

The Purchasing Post

Prompt Payment

KSA 75-6403 is the statute known as the “Prompt Payment Act”. It exists to insure vendors will receive their money in a timely fashion from state agencies. Vendors can charge interest on late payments from state agencies but there is a process. From the purchasing side I want to point out the protection the statute gives state agencies.

First point – *“Each government agency shall make payment of the full amount due for such goods or services on or before the 30th calendar day after the date of receipt by the government agency of the goods and services or the date of receipt by the government agency of the bill therefore, whichever is later, unless other provisions for payment are agreed to in writing by the vendor and the government agency.”* K-State has 30 days after the receipt of goods or invoice, whichever is later, to pay the bill unless other payment terms have been agreed upon (see Nov.’s issue re: payment terms in contracts). In other words, if the invoice is dated Jan 1 but the product was received Jan 15, the thirty days to pay will start on the 15th.

Second point – *“No goods or services shall be deemed to be received by a government agency until all such goods or services are completely delivered and finally accepted by the government agency.”* K-State is not required to pay until all items are received, including backorders, and/or the equipment is up & running as required. Holding onto the payment is K-State’s leverage to make sure the entire order is received and in working condition. To continue with the earlier example, if part of the order was received on the 15th and the rest on the 20th, the 30 days to pay starts on the 20th. If the item was delivered on the 15th but not installed and operating until the 26th, then again, no payment is required until 30 days from the 26th.

The rest of the statute addresses how the vendor can receive interest charges if the state agency failed to pay as required. K-State will not automatically pay interest on an invoice. The vendor has to prove the failure to pay in a timely fashion and even then interest is limited to 1.5% per month. The procedures are better outlined in K-State’s policy & procedure manual Chapter 6320.110 should the situation arise for a department.



Recommendation Form

Purchasing has updated our internal form that is used to send bid files to departments for review.

Attached is a copy for your information.

Another change is the color.

It will no longer be purple in order to save time in making copies and money (color paper costs more).

Enjoy the winter break and see you in the New Year.



KANSAS STATE UNIVERSITY
Purchasing Office, 21 Anderson Hall
Manhattan, KS 66506
785-532-6214; FAX 785-532-5577; kspurch@k-state.edu

(revised 12/2011)

RECOMMENDATION regarding Purchase Requisition # _____ and Quotation # _____

TO: (Dept. Head)
(Dept. Name)

Enclosed are ____ bids for your review. Please return all items with your recommendation to the Purchasing Office, Anderson Hall, Room 21. Please contact me at 785-532-5469 or e-mail at cidekat@k-state.edu if you need assistance.

Date _____

Carla K. Bishop, Director of Purchasing

TO: Ms. Bishop,

____ We accept the low bid from _____ in the amount of
\$ _____.

____ We DO NOT accept the low bid for the following reasons **(if the low bidder is not recommended, specific justification based on the specifications in the bid solicitation must be include):**

Date _____

Department Head or Authorized Signature

For Use By Purchasing Office Only

Date _____

Approved By _____
Carla K. Bishop, Director of Purchasing