PAMS (V2 PIPELINE RUN)

Managing Letters Of Guarantee

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Reviewing Letter of Guarantee Records and Available Actions

Open the **LG** area in Pams to review your existing Letters of Guarantee. The list gives you a working view of guarantee records so you can identify which guarantees still need action and which ones have reached the end of their lifecycle. Use the record’s **LG Number**, **Beneficiary**, **LG Issuer**, **Current Value**, **Expiry Date**, and **LG Stage** to identify the correct guarantee before making a change.

Pay particular attention to **LG Stage**. This shows where the Letter of Guarantee is in its working lifecycle, such as being prepared, submitted, active, returned, expired, or closed. Check this stage before selecting an action because Pams limits amendments according to the current state of the record. For example, a guarantee that has already been closed should not be amended.

When reviewing the list, open the individual guarantee record rather than trying to manage it from the list alone. The record shows the commercial and banking details together with values such as **Issue Value**, **Requested LG Value**, **Current Value**, **Cash Cover**, and **Expiry Date**. It also provides the history needed to understand whether the guarantee has already been extended, increased, or reduced.

Depending on the guarantee’s current stage, Pams can make the following actions available:

- **Submit** to move a completed guarantee into the submitted workflow.
- **Extend** to move the validity period to a later date.
- **Increase** to raise the guaranteed amount.
- **Deduct** to record a reduction in the remaining guaranteed value.
- **Return** when the original guarantee document has been received back.
- **Close** when no further action is required.

[SCREENSHOT: LG list showing LG Number, Beneficiary, Current Value, Expiry Date, and LG Stage]

Always begin an amendment from the original Letter of Guarantee record. This keeps the guarantee number, amount changes, deductions, extensions, and return details together in one complete record history.

Creating and Submitting a Letter of Guarantee

Create a Letter of Guarantee when your business needs to record a bank-issued or guarantor-issued commitment connected to a customer, project, order, or contractual obligation. In Pams, open the **LG** area and select the option to create a new guarantee record. Complete the form carefully before submitting it, as the details must match the issued guarantee document.

1. Enter the parties involved in the guarantee. Select or enter the **Beneficiary** and the **LG Issuer**. Where applicable, record the relevant **Bank** and **On Behalf of** details so the record clearly identifies who issued the guarantee and for whom it was issued.
2. Select the appropriate **LG Type** or **Guarantee Type**. Available types may include items such as **Bid Bond**, **Performance Bond**, or **Warranty Bond**, depending on the guarantee requirement.
3. Enter the financial details. Use **Issue Value** or **Requested LG Value** for the guarantee amount, then select the correct **Currency**. If applicable, complete **Cash Cover (Amount)** or **Cash Cover (%)** to record the amount held against the guarantee.
4. Record the guarantee identification and dates. Enter the **LG Number** exactly as shown on the guarantee document. Complete the issue and validity information, including **Activation Date** and **Expiry Date**. Use **File Number** if your team uses a separate internal or bank reference.
5. Review the record before saving. Confirm that **Beneficiary**, **LG Issuer**, **LG Number**, **Current Value**, **Currency**, and **Expiry Date** match the source document. Select **Save** or **Save and Close** to keep the record.
6. Select **Submit** when the guarantee is ready to enter the submitted workflow. Review **LG Stage** afterward to confirm that Pams shows the updated stage.

[SCREENSHOT: New LG form highlighting Beneficiary, LG Issuer, LG Number, Issue Value, Current Value, Currency, and Expiry Date]

Do not use an amendment action to correct a newly entered value before submission. Open the saved record, correct the relevant fields, verify the revised information, and then submit the guarantee.

Extending the Validity Period or Increasing the Guaranteed Amount

Use an extension or increase when an active Letter of Guarantee must remain valid for longer or must cover a higher contractual value. Start by opening the relevant record from the **LG** list and checking its **LG Stage**, **Current Value**, and **Expiry Date**. Make sure you are working on the correct **LG Number**, especially when the same beneficiary has more than one guarantee.

1. Select **Extend** when the beneficiary requires the guarantee to remain valid beyond its current **Expiry Date**. In the extension details, enter the revised validity date or new **Expiry Date**. Use **Extension Period** where your process records the extension as a period rather than only as a date.

2. Record the reason for the amendment in **LG Extension Reason**. If the amended guarantee document has a related reference, add it to the record information available in Pams. Keep the original **LG Number** unchanged so the full history remains connected to the same guarantee.

3. Save the extension, then reopen or refresh the guarantee record. Confirm that **Extended To** and **Expiry Date** show the revised date. Review **No. Of Previous Extensions** to see whether earlier extensions already exist.

4. Select **Increase** when the beneficiary requires a higher guarantee amount. Enter the new increase value using **LG Increase Amount** or **LG Increase Percentage**, as required by the amendment form. Record the reason in **LG Increase Reason** and complete **LG Increase Date**.

5. After saving, review **Current Value**. This value should reflect the guarantee amount after the increase. Check **LG Increase Stage** and **LG Increase Approved By** if your team uses approval before treating the increased amount as final.

[SCREENSHOT: Active LG record showing Expiry Date, Extended To, Current Value, LG Increase Amount, and amendment history]

Use **Extend** only to change the validity period. Use **Increase** only to change the financial value. If both are required, record each change through its appropriate action so the guarantee history clearly distinguishes date changes from value changes.

Deducting Amounts from an Active Guarantee

Use **Deduct** when a claim, release, settlement, or contractual reduction decreases the value still covered by an active Letter of Guarantee. A deduction does not replace the original guarantee record. Instead, it records a reduction against the existing **Current Value** while preserving the original **Issue Value**, any increases, and the full amendment history.

1. Open the active Letter of Guarantee and confirm the **LG Number**, **Beneficiary**, **LG Type**, and **Current Value**. Review the record before entering a deduction, particularly if it has previous extensions or increases.
2. Select **Deduct**. Enter the reduction using **LG Deduction Amount** or **LG Deduction Percentage**, according to the information available from the claim, release, or related commercial document.
3. Enter **LG Deduction Date** and complete **LG Deduction Reason**. Use the reason to make the reduction understandable to colleagues reviewing the guarantee later. If a related transaction reference is recorded in the guarantee form, include it with the deduction details.
4. Save the deduction and review the guarantee record. Check **Current Value** to confirm that Pams now shows the remaining guaranteed amount after the reduction.
5. Review **No. Of Previous Deductions** and the **LG Deductions** history. This lets you distinguish the latest deduction from earlier reductions and prevents duplicate entries for the same claim or release.

[SCREENSHOT: Deduct action on an active LG showing LG Deduction Amount, LG Deduction Date, LG Deduction Reason, Current Value, and LG Deductions history]

Before entering another reduction, compare the requested deduction against **Current Value**. The total deductions must not reduce the guarantee below the value available after all recorded increases. If the amount appears unexpected, review **LG Increase**, **LG Deductions**, **Issue Value**, and **Current Value** on the record rather than entering a balancing adjustment.

A deduction is separate from a direct-cost allocation. If you are following the Finance Operations workflow in sequence, the preceding process is covered in Allocating Direct Cost Transactions.

Returning and Closing a Letter of Guarantee

Use **Return** when the original Letter of Guarantee document has been received back from the beneficiary or guarantor. Returning a guarantee records that the original instrument is no longer being held externally. Closing is the final lifecycle action and should only be used when the guarantee has been returned, expired, fully settled, or otherwise released under your business process.

1. Open the applicable Letter of Guarantee and verify the **LG Number**, **Beneficiary**, **Current Value**, **Expiry Date**, and **LG Stage**. Check the guarantee history to ensure there are no pending extensions, increases, or deductions that still need to be recorded.
2. Select **Return** when the original guarantee has been received back. Enter **Returned On** to record the date of return. Add any available return reference or related document details in the fields available on the guarantee record.
3. Save the return information and confirm that the record reflects the returned status or updated **LG Stage**. Keep the record available for review; a returned guarantee remains part of the commercial history even though it no longer requires active follow-up.
4. Select **Close** only when the guarantee is ready for final closure. Before closing, review **Current Value**, **Returned On**, **Expiry Date**, and all entries under **LG Extensions**, **LG Increase**, and **LG Deductions**.
5. Confirm the final status after closing. The closed guarantee should remain visible as a completed record, while its details continue to show the original value, amendments, deductions, return date, and final lifecycle position.

[SCREENSHOT: LG record showing Returned On, Current Value, Expiry Date, LG Stage, and Close action]

Do not close a Letter of Guarantee simply because its expiry date is approaching. If the beneficiary requires continued coverage, use **Extend** before the current **Expiry Date**. Once you close the record, Pams should no longer treat it as available for further extensions, increases, or deductions.

Resolving Common Letter of Guarantee Workflow Issues

When an expected action is unavailable, begin by opening the Letter of Guarantee and checking **LG Stage**. The available actions depend on where the guarantee is in its lifecycle. A guarantee that is already closed cannot be extended, increased, deducted, returned, or submitted again. Confirm that you have opened the original record rather than a completed or historical guarantee with a similar **LG Number**.

If **Submit** is unavailable, review the key information on the record. Check that **Beneficiary**, **LG Issuer**, **LG Type**, **LG Number**, **Currency**, **Issue Value** or **Requested LG Value**, and **Expiry Date** have been completed. Save any corrections, reopen the record, and review **LG Stage** again.

If an extension cannot be completed, compare the new date with the existing **Expiry Date**. The revised expiry date must be later than the current date on the guarantee. Also check whether **Returned On** has already been recorded or whether the record has reached a closed stage. Use **LG Extensions** and **No. Of Previous Extensions** to confirm whether an earlier extension already covers the requested period.

If **Current Value** does not match your expectation after a deduction, review the complete value history before making another entry:

- **Issue Value** shows the original guarantee amount.
- **LG Increase Amount** and **LG Increase Percentage** show recorded increases.
- **LG Deduction Amount** and **LG Deduction Percentage** show recorded reductions.
- **Current Value** shows the amount remaining after those amendments.

If Pams does not allow closure, check whether **Returned On**, **Expiry Date**, and the relevant release, settlement, or return information have been recorded. Review the record's **LG Stage** after each action so you can see whether Pams accepted the update.

[SCREENSHOT: LG record history showing extensions, increases, deductions, Returned On, Current Value, and LG Stage]

Overview

Letters of Guarantee in Pams provide one place to maintain the financial, contractual, bank, and lifecycle details of each guarantee. Use an LG record to track a commitment from its initial request through submission, amendments, deductions, return, and closure. This helps your finance and operations teams keep the current guarantee value and validity period visible alongside the guarantee's history.

Each record is identified by **LG Number** and can include the following key details:

Record detail	What you use it for
Beneficiary	Identifies the party receiving the guarantee.
LG Issuer and **Bank**	Identifies the issuing party and banking details.
LG Type or **Guarantee Type**	Identifies the nature of the guarantee, such as a Bid Bond, Performance Bond, or Warranty Bond.
Issue Value, **Requested LG Value**, and **Current Value**	Shows the original, requested, and remaining guarantee values.
Expiry Date and **Extended To**	Shows the current validity period and any approved extension.
LG Deductions, **LG Extensions**, and **LG Increase**	Preserves the history of amendments made to the guarantee.

Use **Current Value** as the working amount when reviewing an active guarantee. It may differ from **Issue Value** because of recorded increases or deductions. Use **Expiry Date** and **Extended To** together when checking whether the guarantee remains valid.

The **LG Stage** is equally important because it indicates whether the guarantee is still active or has been returned, expired, or closed. Review this stage before starting any action. This avoids attempting to amend a record that has already reached its final status.

Pams keeps amendments connected to the original guarantee record. This gives your team a single history for the **LG Number**, including changing values, validity extensions, deductions, and return information.

Prerequisites

Before creating or changing a Letter of Guarantee in Pams, gather the details from the issued guarantee document, bank communication, contract, or beneficiary request. Entering these details accurately is important because later extensions, increases, deductions, returns, and closure decisions are all recorded against the same **LG Number**.

Prepare the following information before creating a new LG record:

- The **Beneficiary** receiving the guarantee.
- The **LG Issuer** and, where applicable, the **Bank** issuing the guarantee.

- The correct **LG Type** or **Guarantee Type**, such as **Bid Bond**, **Performance Bond**, or **Warranty Bond**.
- The guarantee **LG Number** and any **File Number** used for internal or bank reference.
- The guarantee amount, recorded as **Issue Value** or **Requested LG Value**.
- The correct **Currency**.
- The guarantee’s **Activation Date** and **Expiry Date**.
- Any required **Cash Cover (Amount)** or **Cash Cover (%)**.
- The relevant **On Behalf of** details.

For amendments, have the supporting information ready before selecting the action:

- For an extension, confirm the new **Expiry Date**, **Extended To** date, and **LG Extension Reason**.
- For an increase, confirm the **LG Increase Amount** or **LG Increase Percentage**, **LG Increase Date**, and **LG Increase Reason**.
- For a deduction, confirm the **LG Deduction Amount** or **LG Deduction Percentage**, **LG Deduction Date**, and **LG Deduction Reason**.
- For a return, confirm the date to enter in **Returned On** and any available return reference.

Check that the required **Guarantee Types** and **LG Facility** information are available in Pams before starting a new record. If the appropriate value is missing from a selection list, do not substitute a different type or facility merely to complete the form.