,216,046</b>
<b>Less: With Holding Tax @ 7% - (Including Retention Money)</b>	<b>(538,483.00)</b>		<b>(538,483)</b>
<b>Net Payable By ICI Pakistan Limited</b>	<b>6,677,559.20</b>		<b>6,677,563</b>

Figure 2.27

- Value of work done up to current bill will be deducted from the total value of work done then sales tax percentage (*refer "sales tax" section*) will be applied on it.
  - The amount of retention money and mobilization advance will be deducted from the bill as decided in contract (*Refer figure "2.19(a)"*).
  - The Reconciliation sheet will have the **summary of previous bills** that is the total amount of bill without tax, amount of tax and total amount of bill including the tax.
  - The **cheque received against previous running bills** will also be shown. The cheque details will be taken from Receipt recording form (*refer figure "5.25"*)
6. At the end, from the reconciliation sheet **Sales tax invoice** is created.
- The customer details will be taken from company details (*refer figure 2.4*)
  - The rest of the details will be taken from Reconciliation sheet

**SINACO ENGINEERS (PVT) LIMITED**

Engineers & Contractors  
12 - G, Model Town, Lahore  
Tel: 042-35884262-5 Fax: 042-35883767  
NTN #: 1344047-7      PNTN : - P1344047-7

(21)  => Punjab revenue authority reg numb

Sales Tax Invoice      Original      Duplicate      Triplicate

Customer Details				Our Reference		
Name:	M/S Century Paper & Board Mills Ltd.			Invoice #:	104	
Address:	14 - Ali Block, New Garden Town.			Invoice Date:	21-Jan-16	
City:	Lahore			Letter Ref. #	SEL/LHR/C-431/6129	
Phone #:	042-35886801-04			A/c Ref. #	Jan-JV-10	
NTN #	0710009-4			P.O. #		
STRN #	17-00-9813-034-82			Bill Ref:	8th Running Bill	
				Nature of Work	Construction of 18 MW Power Plant at CPBM	

Rupees						
Quantity	Description of Services	Unit	Unit Price	Value Exclusive Sales Tax	PRA's Services Sales Tax @ 16%	Value Inclusive Sales Tax
1	Total Value of work done		1,000,000	569,674 4,000,000	287,077 160,000	1,820,244 1,160,000
<b>Total Payable inclusive of Sales Tax</b>			1,000,000	1,000,000	160,000	1,160,000

Amount Payable Exclusive of Sales Tax	1,000,000
Add: Punjab Services Sales Tax @ 16%	160,000
<b>Total amount Payable inclusive of Sales Tax</b>	<b>1,160,000</b>
Less: Retention Money	(68,000) -15887
Less: Adjustment of Mobilization Advance	(116,000)
<b>Net Amount Payable</b>	<b>986,000</b>

Note:

- 1 - M/s Sinaco Engineers (Pvt) Limited holding NTN # 1344047-7 is "FILER" of Income Tax Return.
- 2 - SINACO falls under the Category "Execution of Contract by Companies" therefore please treat us according to 153(1)(c) of the Income Tax Ordinance, 2001 and deduct 7% as withholding tax from our payments.

Figure 2.28

7. The sales tax invoice is then sent to Engineering department that is anyone from ED, PC & QS.
8. One of them approves the bill and send it to PC.
9. The PC decides the mode to send the bill whether to post the bill, send it by hand or via email.
10. When the bill is sent to client the status of invoice will be changed to “sent to client” along with the details such as method to send the bill and the date.

**NOTE:** The values and details for all these sheets and invoices will be manually entered by the user, as the bill is not being generated by the system there is no data for the values, the sheets and invoices will be created by the values and details entered manually.

**Payment terms will be defined with project not with the clients.**

**The flow for documents creation to generate bill is given below**

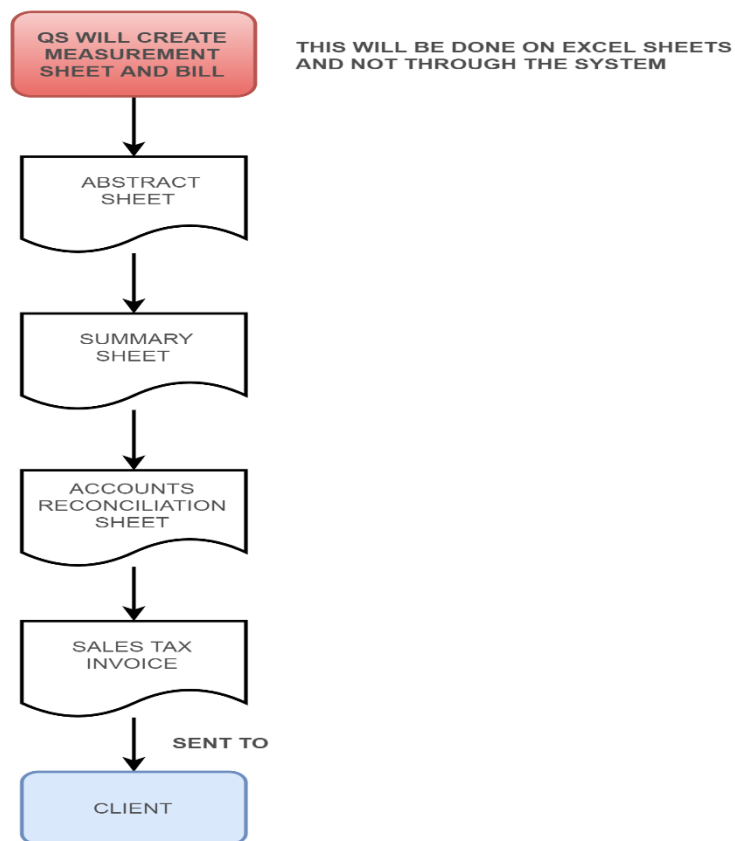


Figure 2.29

## EXTERNAL INSPECTION

11. After that the client checks the work done and creates **Check Request Form**  
 First step will be done by SINACO  
 Second step will be done by Client’s consultant.

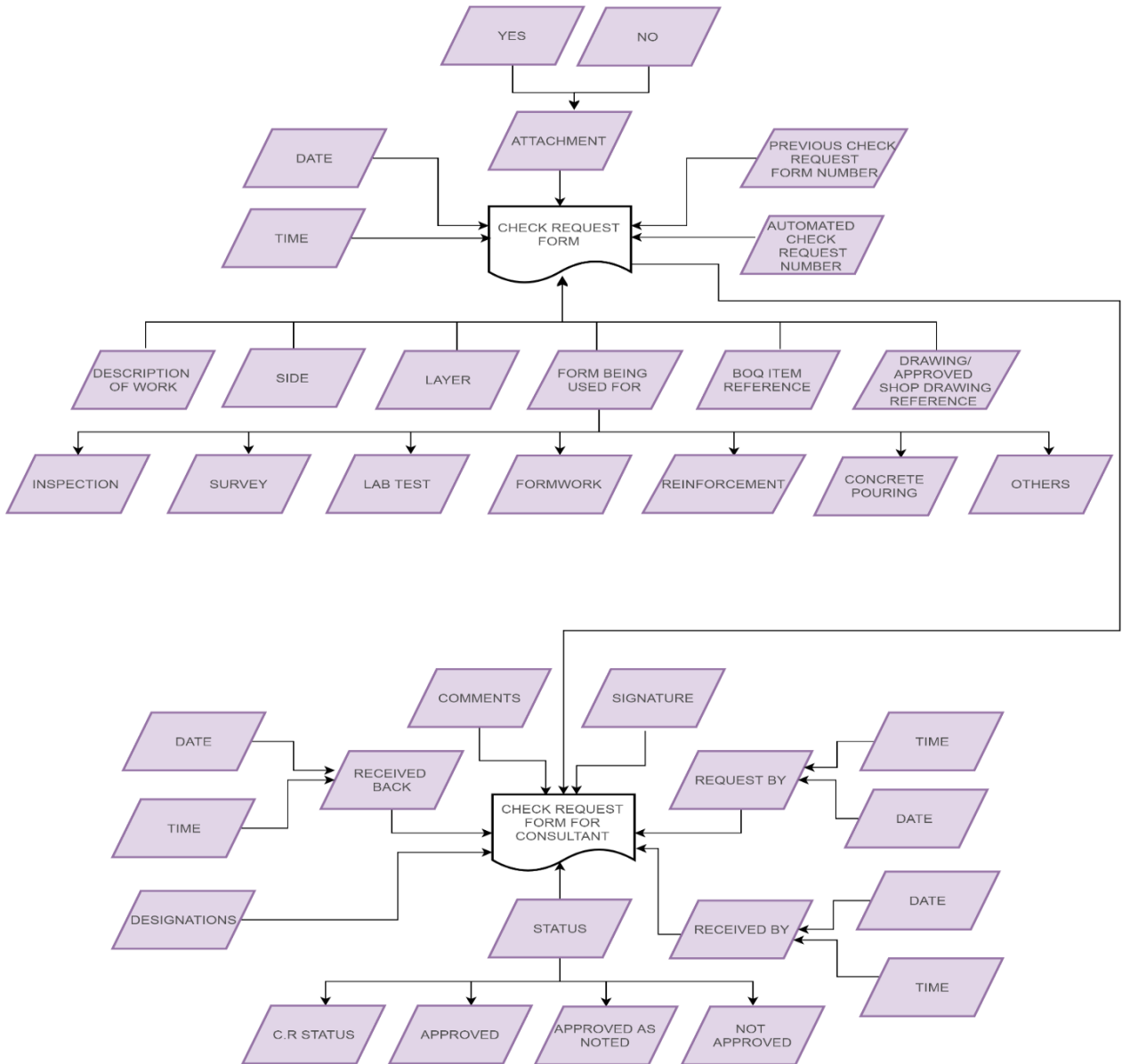


Figure 2.30

**DAILY PROGRESS REPORT**

12. The Daily Progress Report will be send to Engineering Director. (Template Required)

**LOST AND WASTE ITEMS**

13. If there is mismatch between the consumption and issuance it will go to wastage or lost. The wastage will also include the “material wastage percentage” defined by the company. The Inventory having no record of wastage and not available in physical inventory will be counted in lost items.

## DETAILED EXECUTION FLOW

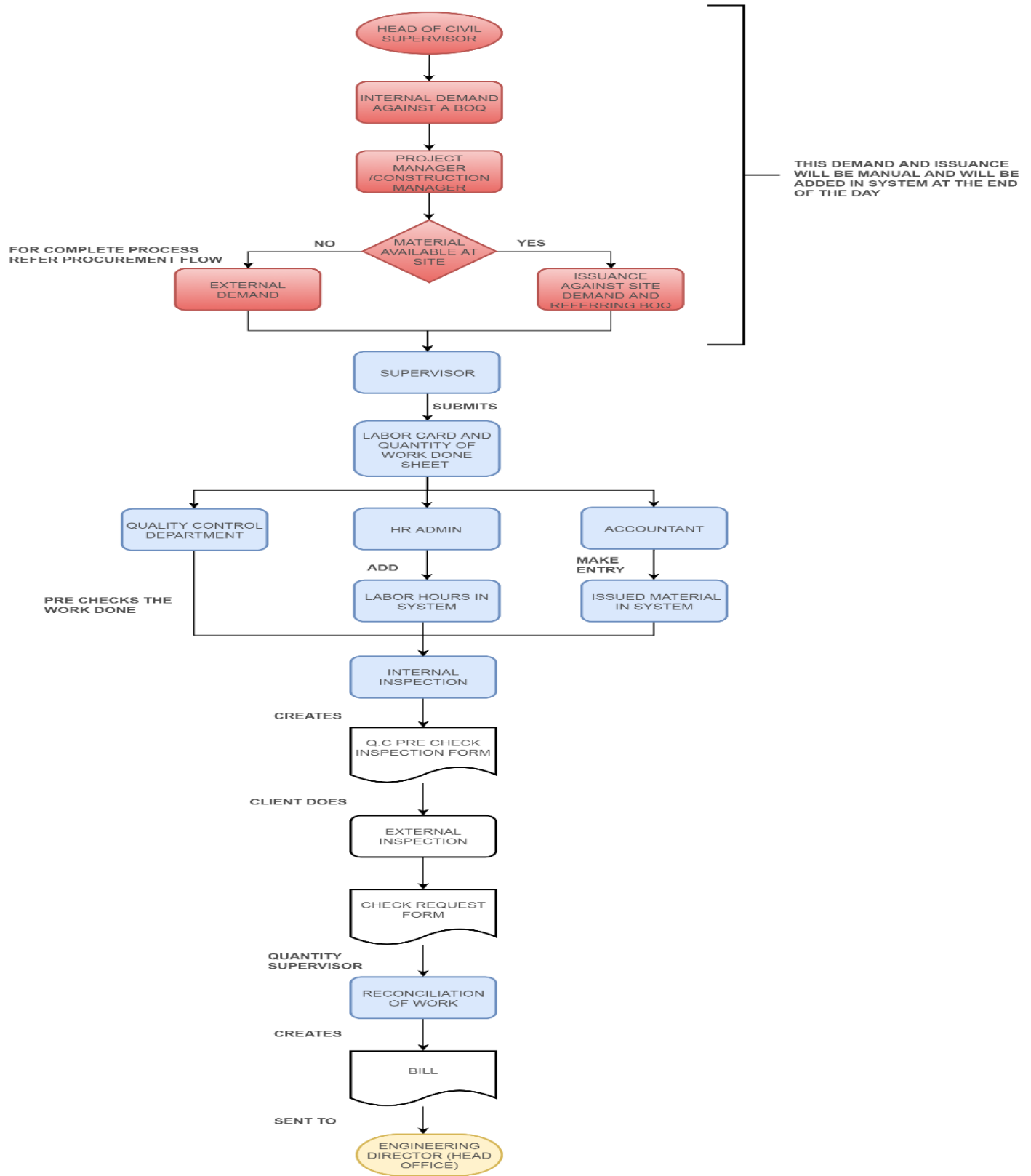


Figure 2.31

# DETAILED ENGINEERING FLOW

Each step is defined carefully and it exhibits the complete Engineering process from start till the end.

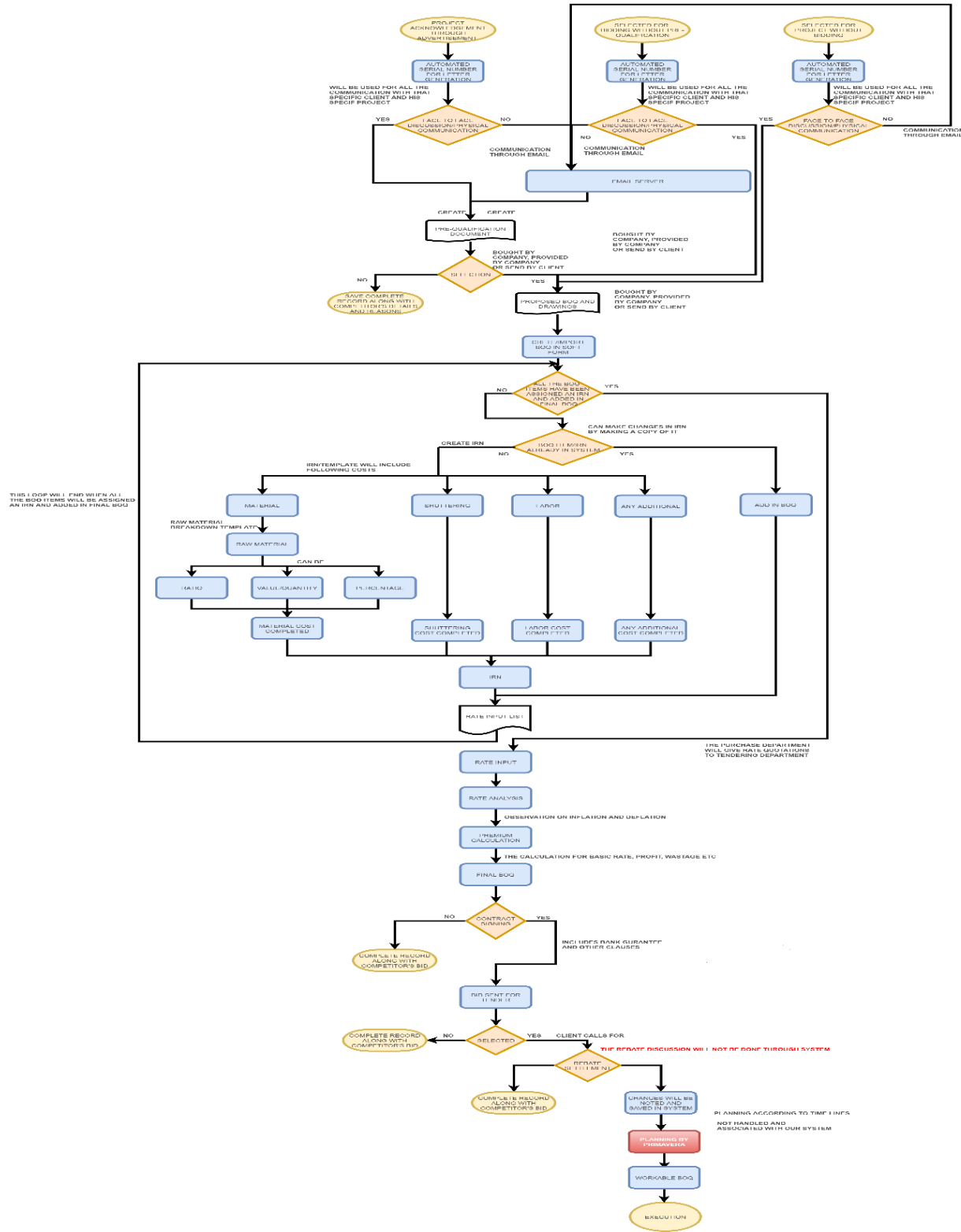


Figure 2.32

## PROCUREMENT FLOW

This flow will show how the procurement takes place with the clear and detailed explanation of each and every step.

### PROCUREMENT GENERIC FLOW

The Generic Procurement Flow is as follows

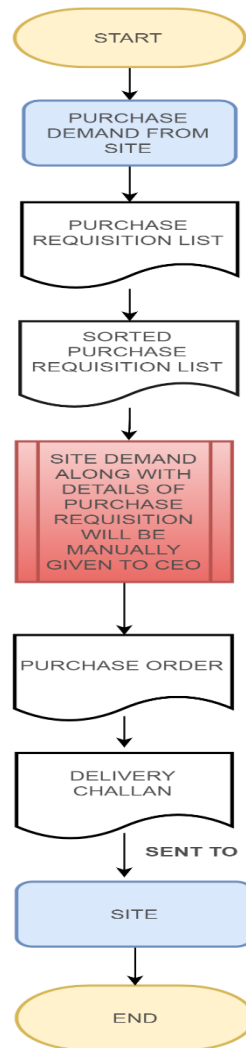


Figure 3.0

## DETAILED PROCUREMENT MANAGEMENT

Given below are the processes that gather up and make a complete procurement management. Each process is further described as well.

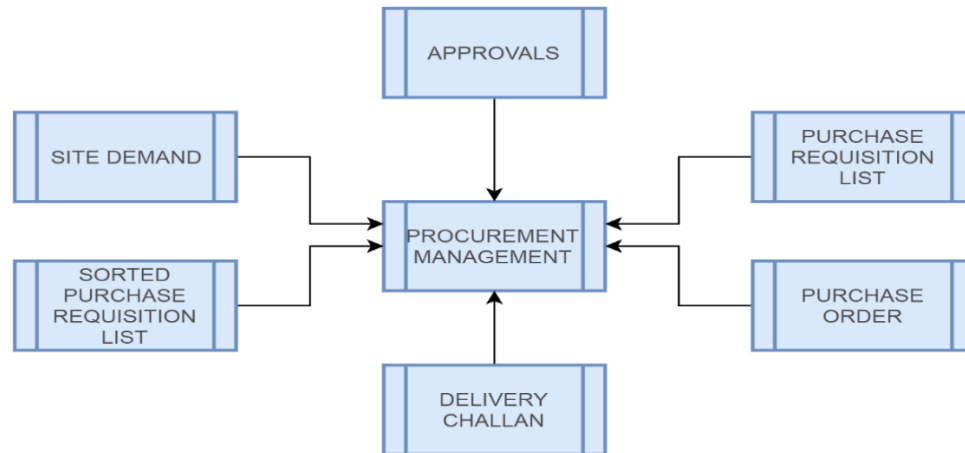


Figure 3.1

## SITE DEMAND

1. The **Site in charge** will make the estimates of material required for BOQ and Non-BOQ items and hand over it to Project Manager. The Project Manager can edit it accordingly.
2. **Project Manager** at site, will raise his demand to Project Coordinator.
3. **Project Coordinator** will ask in detail from Project Manager that why this inventory is required and the Project Coordinator can edit the demand with his remarks and arranges the material.

This is the pictorial representation of which commands are implemented on site demand to finalize it from the proposed one.

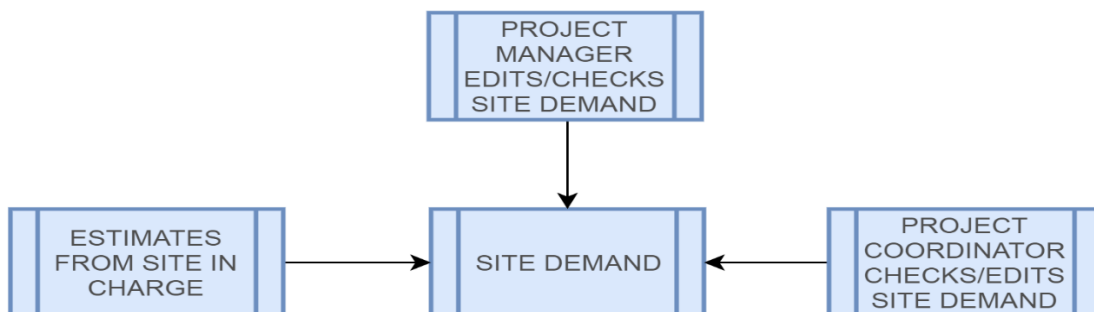


Figure 3.2

4. A demand can be
- Edited
  - Approved
  - Rejected
  - Transferred
  - Split

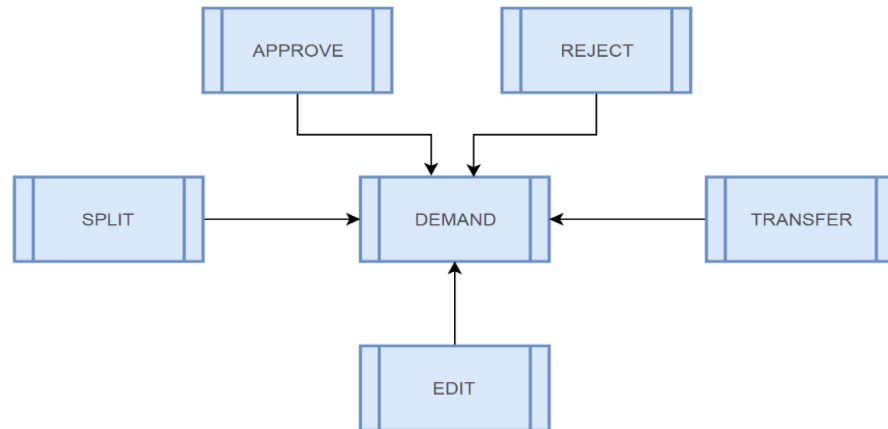


Figure 3.3

## SITE DEMAND EXECUTION CASES

5. The arrangement can be done in four ways
1. Check at stores of other sites.
  2. Check at Central Store(s).
  3. Ask the Project Manager to buy directly at site.
  4. Ask the Purchase Department at Head Office for Purchase requisition (Rate Comparison)

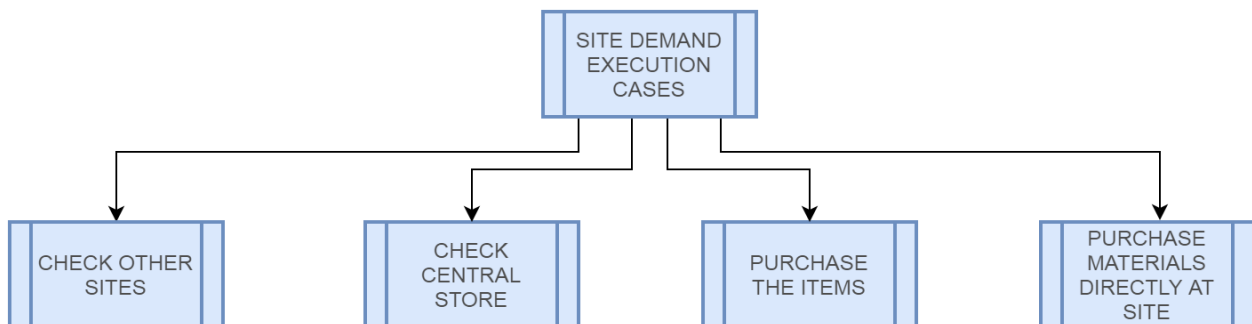


Figure 3.4

1. If the items are available at **any other site** it will be directly sent to the site with the approval of one of the Engineering Directors or Project Coordinator. **(refer figure 3.21)**

2. If the items are available at **Central Store** it will be directly sent to site with the approval of one of the Engineering Directors or Project Coordinator.
3. If it is to be purchased at head office the Project Coordinator will send request to Purchase Department to create a Purchase Requisition list of the required material with **rates** and **comparison**.

## PURCHASE REQUISITION

Four components are involved in making a **Purchase Requisition List**. Sorted Purchase requisition is then created from it.

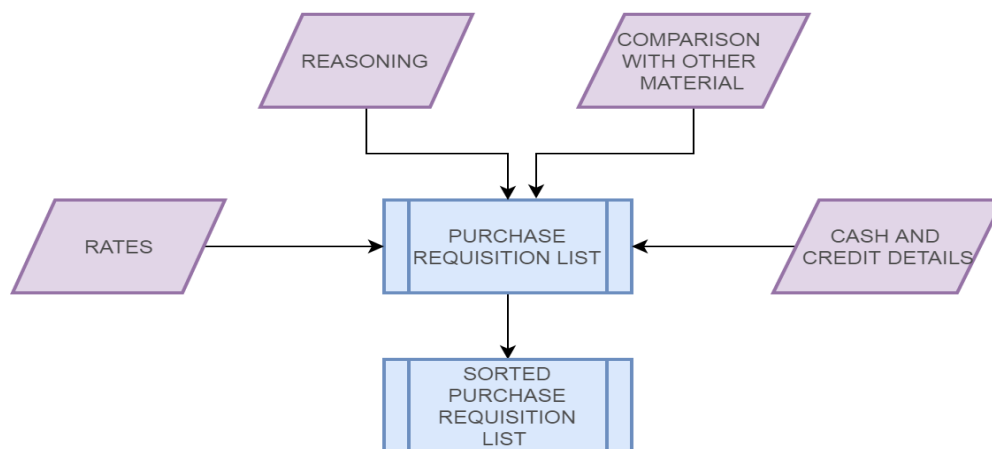


Figure 3.5

4. If it is to be purchased at site the **Project Coordinator** will ask **Project Manager** at site for Purchase Requisition and with the approval of Engineering Director the material will be bought. *(refer figure 3.20)*

**Given below are the cases that can occur when the PC checks the availability of required items**

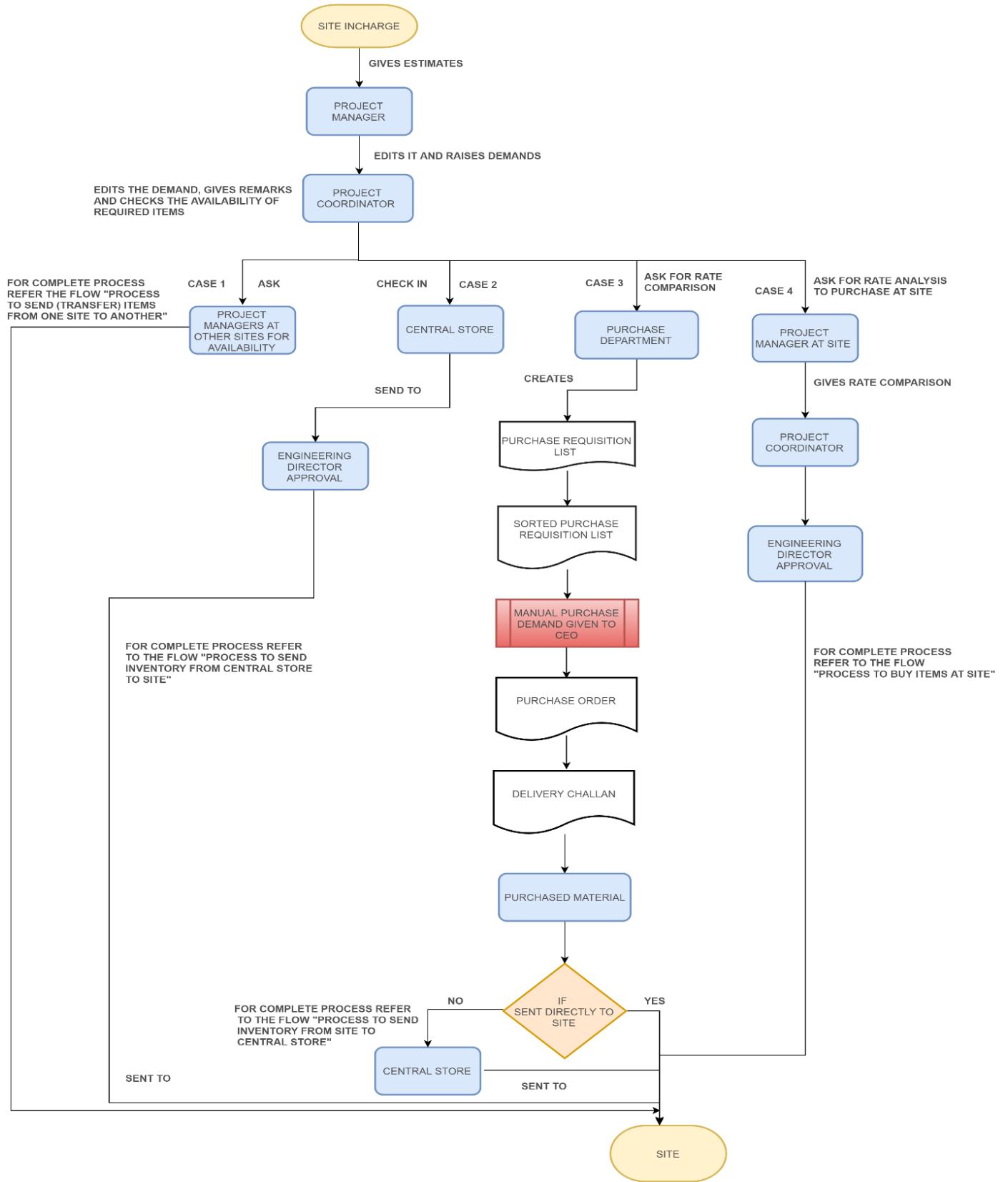


Figure 3.6

## SORTED PURCHASE REQUISITION

- In case of purchase at site, the **Purchase Requisition List** will be forwarded to **Project Coordinator**. He will sort out the most appropriate materials and the preferred supplier and will make the Sorted Purchase Requisition List.

**NOTE: The list will be prepared with rates, comparisons and reasons to select the material and supplier.**



Figure 3.7

## PURCHASE REQUISITION FLOW

Given below is the Purchase Requisition Flow

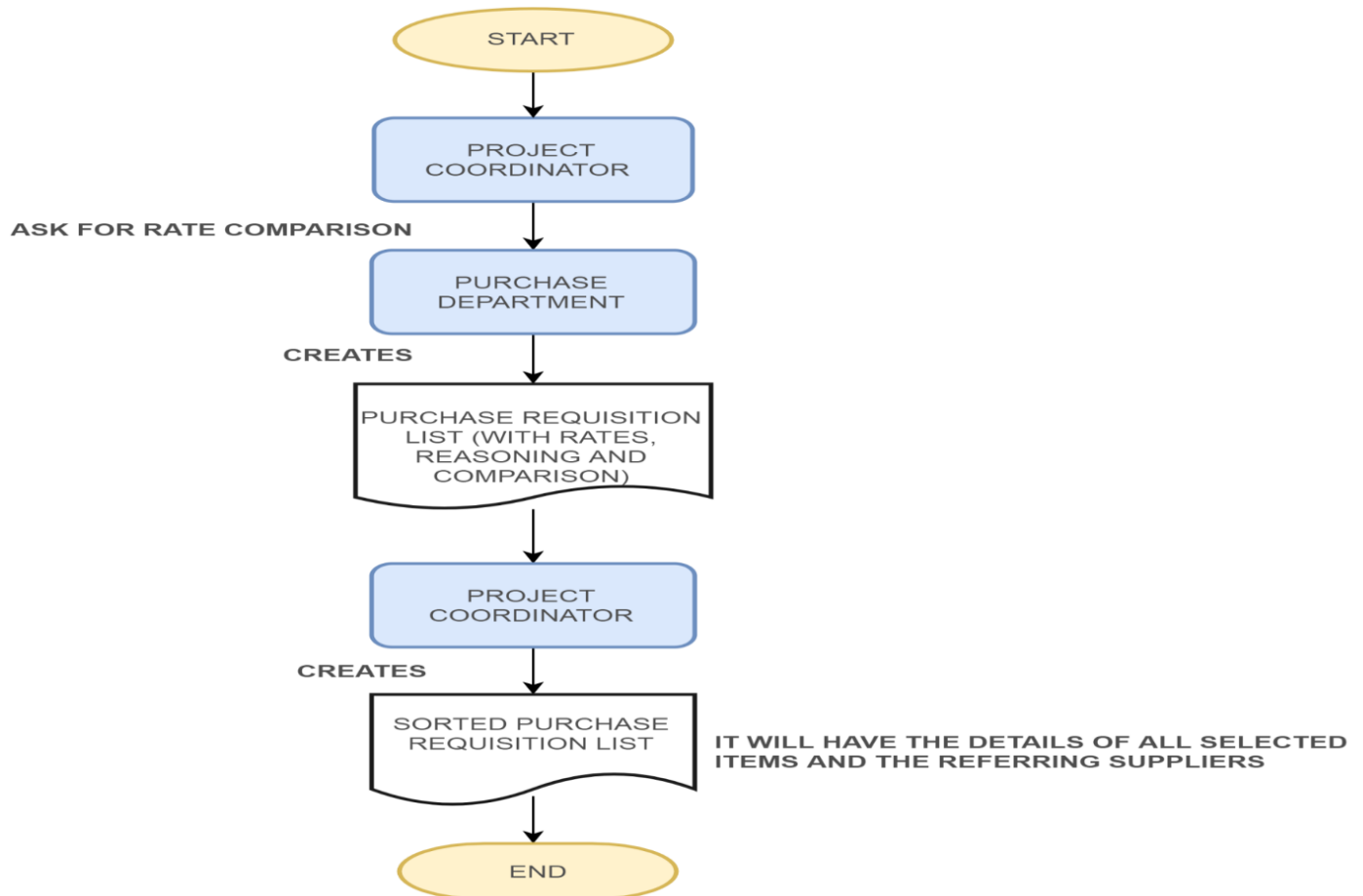


Figure 3.8

6. Now, if the **Purchase requisition** is less than the **predefined BOQ limit** then the **Project Coordinator and Engineering Director/ Chief Engineer** both have the authority to edit and approve it but if the Purchase Order is some BOQ items that exceed the certain limit or any Non-BOQ item, then only the **Engineering Director** have the authority to edit and approve it. **NOTE: Tracking down the Non-BOQ items will help in determining those items for next projects.**
7. If the Engineering Director/Purchase Coordinator/CEO cancels the request, a notification will be send to all concerned individuals else the edited demand will be forwarded to Purchase Department.

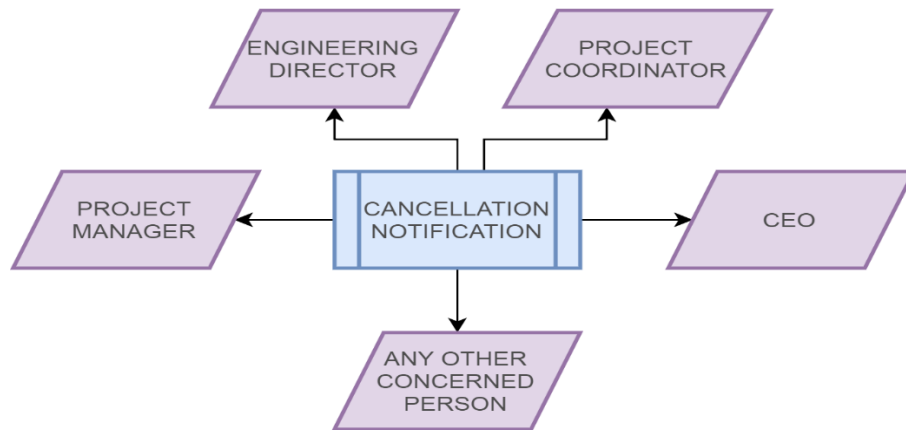


Figure 3.9

The flow for Cancellation Notification is as follows

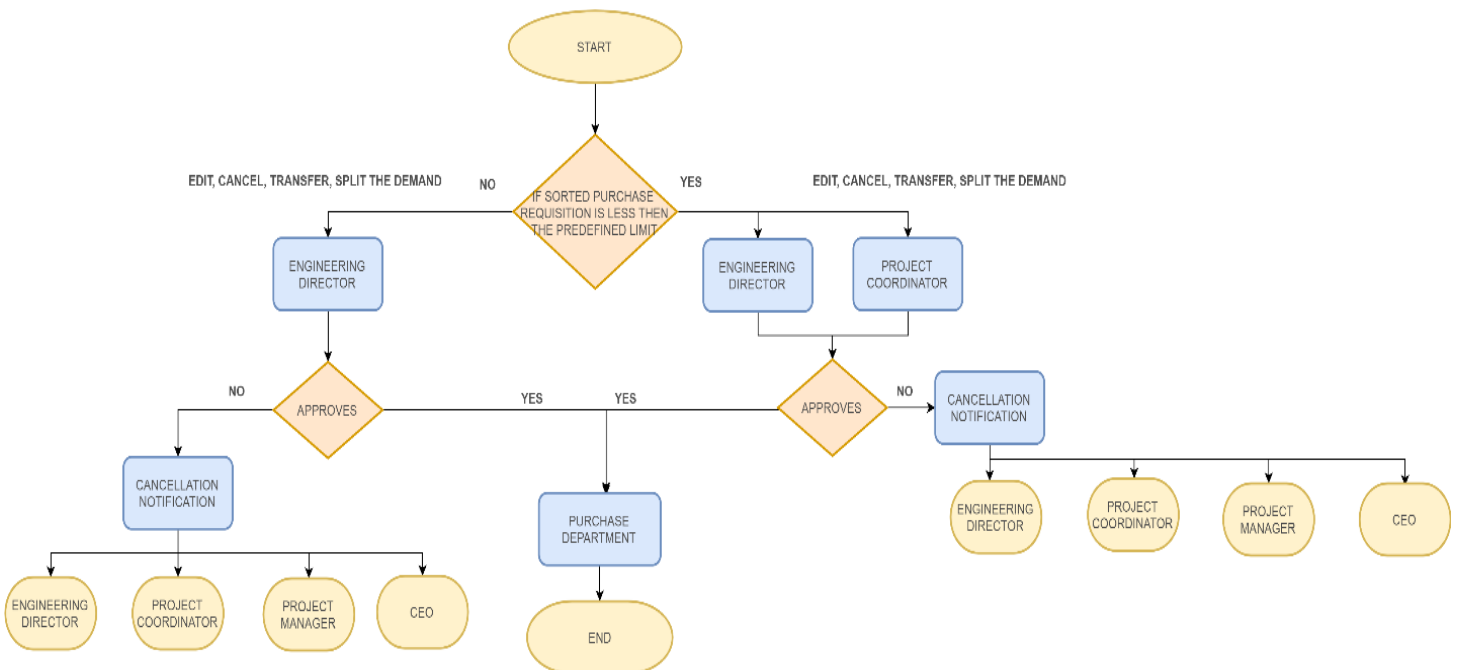


Figure 3.10

8. The **Purchase Department** will give Final print out to **CEO (OUT OF THE SYSTEM A PRINTOUT WILL BE GIVEN TO CEO FOR APPROVAL AND SIGNATURE)**. All the details will be acknowledged along with the cash and credit details.

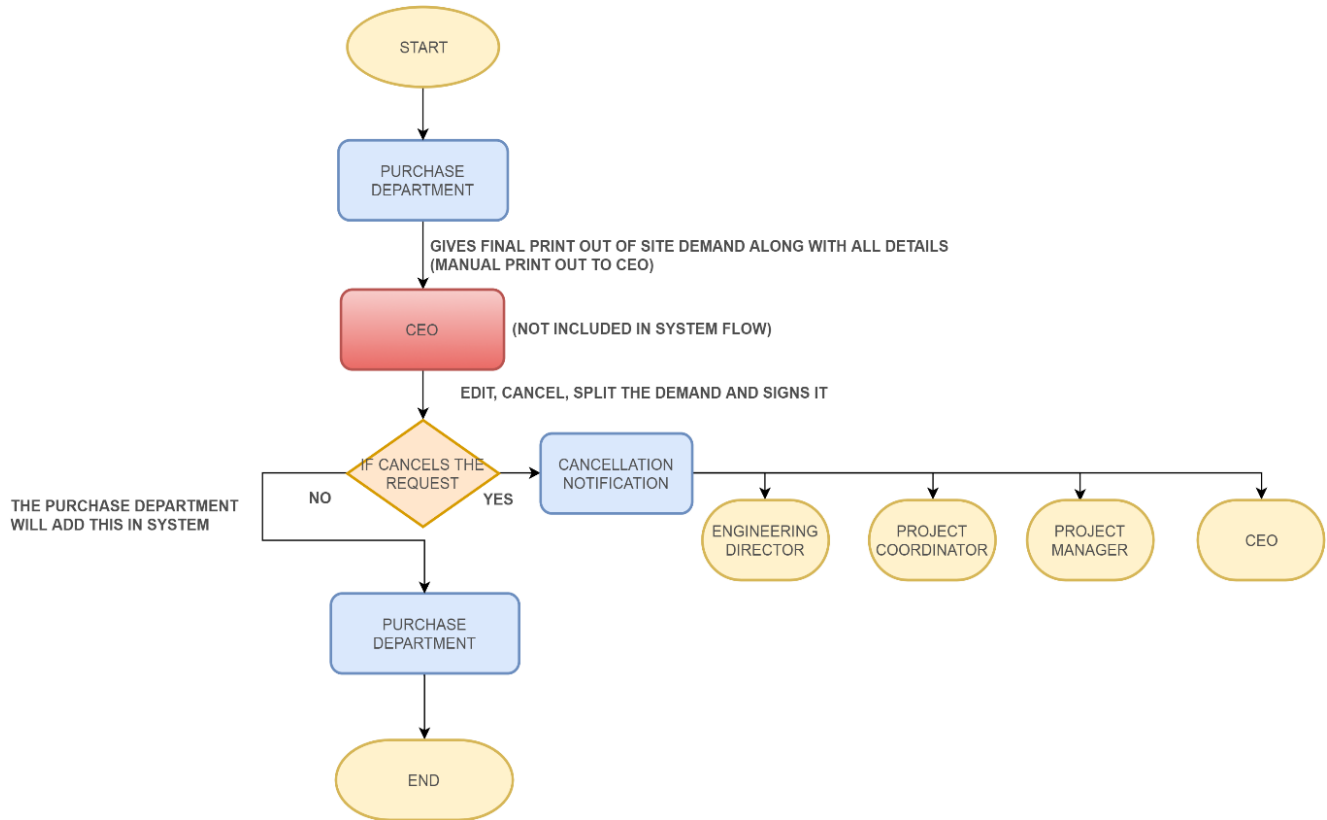


Figure 3.11

## PURCHASE ORDER

9. Now, the site demand will be changed into the **Purchase Order**, having the details of items that are to be bought.

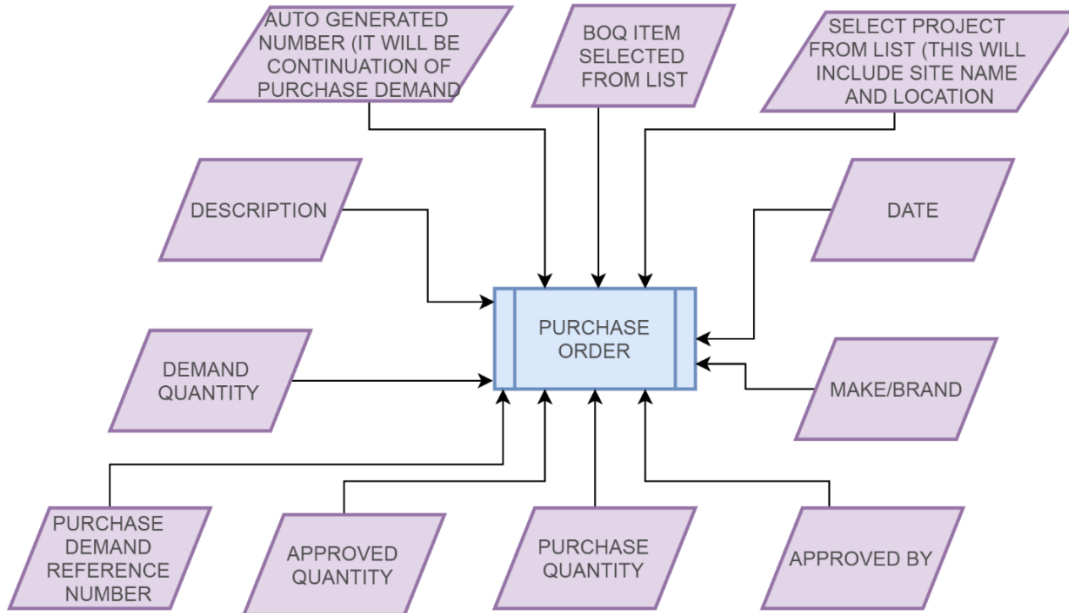


Figure 3.12

10. **Purchase Department** will then buy the material at

- Cash
- Credit
- Both the Cash and Credit (Partial)

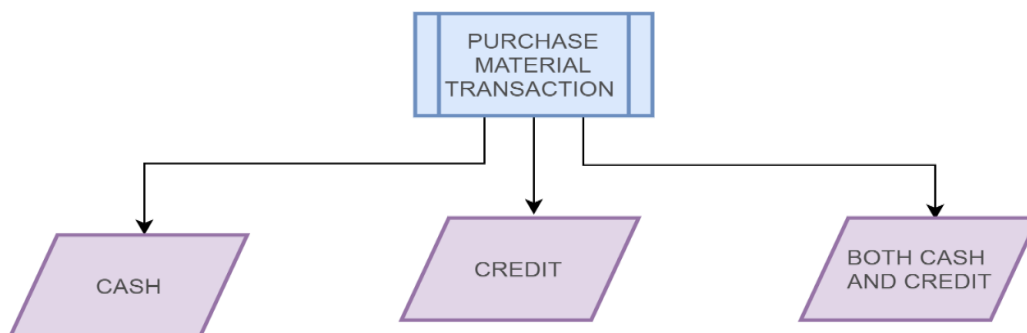


Figure 3.13

11. If it is at **cash** the **cash demand** will be raised with Accounts Office but if it is at **credit** just a **notification** of the transaction will be sent to Accounts Office.

12. The **Accounts Department** will release funds.

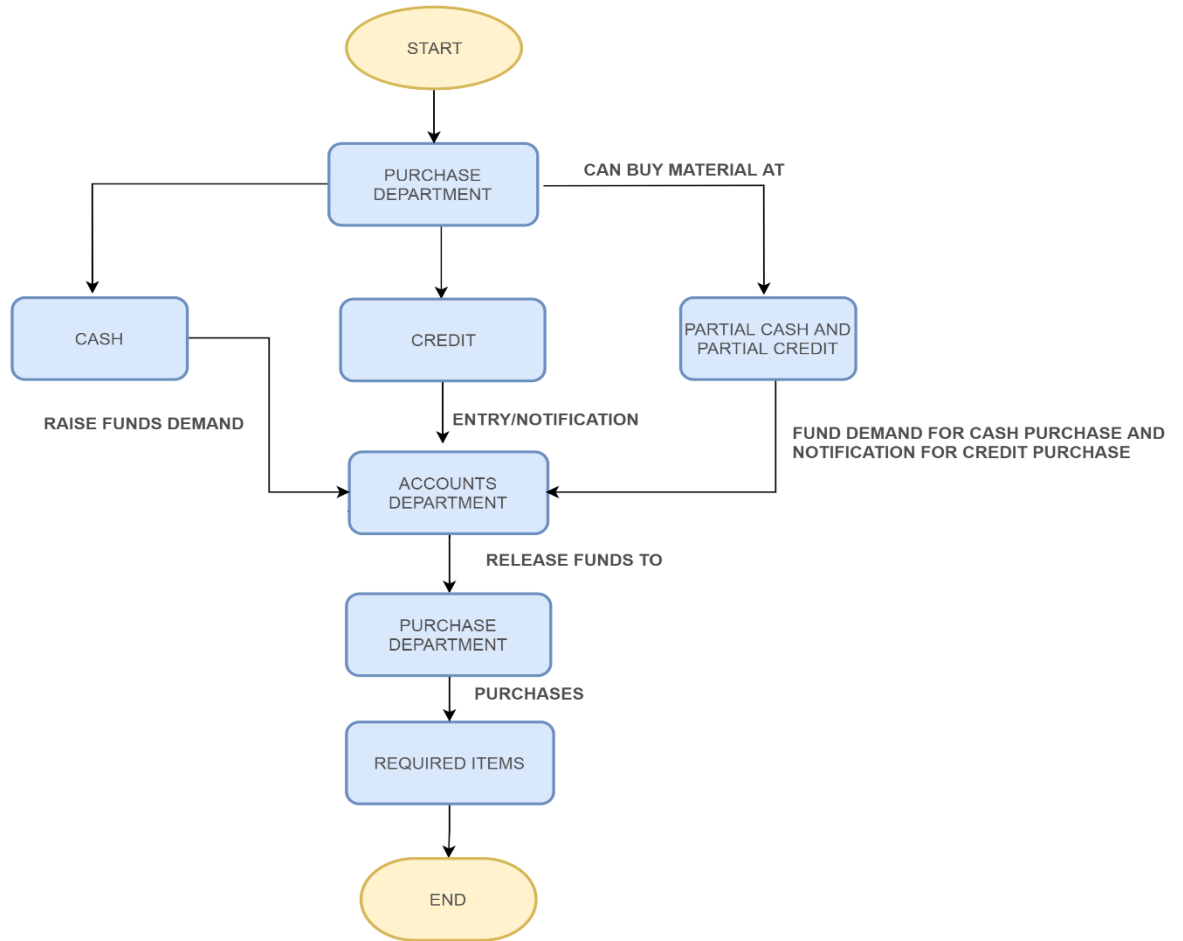


Figure 3.14

## DELIVERY CHALLAN

13. When an item is purchased its Delivery Challan is created.

**The Delivery Challan can be of two types**

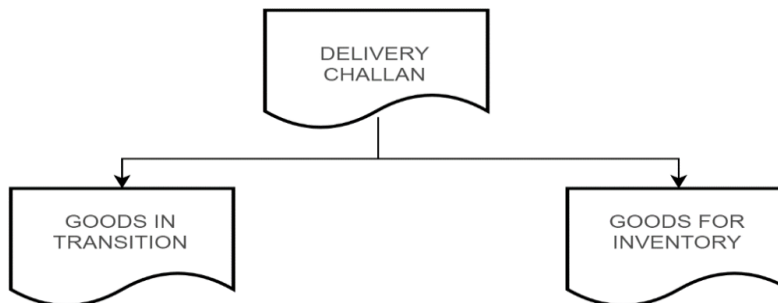


Figure 3.15

The Delivery Challan for Goods to be added in inventory will have the following data

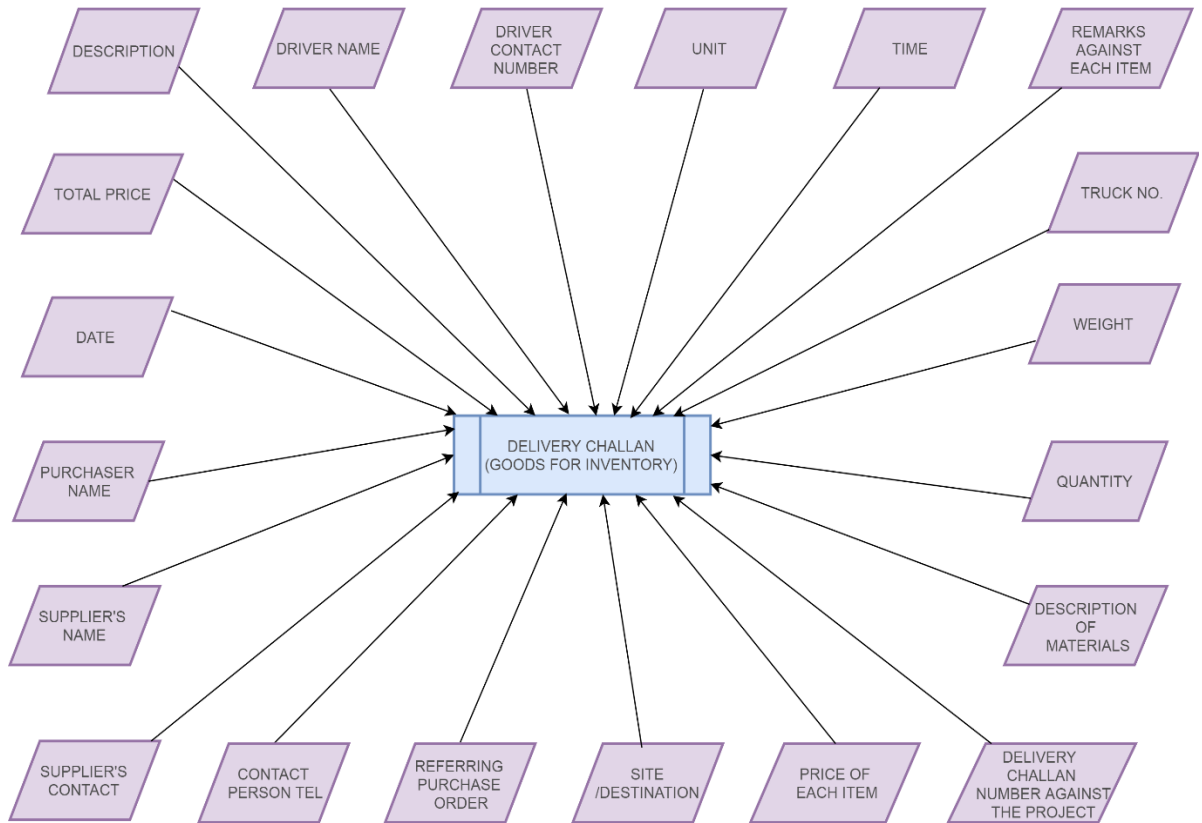


Figure 3.16

**The Delivery Challan for Goods in Transition will have the following data**

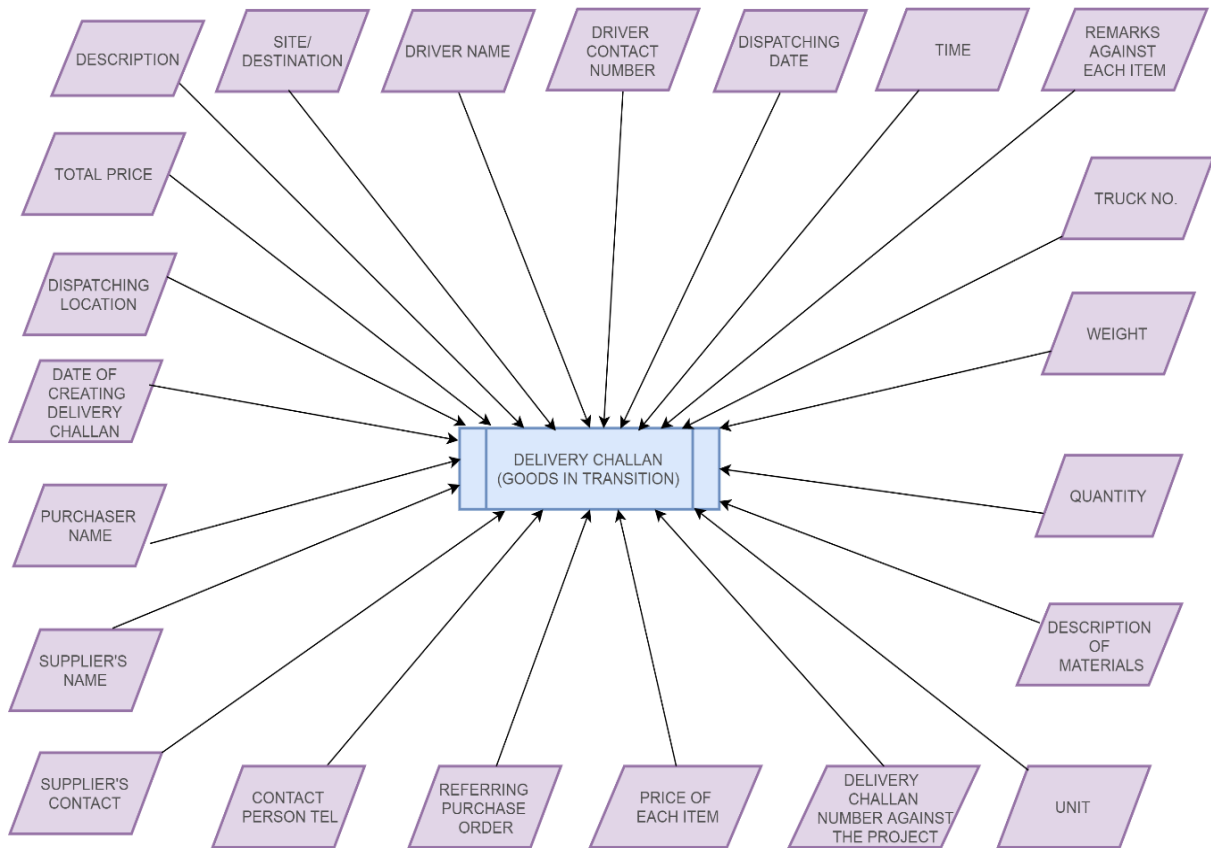


Figure 3.17

If the inventory will reside in Central Store for transition and have to be dispatched to some location all the information will be taken in form. The Central Store Manager will get the notification to dispatch the items and the status of inventory will remain “Pending to be dispatched”.

**NOTE:** From all of the above mentioned data only the selected data will be printed on delivery Challan, rest will be saved only in system and the selected data stored in system will visible be visible to Central Store Manager.

14. Items will be forwarded to **Central Store** or **Site** along with **Delivery Challan**.

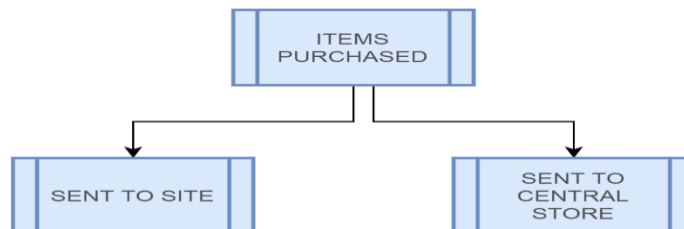


Figure 3.18

**DETAILED PROCUREMENT FLOW**

The detailed inventory flow is as follows

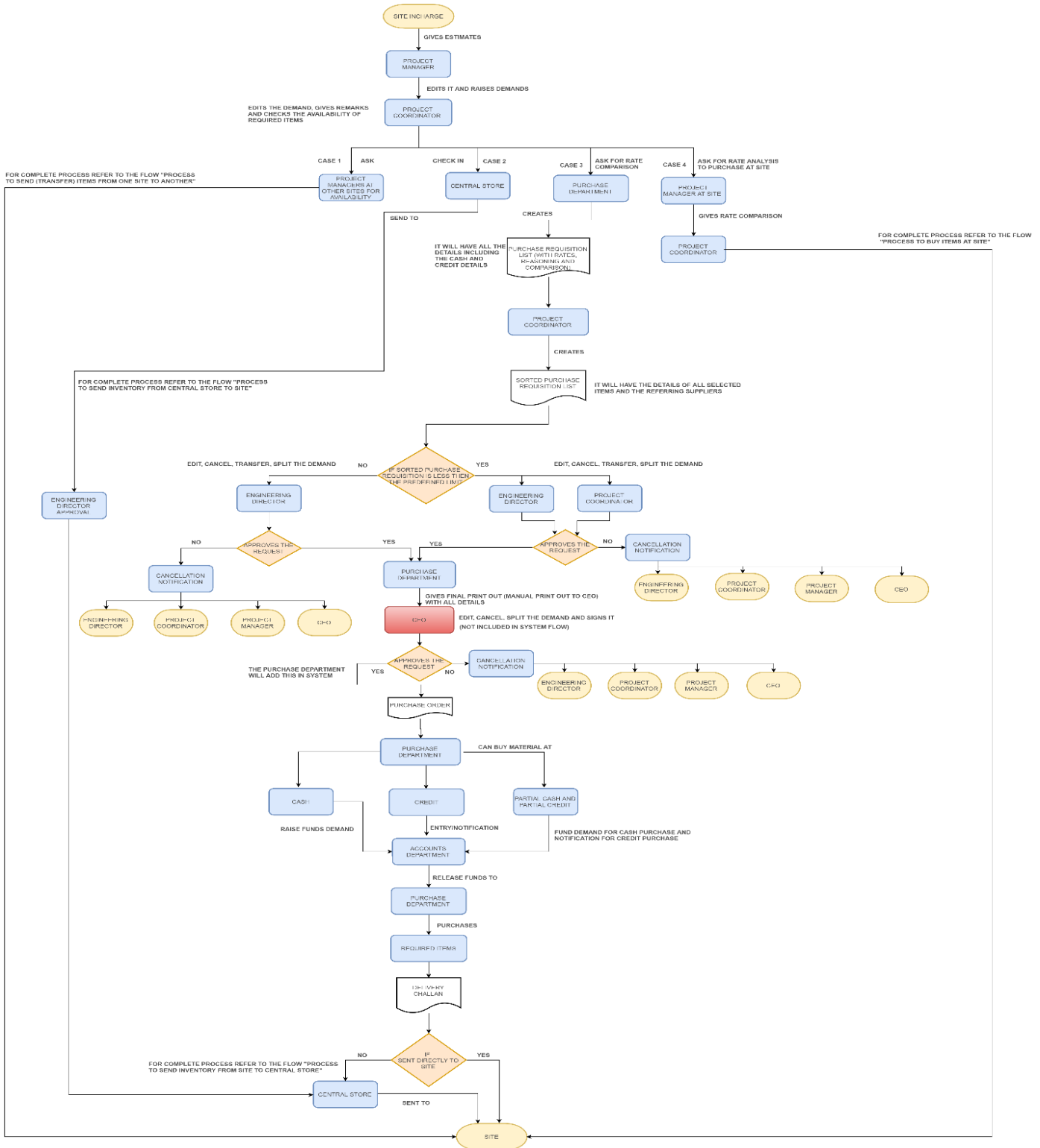
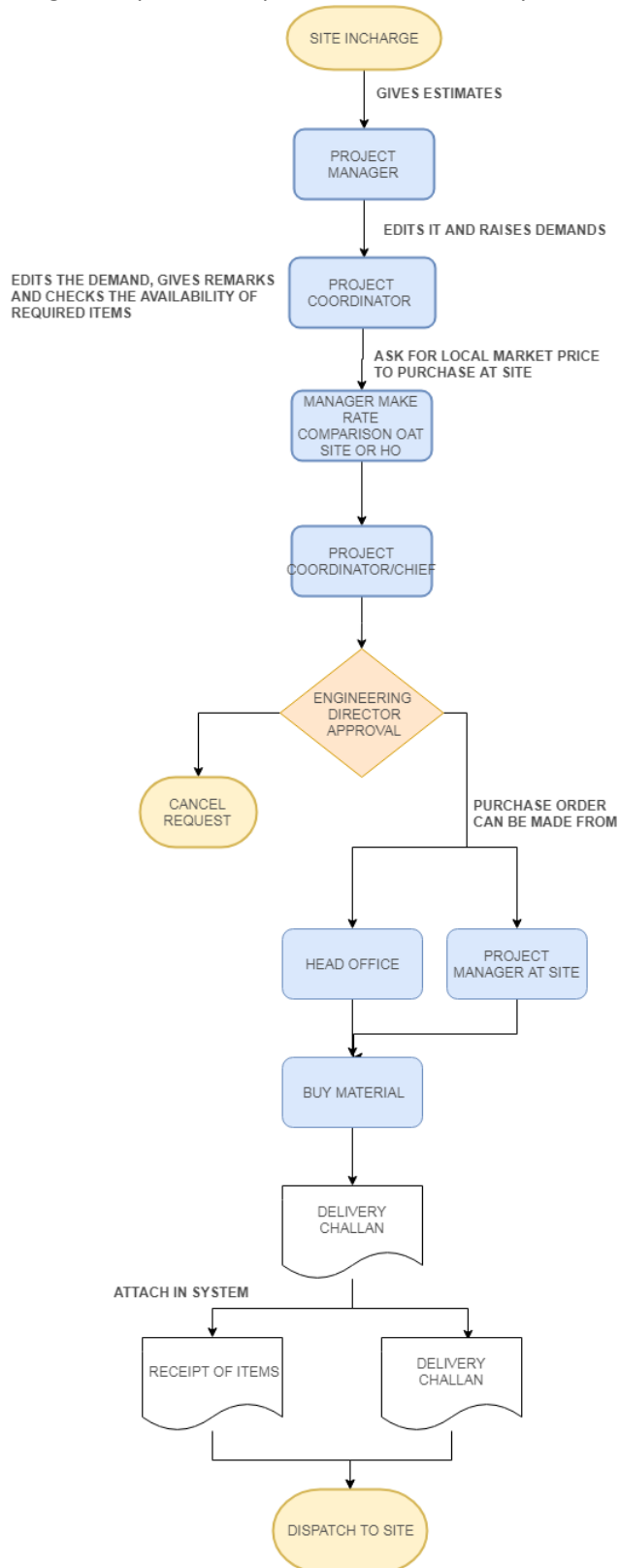


Figure 3.19

## PROCESS TO BUY ITEMS AT SITE

Following is the process to purchase items directly from the site.



## PROCESS TO SEND ITEMS FROM ONE SITE TO ANOTHER

Following is the process to send (transfer) items from one site to another.

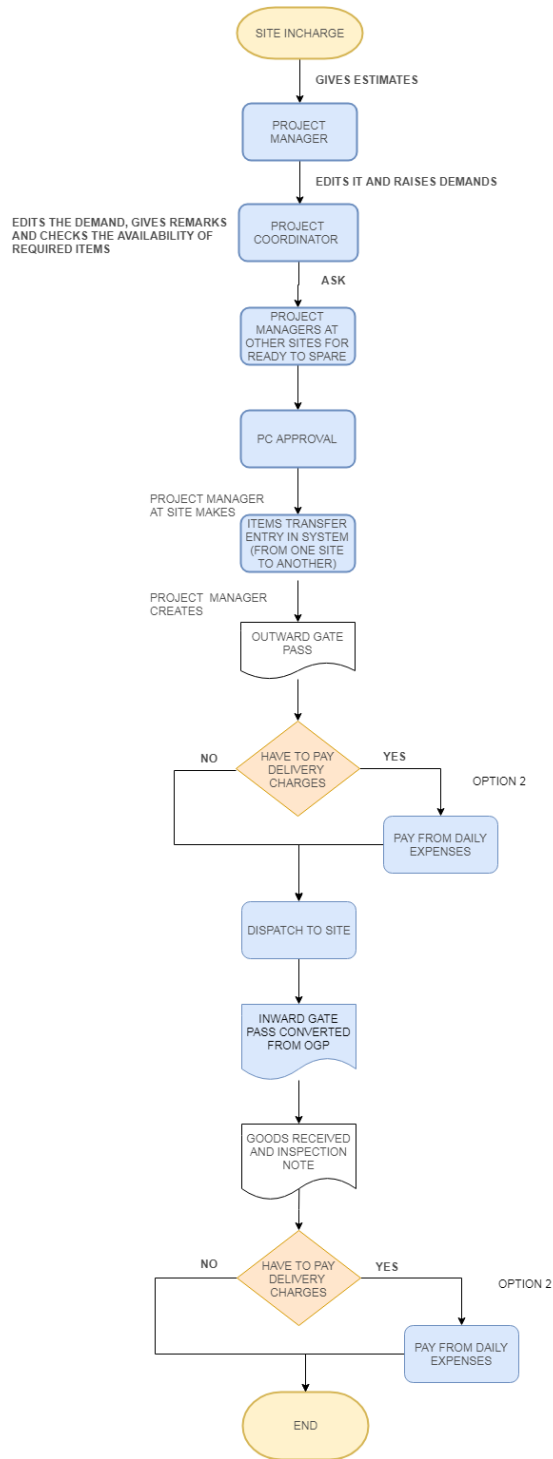


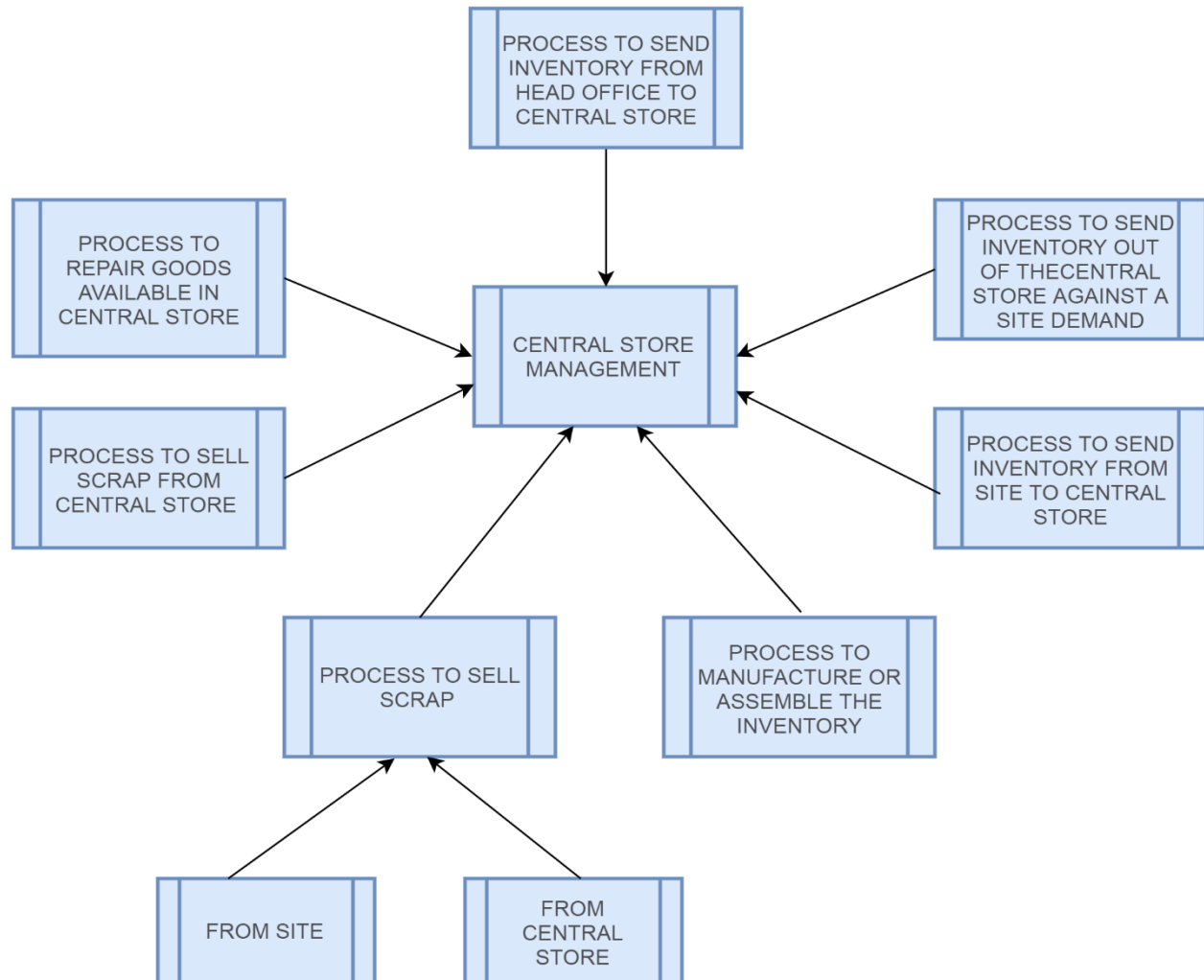
Figure 3.21

## CENTRAL STORE FLOWS

Central Store is the ware house of SINACO Engineers Private limited, all the items for inventory or in transit reside at central store. Besides just storing inventory a lot of other processes take place such as repair of inventory, sending and receiving inventory, manufacturing and assembling inventory and selling scrap.

### DETAILED CENTRAL STORE MANAGEMENT

Central Store Management have the following components



*Figure 4.0*

### PROCESS TO SEND INVENTORY FROM HEAD OFFICE TO CENTRAL STORE

Inventory and machinery is purchased from head office and sent to Central Store. This is done for two purposes, to add in inventory or goods in transit.

## GENERIC FLOW TO SEND INVENTORY FROM HEAD OFFICE TO CENTRAL STORE

Few documents and processes are involved in sending inventory from Head Office to Central Store, a general view is given below.

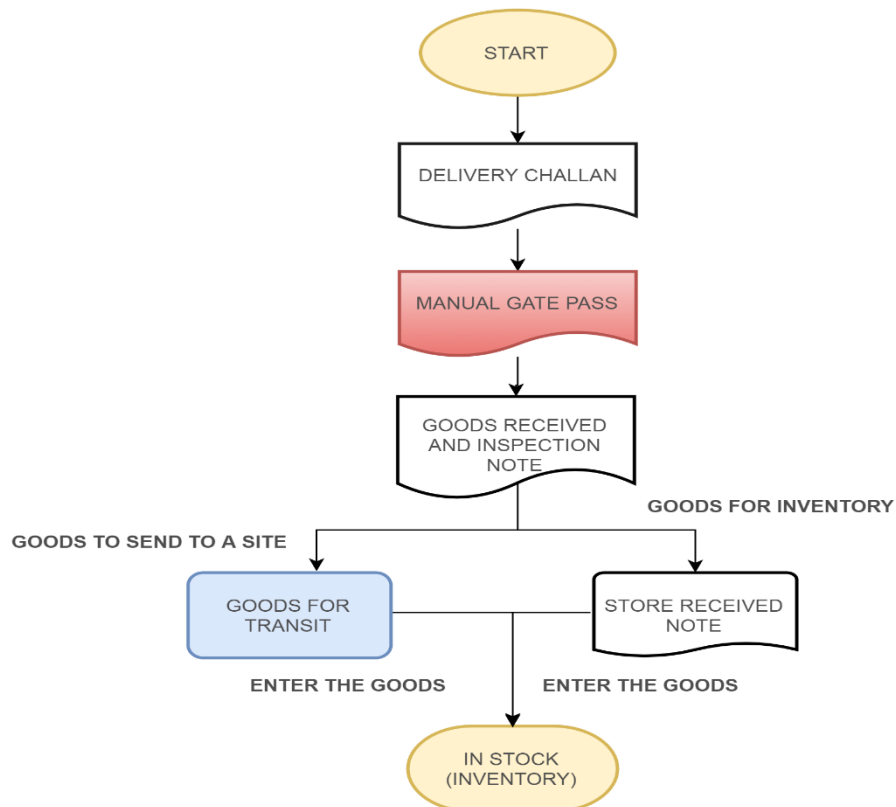


Figure 4.1

1. The Approved quantity from the CEO (**Manual Document**) is bought by the Purchase Department (Purchaser).
2. A Delivery Challan (*refer figures 3.16. 3.16 and 3.17*) is created by the Purchaser and is handed over to the Transporter.
3. Delivery Challan should be equal to the final approved quantities from the CEO else the site demand will not be locked and the Purchaser will continuously get the notification of difference and to fulfil this demand completely. Engineering Director/Purchase Department will have the authority to cancel the request. (This permission can be given to anyone, permissions will be defined in the system and can be given to individuals accordingly).

- The Gate keeper at Central Store will manually create an Inward Gate Pass in his register **(THIS ENTRY WILL BE MANUAL AND WILL NOT BE DONE THROUGH SYSTEM)**, the central store manager will add these Inward Gate Passes in the system at the end of the day.

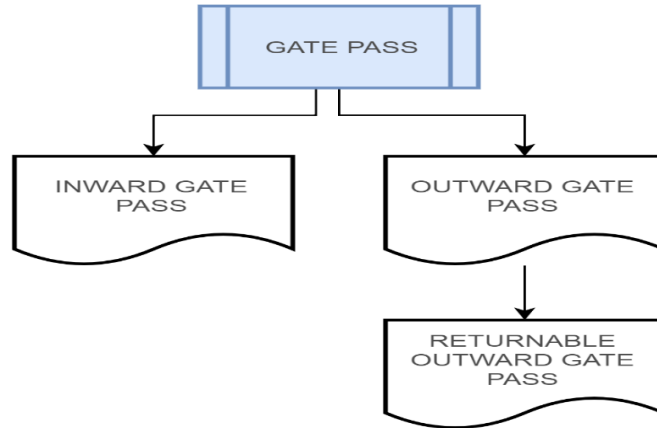


Figure 4.2

The gate pass will have the following data

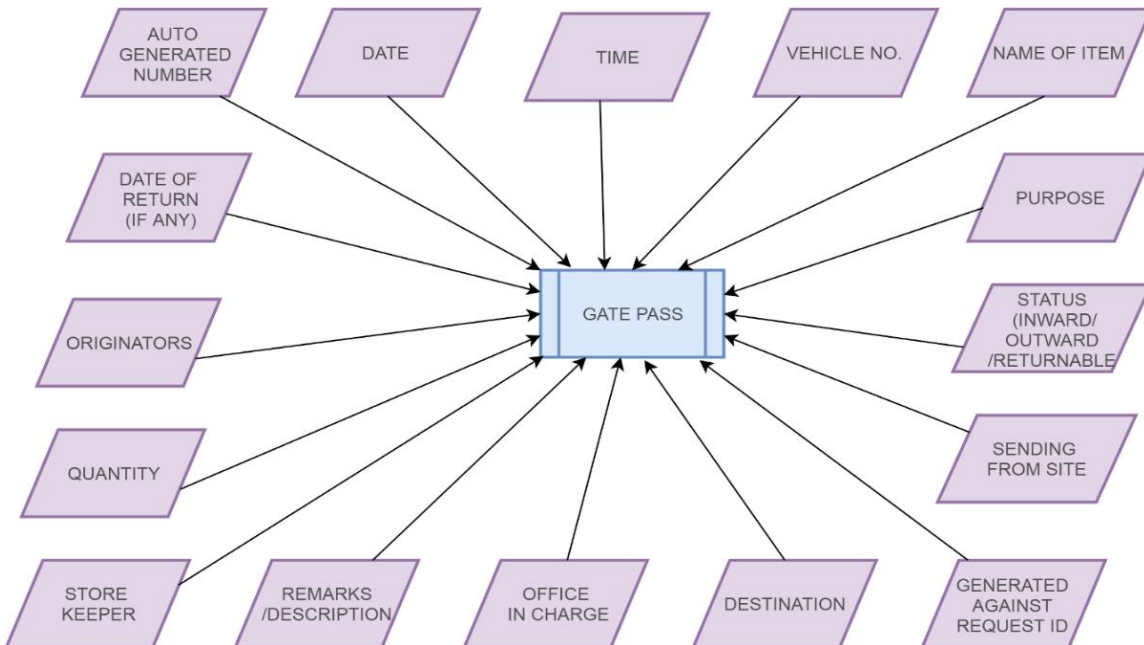


Figure 4.3

5. The delivery Challan is handed over to the Central Store Manager by Transporter.
6. Then Goods Received and Inspection Note is created by the Central Store Manager and will be given to Transporter and keeps a copy in System as well. Both the quantitative and qualitative inspection will be done in this step.

Goods received and inspection note will have the following data

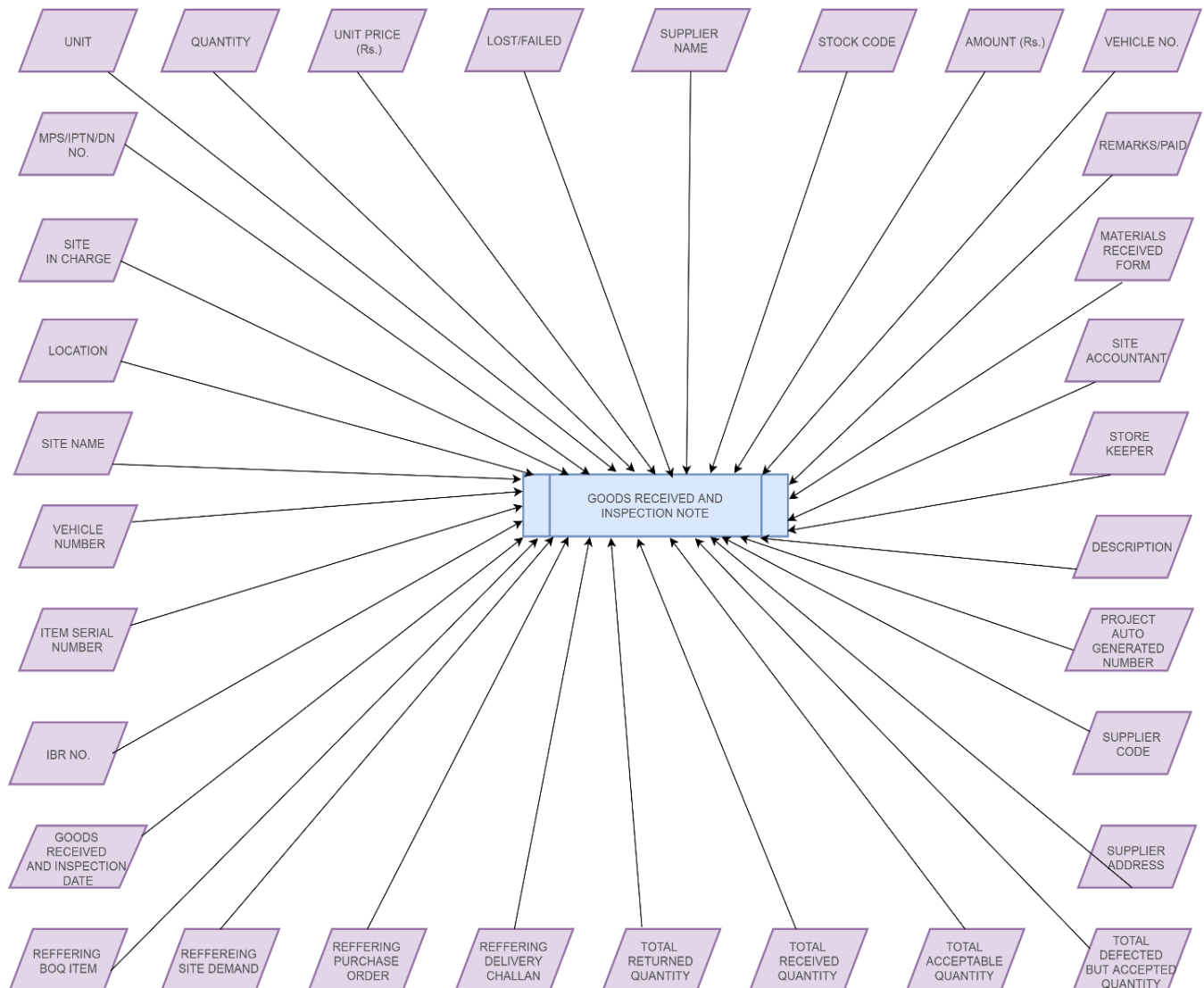


Figure 4.4

7. Now the inventory will be entered in stock by Central Store Manager as
  - Goods for Transit (that is to be send to a site)
  - Create a Store Received Note for inventory (that is to be kept at Central Store).

## DETAILED FLOW TO SEND INVENTORY FROM HEAD OFFICE TO CENTRAL STORE

Detailed flow is as follows

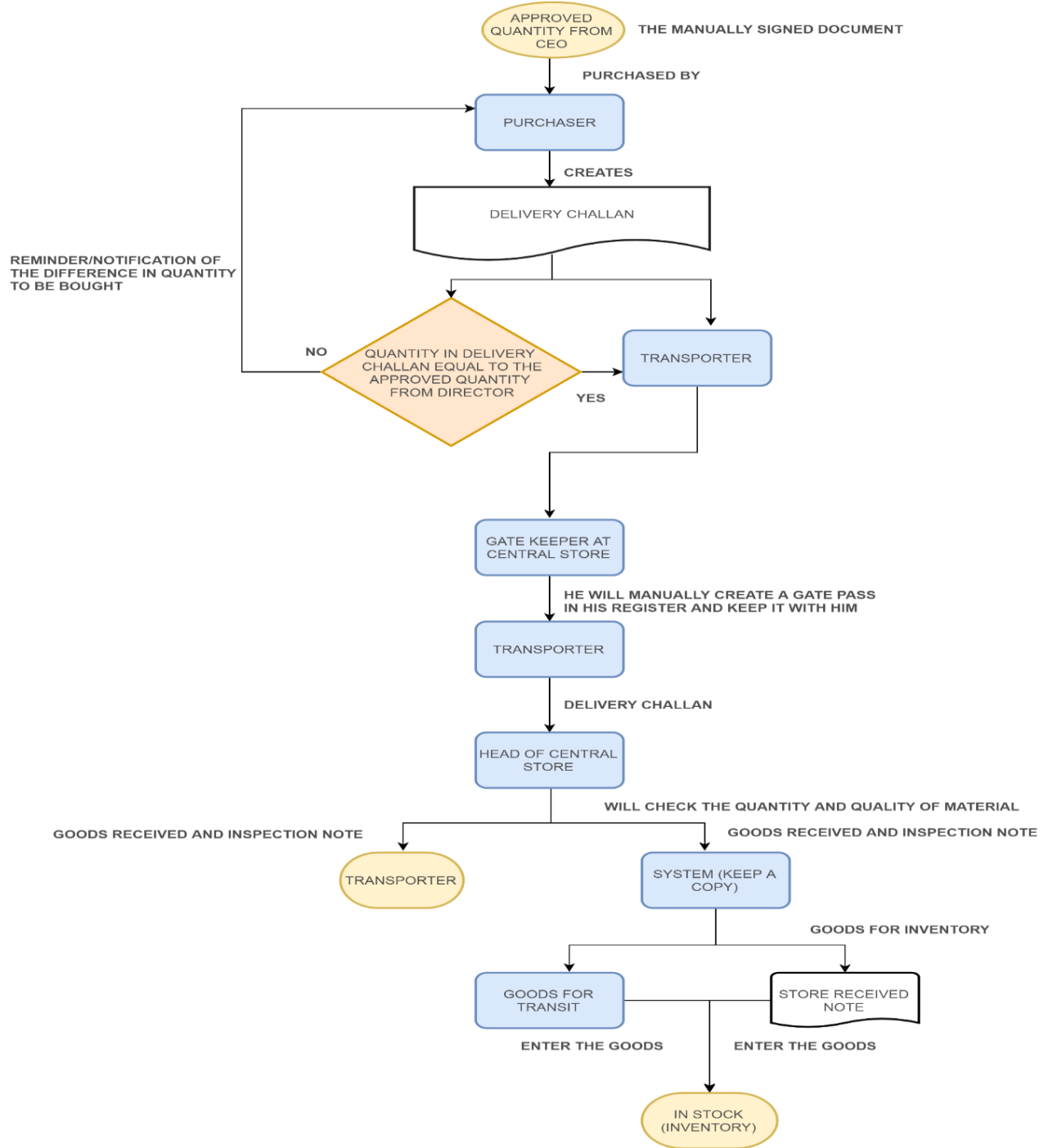


Figure 3.5

## PROCESS TO SEND INVENTORY OUT OF THE CENTRAL STORE AGAINST A SITE DEMAND

When a Site Demand is received to the Central Store Manager from head office he sends the goods to receptive site by following the given process.

1. The Project Coordinator will check the availability of Inventory in Central Store.
2. If the Inventory is available then the approval is required from P.C or Chief Engineer. If he gives approval Central Store Manager will be asked to send the Inventory to site else other sites will be checked or a purchase will be made. Along with that, at refusal a notification will be sent to Engineering Directors and Purchase Coordinator.
3. The Central Store Manager will create Outward Gate Pass (*refer figure 4.0 & 4.1*) and a Delivery Challan (*refer figures 3.16 & 3.17*)
4. Then send the Inventory and Delivery Challan to Site. With that, if the items are consumable the amount of those items will be credited form one site and debited to other site in accounting module.

## DETAILED FLOW TO SEND INVENTORY OUT OF THE CENTRAL STORE AGAINST A SITE DEMAND

Detailed flow is as follows

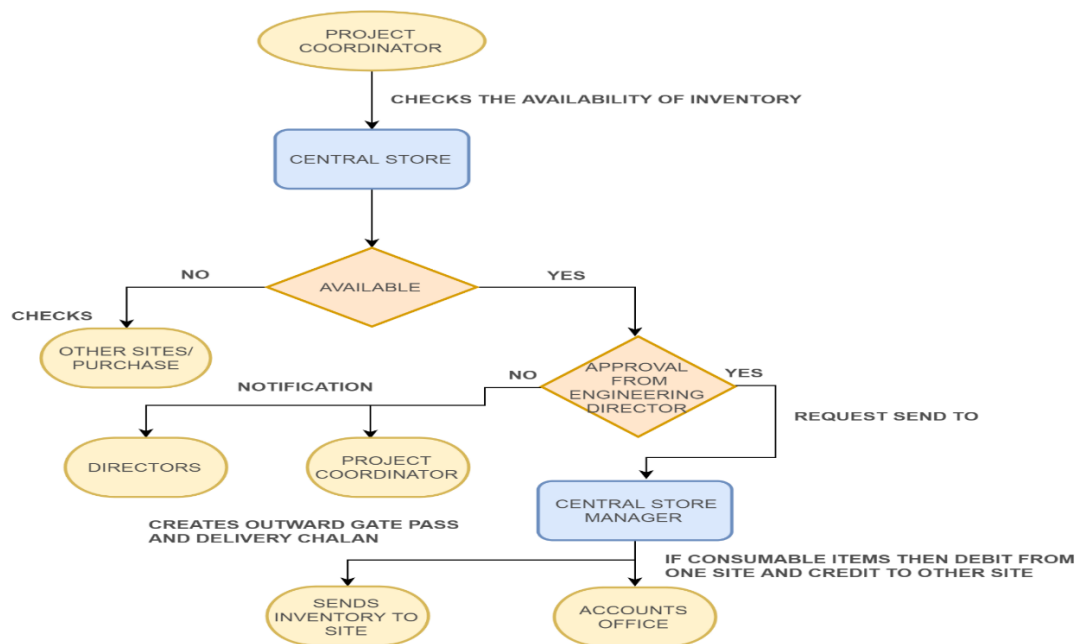


Figure 4.6

## PROCESS TO SEND INVENTORY FROM SITE TO CENTRAL STORE

Sometimes due to the excess or left overs, goods are sent from the site to Central Store.

## GENERIC FLOW TO SEND INVENTORY FROM SITE TO CENTRAL STORE

Generic flow is as follows

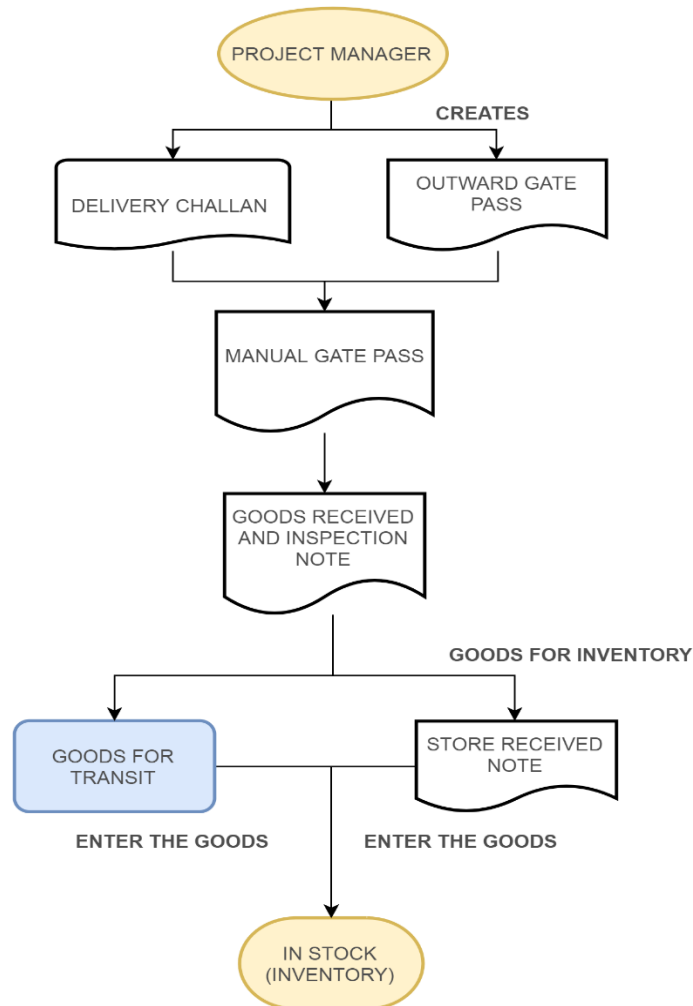


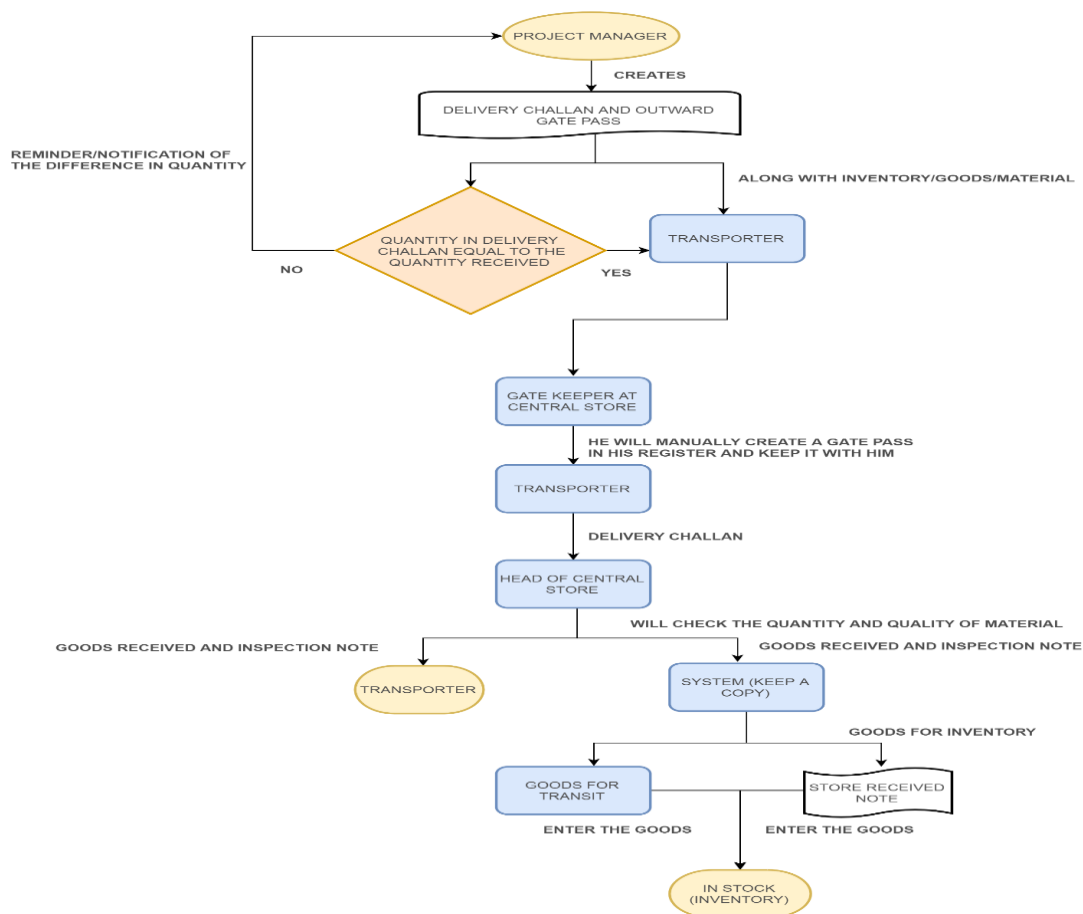
Figure 4.7

1. A Delivery Challan (*refer figures 3.16 and 3.17*) and an Outward Gate Pass (*refer figure 4.0 & 4.1*) is created by Project Manager and is handed over to Transporter.
2. Delivery Challan should be equal to the quantity sent by Project Manager else the site demand will not be locked and the Project Manager will continuously get the notification of difference.

3. The Gate keeper at Central Store will manually create an Inward Gate pass in his register **(THIS ENTRY WILL BE MANUAL AND WILL NOT BE DONE THROUGH SYSTEM)**. The Gate Passes will be entered in system at the end of the day.
4. The Delivery Challan is handed over to the Central Store Manager by Transporter.
5. Then Goods Received and Inspection Note (*refer figure 4.2*) is created by the Central Store Manager and will be given to Transporter and keeps a copy in system as well. Both the quantitative and qualitative inspection will be done in this step.
6. Now the inventory will be entered in stock by Central Store Manager as Goods for Transit (that is to be send to a site) or create a Store Received Note for inventory (that is to be kept at Central Store).

## DETAILED FLOW TO SEND INVENTORY FROM SITE TO CENTRAL STORE

Detailed Flow is as follows



**Figure 4.8**

## PROCESS TO REPAIR GOODS

The inventory in the Central Store is on and off repaired by following the below described process.

1. Every inventory will have a status, whenever an inventory will go in repair its status will be changed by Central Store Manager from “in stock” to “in Repair”.
2. Repair can be done in following four ways

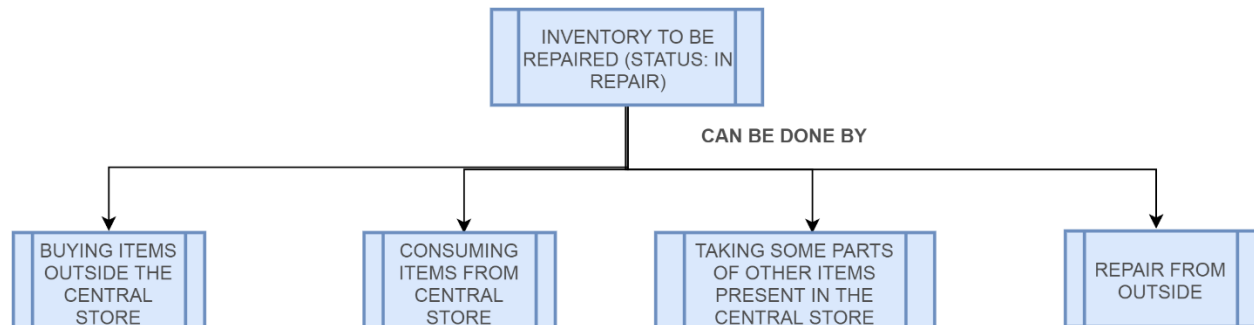


Figure 4.9

3. If the repair is done by buying some part from outside then its cash will be taken from daily expenses and if the item to be bought is greater than a certain limit the Central Store Manager have to take approval from any one of the Engineering Directors. If they don't approve then the status of inventory will remain “To be repaired”.

  - At approval the buying of items can be done at Central Store or at HO by Purchase Department.

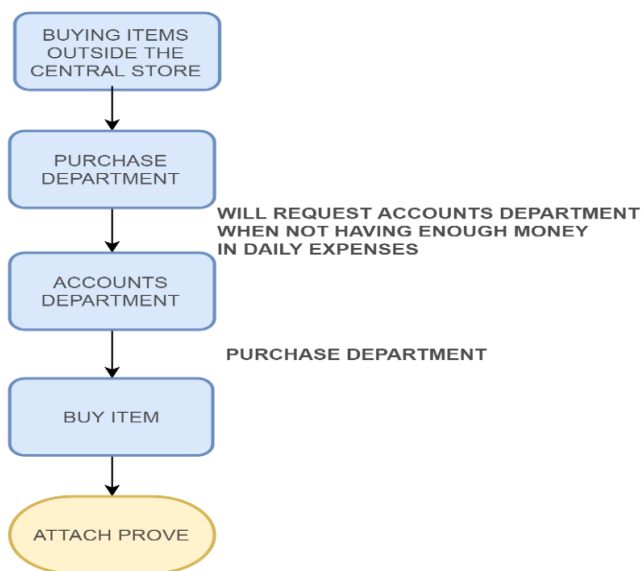


Figure 4.10

Following data will be added in Daily Expenses sheet

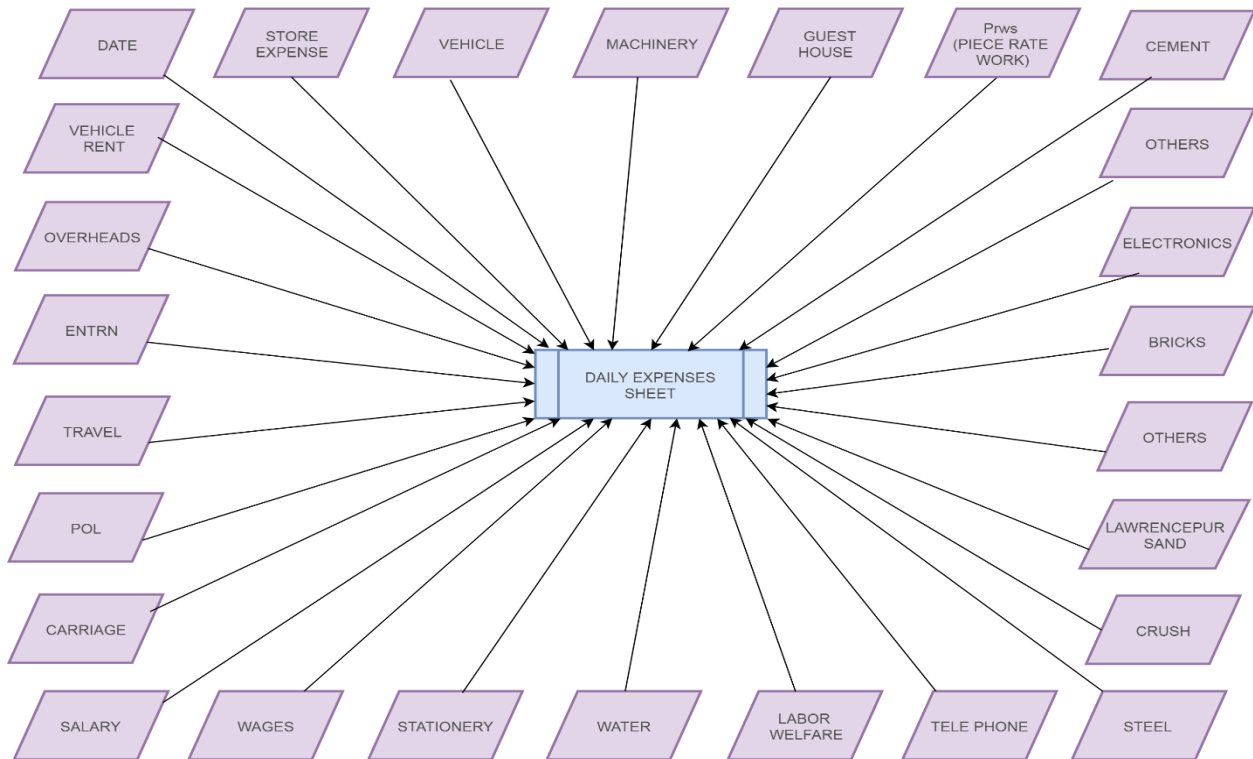


Figure 4.11

4. If the repair is done by consuming some items from Central Store than the consumption of that item will also be recorded and the status of that item will be changed as “Consumed for repair” from “in Stock”.
5. If the repair is done by taking parts of some other machine then it will have the reference id of that machine.
  - The status of the machine whose part is taken will be changed to “Part of the item is in Consumption for Repair”.

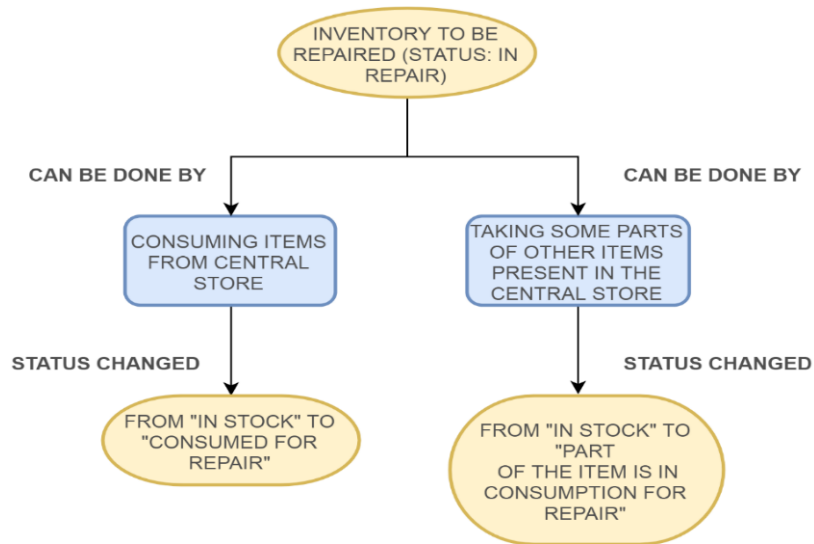


Figure 4.12

6. Repair of an item can also be done from outside the Central store. The Engineering Director will be asked for permission along with all details such as for how much time the item will remain outside and what will be the cost. If the Engineering Director gives permission a "Returnable Outward Gate Pass" (**refer figure 4.0 & 4.1**) will be created. Repair cost can be taken from Daily Expenses (**refer figure 4.8**) if there is sufficient Amount) else Central Store Manager will request Accounts Department and at the end in both scenarios, prof will be attached.

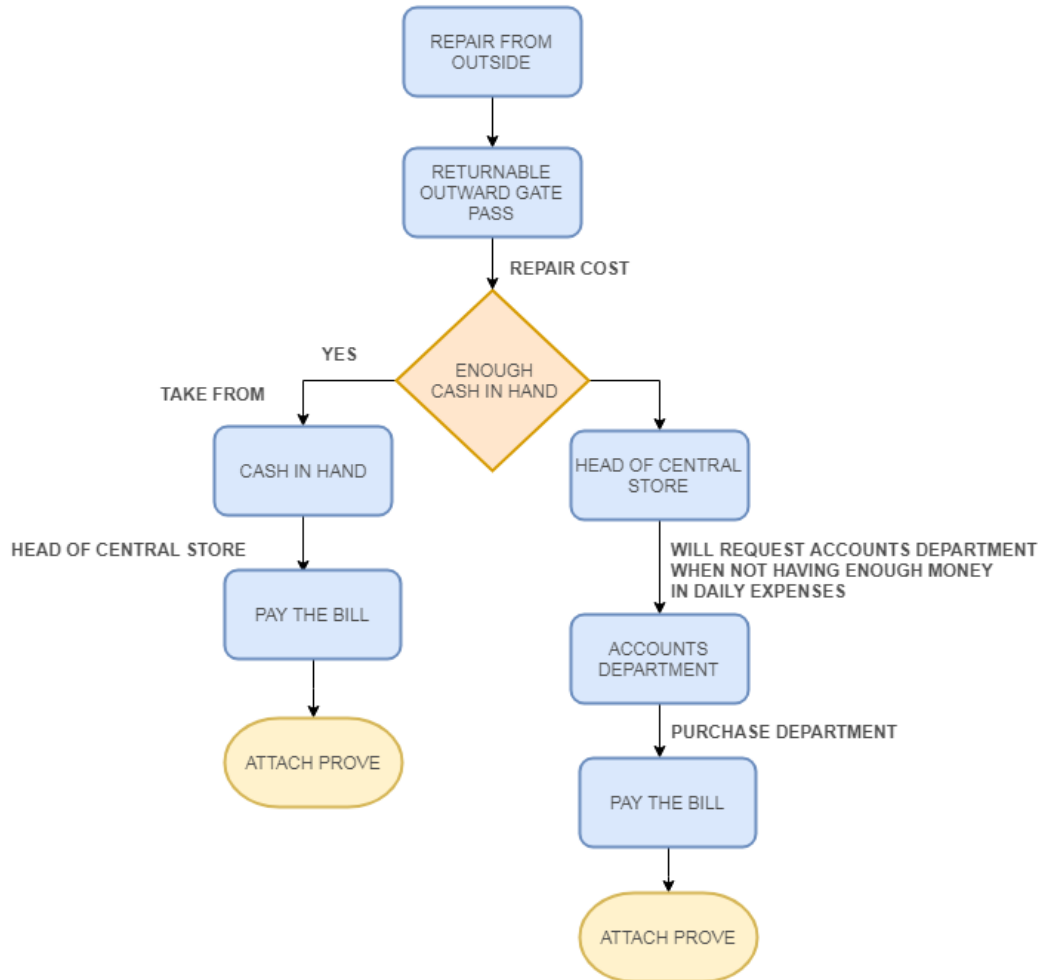


Figure 4.13

## DETAILED FLOW TO REPAIR GOODS AVAILABLE AT CENTRAL STORE

Detailed flow to repair goods available at Central Store is as follows.

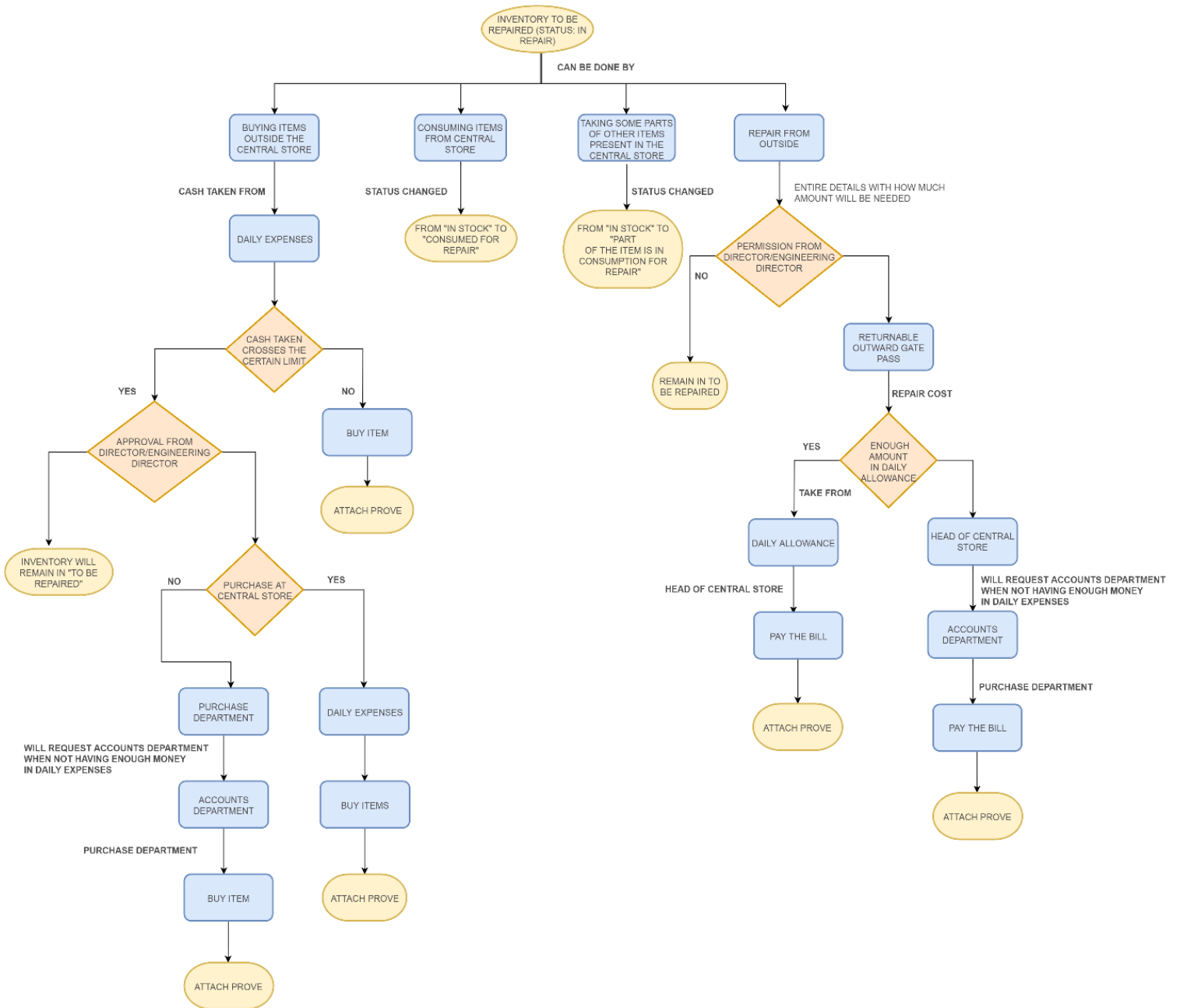


Figure 4.14

## PROCESS TO SELL SCRAP FROM CENTRAL STORE

The scrap is sold from the Central Store by the following process.

## GENERIC FLOW TO SELL SCRAP FROM CENTRAL STORE

Generic flow to sell scrap from the central store is as follows

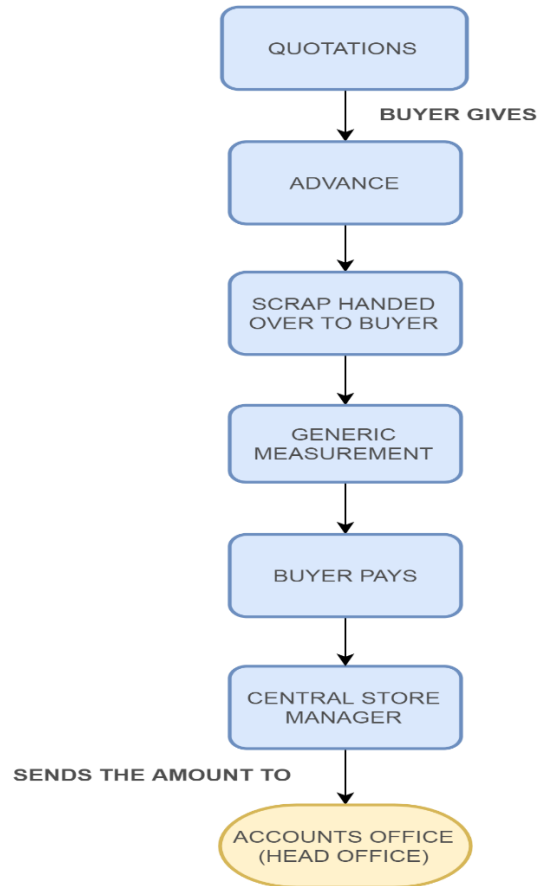
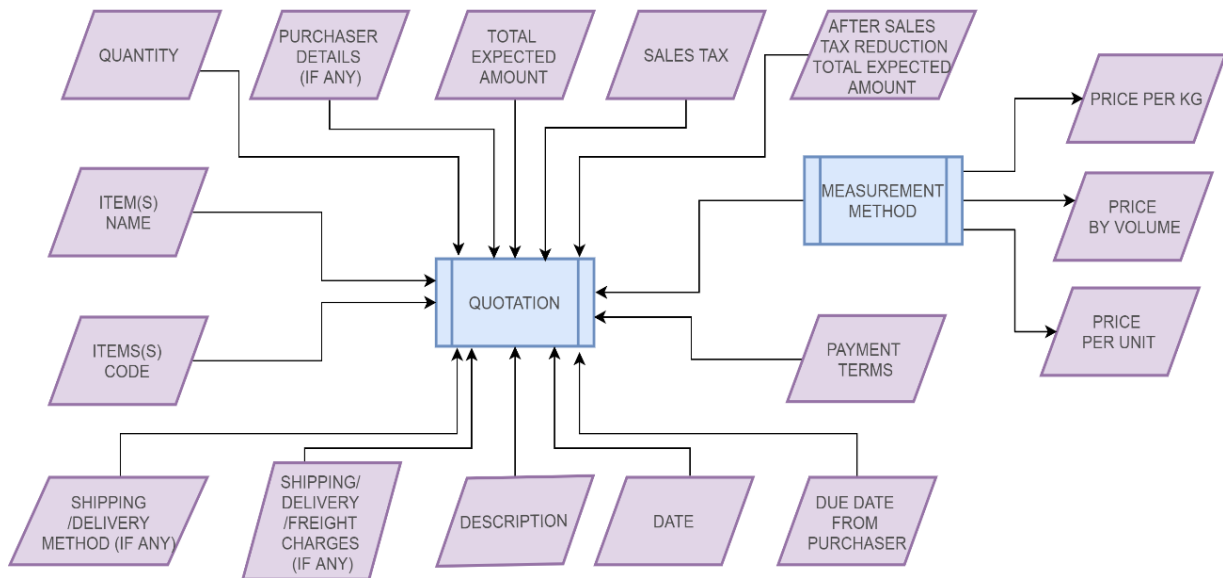


Figure 4.15

1. When an inventory is no more able to be used from any perspective then it will be added in Scrap and the status will be changed to “In Scrap”.
2. Central Store Manager will take permission from Engineering Director before transfer the items to “In Scrap”.
3. If the permission is given, to sell scrap Quotations are taken from market and then these rates are informed to Engineering Director and again the permission is required, if he gives the permission, the buyer gives advance payment in 1) Online, 2) Cross cheque and 3) Cash then scrap is taken by Buyer.

**Following data will be added in quotation form**



*Figure 4.16*

4. The measurement could be in volume, weight, per item and lump sum.
5. If it is by weight, firstly the empty van weighs and then with scrap accumulatively.
6. According to the difference in weights the money is paid.
7. If it is by volume or weight, after measurement or counting the amount is paid by buyer.
8. The Central Store Manager submits the amount received in Accounts office.

## DETAILED FLOW TO SELL SCRAP FROM CENTRAL STORE

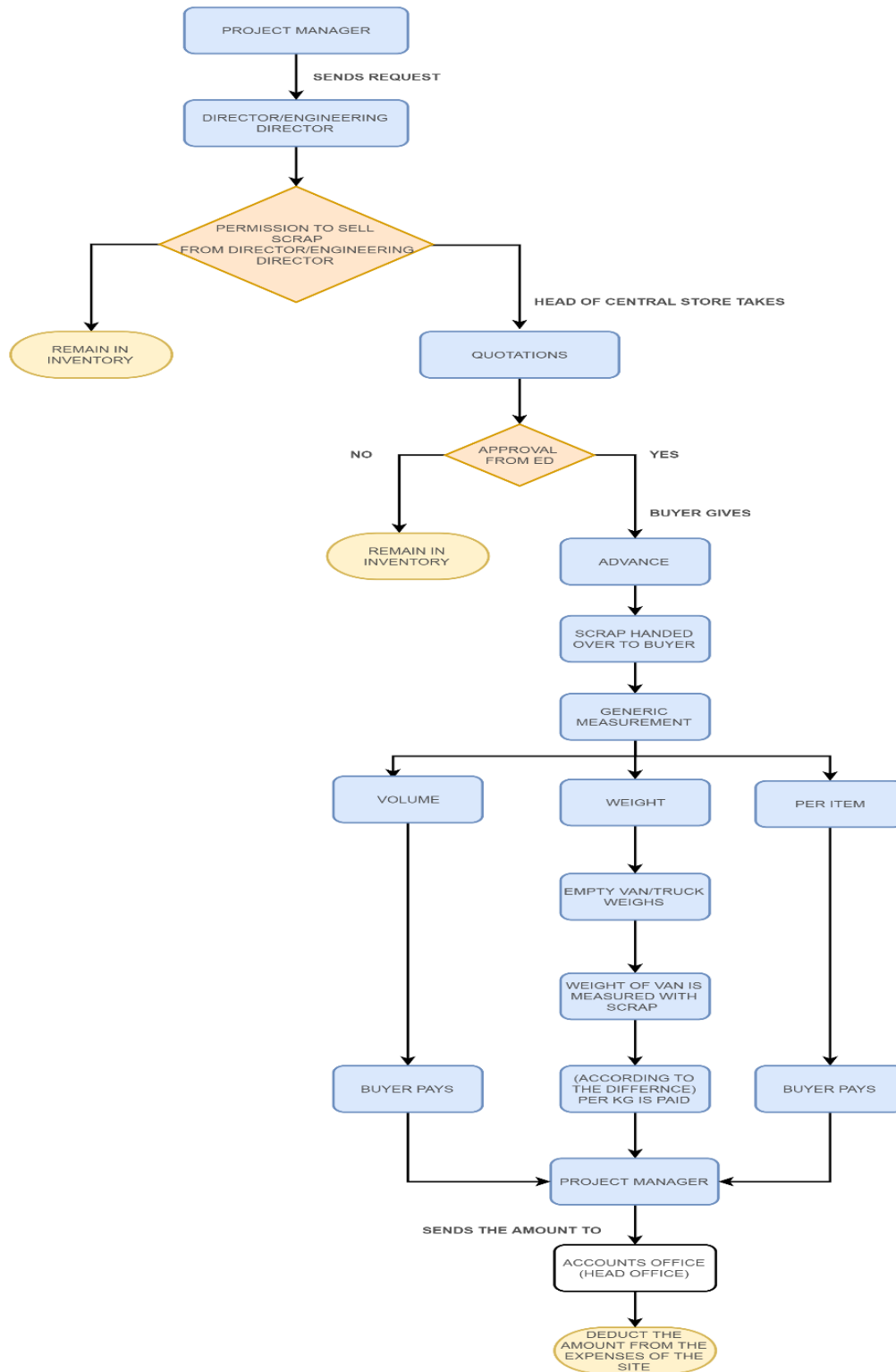


Figure 4.17

## PROCESS TO SELL SCRAP FROM SITE

The scrap is sold from the site by the following process.

### GENERIC FLOW TO SELL SCRAP FROM SITE

Generic flow to sell scrap from site is as follows.

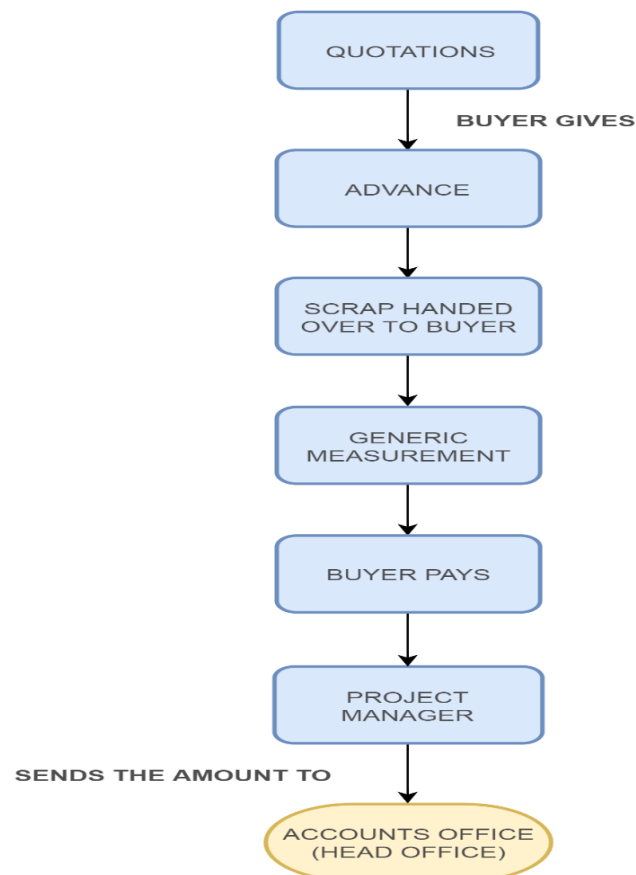


Figure 4.18

1. When an inventory is no more able to be used from any perspective then it will be added in Scrap and the status will be changed to “In Scrap”.
2. Project Manager will take permission from Engineering Director before moving the items “In Scrap”.
3. If the permission is given, to sell scrap Quotations (**refer figure 4.14**) are taken from market and then these rates are informed to Engineering Director and again the permission is required, if he gives the permission, the buyer gives advance and the scrap is taken by Buyer.
4. The measurement could be in volume, weight, per item and lump sum.
5. If it is by weight, firstly the empty van weighs and then with scrap accumulatively.

6. According to the difference in weights the money is paid.
7. If it is by volume or weight, after measurement or counting the amount is paid by buyer.
8. The Project Manager submits the amount received in Accounts Office.

## DETAILED FLOW TO SELL SCRAP FROM SITE

The detailed flow to sell scrap from site is as follows

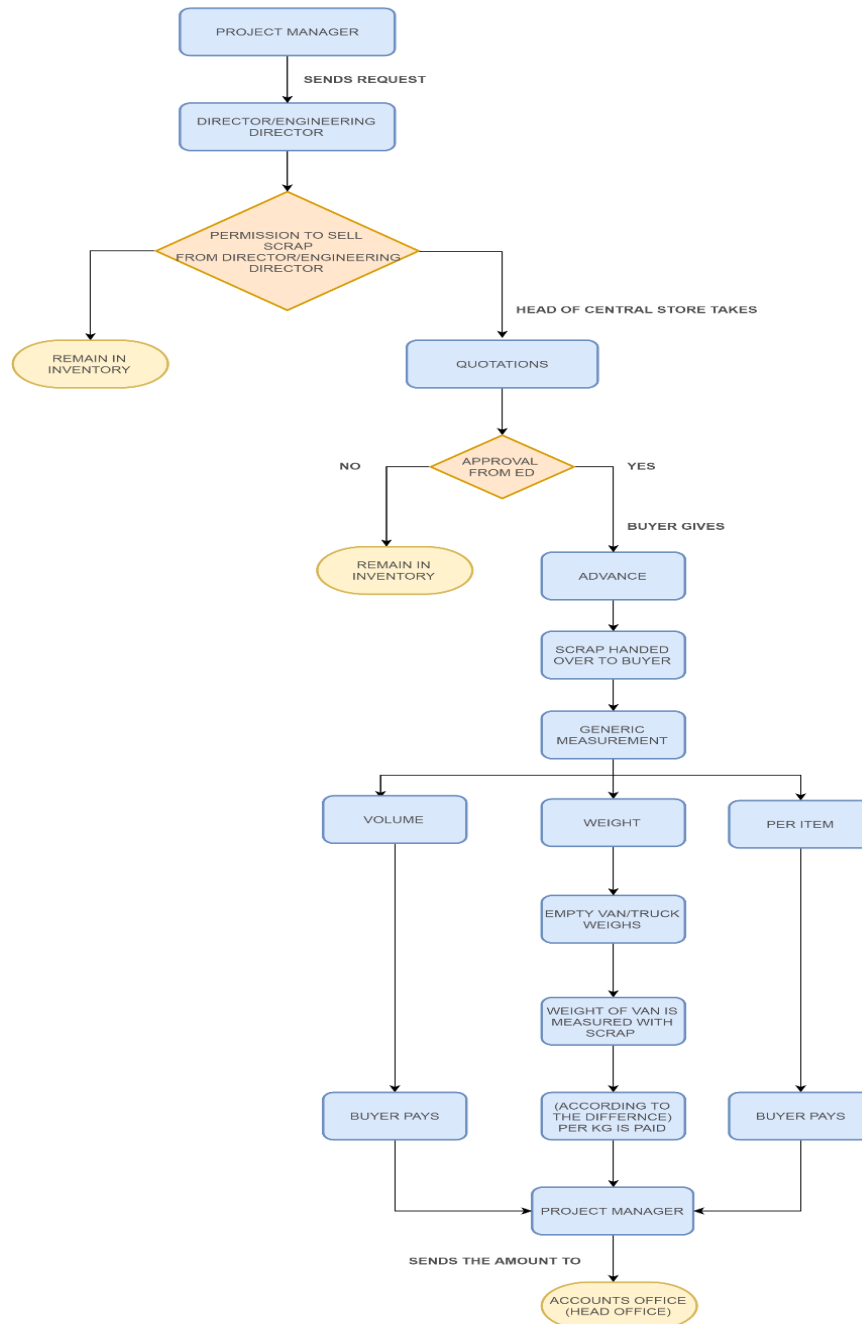


Figure 4.19

## PROCESS TO MANUFACTURE/ASSEMBLE THE INVENTORY

1. The Raw Materials in the inventory will be used for Manufacture/Assembling of Finished Goods.
2. Through the process of Item Maker (Any manufacturing machine process) the Finished Goods will be created and added in the inventory.

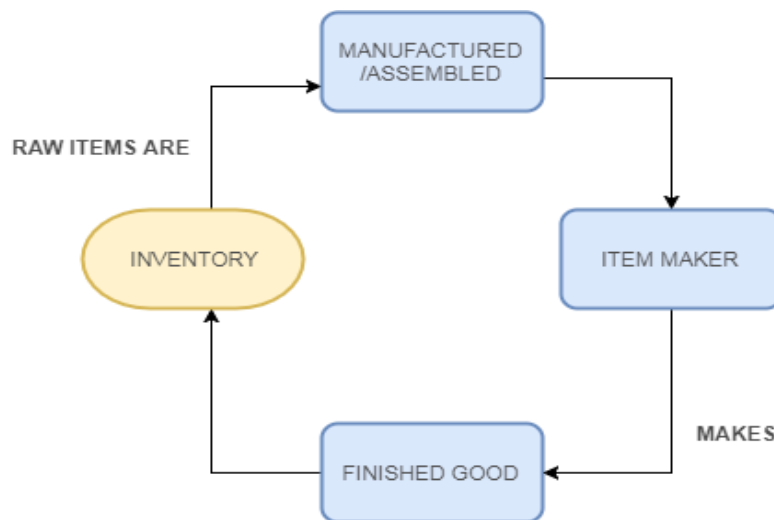


Figure 4.20

## OTHER REQUIREMENTS

1. The system will keep record of each and every project whether won or lost at Pre-qualification or tender along with the details of competitors and the bids proposed by them.
2. The track of the amount, expenses and material consumed against a specific project will be carried out by following the given hierarchy  
Project -> BOQ item -> Purchase Request -> Purchase Requisition -> Purchase Order -> Delivery Challan.
3. Consumable and non-consumable inventory will be handled separately.
4. Non-consumable inventory demand will be handled manually and will be returnable to Site In charge according to the time and date.
5. The depreciation of Non-consumable items will be calculated **(For complete process refer section "Depreciation" in Accounts Module).**
6. Single Site demand can be raised against multiple workable BOQs and vice versa.

7. For POL (Petrol Oil Lubricant), heavy construction machinery will be charged hourly and other machinery will be charged in KM's.
8. System should be able to make the conversion calculations (for example from Kgs to grams)

## ACCOUNTS MODULE

### CHART OF ACCOUNTS

While creating a chart of account following information will be asked.

#### ACCOUNT CODE:

- The account code will be configurable that is the user will be able to set the code. Suppose he selects the first place to indicate account title (parent), then the project number, sub-account and at last sub-sub-account. It depends upon the user at what place he wants to indicate what. The above coding structure should be dynamic and can be nth level.
- The code will be up to 3 levels that is 00-00-000-000
- To generate chart of account code the number of all accounts and projects will be used and not the codes.

#### ACCOUNT TITLE:

- Name of the account

#### NATURE:

- When any chart of account will be created its nature will be asked that is capital, liability, expense, asset or income.

#### NORMAL BALANCE:

- Normal Balance that is debit or credit
- For predefined chart of account the debit and credit will be fixed from backend but it will be editable as in few conditions the nature of transaction can be changed.  
**NOTE:** For predefined transactions the command to be implemented will be saved in table but it will only be implemented when the accounts office will give approval.
- For manual entry of the transaction, the user have to tell which account to credit and which to debit, until the amount of debit and credit gets equal.

#### OPENING BALANCE:

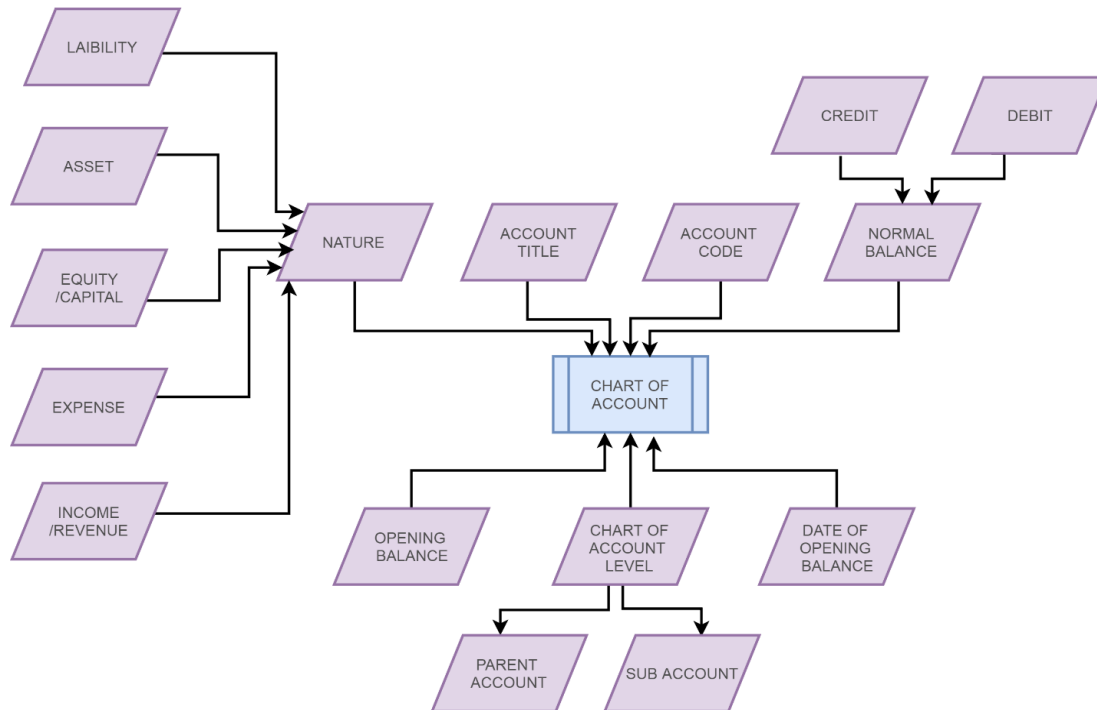
- Opening balance of the account (Only for balance sheet)
- Date of the opening balance.

#### LEVEL OF CHART OF ACCOUNT:

- If it is sub account or not.
- If it is a sub account the parent account will be asked.

**NOTE:** An account (parent account) can be further categorized into accounts that is known as sub-accounts.

**Following details will be added in COA**



**Figure 4.0**

## JOURNAL ENTERIES

**“Journal entry is an entry to the journal. Journal is a record that keeps accounting transactions in chronological order, i.e. as they occur. Journal entries are recorded in T-Accounts.”**

### PREDEFINED TRANSACTION

1. The transaction can be done for a project.
2. If the transaction is predefined the system will pick the Chart of Account to be debited and credited from the transaction.
3. The COA will be added with the amounts from the referring invoice.
4. It will be added in the concerned account.

**NOTE:** For predefined transactions the action to be implemented will be saved in table but it will only be implemented when the accounts office will give approval.

5. Select the voucher type in which to add the transaction.

6. When the voucher type will be selected the vouchers added against it will be displayed, select voucher number from it in which to add the transaction's entry.
7. Enter the date at which that transaction was made.
8. The date at which the transaction is being added in the system will be recorded.
9. Give description (if any).

### MANUAL TRANSACTION

If the transaction is not predefined the user will add the journal entry by following the steps given below.

1. Select chart of account(s) from the list/dropdown to be debited and credited.
2. Give amounts against COA debited and credited
3. Select journal in which to add the chart of accounts  
**NOTE:** The chart of accounts of transaction can be added in more than one accounts.
4. Select the **voucher type** in which to add the transaction.
5. When the **voucher type** will be selected the vouchers added against it will be displayed, select **voucher number** from it in which to add the transaction/journal entry.
6. Give reference of invoice by attaching the invoice (if there is any).
7. Enter the date at which that transaction was made.
8. The date at which the transaction is being added in the system will be recorded.
9. Give description (if any).

Following details will be added while making a journal entry

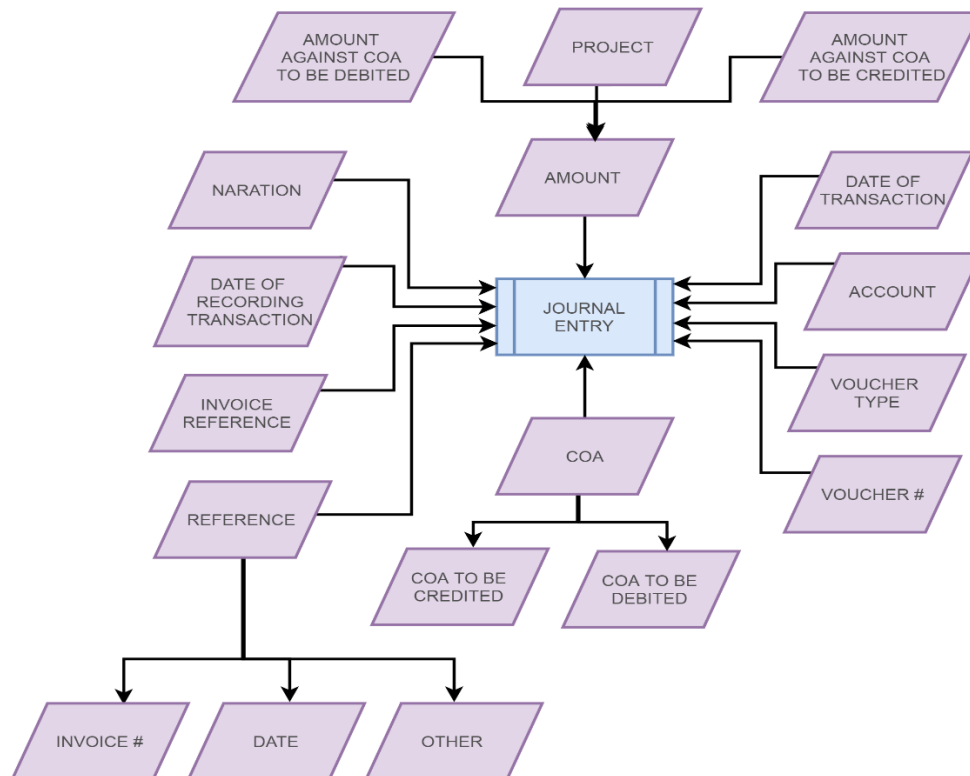


Figure 5.1

## VOUCHER TYPES/PREPERATION/CHECKING/FINALIZATION

The user will create a voucher by selecting one of the following types, but dynamic voucher types creation should be available.

1. Cash/Bank Receipt Voucher (**BRV**).
2. Cash/Bank Payment Voucher (**BPV**).
3. Journal Voucher (**JV**).  
**NOTE:** This is made usually to book liabilities.
4. Purchase Journal Voucher (**PJV**).  
**NOTE:** This is made to record Head Office purchase after receiving invoices from Purchase department.
5. Site Journal Voucher (**SJV**).  
**NOTE:** This is made to record project expenses to cost of contract.
6. Credit Receive Voucher (**CRV**)
7. Any other. Give name, short name and description.

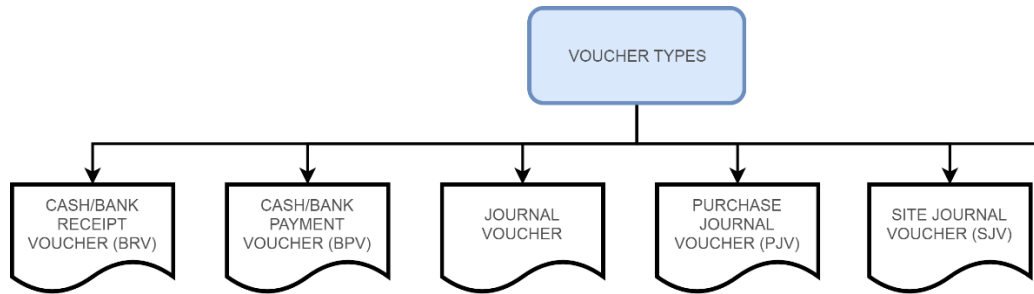


Figure 5.2

The following information can be added while creating a voucher

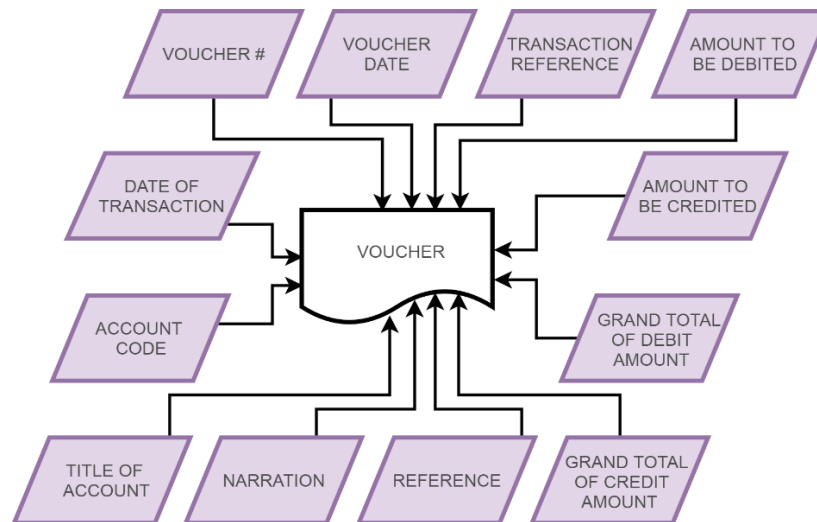


Figure 5.3

## ACCOUNT LEDGER

“Ledger is a record that keeps accounting transactions by accounts. Account is a unit to record and summarize accounting transactions.”

### HOW IT WILL WORK

Each journal entry will be added in an Account, for each account the account ledger will be created that is to accumulate all the transactions done against an account at a single page.

The following fields can be added in account ledger

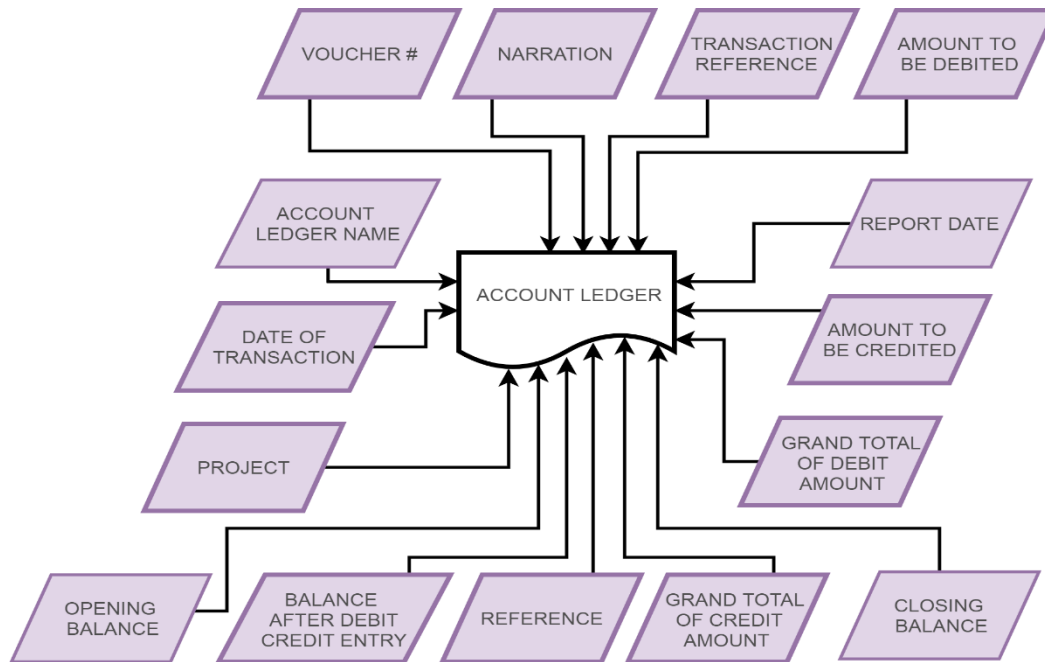


Figure 5.4

The voucher will bring all the details added against it. With debit credit amounts the balance of the account will be generated.

#### OPENING AND CLOSING BALANCE:

When the report will be made it will show the opening and closing balance of that specific account.

#### GENERAL LEDGER

In same way general ledger can be made that is it will have all the entries of all the accounts occurring in the company.

#### PROJECT GUARANTEE

The project guarantee can be given in one of the following ways.

- Bank Guarantee
- Insurance Guarantee

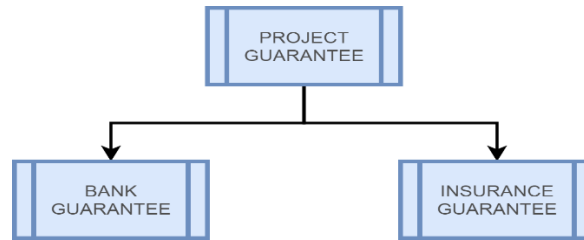


Figure 5.5

## BANK GUARANTEE

The bank guarantee is the assurance from SINACO to client against the mobilization advance, tender security or performance bond.

- In case of **mobilization advance** a certain amount is taken from the client to start the project and to assure client that their money is secured the bank guarantee is given.
- For **tender security**, few clients require to show a certain amount at the time of participating in the tender, this is done to show seriousness towards project
- **Performance bond** is the security given against work done. That is if there will be any damages or work is not done according to the commitments client can claim bank guarantee as refund.

## APPROVAL

- To make a bank guarantee only Engineering Director approval is required.

## LIMIT

- There is a predefined bank guarantee limit from the bank, it does not allow to make bank guarantees above that limit. **(Limit is applicable at total amount and not just the bank guarantee being given against single client).**
- Remaining bank guarantee limit will be shown as well.
- Limit may be increase or decrease on annual basis.

## POLICIES

- It will be added in the contract if the client requires a bank guarantee against the mobilization advance/performance bond/tender security.

## HOW IT WILL WORK

- There will be a separate mobilization account for each client. If the mobilization advance is returned from the client at each bill, for this under the mobilization advance journal the cash will be debited and client will be credited. The system will now show the remaining limit of the bank guarantee.
- When the bill will be received, in the mobilization advance journal the amount received with the date will be updated. From there, the date and amount will be taken and updated in bank guarantee.
- Non cashable item & only balance limit availability to be manage.

- The update in bank guarantee will be a summary that XYZ amount has been received from the client and now this much amount can be released from bank guarantee.

#### RESERVED PROPERTIES AGAINST BANK GUARANTEE:

- The value of reserved properties against the bank guarantee can be changed. So, it should be editable.  
**NOTE:** The system should save the name and value of properties.

#### **The following information will be added in system against the Bank guarantee made for a client.**

- Name of the client
- Name of the project
- Amount of the bank guarantee  
**NOTE:** If the bank guarantee gets extended or the amount is returned against the mobilization advance from the client the bank guarantee can be increased/decreased accordingly. So, the amount can be changed but the changes should display history.
- Concerned bank
- Reserved amount by the bank  
**NOTE:** An amount is reserved from the bank account against the bank guarantee that is released/returned when the bank guarantee expires or is released.
- The bank guarantee referring clause of the contract.
- The guarantee's issuance date to client.
- The bank guarantee is being made for the mobilization advance, performance bond or tender security.
- Bank charges that are non-refundable.
- Bank guarantee expiry date
- The bank guarantee expiration date can be extended. For this, extending date and amount will be asked.  
**NOTE:** At bank guarantee renewals amount can vary
- Bank guarantee release date.  
**NOTE:** Notification to free the guarantee from bank at the completion of project/security period/tender decision.  
**NOTE:** The date at which the bank guarantee was taken back.
- Description
- Any attachment

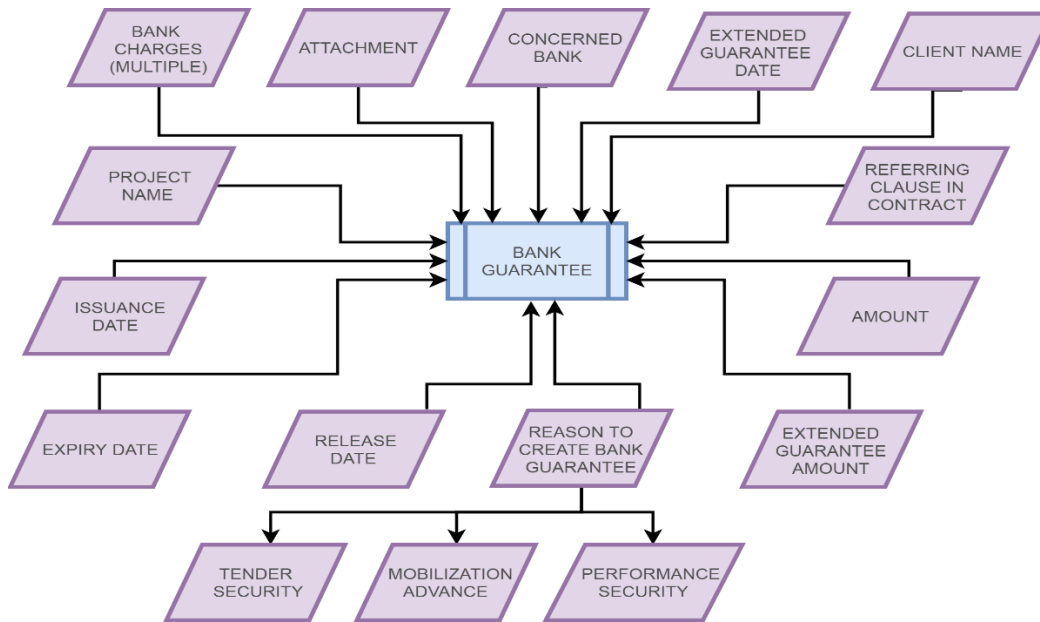


Figure 5.6

### OTHER REQUIREMENTS

- The bank guarantee charges will be added in overheads of the respective project.
- Any expenses done at the time of tendering will be added in project cost if the company wins the project else it will be added in Head office expenses.

### INSURANCE GUARANTEE

The insurance guarantee is the assurance from SINACO to client against the mobilization advance/performance bond.

The SINACO asks insurance company to give guarantee to client on their behalf. The postdated cheques are given to Insurance Company and in return they give guarantee to client. Sometimes, in addition to cheques they acquire guarantors as well.

- In case of **mobilization advance** a certain amount is taken from the client to start the project and to assure client that their money is secure the insurance guarantee is given.
- **Performance bond** is the security given against work done. That is if there will be any damages or work is not done according to the commitments client can claim insurance guarantee as refund.
- **Retention money** is kept by the clients. Sometimes the insurance guarantee is given to release the performance bonds (bank guarantee) immediately.

### APPROVAL

- To make an insurance guarantee only Engineering Director Approval is required.

### LIMIT

- There is no amount limit that can be asked from insurance company.

## POLICIES

- It will be added in the contract if the client requires an insurance guarantee against the mobilization advance/performance bond. And if in exchange of bank security the insurance guarantee is being given, this clause will be added in contract.
- Guarantees recover rate is decided in contract and is returned in each bill

## HOW IT WILL WORK

- There will be separate mobilization account for each client. If the mobilization advance is returned from the client at each bill, for this under the mobilization advance journal the bank will be debited and client will be credited. The system will now show the remaining amount of the insurance guarantee.
- When the bill will be received, in the mobilization advance journal the amount received with the date will be updated. From there, the date and amount will be taken and updated in insurance guarantee.
- The update in insurance guarantee will be a summary that XYZ amount has been received from the client and now this much amount cheques can be released from the insurance guarantee.

The following information will be added in system against the Bank guarantee made for a client.

- Name of the client  
**NOTE:** it will be selected from the list of company already added in the system.
- Name of the project  
**NOTE:** It will be selected from the projects made against the selected client/company.
- Amount of the insurance guarantee  
**NOTE:** If the insurance guarantee gets extended or the amount is returned against the mobilization advance from the client the insurance guarantee can be increased/decreased accordingly by giving the adjusted cheques. So, the amount can be changed but the changes should display history.
- Concerned insurance company  
**NOTE:** It will be added from the list of companies.
- Cheque details that are cheque(s) number, number of total cheques given, amount per cheque, total amount of cheques (total guarantee) and cheque attachment.
- The insurance guarantee referring clause of the contract.
- The guarantee's issuance date to client.
- Insurance charges that are non-refundable.
- Insurance guarantee expiry date
- The insurance guarantee expiration date can be extended. For this, extending date and amount will be asked.  
**NOTE:** At insurance guarantee renewals amount can vary
- Notification to free the guarantee from insurance company at the completion of project or security period.
- Insurance guarantee release date.  
**NOTE:** The date at which the Insurance guarantee was taken back.

- Description
- Attachment

### OTHER REQUIREMENTS

- The insurance guarantee charges will be added in over heads.

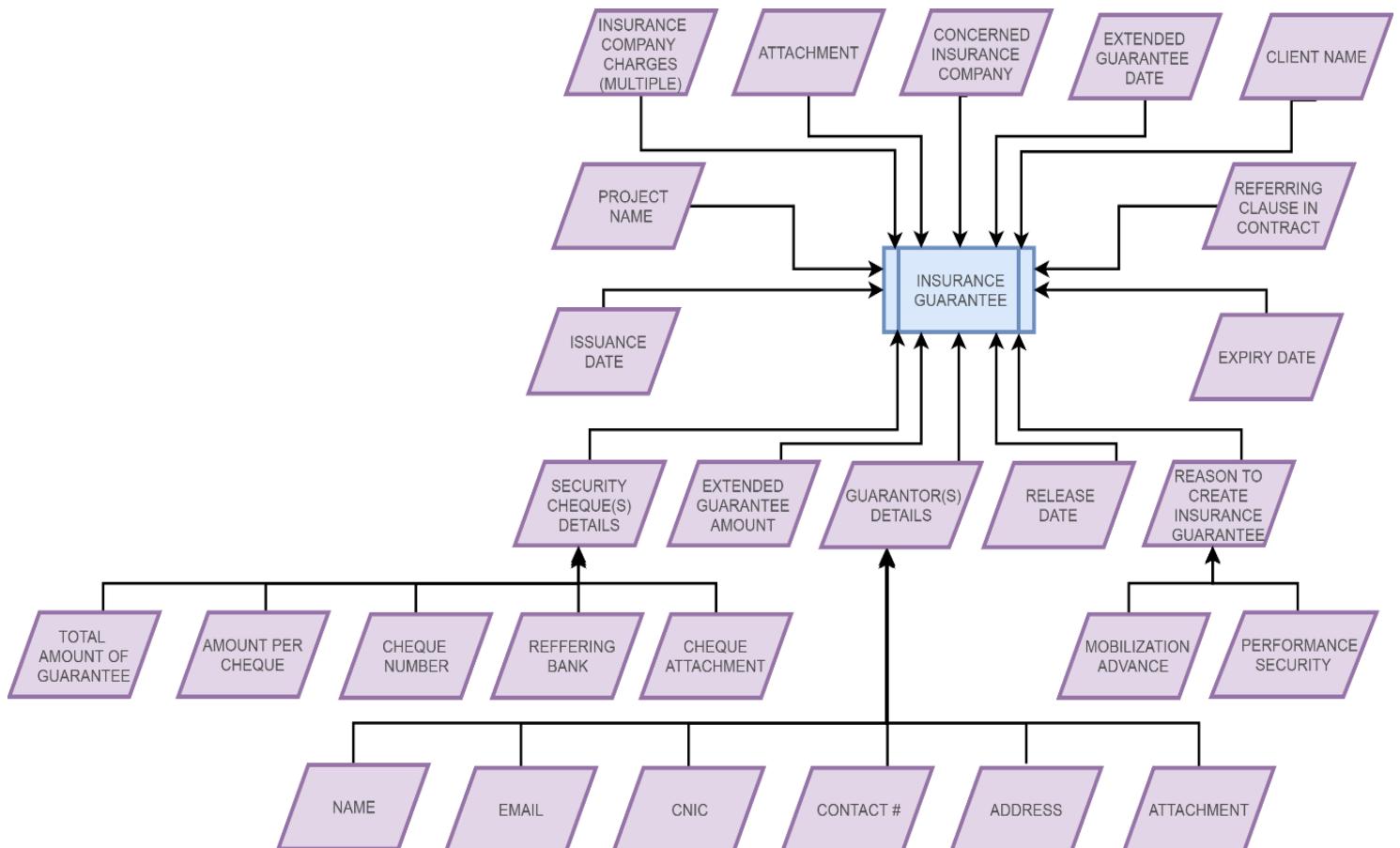


Figure 5.7

### TRIAL BALANCE

A statement of all debits and credits in a double-entry account book, with any disagreement indicating an error. The general purpose of producing a trial balance is to ensure the entries in a company's bookkeeping system are mathematically correct.

### HOW IT WILL WORK

The balances of all ledgers are compiled into debit and credit columns. If there is no difference the accounts are perfectly maintained else there is an issue in calculation or bookkeeping. Trial balance should be able to be created at any time of the year.

## ACCOUNT PAYABLES/CREDITORS/SUPPLIERS

### IMPREST RECONCILIATION

- Purchaser will give bill(s) to CEO along with purchase order for reconciliation **(THIS WILL BE DONE MANUALLY AND NOT THROUGH THE SYSTEM)**  
**NOTE:** As the purchase order will have all the details such as project name, BOQ items bought, quantity to be purchased and purchase demand reference number as well, it will be much convenient to cross check the bill.
- The purchaser will then **make a request** to free his liability by attaching the signed bill(s) (scanned copies) with the referring purchase order. He will select the purchase order by selecting the purchase order number from the dropdown.
- Two employees from the accounts office will then check it. They will get the notification that they have received a signed bill to free the purchaser's liability.
- The first one checks it, will add the expenses done in separate heads (accounts) by creating journal entries with COAs (*refer figure "5.1"*) and make a voucher from the bill (*refer figure "5.0"*). The status will be changed from "pending" to "**Voucher Created**".  
**NOTE:** The entries will be made in accounts against the COAs and those COA will be added in voucher.
- The request will be then forwarded to **second accountant**.
- Then the second one checks it and will give approval. The status will be changed from "voucher created" to "**Approved from second accountant**".
- Then the request will be forwarded to **CFO**.
- The CFO will check it to ensure the record keeping and approve the request.
- After his approval the liability will be free from the **purchaser's imprest**.

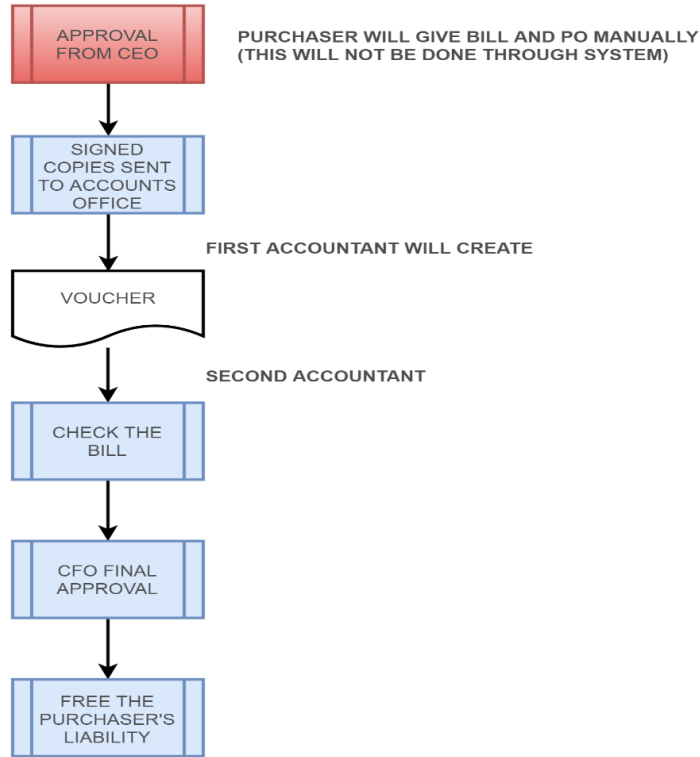


Figure 5.8

SUMMARY OF PAYABLES/AGING

- In aging report it will be shown that which clients/suppliers have to pay the company and to which clients/suppliers the company have to pay
- From the payables and receivables account the balance of each client/supplier will be taken and will be shown in the report according to the dates at which the entry was made in account.

The following fields can be added in the aging report

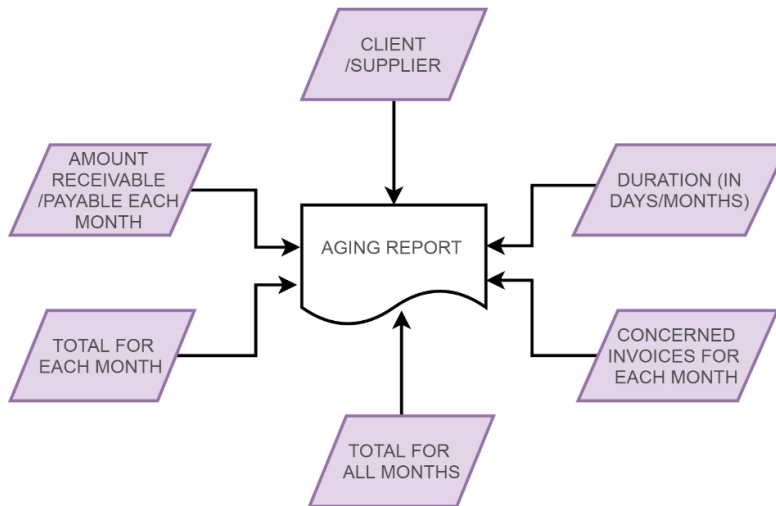


Figure 5.9

## TAX MANAGEMENT

To **create the tax** the following information will be entered

1. Name of the tax
2. Percentage for filer
3. Percentage for non-filer



Figure 5.10

## FILING OF TAX RETURNS

Filing of Tax returns can be done to FBR and PRA (Punjab Revenue Authority)

- FBR (Supplier, staff etc.)
- PRA (Sales tax invoices)

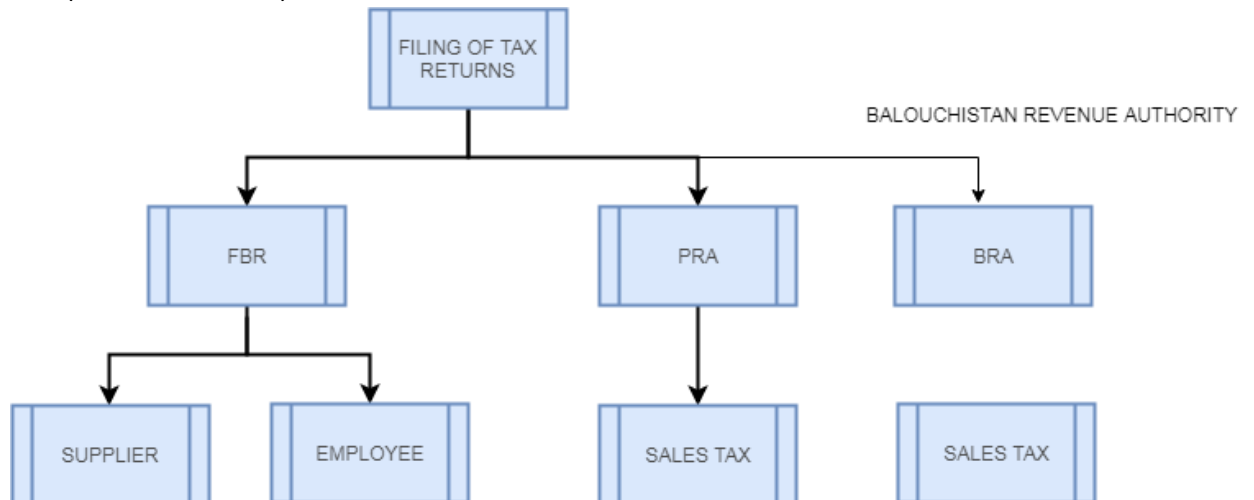


Figure 5.11

## TAX SUBMISSION TO FBR (in this scenario SINACO is the recipient of the income)

### SALES TAX

“A sales tax is a tax paid to a governing body for the sales of certain goods and services. Usually laws allow the seller to collect funds for the tax from the consumer at the point of purchase.”

- When the sales tax invoice will be created, select the already made taxes from the drop down.
- The sales tax will be added in it.
- As the percentage of sales tax can vary from one year to the next it should be configurable.  
**NOTE:** Sales tax is applicable to every person regardless of being filer/non-filer or having tax exemption certificate.
- **Example:** The invoice was for Rs 100,000/-. So, at the rate of TAX SHOULD BE VARIABLE AS PER BUDGET ANNOUCEMENT 16% the total bill will be Rs 116,000/-.

The generic flow from creating Sales tax invoice to printing invoice is given below

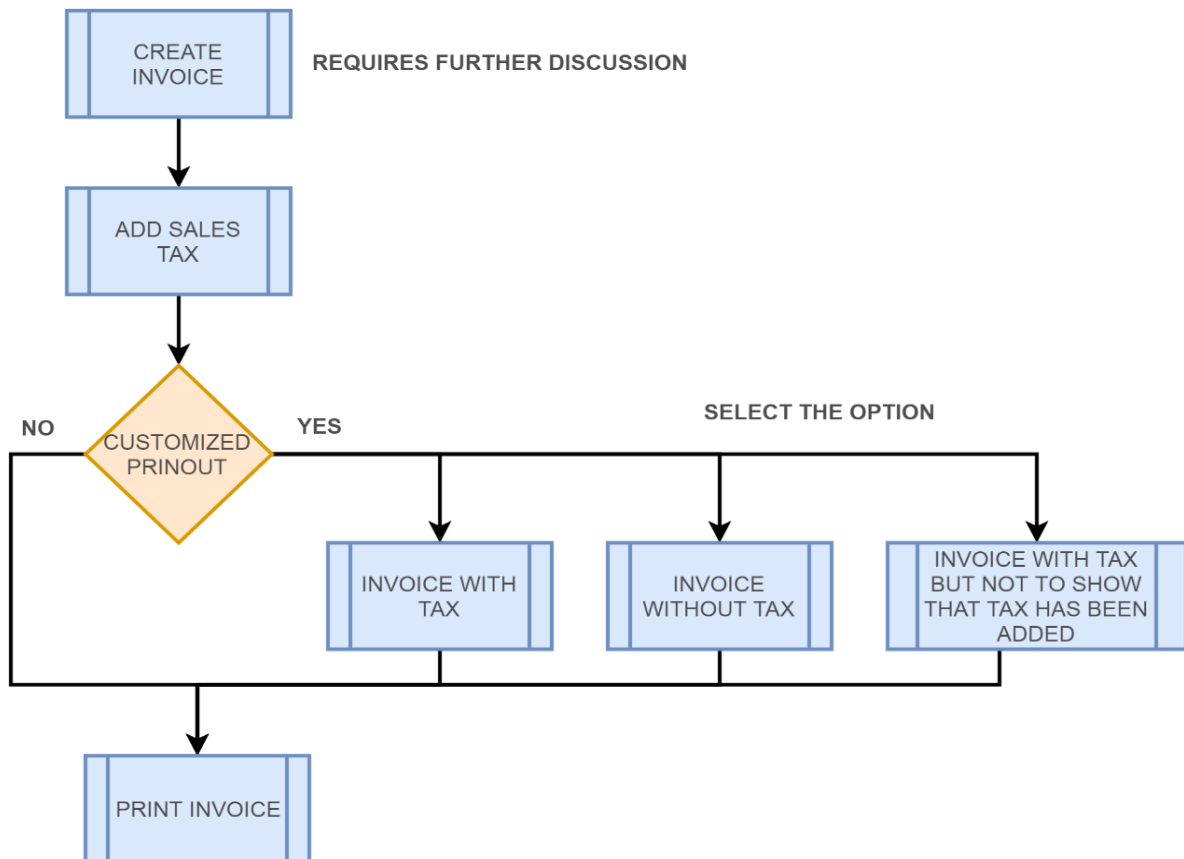


Figure 5.12

### WITHHOLDING TAX CALCULATION

- If the company wants to know the **WHT** that will be applicable on them, the calculation of income tax can be done.
- The system will take the value of income tax and apply it to the total **invoice** (116,000).
- **Example:** The current rate of income tax at filer is 7%. So, the WHT will be Rs 8120/-
- The **income tax percentage** can vary for filer and non-filer. So, the value for income tax should be configurable.
- In this way the company (SINACO) will get to know that they will **receive the bill** worth Rs 107,880/-
- It will be added in system that from this supplier they have to take the **certificate of paid tax** worth 8120/-

The flow to get the value of WHT is as followed

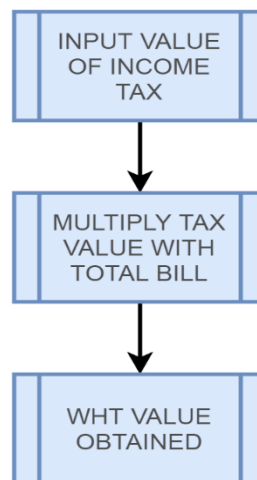


Figure 5.13

### WHT EXEMPTION

- There is a possibility that the company (it could be both SINACO and client) have the certificate that they are filer and will pay their income tax by themselves so their WHT should not be deducted by the company.
- In this case, the system will give **notification to send that certificate to client** and receive the full Invoice that is sent to client.

### PRINTING THE INVOICE

- As for few suppliers they pay **WHT tax** from their side, the **Invoice to be printed** should have the option to show the amount with or without tax or to show the amount with tax but not to show that tax has been added.

### INVOICE SENT TO CLIENT

- Now, the Invoice will be sent to client and the client will deduct the **WHT** out of it.

- The client will send the rest of the amount of Invoice to company.
- When the Invoice will be received the **client will be credited** and **cash/bank will be debited**.
- Now, when the Invoice will be entered in system the status of the Invoice will be changed to “paid” with the Invoice attachment and the date.
- The system will then generate a **notification to deduct the sales tax** and get it submitted to PRA.
- The system will **generate a list of Invoices received** whose sales tax have to be submitted at PRA.
- Company will pay their WHT and will create a **certificate** from system that for the XYZ client/supplier against the invoices ABC this much tax has been submitted at the following date.
- At the end of the year the **profit will be calculated** from the financial statements.
- The income tax will be applicable to **entire income** and the WHT paid will be deducted from the income tax applicable at entire income.
- Now, from the Withholding tax list, the WHT paid by the client will be counted and they will be asked to give prove that their tax has been submitted to FBR.
- These proves will be shown to FBR, to show that they have already paid their income tax as WHT.
- The **remaining balance** of tax will be paid to FBR and if the total of WHTs are greater than the income tax of entire income then it will be adjusted to next year tax.

The generic flow of calculating tax from reporting it to FBR/PRA is given below

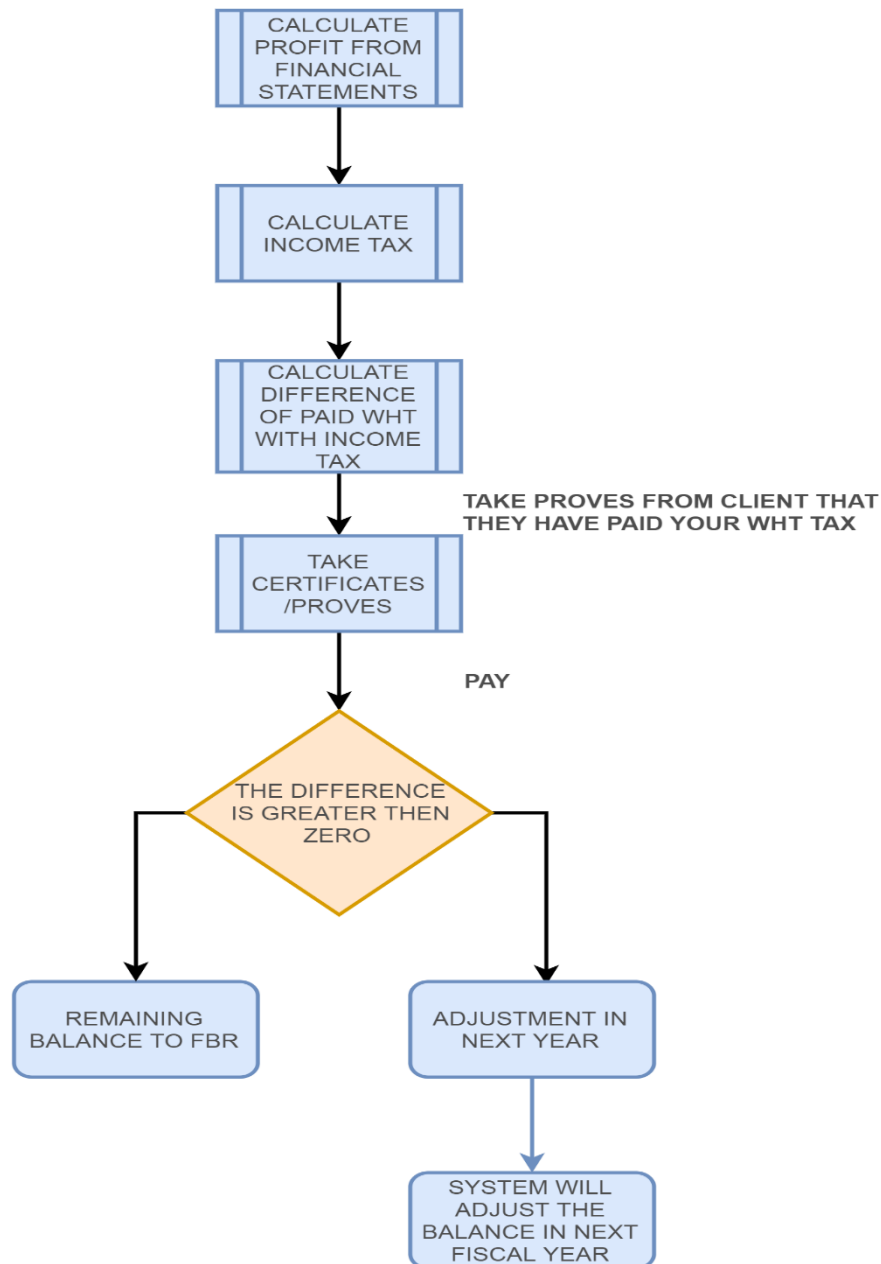


Figure 5.14

#### TAX SUBMISSION TO FBR (in this scenario SINACO is the payer of the income)

- The **Invoice** received to the company will have the **sales tax** included in it.
- It will be asked that the supplier/client is filer or non-filer.

**NOTE:** This information will be enquired while creating the company/client/supplier and when the Invoice of the following company/client/supplier will be made this information will be taken from there (*refer figure 2.4*).

- Select the already created taxes from the drop down.
- The system will calculate WHT at it and deduct that amount from the Invoice.
- The **rest of the bill** will be paid to client/supplier.
- The **Invoice number** will be added in the **WHT list to be paid to the FBR.**
- It should be tracked down that against which receipts the tax has been submitted. For The tax status against each invoice will be updated when the tax will be paid to FBR.

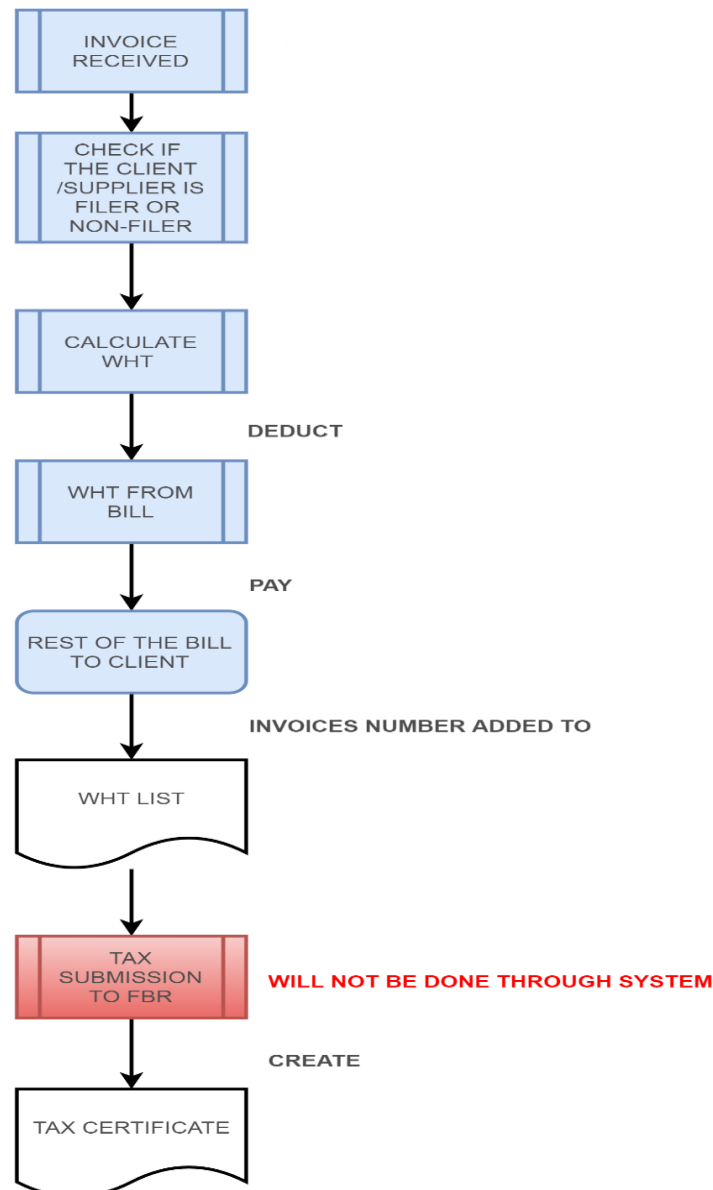


Figure 5.15

## EMPLOYEE'S TAX SUBMISSION TO FBR

- The salary of the employee will be calculated from the **"Payroll Management"**.
- The **tax at salary** will be calculated at complete salary EXEMPT the medical allowance.
- According to the **tax slabs** in which the salary falls the tax will be calculated. The following amount of tax will be deducted from the employee's salary and will be submitted to FBR.
- When the following payroll will be closed salary, the applicable amount of tax along with employee details will be added in **"WHT to be paid"** list.
- When the **tax will be paid to FBR, the system will generate certificate** that the tax of the following employee has been paid.
- The **certificate** will have the details that for the XYZ employee against the salary slips ABC this much tax has been submitted at the following date.
- The certificate will be made against **CNIC** or **NTN** of the employee.



Given below is the generic flow from calculating salary to creating tax certificate

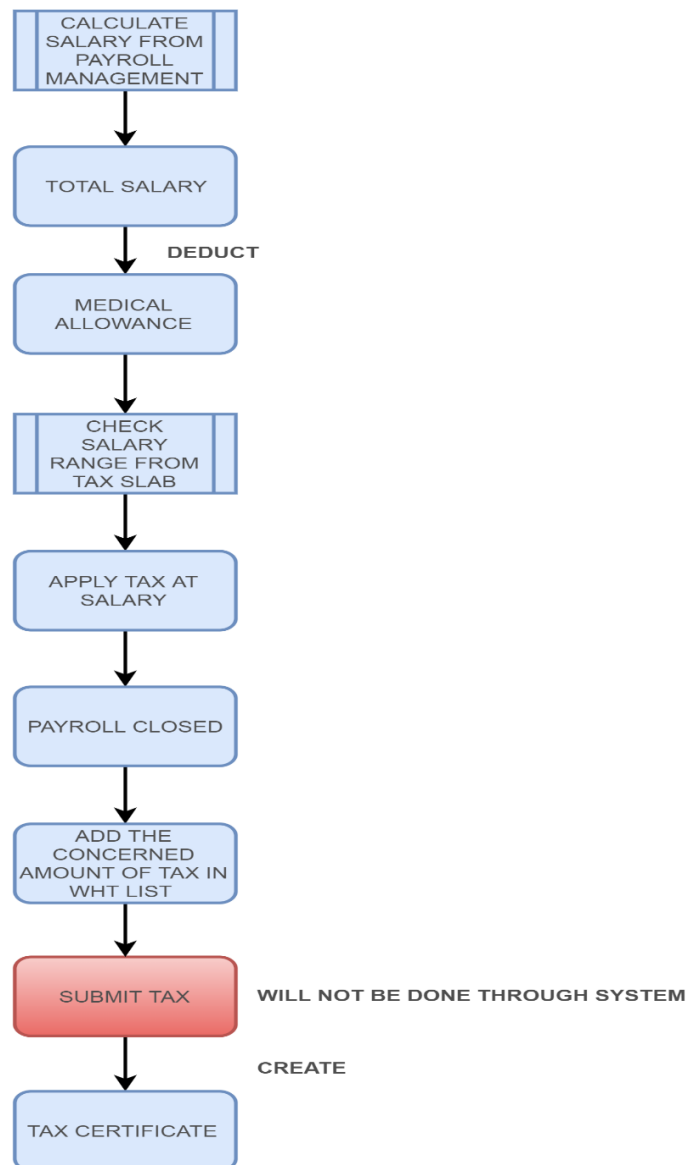


Figure 5.17

### PROVE OF PAID TAX FOR INCOME RECIPIENT

- The certificate that the tax is paid should be generated from the system having invoice details.

### CHARGE TAX

- It should be editable that the tax should be charged or not.

### EXEMPTION CERTIFICATE (SUPPLIER)

- It might be possible that the supplier have the **Tax Exemption certificate**.  
**NOTE:** The exemption on the tax amount to be paid is only applicable at Income tax.
- The system will show the exemption certificate **expiry date** and will notify at the supplier/client/company profile when the certificate expires.
- Tax exemption **percentage or flat amount** will be added to apply the exemption.
- If the client has the **valid tax exemption certificate** it will be visible on his profile and its attachment can be shown to PRA/FBR.
- Exemption Certificate **attachment**.
- This information will be added while creating a client/supplier/company (*Refer figure "2.4"*).

### INCOME TAX (AT SALARY)

- Tax is deducted at provident fund. So, Provident fund should be taxable. The system should ask flat amount or percentage to be deducted.
- Medical allowance will be exempted and then tax will be applicable to entire salary
- Leave deductions can be handled in two ways, that is tax will be deducted at full pay and then tax will be deducted or the tax will be applicable after deductions.
- If tax is to be reduced by the company they give cash for the part of the salary
- The tax at Advance and bonus will be applicable at the current fiscal year. (whether it is for net fiscal year)
- Any benefit given to employee is taxable except medical.

### OTHER REQUIREMENTS

- Tax terms should be added in contract.

### MANAGEMENT OF ADVANCES/PAYMENTS TO SUPPLIER

- If someone has taken advance/payment from site and rest of the payment is being made from the HO then there should be one account for his payments. For the payments being made at site first it should take approval from Head Office.

## FIXED ASSET MANAGEMENT

The fixed asset management consists of following contents.

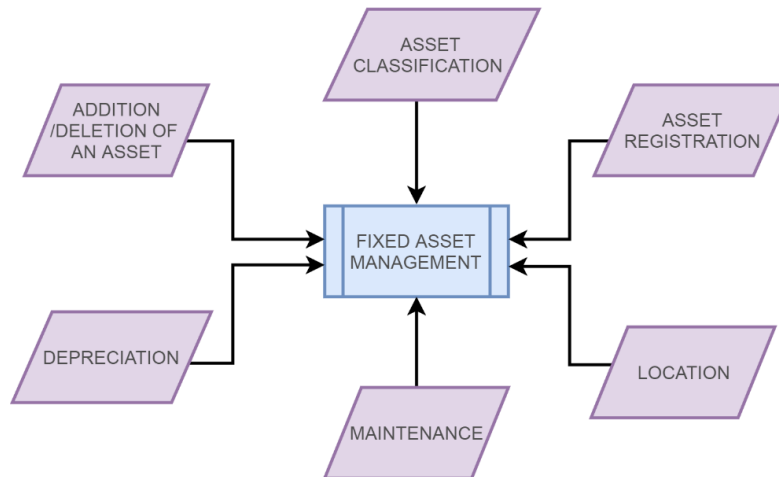


Figure 5.18

### ASSET CLASSIFICATION

The following fields need to be filled to create an asset classification.

- Name
- Description

### ASSET REGISTRATION

The following information will be entered while registering an asset.

- Name
- Asset classification
- Identification number
- Condition, that is new or used. If it is used then give duration in days/months/years
- Manufacturer
- Model
- Purchase value
- Purchase date
- Attachment
- Description

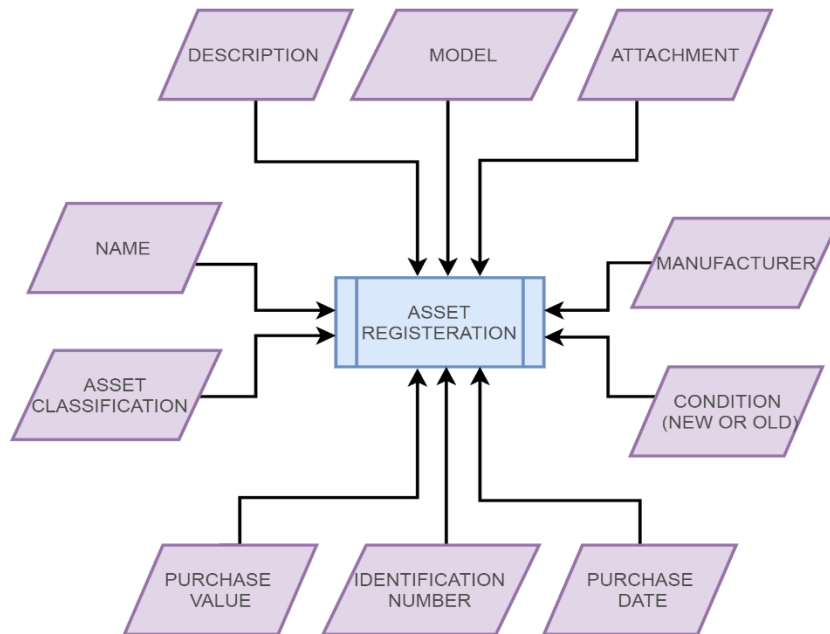


Figure 5.19

## LOCATION

- Current location
- History of asset's location

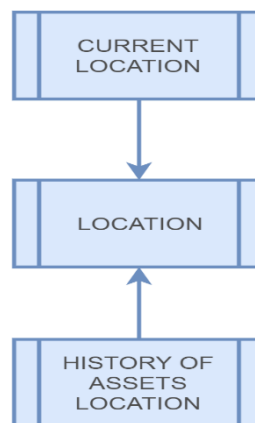


Figure 5.20

The following information will be entered against current location.

- Site
- Project
- Transferring/sending date

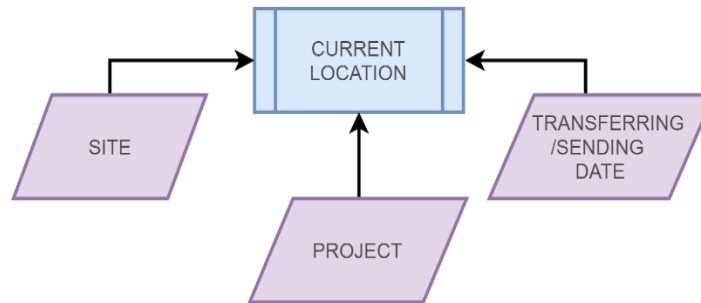


Figure 5.21

The following information will be entered against History of asset's location.

- Site
- Project
- Transferring/sending date
- Returning date
- Transferred from this location to the site XYZ
- Transferred from this location for the project XYZ

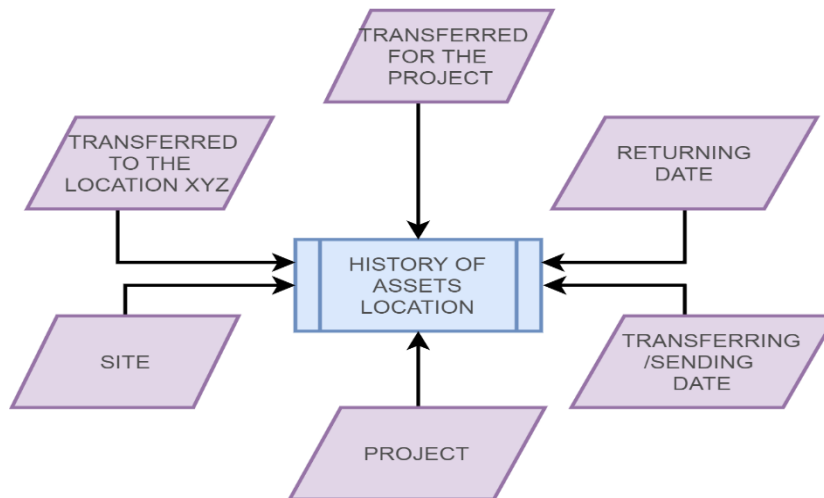


Figure 5.22

### ADDITION/DELETION OF AN ASSET OR PART OF ASSET

The **addition** could be anything that adds the value in asset. The following information will be saved for it.

- If it is a spare part give its name.
- Value
- Date

- Description

The deletion of an asset could be due to removing a part of an asset or complete asset

- It could be sold or disposed of.
- In case of **selling it** out the value and date against it will be saved. The cash/bank will be debit and asset credit.
- While at **disposing** it due to any reason (such as theft or accident) in which the cash is not being received the reason and date will be saved. The asset will be credit and loss will be debit.
- The loss will be subtracted from the overall capital.

## DEPRICIATION

The asset can be depreciated in two ways

- **Straight Line Method**

The asset is depreciated every year at the purchase value. That is the depreciation rate is applied on the purchase value.

**EXAMPLE:** Purchase value = PRs 1000/-

Depreciate rate = 10%

Annual depreciation = Purchase value \* depreciation rate

$1000 * 10\% = \text{PRs } 100$

Current value = last year value of asset – annual depreciation

- **Reducing Balance Method**

The depreciation rate is applied on the last year value of asset.

**EXAMPLE:** Annual depreciation = last year value of asset \* depreciation rate

Current value = last year value of asset – annual depreciation

## HOW IT WILL WORK

The depreciation of the assets will be charged to the projects. The annual depreciation will be divided into 12 months and it will be charged to the number of months the asset has been allotted to the project.

**EXAMPLE:** Annual Depreciation = Rs 100/-

$100/12 = \text{Rs. } 8.3/-$

Asset allotted to project 1 = 5 months

Asset allotted to project 2 = 7 months

Depreciation charged to project 1 =  $5 * 8.3 = \text{Rs } 41.6/-$

Depreciation charged to project 2 =  $7 * 8.3 = \text{Rs } 58.1/-$

The dates for allocation will be taken from the dates entered in “**Asset Location**”.

## MAINTENANCE

The maintenance done against an asset will be added in Head office expenses. That is expense DB and cash/bank CR.

## PROJECT CASH FLOWS

“A **cash flow** enables you to create a short-term forecast that enables you to determine how you are going to get money for the **project** and how you are going to pay for your expenses. **Cash** inflows usually arise from financing, operations and investing. While **cash** outflows mainly result from expenses.”

### HOW IT WILL WORK:

- As there will be a cash account, every journal entry will be made against a COA (*refer figure “5.0”*).
- Every **journal entry** made in cash account will have **COA** and the **COA** will have the **project reference**.
- Every journal entry regarding the “concerned project” that will result in **increasing cash** (that is at **debit side**) will be added in the **cash inflow** of the “concerned project”.
- Every journal entry regarding the “concerned project” that will result in **decreasing cash** (that is at **credit side**) will be added in the **cash outflow** of the “concerned project”.
- The entries being made in cash flows will be saved along with dates and COAs

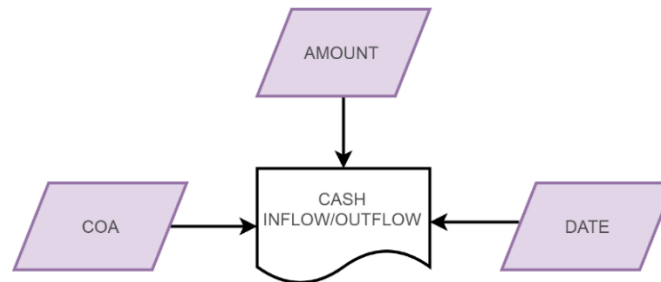


Figure 5.23

## RECEIPT RECORDING SYSTEM

All the payments received against an invoice will be entered in system.

### PAYMENT METHOD

Create a Payment Method to be added in receipt recording. The following information is required to create a payment method.

- Name
- Description

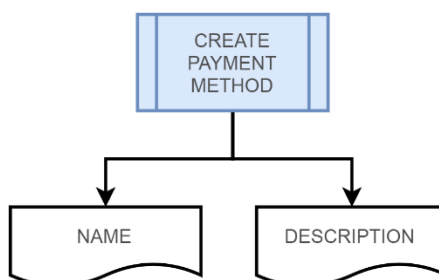


Figure 5.24

## HOW IT WILL WORK

- Against an invoice the cash/cheque/bank draft will be received at head office.
- There will be **Receipt recording form** in which the cheque/bank draft will be entered.

The form will have some specific fields related to being created for cash or bank draft/cheque.

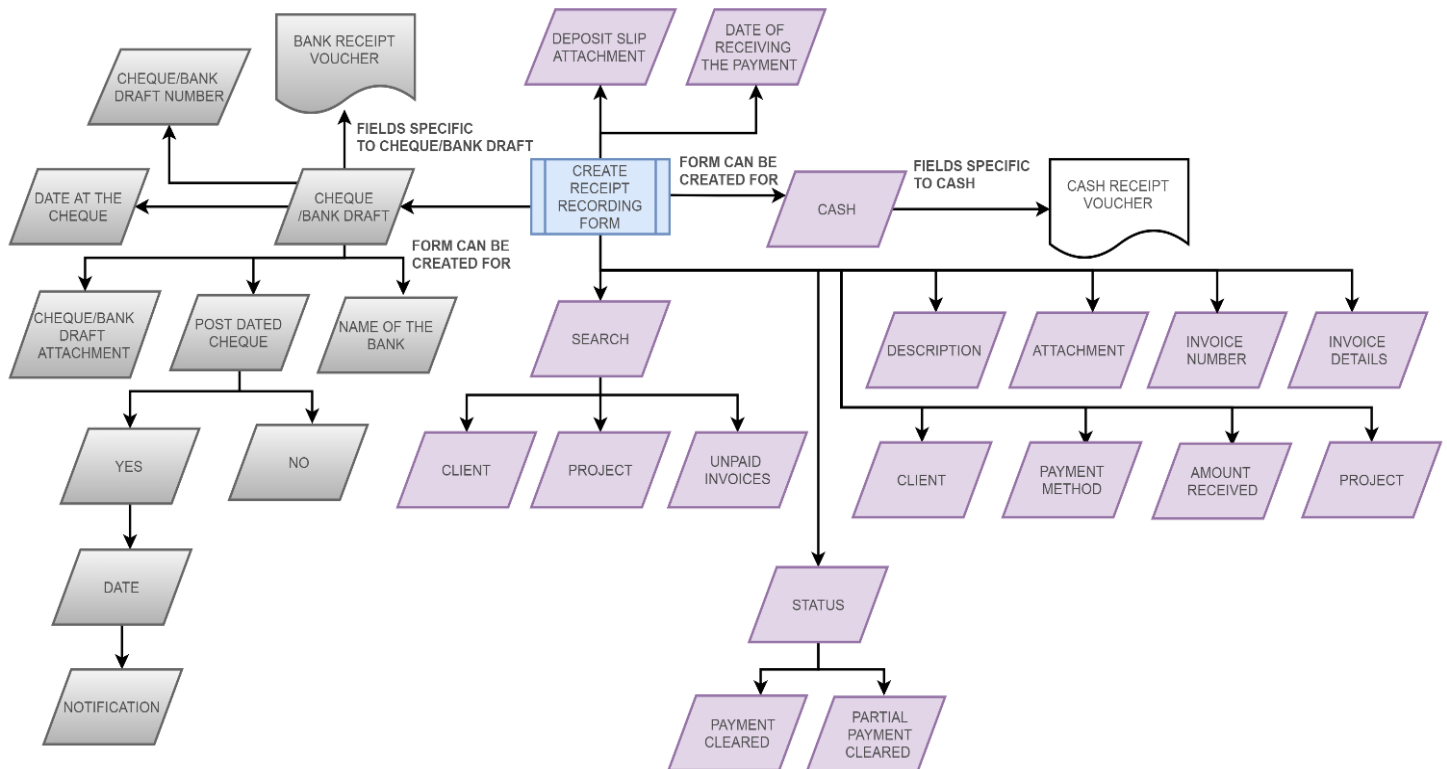


Figure 5.25

- To record the receipt, the **client** will be selected from the dropdown this will filter out the **projects** made against that client.
- Then the project will be selected that will bring the **list of all unpaid invoices** against it.
- Select the invoice from that list.
- If, the user knows the invoice number it can be directly entered without giving the client and project name.
- The rest of the **invoice details** will be added by entering the invoice number.  
**NOTE:** There is a possibility that the client doesn't attach the invoice with the payment. For this reason, it will be requested in invoice to attach bill to avoid any searching and confusions.
- Select/create the **payment method**

The figure depicting the above mentioned flow is given below

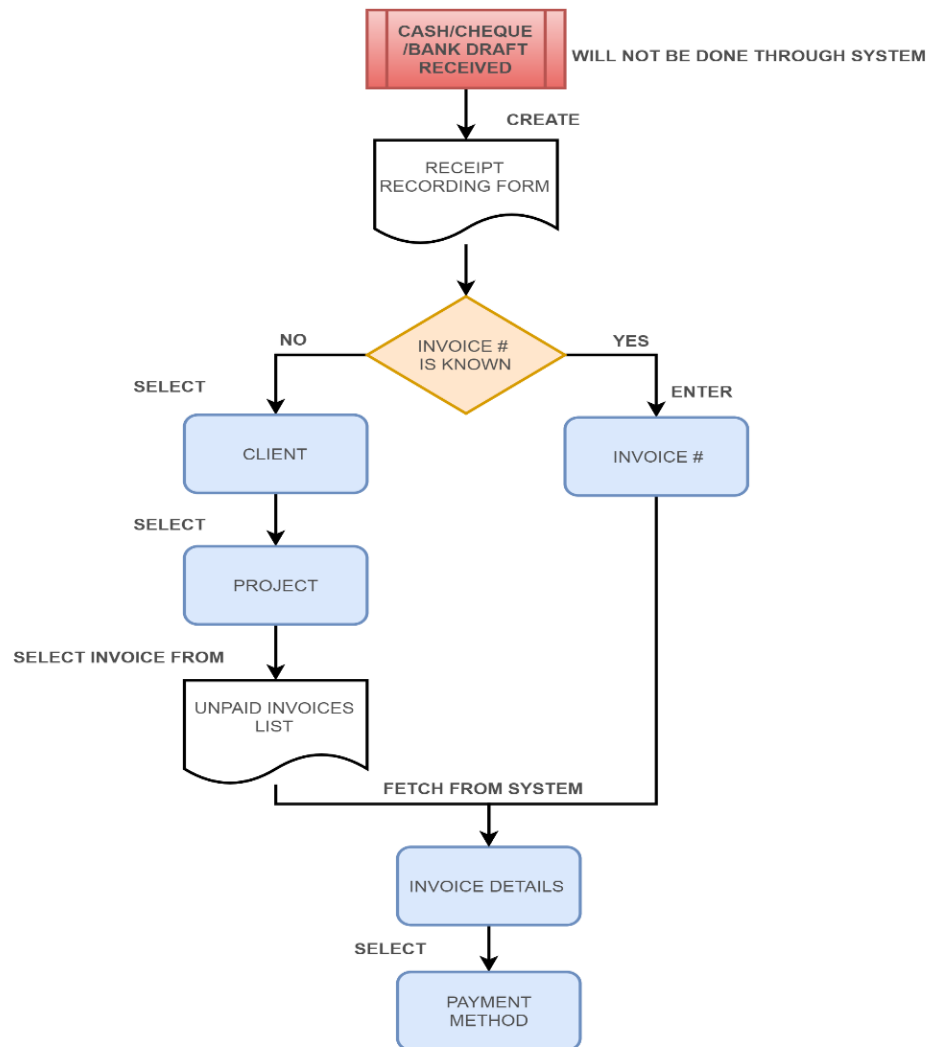


Figure 5.26

## CASH

If the payment method is cash the following steps will be followed

- When the cash will be received the deposit slip will be attached in the system
- **Cash Receipt Voucher** will be made (*refer figure "5.3"*)
- Enter the **voucher number** in Receipt recording form, it will attach the CRV.
- From the **Account code** the amount received will be taken and it will be compared with the amount at invoice.
- If the amount in voucher is less than the amount in invoice that means some balance is left and the payment is partial, the status will be changed to **"Partial Payment Cleared"**.
- The system will give notification to take the rest of the payment indicating the amount as well.
- Else the status will be changed to **"Payment Cleared"**.

The figure depicting the above mentioned flow is given below

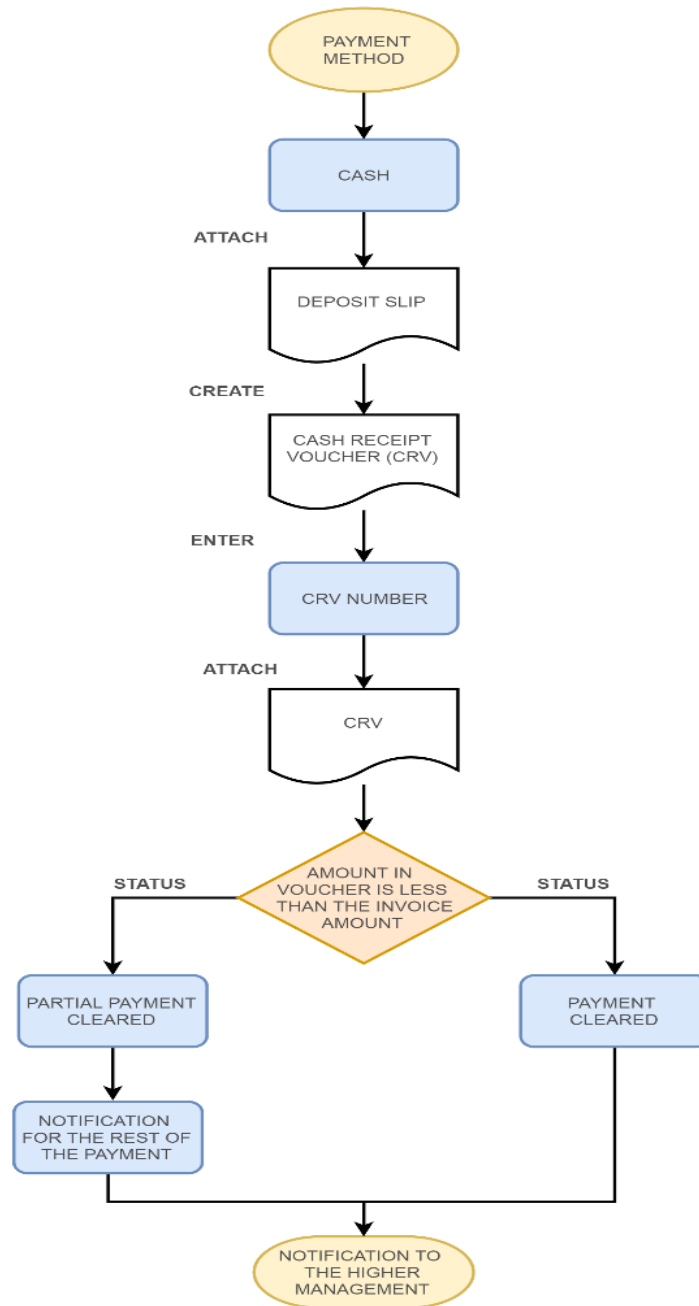


Figure 5.27

### CHEQUE/BANK DRAFT

If the payment method is cheque/bank draft the following steps will be followed

- The **scanned copy** of cheque/bank draft will be attached.
- Enter the **bank name** mentioned at cheque/bank draft.

- The **date of the cheque** will be entered
- If it a **postdated cheque**, the system will give notification at the following date to cash that cheque.
- By the mean time the status of the invoice will be changed to **“Postdated cheque received”**.
- Else the status will be **“cheque received”**
- When the cash against the cheque/bank draft will be received the deposit slip will be attached in the system
- **Bank Receipt Voucher** will be made (*refer figure “5.3”*)
- Enter the **voucher number** in Receipt recording form, it will attach the BRV.
- From the **Account code** the amount received will be taken and it will be compared with the amount at invoice.
- If the difference is greater than zero that means some balance is left and the payment is partial, the status will be changed to **“Partial Payment Cleared”**.
- The system will give notification to take the rest of the payment indicating the amount as well.
- Else the status will be changed to **“Payment Cleared”**.

#### NOTIFICATION TO HIGHER MANAGEMENT

- As soon as the status will be changed an SMS and email will be generated, having the details that against XYZ invoice holding the client name XYZ has been received with the amount ABC at the following date.  
**Note:** All these details will be taken from the invoice details using the invoice number.
- This email and SMS will be sent to CEO, engineering directors and CFO.

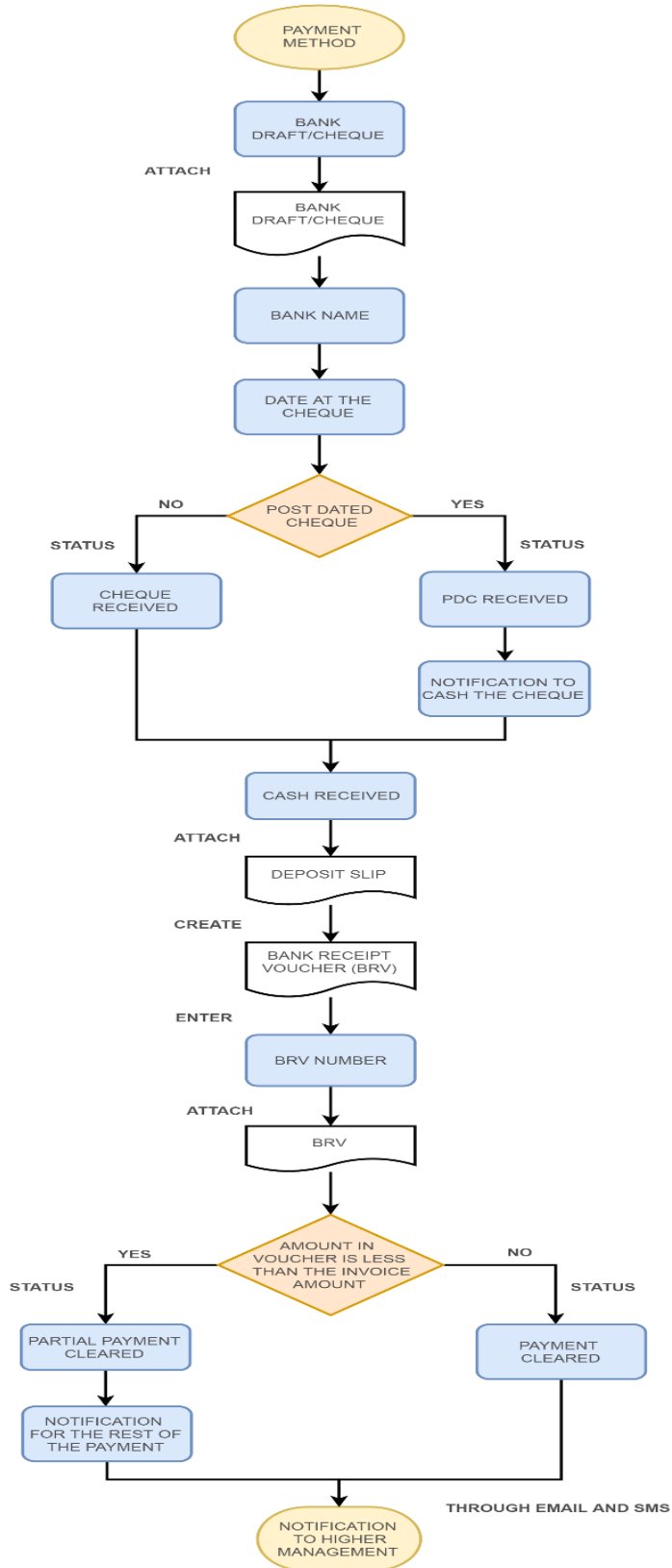


Figure 5.28

### OTHER REQUIREMENTS:

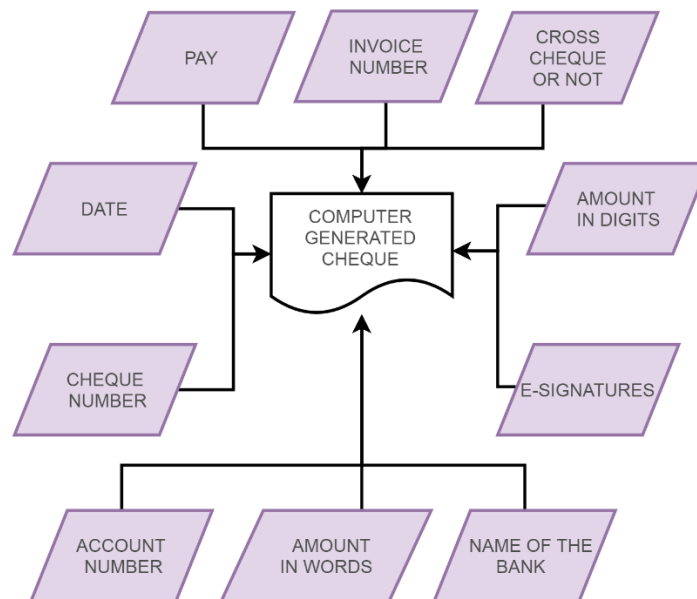
- If financial year gets closed the system should allow to enter transactions/payments received for last fiscal year even after its closing.

## CHEQUE ISSUANCE & RECORDING / FINANCIAL POSITION

### CHEQUE PRINTING

To create a cheque a form will be filled and it will generate a cheque.

**The form will have the following fields**




*Figure 5.29*

- The Invoice number (if it is being made against invoice) will be added to keep that record that the cheque against that invoice is ready and will be added in unrepresented cheques for Bank Reconciliation Sheet

### BANK RECONCILLATION SHEET

- It is created to balance the amounts at bank account and the records of company. The unrepresented cheques having the same account number will be added in the BRS being created for that account number.
- The balance as per cash statement will be entered manually.
- Balance as per cash book will be taken from the closing balance of that Account (specific account for that Bank account number).
- Just to generate BRS the unrepresented cheques will be subtracted from the closing balance and then will be added again to balance the amounts of cash book and bank account  
**NOTE:** This subtraction and then adding again is just for the purpose of giving details in BRS.

The sample for BRS is attached below

Bank Reconciliation Statement		
 United Bank Limited Model Town Lahore A/C # 0211704072		
	June-16	2016
Period: From 01-06-16 to 30-06-16	Rupees	Rupees
Balance as Per Bank Statement		480,457.30
Balance as Per Cash Book	225,271.30	
<b>Add: Unpresented Cheques</b>		
25467244	247,000.00	
25467245	7,650.00	
25467246	8,750.00	
Bank Charges	(8,214.00)	
Balance as Per Reconcile Bank Statement	480,457.30	480,457.30

Prepared By: \_\_\_\_\_ Checked By: \_\_\_\_\_ Rechecked By: \_\_\_\_\_

Figure 5.30

## PROJECT SITE IMPREST

- For site expenses, the Site Manager will create a list of expected expenses and will send it to Accounts office before coming to the Head Office to take cash/cheque.  
**NOTE:** In this way, the accounts office will be able to have a brief about the expenses before the site manager arrives.
- Firstly, the expense type will be created to add it in the Expected Expenses Form.

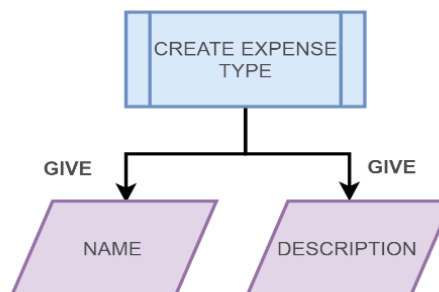


Figure 5.31

The form will have the following fields

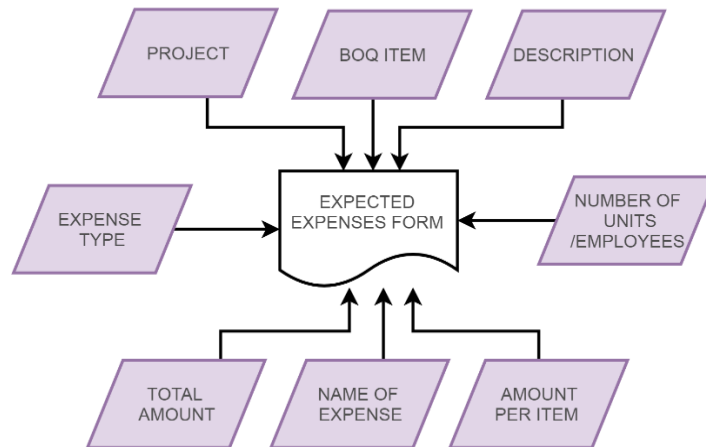


Figure 5.32

The site manager visits head office after every 15 days for the following reasons

1. To give prove for the expenses done from the advance taken at last HO visit.

**HOW IT WILL BE REPORTED**

At the end of the day, the SM will report all the expenses done at site and will attach prove such as receipts.

2. Other bills that are now payable (that is the work is done at credit or material bought at credit).

**HOW IT WILL BE REPORTED**

If the material is bought at credit, the purchase demand will be made against it and at the approval from HO it will be bought. The QS will add that material in the BOQ item made in this way the system will get to know that the following item was bought at credit.

3. Labor salaries.

**HOW IT WILL BE REPORTED**

The labor cards will be made that will have the labor details with check in check out time, OT hours and attendance. The labor cards will be entered daily in system.

- The supervisor will create an **Internal Demand** that **will include the required labor against a BOQ item.**
- Now, at the end of the day when the supervisor will add the labor cards in system it will give options of only those BOQ items against which the supervisor required labor.
- The supervisor will select the BOQ item from it.

- As this BOQ item will come under a project the **name of the project** will be added automatically in labor card to be created in system.
- Through the project **the project manager's name** will be added in labor card
- The supervisor will select the labor from the list of all labor added in system.

The labor card will be saved in system with the following information.

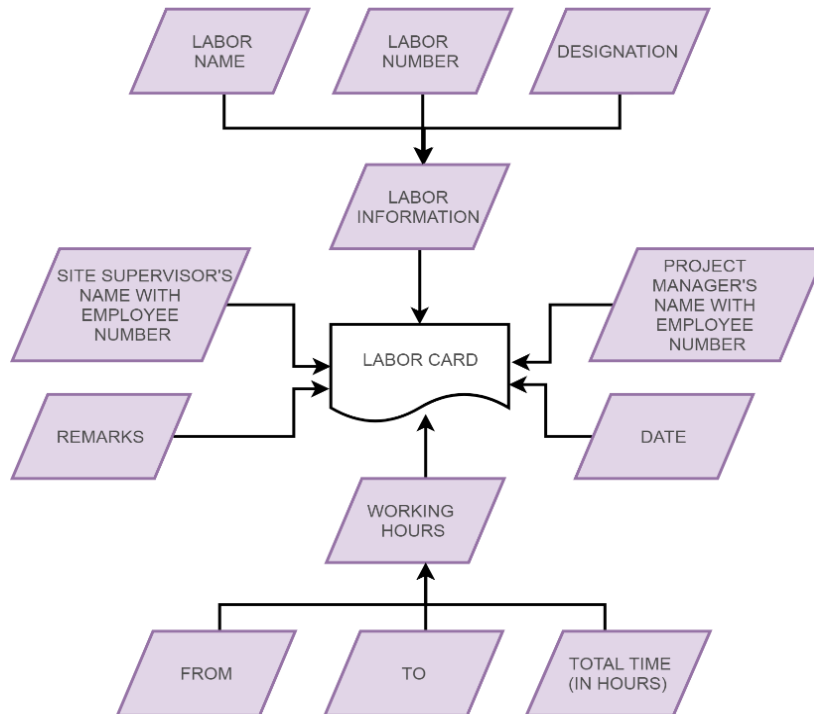


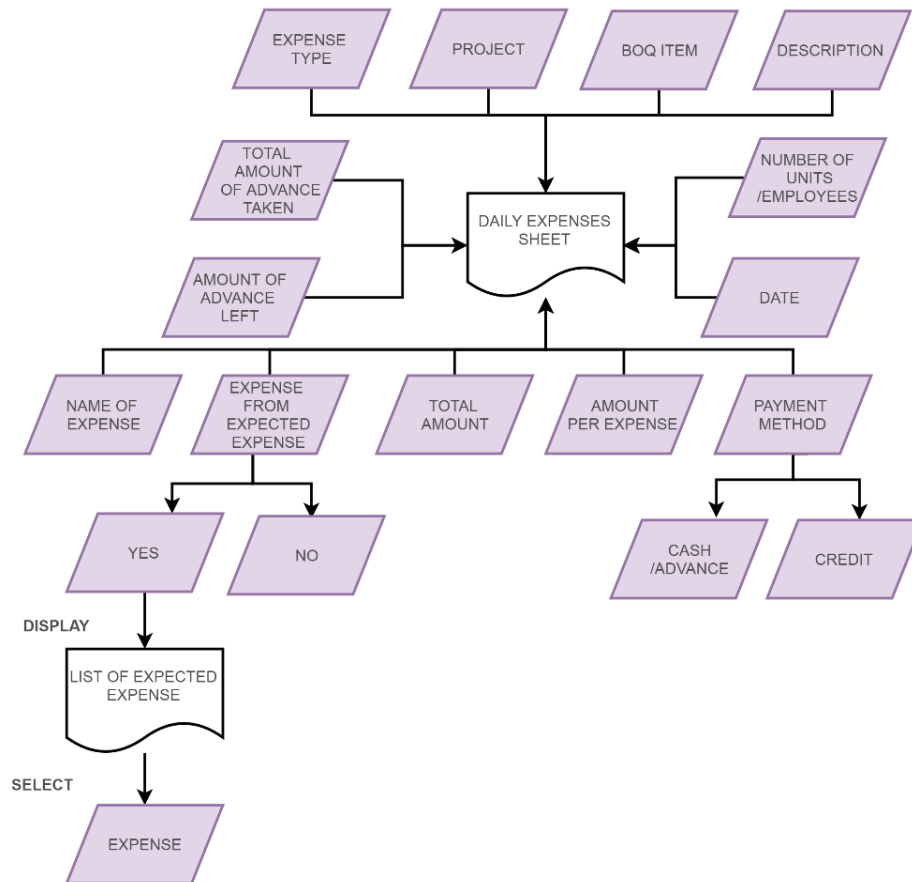
Figure 5.33

4. To take advance for expected expenses.

## FORTNIGHTLY EXPENSES STATEMENT FILE CHECKING

- The expenses done at site will be daily reported at the end of the day.

**Daily Expenses Sheet will have the following fields**



*Figure 5.34*

**NOTE:** The track that the expense is done from the expected ones or not is to keep a check that up to what extent the expected expenses are correct. The expenses will be approved by the Project Coordinator and then the Engineering director

- Then the expenses list is submitted to accounts office
- The accounts executive will add categorize the expenses in different heads
- Create Journal voucher.
- Free the liability from SM's imprest.

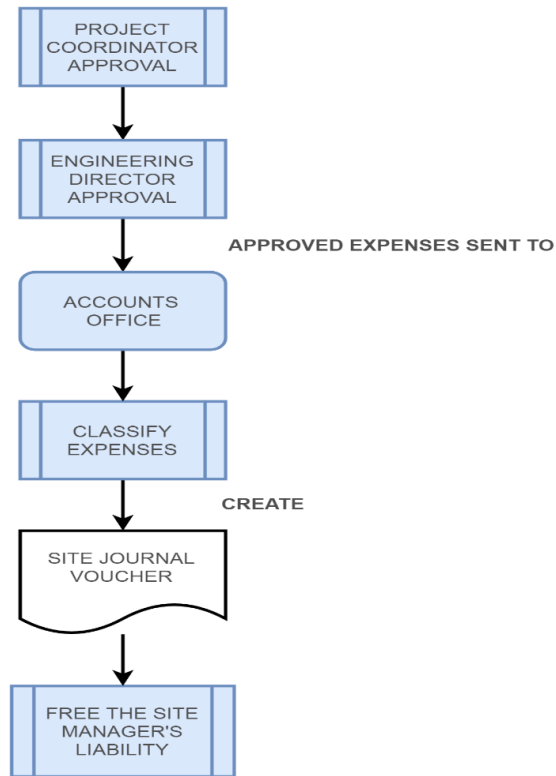


Figure 5.35

### LIABILITY FILE CHECKING

- The liability file includes the following accounts
  1. Bills payable
  2. Wages/salaries payable
  3. Advances that were taken at last HO visit

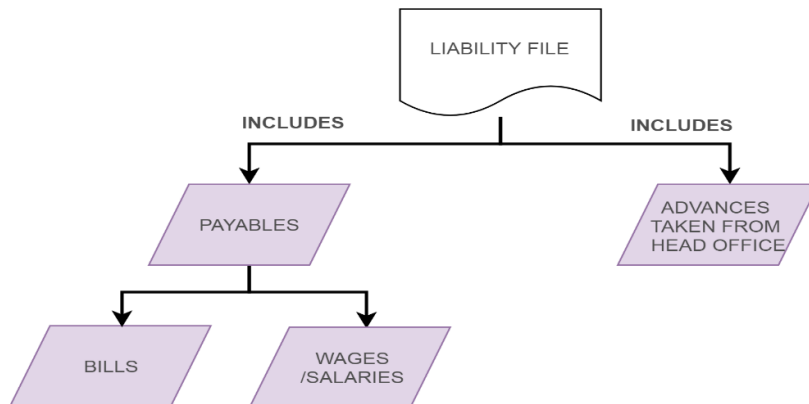


Figure 5.36

- Firstly, the Finance Manager will check and discuss the file.
- If it is any engineering related matter the file will be sent to Project Coordinator and then the ED or directly to the ED.
- At last, the files are checked by CEO and the amount given for advances will be given at CEO's approval.
- Now, the file will be sent to accounts department.
- The accounts department will already have the summary of cheques as they were saved in system at the time of giving the cheques.
- Cheques for payments are prepared, the acknowledgement is created by Accounts office and signed by SM

The sample for the acknowledgement slip is attached below

For all cheque receiving even to any supplier.

Thursday, 2 November, 2017

**Acknowledgement Slip**

I, the undersigned do hereby Acknowledge the receipt of the below mentioned amount from Sinaco Engineers (Pvt) Limited through the following Cheques(s)

Issuance Date 14-Nov-17 22 - Unilever - Rahim Yar Khan

Instrument #	Due Date	Bank Code	Payee	Description	Amount - Rs
C - 24923790	14-11-17	MEEZAN	Cash		49,000
<b>Grand Total</b>					<b>49,000</b>

ACCOUNTS DEPARTMENT

Accountant: \_\_\_\_\_

Finance Manager: \_\_\_\_\_

RECEIVED BY:

Signature & Thumb Impression: \_\_\_\_\_

Name: \_\_\_\_\_

Address: \_\_\_\_\_

Figure 5.37

- The cheque numbers and amount is added in acknowledgement slip.
  - The amount of advance will be added in Site Manager's imprest
  - The amount of previous advance will be free from SM's account.
- NOTE:** Only the unapproved daily expenses will be approved and cleared at HO visit.

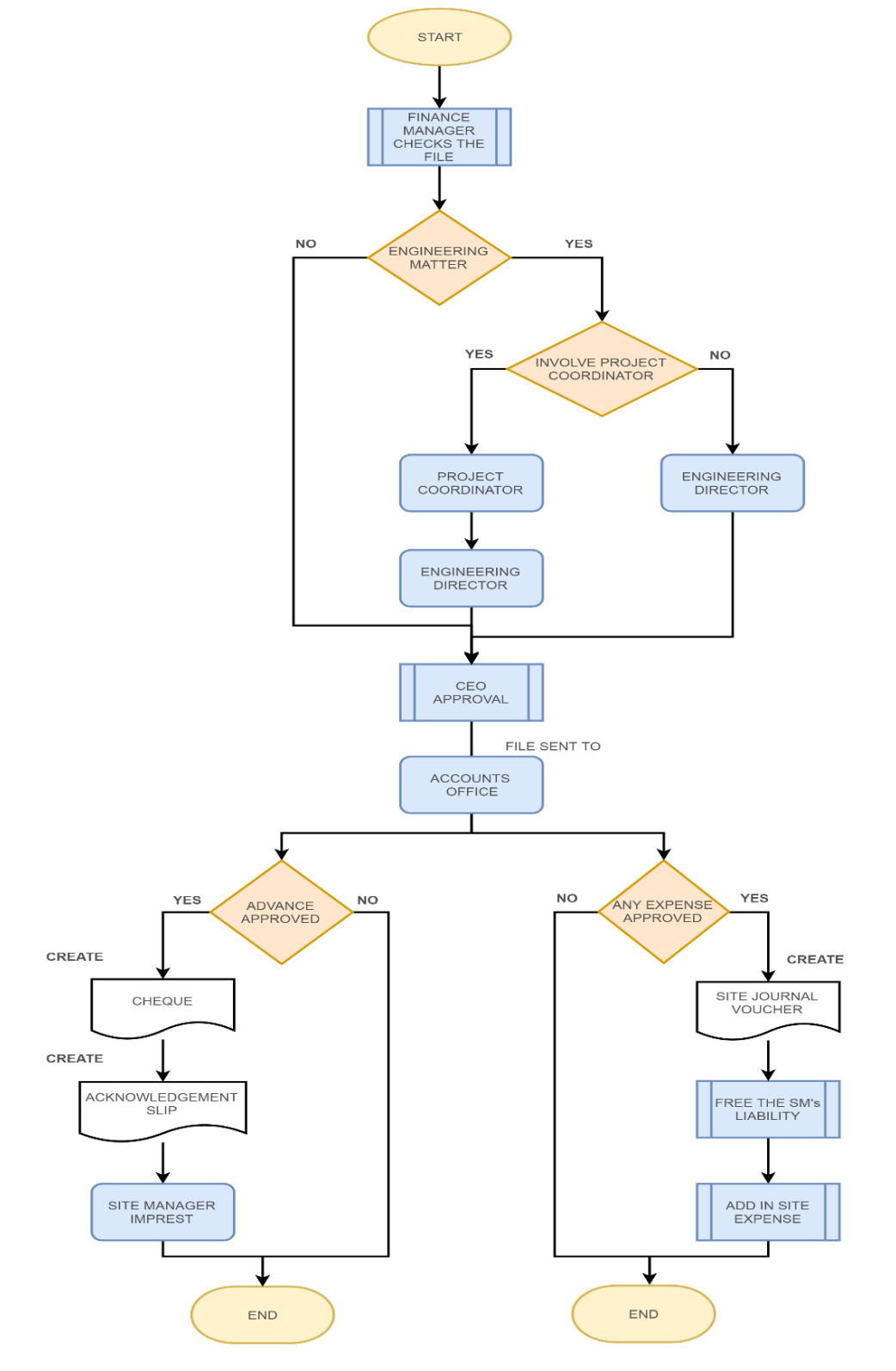


Figure 5.38

## CENTRAL STORE IMPREST

- The central store manager will give estimations of future expenses through system before arriving the HO.  
**NOTE:** The process is same as the site imprest.
- Sometimes central store do some expenses for sites and then the cost of those expenses is allocated to the concerned sites.

## SALES INVOICE FOR SELLING SCRAP

This sales invoice is created when the company sales anything, this is usually done when the scrap is sold.

- When the scrap is sold from site/central store its amount will be submitted to accounts office and the expenses of the concerned site/central store will be reduced with that amount (**Refer figures 4.17 and 4.19 for complete flows**)

The sales invoice given to buyer will have the following fields

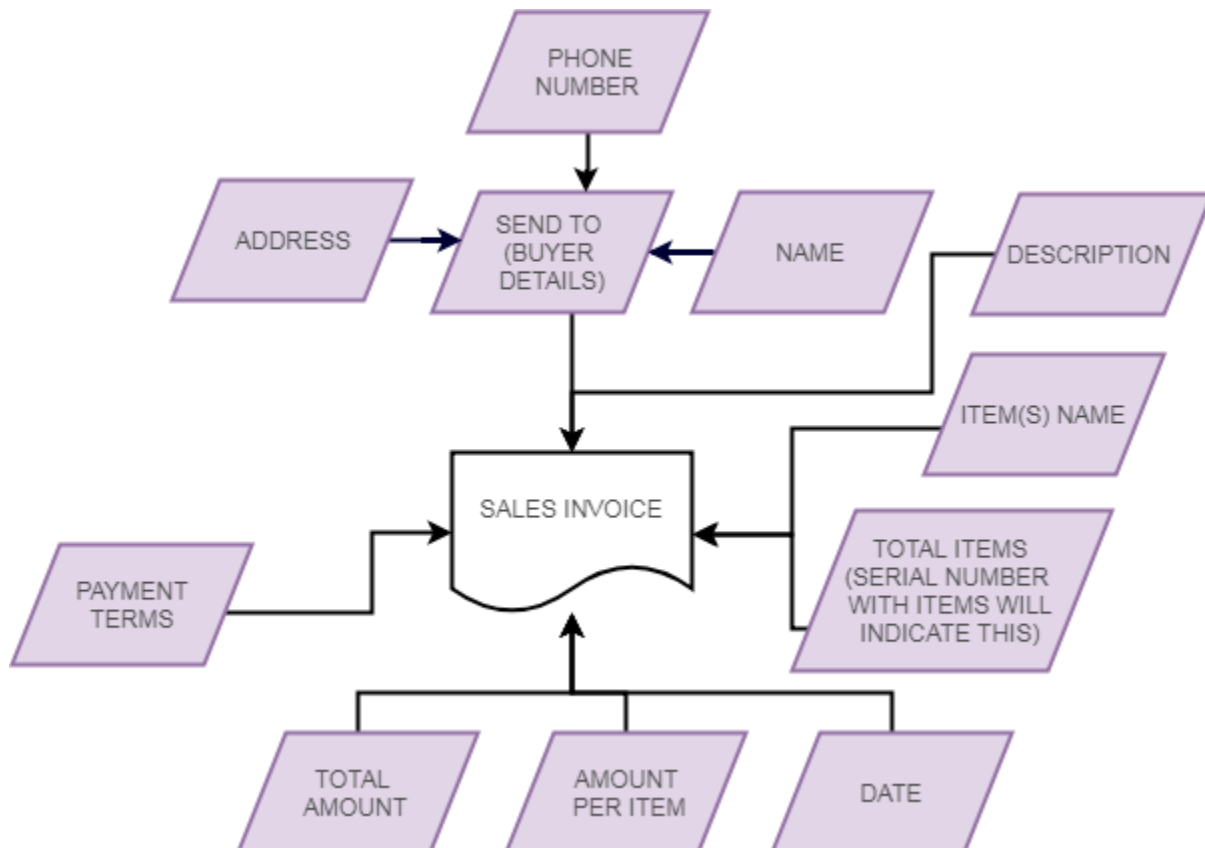


Figure 5.39

- When the invoice will be sent to Accounts office the concerned quotation will be attached with it (*refer figure 4.16*)
- If there will be some difference in the quotation and the invoice, the difference will be highlighted.

## IMPORT

- For import, the **Letter of Credit (LC)** is opened by both the company and the supplier in their concerned banks.
- There will be a form through which the Information regarding LC will be saved. When a LC will be created the status will be given as “LC opened”
- The reference of LC will be given in the import deal for which the LC is being made (*refer figure “5.40”*)
- An amount is held by the bank in account of LC and they keep margin as well (that is the bank charges).
- The bank acts as a guarantor from both sides that is the bank gives guarantee to another bank that if the company won't pay the bank will pay on their behalf and the supplier's bank give guarantee that if any monetary or documents issue will occur the bank will be responsible.
- The supplier submits documents to bank and the bank sends the documents to company's bank via post.
- When the documents arrive at the company's bank, they call the company's representative and show him the entire papers
- If there will be any issue the representative will change the status as “Issue in documents” else “Documents cleared”
- By the mean time the items reach port.
- When the documents get cleared the bank send the payment to the bank of supplier.
- When the documents get released the company give them to the agent and he releases the items from port.
- There are few freight charges and the tax as well.
- The agent dispatches the items and takes his payment that is the agent charges.
- Then ending date will be added.
- The status will be changed as LC closed

**NOTE:** As the LC is not being created by the system the main task is to save the entire information and update status regarding LC. For this purpose the import deals will be recorded and the LC made against it will be entered in system as well.

When any deal regarding import will start it will be added in system. The form will have the following fields

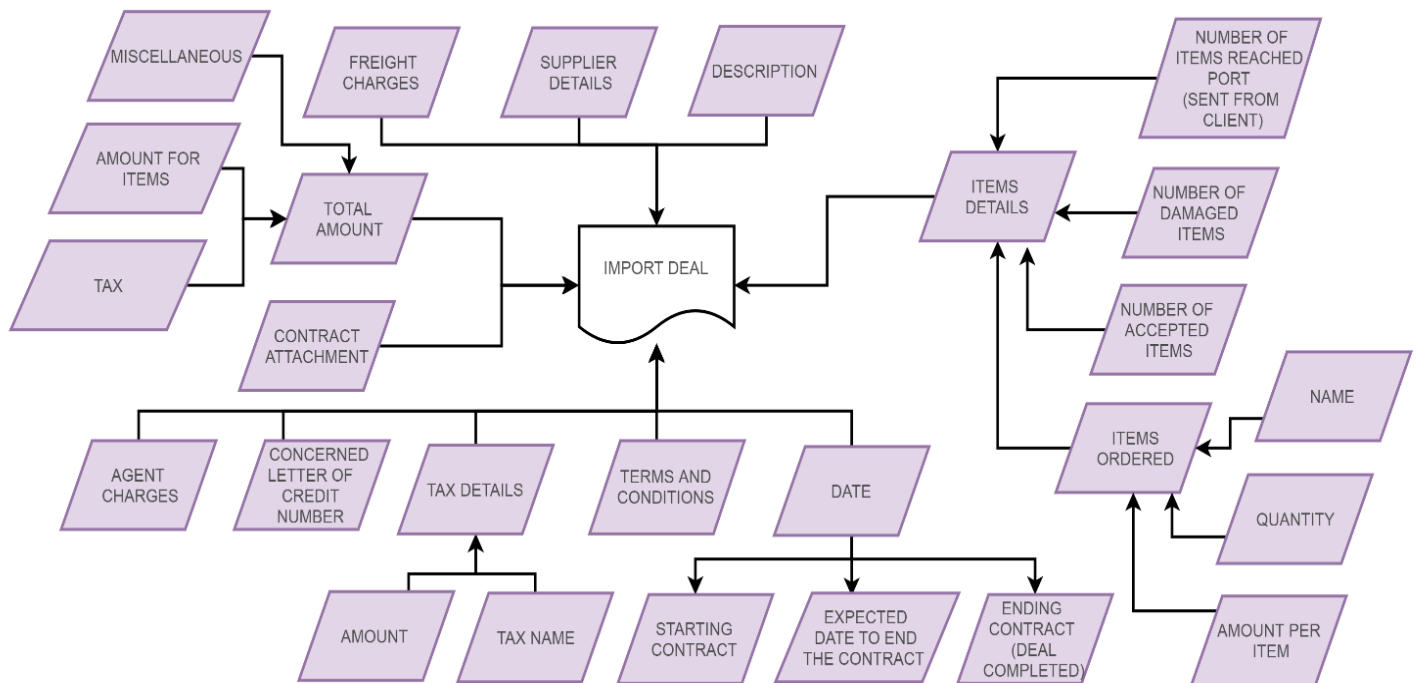


Figure 5.40

- There are few fields that will be filled while the deal is in process or at its completion.
- The supplier will be made first (*refer figure "2.4"*) and then will be added here through a drop down.

The LC will be saved with the following information

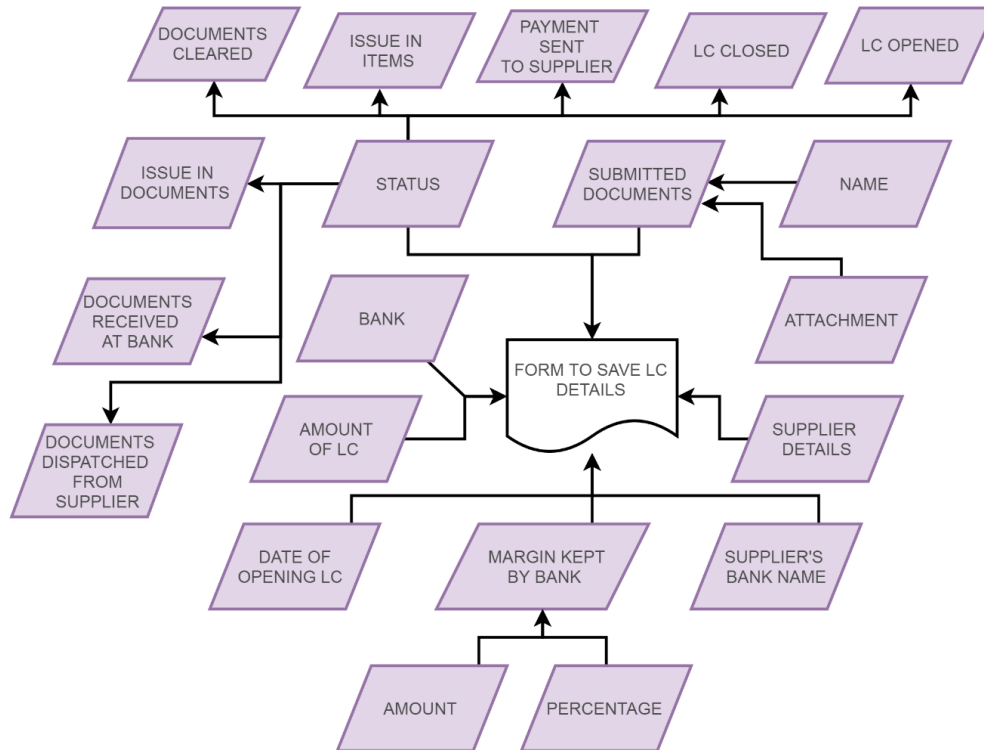


Figure 5.41

## PAYMENT SYSTEM

### PAYMENTS TO SUPPLIERS

A supplier/contractor working at site can be paid on the request of site manager/coordinator or suppliers can have direct association with the head office.

The debit note is created to acknowledge the Site Manager/coordinator that the supplier/contractor working at site has been paid.

### HOW IT WILL WORK

- The supplier will be paid against an invoice. From where ever the supplier belongs there will be only one account for him. When the supplier will be paid the cash will be credited and supplier will be debited.
- **Refer the section “TAX SUBMISSION TO FBR (in this scenario SINACO is the payer of the income)”** for complete flow of how the tax will be deducted and supplier will be paid.
- When the supplier will be paid the debit note will be sent to site manager/coordinator

The debit invoice will have the following fields

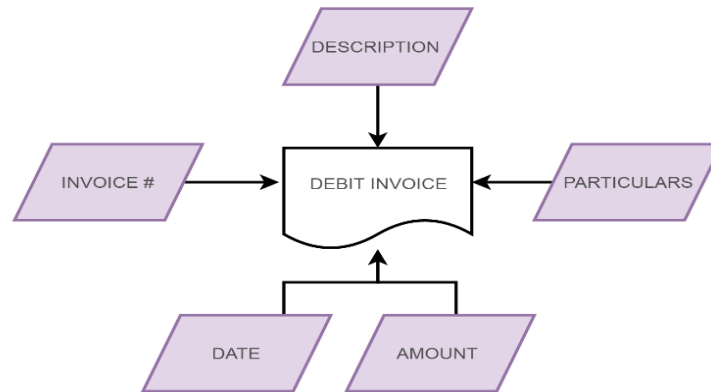


Figure 5.42

- The system will show with amount if there is still any unpaid invoice against that supplier.

## PETTY CASH SYSTEM at HEAD OFFICE

- Cash will be handled at three places.
  1. Cash at bank that is the **Main Cash**.
  2. Cash given to accountant that is **Cash in Hand**.
  3. And from cash in hand the cash is given to Admin Manager as **Petty Cash**.
- The accountant will give certain amount to admin managers so that they can spend that money on the expenses being handled by them. The accountant will add the money in the imprest of those employees.
- Now his responsibility will be free when he'll give the expenses sheet to accounts office.
- The admin Manager(s) will create the expenses sheet
- The expense sheet will be reported daily to the accounts office.
- Every expense of petty cash will be done against any head (COA), the COA will be selected first from the dropdown and then an expense will be created against it.

The following details will be added in Expenses sheet.

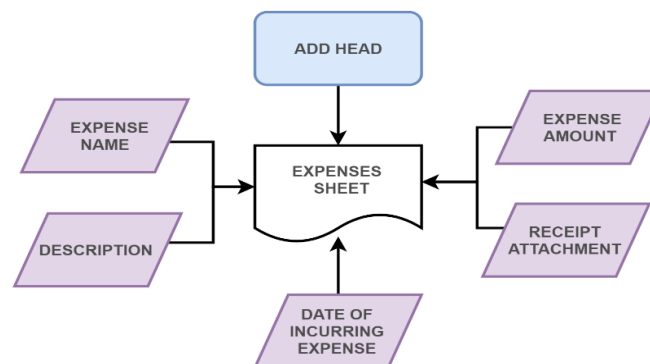


Figure 5.43

- For petty cash CPVs (*refer figure "5.3"*) will be made by accounts office when the expenses sheet will be received.
- As the expenses sheet will be submitted the amount will be credited from his imprest  
**NOTE:** As the expenses done from petty cash are less significant, only the heads of expenses will be added and not the details such as "Entertainment" will be a head, no need to make vouchers for the items bought under Entertainment.

The flow for the petty cash is as follows

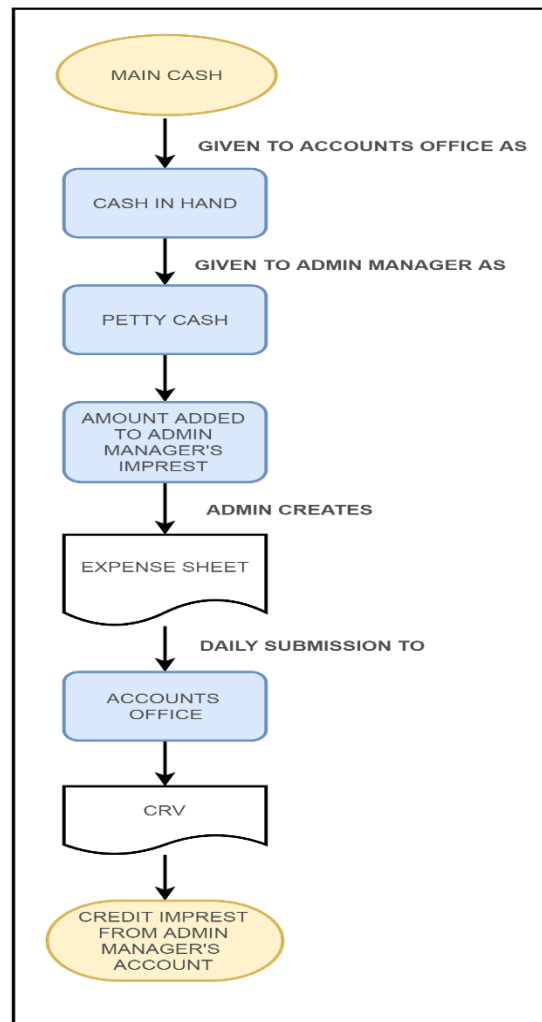


Figure 5.44

## PREPARATION/ APPROVAL/ RECORDING AND DISBURSEMENTS OF SALARIES

### PROVIDENT FUND DEDUCTION

The provident fund will be deducted according to the PF configurations in "RESOURCEINN". The configurations are as follow

**Benefit Configuration Edit**

**Social Security Configuration**

Calculation Type \*  
Percentage ▾

Contribution by Employee \*  
0

Contribution by Employer \*  
6

SS Amount \*  
15000

Age Limit Male (In Years)  
60

Age Limit Female (In Years)  
55

Age Limit Other(Eunuch) (In Years)  
55

**EObI Configuration**

Calculation Type \*  
Percentage ▾

Contribution by Employee \*  
1

Contribution by Employer \*  
5

EObI Amount \*  
15000

Age Limit Male (In Years)  
60

Age Limit Female (In Years)  
55

Age Limit Other(Eunuch) (In Years)  
55

**Provident Fund Configuration**

Calculation Type \*  
Percentage ▾

Contribution by Employee \*  
5

Contribution by Employer \*  
5

Basic Salary Employee     Basic Salary Employer     Gross Salary Employee     Gross Salary Employer

**Gratuity Configuration**

Min Month to Round off \*  
7

Employee Min Experience (In Months) \*  
12

Gratuity Applicable From \*  
Date of Joining ▾

Figure 5.45

### EMPLOYEES PROVIDENT FUND MANAGEMENT MODULE

The provident fund deducted from the employee's salary will be invested and the employee's will get profit from it accordingly.

- Provident fund is given to only head office paid staff (permanent), with the contribution of both employees and employer.

- At each salary the PF will be deducted from the employees. The system will generate a report which will have the following record.
  1. PF contribution by each employee, employer and total amount from both the employee and employer against an employee
  2. Total amount of PF.
- Provident fund from the employee and employer is deposited in a bank account.
- The system will keep the record of bank account details such as
  1. **Name** of the bank
  2. **Date** of opening account
  3. **Bank account number**.
- The certificates are bought from the bank from the amount of provident fund. There are **two ways to contribute the amount** of employees.
  1. To take “**flat percentage**” of each employee. Suppose the company decides to contribute 50% of each employee’s PF.
    - In this scenario the method to abstract amount to be invested will be asked.
    - The user will select “**Flat Percentage**” and enter the value for percentage.
    - The system will show that how much PF from each employee is being invested.
    - It will also show that how much PF is still left after the contribution.
  2. Or just to take “**random amount**” from the account and invest it. Suppose the company decides to invest Rs. 50,000/- from Rs 100,000/-
    - In this scenario the method to abstract amount to be invested will be asked.
    - The user will select “**Flat amount**” and enter the amount.
    - The system will also show that how much PF is still left after the contribution.
- When any certificate will be bought the system will save the details such as
  1. Amount
  2. Percentage for profit
  3. Tax to be deducted
  4. Date of buying certificates
  5. Duration to get certificates mature
  6. Date to get mature.
- Suppose one year certificate is bought from the bank. After one year when the certificate will get mature, the **actual amount invested will be returned** with the **profit** and **tax will be deducted**.
- Then the **contribution of profit** will be done.
- The amount of profit will be entered against the PF contribution.

- The percentage of employee's PF will be taken from the total amount of PF by using the formula **Total contributed PF of Employee "XYZ"/Total amount of PF\*100.**
- The same percentage from the Profit will be given to that employee.
- If the employee wants to **withdraw his PF** and the certificates are bought at the **"flat percentage"** then the system will check if the **requested amount is less than or equal to his remaining PF account** then the employee will be given his share.
- When the certificates will get matured his contributed amount will be added in his PF account and profit will be distributed (added in his PF account) according to his contributed percentage.
- But if the **requested amount is greater than his PF account balance** then the configuration will be given to the company as specified below.
  1. That they want to **give profit** to employee on **his remaining balance in contributed amount.**
  2. Or will return his remaining amount without profit.
- Now, what so ever the case is the amount that will be getting short from the amount of total invested PF will be taken from other employees and they will be given their shares accordingly.
- Undertaking is taken while withdrawing PF.
- At the time of end of employment it will be asked from employee that whether he wants to adjust PF in his final settlement or wants to keeps his PF till it gets matured.  
**NOTE:** There is a possibility that PF is not given or given with or without profit, it depends upon the company.
- The system will give **notification to pay all the employees who have left the job** when the PF certificates will get matured.

## SALARY SLIP

The salary slip will be generated by **"Resourceinn"** and it will have the integration with the system developed for SINACO. The salary slip will be generated for both the salaries (after one month) and the wages (after 15 days).

A sample of salary slip is attached below.

**Payslip**

EMP CODE: RL-00133  
 EMP NAME: Asad Ullah Noor  
 DOJ: October 21, 2017  
 Designation: Logistics Assistant  
 Department: Supply Chain  
 Location: Lahore

Absents: 0  
 Late Arrivals: 0  
 Early Leaves: 0  
 Missing Checkins: 0  
 Missing Checkouts: 0  
 Leaves: 0  
 Leaves Without Pay: 0

Earnings	Amount	Deductions	Amount
Leave Encashment	0.00	Tax	0.00
Employee Incentive	0.00	Fine	0.00
Other Allowances	5,600.00	Monthly Deduction	0.00
Commission	0.00	Leave Deduction	0.00
Bonus	0.00	Social Security Deduction	0.00
Over Time	0.00	EOBI Deduction	0.00
Basic Salary	8,400.00	Provident Fund Deduction	0.00
<b>Gross Earnings</b>	<b>Rs 14,000.00</b>	Travel Payable	0.00
		Advance	0.00
		Loan	0.00
		<b>Gross Deductions</b>	<b>Rs 0.00</b>

**REIMBURSEMENT DETAILS**

Components	Amount
Travel Receivable	0.00
Expense	0.00
<b>Total Reimbursement Of the Month</b>	<b>Rs 0.00</b>

**NET TRANSFER**

NET TRANSFER: Rs 14,000.00  
 IN WORDS: Fourteen Thousand Only

This is Computer Generated Document, Hence No Signature is Required.

Figure 5.46

## TAX CALCULATION

The tax calculation is already implemented in “Resourceinn”. Few screenshots are attached below for better understanding.

- Create your own tax structure.

**Tax Structure**

Name: Sinaco Engineers Pvt. Ltd.

Fiscal Start: January 1, 2017  
 Fiscal End: December 31, 2017

Description:

**Tax Slabs**

Min	Max	Fixed Amount	Percentage	Action
0	400000	0	0	⊗
400001	500000	0	2	⊗
500001	750000	2000	5	⊗
750001	1400000	14500	10	⊗

Figure 5.47

- It is configurable that which items should be taxable

Pay Items *			
+ Add			
Pay Item Name *	Is Taxable	Description	Action
Loan	<input type="checkbox"/>		⊗
Expense	<input type="checkbox"/>		⊗
Advance	<input type="checkbox"/>		⊗
Travel Payable	<input type="checkbox"/>		⊗
Travel Receivable	<input type="checkbox"/>		⊗
Basic Salary	<input checked="" type="checkbox"/>		⊗
Provident Fund Deduction	<input type="checkbox"/>		⊗
Gratuity	<input checked="" type="checkbox"/>		⊗
Provident Fund Receivable	<input checked="" type="checkbox"/>		⊗
EOBI Deduction	<input type="checkbox"/>		⊗
Social Security Deduction	<input type="checkbox"/>		⊗
Over Time	<input checked="" type="checkbox"/>		⊗
Leave Deduction	<input type="checkbox"/>		⊗
Bonus	<input checked="" type="checkbox"/>		⊗

Figure 5.48

- The employee's income tax is deposited by company refer the section ***"EMPLOYEE'S TAX SUBMISSION TO FBR"***

#### REQUIREMENTS TO BE ADDED IN RESOURCEINN

- Head office paid staff is permanent
- Site paid staff is temporary
- Uniforms to be allocated to employees should be charged to the concerned site
- Allowances will be given grade wise.
- Half gross salary (month) will be given to the employees who will complete one year of the employment
- Site labor is paid after every 15 days.
- Leave encashment will be done only at the end of the employment and can be up to one month, it will be given according to the current salary.
- At seniority base 2 permanent employees are sent for hajj
- For recruitment, firstly an employee interviews the candidate then another one and then the CEO decides salary.
- For few years according to performance the employee is promoted from temporary to permanent.

- For senior employees contract is renewed every year.
- Performance is evaluated every year at leaves, increment history and attendance
- Increment can be done at any time of the tenure.
- If the employee is **Site Paid Staff** then his salary should be associated with the project he is working at. If the employee is **transferred in the middle of project** then his salary should be charged to the project at which he has **spent more days**.
- Labor is not an employee it will be catered separately.
- A report is required that how many labor have worked on a specific category, to check the cost at each category. They need to identify cost for each category. Labor cost will be entered designation/category wise.

## ACCOUNTS RECEIVABLE/DEBTORS

### DEBIT/CREDIT NOTE MANAGEMENT

- When the invoice is sent to client and the bill requires any change in the amount then instead of changing the bill the debit or credit note is created against that invoice.
- **EXAMPLE:** If the amount at bill was 10,000 Rs and due to any reason the client and the company agreed to pay 9500 instead of 10,000 then the client will create a debit note of 500 Rs before paying the bill and will send it to company and the company will create a credit note of 500 Rs.
- The debit/credit note will have the reference of invoice number and when the note will be created the client's account will be debited/credited with the same amounts.

The sample of debit/credit note is given below



**SINACO ENGINEERS (PVT) LTD**

12-G Model Town Link Road Lahore

#### **Debit Note**

Ittefaq Iron Industries Limited

40-B II Gulberg III Lahore

We have debit your account with amount Rs: 1,567,500/ Against Invoice # M00251.

Reason is; the Material Supplied was not according to mentioned in contract

Detail is given below,

Sr No	Description	Invoice	Quantity	Rate	Amount
1	Deformed Steel Bar Grade 60	HM00251	19	71,888	1,365,872
2	Sales Tax	HM00251	-	-	201,628
<b>Total</b>			19	-	<b>1,567,500</b>

From Sinaco Engineers (Pvt) Ltd

Figure 5.49

## FINALIZATION OF ACCOUNTS/ AUDIT SCHEDULES/ AUDIT REPORTS

- The drill down report is required that is for each COA there should be a complete track that was the Opening and closing balance and all the amounts changed in it with the reference of transactions, dates and all the details regarding COA (*refer figure "5.0"*).

## OTHER REQUIREMENTS

- As there will be separate account for each payable and receivable the system should generate report that how much is to be paid or to be received from any person.
- For cheque issuance and recording reports are required date wise, project wise and bank wise.