

# A STUDY ON THE CONSTRAINTS ENCOUNTERED BY QUANTITY SURVEYORS IN THE PROCESS OF PREPARATION OF INTERIM PAYMENT

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**ABSTRACT** Periodic payments to contractors are essential parts in construction contractual arrangement. Interim payments made on time will greatly assist contractors to overcome cash flow problem and provide source of self-financing in respect of their own commitments to suppliers and sub-contractors. However, there remains a chronic problem of delayed payment to the contractors in the construction industry of Malaysia that is affecting the entire delivery chain. The main purpose of the present study is to identify the constraints encountered by Quantity Surveyors (QS) who work in consultant firms in the process of preparation of interim payment certificate which may lead to delay in the issuance of payment. In addition, recommendations for appropriate solutions to reduce the constraints were also established. A questionnaire survey was conducted to solicit the opinions of QS who work in consultant firms located in the Klang Valley. In total, there is 41 respondents participated in the survey. Results obtained from the questionnaire survey were analysed using descriptive statistics method. From the analysis, five most important constraints that may lead to delay in the issuance of interim payments have been identified which are (1) Sufficiency of adequate supporting documents; (2) time available for valuation and certification; (3) errors in submitting claims (4) dispute on quantity of work done and (5) trust and faith relationship between parties. From this study, five types of recommendation to reduce the constraints were also highlighted which include (1) reducing workload; (2) compliance of term of contract on the part of contractors; (3) improvement on claim submission; (4) discussion before submission and (5) development of trust and faith between the QS and contractors. It can be concluded that the process of issuance of interim payment can be expedite should there is an effort to address the constraints faced by the QS.

**Keywords:** Cash Flow, Delay, Quantity Surveyors, Contractor And Interim Payment.

## 1. INTRODUCTION

Periodic payments to contractors are an essential part of modern contractual arrangements [1]. However, there remains a chronic problem of delayed and non-payment to the Contractors in the Malaysian construction industry affecting the entire delivery chain [2]. Therefore, it will be important to find out the causes of late payment in order to minimise the problem. At present, there has been growing research mainly on the solutions available for the Contractor when he encountered late or non-payment [3 & 4]. Nevertheless, the QS who have the responsibility to evaluate claim submitted by Contractors may also become the contributor that lead to late payment. There may be suggestion that QS are encountering constraints in the process of preparing interim payment certificate that could lead to problem of late payment. Presently, there has been limited attempt by previous researchers to identify the causes of late payment within the context of constraints encountered by QS. The occurring of late payment or non-payment can be prevented if the constraints encountered by the Quantity surveyors are identified and

solved. Thus, the aim of this paper is to investigate what are the constraints faced by QS in preparing interim payment so that the issue of delay in the issuance of interim payment can be addressed.

## 2. RESEARCH METHODOLOGY

After identifying relevant models and parameters for analysis, data was collected through questionnaire preparation. 92 sets of questionnaire were distributed to QS firms located in the Klang Valley. The nature of the present study was a preliminary research. Hence, it will only involve QS firms in the Klang Valley. Accordingly, 41 sets were filled up and collected. Descriptive Data Analysis (DDA), Frequency Analysis (FA) and Average Index Rating Scale (AIRS) are used to convert the subjective data into objective numerical scale to further justify the validity of research outputs.

## 3. FINDINGS AND DISCUSSION

In general, QS agree that they are experiencing constraints when preparing interim payment that lead to delay in the issuance of payment. Accordingly, based in the feedbacks received, the two types of constraints frequently viewed as severe constraints are sufficiency of adequate supporting documents and time available for valuation and certification. The former is due to poor documentation of the contractors that lead to delay in compilation of final documents; while the latter is due to workload of the QS given by the management. Based on the findings, the all parties especially the contractors and QS firms employers should cooperate and give the best assistance so that problem of late payment due to constraints faced by QS can be curbed.

**Table 1.** Constraints Encountered by QS in Preparing Interim Payment

Types of Constraints	Low Constraints	Medium Constraints	High Constraints
Monthly Work Load	12%	65%	17%
Contractor requests to revise the amount to be paid	20%	56%	9%
Contractor's employees' performance	29%	47%	15%
Time available for valuation and certification	21%	47%	29%
Quantity of contractor's work done	27%	47%	23%
Quality of contractor's work done	32%	47%	15%
Sufficiency of information and proper documentation on work progress	17%	45%	21%
Paymaster's withholding of payment	20%	45%	15%
Precision of claim amount	38%	41%	15%
Sufficiency of adequate supporting documents	15%	38%	32%
Client's financial and business management	21%	37%	15%
Errors in submitting claims	21%	35%	27%
Certification of Work Done	47%	35%	12%
Trust and faith relationship between parties	29%	33%	23%
Language barriers	41%	21%	15%

## 4. CONCLUSION

In a conclusion, this research found that most of the Consultant QS encountered constraints in the process of preparation of interim payment certificate. There were 15 types of constraints encountered by the consultant QS in the process of preparation of interim payment certificate. The main constraints were sufficiency of adequate supporting documents and time available for valuation and certification. Based on the data analysed, there were 5 recommendations available to solve the recognized constraints. The recommendations were (i) employer to lighten QS's work load, (ii) contractor to work according to the contract, (iii) contractor to give more attention on the supporting documents and format of claim, (iv) QS and contractor to have discussion before certify the claim amount and (v) each party should develop trust

and faith between each other. A well-developed framework of processes of issuance of payment may help to improve the payment procedure.

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