Kentucky Executive Branch Procurement

Legislative Oversight And Investigations Committee

November 12, 2026

This Report Has 10 Major Conclusions

1 The majority of procurement processes from FY 2018 to FY 2026 appear to follow intended procurement practices.

2 Cited authorities are sometimes incorrect.	**3** Small purchase authority was exceeded in at least three instances.	**4** Purchase splitting may have been used to exceed small purchase limits.
5 At least three awards out of thousands exceeded approved maximums.	**6** The Finance Cabinet's audit process generally does not review procurement.	**7** Some contracts were modified and extended across decades, which may impede competitiveness.
8 Some emergency contracts may have exceeded emergency conditions.	**9** Noncompetitive awards had minimal justification.	**10** Negatively reviewed vendors continued to receive awards.

Methodology

- eMARS-based analysis
- FY 2018 to FY 2026
- Analysis of selected cited authorities
- Cited authorities are sometimes incorrect
  - A cited authority can be the law, regulation, or Finance Cabinet policy an agency enters in eMARS to show what allows a particular award

Procurement Activity FY 2018 To FY 2026

- More than 500,000 award and delivery order records
  - Majority are modest dollar values, are complete, and contain a valid cited authority
- Report findings represent comparatively small number of awards in high risk categories

The Four Most Common Document Types

Agreement And Orders Placed Against It

MA
Master Agreement
Sets a vendor's prices and terms

→

DO
Delivery Order
Buys a set quantity from an agreement

One agreement, many orders

Standalone Awards

PO
Purchase Order
One-time purchase of goods or nonprofessional services

PON2
Proof Of Necessity Agreement
Single-vendor professional services

Source: LOIC staff analysis of eMARS data and Finance and Administration Cabinet policy (FAP 110-01-00, 111-60-00).

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Sixty-Five Percent Of All Records Are Delivery Orders (DOs) And Purchase Orders (POs)

Median Approved Amount Per Award

DO (Delivery Order)
$3,545
App. 1 month
1 version

PO (Purchase Order)
$2,496
App. 1 month
1 version

Source: LOIC staff analysis of eMARS data, 2018–2026. Approved amount is the award header actual amount. Durations and versions are medians.

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Procurement Responsibilities

Finance And Administration Cabinet

The Office of Procurement Services primarily serves an administrative and advisory role in procurement, while agency procurement departments handle the day-to-day procurement activities for their agencies.

Office Of Procurement Services (OPS)

- Establishing procurement policy and procedures
- Issuing solicitations
- Reviewing higher-risk projects during planning

Agency Procurement Staff

- Executing procurements within agency's delegated purchasing threshold
- Data-to-day contract administration

Procurement Types

Competitive Procurement KRS 45A.080, 45A.085	Noncompetitive Procurement KRS 45A.095	Small Purchase Authority KRS 45A.100
Competitive Sealed Bidding – Request For Bids (RFB)	Emergency Procurements	Delegated By FAC
Competitive Negotiation – Request For Proposals (RFP)	Sole Source	
	Not Practicable Or Feasible	

Source: Kentucky Model Procurement Code, KRS Chapter 45A.

Competitive Sealed Bidding

- Requirements clearly defined
- Office of Procurement Services issues the RFB
  - The agency may not negotiate once issued
- Awarded to bidder offering the best value
  - Price is highest priority
- Bids opened publicly
- Minimum 7 day solicitation posting period

Competitively Negotiated Proposals

- Competitive bidding must be either not practicable or not advantageous
- Office of Procurement Services issues the RFP
- Agency
  - Establishes evaluation criteria
  - Assembles evaluation team
  - Prepares determination and findings

Noncompetitive Negotiation

Sole Source	›	Only one vendor
Not-Practicable Or Feasible	›	Competition is not feasible
Emergency	›	Genuine emergency conditions

Small Purchase And Delegated Purchase Authority

- Small Purchase Authority
  - KRS 45A.100 establishes a small purchase threshold for agencies.
  - Risk of "purchase splitting"
- Delegated Purchase Authority
  - Reduces administrative burden.
  - Subject to conditions.

Cited Authorities

Correct Cited Authorities	Refers to:
KRS 176.070	Road Construction
300 KAR 1:021	State Fiscal Recovery of American Rescue Plan Act
FAP 111-55-00	Small Purchase-Goods and Services

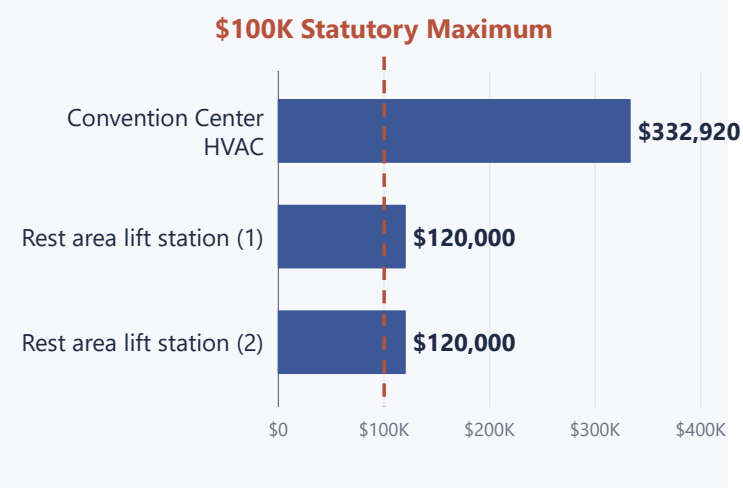
Entered in eMARS as:	Concerns
MA Document ID Number	The agreement cites itself, not a law
AGREEDSETTLEMENT	Refers to a 2013 court settlement
KHEAA>$20,000	Does not cite a law, regulation, or policy
KRS 45A.100-RFQ (M)	Statute does not include purported provision
FAP 111-55-00 (small purchase)	Contract was actually competitively bid

Recommendation 3.1

The Finance and Administration Cabinet (FAC) should require that the Cited Authority Description auto-populate from a validated table keyed to the Cited Authority field rather than accept free text and should provide additional training to agency and Office of Procurement Services purchasing staff on correct cited-authority selection and entry. FAC should provide the Legislative Oversight and Investigations Committee with an estimated cost for modifying eMARS to allow the functionality needed to fulfill this recommendation.

Small Purchase Limit

- Limit usually $1,000, but can go to $100,000.
- At least three awards out of thousands appear to be miscoded as small purchases.



Source: Staff analysis of eMARS data, 2018 to 2026.

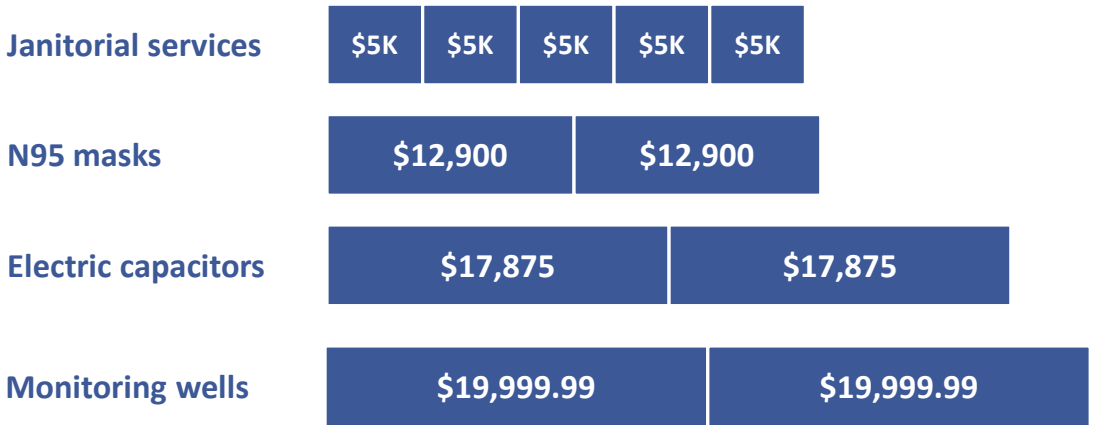
Recommendation 3.2

The Finance and Administration Cabinet should implement a hard stop in eMARS that would prevent any award coded as a small purchase from being approved or modified above the agency's delegated small purchase authority or the $100,000 statutory maximum.

Recommendation 3.3

The Finance and Administration Cabinet should correct the classification of the Kentucky International Convention Center and Simpson County Rest Area awards in the system of record to reflect their actual procurement basis.

Potential Split Purchases



Recommendation 3.4

Consistent with KRS 45A.100(2), the Finance and Administration Cabinet should operationalize a pre-approval screening control to flag same-day, same-vendor, same-department, same-unit, and same industry code clusters for additional review before an award is approved.

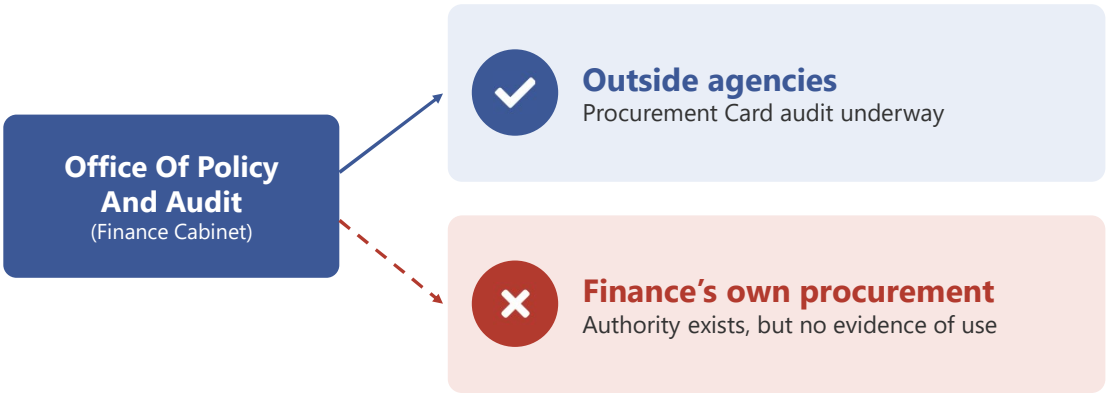
Spent Amount Exceeds Approved Amount

1	Actual Amount $8,398.00	→	Closed Amount **$15,504.00**
2	Actual Amount $10,479.28	→	Closed Amount **$11,932.20**
3	Actual Amount $263.47	→	Closed Amount **$319.93**

Recommendation 3.5

The Finance and Administration Cabinet should consult with CGI to determine the feasibility of configuring eMARS so that a closed or expended amount cannot exceed the approved header amount without a formal, approved modification.

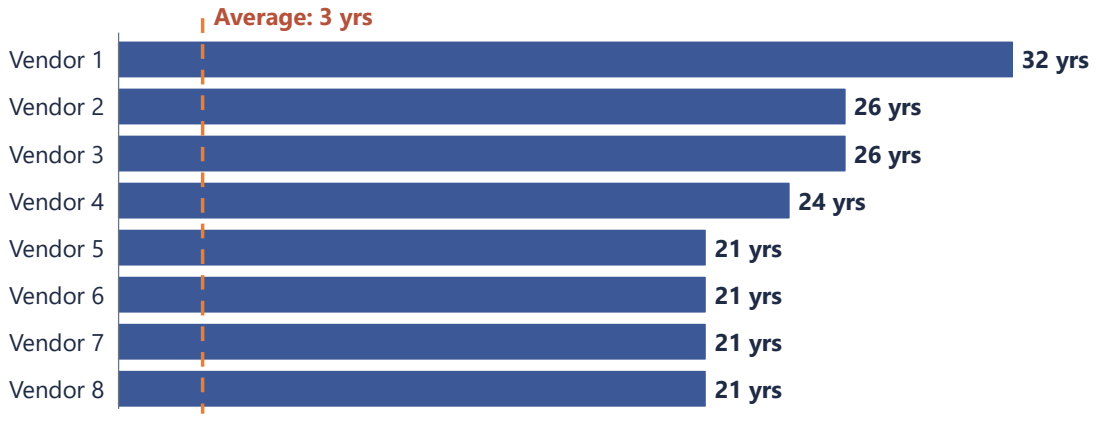
Internal Audit Coverage



Recommendation 3.6

The Finance and Administration Cabinet should evaluate opportunities for the Office of Policy and Audit to review procurement activities to ensure policies are appropriately followed.

Master Agreement (MA) Extensions And Length



Of 40,796 MAs, the typical MA runs about 2 years, the median, but a long tail lifts the average to 3. About 1.3 percent (109 MAs) are statistical outliers running nearly 11 years or more, and 19 run longer than 20 years.

Source: Staff analysis of eMARS data, 2018 to 2026.

Recommendation 3.7

The Finance and Administration Cabinet should set mandatory re-justification intervals for long-running noncompetitive master agreements and sole-source contracts after which the award is either competitively re-bid or formally re-approved on the current record.

Emergency Award Length

- 40.6 percent of emergency awards run for over 2 years
- The longest-running emergency award, which is still open, has run for more than 8 years.

Recommendation 3.8

The Finance and Administration Cabinet should require periodic re-justification of emergency awards that remain open beyond a defined duration such as 2 years, and document the specific statutory basis whenever a biennium exemption under KRS 45A.145 is granted.

Emergency Awards Example: 2022 Debris Removal (In Thousands of $s)

	Original Ceiling	Modified Ceiling	Multiple
	$5,839	$90,594	**15.5x**
	23,744	102,727	**4.3x**
	24,254	92,061	**3.8x**
	2,919	13,167	**4.5x**
	1,221	10,126	**8.3x**
	2,919	7,443	**2.5x**
	1,633	2,733	**1.7x**
	1,005	1,480	**1.5x**
	1,289	1,292	**1.0x**
	395	450	**1.1x**
	97	356	**3.7x**
	97	311	**3.2x**
	5,839	*(No modifications)*	**—**
Total	$71,250	$328,579	**4.6x**

Source: Kentucky. Office of the Controller, Finance and Administration Cabinet. Master Agreement. Aug. 24, 2026. eMARS

2022 Debris Removal (Continued)

Quantity	Unit	Description	Due Date	Unit Price	Total Price
443,423	TNMI	Additional mileage for hauling over 30 miles	08/06/2022	$3	$1,330,269
1,185,257	TNMI	Additional mileage for hauling over 30 miles	08/06/2022	$30	$35,557,710

Recommendation 3.9

The Finance and Administration Cabinet should require a documented determination of whether the expanded scope remains within the genuine emergency period or requires competitive re-procurement for any future disaster-response contract expansion.

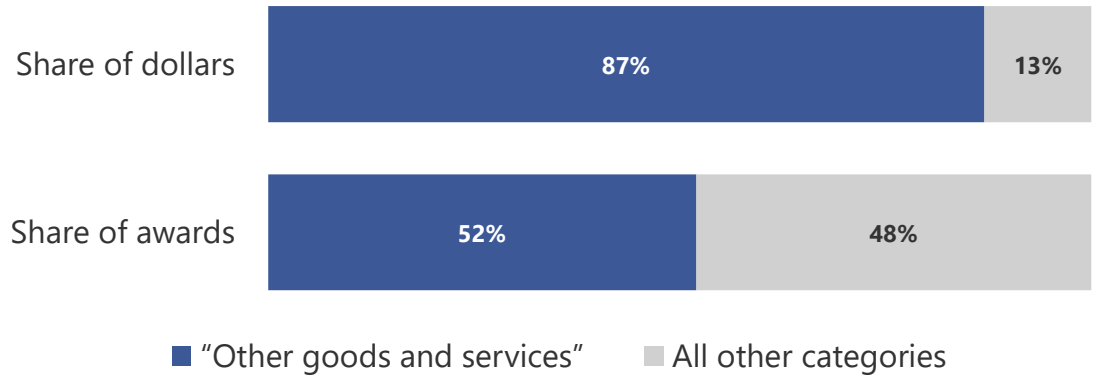
Recommendation 3.10

The Finance and Administration Cabinet should require an independent load-ticket verification as a condition of per-unit payment on future debris-removal contracts.

Recommendation 3.11

The Finance and Administration Cabinet should require a documented price analysis, consistent with 2 CFR 200.324, before approving any price escalation request on an active emergency or disaster-response contract.

Noncompetitive Awards Had Minimal Justification



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Recommendation 3.12

The Finance and Administration Cabinet should require more specific cited-authority sub-coding for "not practicable to bid" awards so that the underlying goods or services can be identified without individual document review and should establish more stringent content requirements for the written determination and finding to prevent boilerplate justification language.

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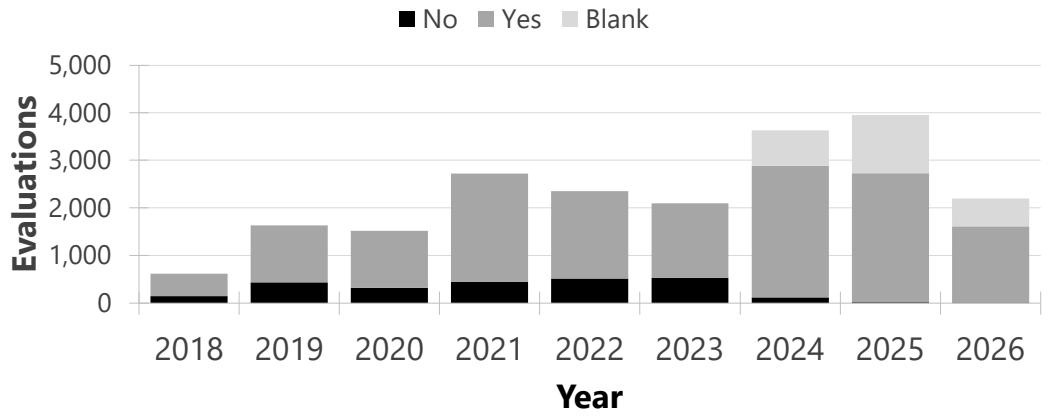
Performance Evaluations: "Do you recommend working with the vendor in the future?"



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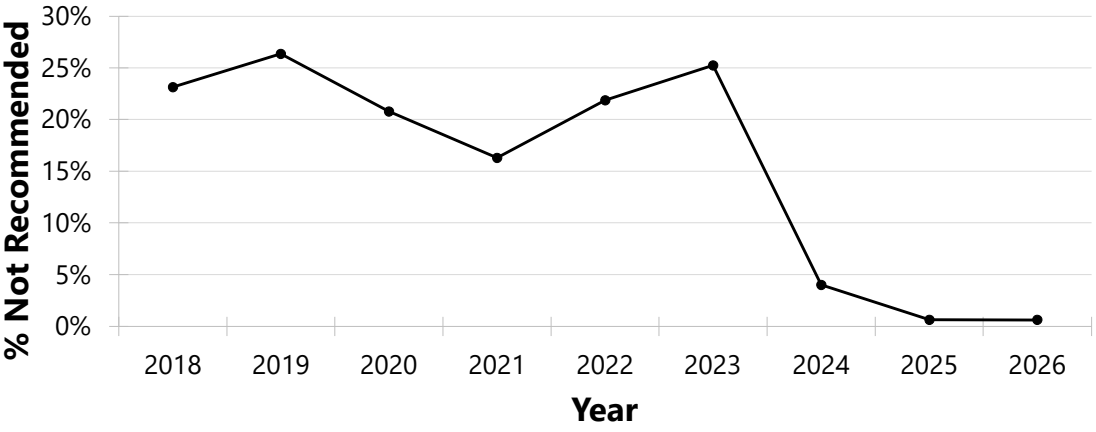
Performance Evaluations Not Recommending Vendors



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Recommendation 3.13

The Finance and Administration Cabinet should require a narrative justification and supervisory sign-off whenever an agency awards further work to a vendor with an outstanding "do not recommend" evaluation on file.

Matter for Legislative Consideration 3.A

The General Assembly may wish to consider requiring annual Performance Evaluations for all ongoing awards.

Questions?