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## THE SYNDROME OF PROJECT TIME OVERRUN IN NIGERIA - A CASE STUDY OF TERTIARY EDUCATION SPONSORED BUILDING PROJECTS

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### ABSTRACT

The insistent time overrun of Tertiary Education Trust Fund (Tetfund) sponsored building projects in Nigeria is increasingly alarming. Even though quantifiable researches had been carried out to identify multiple factors responsible for such anti-contract regimen and proffered possible solutions, the problem still persists and had become a trade mark. This study examined and postulated frameworks of client's organizational module of operandi in processing interim payment certificates and payments pattern. In achieving the aim of the study, the established time frame for processing payment certificate as contained in standard bidding document for procurement of works of the federal government of Nigeria, May 2011 version was compared to time frame of processing of payment certificates submitted by contractor. The disparity in time frame in payment certificates were plotted against the bench mark of twenty-eight (28) days. The study examined twelve (12) interims payment certificates of a project in a university environment and discovered that the time frame of conventional 28 days was not meant for four (4) payment certificates due to delay at the bursary department which negatively affects the cash flow of contractors and payment pattern is zig-zag. The study thereby recommends an orientation program to enlighten the bursary department and the management of the need to keep to time when processing payment certificates.

**Keyword: Building Projects, Tetfund, Time Overrun, Nigeria**

### INTRODUCTION

The insistent and unwarranted time overrun of construction projects in Nigeria has become a norm despite multiple recommendations to curb it from extant literature emanating from related researches. Ojo and Babalola (2018) submitted that clients are culpable in construction disputes mostly relating to

delay payment of certificates. Emenike (2010) submitted that late and non-payment results in cash flow problem, stress on constructors, high cost of projects abandonment and some reactions to late and nonpayment encountered by contractors may have adverse effects on their own business. According to Kadiri and Shittu (2015) clients financial constrained also affect smooth payment of certificates. Odenigbo, Odusami, Okolie and Okafor (2020) found that client's withholding payment, clients' bad financial sources, client's inadequate fund management and client's cumbersome administrative process account for delay payment. This study adopted a variant approach by delving into the modus of operandi of clients' organization in processing payments certificates. This study thereby postulates frameworks of client's organizational module of operandi in processing interim payment certificates. In achieving the aim of the study, the established time frame for processing payment certificate as contained in standard bidding document for procurement of works of the federal government of Nigeria, May 2011 version was compared to time frame of processing of payment certificates submitted by contractors after consultant Architect's certification. This study is limited to Tetfund sponsored construction projects in the Nigerian higher institutions. Because of non-willingness to avail the researcher information about the payment history, the study is based on a single project that researcher was involved with twelve (12) payment certificates.

### **AIM AND OBJECTIVES**

This study examined and postulated frameworks of client's organizational module of operandi in processing interim payment certificates. In achieving the aim of the study, the following objectives were postulated which are: To examine the established time frame for processing payment certificate as



contained in standard bidding document for procurement of works of the federal government of Nigeria, May 2011 version. To compare this with time frame of processing of payment certificates submitted by contractor. To postulate payment pattern by comparing disparity in time frame in payment certificates against the bench mark of 28 days.

## **LITERATURE REVIEW**

### **General Conditions of Contract- Sub-Section 62: Payments (2011) Version**

According to Section 63:1 "Payments shall be adjusted for deductions for advance payments and retention. The Employer shall pay the Contractor the amounts certified by the Engineer within twenty-eight (28) days of the date of each certificate. If the Employer makes a late payment, the Contractor shall be paid interest on the late payment in the next payment. Interest shall be calculated from the date by which the payment should have been made up to the date when the late payment is made at the prevailing rate of interest for commercial borrowing established in Nigeria". While most contractors' understanding is that the time for payment starts counting the day request is submitted to the consultant Quantity Surveyors. However, as stipulated in the conditions, it appears that the time starts counting the day a certificate is submitted by the Engineer/Architect which is generated from the valuation prepared by consultant Quantity Surveyors.

### **Life Cycle of Interim Valuation**

The first step is the submission of interim valuation request by the Contractor through correspondence to consultant QS. Next, the Consultant Quantity Surveyor (CQS) and Contractor QS arrange to meet on a specific date on site to agree on work done. The CQS prepares the valuation and send copy to the Consultant

Architect to prepare a payment certificate and submit to the client. The Client organization (Technical section) vet and send to the Bursary department for further processing. The bursary department process the recommendation and send to the head of the institution (Vice chancellor or Rector). The head authorized payment accordingly (HKIS, 2010; RICS, 2015).

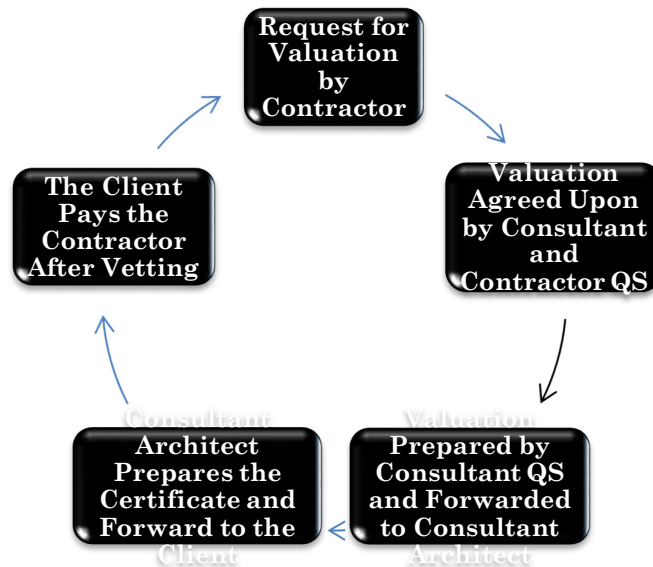


Figure 1.0: Conceptual Framework of Life Cycle of Interim Valuation  
Source: Author's Perception

### Tetfund Disbursement Module

According to guidelines for accessing Tetfund intervention funds (GATIF) (2017) after approval in principles, disbursements are in three (3) tranches of 50%, 35% and 15% (Chap. 6:3) and (Chap. 6.3.1) outlined the prerequisites for the release of 1<sup>st</sup> tranche of 50% which include: Advertisement, prequalification of suitable contractors, tender action, bid evaluation and letter of commitment. Release of the second (2nd) tranche is subject to the following: Beneficiaries must apply to the fund and show physical proof through photographs that the funds released in the 1st tranche have been fully utilized; inspection visit by officers of the fund during project monitoring; submission of two



(2) copies of financial renditions, with a copy addressed to the Internal Audit Unit (IAU) of the Fund through the Executive Secretary (GATIF, 2017). According to (GATIF, 2017), to qualify for release of the final Tranche, all the requirements in accessing 2<sup>nd</sup> tranche shall be required. However, the projects must have been fully completed, duly inscribed with the Tetfund insignia and year of intervention and verified by officers of the fund.

### **Dynamics of Time Overrun in Nigeria Construction Projects**

Emenike (2010) opined that late and non-payment results in cash flow problem, stress on constructors, high cost of projects abandonment and some reactions to late and nonpayment encountered by contractors may have adverse effects on their own business. According to Kadiri et al (2015) client's financial difficulties ranked 1<sup>st</sup> by the consultants among the 10 factors identified as causative agents of time overrun. The contractors ranked 2<sup>nd</sup> client's financial difficulties and 3<sup>rd</sup> inadequate fund allocation (Kadiri et al, 2015). Both the consultant and contractor agreed that clients' financial difficulties, is a significant factor responsible for time overrun in Nigeria. Odenigbo et al (2020) submitted that client's withholding payment, clients' bad financial sources, client's inadequate fund management and client's cumbersome administrative process account for delay payment.

### **METHODS AND LIMITATIONS**

The research is a case study of time overrun of Tetfund sponsored project in a university environment in Nigeria. A positivists approach was preferred since the data considered are quantitative in nature. Construction project in one of the universities in Nigeria is the focus of the study. Records of payments history of twelve (12) valuations was obtained which constitutes the sample frame. The time frame of processing of payments from the submission of Architect's certificates to the

time the contractor was paid as against the twenty-eight (28) bench mark were obtained and presented in a table. Obtained secondary data were analyzed using a line graph which was plotted to ascertain the trend of processing of payment certificates. The tool of analysis was Microsoft Excel Spread Sheet (2016) version. The line graph was interpreted, compared to extant literature and conclusion drawn. This study is limited to only Tetfund sponsored projects in higher institutions in Nigeria. Only one (1) project with twelve (12) paid valuations certificates was considered.

### Data Collection, Analysis and Discursion of Findings

**Table 1.0: Record of Duration for Payment of Interim Certificates**  
**QS Valuation Architect Certification Client Organization Payment Duration**

	(Date Submitted)	(Received Date)	(Date)	(Days)
1	23/11/2018	23/11/2018	21/12/2018	28
2	01/04/2019	01/04/2019	18/04/2019	17
3	10/05/2019	10/05/2019	14/06/2019	43
4	21/06/2019	21/06/2019	18/07/2019	28
5	16/08/2019	16/08/2019	17/09/2019	31
6	22/09/2019	22/09/2019	16/10/2019	24
7	23/10/2019	23/10/2019	21/11/2019	28
8	27/10/2019	27/10/2019	20/12/2019	53
9	04/02/2020	04/02/2020	02/03/2020	28
10	17/02/2020	17/02/2020	02/03/2020	15
11	26/03/2020	26/03/2020	24/04/2020	28
12	12/06/2020	12/06/2020	25/08/2020	72

Source: Author's Field Survey, 2021

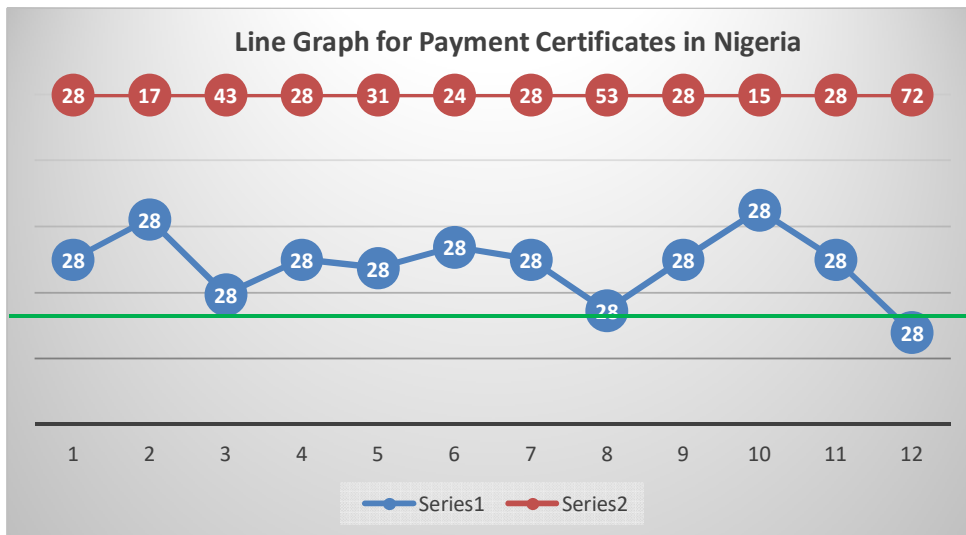


Figure 2.0: Conceptual Framework of Payment Certificates of a Selected Tetfund Project in Nigeria

Source: Author's Field Survey, 2021

Table 1.0 indicates the time frame the client paid contractor after payment of certificates of contractor were submitted by the consultant Architect. The timing for processing and payment of each of the twelve (12) valuations considered are indicated in the figure 2.0 with red line. The blue line indicates the relationship between the payment duration and the twenty-eight (28) days bench mark. The green line indicates the boundary between the early payments, payments on time and delayed payments. Any payment before the green line indicates payment before the due time period of twenty-eight (28) days. Payment duration of 17, 24 and 15 days are in this category. Whereas, payments on due date were 1<sup>st</sup>, 4<sup>th</sup>, 7<sup>th</sup>, 9<sup>th</sup> and 11<sup>th</sup> valuations. The delay payments category include: 3<sup>rd</sup>, 5<sup>th</sup>, 8<sup>th</sup> and 12<sup>th</sup> valuations.

## DISCUSSION OF FINDINGS

From the line graph, the trend of payment certificates for the considered Tetfund sponsored project is zig-zag. This implies an irregular payment syndrome. The 2<sup>nd</sup>, 6<sup>th</sup> and 10<sup>th</sup> payments were



paid before the green line indicating prompt payment by the client. Some certificates, 1<sup>st</sup>, 4<sup>th</sup>, 7<sup>th</sup>, 9<sup>th</sup> and 11<sup>th</sup> were paid at the expiration of 28 days. These two (2) initial categories indicate the fact that some payments are within the permissible limit of twenty-eight (28) days as indicated as above and on the green line. However, some payments, 3<sup>rd</sup>, 5<sup>th</sup>, 8<sup>th</sup>, and 12<sup>th</sup> certificates fall below the green line indicating late payments and such could negatively affect the cash flow of the contractor. From the 3<sup>rd</sup> valuation, besides inclement weather, the project began to assume a snail-like movement as the tempo of work on site began to slow down. A single delayed payment is enough to cause a bandwagon effect. This is in concomitant with the findings of Emenike (2010), Kadiri et al (2015) and Odenigbo et al, (2020). According to Odenigbo et al, (2020) delay caused by client's cumbersome administrative process account for delay payment. This bottle neck is usually as a result foot-dragging procedure and attitude of personnel at the bursary department. The lackadaisical attitude and mannerism of processing payments at the bursary department is a cause for concern as delayed in payment experience in this work emanated from the unit.

## **CONCLUSION**

Time overrun of TETFund sponsored projects in Nigeria is sometimes accounted for by delayed payments which affects the cash flow of contractor negatively. The payment pattern of the case study is zig-zag as indicated on the time line graph conceptual framework. Delay results in most cases from the bottleneck bureaucracy at the bursary department. Disbursement of fund from TETFund are in three (3) tranches. This study thereby recommends an orientation program to enlighten the bursary department and the management of the need to keep to time when processing payment certificates and a further study to investigate how the timing of disbursement of





Tetfund fund affects the timing of payment certificates of contractors.

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