

**STATEMENT OF CONSIDERATION
Relating to 200 KAR 5: 021**

**Finance and Administration Cabinet
(Amended After Comments)**

I. The public hearing on 200 KAR 5: 021, scheduled for September 23, 2025 at 10:00 am at Kentucky Finance and Administration Cabinet, 200 Mero Street, Frankfort, Kentucky was cancelled; however, written comments were received during the public comment period.

II. The following people submitted written comments:

<u>Name and Title</u>	<u>Agency/Organization/Entity/Other</u>
Danielle Clore, CEO	Kentucky Nonprofit Network (“KNN”)
Misty Dugger Judy, VP Legal & Human Resources	Kentucky Horse Park (“KHP”)

III. The following people from the promulgating administrative body responded to the written comments:

<u>Name and Title</u>	<u>Agency/Office/Department</u>
Cary B. Bishop, Assistant General Counsel	Office of General Counsel, Finance and Administration Cabinet

IV. Summary of Comments and Responses

NOTE: All comments received requested changes to the Finance and Administration Cabinet Manual of Policies and Procedures (“FAP Manual”) which was material incorporated by reference in 200 KAR 5:021, Section 1(1), which no changes requested to the language of the regulation itself. Accordingly, for ease of reference, comments identify the specific policy (“FAP”) at issue, when applicable, within the FAP Manual for each comment and response.

In addition to amendments in the incorporated FAP manual in response to comments received, FAP 110-10-00(12)(c), which references compliance with Presidential Executive Order 11246, has been removed by the Finance and Administration cabinet as the executive order has been rescinded.

- (1) Subject matter: *KHP Background and potential impact of sponsorship-related FAPs on the horse park and similar agencies*
 - (a) Commenter(s): Misty Judy
Comment: KHP submitting a comment explaining the background of KHP, its special nature as an agency designated by the legislature to primarily fulfill proprietary functions, and the degree to which KHP, in a manner similar to a private business, relies on sponsorship opportunities to generate revenues.
 - (b) Response: Finance has reviewed and understands the particular concerns of KHP and has incorporated the background information provided by KHP as a contextual reference to be considered in Finance’s responses below to KHP’s substantive suggestions.
- (2) Subject matter: *KHP suggested grammatical and typographical changes*
 - (a) Commenter(s): Misty Judy
Comment: [FAP Manual, FAP 111-65-00(1)(b)] Change word “utilized” to “utilize”.
 - (b) Response: Finance disagrees. In final version filed with LRC word “utilize” is already used.
- (3) Subject matter: *KHP requests that sponsorship rules distinguish between governmental bodies that provide essential services for the direct benefit of the public verses those who provide proprietary functions in a manner like provide enterprise.*
 - (a) Commenter(s): Misty Judy
Comment: KHP comments that they believe FAP 111-65-00, Section 2(a)(2) is overly restrictive in the context of KRS 45A.097, which permits sponsorships for a “particular governmental body purchase or need” and asks that FAP 111-65-00, Section 2(a)(2) either be stricken or that substantive changes to the FAP Manual, FAP 111-65-00 to distinguish between governmental bodies that provide essential

services for the direct benefit of the public verses those who provide proprietary functions in a manner like provide enterprise, as follows:

[FAP Manual, FAP 111-65-00(2)(a)] Insert, “1. For governmental bodies whose primary mission is to provide essential services for direct benefit of the public:” and “2. For governmental bodies whose primary mission is to provide proprietary functions in a manner like private enterprise:” as sub-categories to be considered for OPS review.

[FAP Manual, FAP 111-65-00(2)(b)] Insert, “1. For governmental bodies whose primary mission is to provide essential services for direct benefit of the public:” and “2. For governmental bodies whose primary mission is to provide proprietary functions in a manner like private enterprise:” as sub-categories to be considered for building sponsorships.

[FAP Manual, FAP 111-65-00(2)(d)] Insert, “1. For governmental bodies whose primary mission is to provide essential services for direct benefit of the public:” and “2. For governmental bodies whose primary mission is to provide proprietary functions in a manner like private enterprise:” as sub-categories to be considered for uniform or gear sponsorships.

- (b) Response: Finance agrees with the utility of distinguishing the two categories, and will incorporate the distinction with similar wording for each of the above with the following two subcategories: (1) “For governmental bodies whose primary mission is to fulfill traditional governmental functions for the public good:, and (2) “For governmental bodies whose primary mission is to fulfill a proprietary function often performed by the private sector:....” Notwithstanding the above, Finance believes that the language of KRS 45A.097(4)(a) that KHP cites is primarily intended to indicate a narrow and specific need with an identifiable end point than an ongoing budget-offsetting allocation.
- (4) Subject matter: *KHP requests that sponsorships should meet best value requirements, rather than explicitly specify qualitative specifications or metrics.*
 - (a) Commenter(s): Misty Judy
Comment: KHP comments that the proposed FAP 111-65-00 2(a)(3) requirement that “A sponsorship involving goods or services shall explicitly specify qualitative specifications or metrics necessary to ensure sponsored goods or services are suitable for use by the governmental body for their intended purposes”, could be seen as tailoring an RFP to favor a specific vendor.

KHP proposed the following edit to the FAP: [FAP Manual, FAP 111-65-00(1)(a)] Replace, “A sponsorship involving goods or services shall explicitly specify qualitative specifications or metrics necessary to ensure sponsored goods or services are suitable for use by the governmental body for their intended purposes.”

with, “A sponsorship involving goods or services shall meet the requirements for “best value” as defined in KRS 45A.070(1).”

- (b) Response: Finance understands the flexibility concerns underlying the Horse Park’s request, insofar as a governmental body issuing a sponsorship solicitation may not be able to predict in advance all the specific goods or services that may be offered by a potential sponsor in their sponsorship offer, making it difficult to explicitly specify qualitative specifications or metrics in a solicitation. In consideration of this, Finance agrees to amend the language as follows to de-emphasize explicitly specifying specifications in advance, but preserving the requirement that good and services obtained be of a standard comparable to those otherwise procured by the agency for its ordinary uses: “A sponsorship involving goods or services shall align with qualitative specifications or metrics typically utilized by the agency as sponsored goods or services that would otherwise be procured by the governmental body for the intended purposes.” The above notwithstanding, Finance disagrees that specifying objective qualitative specifications or metrics in a solicitation will inevitably be used to favor specific vendors. While taken to excess, it is possible that a specific vendor could be unfairly favored, in the ordinary course of business agencies should provide objective standards in their solicitations regarding the specifics of the goods and services they seek, while concurrently ensuring the specifications aren’t designed to favor a specific vendor.
- (5) Subject matter: *KHP requests sponsorship opportunities should make clear that acceptance does not constitute endorsement by the Commonwealth.*
 - (a) Commenter(s): Misty Judy
Comment: [FAP Manual, FAP 111-65-00(1)(a)] Insert, “The sponsorship opportunity shall explicitly state that acceptance does not constitute and [sic] endorsement by the Commonwealth” regarding both governmental and proprietary mission-focused governmental bodies.
 - (b) Response: Finance agrees to incorporate similarly worded requirement of, “Sponsorship solicitations shall explicitly state that acceptance of a sponsorship offer does not constitute an endorsement by the Commonwealth.”
- (6) Subject matter: *KHP requests weight should be given to information provided by governmental bodies.*
 - (a) Commenter(s): Misty Judy
Comment: [FAP Manual, FAP 111-65-00(1)(a)] Insert, “In circumstances where it is ambiguous whether the primary function of the governmental body is to provide essential services for direct benefit of the public or is to perform proprietary functions in a manner like private enterprise, OPS shall review, and give weight to, examples cited by the governmental body where similar bodies have been permitted to solicit sponsorships.”

- (b) Response: Finance agrees to incorporate similarly worded requirement of, “In circumstances where it is ambiguous whether the primary function of the governmental body is to fulfill traditional governmental functions for the public good or provide proprietary function often performed by the private sector, OPS shall review, and give weight to, examples cited by the governmental body where similar bodies have been permitted to solicit sponsorships.”
- (7) Subject matter: *KHP requests to loosen restrictions regarding sponsorship of employee uniforms and gear for employees of governmental bodies whose primary mission is to provide proprietary functions in a manner like private enterprise.*
- (a) Commenter(s): Misty Judy
Comment: KHP comments regarding FAP 111-65-00 2(d) and its restrictions regarding sponsored employee clothing or gear, which, “strongly discourages sponsorship of uniforms required to be worn or gear required to be used by employees of the governmental agency to avoid circumstances where an employee feels compelled to endorse a private sponsor.” KHP comments that the FAP should recognize the need to balance sponsorship opportunities with an employee’s freedom of expression as may be related to the sponsoring entity. KHP requests that the provision be altered to exclude apparel or gear necessary to fulfill KHP’s mission, or limit language as it applies to gear that is of a safety nature or fundamental to the mission of the agency, such as equestrian helmets, saddles, etc. KHP proposes the following changes to the FAP:
- [FAP Manual, FAP 111-65-00(2)(d)] For governmental bodies with a primarily proprietary mission focus, Insert, “Sponsorships involving work gear or work clothes that are specific to an employee’s job duties are permissible provided the items, including sponsor branding, have been documented to be commercially available to the public.”
- For governmental bodies with a primarily proprietary mission focus, Insert, “The governmental body shall not compel an employee to wear sponsor branded work gear or work clothes if, by doing so, the employee views this as an endorsement”
- Response: Finance agrees that, for governmental bodies with a primarily proprietary function, restrictions against utilization of sponsor branded gear and clothing should be relaxed but disagrees that commercial availability to the public of gear or clothing should be determinative. Rather, the restriction within governmental bodies with a primarily proprietary function will be limited to employees who whose duties focus primarily on a governmental, rather than proprietary, role.
- Accordingly, under the KHP-suggested subcategory, “For governmental bodies whose primary mission is to fulfill a proprietary function often performed by the private sector:” the suggested language will be amended to, “For employees whose job duties primarily relate to traditional governmental functions for the public good,

Sponsorships regarding uniforms required to be worn by employees of a governmental body are strongly discouraged.”

Finance agrees that, for employees with proprietary job functions, a governmental body may require the employee to utilize sponsor branded gear or clothing unless the employee objects that they view it as an endorsement. Finance will incorporate the similarly worded language, “For employees whose job duties primarily relate to proprietary functions, the governmental body shall not compel the employee to utilize sponsor branded work gear or work clothing if the employee objects that they view the gear or clothing as an endorsement they disagree with.”

(8) Subject matter: *KHP requests clarification of what constates a “response” by OPS to a sponsorship notification.*

(a) Commenter(s): Misty Judy

Comment: [In Incorporated Material, Finance and Administration Cabinet Manual of Policies and Procedures, FAP 111-65-00(3)(b)] Insert, “Delivery receipt and read receipt notifications shall not constitute a response.”, at end of paragraph.

(b) Response: Finance understands and agrees that term “respond” or “response” is intended to address substance of notice, accordingly, Finance will insert the qualifier “substantively” before “respond” in the first line of FAP 111-65-00(3)(b).

(9) Subject matter: *KNN Background and importance to KNN of updating statutes and regulations that relate to prompt payment.*

(a) Commenter(s): Danielle Clore

Comment: KNN submits a comment explaining the background of KNN, its mission as a state association of charitable nonprofits with a 23-year history of working to empower and protect the work of nonprofits across Kentucky, and the importance to KNN and nonprofits of clarity, accountability, and timeliness in state payment processes.

(b) Response: Finance has reviewed and understands the particular concerns of KNN and has incorporated the background information provided by KNN as a contextual reference to be considered in Finance’s responses below to KNN’s substantive suggestions.

(10) Subject matter: *KNN proposal that FAP 111-45-00(8)(e)(2) clarify that “required information” for an invoice be specified in the contract.*

(a) Commenter(s): Danielle Clore

Comment: KNN comments that FAP 111-45-00(8)(e)(2) should be revised to add “as specified in contract” to the existing requirement that an invoice, “Does not contain required information.”

- (b) Response: Finance disagrees. The FAP manual already provides clear guidance regarding information that must be provided on an invoice at FAP 110-10-00(23). Additionally, for PSCs, the Personal Service Contract Invoice Form is posted on the LRC site as required by the Government Contract Review Committee. Adding KNN's suggested language would risk creation of confusion between the existing FAP requirement and a potentially conflicting contract-provided list of requirements. Further, such a list of required information in the contract would result in more rejected invoices, thereby delaying payments.
- (11) Subject matter: *KNN proposal that FAP 111-45-00(8)(e)(3) be revised to require that the contract specify the form to be utilized in invoice submission.*
- (a) Commenter(s): Danielle Clore
Comment: KNN comments that FAP 111-45-00(8)(e)(3) should be revised from, "Is submitted on an incorrect form or in an incorrect format" to "Is submitted in a form different than what is required by the contract."
- (b) Response: Finance disagrees. The FAP manual already provides clear guidance regarding information that must be provided on an invoice at FAP 110-10-00(23). Additionally, for PSCs, the Personal Service Contract Invoice Form is posted on the LRC site as required by the Government Contract Review Committee. Adding KNN's suggested language would risk creation of confusion between the existing FAP requirement and a potentially conflicting contract-provided list of requirements. Further, a mandatory form referenced in the contract would result in more rejected invoices, thereby delaying payments.
- (12) Subject matter: *KNN proposal that FAP 111-45-00(8)(e)(4) be revised to require that the contract specify any required supporting documentation for invoice submission.*
- (a) Commenter(s): Danielle Clore
Comment: KNN comments that FAP 111-45-00(8)(e)(4) should be revised from "Fails to attach sufficient supporting documentation to justify payment or reimbursement..." to "Fails to attach any contractually required supporting documentation to justify payment or reimbursement."
- (b) Response: Finance disagrees. The exact nature of potential supporting documentation necessary to justify payment or reimbursement may often be difficult for agencies to provide an all-inclusive list at the time a contract is created, especially when entering into a new contract, as opposed to a renewal. A firm FAP requirement that only contract-listed documentation qualifies for reimbursement would be likely to result in either (1) an exhaustive and lengthy list that administratively burdensome for all parties or (2) situations where otherwise reasonable reimbursement requests must be denied because they contain information not listed in the original contract.

(13) Subject matter: *KNN proposal that FAP 111-45-00(8)(f) be revised to require email or certified mail be used to contact vendor representatives.*

(a) Commenter(s): Danielle Clore

Comment: KNN comments that FAP 111-45-00(8)(f)(1) should be revised to add, “by email and/or certified mail to the vendor representatives identified in the contract” to the existing FAP requirement for the agency to contact the vendor within 15 days regarding missing required information.

(b) Response: Finance agrees with the suggestion to clarify that written communication should be directed to the vendor representatives identified in the contract and will incorporate this suggestion, adding that the agency obligation is dependent on the vendor providing accurate contact information for their representative initially and updating that information if it changes. Finance disagrees that written contact be limited to email and/or certified mail. In instances where incorrect payment submission is at issue, agencies are encouraged to utilize whatever method is most prompt and effective at providing actual notice to a vendor of the need to correct a deficient invoice submitted for payment. Certified mail, in this context, would likely be less prompt and effective at providing actual notice than text or email.

Accordingly, FAP 111-45-00(8)(f)(1) shall be revised to state, “The agency shall notify the vendor, via the vendor representative(s) identified in the contract or in a subsequent update from the vendor, in writing within fifteen (15) business days from receipt of the goods, services, or invoice, of any additional or missing information required. This notification requirement shall be contingent on the vendor providing accurate and up to date contact information regarding their vendor representative(s).”

(14) Subject matter: *KNN proposal that FAP 111-45-00(10) be revised to cross-reference the payment resolution process outlined in FAP 111-46-00.*

(a) Commenter(s): Danielle Clore

Comment: KNN comments that FAP 111-45-00(10) should add a cross-reference to FAP 111-46-00, and the payment resolution process described there, to add clarity and consistency to the agency determination language.

(b) Response: Finance agrees. FAP 111-45-00(10) will be amended to, “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 and pay any determined penalty. If the vendor disagrees with the agency determination, it may submit an administrative payment dispute, pursuant to FAP 111-46-00.”

- (15) Subject matter: *KNN comments that the ten (10) day period referenced in FAP 111-46-00(2) is not exempt from interest penalties pursuant to KRS 45.454.*
- (a) Commenter(s): Danielle Clore
Comment: KNN comments that FAP 111-46-00(2) adds a ten (10) day period, following the thirty (30) day payment deadline, for the agency to assess any applicable interest penalties required by KRS 45.454 and that KRS 45.454 does not provide that this period is exempt from interest accrual.
- (b) Response: Finance agrees. FAP 111-46-00(2) will be amended to remove, “and remit the amount due to the vendor within 10 days.”
- (16) Subject matter: *KNN comments that the thirty (30) day period referenced in FAP 111-46-00(4) be extended to ninety (90) days.*
- (a) Commenter(s): Danielle Clore
Comment: KNN comments that the thirty (30) day period in FAP 111-46-00(4) for a contractor to request owed penalties be extended to ninety (90) days.
- (b) Response: Finance generally agrees. KRS 45.454 itself does not specify a deadline by which a penalty must be asserted against an agency or provide that such a deadline may be specified by regulation. Accordingly, the time period would likely default to general statutory deadlines for asserting a claim against the Commonwealth. FAP 111-46-00(4) will be amended from, “Within thirty (30) days of being issued payment on an invoice by an agency, a Contractor may submit written notice to the agency requesting payment of KRS 45.454 penalties due that were not included in the original payment by the agency...” to “After being issued payment on an invoice by an agency, a Contractor may submit written notice to the agency requesting payment of KRS 45.454 penalties due that were not included in the original payment by the agency.”
- (17) Subject matter: *KNN comments that other interest or fees incurred by the contractor be added to FAP 111-46-00(4).*
- (a) Commenter(s): Danielle Clore
Comment: KNN comments that “and other interest or fees incurred by the Contractor” be added to *FAP 111-46-00(4)*.
- (b) Response: Finance disagrees. KRS 45.454 limits penalties to the 1% per month interest amount provided by the statute. The additional penalties suggested go beyond the scope of what the statute provides for.
- (18) Subject matter: *KNN comments asks for statutory authority citation regarding authority of Finance Secretary to award penalties in FAP 111-46-00(5) outside of amount permitted by KRS 45.454.*

- (a) Commenter(s): Danielle Clore
Comment: KNN comment requests explanation of statutory authority for FAP 111-46-00(5) provision for submission of claim to Finance Secretary that “which may include claims for interest or other fees incurred by the Contractor.”
- (b) Response: Finance agrees. KRS 45.454 limits penalties to the 1% per month interest amount provided by the statute. This restriction is reinforced by FAP 110-03-00(1)(l). FAP 111-46-00(5) shall be amended to remove, “... including any other claims (which may include claims for interest or other fees incurred by the Contractor) arising out of that payment dispute....”.
- (19) Subject matter: *KNN comments regarding FAP 111-46-00(7).*
- (a) Commenter(s): Danielle Clore
Comment: KNN comments that automatic denial without explanation is inconsistent with fair and transparent government contracting. KNN requests specific reason for denial as well as a cure period.
- (b) Response: Finance disagrees. FAP 111-46-00(6) and (7), when read in conjunction, make clear that summarily denial will be in response to a submitter’s failure to provide the information required by FAP 111-46-00(6). No cure period is provided regarding as (1) the submission information is clearly enumerated in FAP 111-46-00(6) and (2) no bar is listed in the FAP in regard to correction and resubmission of a dispute, beyond what is provided by statute generally in connection to submission of a claim against the Commonwealth.
- (20) Subject matter: *KNN comments regarding FAP 111-46-00(10)(a), total response time.*
- (a) Commenter(s): Danielle Clore
Comment: KNN requests clarification of whether the thirty-day time period for a Secretary Determination includes 5 days the Secretary has to notify the agency and the 10 days the agency has to respond pursuant to FAP 111-46-00(8) and (9).
- (b) Response: Yes, the thirty (30) day time period is all-inclusive.
- (21) Subject matter: *KNN comments regarding FAP 111-46-00(10)(b), clarification of payment amount.*
- (a) Commenter(s): Danielle Clore
Comment: KNN requests to add “total” before “amount to be paid” in FAP 111-46-00(10)(b), to clarify meaning.
- (b) Response: Finance agrees. Term “total” shall be added to FAP 111-46-00(10)(b) as requested.

- (22) Subject matter: *KNN comments regarding FAP 111-46-00(10)(c), post determination deadline for payment.*
- (a) Commenter(s): Danielle Clore
Comment: KNN requests to add maximum of five (5) day deadline within Determination to specify for agency to pay contractor.
 - (b) Response: Finance disagrees. As noted in response to prior comments, KRS 45.454 is silent in regards to deadlines, except as to penalties applying for payments issued beyond the thirty (30) day deadline for timely payment. Accordingly, FAP 111-46-00(10)(c) shall be removed, as potentially outside the scope and authority of KRS 45.454.
- (23) Subject matter: *KNN comments regarding FAP 111-46-00(10), communications requirement.*
- (a) Commenter(s): Danielle Clore
Comment: KNN requests to add requirement that the contractor be copied on all communications regarding the dispute process.
 - (b) Response: Finance agrees in part. FAP 111-46-00(9) will add “with a copy sent to the contractor who submitted the dispute...” after “response” to ensure that a copy of the response is supplied to the contractor. The Finance Secretary’s existing contract dispute process typically already provides notice to all parties to a dispute.
- (24) Subject matter: *KNN comments regarding FAP 111-46-00(11), extensions.*
- (a) Commenter(s): Danielle Clore
Comment: KNN requests to authority of Secretary to grant extensions for good cause be narrowed to only allow for extensions to encompass only truly extraordinary circumstances such as an Act of God.
 - (b) Response: Finance disagrees. Change requested would be in conflict with the discretion typically permitted to courts and administrative adjudicatory entities to allow extensions for good cause.
- (25) Subject matter: *KNN comments regarding FAP 111-46-00(13), voluntary dismissal.*
- (a) Commenter(s): Danielle Clore
Comment: KNN notes concern that dispute may be wrongly dismissed based upon a submitted statement by the agency being sent to an incorrect vendor contact and requests that dismissal by parties be limited to voluntary withdrawal or a joint request.
 - (b) Response: Finance disagrees. When submitting a payment dispute request, contractor should have already submitted a contact pursuant to FAP 111-46-

00(6)(e). Allowing for dismissal regarding an unopposed filing that the dispute has been resolved allows for administrative efficiency regarding instances where a contractor has no further interest in participating in the process once their concern has been addressed.

(26) Subject matter: *KNN comments regarding FAP 110-10-00(16), contract terminations.*

(a) Commenter(s): Danielle Clore

Comment: KNN asks when the language of FAP 110-10-00(16) has been used in the past.

(b) Response: The language of FAP 110-10-00(16) is essentially a simplified restatement of the potential reasons for termination provided for in 200 KAR 5:312 (“Termination of Contracts”) which is typically cited in instances where an agency initiates the termination of a contract.

(27) Subject matter: *KNN comments regarding FAP 111-11-00, general concerns.*

(a) Commenter(s): Danielle Clore

Comment: KNN comments regarding general concerns regarding what is necessary to constitute electronic or written approval of a contract and recommends that (1) “approval documentation” should be defined by an FAP or contract language and that (2) all changes of any potential relevance to the contractor be communicated to the contractor.

(b) Response: Finance disagrees. 200 KAR 5:311 and FAP 111-11-00 provide guidance regarding what is required to constitute a valid contract modification. To the extent not otherwise specified by the Kentucky Model Procurement code, contractors may rely on the provisions of general Kentucky contract law in regard to unilateral contract modifications by agencies which affect a contractor.

(28) Subject matter: *KNN comments regarding FAP 110-10-00(15) and FAP 111-11-00(2), contract modification authority.*

(a) Commenter(s): Danielle Clore

Comment: KNN comments that FAP 110-10-00(15) and FAP 111-11-00(2) should be consistently worded regarding who has the authority to approve modification of a contract.

(b) Response: Finance agrees. FAP 110-10-00(15) shall be revised to insert, “or the agency buyer of record issuing the modification” after “unless the Contractor receives electronic or written approval from OPS.”

(29) Subject matter: *KNN comments regarding FAP 111-11-00(6), non-material contract changes.*

- (a) Commenter(s): Danielle Clore
Comment: KNN asks, in FAP 111-11-00(6) in what example circumstances would budget fiscal year changes not impact the Contractor and recommends the section be revised to require any contract modification, including administrative changes, to be communicated with the Contractor.
- (b) Response: Finance disagrees. The type of changes noted in this section are listed for their lack of material impact on the contractor. The change requested would increase administrative burden, slow the process, and increase costs on agencies for no articulable reason, as the changes contemplated have no material impact on the contractor. In response to KNN's question regarding budget fiscal year changes, this phrase refers to when the funding source for a contract, on the agency side, might be amended by a successive budget but payments issued to the contractor are unaffected. Notwithstanding the above, FAP 111-11-06(6) shall be amended to, "An administrative Contract Modification, which is a modification that does not include material changes or alter contract terms that affect the Contractor (including, but are not limited to: budget year, accounting information, and PON changes in Emars) shall not be provided to the Contractor."

V. Summary of Action Taken by Promulgating Agency

The Finance Cabinet has reviewed the submitted comments and, as a result, is amending the administrative regulation as follows:

In addition to any typographical or grammatical corrections, in response to comments received Finance is amending the Sponsorship policy to distinguish the sponsorship guidelines applicable to agencies are roles that are governmental in focus and those that are primarily proprietary. While, even at agencies with a mainly proprietary focus, governmental roles will merit special attention, proprietary mission focused agencies will generally have less strict sponsorship requirements. As amended, in reviewing an agency sponsorship request, weight will be given to examples cited by the governmental body where similar bodies have been permitted to solicit sponsorships.

In regard to payment procedures, Finance is amending to clarify that written communications regarding payment issues should be directed to the vendor representatives identified in the contract and to provide a cross reference to the payment resolution procedure. Several deadlines not explicitly supported by underlying statutory authority have been removed, as well as mention(s) of penalties not explicitly supported by statutory authority. Finally, Finance has clarified that a contractor must be copied on all communications regarding the dispute process and that the agency buyer of record issuing the modification holds authority to approve contract modifications.