



## AOC POLICY-005 PROCUREMENT OF GOODS AND SERVICES

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<b>ASSOCIATED FORMS:</b>			

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## **SECTION 1. PURPOSE**

The purpose of this Administrative Office of the Courts (AOC) Policy is to:

- 1.1 Establish the legal authority of the procurement function within the AOC;
- 1.2 Promote public confidence in the procurement procedures of the judicial branch;
- 1.3 Ensure good stewardship of taxpayer funds;
- 1.4 Provide internal controls to ensure that judicial branch expenditures are necessary for the operation of the judicial branch, are properly authorized, and are economical;
- 1.5 Safeguard the integrity of the procurement system and protect against corruption, waste, fraud, and abuse;
- 1.6 Provide for increased efficiency, economy, and flexibility in the procurement activities of the judicial branch and maximize, to the fullest extent, the purchasing power of the judicial branch;
- 1.7 Make judicial branch purchasing procedures as similar as possible to the procedures outlined in the Kentucky Model Procurement Code (KRS Chapter 45A) and the Finance Administrative Policies adopted by the Kentucky Finance and Administration Cabinet;
- 1.8 Foster effective competition; and
- 1.9 Ensure the fair and equitable treatment of all persons and entities who deal with the procurement system of the judicial branch.

## **SECTION 2. SCOPE**

This AOC Policy applies to all employees of the AOC and judicial branch ProCard cardholders. KCOJ officials and employees who agree to serve on an evaluation committee established by the AOC Department of Financial Services, Division of Procurement must also agree to abide by Sections 6 and 15 of this AOC Policy for purposes of their service on the committee.

## **SECTION 3. DEFINITIONS**

- 3.1 "**Accounting Services**" means the Division of Accounting Services within the Office of Finance and Administration, Department of Financial Services.
- 3.2 "**Accounting template**" means chart of accounts data used to create eMARS documents.
- 3.3 "**ACFR**" means Annual Comprehensive Financial Report.
- 3.4 "**AO**" means Administrative Order.
- 3.5 "**AOC**" means Administrative Office of the Courts.
- 3.6 "**AOC contract**" means a memorandum of agreement, personal service contract, or master agreement established by the AOC for use of the judicial branch.
- 3.7 "**AOC Director**" means the Director of the Administrative Office of the Courts appointed pursuant to KRS 27A.050.
- 3.8 "**APs**" means the Rules of Administrative Procedure of the Court of Justice as adopted by the Supreme Court of Kentucky, comprising the administrative policies of the Kentucky Court of Justice. The APs have the force and effect of law in the Commonwealth of Kentucky. "AP" means a Part or Section within a Part of the Rules of Administrative Procedure.

- 3.9 **"Best value"** means a procurement in which the decision is based on the primary objective of meeting the specific business requirements and best interest of the Kentucky Court of Justice. These decisions must be based on objective and quantifiable criteria, including price, that have been communicated to the offerors as set forth in the invitation for bids.
- 3.10 **"Bidder"** means an individual or business entity that submits a bid to the AOC Office of Finance and Administration in response to an RFB.
- 3.11 **"Chart of accounts"** means account elements used by the judicial branch to support a standard fund accounting structure and a common organization structure. They are required on financial transactions to enable the judicial branch to produce its Annual Comprehensive Financial Report (ACFR) and meet other central reporting and control requirements. Account elements include Fund, Object, Revenue Source, Function, Appropriation Unit, and Location.
- 3.12 **"Compensation"** means any money, thing of value, or financial benefit conferred in return for services rendered or to be rendered, but it does not include the salary for services rendered in a public office, position, or employment.
- 3.13 **"Contract "** means an AOC Contract, a commercial contract, an MOU, or a lease circulated for signatures and maintained by the Division of Procurement.
- 3.14 **"Contracting authority"** means authority to legally commit the AOC to the purchase of products and services or to adhere to contract terms and conditions.
- 3.15 **"Contracting Officer"** means an AOC employee who is authorized via an AOC-PRO 2.1 *Delegation of Contracting Authority* form to enter into contracts, purchase orders, delivery orders, or task orders on behalf of the AOC.
- 3.16 **"Contractor"** means an individual or business entity that has contracted with the AOC to provide goods or services to the Court of Justice. The term "contractor" does not include lessors or parties to an MOU.
- 3.17 **"Contract PPC"** means the Division of Procurement's program/project coordinator responsible for management of contracts.
- 3.18 **"Commercial contract"** means a contract submitted by a vendor or contractor containing terms and conditions customarily offered competitively in the commercial marketplace that differ from or supplement the terms and conditions contained in an AOC contract or purchase order. Commercial contracts include:
- (a) Service level agreements;
  - (b) Equipment leases;
  - (c) License agreements;
  - (d) Statements of work; and
  - (e) Any other document containing terms and/or conditions not included in the AOC contract or purchase order.
- 3.19 **"Cooperative purchasing agreement"** means an agreement between a vendor and one or more states or state agencies providing that multiple states or state agencies may

collaboratively or collectively purchase goods and services in order to increase economies of scale and reduce costs.

- 3.20 "**Critical vendor**" is a vendor of technical equipment or services that hosts confidential KCOJ data.
- 3.21 "**Delivery order (DO)**" means a document detailing the goods, quantity, ship/bill to addresses, and other information necessary to place an order against an existing state price contract or AOC master agreement.
- 3.22 "**Designated approver**" means an employee that has been granted the authority to approve documents in eMARS. The designated approvers for the Office of Finance and Administration are:
- (a) Department of Financial Services, Division of Accounting Services Manager.
  - (b) Executive Officer of the Department of Financial Services.
  - (c) Any employee designated by the Accounting Services Manager or Executive Officer of Financial Services.
- 3.23 "**Determination and Finding**" means a written approval by an authorized official that is required as a prerequisite to taking certain contract actions.
- 3.24 "**eMARS**" means Enhanced Management Administrative Reporting System, a centralized and integrated financial system used by the Commonwealth of Kentucky.
- 3.25 "**Emergency condition**" means a situation which creates a threat or impending threat to public health, welfare, or safety such as may arise by reason of fires, floods, tornadoes, other natural or man-caused disasters, epidemics, riots, enemy attack, sabotage, explosion, power failure, energy shortages, transportation emergencies, equipment failures, state or federal legislative mandates, or similar events.
- 3.26 "**EO**" means Executive Officer.
- 3.27 "**eProcurement**" means a website maintained by the Finance and Administration Cabinet for vendors to register as a vendor of the Commonwealth, and access open solicitations.
- 3.28 "**eRequisition**" means a request to purchase goods or services submitted through the OnBase eRequisition portal available to employees and officials through the internal Kentucky Court of Justice SharePoint site.
- 3.29 "**Family member**" means an individual's spouse, child, parent, grandparent, grandchild, brother, or sister, or a person of similarly close relationship defined as:
- (a) An intimate partner who has resided with the individual for at least one year; or
  - (b) One for whom the individual is legally responsible.
- 3.30 "**Financial Services**" means Department of Financial Services.
- 3.31 "**Fixed asset**" means any moveable or tangible property used in the operations of the Kentucky Court of Justice that has a useful life of greater than one year.
- 3.32 "**Form and legality**" means a standard of legal review verifying that the document meets all legal requirements; a review as to form and legality designates that a contract is legal, valid, and binding on its face. A review as to form and legality is not a guarantee

or a warranty that the contract is in the KCOJ's best interest or eliminates exposure to liability.

- 3.33 "**Furnishings**" means furniture, cubicles, workstations, fittings, window coverings, plexiglass, appliances, flags, and other accessories, including decorative accessories.
- 3.34 "**GCRC**" means the Government Contract Review Committee of the Kentucky General Assembly.
- 3.35 "**General Accounting Expense (GAX) document**" means a standalone document that does not reference any contract and is used in eMARS to pay allowable authorities such as utilities and postage.
- 3.36 "**Goods**" means items that have value and can be sold.
- 3.37 "**GSA**" means the U.S. General Services Administration.
- 3.38 "**Inter-account**" means a transfer of funds from one agency to another within the Commonwealth of Kentucky.
- 3.39 "**ITS**" means the AOC Office of Information and Technology Services.
- 3.40 "**Journal voucher**" means an eMARS document correcting an expenditure or revenue that has been posted to an incorrect account.
- 3.41 "**Judicial buyer**" means an employee in the Department of Financial Services, Division of Procurement assigned the task of processing requisitions for goods or nonprofessional services that can be completed using a purchase order or delivery order.
- 3.42 "**KCOJ**" means the Kentucky Court of Justice.
- 3.43 "**Letting Department**" means the office, department, or board responsible for issuing a solicitation. For leases, it means the Office of Finance and Administration, Department of Court Facilities, Division of Real Property. For KCOJ capital construction projects, it means the Construction Manager and the Department of Court Facilities, Division of Capital Construction for protests of solicitations and awards of subcontracts and the Project Development Board and the Department of Court Facilities, Division of Capital Construction for all other contracts. For all other contracts, it means the Office of Finance and Administration, Department of Financial Services, Division of Procurement.
- 3.44 "**Master Agreement (MA)**" means a document that establishes a price agreement with a vendor to supply specific goods and services at specific unit prices during a specified time period. It does not place an order for goods and services.
- 3.45 "**Memorandum of Agreement (MOA)**" means an agreement between a state agency, including the AOC, and an entity qualified as a nonprofit under 26 U.S.C. Section 501(c)(3) not authorized under KRS Chapter 65, or an agreement between two state agencies, that involves an exchange of resources or responsibilities to carry out a governmental function.
- 3.46 "**Memorandum of Understanding (MOU)**" means a contractual agreement documenting the rights and obligations of two or more parties that does not require the exchange of money.
- 3.47 "**Modification**" means any changes to the specifications, statement of work, delivery point, rates, price, quantity, or term, including amendments, addenda, change orders,

notices of termination, and administrative changes. A contract modification must not be used to initiate a change outside the original scope of the contract.

- 3.48 **"Nonaffiliated third party"** means any person or entity that:
- (a) Has a contract or agreement with the AOC; and
  - (b) Receives personal information from the AOC pursuant to the contract or agreement.
- 3.49 **"Nonprofessional services"** means any service that does not meet the definition of a professional service.
- 3.50 **"Nonprofit entity"** means any entity qualified as nonprofit under 26 U.S.C. sec. 501(c)(3) not authorized under KRS Chapter 65.
- 3.51 **"Object code"** means a code used by accounting to identify the type of expenditures being obligated against the KCOJ's budget.
- 3.52 **"OFA"** means the AOC Office of Finance and Administration.
- 3.53 **"OFA Director"** means the Director of Finance and Administration for the AOC.
- 3.54 **"Offeror"** means an individual or business entity that submits a proposal to the AOC Office of Finance and Administration in response to an RFP.
- 3.55 **"OnBase"** means a content management application used by the AOC for automating processes and as a document retention database.
- 3.56 **"Payment Request Commodity (PRC) document"** means a document in eMARS that may be created as a standalone payment document or may reference contracts, master agreements, or POs.
- 3.57 **"Performance bond"** means a bond which secures performance and fulfillment of the contractor's obligations under the contract.
- 3.58 **"Personal information"** means an individual's first name or first initial and last name, or personal mark, or unique biometric or genetic print or image, in combination with one or more of the following data elements:
- (a) An account number, credit card number, or debit card number that, combined with any required security code, access code, or password, would permit access to an account;
  - (b) A Social Security number;
  - (c) A taxpayer identification number that incorporates a Social Security number;
  - (d) A driver's license number, state identification card number, or other individual identification number issued by any agency;
  - (e) A passport number or other identification number issued by the United States government; or
  - (f) Individually identifiable health information as defined in 45 C.F.R. sec. 160.103, except for education records covered by the Family Educational Rights and Privacy Act, as amended, 20 U.S.C. sec. 1232g.
- 3.59 **"Personal service contract (PSC)"** means a contract between the AOC and an individual or business entity to perform services necessary to conduct the business of the KCOJ for a specified period of time at a price agreed upon. PSCs for services requiring

professional skill or professional judgment are processed as PON2 documents. PSCs for nonprofessional services are processed as SC documents.

- 3.60 "**PON2 document**" means the proof of necessity document type in eMARS used for all MOAs and for PSCs for professional services.
- 3.61 "**ProCard**" means procurement card issued to a Kentucky judicial branch official or employee pursuant to the Kentucky Judicial Branch Procurement Card Program to be used for the purchase of goods or services. All ProCards must be used in accordance with these procurement policies.
- 3.62 "**Procurement**" means all stages involved in the process of procuring products or services, beginning with the determination of a need for products or services and ending with contract completion or closeout. It involves the procuring by purchase order, delivery order, task order, or contract of products or services through purchase or lease, whether the products or services are already in existence or must be created, developed, demonstrated, and evaluated. Procurement begins at the point when needs are established and includes the description of requirements to satisfy needs, solicitation and selection of sources, award, financing, performance, and administration.
- 3.63 "**Procurement Division**" means the Division of Procurement within the Office of Finance and Administration, Department of Financial Services.
- 3.64 "**Procurement Manager**" means the OFA, Division of Procurement manager.
- 3.65 "**Procurement officer**" means an employee in the Department of Financial Services, Division of Procurement assigned the task of managing solicitations and drafting, reviewing, and administering contracts.
- 3.66 "**Procurement vehicle**" means a mechanism by which the AOC may issue a purchase document for goods or services in excess of its small purchase authority. Procurement vehicles include AOC contracts awarded pursuant to a solicitation or an authorized competitive bidding exception, AOC contracts awarded to a state agency or 501(c)(3) entity, state price contracts, GSA price contracts, and pre-approved cooperative purchasing agreements.
- 3.67 "**Professional services**" means services requiring professional skill and judgment, including services rendered by physicians, optometrists, dentists, nurses, psychologists, engineers, architects, landscape architects, certified public accountants, public accountants, and attorneys.
- 3.68 "**Public funds**" means all general fund receipts and all agency revenue fund receipts, except for donations or grants.
- 3.69 "**Purchase document**" means one of the following documents, issued by the AOC Division of Procurement after receipt of a requisition, that orders or documents the purchase of goods or services:
  - (a) Purchase Order (PO)
  - (b) Delivery Order (DO)
  - (c) Task Order (TO)
  - (d) Memorandum of Agreement (PON2)
  - (e) Personal Services Contract (SC or PON2)



- 3.70 "**Purchase order (PO)**" means a document prepared by the AOC and submitted to a vendor to order goods or nonprofessional services from a vendor. A PO includes the purchase order number and date; the vendor's name, address, and Tax ID Number; a description of the product(s)/services to be purchased; quantity/unit of measure; and prices/total cost; billing address; payment provisions; contract number, if it is placed against an existing GSA price contract; delivery requirements; purchase order terms and conditions; and contracting officer's signature.
- 3.71 "**Receiver**" means a document issued by the Procurement Division that is required to be signed and returned by a KCOJ official or employee to confirm the receipt of goods.
- 3.72 "**Renewal**" means a contract for an additional period following the initial term, not to exceed one year. Renewals must be authorized by the solicitation and issued in accordance with the terms and conditions included in the original solicitation.
- 3.73 "**Request for Information (RFI)**" means an announcement publicly requesting industry comment or information to assist with the development of detailed requirements to achieve a conceptual need for products or services.
- 3.74 "**Requesting department**" means an office, department, or division submitting a requisition to purchase goods or services or to enter into a contract.
- 3.75 "**Request-It**" means a catalog of certain pre-sourced goods made available online by the Procurement Division for use of KCOJ officials and employees in requisitioning necessary goods.
- 3.76 "**Requestor**" means a KCOJ official or employee who submits a requisition.
- 3.77 "**Requisition**" means a request for goods, services, or contracts.
- 3.78 "**Requisition Authority**" means an appointing authority or designee authorized by a *Requisition Authority* form to take one or more of the following actions on behalf of an office, department, or division:
- (a) Place orders in Request-It
  - (b) Approve submission of a requisition to Procurement
  - (c) Review and recommend contracts to be signed
  - (d) Review and recommend payment of invoices
  - (e) Review and recommend payment of travel vouchers
  - (f) Approve submission of a space request to Real Property.
- 3.79 "**Requisition Authority Form**" means a document developed, maintained, and housed by Financial Services used by an appointing authority or authorized delegate to delegate authority to a requisition authority.
- 3.80 "**RFB**" means request for bids.
- 3.81 "**RFP**" means request for proposals.
- 3.82 "**SC document**" means a service contract document in eMARS and includes all AOC contracts except PSCs processed as PON2s, MOAs, and MAs. Commercial contracts that are not secondary to a PO, DO, or AOC contract must be opened as an SC document in eMARS.

- 3.83 "**Security equipment**" means any equipment designed to prevent the entry of unauthorized persons into protected spaces, to keep out undesired objects and substances, to sound warnings when dangers threaten KCOJ business, officials, employees, and patrons, and to monitor the movement of persons throughout a building and its grounds.
- 3.84 "**SharePoint**" means a Microsoft web-based content platform used for sharing files and information. The AOC uses secure SharePoint to manage documents.
- 3.85 "**Small purchase authority**" means the total maximum amount of a PO or AOC contract that may be issued without an established procurement vehicle. For purchases made by the Office of Information and Technology Services or the Department of Court Facilities, the small purchase authority is \$50,000. For all other offices, departments, and divisions within the KCOJ, the small purchase authority is \$20,000.
- 3.86 "**Sole source**" means a single, known capable supplier of goods or services, occasioned by the unique nature of the requirement, the supplier, or market conditions.
- 3.87 "**Solicitation**" means a document published in the eProcurement system advertising requirements for goods or services inviting vendors to submit information, quotes, offers, proposals, or bids. RFPs and RFBs are solicitations.
- 3.88 "**SOP**" means standard operating procedure.
- 3.89 "**Split purchase**" means splitting a known requirement at the time of the purchase into multiple transactions in order to circumvent established dollar thresholds.
- 3.90 "**State price contract**" means a master agreement established by the Executive Branch for use by all Commonwealth of Kentucky state agencies, including the AOC.
- 3.91 "**Specification**" means a description of the essential technical requirements for a material, product, or service. Specifications usually include the product's qualitative and quantitative design, function, or performance requirements and the factors used to determine whether those contract requirements have been met.
- 3.92 "**Statement of Work (SOW)**" means a detailed document that defines all the components of a project including tasks, deliverables, milestones, and schedules. It also clarifies the purpose of the project and the indicators of success.
- 3.93 "**Task Order (TO)**" means a document identifying the name of a resource, rate of pay, number of authorized work hours, work duties, AOC supervisor, and other information necessary to place an order against an existing state price contract for staffing services or software development services.
- 3.94 "**Technical Equipment**" means computers, peripherals, audio and visual systems, phones, printers, and multi-function printers (MFP).
- 3.95 "**Vendor**" means an individual or business entity that provides goods or services for payment.

#### **SECTION 4. AUTHORIZED DELEGATIONS OF CONTRACTING AUTHORITY**

- 4.1 As the fiscal agent of the KCOJ, the AOC is authorized to enter into and perform contracts upon such terms as the Director may deem appropriate, as may be necessary to conduct the work of the KCOJ.
- 4.2 Contracting authority for the AOC is vested in the AOC Director. The AOC Director may delegate any level of contracting authority to appropriate AOC personnel by executing an AOC-PRO-2.1 *Delegation of Contracting Authority* form designating the employee as a contracting officer.
- 4.3 Contracts may be entered into and signed on behalf of the AOC only by contracting officers authorized by a current AOC-PRO-2.1 *Delegation of Contracting Authority*.
- 4.4 Contracting officers may bind the AOC only to the extent of the authority delegated to them. Contracting officers must ensure that all requirements of law and KCOJ and AOC policy, including required approvals, are met when entering into contracts.
- 4.5 A copy of the contracting officer's AOC-PRO-2.1 *Delegation of Contracting Authority* must be provided to a vendor upon request.
- 4.6 All delegations of contracting authority must be maintained by the Procurement Division and must:
  - (a) Be current, using an AOC-PRO-2.1 *Delegation of Contracting Authority* form;
  - (b) Specify any restrictions to the types of products or services the individual may purchase or authorize;
  - (c) Specify the dollar limitation of those purchases; and
  - (d) Be provided to the delegate.

#### **SECTION 5. DONATIONS AND USE OF PUBLIC FUNDS**

- 5.1 A program or department may accept monetary donations from governmental entities, persons, or businesses to further the work of the KCOJ or to benefit the KCOJ, provided that the donor is not seeking to do business with the KCOJ and is not seeking official action from the program or department accepting the donation.
  - (a) No donation may be accepted by a program or department unless the donation is first approved by the AOC Director or designee upon a determination in writing that the donor is an authorized donor and the donation does not create an appearance of impropriety.
  - (b) Any donations received by a program or department must be delivered to Accounting Services in accordance with AOC.003 *Cash Handling* and will be held in a restricted fund for the authorized purpose.
- 5.2 Expenditures of public funds are only allowed as may be necessary to conduct the work of the KCOJ.
- 5.3 Expenditures must be reasonable in amount, beneficial to the public, and not personal in nature.
- 5.4 No expenditure may be made unless authorized by law or under an appropriation adequate to its fulfillment.

- 5.5 Public funds may be used to purchase honoraria for speakers or dignitaries attending KCOJ events up to \$50 per person. Public funds may be used for investitures and portrait dedications for Supreme Court Justices.
- 5.6 The following are examples of unallowable uses of public funds:
- (a) Alcoholic beverages;
  - (b) Food or beverages for KCOJ officials or employees, but the following purchases of food and non-alcoholic beverages are allowable:
    - 1. Filtered water;
    - 2. Beverages provided at public meetings or to the public;
    - 3. Food or beverages provided for officials or employees in travel status in lieu of daily per diems for meal reimbursement;
    - 4. Food or beverages provided at judicial colleges and circuit court clerk colleges;
    - 5. Food, beverages, and paper products provided for meetings or work groups hosted by the Chief Justice and/or the Supreme Court; and
    - 6. Beverages provided for meetings or work groups hosted by the Court of Appeals.
  - (c) Donations, unless authorized by Kentucky Supreme Court AO 2017-05 *Judicial Branch Surplus Property*, as amended or otherwise superseded by subsequent Kentucky Supreme Court Administrative Order;
  - (d) Cash or cash equivalents, including gift cards;
  - (e) Incentives for program participants;
  - (f) Drug tests for litigants or defendants, except as authorized by AP Part XIII *Procedures for Drug Court* for Specialty Court participants or as authorized by an appropriation from the General Assembly;
  - (g) Employee parties, including retirement receptions;
  - (h) Employee recognition or retirement gifts;
  - (i) Flowers, unless provided for a public event;
  - (j) Holiday cards;
  - (k) Holiday decorations;
  - (l) Kitchen appliances for employee use, except for refrigerators and other appliances installed as a permanent fixture of the building; and
  - (m) Paper products, utensils, and dishes for employee use.
- 5.7 If a purchase is an unallowed expenditure of public funds, it may nonetheless be purchased using grant funds, donations, or judges' administrative expense funds if allowed by the applicable grant agreement, approved by the grantor or donor, or authorized by the KCOJ Policy *Reimbursement for Justices' and Judges' Administrative Expenses* or any Supreme Court Order.

- 5.8 All requisitions for purchases of items listed in Section 5.6 must be accompanied by a completed AOC-PRO-3.1 *Exception Form*.
- (a) The AOC-PRO-3.1 *Exception Form* must identify the goods or services to be purchased, the cost, the business necessity of the purchase, the source of funds, and the authority to effectuate the purchase including:
    - 1. The authorizing provision of subsection 5.6(b), if applicable; or
    - 2. The authorizing grant agreement, if applicable, including the specific section of the terms and conditions that authorizes the expenditure.
  - (b) The purchase will not be effectuated unless the AOC-PRO-3.1 *Exception Form* is approved by the AOC Director, the AOC Deputy Director, or the OFA Director.

## **SECTION 6. ETHICS**

- 6.1 AOC employees are held to the highest standards of conduct in the performance of their duties and must conduct themselves to avoid even the appearance of any impropriety. All AOC employees must exercise due care in the oversight and execution of procurement actions within their purview. All employees must conduct all dealings with vendors in such a manner that no favoritism or competitive advantage is given to one vendor over another in dealing with the AOC.
- 6.2 No AOC employee may benefit, either directly or indirectly, in his own name or in the name of any other person or entity, from any contract entered into by the AOC.
- 6.3 No AOC employee shall knowingly receive or agree to receive, directly or indirectly, compensation for any services rendered or to be rendered, either by himself or another, in any cause, proceeding, or other matter which is before any court or office in the KCOJ.
- 6.4 Notwithstanding AP Part III *Personnel Policies for the Kentucky Court of Justice*, Section 2.12: Gifts and Gratuities, Financial Services employees must not accept any gift, payment of cash or cash equivalent, favor, loan, tickets or passes for admission to a sporting or entertainment event, meals, travel expenses, services or memberships to private clubs, regardless of value, from any person, vendor, or entity likely to do business or seeking to do business with the KCOJ.
- 6.5 The Procurement Division must not knowingly award an AOC contract to:
- (a) A KCOJ official or employee;
  - (b) A family member of a KCOJ official or employee; or
  - (c) An entity in which an individual identified in subsection 6.5(a) or (b) has an ownership interest greater than or equal to 5%;
- unless a compelling reason exists for such an award, and the award is recommended by the procurement manager on *Determination and Finding* form with justification and signed by the OFA Director and the General Counsel or designee.
- 6.6 No gifts, cash, cash-equivalents, or other things of value may be solicited or received, either directly or indirectly, by any KCOJ official serving on an evaluation committee or any AOC employee involved in a requisition or award of contract as a means to influence the award of the contract.

- (a) All KCOJ officials and employees substantially participating in an AOC procurement, including Procurement Division staff and employees signing the requisition, must complete an AOC-PRO-27 *Conflict of Interest and Communication Disclosure* form prior to the award of a contract.
  - (b) Any persons determined by the procurement manager to have received gifts, cash, cash-equivalents, or other things of value, or to otherwise be personally interested in the award of the contract will not be permitted to participate in the procurement action or to participate on an evaluation committee.
- 6.7 KCOJ officials and employees who act on behalf of the AOC with respect to an AOC procurement are prohibited from knowingly disclosing contractor bid or proposal information or source selection information before the award of a contract to which the information relates.
- 6.8 Except for the procurement officer facilitating the procurement, any KCOJ official or employee substantially participating in an AOC procurement who contacts or is contacted by a bidder or offeror in that procurement must:
- (a) Immediately report the contact to the Procurement Division on an AOC-PRO-27 *Conflict of Interest and Communication Disclosure* form; and
  - (b) Disqualify him/herself from further participation in the procurement upon a determination of the procurement manager that the communication may result in an unfair advantage to a bidder or offeror.
- 6.9 Violations of this Section may result in disciplinary action being taken against an employee up to and including dismissal.

## **SECTION 7. ROLES AND RESPONSIBILITIES**

- 7.1 The AOC Director of Finance and Administration is responsible for:
- (a) Establishing AOC policy related to procurement in accordance with AOC-001 *Policies and Standard Operating Procedures*;
  - (b) Making emergency condition determinations;
  - (c) Approving all contract templates to be used by the AOC including but not limited to templates for AOC contracts, POs, DOs, TOs, leases, capital construction contracts, MOUs, and user agreements;
  - (d) Approving all contracts to be sent to the AOC Director for signature;
  - (e) Executing contracts on behalf of the AOC when necessary;
  - (f) Reviewing and approving all notices of noncompliance to be sent to contractors;
  - (g) Consulting with the AOC Director regarding determinations for bid protests, except when the OFA Director was involved with the award of a contract;
  - (h) Ensuring separation of duties between personnel who:
    1. Authorize and/or fund purchases;
    2. Award contracts, receive, inspect and accept deliverables, and authorize payments; and

- 3. Effectuate payment; and
  - (i) Overseeing the departments within the OFA.
- 7.2 The AOC Department of Budget is responsible for:
- (a) Ensuring that funds are available for all expenditures for software or technical equipment or services and for all other expenditures that exceed \$1,000.
  - (b) Applying accounting template and object codes to expenditures for software or technical equipment or services, and
  - (c) Coding all other expenditures that exceed \$1,000.
- 7.3 The AOC Executive Officer of the Department of Financial Services is responsible for:
- (a) Establishing and maintaining the AOC's chart of accounts;
  - (b) Providing assurances that agency financial reports accurately reflect underlying activity;
  - (c) Conducting fiscal operations;
  - (d) Making sole source determinations;
  - (e) Making not feasible or practicable to bid determinations;
  - (f) Ensuring that a contract, PO, DO, or TO is issued before the products or services are received and that receipt, inspection, and acceptance of deliverables are evident before payment;
  - (g) Applying accounting template and object codes to expenditures for non-technical equipment and services under \$1,000;
  - (h) Making conflict of interest determinations concerning bidders or offerors in conjunction with the Office of General Counsel;
  - (i) Acting as a single point of contact with the Finance and Administration Cabinet, Office of the Controller; and
  - (j) Acting as the liaison with the GCRC.
- 7.4 The AOC Department of Financial Services, Procurement Division is responsible for:
- (a) Developing standards for the purchase of AOC uniforms;
  - (b) Procurement planning, including:
    - 1. Communicating with requesting departments to identify upcoming requirements, planning how to meet them, and preparing a source selection plan, as needed;
    - 2. Ensuring that Procurement Division resources will be available once the requesting office has established its requirements;
    - 3. Maintaining effective working relationships with requesting department staff;
    - 4. Conducting market research in conjunction with the requesting department and ensuring that all vendors to be solicited are given a fair and equitable opportunity to provide their most effective and economical products or services; and

5. Developing a procurement milestone schedule to ensure timely award;
- (c) Reviewing requirements packages, including specifications and SOWs, for completeness and clarity and updating as needed to resolve any deficiencies;
- (d) Sending all procurement actions exceeding the employee's delegation level to the procurement manager for assignment;
- (e) Ensuring that all information necessary to establish the vendor in the eMARS system has been provided by the requesting department when the vendor is selected by the requesting department, including a W-9 and a 501(c)(3) nonprofit designation letter, if required;
- (f) Developing and issuing all solicitation packages, including:
  1. Developing instructions to bidders, grading criteria, terms and conditions, and a cost proposal form;
  2. Issuing all RFIs, RFBs, and RFPs on the Commonwealth of Kentucky's eProcurement website;
  3. Serving as the sole point of contact with potential and actual bidders or offerors;
  4. Conducting any pre-bid meetings;
  5. Reviewing questions of potential bidders or offerors and modifying the solicitation package accordingly;
  6. Receiving and opening bids, proposals, or offers;
  7. Determining responsiveness of bids, proposals, or offers;
  8. Ensuring that each assigned Procurement Division staff member responsible for a solicitation, each member of a requesting department responsible for evaluating responsibility of a bidder or offeror execute an AOC-PRO-27 *Conflict of Interest and Communication Disclosure* form and are free of conflicts;
  9. Establishing evaluation committees for proposals received pursuant to an RFP, including:
    - (i) Staffing evaluation committees;
    - (ii) Ensuring that each member of an evaluation committee executes an AOC-PRO-27 *Conflict of Interest and Communication Disclosure* form and is free of conflicts;
    - (iii) Assisting evaluation committees in determining responsibility of offerors;
    - (iv) Preparing score sheets for the evaluation committee;
    - (v) Reviewing score sheets from the evaluation committee to ensure the evaluation criteria were properly applied;
    - (vi) Scoring the cost proposals; and
    - (vii) Compiling a cumulative score sheet;



10. Assisting requesting departments in determining responsibility of bidders;
  11. Determining the low bid or best value bidder pursuant to an RFB;
  12. Drafting an AOC-PRO-10.1 *Determination and Finding (Vendor Selection: RFB or RFP)* prior to awarding the contract;
  13. Notifying the selected bidder or offeror and non-selected bidders or offerors of the award; and
  14. Maintaining the solicitation file;
- (g) Obtaining a W-9 and, if applicable, a 501(c)(3) letter from the vendor when the Procurement Division or an evaluation committee selects the vendor;
  - (h) Obtaining a Certificate of Good Standing or a Certificate of Authority for the vendor from the Kentucky Secretary of State's website;
  - (i) Assisting vendors in registering as a vendor with the Commonwealth of Kentucky and directing vendors to the Secretary of State's office to obtain a Certificate of Good Standing or a Certificate of Authority;
  - (j) Determining the appropriate contract type and terms and conditions;
  - (k) Drafting AOC contracts, POs, DOs, TOs, leases, and template-based MOUs;
  - (l) Ensuring that vendors are established in eMARS;
  - (m) Entering TOs into SharePoint, POs and DOs into the appropriate database, and AOC contracts and leases into eMARS, establishing appropriate accounting lines;
  - (n) Ensuring that contracts, POs, DOs, and TOs are signed by contracting officers with established contracting authority;
  - (o) Ensuring that contract files are maintained;
  - (p) Ensuring that any bonds, insurance certificates, proof of licensing, or other prerequisites required prior to the execution of the contract have been submitted by the selected vendor;
  - (q) Making executed contracts available to requesting departments, Accounting Services, and, upon request, the Budget Department;
  - (r) Sending receivers to end users who receive goods purchased as a result of a requisition;
  - (s) Collecting receivers from end users;
  - (t) Ensuring that any bonds, insurance certificates, or other post award requirements are submitted by the contractor and are retained in the contract file;
  - (u) Assisting requesting departments in resolving minor issues of noncompliance of contractors;
  - (v) Drafting notices of noncompliance with the terms of a contract, notices of breach of contract, and termination or cancellation notices for contracts and maintaining records of vendor compliance or noncompliance with contract terms in the contract file;

- (w) Notifying requesting departments when the term of an AOC contract or MOU is ending;
- (x) Obtaining annual evaluations of contractors from requesting departments;
- (y) Drafting contract modifications and renewals; and
- (z) Removing expired AOC contracts from the active contract files.

7.5 A requesting department is responsible for:

- (a) Identifying specifications or an SOW;
- (b) Conducting market research and suggesting potential sources of supply;
- (c) Obtaining the required number of quotes and a W-9 from vendors when requesting a small purchase, a purchase using a GSA contract or cooperative purchasing agreement, a purchase from a 501(c)(3) nonprofit entity or government agency, or a purchase using a competitive bidding exception;
- (d) Submitting completed requisitions to the Procurement Division;
- (e) Identifying best value criteria for RFBs, when applicable, and grading criteria for RFPs;
- (f) Recommending additional requirements to be incorporated into the solicitation package or contract, including:
  1. The need to award multiple contracts;
  2. License prerequisites;
  3. Insurance or warranty requirements;
  4. Any special security requirements;
  5. The applicability of special payment terms such as milestone payments;
  6. Limitations on subcontracting;
  7. Other requirement-specific contractual provisions;
  8. Departmental monitoring requirements; and
  9. Advising on the necessity of conducting a pre-bid conference;
- (g) Providing estimated annual usage of each line item to be requested in an RFB;
- (h) Consulting with the Procurement Division to respond to questions asked by potential offerors during the course of a solicitation;
- (i) Consulting with the Procurement Division to make determinations of responsibility of bidders or offerors when an RFB is issued;
- (j) Serving as members of an evaluation committee for an RFP upon the request of the Procurement Division;
- (k) Receiving the requested goods, inspecting the requested goods upon receipt, and submitting a receiver to the Procurement Division upon receipt of the goods in good working order;
- (l) Notifying the Procurement Division immediately of any nonconformities of goods received;

- (m) Monitoring service contracts to ensure contractor compliance;
- (n) Evaluating contractors annually on a performance evaluation form prescribed by the Procurement Division;
- (o) Notifying the Procurement Division immediately of any instances of noncompliance with a contractor that cannot be resolved by the requesting department working with the contractor; and
- (p) Verifying invoices, including:
  1. That all goods or services for which payment is requested on the invoice have been satisfactorily provided;
  2. That the charges in the invoice reflect the value of the work performed;
  3. That all costs and disbursements recorded on the invoice were reasonably and necessarily incurred in connection with the services provided;
  4. That invoices are timely, and the contractor is billing in accordance with the contract terms; and
  5. That the total contract amount is not exceeded.

7.6 The Department of Financial Services, Division of Accounting Services is responsible for:

- (a) Determining invoicing and payment terms to be included in contracts in consultation with the Procurement Division and the requesting department;
- (b) Receiving shipments delivered to the AOC central office and documenting a blind count of packages received;
- (c) Receiving, tracking, and paying all invoices;
- (d) Ensuring invoices are timely received and are timely paid;
- (e) Ensuring that payments are made in accordance with contract terms;
- (f) Entering appropriate payment documents in eMARS;
- (g) Maintaining copies of all invoices;
- (h) Managing KCOJ fleet vehicles, including:
  1. Making requisitions for new vehicles when necessary;
  2. Ensuring vehicles assigned to the AOC central office workstation are clean and in efficient operating condition;
  3. Performing regular maintenance;
  4. Obtaining or authorizing repairs as needed;
  5. Making assignments of vehicles;
  6. Calculating taxable vehicle benefits; and
  7. Making determinations of usefulness of fleet vehicles and requesting to declare surplus on an AOC-ACCT-24 *Request to Declare Surplus* form;
- (i) Conducting annual physical inventories;
- (j) Establishing and maintaining inventory records; and

- (k) Managing surplus declarations and disposals.
- 7.7 The AOC Office of Information and Technology Services is responsible for:
- (a) Approving or denying any requisition involving standard issue software or technical equipment or services;
  - (b) Reviewing requests for non-standard issue software or technical equipment or services to determine compatibility with existing systems and technical equipment;
  - (c) For critical vendors, recommending additional requirements to be incorporated into a solicitation package or contract, including:
    - 1. Security, confidentiality, privacy, and availability requirements;
    - 2. An assessment plan to ensure that critical vendors can meet ITS expectations relating to security, confidentiality, privacy, and availability; and
    - 3. A monitoring plan to evaluate critical vendors for security, confidentiality, privacy, and availability on an annual basis.
  - (d) Notifying the Accounting Services Property Accountability unit of technical equipment location and assignment changes; and
  - (e) Making determinations of usefulness of technical equipment and requesting to declare surplus on an AOC-ACCT-24 *Request to Declare Surplus* form.
- 7.8 The AOC Department of Court Facilities is responsible for:
- (a) Approving or denying any requisition involving furnishings and security equipment;
  - (b) Notifying the Accounting Services Property Accountability unit of the location and assignment changes for furnishings and security equipment; and
  - (c) Making determinations of usefulness of furnishings and security equipment and requesting to declare surplus on an AOC-ACCT-24 *Request to Declare Surplus* form.
- 7.9 The AOC Office of General Counsel is responsible for:
- (a) Drafting non-template based MOUs upon the request of a requesting department;
  - (b) Reviewing all contracts for legality;
  - (c) Making conflict of interest determinations concerning bidders or offerors in conjunction with the EO of Financial Services;
  - (d) Certifying that a compelling reason exists to award a contract to a person or entity identified in Section 6.5;
  - (e) Consulting with the AOC Director regarding bid protest determinations; and
  - (f) Responding to legal questions concerning procurement activities, upon request.

## **SECTION 8. PREREQUISITION ACTIVITIES**

- 8.1 The following methods of market research may be conducted by a requesting department prior to submitting a requisition to the Procurement Division:

- (a) Attending industry conferences and acquiring literature about commercial products, industry trends, product availability, business practices, product/service reliability, and prices; or
  - (b) Consulting with other governmental organizations or agencies, or nonprofit entities.
- 8.2 The Procurement Division may issue a Request for Information (RFI) through the Commonwealth of Kentucky's eProcurement website upon the request of a requesting department to assist with market research.
- 8.3 A requesting department may engage in direct discussions with potential contractors only when:
  - (a) The vendor is a state agency or 501(c)(3) nonprofit entity as demonstrated by a 501(c)(3) nonprofit designation letter as verified by the Procurement Division; or
  - (b) The goods or services requested are available from the vendor on an existing AOC contract, state price contract, GSA price contract, or pre-approved cooperative purchasing agreement as verified by the Procurement Division; or
  - (c) The requesting department estimates that the requisition will be within the AOC small purchase authority as defined in Section 11.1 and the Procurement Division has verified that the estimated cost of the requisition will not exceed the requesting department's small purchase authority; or
  - (d) The requesting department has requested that the Procurement Division assign staff to participate in market research and the requesting department includes Procurement Division staff in all communication, whether written or verbal, with the vendor.
- 8.4 Market research may not include:
  - (a) Obtaining assistance from a vendor to develop specifications or an SOW for a planned solicitation, unless the vendor abstains from submitting a bid or offer in response to the solicitation; or
  - (b) Providing information to vendors that would render an advantage or perceived advantage to a vendor in a solicitation; or
  - (c) If a solicitation will be issued, accepting temporary (for trial or demonstration purposes) or long-term use of a product or equipment prior to issuance of the solicitation.
- 8.5 When a requisition requires issuance of a solicitation, the Procurement Division must maintain a written record of all direct communications with potential contractors and ensure that all communication is devoid of potential conflicts of interest. A potential conflict of interest exists when:
  - (a) A vendor receives access to internal AOC business information that could provide the vendor a competitive advantage in competition for a contract; or
  - (b) A vendor participates in defining or preparing the specifications or an SOW for a solicitation where the vendor may submit a bid, proposal, or offer, including any communication with a vendor that would allow the vendor to insert technology,

process, or other bias into the solicitation's requirements reflective of their familiarity or expertise and giving the vendor a competitive advantage.

- 8.6 If it becomes apparent that pre-requisition participation by a vendor has led to a conflict of interest and/or unfair competitive advantage, the Procurement Division Manager may recommend that the bidder or offeror be disqualified, and its bid, proposal, or offer be rejected. Any such determination must be written and justified in a *Determination and Finding* form to be signed by the EO of Financial Services and the General Counsel or designee.

## **SECTION 9. REQUISITIONS FOR GOODS AND SERVICES**

- 9.1 Electronic or written requisitions must be made to the Procurement Division for:
- (a) The purchase of all goods or services for the KCOJ except for goods and services listed in Section 9.19; and
  - (b) The review and execution of any contract for the KCOJ.
- 9.2 Every appointing authority within the KCOJ, including the AOC Director and each justice, judge, and circuit court clerk, is authorized to make written requisitions to the Office of Finance and Administration upon signing and returning an AOC-PRO-2 *Requisition Authority Form* to the Procurement Division.
- (a) Each such appointing authority is authorized to delegate requisition authority to appropriate KCOJ personnel via an executed AOC-PRO-2 *Requisition Authority Form*.
  - (b) Each delegate of the AOC Director is authorized to redelegate requisition authority to appropriate AOC personnel within the applicable office, department, or division via an executed AOC-PRO-2 *Requisition Authority Form*.
- 9.3 All executed AOC-PRO-2 *Requisition Authority Forms* must be documented in a file in the Procurement Division and must:
- (a) Specify the scope of the authority of any employee, which may include:
    - 1. Travel voucher approval;
    - 2. Invoice approval;
    - 3. Authority to recommend contracts be signed; and/or
    - 4. Requisitions for goods, services, or space with any restrictions noted; and
  - (b) Be provided to the delegate.
- 9.4 All purchases must be initiated by a requisition or by a ProCard purchase in accordance with the *Kentucky Judicial Branch Procurement Card Program Policies and Procedures Guide* attached, hereto and incorporated herein as Attachment 1.
- (a) Purchases may be made with a Kroger credit card upon submission of requisition including a written AOC-PRO-3.1 *Exception Form* approved by the AOC Director, detailing the products to be purchased, the maximum not-to-exceed authorized cost, the public purpose to be achieved, and the source of funds.

- (b) Only reimbursements authorized by KCOJ or AOC policy, including AP Part VII *Reimbursement for Official Travel*, KCOJ Policy *Reimbursement for Justices' and Judges' Administrative Expenses*, KCOJ Policy *Reimbursement for Kentucky Bar Association Annual Membership Dues*, or AOC.002 *Payment of Job-Related Training, Licenses/Certifications, and Organization Memberships*, may be made using an AOC-T *Travel Voucher*. No other purchases made by AOC employees will be reimbursed.
- 9.5 Requisitions must be initiated by means of an electronic or written request. Electronic requisitions may be submitted via Request-It or the eRequisition OnBase system. Written requests must be submitted via an AOC-3 *Commodity / Service Request* to the Procurement Division or an AOC-19.1 *Division of Procurement Inter-departmental Request for Services*. Effective October 1, 2022, written requests will no longer be accepted.
- 9.6 Requisitions must be complete and be approved by an appointing authority or delegate with requisition authority pursuant to an AOC-PRO-2 *Requisition Authority Form*. Completed requisitions must include:
- (a) Specifications or an SOW;
  - (b) A description of the business need for the goods or services;
  - (c) A cost estimate for the requested product(s) or service(s), including the initial term and all option periods;
  - (d) Three quotes and a W-9 for the selected vendor when the requisition is for a small purchase greater than \$10,000;
  - (e) One quote and a W-9 for the vendor when the requisition is for a small purchase of \$10,000 or less or for any other purchases except for state price contracts or AOC contracts with a price catalogue in eMARS;
  - (f) Required delivery date for goods or beginning contract date for services;
  - (g) Potential supply sources, if known, including:
    - 1. Reference to an existing AOC contract or state price contract, if applicable;
    - 2. A copy of another existing procurement vehicle, if applicable;
    - 3. A 501(c)(3) nonprofit designation letter if the potential contractor is a nonprofit entity; or
    - 4. Names and contact information for other potential supply sources.
  - (h) Additional requirements to be incorporated into the solicitation package or contract including:
    - 1. The need to award multiple contracts;
    - 2. License prerequisites;
    - 3. Insurance requirements;
    - 4. Special warranty requirements;
    - 5. Security requirements;

6. Limitations on subcontracting;
  7. Departmental monitoring requirements;
  8. Vendor availability requirements;
  9. Confidentiality requirements;
  10. Delivery or shipping requirements; and
  11. Special payment terms, such as milestone payments.
- (i) Any required justifications when requesting an AOC contract be entered upon a basis other than free and open competition including:
1. Written justification that the goods or services are not feasible or practicable to bid;
  2. Written justification to proceed as a sole source contract, including requirements that the goods be compatible with or interchangeable with existing equipment; or
  3. Written justification to proceed as an emergency contract.
- (j) Other cooperative purchasing agreements may be provided, including NASPO agreements, if the requesting department would like the Procurement Division to attempt to establish an authorized procurement vehicle using the cooperative purchasing agreement. The use of NASPO agreements requires the consent of the Finance and Administration Cabinet, Office of Procurement Services when a participating addendum is not already in place.

9.7 Requisitions for:

- (a) Technical equipment or services; or
  - (b) Any other goods or services estimated to cost \$1,000 or more
- must be approved by the Budget Director or designee to ensure that funds are available, except that personal service contracts already approved by the Budget Director for the first fiscal year in a biennium do not require reapproval for renewal in the second year of the biennium.

9.8 Any requisition involving software, technical equipment, or technical services must be approved by the Office of Information and Technology Services.

- (a) ITS may establish standards for technical equipment to be provided to KCOJ officials and employees. Purchases of standard technical equipment and software will be made with funds allocated to the ITS budget.
- (b) ITS may deny requests to purchase software or technical equipment or services outside of the standards established by ITS if:
  1. ITS cannot provide product support; or
  2. The requested software or technical equipment is not compatible with current KCOJ systems; or
  3. There are no funds available in the requesting department's office or departmental budget for the requested software or technical equipment or services.



- (c) For each requisition for software, technical equipment, or technical services resulting in an AOC contract, ITS must identify critical vendors. Critical vendors are those vendors that host confidential KCOJ data.
  - (d) For critical vendors, ITS must:
    1. Establish minimum security program requirements, security incident and/or data breach notification and response, data encryption requirements, and data disposal commitments consistent with ITS' standards regarding same;
    2. Develop confidentiality requirements, as needed;
    3. Develop privacy requirements, as needed; and
    4. Develop a monitoring plan.
- 9.9 Any requisition involving furnishings, security equipment, or security services must be approved by the Department of Court Facilities.
- (a) The Court Security Division may establish standards for security equipment to be provided to court facilities. Purchases of standard security equipment will be made with funds allocated to the Court Security budget.
  - (b) The Court Security Division may deny requests to purchase furnishings if:
    1. The security equipment is not necessary for KCOJ business operations; or
    2. Funds are not available in the Court Security budget for the requested security equipment; or
    3. The security equipment does not comply with standards and Court Security cannot provide product support; or
    4. The security equipment does not comply with standards and is not compatible with current KCOJ systems.
  - (c) The Real Property Division may establish standards for furnishings to be provided to KCOJ officials and employees. Purchases of standard furnishings will be made with funds allocated to the Real Property budget.
  - (d) The Real Property Division may deny requests to purchase furnishings if:
    1. The furnishings are not necessary for KCOJ business operations; or
    2. The furnishings are not customarily provided and there are no funds available in the requesting department's office departmental budget for the requested furnishings.
- 9.10 Specifications are used when purchasing goods rather than services, or when goods and services are being jointly purchased. Reference to the line item requested for purchase under an existing AOC contract, state price contract, or GSA price contract will be accepted in lieu of specifications. Specifications for small purchases may be less detailed and less formal than specifications for solicitation packages.
- 9.11 Specifications must be clear, concise, and measurable. Specifications may be stated in terms of:
- (a) Function, so that a variety of products may be considered as qualified;

- (b) Performance, including the range of acceptable characteristics or the minimum acceptable standard; or
  - (c) Design requirements, providing exact dimensions, materials, or characteristics.
- 9.12 Specifications must include all requirements, including requests for warranty, labeling, packaging, equipment set-up, or an operating manual.
- 9.13 Statements of work are used when purchasing services. The SOW must describe the work clearly and at a level of detail sufficient to ensure the KCOJ obtains the services needed. After award, the SOW is the standard for measuring performance and is used by the AOC and the contractor to determine rights and obligations under the contract.
- 9.14 Specifications or SOWs may include product descriptions when a standard or modified commercial product will meet the requirements of the KCOJ. Product descriptions must be made by the common generic identification description of the item, including the salient characteristics or function of the product, unless using a brand name more clearly conveys the requirements of the KCOJ.
- 9.15 If brand names are used in a product description, the product description must:
- (a) Identify the brand name as an acceptable brand-name;
  - (b) Include sufficient identifying information for vendors to locate the item in a commercial catalog;
  - (c) Include the phrase "or equal" after identification of the brand name unless a sole source has been recommended by the procurement manager and approved by the EO of Financial Services on a *Determination and Finding* form.
- 9.16 Product descriptions, specifications, or SOWs that are subject to more than one reasonable interpretation are ambiguous and must be clarified prior to issuing a solicitation.
- 9.17 Upon receipt of a completed requisition, Procurement Division staff will determine a method of procurement, review and refine the requesting department's specifications or SOW, and complete the purchase.
- 9.18 Requesting departments must submit a requisition in sufficient time to allow the Procurement Division to process the request and the vendor to deliver. Depending on the type of requisition received, standard processing time for the Procurement Division to issue a PO, DO, TO, or contract is generally as follows:

Request-It	2 days
Task Order	2 days
Purchase Order (Small Purchase)	1 week
Purchase Order (Competitive Bidding Exception)	1 week
Purchase Order (GSA, Pre-Approved Cooperative Purchase Agreement)	1 week
Delivery Order	1 week
Lease	1 week

Commercial contract	2 weeks
Personal services contract (Nonprofessional Services)	2 weeks
Personal services contract (Professional Services)	2 weeks
Memorandum of Agreement	2 weeks
Memorandum of Understanding	2 weeks
Approval of new cooperative purchasing agreement	1 month
RFB	3 months
RFP	6 months

- 9.19 Unless the vendor requires a commercial contract, requisitions are not required for:
- (a) Telephone and internet services;
  - (b) Utilities;
  - (c) Document destruction services;
  - (d) Safe deposit boxes;
  - (e) Post office boxes;
  - (f) On-demand over-the-phone language access services provided by the authorized AOC contractor for such services;
  - (g) On-demand emergency translation services provided by an authorized AOC contractor for such services;
  - (h) Parking validation in Jefferson County;
  - (i) Vehicle motor fuels;
  - (j) Clerks change fund reimbursements;
  - (k) Costs related to litigation, including court costs, filing fees, agreed settlements, court ordered payments, Board of Claims payments, and mediation fees;
  - (l) Regulatory expenses such as sales tax, OSHA fines and penalties, and penalty payments for late payment of invoices;
  - (m) Training or membership payments approved in accordance with AOC.002 *Payment of Job-Related Training, Licenses/Certifications, and Organization Memberships*;
  - (n) Travel costs approved in accordance with AP Part VII *Reimbursement for Official Travel*;
  - (o) Direct bill food service providers, with an approved AOC-PRO-3.1 *Exception Form*;
  - (p) Transactions that can be made by journal voucher;
  - (q) Items that can be purchased or paid by ProCard under the small purchase authority; or
  - (r) Transactions that can be handled by inter-account transfer.

**SECTION 10. REQUISITIONS: USING ESTABLISHED PROCUREMENT VEHICLES TO PURCHASE GOODS AND SERVICES**

- 10.1 Upon receipt of a completed requisition, a judicial buyer in the Procurement Division may issue a PO or DO for the requested goods or services if an established procurement vehicle already exists. Upon receipt of a completed requisition, a procurement officer in the Procurement Division may issue a TO for the requested services if an established procurement vehicle already exists. Established procurement vehicles include:
- (a) Existing AOC contracts;
  - (b) State price contracts;
  - (c) GSA price contracts or
  - (d) Pre-approved cooperative purchasing agreements.
- 10.2 Prior to effectuating the purchase, the judicial buyer or procurement officer must:
- (a) Verify that the requisition was completed in accordance with Section 9.6, and:
    - 1. Approved by a KCOJ official or employee authorized to make the requisition by a current AOC-PRO-2 *Requisition Authority Form*;
    - 2. Approved by the AOC Budget Director, when required by Section 9.7;
    - 3. Approved by ITS when required by Section 9.8; and
    - 4. Approved by the Department of Court Facilities when required by Section 9.9.
  - (b) Verify that the selected vendor is registered with the Finance and Administration Cabinet as a Commonwealth of Kentucky vendor;
  - (c) If the selected vendor is an entity, verify that the entity is in good standing with the Commonwealth of Kentucky Secretary of State's office to conduct business in the Commonwealth of Kentucky; and
  - (d) Verify that the goods or services requested by the department is included on the identified procurement vehicle at the rate or price included on the quote.
- 10.3 If any commercial contracts are included with the requisition, the judicial buyer will refer the contract to the contract PPC for assignment and review. The judicial buyer may not process the requisition until the commercial contract has been approved and executed.
- 10.4 If the purchase may be effectuated upon modification of an existing AOC contract, the Procurement Division may modify the contract in accordance with Section 18.
- 10.5 POs are issued for GSA price contracts and pre-approved cooperative purchasing agreements.
- (a) All POs must identify the established procurement vehicle for the purchase and must be created in the PO Database. Effective July 1, 2023, POs must be created in eMARS.
  - (b) No PO may extend beyond three months after the end of the fiscal year, except POs for equipment leases which may extend for up to six years beyond the end of the fiscal year with a 30-day cancellation clause.

- 10.6 TOs are issued against established MAs for staffing services or software development services.
- (a) All TOs must identify the established procurement vehicle for the purchase and must be retained in the Active Contracts tile in SharePoint.
  - (b) A TO must terminate on or before the termination date of the MA for staffing services or software development services. No TO may extend beyond the biennium.
- 10.7 DOs are issued against all other established AOC contracts and state price contracts.
- (a) All DOs must identify the established procurement vehicle for the purchase and must be created in the PO Database. Effective July 1, 2023, DOs must be created in eMARS.
  - (b) No DO may extend beyond three months after the end of the fiscal year, except DOs for equipment leases which may extend for up to six years beyond the end of the fiscal year with a 30-day cancellation clause.

**SECTION 11. REQUISITIONS: USING THE AOC'S SMALL PURCHASE AUTHORITY TO PURCHASE GOODS AND NONPROFESSIONAL SERVICES**

- 11.1 Upon receipt of a completed requisition, a judicial buyer may issue a PO for the requested goods or services if the price is less than or equal to the requesting department's small purchase authority amount. Upon receipt of a completed requisition, a procurement officer may award a PSC for the requested nonprofessional services if the price is less than or equal to the requesting department's small purchase authority amount.
- (a) The small purchase authority for ITS is \$50,000.
  - (b) The small purchase authority for the Department of Court Facilities is \$50,000.
  - (c) The small purchase authority for all other departments and offices within the KCOJ is \$20,000.
- 11.2 No purchase may be made that exceeds the requesting department's small purchase authority unless:
- (a) The award was competitively bid pursuant to Section 13;
  - (b) The vendor is a 501(c)(3) nonprofit entity or a governmental entity;
  - (c) The purchase is made pursuant to an AOC contract, state price contract, GSA price contract, or approved cooperative purchasing agreement; or
  - (d) A competitive bidding exception pursuant to Section 12 applies.
- 11.3 Specifications and statements of work must not be parceled, split, divided or scheduled over a period of time in order to avoid obtaining multiple quotes or issuing a solicitation.
- 11.4 Prior to submitting a requisition for a small purchase, a requesting department must obtain the required number of quote(s) for the goods or services. Requests for quotes must include written specifications or a written statement of work. Identical specifications or statements of work must be sent to each vendor requested to provide a quote for the goods or services.

- (a) A requesting department may submit a requisition to the Procurement Division for goods or nonprofessional services costing \$10,000 or less by obtaining and including one quote.
  - (b) ITS or the Department of Court Facilities may submit a requisition to the Procurement Division for goods or nonprofessional services costing between \$10,001 and \$50,000 by obtaining and including three quotes.
  - (c) All other requesting departments may submit a requisition to the Procurement Division for goods or nonprofessional services costing between \$10,001 and \$20,000 by obtaining and including three quotes.
- 11.5 Prior to effectuating the purchase, the judicial buyer or procurement officer must:
- (a) Verify that the requisition was complete in accordance with Section 9.6, and:
    1. Approved by a KCOJ official or employee authorized to make the requisition by a current AOC-PRO-2 *Requisition Authority Form*;
    2. Approved by the AOC Budget Director, when required by Section 9.7;
    3. Approved by ITS when required by Section 9.8; and
    4. Approved by the Department of Court Facilities when required by Section 9.9.
  - (b) Verify that the selected vendor is registered with the Finance and Administration Cabinet as a Commonwealth of Kentucky vendor;
  - (c) If the selected vendor is an entity, verify that the entity is in good standing with the Commonwealth of Kentucky Secretary of State's office to conduct business in the Commonwealth of Kentucky;
  - (d) Verify that the required number of quotes have been provided by the requesting department and that specifications or a scope of work sent to the vendor(s) are attached to the requisition;
  - (e) Verify that the requisition is within the requesting department's small purchase authority; and
  - (f) Document the requesting department's reason for choosing the selected quote and finding that the purchase is within the small purchase authority on a *Determination and Finding* form.
- 11.6 All *Determination and Finding* forms for small purchase POs exceeding \$10,000 must be approved by the lead judicial buyer. All *Determination and Finding* forms for small purchase PSCs must be approved by a procurement officer.
- 11.7 If any commercial contracts are included with the requisition, the lead judicial buyer will refer the contract to the contract PPC for assignment and review. The lead judicial buyer must hold the requisition until such time as the commercial contract has been reviewed and executed.
- 11.8 If the goods or nonprofessional services cannot be purchased within the AOC's small purchase authority, the judicial buyer will conduct research to determine whether an established procurement vehicle exists and, if no established procurement vehicle exists, the lead judicial buyer will refer the requisition to the contract PPC to assign for development of an RFB.

- 11.9 PSCs or POs are required for all nonprofessional services obtained pursuant to this Section. POs are required for all goods obtained pursuant to this Section.
- (a) All PSCs for nonprofessional services must be created in eMARS as SC documents. The term for any such SC document may not extend beyond the biennium.
  - (b) All POs must be created in the PO Database. Effective July 1, 2023, POs must be created in eMARS. No PO may extend beyond three months after the end of the fiscal year, except POs for equipment leases which may extend for up to six years beyond the end of the fiscal year with a 30-day cancellation clause.

**SECTION 12. REQUISITIONS: USING COMPETITIVE BIDDING EXCEPTIONS TO ESTABLISH A PROCUREMENT VEHICLE OR MAKE A PURCHASE**

- 12.1 Any requisition for goods or nonprofessional services exceeding a department or office's small purchase authority and all requisitions for professional services must be competitively bid unless the selected vendor is a 501(c)(3) nonprofit entity or governmental entity or unless a competitive bidding exception applies. Competitive bidding exceptions include:
- (a) An emergency condition;
  - (b) A sole source determination; or
  - (c) A determination that the goods or services are not feasible or practicable to bid.
- 12.2 An emergency condition means a situation which creates a threat or impending threat to public health, welfare, or safety such as may arise by reason of fires, floods, tornadoes, other natural or man-caused disasters, epidemics, riots, enemy attack, sabotage, explosion, power failure, energy shortages, transportation emergencies, equipment failures, state or federal legislative mandates, or similar events.
- (a) To request a competitive bidding exception due to an emergency condition, the requesting department must include with the requisition an explanation of the emergency condition and the basis for selection of vendor in addition to the requirements of Section 9.6.
  - (b) Prior to issuing an emergency contract or effectuating an emergency purchase, the procurement officer or judicial buyer must ensure that a *Determination and Finding* that an emergency condition exists has been recommended by the procurement manager and approved by the OFA Director.
- 12.3 A procurement may be exempt from competitive bidding if there is only one known capable supplier of goods or services due to the unique nature of the requirement, supplier, or market condition.
- (a) To request a competitive bidding exception due to a sole source, the requesting department must include with the requisition, in addition to the requirements of Section 9.6, written justification clearly substantiating the fact that the sole source item is the only item that will meet the needs of the department and justification from the vendor demonstrating that they are the sole manufacturer, sole distributor, or sole authorized service agent. Examples of items that may be considered sole source exceptions, with proper documentation, include:

1. Proprietary equipment and supplies that must be compatible with existing equipment or systems and which are available from one source only;
  2. Proprietary service and maintenance agreements for preventative, scheduled, and unscheduled maintenance or service with either a manufacturer or authorized service agent;
  3. Computer software that is copyrighted and available from only one source, if only that software will meet the needs of the application.
- (b) Prior to issuing a contract using a sole source exception or effectuating a sole source purchase, the procurement officer or judicial buyer must ensure that a *Determination and Finding* that a sole source exception be granted has been recommended by the procurement manager and approved by the EO of Financial Services.
- 12.4 Prior to issuing a contract or effectuating a purchase under a not feasible or practicable to bid exception, the procurement officer or judicial buyer must describe the applicable not feasible or practicable to bid category on a written *Determination and Finding*. If the judicial buyer or procurement officer identifies the not feasible or practicable to bid category as "other" pursuant to 12.4(r), the *Determination and Finding* must be recommended by the procurement manager and approved by the EO of Financial Services. The following items are considered not feasible or practicable to bid:
- (a) Works of art for museum and public display;
  - (b) Services of a visiting speaker, trainer, expert witness, or performing artist;
  - (c) Subscriptions for the purchase of periodicals in either paper or electronic format, including professional journals, newspapers, or other publications;
  - (d) Library books;
  - (e) Published books, maps, periodicals, and technical pamphlets;
  - (f) Subscriptions to electronic legal research databases, including Lexis-Nexis or Westlaw, as designated by the State Law Librarian;
  - (g) Transcripts;
  - (h) Advertisements, public media, public displays, billboards, signage and booths;
  - (i) Insurance and bonds under \$50,000;
  - (j) Equipment repair service and parts, but quotes must be provided if the cost exceeds \$10,000;
  - (k) Short-term equipment and supplies rental not to exceed six months, but quotes must be provided if the cost exceeds \$10,000;
  - (l) Airfare, or discount travel tickets;
  - (m) Venues for conferences hosted by the KCOJ, but quotes must be provided if the cost exceeds \$10,000;
  - (n) Vehicle motor fuels;
  - (o) Deaf and hard of hearing interpreters;



- (p) Foreign language interpreters;
  - (q) Foreign language translators; and
  - (r) Other goods and services upon justification of the requesting department and approval of the EO of Financial Services.
- 12.5 All *Determinations and Findings* related to a competitive bidding exception must be retained in the procurement file.
- 12.6 Prior to effectuating a purchase or entering into a contract under this Section, Procurement Division personnel must:
- (a) Verify that the requisition was complete in accordance with Section 9.6, and:
    1. Signed by a KCOJ official or employee authorized to make the requisition by a current AOC-PRO-2 *Requisition Authority Form*;
    2. Approved by the AOC Budget Director, when required by Section 9.7;
    3. Approved by the Office of Information and Technology Services when required by Section 9.8; and
    4. Approved by the Department of Court Facilities when required by Section 9.9.
  - (b) Verify that the selected vendor is registered with the Finance and Administration Cabinet as a Commonwealth of Kentucky vendor; and
  - (c) If the selected vendor is an entity, verify that the entity is in good standing with the Commonwealth of Kentucky Secretary of State's office to conduct business in the Commonwealth of Kentucky.
- 12.7 If any commercial contracts are included with the requisition, the judicial buyer will refer the contract to the contract PPC for assignment and review and must hold the requisition until such time as the commercial contract has been reviewed and executed. The judicial buyer must notify the contract PPC and the procurement manager of any emergency condition and request an expedited review.
- 12.8 POs are required for the purchase of goods pursuant to this Section.
- (a) All POs must be created in the PO Database. Effective July 1, 2023, POs must be created in eMARS.
  - (b) No PO may extend beyond three months after the end of the fiscal year, except POs for equipment leases which may extend for up to six years beyond the end of the fiscal year with a 30-day cancellation clause.
- 12.9 PSCs or MAs are required for all services obtained pursuant to this Section. The term for any such PSC or MA may not extend beyond the biennium.
- (a) All Master Agreements must be created in eMARS as MA documents.
  - (b) All PSCs for nonprofessional services must be created in eMARS as SC documents.
  - (c) All PSCs for professional services must be created in eMARS as PON2 documents and the Legislative Research Commission's Proof of Necessity (PON) form must be completed.
    1. PON2s for \$10,000 or more must be filed with GCRC prior to the effective date unless an emergency condition is documented and authorized in a *Determination and Finding*.

2. PON2s for less than \$10,000 must be filed with GCRC no more than 30 days after the effective date.

**SECTION 13. REQUISITIONS: ESTABLISHING A PROCUREMENT VEHICLE FOR GOODS AND NONPROFESSIONAL SERVICES**

13.1 Upon receipt of a completed, signed requisition, a procurement officer in the Procurement Division may issue an AOC contract to governmental entities or 501(c)(3) nonprofit entity without issuing requests for competitive bids or may issue a PO referencing a cooperative purchase agreement. Prior to issuing such an AOC contract or PO, the procurement officer must:

- (a) Verify that the requisition was complete in accordance with Section 9.6, and:
  1. Signed by a KCOJ official or employee authorized to make the requisition by a current AOC-PRO-2 *Requisition Authority Form*;
  2. Approved by the AOC Budget Director, when required by Section 9.7;
  3. Approved by the Office of Information and Technology Services when required by Section 9.8; and
  4. Approved by the Department of Court Facilities when required by Section 9.9.
- (b) If the selected vendor is a 501(c)(3) nonprofit entity:
  1. Verify that the selected vendor is registered with the Finance and Administration Cabinet as a Commonwealth of Kentucky vendor;
  2. Verify that the selected vendor has a 501(c)(3) designation letter on file with the Procurement Division; and
  3. Verify that the entity is in good standing with the Commonwealth of Kentucky Secretary of State's office to conduct business in the Commonwealth of Kentucky.
- (c) If the requisition requests approval to use a cooperative purchasing agreement as the procurement vehicle:
  1. Verify that the selected vendor is registered with the Finance and Administration Cabinet as a Commonwealth of Kentucky vendor;
  2. Verify that the entity is in good standing with the Commonwealth of Kentucky Secretary of State's office to conduct business in the Commonwealth of Kentucky; and
  3. Verify that the cooperative purchasing agreement was awarded based on free and open competition and complies with Section 17.3. Additional terms and conditions may be added to the PO to achieve compliance.

13.2 Competitive sealed bids are required for all other purchases of goods and nonprofessional services, except those made in accordance with Sections 10, 11, or 12.

- (a) Competitive sealed bids must be solicited in the Commonwealth of Kentucky's eProcurement system as an RFB.
- (b) Only the Procurement Division may issue an RFB.

13.3 Prior to issuing an RFB under this Section, the procurement officer must verify that the requisition was complete in accordance with Section 9.6, and:

- (a) Signed by a KCOJ official or employee authorized to make the requisition by a current AOC-PRO-2 *Requisition Authority Form*;
  - (b) Approved by the AOC Budget Director, when required by Section 9.7;
  - (c) Approved by the ITS when required by Section 9.8; and
  - (d) Approved by the Department of Court Facilities when required by Section 9.9.
- 13.4 RFBs must include specifications, instructions to bidders, method of award, terms and conditions of the resulting contract, and a cost proposal form.
- 13.5 All RFBs for software or technical equipment or services must include any additional requirements recommended by ITS, including:
- (a) Security, confidentiality, privacy, and availability requirements;
  - (b) An assessment plan to ensure that critical vendors can meet ITS expectations relating to security, confidentiality, privacy, and availability; and/or
  - (c) A monitoring plan to evaluate critical vendors for security, confidentiality, privacy, and availability on an annual basis.
- 13.6 Any RFB that will not be awarded to the lowest bidder must clearly identify the procurement as a best value award, must contain the measurable best value criteria and must clearly explain how the criteria will be used in the evaluation and award process.
- 13.7 Best value must be based on objective and quantifiable criteria, including price, and other criteria communicated to the bidders in the RFB. Measurable criteria for determining best value may include:
- (a) Inspection;
  - (b) Testing;
  - (c) Quality;
  - (d) Workmanship;
  - (e) Delivery;
  - (f) Training;
  - (g) Total cost of ownership;
  - (h) Warranty;
  - (i) Years in business;
  - (j) Personnel;
  - (k) Life cycle cost; or
  - (l) Suitability for a particular purpose.
- 13.8 After the RFB is posted on the Commonwealth of Kentucky's eProcurement website, the procurement officer may notify known vendors of the RFB via email. Such notice must not include any information other than the following:
- (a) The RFB number;
  - (b) A general description of items or services to be purchased;
  - (c) The date, time and place at which bids will be opened;
  - (d) An email address to address questions concerning the RFB; and

- (e) Instructions on how to access the RFB.
- 13.9 No RFB or modification of a material nature may be issued later than seven calendar days prior to the date for receipt of bids, except for modifications postponing the date for receipt of bids or withdrawing the RFB.
- 13.10 Any modification to the RFB must be posted on the Commonwealth of Kentucky's eProcurement website.
- 13.11 Submission of Bids:
  - (a) A bidder may not submit more than one response to an RFB and may not propose more than one model and brand for each item listed in the RFB. Multiple or alternate bids offering more than one bid price in total or by line item will be rejected unless specifically called for in the RFB.
  - (b) Any offeror wishing to exempt proprietary information from disclosure pursuant to an open records request must designate as proprietary each page of the proposal on which proprietary information appears.
  - (c) Bids must be submitted, organized, and labeled in accordance with the instructions in the RFB.
  - (d) A faxed bid will not be accepted.
  - (e) Receipt of Bids:
    - 1. Bids received electronically will be assigned a date and time stamp from Outlook at the time the email is received by the Procurement Division.
    - 2. All bids received in hard copy must be sealed and must be time and date stamped and initialed on the sealed cover by the Procurement Division upon receipt. The sealed bid must be kept in a secure place until the time designated for bid closing to protect the integrity of the bid process. No information may be disclosed as to the number of bids received or the identity of the bidders before the time designated for bid closing.
  - (f) At the time designated for bid closing, the procurement officer will open all bids submitted via email and all hard copies received and may make them available to the public by reading them aloud, if a public opening is announced in the RFB.
  - (g) A bid received after the time specified in the RFB must not be considered, unless no other bids are received that will meet the needs of the KCOJ. No late bid will be considered unless:
    - 1. The bid is postmarked or logged into the courier's tracking system before the bid closing time;
    - 2. The need of the KCOJ is determined to preclude the re-solicitation of bids; and
    - 3. The bid is evaluated and found to serve the best interest of the KCOJ.
  - (h) The procurement officer will evaluate each bid to determine whether it is responsive and will assist each requesting department in evaluating the bidder to determine whether the bidder is responsible to perform the contract.

1. Evaluation of responsibility of a bidder may include evaluating:
    - (i) The adequacy of bidder's financial resources;
    - (ii) The bidder's capacity to comply with the delivery or performance schedule, taking into account all existing commitments;
    - (iii) The bidder's performance record;
    - (iv) The bidder's compliance with state health rules and regulations;
    - (v) The integrity and business ethics of the bidder;
    - (vi) The sufficiency of bidder's quality control program;
    - (vii) The sufficiency of bidder's organization, experience, accounting, and operational controls and technical skills;
    - (viii) The bidder's past performance with the AOC;
    - (ix) The sufficiency of the bidder's equipment and facilities;
    - (x) The bidder's registration with the Secretary of State; and
    - (xi) Any other matter relating to the bidder's probable ability to deliver in the quantity and at the time required by a contract.
  2. If the requesting department and/or the Procurement Division concludes on the basis of all available evidence that a particular bidder does not appear sufficiently responsible to assure adequate performance, the bidder's response may be rejected. Determinations of non-responsibility must be documented in a written *Determination and Finding*.
  3. If there is some doubt as to the responsibility of a bidder, but the KCOJ's interest will be adequately protected by the filing of a performance bond or irrevocable letter of credit, the Procurement Division may require that the bidder furnish a performance bond or irrevocable letter of credit, whether required by the RFB or not.
- (i) Bids may be disqualified as nonresponsive for the following reasons documented by the procurement officer:
1. Failure of a bid to conform to the essential requirements of a RFB;
  2. Failure to conform to the specifications contained or referenced in a RFB, unless the RFB authorized the submission of alternate bids and the items offered as alternatives meet the requirements specified in the RFB;
  3. Failure to conform to a delivery schedule established in a RFB;
  4. Imposition of conditions which modify the terms and conditions of the RFB or limit the bidder's liability to the KCOJ on the contract awarded;
  5. Submission of an unreasonable price;
  6. Failure or refusal, within a reasonable time, to give a clarification about the bid, if requested to do so by the procurement officer;
  7. Non-responsibility of a bidder;
  8. Failure to furnish a bid guarantee if required by a RFB; or

9. Other cause as documented by the procurement officer on a *Determination and Finding* form.
  - (j) All responsive and responsible bids must be evaluated by the Procurement Division in accordance with the RFB on the basis of low bid or best value.
  - (k) The Procurement Division must maintain a bid evaluation containing a record of all bids, whether the bid was determined to be responsive, whether the bidder was determined to be responsible, and the scores awarded to each bid in accordance with the requirements of the RFB.
  - (l) If a written *Determination and Finding*, recommended by the procurement manager and approved by the OFA Director, provides that there are reasonable grounds to believe that bidders have agreed to restrain competitive bidding by establishing a fixed price on goods or equipment sought to be purchased by the AOC, or by any other means, the bids of all such bidders must be rejected, and the bidders barred from further bidding for a period of time considered appropriate.
    1. If collusion is suspected among any bidders or offerors, a written notice of the facts giving rise to such suspicion must be transmitted to the Attorney General.
    2. All documents involved in any procurement in which collusion is suspected must be retained by the Procurement Division until the Attorney General gives notice that they may be released and must be made available to the Attorney General upon request.
- 13.12 After determining the low bid or best value bid received in accordance with the award methodology stated in the RFB, the procurement officer may request Best and Final Offers, if determined appropriate by the Procurement Manager in accordance with terms of the RFB.
- 13.13 The procurement officer must issue a *Determination and Finding* and award a contract to the responsive and responsible bidder with the lowest bid or whose bid offers the best value as directed by the terms of the RFB. The Procurement Division must notify all bidders of the contract award in writing.
- 13.14 Prior to finalizing a contract with the selected vendor, the procurement officer must:
  - (a) Verify that the selected vendor is registered with the Finance and Administration Cabinet as a Commonwealth of Kentucky vendor;
  - (b) If the selected vendor is an entity, verify that the entity is in good standing with the Commonwealth of Kentucky Secretary of State's office to conduct business in the Commonwealth of Kentucky or has received a Certificate of Authority to conduct business in the Commonwealth of Kentucky, if the entity is not registered in Kentucky;
  - (c) Verify that the selected offeror is not debarred or declared ineligible for contract award by:
    1. The Commonwealth of Kentucky Finance and Administration Cabinet;

2. The United States Government Accountability Office, by cross referencing the offeror's name with the Excluded Parties List System on the System for Award Management (SAM) website.
- 13.15 The initial contract term for a PSC awarded pursuant to an RFB is the end of the biennium.
- (a) All PSCs for nonprofessional services must be created in eMARS as SC documents.
  - (b) A PSC awarded pursuant to an RFB may be renewed for up to two additional biennia.
- 13.16 The initial contract term for a master agreement awarded pursuant to an RFB is one year from the effective date of the contract.
- (a) All master agreements must be created in eMARS as MA documents.
  - (b) A master agreement awarded pursuant to an RFB may be renewed for up to four additional one-year terms.

**SECTION 14. REQUISITIONS: ESTABLISHING A PROCUREMENT VEHICLE FOR GOVERNMENTAL AGENCIES AND NONPROFIT ENTITIES**

- 14.1 Upon receipt of a completed, signed requisition requesting that a contract be awarded to a governmental entity or a 501(c)(3) nonprofit entity for professional services, the procurement officer may draft an MOA or a judicial buyer may issue a PO.
- 14.2 Prior to drafting an MOA or PO, the procurement employee must:
- (a) Verify that the requisition was complete in accordance with Section 9.6, and:
    1. Signed by a KCOJ official or employee authorized to make the requisition by a current AOC-PRO-2 *Requisition Authority Form*;
    2. Approved by the AOC Budget Director, when required by Section 9.7;
    3. Approved by the Office of Information and Technology Services when required by Section 9.8; and
    4. Approved by the Department of Court Facilities when required by Section 9.9. Prior to drafting an MOA, the procurement officer must:
  - (b) Verify that the contractor is not debarred or declared ineligible for contract award by:
    1. The Commonwealth of Kentucky Finance and Administration Cabinet;
    2. The United States Government Accountability Office, by cross referencing the offeror's name with the Excluded Parties List System on the System for Award Management (SAM) website.
  - (c) If the selected vendor is a 501(c)(3) nonprofit entity:
    1. Verify that the selected vendor is registered with the Finance and Administration Cabinet as a Commonwealth of Kentucky vendor;
    2. Verify that the selected vendor has a 501(c)(3) designation letter on file with the Procurement Division; and
    3. Verify that the entity is in good standing with the Commonwealth of Kentucky Secretary of State's office to conduct business in the Commonwealth of Kentucky.

- 14.3 All MOAs must be created in eMARS as PON2 documents and the Legislative Research Commission's Proof of Necessity (PON) form must be completed unless an exception applies pursuant to KRS 45A.690(d)(2) or (4).
- (a) An MOA must not extend beyond the current biennium, unless wholly funded by federal funds with an exemption authorized by the GCRC.
  - (b) MOAs for \$50,000 or more must be filed with GCRC prior to the effective date unless an emergency condition is documented and authorized in a *Determination and Finding*.
  - (c) MOAs for less than \$50,000 must be filed with GCRC no more than 30 days after the effective date.
  - (d) A modification must be used if the parties to an established agreement agree to increase or decrease funds, revise the scope of work, or extend the time for performance within the biennium.
- 14.4 All POs must be created in the PO Database. Effective July 1, 2023, POs must be created in eMARS. No PO may extend beyond three months after the end of the fiscal year, except POs for equipment leases which may extend for up to six years beyond the end of the fiscal year with a 30-day cancellation clause.

**SECTION 15. REQUISITIONS: ESTABLISHING A PROCUREMENT VEHICLE FOR PROFESSIONAL SERVICES**

- 15.1 RFPs are required to procure professional services, except those procured in accordance with Section 12 or Section 14.
- (a) RFPs must be issued in the Commonwealth of Kentucky's eProcurement system.
  - (b) Only the Procurement Division may issue an RFP.
- 15.2 Prior to issuing an RFP under this Section, the procurement officer must verify that the requisition was complete in accordance with Section 9.6, and:
- (a) Signed by a KCOJ official or employee authorized to make the requisition by a current AOC-PRO-2 *Requisition Authority Form*;
  - (b) Approved by the AOC Budget Director, when required by Section 9.7;
  - (c) Approved by the Office of Information and Technology Services when required by Section 9.8; and
  - (d) Approved by the Department of Court Facilities when required by Section 9.9.
- 15.3 RFPs must include a scope of work describing the services required, instructions to offerors including the information required of each offeror in its proposal, the grading criteria including the relative importance of each criterion, terms and conditions of the resulting contract, and a cost proposal form.
- 15.4 Examples of evaluation criteria other than cost or price include:
- (a) Qualified and experienced key personnel;
  - (b) Adequate resources;
  - (c) Appropriate experience;
  - (d) A demonstrated understanding of the RFP requirement;



- (e) Excellence of design;
  - (f) A clearly developed management plan;
  - (g) An effective quality assurance plan; or
  - (h) Project methodology and approach.
- 15.5 Cost or price must be treated and evaluated separately from the other evaluation factors.
- 15.6 All RFPs for technical services must include any additional requirements recommended by ITS, including:
- (a) Security, confidentiality, privacy, and availability requirements;
  - (b) An assessment plan to ensure that critical vendors can meet ITS expectations relating to security, confidentiality, privacy, and availability; and/or
  - (c) A monitoring plan to evaluate critical vendors for security, confidentiality, privacy, and availability on an annual basis.
- 15.7 After the RFP is posted on the Commonwealth of Kentucky's eProcurement website, the procurement officer may notify known vendors of the RFP via email. Such notice must not include any information other than the following:
- (a) The RFP number;
  - (b) A general description of items or services to be purchased;
  - (c) The date, time, and place at which offers or proposals will be opened;
  - (d) An email address to address questions concerning the RFP; and
  - (e) Instructions on how to access the RFP.
- 15.8 No RFP or modification to the RFP of a material nature may be issued later than seven calendar days prior to the date for receipt of proposals, except for modifications postponing the date for receipt of proposals or withdrawing the RFP.
- 15.9 Any modification to the RFP must be posted on the Commonwealth of Kentucky's eProcurement website.
- 15.10 Submission of Proposals
- (a) An offeror may not submit more than one proposal in response to an RFP.
  - (b) Any offeror wishing to exempt proprietary information from disclosure pursuant to an open records request must designate as proprietary each page of the proposal on which proprietary information appears.
  - (c) Proposals must be submitted, organized, and labeled in accordance with the instructions in the RFP.
  - (d) A faxed proposal will not be accepted.
  - (e) Receipt of Proposals:
    1. Proposals received electronically will be assigned a date and time stamp from Outlook at the time the email is received by the Procurement Division.

2. All proposals received in hard copy must be sealed and must be time and date stamped and initialed on the sealed cover by the Procurement Division upon receipt. The sealed proposal must be kept in a secure place until the time designated for the closing to protect the integrity of the process. No information may be disclosed as to the number of proposals received or the identity of the offerors until the time designated for closing.
- (f) On or after the time designated for the closing, the procurement officer will open all proposals submitted via email and all hard copies received by the AOC.
- (g) A proposal received after the time specified in the RFP must not be considered, unless no other proposals are received that will meet the needs of the KCOJ. No late proposal may be considered unless the following determinations are made and documented on a *Determination and Finding* form:
1. The proposal is postmarked or logged into the courier's tracking system before the closing time;
  2. The need of the KCOJ is determined to preclude the re-solicitation of proposals; and
  3. The proposal is evaluated and found to serve the best interest of the KCOJ.
- (h) The procurement officer will evaluate each proposal to determine whether it is responsive and will assist each evaluation committee in evaluating the offeror to determine whether the offeror is responsible to perform the contract.
1. Evaluation of responsibility of an offeror may include evaluating:
    - (i) The adequacy of offeror's financial resources;
    - (ii) The offeror's capacity to comply with the delivery or performance schedule, taking into account all existing commitments;
    - (iii) The offeror's performance record;
    - (iv) The offeror's compliance with state health rules and regulations;
    - (v) The integrity and business ethics of the offeror;
    - (vi) The sufficiency of offeror's quality control program;
    - (vii) The sufficiency of offeror's organization, experience, accounting, and operational controls and technical skills;
    - (viii) The offeror's past performance with the AOC;
    - (ix) The sufficiency of the offeror's equipment and facilities;
    - (x) The offeror's registration with the Secretary of State; and
    - (xi) Any other matter relating to the offeror's probable ability to deliver in the quantity and at the time required by a contract.
  2. If the evaluation committee and/or the Procurement Division concludes on the basis of all available evidence that a particular offeror does not appear sufficiently responsible to assure adequate performance, the

offeror's proposal may be rejected. Determinations of non-responsibility must be documented in a written *Determination and Finding*.

3. If there is some doubt as to the responsibility of an offeror, but the KCOJ's interest will be adequately protected by the filing of a performance bond or irrevocable letter of credit, the Procurement Division may require that the offeror furnish a performance bond or irrevocable letter of credit, whether required by the RFP or not.
- (i) Proposals may be disqualified as nonresponsive for the following reasons documented by the procurement officer:
1. Failure of a proposal to conform to the essential requirements of a RFP.
  2. Failure to conform to the scope of work contained or referenced in a RFP.
  3. Failure to conform to a delivery schedule established in a RFP.
  4. Imposition of conditions which modify the terms and conditions of the RFP or limit the offeror's liability to the KCOJ on the contract awarded.
  5. Submission of an unreasonable price.
  6. Failure or refusal, within a reasonable time, to give a clarification about the proposal, if requested to do so by the purchasing officer.
  7. Non-responsibility of an offeror.
  8. Failure to furnish a bid guarantee if required by a RFP.
  9. Other cause as documented by the purchasing officer in a *Determination and Finding*.
- 15.11 An evaluation committee must be established by the Procurement Division for each RFP issued.
- (a) The committee may be comprised of KCOJ officials, KCOJ employees, and non-KCOJ state employees.
  - (b) Technical advisory members may be added to the committee to offer technical guidance. Technical advisory members may not otherwise evaluate proposals.
  - (c) Each committee member and technical advisory member must complete and sign an AOC-PRO 27 *Conflict of Interest and Communication Disclosure* form and the procurement officer must document whether a committee member who reports a conflict is allowed to serve.
- 15.12 The technical proposals for offerors determined responsive and responsible must be transmitted to the evaluation committee for consideration and evaluation.
- (a) Each member of the committee must evaluate the proposal by completing a score sheet provided by the Procurement Division.
  - (b) Each member of the committee must conduct a fair and reasonable review of the proposals based on the evaluation criteria.
- 15.13 Offeror presentations may be scheduled in the discretion of the committee if permitted by the terms of the RFP.

- (a) Offerors invited to present their proposals may not alter or supplement their proposals.
  - (b) Only evaluation committee members, Procurement Division staff, and technical advisory members may attend the presentations.
- 15.14 The procurement officer must prepare a cumulative scoring sheet, which must incorporate a cumulative technical score for each proposal based on the individual scores of the committee members, a cumulative score for the presentation of the proposal based on the individual scores of the committee members, if applicable, and the points awarded for cost. Notes providing adequate justification to support the scores must be documented on the cumulative scoring sheet.
- 15.15 Cost components must be evaluated and scored by the procurement officer.
- 15.16 After determining the best proposal received in accordance with the award methodology stated in the RFP, the procurement officer may request Best and Final Offers, if determined appropriate by the evaluation committee and the Procurement Division in accordance with terms of the RFP.
- 15.17 After the Best and Final Offers are received and re-evaluated with criteria included in the Best and Final Offer instructions, the procurement officer may negotiate a fair and reasonable compensation with the selected offeror.
- 15.18 After successful negotiations are concluded, the procurement officer must issue a *Determination and Finding* and award the contract in accordance with the award methodology stated in the RFP. The procurement officer must notify all offerors of the award in writing.
- 15.19 If it is determined in a written *Determination and Finding* recommended by the procurement manager and approved by the OFA Director that there are reasonable grounds to believe that offerors have agreed to restrain competitive bidding by establishing a fixed price on goods or equipment sought to be purchased by the AOC, or by any other means, the proposals of all such offerors must be rejected, and the offerors barred from further bidding for a period of time considered appropriate.
- (a) If collusion is suspected among any bidders or offerors, a written notice of the facts giving rise to such suspicion must be transmitted to the Attorney General.
  - (b) All documents involved in any procurement in which collusion is suspected must be retained by the Procurement Division until the Attorney General gives notice that they may be released and must be made available to the Attorney General upon request.
- 15.20 All PSCs for professional services must be created in eMARS as PON2 documents and the Legislative Research Commission's Proof of Necessity (PON) form must be completed.
- 15.21 If the KCOJ requires that a vendor begin work prior to the contract being filed with the GCRC, the procurement officer must describe the circumstances that required the vendor to start work prior to filing the contract with GCRC in a written *Determination and Finding* recommended by the procurement manager and approved by the OFA Director.

- 15.22 Prior to finalizing a contract with the selected offeror, the procurement officer must:
- (a) Verify that the selected offeror is registered with the Finance and Administration Cabinet as a Commonwealth of Kentucky vendor;
  - (b) If the selected offeror is an entity, verify that the entity is in good standing with the Commonwealth of Kentucky Secretary of State's office to conduct business in the Commonwealth of Kentucky or has received a Certificate of Authority to conduct business in the Commonwealth of Kentucky, if the entity is not registered in Kentucky;
  - (c) Verify that the selected offeror is not debarred or declared ineligible for contract award by:
    - 1. The Commonwealth of Kentucky Finance and Administration Cabinet;
    - 2. The United States Government Accountability Office, by cross referencing the offeror's name with the Excluded Parties List System on the System for Award Management (SAM) website.
- 15.23 The initial contract term for a PSC awarded pursuant to an RFP may not extend beyond the end of the biennium.
- (a) All PSCs for nonprofessional services must be created in eMARS as SC documents.
  - (b) All PSCs for professional services must be created in eMARS as PON2 documents and the Legislative Research Commission's Proof of Necessity (PON) form must be completed.
    - 1. PON2s for \$10,000 or more must be filed with GCRC prior to the effective date unless an emergency condition is documented and authorized in a *Determination and Finding*.
    - 2. PON2s for less than \$10,000 must be filed with GCRC no more than 30 days after the effective date.
  - (c) A PSC awarded pursuant to an RFP may be renewed for up to two additional biennia.
- 15.24 The initial contract term for a master agreement awarded pursuant to an RFP is one year from the effective date of the contract.
- (a) All master agreements must be created in eMARS as MA documents.
  - (b) A master agreement awarded pursuant to an RFP may be renewed for up to four additional one-year terms.
- 15.25 A modification to a PSC must be processed in the same manner as the original contract and submitted to GCRC. A modification must be used if the parties to an established PSC agree to increase or decrease funds, revise the scope of work, or extend the time for performance within the biennium.

## **SECTION 16. BID PROTESTS**

- 16.1 A bid protest is a written objection by an interested party to any of the following:
- (a) A solicitation issued by the AOC Procurement Division; or

- (b) An award or proposed award of a procurement, including procurements associated with judicial branch capital construction projects governed by AP Part X.
- 16.2 Only prospective bidders may file a protest to the content of solicitation documents.
- (a) A prospective bidder is a vendor:
    - 1. That has a direct economic interest that will be impacted by the award of the contract or by the failure to award the contract; and
    - 2. That demonstrates it had a substantial chance of obtaining the award.
  - (b) A protest to a solicitation must be filed before the protestor actually submits a bid or proposal. A bidder or offeror who submits a bid or proposal to a solicitation is deemed to have waived all objections to the solicitation document once bids or offers have been opened.
- 16.3 Only an actual bidder or offeror may file a protest to the award of a procurement or proposed award.
- 16.4 Actual bidders or offerors may request bid information after the notice of award has been issued but prior to finalization of a contract by email to [solicitation@kycourts.net](mailto:solicitation@kycourts.net). No proprietary information will be provided.
- 16.5 Protests must be filed promptly, and in any event within 2 calendar weeks after the aggrieved party knows or should have known of the facts giving rise thereto;
- (a) The 2-week period does not include the day on which the alleged basis for protest arises;
  - (b) If the time period ends on a legal holiday or a weekend, the 2-week period will be extended to the next workday;
  - (c) The 2-week period will not be extended if a legal holiday occurs on any other day during the applicable time period.
  - (d) Any revisions, supplements, or additional information the aggrieved party intends to submit must also be filed within the 2-week period.
  - (e) A protest is considered filed when received by the AOC Directors Office.
- 16.6 Facts giving rise to the protest of a solicitation are presumed to have been known to the protestor on the date the solicitation, or modification to it, was posted to the Commonwealth of Kentucky's eProcurement website.
- 16.7 Facts giving rise to the protest are presumed to have been known to the protestor of an actual or proposed award of contract on the date written notice of the award was sent to the bidder or offeror.
- 16.8 A protest must be in writing and must be delivered to the AOC Director's office within the applicable timeframe. Facsimile transmission or emails will not be accepted.
- 16.9 New factual allegations, legal arguments, or additional grounds of protest made in submissions after the initial protest, without a new and separate showing of timeliness, will be disregarded as untimely.
- 16.10 A protest must contain the following information:
- (a) Contact information of the protestor;

- (b) Information sufficient to identify the contract awarded;
  - (c) Detailed statement of the legal and factual grounds for the protest, including a description of the prejudice resulting to the protester;
  - (d) Copies of documents the protester believes are necessary to assess the factual or legal basis of the protest;
  - (e) Statement as to the form of relief requested;
  - (f) The date the facts giving rise to the protest became known to the protester; and
  - (g) If necessary to rebut the presumption established by Section 16.6 or 16.7, all relevant factual information establishing the timeliness of the protest.
- 16.11 Failure to include any of the information required by Section 16.10 will result in denial of the protest solely on that basis.
- 16.12 The protest must be determined based on the record.
- 16.13 For a protest to a solicitation, the record includes:
- (a) The protest;
  - (b) The response of the letting department; and
  - (c) The solicitation.
- 16.14 For a protest to an award, the record consists of:
- (a) The protest;
  - (b) The response of the letting department;
  - (c) The contract awardee or prospective awardee's response;
  - (d) The solicitation;
  - (e) The bids or proposals received;
  - (f) The official *Determination and Finding*, including scoring sheets or minutes, if any;
  - (g) The notice of award; and
  - (h) The contract, if any.
- 16.15 Should a protestor wish to include additional documents in the record, the protestor must include such additional documents within the time provided in Section 16.5.
- 16.16 All protests will be referred by the AOC Director's office to the letting department for response.
- 16.17 Unless the AOC Director makes a determination in writing that urgent and compelling circumstances exist or that it is otherwise in the KCOJ's best interest to award the contract or allow the contractor to proceed, the letting department must immediately suspend award or performance of the contract pending resolution of the bid protest.
- 16.18 When a protest is filed with respect to an award of a contract, the AOC Director's office will refer the protest to the contract awardee and invite the contract awardee to respond.
- 16.19 Any response from the letting department and the contract awardee must be filed with the AOC Director's office within 2 calendar weeks.
- 16.20 No hearings are provided.
- 16.21 The AOC Director may consult as necessary with the Office of General Counsel or other AOC personnel who were not involved in the contract award.
- 16.22 Determinations will be made by the AOC Director or designee in writing within 35 calendar days after the filing of the protest and will only concern the grounds asserted in the protest based upon applicable law and the protest record.

- 16.23 Protests that are untimely or that fail to include the required information are summarily determined and denied.
- 16.24 When decided on the merits, the determination will include findings of fact, an analysis, and a conclusion that the protest be sustained or denied. If the protest is sustained, remedies include canceling the award, rescoring the bidders or offerors, or other appropriate remedies.
- 16.25 The decision of the AOC Director is final and conclusive. There is no basis to request nor authority for a re-consideration of the decision.

## **SECTION 17. CONTRACTS AND CONTRACT TERMS**

- 17.1 Any document containing terms and conditions and requiring the signature of an AOC representative must be submitted via requisition in accordance with Section 9 to the Procurement Division for review.
- 17.2 Each and every solicitation must include at least the following minimum instructions to bidders:
- (a) **Modification or Withdrawal of Bids or Offers:** A bid or an offer may be modified or withdrawn by electronic or written notice received prior to the hour and date specified for receipt of bids or offers. A bid or an offer may also be withdrawn in person by a bidder or an offeror or authorized representative, if the representative's identity is made known and the representative signs a receipt for the bid or offer, but only if the withdrawal is made prior to the hour and date set for receipt of bids or offers. An electronic modification may not mention unit prices or total price but may only refer to percentage change or numerical change. Withdrawal of a bid after closing is permitted only if clear and convincing evidence indicates that a bidder or offeror has made a bona fide error in the preparation of a bid or an offer and the error will result in substantial loss to the bidder or offeror. Proof must be submitted to substantiate error and loss to the reasonable satisfaction of the Procurement Division.
  - (b) **Late Offers and Modifications:** A bid or offer received after the hour and date specified for receipt must not be considered for an award of contract, unless all of the following apply:
    - 1. The need of the AOC is determined to preclude the re-solicitation of bids or offers;
    - 2. No bids or offers are received other than the late bid or offer and it is postmarked before the date specified in the solicitation or has been logged into the courier's tracking system before the bid closing time; and
    - 3. The bid or offer is evaluated and found to serve the best interest of the KCOJ.
  - (c) **Award of Contract:**
    - 1. The AOC reserves the right to reject any bids or offers and to waive informalities and minor irregularities in bids or offers received.



2. In the event that no complete bids or offers are received, and it is determined to be in the KCOJ's best interest, the AOC reserves the right to award based on item by item awards.
- (d) Rejection of All Bid Responses: If it is in the KCOJ's best interest as determined in writing by the Procurement Division, a solicitation may be cancelled and a solicitation reissued containing the same or revised specifications, terms and conditions.
- (e) Delivery, Transportation and Packaging: If awarded a contract for the provision of goods, the contractor must:
1. Make delivery as stated in the contract. Delivery must be made before June 30 of the year in which the contract is awarded unless otherwise specified in the contract.
  2. Make delivery during the working days and hours of Monday through Friday, 8:00 a.m. to 4:30 p.m., not including state holidays, to the point or points specified in the contract.
  3. Pay all packing, transportation and delivery charges to the delivery point specified by the AOC.
  4. Adequately pack all goods and equipment, according to accepted commercial practice and the packaging and marketing instructions in the contract document.
  5. Penalty for Late Delivery: A contractor who fails to make delivery as specified in the contract will be charged in accordance with the terms and conditions of the contract. Furthermore, a delivery not made within the time provided by the contract may create a critical situation requiring the goods to be obtained from some other source. If a critical situation is created and it is in the best interest of the KCOJ, the AOC may enter the open market and purchase the goods sought under the contract. The contractor will be charged with the increase in price incurred by the AOC.
  6. Delivery of Goods: If goods are delivered by a contractor that do not conform to the order, the AOC will notify the contractor promptly. If after 30 days of written notice, the contractor does not replace rejected materials, the AOC may sell the rejected items and submit the proceeds to the contractor less expenses.
- (f) Terms for Prompt Payment: Pursuant to KRS 45.454, a bill will be paid within thirty (30) working days of receipt of either an undisputed invoice or goods in satisfactory condition. A penalty payment of 1% per month may be added to the amount due the contractor for each full or partial month that the payment exceeds thirty (30) working days. As an incentive for earlier payment, bidders for AOC contracts are encouraged to offer discounts for payments made in less than the prescribed thirty (30) days.

17.3 Each and every AOC contract and PO must include at least the following terms and conditions:

- (a) Contract rates and prices must be firm for the original term of the contract, unless otherwise stated in the solicitation;
- (b) Federal excise taxes, Kentucky sales taxes, and Kentucky use taxes must not be billed;
- (c) If applicable, shipping F.O.B. destination, freight prepaid must be included in unit pricing for goods, unless otherwise stated in the solicitation;
- (d) Language indicating that payment on MOAs or PSCs for professional services may not be made for services rendered after GCRC disapproval unless the decision of the GCRC is overridden by the Kentucky Chief Justice or the AOC Director;
- (e) For MAs, MOAs, and PSCs, a statement requiring the contractor to reveal recent final determinations of violations of, and an agreement to be in continuous compliance with, KRS Chapters 136, 139, 141, 337, 338, 341, and 342;
- (f) For MAs, MOAs, and PSCs, a statement of intent to fully comply with all requirements of the Kentucky Civil Rights Act and Presidential Executive Order 11246 as amended (41 CFR Part 60-1.4);
- (g) For MAs, MOAs, and PSCs, a clause stating that payment for travel expenses will not be allowed, except for overnight lodging when for the convenience of the KCOJ, if an hourly rate is paid for travel time. If an hourly rate is not paid for travel time, travel expenses are allowable in accordance with AP Part VII, *Reimbursement for Official Travel*.
- (h) A clause allowing AOC access to records and documents related to the contract for financial audit or program review;
- (i) A governing law clause declaring that the laws of the Commonwealth of Kentucky govern all contracts or orders entered into by the AOC;
- (j) Language requiring compliance with applicable federal requirements if the contract involves the expenditure of federal assistance or contract grant funds;
- (k) Language requiring compliance with the KCOJ personal information security and breach standards, if it is anticipated that the contract will disclose personal information to a non-affiliated third party;
- (l) Language requiring invoices to contain the information required by Sections 22.2 and 22.3 and be transmitted to Accounting Services; and
- (m) A 30-day cancellation clause.

17.4 An AOC contract or PO must require the contractor to furnish insurance in addition to workers' compensation, unemployment, or other insurance required by law, when required by the AOC to protect the interests of the KCOJ.

- (a) Commercial general liability insurance should be considered when work will occur in a court facility. Any commercial general liability insurance policy required must contain an endorsement stating that a cancellation of, or material change in, the policy that adversely affects the interests of the KCOJ will not be

effective until at least 30 days after the AOC receives written notice of the cancellation or change.

- (b) Professional liability (malpractice) insurance should be considered for accountants, architects, engineers, lawyers, and fiscal agents.
    - 1. When required, professional liability coverage must be at least \$200,000.
    - 2. Professional liability insurance may be provided either by a specific insurance policy or by the contractor's existing insurance policy. If an existing policy is used, it must be amended to name the AOC as the loss payee.
- 17.5 A warranty clause may be used when it is in the KCOJ's interest to have the right to assert claims regarding defective products or services after their acceptance. A warranty clause gives the AOC additional time after acceptance to require contractor correction of deficiencies or defects, re-performance, an equitable adjustment in the price, or other appropriate remedies. Warranties should generally not be used in cost contracts, labor-hour, or time-and-materials contracts. In deciding whether to purchase a warranty, the contracting officer must consider the following:
- (a) Cost of the warranty;
  - (b) Criticality of meeting specifications;
  - (c) Potential damage to the KCOJ in the event of defective performance;
  - (d) Cost of correction or replacements in the absence of a warranty;
  - (e) Ability to take advantage of the warranty;
  - (f) The effect of the warranty as a deterrent against deficiencies;
  - (g) The extent to which acceptance is to be based upon contractor inspection or quality control;
  - (h) Whether the inspection and acceptance system provides adequate protection against deficiencies;
  - (i) Reliance on brand-name integrity;
  - (j) Whether the product or service is intended for the safety or protection of employees or the public;
  - (k) Customary trade practices; and
  - (l) The difficulty of detecting defects before acceptance.
- 17.6 A liquidated damages clause may be used when the AOC anticipates incurring damages that are difficult to quantify if the contractor does not perform in accordance with the contract.
- 17.7 Payment and performance bonds must be furnished to the AOC for all construction contracts in excess of \$50,000.
- (a) A performance bond must be executed by a surety company authorized to do business in the Commonwealth in amount equal to 100% of the contract price.

- (b) A payment bond must be executed by a surety company authorized to do business in the Commonwealth to cover labor and supplies in an amount equal to 100% of the original contract price.
- 17.8 For the procurement of other goods and services and if it is in the best interest of the KCOJ, the Procurement Division may require a successful bidder to file a performance bond or an irrevocable letter of credit in a designated amount with the AOC when:
  - (a) A contract is for products or services that can only be obtained from a source that is not the producer of the products or services;
  - (b) The AOC needs assurance of the contractor's responsibility; or
  - (c) Uninterrupted provision of the products or services is essential to the continued operation of the KCOJ.
- 17.9 A performance bond or an irrevocable letter of credit may be required in an amount up to 100% of the amount of the contract, depending upon the nature of the transaction.
  - (a) When performance or payment bonds are required, the original signed copy of the bond must be retained in the contract file. Annual performance bonds may be used.
  - (b) A successful bidder must have the bond or an irrevocable letter of credit signed by a surety company authorized to do business in the Commonwealth.
  - (c) Bonds signed by a person acting in a representative capacity must be accompanied by proof that the agent is authorized to act in that capacity.
  - (d) Unless an annual bond is accepted, performance or payment bonds must be dated after the effective date of the contract.
  - (e) A bond or an irrevocable letter of credit must be conditioned on the bidder's complete performance of all obligations imposed by the contract. A bond or an irrevocable letter of credit must provide that if the bidder fails to perform an obligation, the AOC may hold the bidder and his surety jointly and severally liable for damages resulting from the breach of the contract.
  - (f) When a contract modification increases the contract price by 10% or more, the contractor and the surety must increase the penal amount of the bond or letter of credit.
  - (g) If an irrevocable letter of credit is provided in lieu of a bond, it must be issued or confirmed by a federally insured financial institution rated investment grade or better. The letter of credit must indicate that the financial institution may not cancel the letter of credit before 90 days following the scheduled contract completion date.
- 17.10 In general, commercial contracts should be discouraged. Whenever possible, the Procurement Division should issue an AOC contract or PO containing the appropriate AOC terms and conditions in lieu of a commercial contract. When commercial contracts are required by a vendor whose services are necessary to conduct the business of the KCOJ, the Procurement Division must review the contract and negotiate with a

representative from the vendor to omit any of the following terms and conditions if they are included:

- (a) Any clause requiring AOC payment of attorney fees;
- (b) Provisions that automatically extend the agreement beyond the current biennium, unless a 30-day cancellation clause is included;
- (c) Any clause that requires advance payment from the AOC, unless the advance payment is authorized in accordance with Section 23.2;
- (d) Any requirement that the AOC furnish insurance;
- (e) Any clause agreeing to arbitration;
- (f) Any requirement that the AOC or KCOJ indemnify or hold harmless the contractor and replace it with the following: "Notwithstanding any other term or provision of this agreement, the AOC's liability related to any claim for personal injury, death, property loss, or damage under this agreement is limited by and subject to the procedures and terms of the Kentucky Board of Claims Act, KRS Chapter 49;"
- (g) Any clause making any state law applicable other than Kentucky;
- (h) Any clause requiring the AOC to pay interest;
- (i) Any clause that allows the terms and conditions to be changed without notice to the AOC;
- (j) Any clause that would require the AOC to pay federal excise taxes, Kentucky sales taxes, or Kentucky use taxes; and
- (k) Any liquidated damages or fees to be charged to the AOC for cancelling the contract.

17.11 For any negotiated changes, the Procurement Division must ensure that either:

- (a) A new commercial contract is generated that incorporates all of the negotiated changes; or
- (b) Both parties initial all modifications made to the original commercial contract.

17.12 If the contractor will not agree to the terms required by the Procurement Division, the Procurement Division must:

- (a) Recommend options that may be available to the KCOJ;
- (b) Calculate any potential costs that may be incurred to obtain the services or products under the non-approved terms using a worst-case scenario; and
- (c) Identify all non-approved terms that still exist in the contract in a memo and circulate the memo, including an estimate of potential costs, with the contract for internal AOC signatures.
  - 1. The Budget Director must certify whether funds are available for any potential additional costs.
  - 2. The AOC Director or designee will determine whether or not to execute the contract in light of the nonconforming terms and conditions and potential costs.

17.13 Contracts must be circulated for signature as follows:

- (a) When the AOC is issuing a contract for goods and/or services to be provided to the KCOJ or an MOU to authorize access of KCOJ data, the contractor or external party or parties must execute the contract before the AOC.
- (b) The Procurement Division will request external signatures and copy the requesting department; when the contractor or external party is nonresponsive, the Procurement Division may engage the requesting department to follow up with the contractor or external party.
- (c) The contract PPC is responsible for all the management of all contracts. Contract management includes assigning and tracking assignments to draft or review contracts, circulating contracts for signature internally at the AOC, and maintaining records of executed AOC contracts.
- (d) Prior to being executed by the Director or delegee with a current AOC-PRO-2.1 *Delegation of Contracting Authority* on file, all contracts must be:
  - 1. Recommended by a KCOJ official or employee authorized to submit the contract for requisition by a current AOC-PRO-2 *Requisition Authority Form*;
  - 2. Reviewed by the Office of General Counsel for form and legality; and
  - 3. Approved by the OFA Director.
- (e) A contract must be signed by the Budget Director if the contract amount exceeds the amount approved by the Budget Director on the requisition, when approval is required by Section 9.7.
- (f) The contract PPC must make a copy of the fully executed contract available to the requesting department and the contractor.

17.14 All POs, DOs, and TOs for software or technical equipment or services and all other POs, DOs, and TOs exceeding \$1000 must be approved by the Budget Director. All POs, DOs, and TOs must be executed by Procurement Division staff with sufficient purchasing authority pursuant to a current AOC-PRO-2.1 *Delegation of Contracting Authority* on file and maintained in the PO database or SharePoint.

## **SECTION 18. CONTRACT MODIFICATIONS AND RENEWALS**

18.1 A contract modification must be used to make any correction or changes to a contract including changes to the contract scope, contract time, or total contract amount.

- (a) Modifications are amendments to contracts and, as such, are considered to be part of the contract.
- (b) A modification must state the reason and basis for the changes.
- (c) The Procurement Division must draft all modifications for AOC contracts and maintain the modification in the contract file.
- (d) A modification must be created to indicate a change in the contract time when a contract is cancelled.

- 18.2 In AOC contracts for the purchase of fixed amounts of goods, supplies and equipment, other than construction contracts, an increase in quantity of more than 10% must not be permitted unless the solicitation informed prospective bidders or offerors that an increase in quantity might be forthcoming.
- 18.3 Increases in rates or unit prices must not be permitted for the initial contract term and must only be permitted up to 2% per year thereafter, except as provided by a price escalation clause authorized by the solicitation or request for proposals or an exception approved in writing by the OFA Director not to exceed a total of a 10% increase over the entire contract term.
- 18.4 Replacement items may be added to AOC master agreement price catalogs to replace outdated catalog items so long as the cost of the replacement item does not exceed 110% of the cost of the outdated catalog item.
- 18.5 Additional items may be added to AOC master agreement price catalogs, so long as the additional item(s) are within in the original scope of the contract. Determinations that items are within the original scope of the contract must be signed by the procurement manager and maintained in the contract file.
- 18.6 AOC contracts or POs issued in accordance with a department's small purchase authority must not be modified to an amount that would cause the department to exceed its small purchase authority.
- 18.7 POs and DOs may be modified:
- (a) If the PO or DO has not yet been filled or if the PO or DO has not yet been paid; and
  - (b) If the modification is labeled as a modified PO or DO; and
  - (c) If the modification will not cause a PO to exceed the department's small purchase authority; and
  - (d) If the modification occurs in the same fiscal year that the PO or DO was issued. If the modification would extend the delivery time past three months following the end of the current fiscal year, then the PO or DO must be cancelled and reissued.
- 18.8 In the interest of the KCOJ, the AOC may recognize a third party as a contractor's successor of interest upon the execution of a novation agreement or name change agreement. Any such agreement must include the following:
- (a) Identification of the transferor and the transferee;
  - (b) Identification of the contract by number, type, and dollar value;
  - (c) An agreement by the transferee to assume all of the transferor's obligations under the contract;
  - (d) The transferor's waiver of all rights under the contract against the AOC;
  - (e) An agreement by the transferor to guarantee the performance of the contract by the transferee;
  - (f) Signatures of the transferor and the transferee, in addition to the required AOC signature; and

- (g) Attachments including:
  1. The document describing the proposed underlying transaction (i.e. purchase agreement or deed);
  2. A determination that the transferee's is responsible to perform the contract;
  3. The contract at issue; and
  4. Any other relevant information requested.

**SECTION 19. CONTRACT ADMINISTRATION**

- 19.1 A contractor must not begin work until the contract has been fully executed and authorized by the AOC unless an emergency exception has been authorized in a *Determination and Finding*.
- 19.2 The Procurement Division is responsible for contract administration, including:
  - (a) Receiving, inspecting, and either accepting or rejecting immediate post-award deliverables, such as insurance and bonds, and maintaining them in the contract file;
  - (b) Answering questions and addressing contractor issues;
  - (c) Changing or modifying the contract as necessary;
  - (d) Issuing any purchase orders, delivery orders, or task orders required by the contract;
  - (e) Maintaining records concerning contractor performance;
  - (f) Coordinating resolution of departmental complaints of a contractor; and
  - (g) Closing out the contract.
- 19.3 Procurement Division staff must notify each requesting department of expiring contracts and must require requesting departments to complete an AOC-PRO-14 *Annual Vendor Evaluation* annually upon the completion of or renewal of every contract to indicate a contractor's performance.
  - (a) Completed AOC-PRO-14 *Annual Vendor Evaluations* must be maintained in the contract file.
  - (b) The AOC-PRO-14 *Annual Vendor Performance Evaluation* may be considered in determining the responsibility of a vendor in the award of future contracts.
- 19.4 Requesting departments must report to the Procurement Division whether goods are received in satisfactory condition and whether services are being completed in a satisfactory manner.
- 19.5 The Procurement Division may use any of the following methods to help requesting departments resolve complaints of contractor noncompliance:
  - (a) Rejecting nonconforming goods or services;
  - (b) Invoking written warranties, if included in the contract;
  - (c) Invoking implied warranties;
  - (d) Proving the existence of latent defects, fraud, or gross mistakes amounting to fraud;
  - (e) Imposing liquidated damages, if provided for in the contract; and



- (f) Modifying contracts to relax or delete requirements, provided that consideration is obtained from the contractor.
- 19.6 A requesting department must not allow any change to the terms of a contract without proper authorization from the Procurement Division. Requesting departments must document problems that may require contract changes, price adjustments, quantity variations, or alternate items, and forward the documents to the Procurement Division which will then initiate any necessary action or contract change with the vendor.
- 19.7 If a contractor has provided a performance or payment bond or an irrevocable letter of credit, the Procurement Division must send each surety:
  - (a) A copy of any notice of impending termination, demand for adequate assurances, assessment of liquidated or other damage, or formal notice of failure to perform under the contract; and
  - (b) A notice of contract completion upon completion of all contract obligations.
- 19.8 Before a vendor is released from a performance bond or letter of credit, the contract administrator must review the performance evaluations on file, request a final performance evaluation from the requesting department, and determine whether the contractor has fully complied with the terms of the contract. The procurement manager must review the documentation from the contract administrator and determine whether the performance bond be released or whether a claim should be made against the performance bond.

## **SECTION 20. RECEIVING GOODS**

- 20.1 A delivery under an order placed by the AOC may be complete or partial depending upon the terms of the purchase document. Partial delivery and partial payment are acceptable if so indicated in the initial purchase document or if approved by the EO of Financial Services in a *Determination and Finding*.
- 20.2 Unless otherwise requested, orders must require deliveries to be made F.O.B. destination, freight prepaid.
- 20.3 The judicial buyer must send a receiver to each requestor or requesting department upon issuing a PO/DO for goods. The requestor or requesting department must retain the receiver and a copy of the PO/DO until the order is delivered.
- 20.4 All deliveries must be made to the destination specified in the purchase document. If there are any apparent damages upon delivery, the responsible personnel receiving the delivery must note said damages on the delivering carrier's freight bill and obtain the delivering driver's signature below this notation before forwarding it to the judicial buyer.
- 20.5 Deliveries made to the AOC central headquarters must be received by the Accounting Services shipping and receiving clerk or designee.
  - (a) Upon receipt of a package, the shipping and receiving clerk must perform a blind count, entering the number and unit of packages received, the carrier name, the shipped from address, and the date into OnBase.

- (b) The shipping and receiving clerk will deliver the package to the addressee or designee and must obtain the signature of the person accepting delivery.
- 20.6 Each requestor is responsible for the prompt receiving, inspecting, and acceptance of goods ordered by the AOC. When the requestor receives the goods, the requestor must promptly review the receiver against the PO/DO and the packing slip to ensure the order is complete and in satisfactory condition.
- (a) Each requestor must certify that:
    - 1. The listed goods were received;
    - 2. The quantities were as stated;
    - 3. The condition was satisfactory; and
    - 4. Whether payment is due.
  - (b) If there are any concealed damages or shortages not recognized upon delivery, or if goods are delivered that do not conform to the order, the requestor or requesting department must notify the Procurement Division within seven calendar days of receipt of delivery.
  - (c) If the order is complete, the requestor or requesting department must complete the receiver and return the receiver and the packing slip to the Procurement Division promptly, no later than seven days after receipt of delivery.
- 20.7 If notified of any deliveries that do not conform to the contract requirements, the judicial buyer must immediately reject the goods in writing.
- (a) Once goods are accepted, they typically cannot later be rejected except for latent defects, fraud, or gross mistakes amounting to fraud.
  - (b) Contractors may be given an opportunity to correct or replace nonconforming products.
  - (c) The judicial buyer may accept nonconforming goods, with or without consideration, when the nonconformance is minor.
  - (d) All written notices of rejection or nonconformance must be maintained in the contract file.

## **SECTION 21. MONITORING SERVICES**

- 21.1 The requesting department must monitor the performance of contractors who provide services to the department.
- 21.2 Examples of items that must be monitored, when applicable, include:
- (a) Deliverables (milestones);
  - (b) The quality of work;
  - (c) Work schedule or timetable;
  - (d) Completion of projects and implementation (outcomes);
  - (e) Whether savings projected from using the new product or service were achieved;
  - (f) Budgets;

- (g) Timeliness of invoicing;
  - (h) Security of data; and
  - (i) Customer service level.
- 21.3 The requesting department must immediately notify the Procurement Division if a modification to the contract is needed to change the scope of work, the work schedule or timetable, or the contract amount.
- 21.4 If a requesting department experiences a minor problem or difficulty with a contractor, the requesting department must contact the contractor directly and attempt to informally resolve the problem. If the contractor does not act promptly and satisfactorily, or if the requesting department experiences a major nonconformance of the services to the terms and conditions of the contract, the requesting department must immediately notify the Procurement Division.
- 21.5 After investigating the complaint, the Procurement Division may issue a *Notice of Noncompliance* to the contractor. Any such notice must be reviewed and approved by the OFA Director. If the contractor fails to respond, does not correct the issue, or if persistent or chronic problems with a contractor are documented, the Procurement Division may take additional action up to and including cancelling the contract.
- (a) The AOC may accept a nonconforming service, with or without consideration, when the nonconformance is minor.
  - (b) Contractors may be given an opportunity to re-perform nonconforming services at no additional cost.
  - (c) The Procurement Division may obtain performance of the services by an alternate vendor and charge to the contractor any cost incurred.
  - (d) The Procurement Division may modify the contract to reduce the scope and contract amount to reflect the reduced value of the services performed.
  - (e) The contract may be cancelled upon approval of the OFA Director.
- 21.6 All notices to the contractor and contractor responses must be maintained in the contract file.

## **SECTION 22. INVOICE PROCESSING**

- 22.1 Contractor invoices are required for payments against a contract.
- 22.2 Invoices for goods and nonprofessional services must contain:
- (a) Contract or order number;
  - (b) Item numbers, if applicable;
  - (c) Description of supplies or services;
  - (d) Sizes, if applicable;
  - (e) Quantities;
  - (f) Unit prices; and
  - (g) Totals.
- 22.3 Invoices for professional services and MOAs must contain:

- (a) A description of the matter covered by the invoice;
  - (b) The date each service was performed;
  - (c) A full description of each service;
  - (d) The name and title of each individual who worked on the matter, and the time the individual spent on the matter;
  - (e) The subject matter and recipient of any correspondence;
  - (f) A full description of any work product produced, designating the way in which the work product is associated with the matter being invoiced;
  - (g) The hourly rate for each individual working on the matter, and the total charge for that individual for each matter invoiced;
  - (h) An itemized list of all disbursements to be reimbursed by the AOC for each matter invoiced;
  - (i) The total charge for each matter;
  - (j) The combined total for services and disbursements for the billing period;
  - (k) The tax identification number of the entity awarded the personal service contract; and
  - (l) An indication on each invoice of whether or not the invoice is final.
- 22.4 All invoices must be submitted directly to Accounting Services. Accounting Services will place a receiving stamp on the invoice showing the word "received" and the month, date, and year.
- 22.5 All invoices received by Accounting Services will be routed to the requesting department for proper verification, unless receipt of goods has been documented on a receiver.
- (a) Utilities invoices must be verified quarterly by the Division of Real Property.
  - (b) Phone invoices must be verified quarterly by the Office of Information and Technology Services.
- 22.6 Invoices routed to requesting departments must be reviewed by an employee authorized to verify invoices by an AOC-PRO-2 *Requisition Authority Form* and returned to Accounting Services within two weeks. Before signing the invoice, the authorized employee must verify:
- (a) That all goods or services for which payment is requested on the invoice have been satisfactorily provided;
  - (b) That the charges in the invoice reflect the value of the work performed;
  - (c) That all costs and disbursements recorded on the invoice were reasonably and necessarily incurred in connection with the services provided;
  - (d) That the contractor is billing in accordance with the contract terms;
  - (e) That the invoice was timely received; and
  - (f) That the total contract amount is not exceeded.

- 22.7 If the invoice does not meet the requirements of this Section, the authorized employee must return the invoice unsigned to Accounting Services with an explanation of the noncompliant items on the invoice.
- 22.8 Prior to making a payment against an invoice, Accounting Services staff must ensure that the requesting department has verified the invoice and verify that:
- (a) The invoice conforms to the requirements of Section 22.2 or 22.3,
  - (b) The contractor has billed at the rate(s) or in the manner authorized by the contract terms;
  - (c) The invoice was timely received; and
  - (d) The total contract amount will not be exceeded by processing the invoice.
- 22.9 If the invoice is noncompliant with this Section or with the terms of the contract, Accounting Services must issue a notice of rejection to the contractor, including an explanation of how the contractor can bring its invoice into compliance to receive payment.
- (a) If payment of untimely invoices is discretionary in the contract, untimely invoices will be paid.
    - 1. Invoices submitted in the same fiscal year that goods were purchased or services were provided may be paid with current year funds.
    - 2. Invoices not submitted during the fiscal year that goods were purchased or services were provided may nonetheless be paid as a prior year claim in accordance with KRS 45.231 if goods were purchased or services were provided during the two preceding fiscal years.
    - 3. Invoices for goods purchased or services provided prior to the two preceding fiscal years that were not received during the fiscal year of the purchase or the fiscal year after the purchase must be brought as a legislative claim.
  - (b) If payment of untimely invoices is prohibited by the contract, untimely invoices will not be paid.

### **SECTION 23. PAYMENTS**

- 23.1 Accounting Services must process all payments within 30 business days of receipt of a compliant invoice.
- 23.2 A maximum interest penalty of 1% of any amount approved and unpaid may be added to the amount paid to the vendor for noncompliance with Section 23.1 each month.
- 23.3 A payment under a contract to provide services or deliver goods to the KCOJ may not be more than the value of the services already provided or the goods already delivered, unless a specific appropriation or other law authorizes an advance payment. An exception exists for commercial contracts if the procurement manager recommends a contract clause requiring advance payment in a *Determination and Finding* form signed by the EO of Financial Services.
- (a) In the *Determination and Finding*, the EO of Financial Services must determine that it is:

1. Appropriate or customary in the commercial marketplace to make an advance payment for the specific goods or services being purchased; and
  2. In the best interest of the KCOJ to authorize the commercial advance payment.
- (b) The *Determination and Finding* will address the following:
1. A brief summary of the goods or services;
  2. The proposed advance payment contract terms;
  3. The contractor's request for advance payments and the potential benefits to the KCOJ from providing advance payments;
  4. Actions that will be taken, if any, to minimize the judiciary's risk of loss from providing the commercial advance payment; and
  5. If the EO of Financial Services accepts the contractor's financial condition to be adequate security, an analysis supporting that decision.
- 23.4 Partial payment may only be made:
- (a) If permitted by the initial purchase document; or
  - (b) If the EO of Financial Services establishes in a *Determination and Finding* that circumstances exist justifying partial payment due to delay that is not the fault of the vendor.
- 23.5 Accounting Services may disallow a cost or may withhold payments otherwise due, in whole or in part, when:
- (a) The contract provides for withholding, such as authorized retainage;
  - (b) The requesting department or Accounting Services has determined that elements of the amount invoiced by the contractor are not allowable; or
  - (c) The contractor has been overpaid or otherwise owes the AOC money as a result of the contractor's actions or inactions under the contract.
- 23.6 GAX documents may only be created to pay invoices associated with reimbursements, telephones, internet, utilities, mail services, or penalties.
- 23.7 PRC documents must be used to pay all invoices associated with all AOC contracts, purchase orders, and leases.
- 23.8 Multiple vendors must not be paid on a single pay document, unless the document is generated by the Finance and Administration Cabinet.

## **SECTION 24. FLEET VEHICLES**

- 24.1 All vehicles purchased or owned by the AOC are AOC fleet vehicles to be used in the discharge of KCOJ authorized duties and functions throughout the state. Most AOC fleet vehicles are maintained at the AOC central headquarters to be assigned to KCOJ officials and employees for use as needed on a day-to-day basis.
- 24.2 All requests for assignment of vehicles must be made to Accounting Services.
- 24.3 When additional vehicles are required to be added to the AOC fleet, they must be purchased by the Procurement Division only at the request of Accounting Services.

- (a) AOC fleet vehicles must be delivered to the Accounting Services Fleet unit, where licensing, identification and other required markings must be performed, insurance must be updated, and GPS units must be placed on the vehicle.
  - (b) Accounting Services is responsible for making equipment life and usefulness determinations for the purposes of surplus declarations.
  - (c) Accounting Services is responsible for authorizing all maintenance and repairs for AOC fleet vehicles.
- 24.4 AOC fleet vehicles may be permanently assigned to KCOJ officials and employees whose duties require them to travel throughout the state for official business on a regular basis.
- (a) Personal mileage, such as mileage incurred driving between the home and workstation, must be reported to Accounting Services to calculate the taxable vehicle benefit.
  - (b) Failure to report will result in all mileage being calculated as personal mileage for the purposes of calculating the taxable vehicle benefit.
- 24.5 Only the following KCOJ officials and employees may have an AOC fleet vehicle permanently assigned:
- (a) Supreme Court justices;
  - (b) Court of Appeals judges upon the approval of the Chief Judge of the Court of Appeals; and
  - (c) Other KCOJ officials and employees when:
    1. Necessary to conduct KCOJ business;
    2. Less costly than reimbursing the KCOJ official or employee for mileage for the use of a personal vehicle or impractical to make day-to-day assignments of an AOC fleet vehicle to the KCOJ official or employee; and
    3. Approved by the OFA Director in writing.
- 24.6 AOC fleet vehicles may be assigned to workstations other than the AOC central headquarters if a KCOJ official or employee agrees to ensure that:
- (a) The fleet vehicle is turned in and parked at the workstation at the end of each work shift;
  - (b) Only KCOJ officials or employees with valid driver's licenses are permitted to operate the vehicle;
  - (c) The fleet vehicle will be used only for official KCOJ business; and
  - (d) The fleet vehicle must be properly cleaned and maintained in accordance with standards established by Accounting Services.
- 24.7 No KCOJ official or employee may lease a vehicle from a private individual or business without prior written approval of the EO of Financial Services.

## **SECTION 25. PROPERTY ACCOUNTABILITY**

- 25.1 The Accounting Services Property Accountability unit must tag all KCOJ fixed assets having an original cost of \$300 or more and must maintain a current fixed asset record of all tagged items. Property Accountability staff must:
- (a) Make appropriate additions and deletions to fixed asset records as property is acquired or disposed;
  - (b) Conduct physical inventories of all equipment valued at \$300 or above at least once every two years; and
  - (c) Take the necessary steps to correct any discrepancies noted during the physical inventory.
- 25.2 Fixed asset records for all equipment valued at \$5,000 or more must be maintained in eMARS. Property Accountability staff must:
- (a) Make appropriate additions and deletions to fixed asset records as property is acquired or disposed; and
  - (b) Take the necessary steps to correct any discrepancies noted during the annual physical inventory for the ACFR.
- 25.3 The Property Accountability unit must perform physical inventories of equipment valued at \$5,000 or more annually for the ACFR.
- (a) The ACFR inventory must be completed on or before May 31 annually.
  - (b) If a court facility has five or fewer items valued at \$5,000 or more, the Property Accountability unit may arrange for the physical inventory to be completed by the circuit court clerk.
  - (c) The Property Accountability unit must notify the Auditor of Public Accounts of the dates, times, and locations of the physical inventories so a representative of that office may be present to observe inventory procedures.
- 25.4 Depreciation must be computed by Accounting Services for all fixed assets valued at \$5,000 or more.
- 25.5 A fixed asset record of all licensed vehicles owned by the AOC must be maintained by Accounting Services in eMARS regardless of cost or other equipment mounted on the vehicle. This record must include: vehicle license number, property or commodity code, serial number, make, style, manufacturer's model number, year, date registered during the first year only, original purchase price, and assignment, if any.
- 25.6 KCOJ property that has been lost and cannot be established as having been stolen must be removed from the AOC's active fixed asset records.
- 25.7 If KCOJ property is stolen, the end user or the end user's appointing authority must report the theft to the police authorities in the county where the theft occurred. After receipt of a report from the police, Property Accountability staff must remove the stolen item from the AOC's active fixed asset records.
- 25.8 Only the AOC Director or delegee with a current AOC-PRO-2 *Delegation of Contracting Authority* form may declare fixed assets of the KCOJ as surplus.



- (a) Offices or departments who are assigned fixed assets must submit an AOC-ACCT-24 *Request to Declare Surplus* form to the Property Accountability unit to make a request that fixed assets be declared as surplus.
- (b) Only the Property Accountability unit may complete an AOC-ACCT-25 *KCOJ Personal Property Declaration of Surplus* form and submit it to the AOC Director or delegee for signature.
- (c) Property Accountability staff is responsible for processing all surplus requests, making determinations of disposal methods for all KCOJ property declared surplus, and removing fixed assets from the active fixed asset records once it is declared as surplus.
- (d) No KCOJ employee may dispose of fixed assets of the KCOJ until the AOC Director or delegee has executed the AOC-ACCT-25 *KCOJ Personal Property Declaration of Surplus* form.

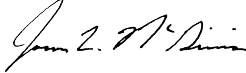


## **SECTION 26. TRADE-INS**

- 26.1 KCOJ owned fixed assets may be traded-in toward the purchase of new equipment or products, if the property is first declared surplus in accordance with Supreme Court AO 2017-05 *Judicial Branch Surplus Property* as amended or otherwise superseded by subsequent Kentucky Supreme Court Administrative Order.
- 26.2 Trade-in purchases must be completed through a requisition submitted to the Procurement Division for approval. The requisition must:
  - (a) Document that a trade-in is included;
  - (b) Include the trade-in value; and
  - (c) Include a complete description of the item to be traded, including the inventory number and serial number, if applicable.
- 26.3 Property Accountability staff will update inventory records upon completion of the trade-in transaction.

## **SECTION 27. FISCAL YEAR CLOSE OUT**

- 27.1 Accounting Services must ensure vendor file information is accurate for 1099 reporting. Payments classified with object codes that are potentially 1099 reportable must be reviewed by Accounting Services to ensure correct classification of expenditures involving both services and materials. Only the portions of payments that are for services are 1099 reportable.
- 27.2 Accounting Services must provide the Finance and Administration Cabinet with the information required to produce corrected 1099s by July 15 of each year.
- 27.3 The Finance and Administration Cabinet notifies all state agencies by memorandum of the deadline dates for submission of each type of document affecting old-year business transactions processed in the state's eProcurement system and the earliest date for submitting new-year documents for processing.

- 27.4 Accounting Services must not submit documents for purchase with new-year funds for processing until the chart of accounts information is loaded into the state’s accounting system for the new-year.
- 27.5 Old-year funds may only be used to pay for goods and services received on or before June 30. Goods and services received after June 30 must be paid from new-year funds.

	PRINTED NAME	SIGNATURE	DATE
<b>REVIEWED &amp; APPROVED BY APPROVING AUTHORITY:</b>	Jason L. McGinnis		7/14/22
<b>REVIEWED &amp; RECOMMENDED BY OGC:</b>	Margaret Ivie		7/14/22
<b>REVIEWED &amp; APPROVED BY AOC DIRECTOR:</b>	Laurie K. Givens		7/14/2022

# Kentucky Judicial Branch Procurement Card Program Policies and Procedures Guide

July 15, 2022

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## Kentucky Judicial Branch Procurement Card Program

### Introduction

The Procurement Card Program is designed to improve efficiency in processing low dollar purchases from any vendor that accepts a VISA credit card (unless restricted by policy or Merchant Category Code (MCC) by the Commonwealth). A Procurement Card (ProCard) may be issued to a Kentucky Judicial Branch official or employee

The ProCard may be used for both the purchase of goods and services. All procurement cards shall be used in accordance with the Administrative Office of the Courts' procurement policies and procedures.

This program enables employees to make purchases of approved commodities directly from vendors, with the charges assigned to the default accounting structure designated for each ProCard.

The AOC Division of Accounting Services is responsible for reconciling the receipts for purchases and ensuring that the proper accounting structure is assigned to each transaction. If the default accounting structure is not correct, the accounting employee may change it. He/she must ensure that all ProCard documents for a cycle are approved (FINAL status) in sufficient time to pay the bank by the due date for that cycle.

## How It Works

The ProCard Program simplifies the procurement and disbursement processes by facilitating point-of-demand procurement. Procurement responsibility is delegated to the ordering department, enabling an authorized Cardholder to place an order directly with the vendor. The ProCard Administrator shall ensure all Cardholders are informed of allowable purchases according to AOC guidelines, as well as supervisory approval needed for various purchases.

The ProCard Program provides enhanced control for all transactions by producing immediate decisions on three specific authorization criteria as explained below. When the supplier at the point-of-sale requests a purchase authorization, the transaction is validated against pre-set limits and restrictions established by the ProCard Administrator or employee’s manager. All transactions are instantaneously approved or declined based on the following procurement card authorization criteria:

1. Single purchase limit
2. Spending limit per cycle
3. Merchant Category Code (MCC) restrictions\*

\*Suppliers are assigned a Merchant Category Code (MCC), which represents their type of business/industry. ProCards are issued with a MCC group of KYSTANDARD Exclude, which is explained in the following chart. If a Cardholder attempts to use a supplier with any of the following codes, the transactions will be denied immediately, provided proper authorization is performed by the vendor.

### KYSTANDARD

3000-3299	Airlines
3300-3499	Automobile/Vehicle Rental
3501-3999	Hotels and Motels
5811-5812	Eating Places, Restaurants
5813	Bars, Cocktail Lounges, Discotheques, Nightclubs, and Taverns – Drinking Places (Alcoholic Beverages)
5814	Quick Payment Service – Fast-Food Restaurants
5921	Package Stores, Beer, Wine, Liquor
6010-6012	Financial Institutions
6211	Security Brokers/Dealers
6381	Insurance Premiums
6399	Insurance (Not elsewhere classified)
7011	Lodging
7800,7801, 7995, 9754	Gambling, Horse Racing, Casino, Dog Track. State Lotto, On-Line Gambling

## Ordering Process

The Procurement Card Program is an allowable purchasing method for approved goods and services that fall within the AOC's small purchase authority. Small purchases \$10,000 or less may be made with a single quote. Small purchases between \$10,001 and \$50,000 made by ITS or Court Facilities must be accompanied by three quotes. Small purchases between \$10,001 and \$20,000 made by all other requesting departments must be accompanied by three quotes.

Allowable purchases include:

- Any purchase not prohibited by this manual that is within the limits established for the card and the AOC's small purchasing authority.
- Any purchase from a Master Agreement, not prohibited by this manual or the terms and conditions of the Master Agreement.
- Utility payments, regardless of the dollar amount.
- Registration fees for employee training and conferences.
- Out of state purchases of fuel for motor pool vehicles only, if the state fleet management fuel card is not accepted. The Cardholder shall attach an approved authorization for travel outside of Kentucky and a statement that the Fleet Management Card was not accepted by the vendor to the vendor's invoice and submit with the transaction receipt.
- Photocopying costs.

Prohibited purchases include:

- Travel and entertainment related expenses, except the Division of Accounting Services or the Department of Specialty Courts may use a ProCard for travel with an Out-of-State authorization form signed by the Chief Justice for any KCOJ elected official or employee,
- Alcoholic beverages,
- Food or beverage, unless authorized in advance with an approved Exception Form. No food or beverage may be purchased from any merchants whose Merchant Category Code (MCC) is found on the KYSTANDARD Excluded table provided above.
- Fixed assets with a purchase price of \$300 or more, unless the cardholder is a Judicial Buyer,
- Automotive gasoline, except purchases of fuel for motor pool vehicles where the Fleet Management Fuel Card is not accepted, unless the cardholder is a Judicial Buyer,
- Cash advances,
- Salaries and wages,
- Legal services,
- Lease purchases,
- Insurance premiums and bonds,
- Professional services,
- Printing Services,
- Purchases from another Commonwealth agency,
- Used equipment,
- Purchases from auction.

The following procedures must be followed when using the procurement card:

1. Ensure the purchase is a legitimate business need of the Kentucky Judicial Branch.
2. Confirm the purchase is appropriate for the ProCard by reviewing the list of restricted goods

and services. If the purchase does not meet the criteria, the ProCard must not be used.

3. Ensure the ProCard purchase is within the policy and guidelines.
4. If the purchase is greater than the department's Small Purchase Authority Single Quote Limit, ensure the order is documented either by citing an active Master Agreement or attaching two additional quotes.
5. Inform the vendor that payment will be made by a Commonwealth of Kentucky ProCard.
6. Emphasize that the Commonwealth is a tax-exempt entity. If the supplier requests the Commonwealth's Kentucky State Sales and Use Tax Exemption Number, please provide the supplier with the tax number shown on the tax form supplied when cardholder received the card. If cardholder can't find that form, contact the ProCard Administrator.
7. Purchase or order goods/non-professional services.
8. When making on-line purchases, be sure to use reputable, work-related sites. Ensure the complete shipping address and instructions are provided to the vendor. Follow all procurement policies and procedures.

NOTE: For internet or phone orders, ensure card number is safeguarded. Be sure to obtain a valid receipt.

9. Ensure all departmental procedures regarding ordering, processing, and record retention have been followed.
10. Retain all packing slips as supporting documentation (packing slips may not be used in lieu of a vendor receipt and/or invoice). Judicial Buyers are exempt from this requirement.
11. When a shipment is received, it is the responsibility of the Cardholder to properly inspect the shipment. In case of returns, the Cardholder is responsible for coordinating the return directly with the supplier and contacting the ProCard Administrator with any unresolved issues. Returns for cash are not permitted. The Cardholder shall also obtain a receipt showing the credit transaction.



## Proof of Purchase Documentation

The Procurement Card Program facilitates point of demand procurement, providing authorized Cardholders the ability to purchase specific goods and services directly from a supplier. With this authority comes the responsibility of maintaining adequate documentation.

Documentation must be maintained as required by the AOC Record Retention Schedule. Documentation for each transaction shall include the vendor's name, date of purchase, description of each item purchased, price of each item purchased, total cost, Cardholder name or last four digits of the ProCard number, and pay documents.

All purchases must be documented by a valid vendor receipt identifying goods or services purchased. Cardholders, are responsible for uploading receipts in OnBase. The Cardholder may be held liable for purchases not substantiated by a valid receipt. Once the ProCard Administrator verifies the purchase as being an allowable and necessary business expense, the OnBase submission will be forwarded to the Division of Accounting Services. If the purchase is not an allowable and necessary business expense, the Cardholder may be held liable for the purchase.

## Reconciliation of Procurement Card Activity

To ensure the accuracy of transactions posted by the bank and that accurate payment is being made to the issuing bank by the Commonwealth, Accounting will reconcile all transactions at the end of each billing cycle.

The ProCard Administrator is responsible for ensuring Cardholders' purchases are within the guidelines of the program and that payment to the issuing bank is accurate and timely. The Division of Accounting Services is responsible for reconciling each receipt against the transactions on the procurement card payment (PRCC) documents.

## Procurement Card Program Administrator Responsibilities

The Procurement Card (ProCard) Program Administrator will administer the program and manage the overall department operation and Cardholder training. To ensure proper separation of duties, this individual shall not be a Cardholder.

The Office of Finance and Administration will train the ProCard Program Administrator how to implement and operate the Procurement Card Program. The ProCard Administrator's responsibilities include (but are not limited to) the following:

- Completing training provided by the Finance and Administration Cabinet.
- Upon consultation with department management determining which of the department's employees will become Cardholders.
- Executing, approving, signing, and maintaining a Cardholder Agreement for all Cardholders.
- Developing and providing mandatory training for each Cardholder prior to issuing a ProCard. This training includes Cardholder duties, responsibilities, and procurement policies.
- Serving as the primary contact with issuing Bank. Providing instructions to the bank on the activities for all cards and billing accounts.
- Adding, changing, or deleting cards as necessary.
- Maintaining an appropriate internal control framework related to the safeguarding of card(s) and card usage.
- Assigning a default accounting template for each card.
- Ensuring all card numbers are properly recorded within eMARS.
- Coordinating the disputed charges process.
- Ensuring receipts are collected for every transaction per Cardholder and attached in OnBase.
- Verifying that the description and purpose of every transaction is identified by each Cardholder in OnBase.
- Verifying that each Cardholder and their respective supervisor have put in transactions in the OnBase system.
- Coordinating the payment process to ensure a complete timely remittance.
- Establishment of a procedure to provide reasonable assurances that Cardholders receive no monetary benefits from use of the card.

A ProCard Administrator may designate an individual to be responsible for some or all of the above listed responsibilities. To ensure proper separation of duties, any such designee shall not be a Cardholder.

## Supervisor/Approver Responsibilities

Each ProCard transaction must be approved by the Cardholder's appointing authority.

- The supervisor/approver will access the On-Base system.
- All card transactions should have a purpose and description provided by the Cardholder.
- The supervisor must certify that they verbally approved any purchases \$500 or over prior to the purchase being made. Judicial Buyer purchases are exempt from this requirement.
- Supervisors/approvers shall approve all transactions that were received by and for the benefit of the Kentucky Judicial Branch.
- All approvals must be completed by the end of each ProCard cycle. The ProCard Administrator may request approvals be applied more frequently.

## Individual Cardholder Responsibilities

Each procurement card is issued exclusively to an individual judicial branch official or employee and **MUST NOT** be shared or loaned. An official or employee issued an individual card is required to sign a Procurement Card Cardholder Agreement accepting the terms and conditions provided by the AOC. A card embossed with the individual's name shall be issued and used exclusively by that individual.

To ensure compliance with Program Policies and Procedures, an individual Cardholder shall:

- Activate card upon receipt (Website and phone number provided by issuing bank).
- Be aware of allowable purchases on the card as referenced in this policy and procedure manual.
- Be aware and not violate any procurement laws, regulations, policies, or procedures.
- Document all purchases with a detailed receipt. The credit card receipt and/or packing slip may serve as supporting documentation, but may not serve as a valid receipt unless all detailed information is provided on the credit card receipt and/or packing slip.
- Ensure shipping and handling charges are included in the stated price.
- Ensure no purchase is greater than the AOC's Small Purchase Authority.
- Provide merchants with the complete shipping address and instructions when ordering via internet, or telephone orders.
- Complete the purpose and description field in the On-Base system attesting that the purchases were for the benefit of the Kentucky Judicial Branch and not for personal use. Submit for approval (electronically sign) each of your transactions.
- Submit receipts in OnBase on at least a monthly basis. This frequency is at the ProCard Administrator's discretion.
- Inform the merchant that the card is tax exempt since Cardholder is an agent of the Commonwealth. (A copy of the certificate must be sent to the vendor upon request. Ensure that sales tax is not charged. Ask the ProCard Administrator if a copy of the tax exempt certificate is needed.)
- Inspect all purchases. Returns shall be coordinated directly with the merchant. Returns for cash are **NOT** permitted.
- Questions regarding disputes should first be addressed with the merchant. If resolution cannot be

reached with the merchant, a dispute must be filed with the issuing Bank. Inform the ProCard Administrator of any dispute.

- Contact the ProCard Administrator immediately if card is lost or stolen. The ProCard Administrator will report it to the bank using their on-line system. Failure to do so may result in penalty or removal of card.
- DO **NOT** use a procurement card for personal purposes.
- DO **NOT** split a transaction in order to avoid the maximum limit.
- Document and attach to the receipt each credit received (i.e. defective item, wrong item sent, etc.).
- Ensure the card and card number is properly secured at all times.
- Notify the ProCard Administrator before you leave your position or when you no longer need a procurement card.

**NOTE:** Improper use of the procurement card may result in revocation of card (temporary or permanent) and disciplinary action, up to and including termination of employment.

## Disputed vs Fraudulent Transactions

Disputed and fraudulent transactions are different in nature and must be treated differently.

A disputed transaction is usually a mistake and can be resolved by the merchant in most cases. Examples of disputes included duplicate charges where the merchant may have accidentally swiped the card twice or an on-line charge was made and shipped but the goods were never received. There are other, but these are some common examples.

For a dispute, the cardholder should contact the merchant first for resolution. If a resolution cannot be reached with the merchant, then the cardholder must contact the ProCard Administrator to initiate a dispute claim with the bank.

Fraudulent charges are criminal in nature. They usually arise from external sources when the card number is compromised or the card plastic itself is duplicated. Other fraud may occur internally when an individual from inside the agency is purposefully using the card for purchases not approved by the agency. Fraud should be reported to the issuing bank immediately. For security purposes, fraud should be reported by phone as soon as the charges are recognized. The Cardholder should call the issuing bank at the number provided on the back of the card to report the fraudulent charges and advise the ProCard Administrator accordingly. The dispute process should not be used.

It is likely that external fraud may be identified by the issuing bank first and reported to the cardholder and/or administrator. If suspicious charges appear and the bank cannot reach either party, the card may be closed abruptly to prevent further fraudulent activity. Unfortunately, card numbers get compromised more often than we would like even with the best security measures. That is why it is very important the cardholders and approvers be diligent in reviewing transactions and reporting any suspicious activity immediately.

If suspicious activity is found to be the result of internal fraud, the ProCard Administrator must cancel the card immediately. The AOC has internal controls in place to handle disciplinary actions related to the employee or employees responsible for the fraud. Most issuing banks have insurance to cover the losses incurred due to internal fraud, however, this usually will require termination of the employee(s).

## Reporting a Lost or Stolen Procurement Card

It is the responsibility of the Cardholder to report the loss of a ProCard immediately to the ProCard Administrator who will cancel the card immediately via bank's website. The AOC is responsible for all charges on a card until it is reported lost or stolen. Therefore, it is imperative that all Cardholders report the lost or stolen card to the ProCard Administrator immediately.

The issuing bank has a 24/7, toll-free number available to report lost/stolen cards. The Cardholder should also contact this number immediately upon realizing a card has been lost or stolen (i.e. weekend, after business hours). After reporting a lost or stolen individual procurement card to the issuing bank, the Cardholder must also immediately report the lost or stolen card to the Program Administrator. A card that has been reported lost or stolen that is subsequently found must be given to the ProCard Administrator.

## Security

It is important that card users remember to safeguard not only their card, but also their card number. A card or card number in the wrong hands can result in fraudulent charges. Therefore, to minimize the risk of fraud, Cardholders should adhere to the following:

- Keep procurement card in a safe location,
- Do not loan or share cards,
- Do not email full card numbers
- Ensure all written documentation (forms, reports, statements, receipts, etc.) containing card numbers is stored in a safe location, and
- Destroy any written documentation containing card numbers that is not needed.

It is also important to be diligent and mindful of phishing attempts to obtain card information either via email, phone calls or text. Cardholders and administrators should be cautious and not provide card information to merchants unless the transaction is initiated by them. Card information should never be provided via email or text.

If fraudulent charges appear against a card:

- Report the charges to the ProCard Administrator immediately,
- Report the charge(s) via phone to the issuing bank immediately,
- Investigate to determine possible causes of fraudulent activity.

## Procurement Card Internal Controls

Each Cardholder must submit on at least a monthly basis, a valid receipt for each charge. The itemized receipt or email confirmation shall be issued by the merchant and identify the good or service purchased. (Dues and subscriptions are allowed to be documented by an order form.)

- a) The Cardholder and his/her immediate supervisor must electronically sign a statement that the purchases were received and used for the benefit of the Kentucky Judicial Branch and not for personal use for each procurement card cycle.
- b) Each Cardholder will receive an on-line monthly statement from the issuing bank. The Cardholder should:
  - Verify that each listed charge on the statement is valid and matches the transaction documentation (i.e., itemized receipts), and
  - Identify any disputed charges.
- c) Each department shall take appropriate disciplinary actions whenever any violation of this policy is identified.