

STATEMENT OF EMERGENCY
200 KAR 5:021E.

This emergency amendment is necessary to implement 2026 RS HB 480 (enacted as 2026 Ky. Acts ch. 147. Section 2 of that Act, codified as KRS 45A.137(7)), which requires the Finance and Administration Cabinet to promulgate regulations concerning contract payments no later than October 1, 2026. KRS 45A.137(8) separately requires publication of the payment resolution process and instructions on the Cabinet's website by that date. This amendment is therefore promulgated pursuant to KRS 13A.190(1)(a)3. to meet an imminent statutory deadline.

This amendment updates the Finance and Administration Cabinet Manual of Policies and Procedures, incorporated by reference in 200 KAR 5:021. In particular, FAP 111-45-00 and FAP 111-46-00 establish procedures for invoice review and correction, partial payments, late-payment penalties, and administrative resolution of payment disputes. These procedures give agencies and contractors a common process for implementing the new payment requirements and obtaining timely resolution of unpaid amounts.

An ordinary amendment filed at this time would not take effect by October 1, 2026. Immediate effectiveness is necessary to have the required regulatory procedures in place by the statutory deadline and to align the published instructions with enforceable procedures. Delayed implementation would prolong uncertainty over invoice corrections and payment claims and increase the risk of avoidable interest penalties and recoverable financing costs. Prompt resolution also supports contractors' continued performance and protects funds available for the goods and services the Commonwealth has contracted to receive.

The revised Manual also clarifies contract insurance requirements, electronic submission for review, procurement card training, contract assignments, and bid withdrawal, and corrects technical errors. These changes support consistent contract administration, financial oversight, and continuity of performance. Notwithstanding the foregoing, the statutory payment deadline is the principal basis for this emergency amendment.

This administrative regulation will be replaced through an emergency amendment by an ordinary administrative regulation.

The ordinary administrative regulation is identical to this emergency administrative regulation.

ANDY BESHEAR, Governor
HOLLY M. JOHNSON, Secretary

FINANCE AND ADMINISTRATION CABINET
(Emergency Amendment)

200 KAR 5:021E. Manual of policies and procedures.

RELATES TO: KRS 45A.045(2)

STATUTORY AUTHORITY: KRS 45A.045(2)

CERTIFICATION STATEMENT: This is to certify that this administrative regulation complies with the requirements of 2025 RS HB 6, Section 8, as this amended administrative regulation will not have a major economic impact, as defined by KRS 13A.010(13). The Governor's signature is included after the body of the regulation to indicate his acknowledgement of this certification.

NECESSITY, FUNCTION, AND CONFORMITY: KRS 45A.045(2) requires the Finance and Administration Cabinet to publish a manual of policies and procedures, which is to be incorporated by reference as an administrative regulation pursuant to KRS Chapter 13A. This administrative regulation incorporates the Finance and Administration Cabinet Manual of Policies and Procedures.

Section 1. A state agency shall follow the procurement requirements in the Finance and Administration Cabinet Manual of Policies and Procedures.

Section 2. Incorporation by Reference.

(1) "Finance and Administration Cabinet Manual of Policies and Procedures", Revised October 2026, is incorporated by reference.

(2) This material may be inspected, copied, or obtained, subject to applicable copyright law, at the Finance and Administration Cabinet, Office of General Counsel, 200 Mero Street, 5th Floor, Frankfort, Kentucky 40622, Monday through Friday, 8 a.m. to 4:00 p.m. This material may also be obtained at the Finance and Administration Cabinet's website, <https://finance.ky.gov/office-of-the-secretary/office-of-policy-and-audit/Pages/Finance-Policies.aspx>.

HOLLY M. JOHNSON, Secretary

APPROVED BY AGENCY: September 30, 2026

FILED WITH LRC: September 30, 2026 at 2:40 p.m.

PUBLIC HEARING AND COMMENT PERIOD: A public hearing on this administrative regulation shall be held on November 23rd, 2026, at 10:00 a.m. at the Kentucky Finance and Administration Cabinet, 200 Mero Street, Frankfort, Kentucky 40622. Individuals interested in being heard at this hearing shall notify this agency in writing five workdays prior to the hearing, of their intent to attend. If no notification of intent to attend the hearing is received by that date, the hearing may be cancelled. This hearing is open to the public. Any person who wishes to be heard will be given an opportunity to comment on the proposed administrative regulation. A transcript of the public hearing will not be made unless a written request for a transcript is made. If you do not wish to be heard at the public hearing, you may submit written comments on the proposed administrative regulation. Written comments shall be accepted until 11:59 p.m. on November 30, 2026. Send written notification of intent to be heard at the public hearing or written comments on the proposed administrative regulation to the contact person.

CONTACT PERSON: Cary Bishop, Assistant General Counsel, Office of General Counsel, 200 Mero Street, 5th Floor, Frankfort, Kentucky 40622. Phone: (502)564-6660, Fax: (502)564-9875. Email: cary.bishop@ky.gov.