

FAP 120-05-00
PROMPT PAYMENT TO VENDORS

1. **Originating agency to pay penalty:** An agency that originates and pays for a purchase shall determine under the provisions of KRS 45.451 - KRS 45.458 whether the Commonwealth owes the vendor a penalty and, if so, shall pay it. If feasible, the purchase payment and the penalty payment shall be transmitted together to the vendor. After payment, the FAC or the Kentucky State Treasurer's Office shall repay the agency for any penalty or portion of penalty caused by delays in those agencies.
2. **Account object codes for penalty payments:** If an agency prepares and processes a Payment Voucher more than thirty (30) working days after receipt of both satisfactory goods and services and satisfactory invoice, the agency may include the penalty payment as a separate item on the transaction. An object code shall be shown for the amount of the purchase payment and for the amount of the penalty.
 - a. The object code for a penalty caused by the agency is E370 for Personal Services and Operating Expenses, E613 for Capital Outlay Expenses and E770 for Capital Construction Expenses.
 - b. The object code for a penalty caused by the FAC or Kentucky State Treasurer's Office is E356.
3. **Date Stamp on invoices:** After receiving an invoice, a state agency shall place a receiving stamp on the invoice.
 - a. The stamp shall show the word "received", the month, day, and year, and the agency name. If the agency's name is not unique in state government, the name of the cabinet shall be included.
 - b. **Location of date stamp:** The originating agency's receiving date stamp shall be placed near the lower left corner of the front of the vendor's original invoice, or as near to that location as will not obscure other information on the invoice. If goods or services listed on the invoice are received, the agency shall enter to the right of the invoice received stamp the date the goods or services were received.
4. **Expense Transfer to reclaim penalty:** An agency that pays a penalty caused in total or in part by another agency shall process an Expense Transfer transaction to the FAC for the appropriate amount. The FAC shall determine which agency caused the penalty and charge or prorate the penalty accordingly.
5. **Multiple invoices paid on single document:** If more than one (1) invoice is paid on a Payment Voucher, each invoice shall be considered separately as to whether a penalty is due and, if so, the amount.
6. **Counting of time:** Within ten (10) working days, the originating agency shall:
 - a. Process the document to acceptance;
 - b. Respond to SAS regarding incorrect or incomplete transactions; and
 - c. Respond to OPS regarding incorrect or incomplete information.

Relates to: KRS 45.244; KRS 45.451- KRS 45.458