

FAP 111-45-00
PAYMENT DOCUMENTS

1. **GENERAL:** Contracts, including Award/Contracts, Purchase Orders for internal vendors, Personal Service Contracts, Memoranda of Understanding, Memoranda of Agreement, Master Agreements (MA), and Catalog Master Agreements (CMA) are special purpose documents used for authorizing purchases and payments for commodities and services procured by the Commonwealth.
2. An Award/Contract, MA, or CMA may be established by:
 - a. Competitive Sealed Bid (KRS 45A.080, FAP 111-35-00);
 - b. Competitive Negotiation (KRS 45A.085, FAP 111-57-00);
 - c. Noncompetitive Negotiation (KRS 45A.095, FAP 111-08-00, FAP 111-09-00, FAP 111-10-00, FAP 111-39-00);
 - d. Special Authority (FAP 111-08-00, FAP 111-09-00, FAP 111-10-00); or
 - e. Small Purchase (KRS 45A.100, FAP 111-55-00).
3. An Award/Contract, MA, or CMA shall not be required for the following items:
 - a. Transactions that can be made by Journal Voucher;
 - b. Items that can be purchased or paid by Imprest Cash or Procurement Card under the agency's small purchase authority;
 - c. Transactions that can be handled by inter-account.
4. A vendor invoice may be required for payments against an Award/Contract, MA, or CMA, if specified in the purchasing document. The original vendor invoice, if required, shall be retained in the agency for the period of time required by the appropriate document retention schedule. The invoice shall be on the official invoice form of the vendor.
5. An agency shall ensure that adequate funds are available for immediate payment before placing an order.
6. An agency shall select the appropriate payment method for all goods and services. For payments against a document that has been entered into, and encumbered funds within, the state's procurement and accounting systems, an agency shall process an electronic invoice that will liquidate the encumbrance when payment is authorized. If exercising small purchase authority, or if specifically authorized in the terms of the contract, an agency may make payments using a Procurement Card. All payments referencing contracts and awards established in the state's procurement system shall be made in the state's procurement system and reference the appropriate award.
7. If an agency pays a vendor more than thirty (30) working days after receipt of both satisfactory goods or services and satisfactory invoice, the agency shall determine under the provision of KRS 45.451 – KRS 45.458 whether the Commonwealth owes the vendor a penalty. The agency shall pay the penalty in accordance with FAP 120-05-00.