

**EXAMINATION OF CERTAIN OPERATIONS AND  
FINANCIAL ACTIVITY OF THE  
KENTUCKY DEPARTMENT OF FISH AND WILDLIFE  
RESOURCES**



**MIKE HARMON  
AUDITOR OF PUBLIC ACCOUNTS**

## **Table of Contents**

Letter from Auditor Harmon to the Kentucky Fish and Wildlife Commissioner .....	4
Chapter I: Introduction.....	6
Chapter II: Findings & Recommendations .....	7
Finding 1: KDFWR Failed to Create an Operating Environment That Promotes Transparency and Accountability of Public Funds.....	7
Finding 2: KDFWR Improperly Accounted For and Monitored the Stream Mitigation Fund...	9
Finding 3: KDFWR Did Not Maintain an Effective Line of Separation from the Kentucky Fish and Wildlife Foundation .....	11
Finding 4: KDFWR Did Not Adhere to the Model Procurement Code and State Procurement Policies.....	16
Finding 5: KDFWR Compensated “Volunteers” with Pre-Paid Debit Cards Jeopardizing Federal Grant Funds.....	20
Finding 6: KDFWR Used Public Funds to Cater an Awards Banquet with No Apparent Benefit to the Commonwealth .....	22
Finding 7: KDFWR Failed to Procure Construction Services According to Laws and Regulations .....	24
Finding 8: The Commission Failed to Hold Recipients of Special Commission Permits Accountable .....	30
Finding 9: KDFWR Failed To Consistently Monitor Contracts and Ensure Payments Were an Effective and Efficient Use of Taxpayer Funds.....	33
Finding 10: KDFWR Received 180 Tickets to Sporting Events and Distributed to Employees .....	38
Finding 11: KDFWR Lacked Procedures to Determine If Recipients Of Federal Awards Were Contractors or Subrecipients, Resulting in Noncompliance with Federal Regulations .....	39
Appendices.....	42
Tourism, Arts and Heritage Cabinet Response.....	52
Auditor’s Reply.....	137

## **Table of Figures & Appendixes**

Figure 1: KDFWR Funding Sources in FY 2016 .....	7
Figure 2: MGWTSG Receipts and Expenditures.....	12
Figure 3: Benefits Received by the Foundation from KDFWR through Direct Funding, Collaborative Events, and Special Commission Permits in FY 2017.....	14
Figure 4: Pre-Paid Debit Cards Purchased per Fiscal Year .....	21
Figure 5: AMB Renovation Project Quotes.....	26
Figure 6: Origin of Ducks Harvested in Kentucky from 1986 -2012.....	35
Appendix A – Foundation Liaison Cost Breakdown.....	43
Appendix B – BOW Program Operational Information .....	44
Appendix C – Quote 1 .....	45
Appendix D – Quote 2 .....	46
Appendix E – Quote 3.....	48
Appendix F – 301 KAR 3:100.....	49



**MIKE HARMON**  
**AUDITOR OF PUBLIC ACCOUNTS**

December 18, 2018

Frank Jemley, Acting Commissioner  
Kentucky Fish and Wildlife Commission  
#1 Sportsman's Lane  
Frankfort, KY 40601

Dear Mr. Jemley:

The Auditor of Public Accounts (APA) has completed its examination of the Kentucky Department of Fish and Wildlife Resources (KDFWR). This report summarizes the procedures performed and communicates the results of those procedures.

The focus of the examination was to review the Kentucky Fish and Game Fund, Federal Fund, and Program Income Funds' fiscal operations, internal controls, procurement and other processes, as well as the agency's relationship with the Fish and Wildlife Foundation and its public outreach activities. Our procedures included interviews with KDFWR employees, review of practices and procedures, analysis of financial documents and contracts, and other procedures as necessary.

The purpose of this examination was not to provide an opinion on the financial statements, but to ensure appropriate processes are in place to provide strong fiscal management and oversight of the financial activity of KDFWR and to review specific issues brought to the attention of this office.

Detailed findings and recommendations based on our examination are presented in this report to assist KDFWR in implementing corrective action. Overall, these findings indicate the following:

- Management has not created an environment that promotes accountability and transparency in the use of public funds.
- Grant funded projects are not accurately tracked which may lead to unnecessary expenditures or disallowed costs.
- The agency has a close relationship with a non-profit organization, the Fish and Wildlife Foundation, which provides the means to circumvent state laws and regulations.

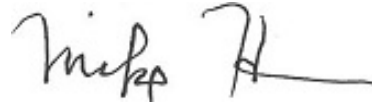




- There is evidence that KDFWR deliberately circumvented procurement laws through use of the Foundation and split purchases.

We appreciate your assistance and the assistance of your staff throughout the examination. If you have any questions or wish to discuss this report further, please contact me or Andrew Schachtner, Deputy Executive Director, Auditor of Public Accounts.

Sincerely,

A handwritten signature in black ink, appearing to read "Mike H", with a long horizontal stroke extending to the right.

Mike Harmon  
Auditor of Public Accounts

cc: Secretary Don Parkinson, Tourism, Arts, and Heritage Cabinet

---

## **CHAPTER I: INTRODUCTION**

### **Impetus and Scope of Examination**

On January 2, 2018, the Auditor of Public Accounts (APA) notified the Tourism, Arts, and Heritage Cabinet (TAH) that its request for a special examination of the Kentucky Department of Fish and Wildlife Resources (KDFWR) had been accepted. The special examination was requested by letter from the Secretary of the Tourism, Arts, and Heritage Cabinet.

### **Scope and Methodology**

The primary focus of this examination was to review the activity of the Kentucky Fish and Game Fund, Federal Fund, and Program Income Funds. The review covered KDFWR's:

- Fiscal operations
- Internal controls over licensing and collections
- Procurement of goods, services, and real property
- Other processes impacting the above funds
- The relationship between KDFWR and the Fish and Wildlife Foundation, and
- Public outreach and educational activities and transactions.

### **KDFWR Structure and Mission**

KDFWR and the Kentucky Fish and Wildlife Commission (the Commission) are established by the General Assembly pursuant to KRS 150.010 through 150.090. Its purpose is to conserve and enhance fish and wildlife resources and provide opportunity for hunting, fishing, trapping, boating, and other wildlife related activities.

The Commission is established under KRS 150.022. It is comprised of nine members appointed by the Governor, each from a list of five names from each wildlife district. Not more than five members may be of the same political party. Per KRS 150.023, the Commission is to meet in Frankfort quarterly, or as often as necessary. The duties of the Commission include oversight of KDFWR, advising the Commissioner to take such action as may be beneficial to the department and in the interest of wildlife and natural resource conservation, authorizing scientific studies, and classifying and disseminating such statistics, data and information as in the Commissioner's discretion will tend to promote the objects of the chapter.

According to Fiscal Year (FY) 2017 KDFWR Summary of Receipts & Disbursements, KDFWR had \$70,705,494.20 in total receipts and \$60,491,417.98 in total disbursements. It derives the majority of its revenue from hunting and fishing licenses, boat registration fees, and federal grants.

---

KDFWR was responsible for  
over \$70 million in FY 2017.

---

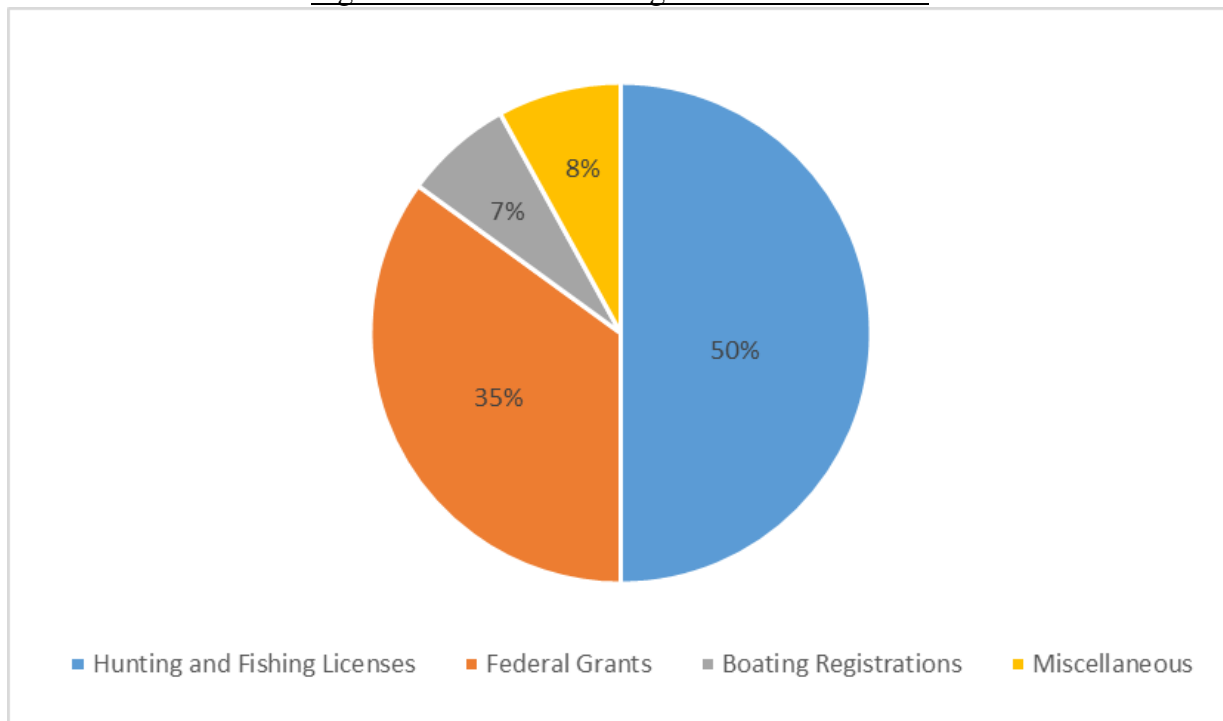
## **CHAPTER II: FINDINGS & RECOMMENDATIONS**

### **Finding 1: KDFWR Failed to Create an Operating Environment That Promotes Transparency and Accountability of Public Funds**

KDFWR operates under the impression that they are not funded by taxpayer dollars, and therefore are not held to the same standards of transparency and accountability as other governmental agencies. This philosophy is promoted by management, stated in agency emails and correspondence, and is prominently displayed on the website. KDFWR justifies purchases under the premise that no general fund dollars will be used. By downplaying its reliance on tax dollars, KDFWR is promoting a control environment that is not conducive to a strong level of accountability and oversight. This mindset can lead to improper activities, including fraud, waste, and abuse.

KDFWR's primary revenue source is the sale of hunting and fishing licenses, which account for approximately 50% of total funding. KDFWR is the sole license issuer and regulator of hunting and fishing activities within the Commonwealth. KRS 150.170 prohibits the taking or pursuing of any wildlife, protected or unprotected, or the fishing in any stream or body of water whether public or private, without first procuring a license. While user fees and licenses may be distinguished from a true "tax," KDFWR has a monopoly on these licenses. Other significant sources of funding include federal grants, which account for approximately 35% of total funding, and boating registration fees accounting for approximately 7% of total funding. Federal grants are funded by taxpayers, including Kentucky taxpayers.

**Figure 1: KDFWR Funding Sources in FY 2016**



Source: KDFWR

---

While KDFWR does not receive a general fund appropriation, collected funds are still public funds. The significant funding sources are generated either from a taxpayer's choice to participate in hunting, fishing, and boating activities, which KDFWR is solely responsible for regulating, or from federal grants funded by taxpayer dollars. Additionally, once funds are collected and deposited into the State Treasury, they are recognized as public funds which are held to a high standard of transparency, accountability, and use. As established in the Finance and Administration Cabinet's FAP 120-23-00, Use of Public Funds:

1. Expenditures of public funds shall only be allowed for carrying out the statutory responsibilities of the agency. Expenditures shall be reasonable in amount, beneficial to the public and not personal in nature.
2. The following shall be used to determine if the expenditure of public funds is appropriate:
  - a. The expenditure shall be deemed necessary for the statutorily defined function of the agency or will contribute materially to the effective accomplishment of the agency's function, and is not otherwise prohibited by law;
  - b. The expenditure does not conflict with established Attorney General Opinions, the Commonwealth's Constitution, the Kentucky Revised Statutes, or any agency's official interpretation of the same; and
  - c. The expenditure shall be afforded by allotted budgetary funds in both intent and amount.

KDFWR posted several "Did You Know...?" statements on its website promoting that it is not reliant on state or general fund tax dollars to operate, including:

- "Did you know...Department of Fish & Wildlife Resources receives no tax dollars and manages fish & wildlife for all citizens?" [similar variations of this statement were also identified]
- "Did you know...The Kentucky Department of Fish and Wildlife Resources manages all wildlife statewide without the use of General Tax Fund dollars? Wildlife conservation in Kentucky is paid for by the sale of hunting and fishing licenses and boater registrations."

The website further attempts to separate KDFWR funding from other public funds by stating, "The Kentucky Department of Fish and Wildlife Resources receives no General Fund tax dollars. This means the department does not receive any money from state income taxes, home property taxes, vehicle taxes or sales taxes on most goods." These statements are included on employee emails and are reinforced by management, which establishes a mentality that KDFWR is different from other governmental agencies.

During the entrance conference for this examination in January 2018, the Commissioner began the meeting by discussing KDFWR's funding sources, pointing out that KDFWR does not receive general fund tax dollars. Management sets the tone of the organization which is the foundation of the overall internal control structure. The tone at the top establishes a core set of values that influences decisions and actions of all agency personnel.

As discussed in Finding 6 (page 22), KDFWR has justified purchases on a Purchase Requisition form by stating, “This purchase will be made with 100% agency funds. No general tax fund dollars will be used for this purchase.” At times, this statement will be in all capital letters in order to place further emphasis on the justification for why the expenditure is allowable. Some of these transactions are questionable, including pre-paid debit cards and catered meals for award banquets. Agency funds consist of monies generated by KDFWR including the sale of government-mandated licenses, permits, and boat registration fees. By differentiating agency funds from other taxpayer and general fund dollars, KDFWR is improperly attempting to justify expenditures based on the funding source rather than the legitimacy of the purchase itself.

## Recommendations

We recommend KDFWR:

- Strengthen its control environment by changing management’s philosophy regarding the funding sources used to support operations. KDFWR should recognize that all funds, regardless of the source, are public funds, which require the highest level of accountability and transparency. This should be clearly communicated to all levels of the organization to establish a sound foundation for its control environment.
- Cease presenting to the public that the operations of the department are different from other government agencies because of the sources of the funds administered.
- Justify all expenditures based on the best interest of the Commonwealth and the statutory mission to conserve and enhance fish and wildlife resources for all citizens of the Commonwealth, not based on the funding source.

---

All KDFWR funds are public funds, which require the highest level of accountability and transparency.

---

## **Finding 2: KDFWR Improperly Accounted For and Monitored the Stream Mitigation Fund**

KDFWR improperly comingled two different restricted funds, the Stream Mitigation Fund (Mitigation Fund) and the Fish and Game Fund, and failed to appropriately allocate expenses that should be borne by the Mitigation Fund but were paid for out of the Fish and Game Fund. Restricted funds are separate accounts established in governmental accounting to ensure that dollars that are limited by law or contract are properly restricted to those purposes. Restricted funds differ from general funds, in that they cannot be used for any legal purpose of the agency in pursuit of their mission but are restricted to a specific program or purpose. It is important not to comingle restricted funds to prevent funds from being spent outside of their restricted purpose.

In 2002, KDFWR entered into an agreement with the U.S. Army Corps of Engineers (Corps) related to the management of a Fees In-Lieu of Program (FILO), with the purpose to restore, enhance, establish, and preserve aquatic resources in Kentucky. FILO is supported by the sale of mitigation credits to entities required to purchase permits due to their activities resulting in the permanent loss of streams or wetlands. The monies generated through the sale of mitigation credits are used to implement stream and wetland projects that improve degraded streams and

---

wetlands throughout the Commonwealth. The intent of the mitigation is to compensate for the permanent loss of aquatic functions within a defined watershed or regional area. The Kentucky Transportation Cabinet and utility companies are the primary buyers of the mitigation credits. The Kentucky Wetland and Stream Mitigation Fund (Mitigation Fund) was formally established per KRS 150.255 in 2000 as a trust and agency fund account available solely for the purpose of the administration and utilization of FILO. The Fish and Game Fund, which is also a restricted fund, was established in KRS 150.150.

Beginning in FY 2013, around \$1,000,000 was transferred annually from the Mitigation Fund to the Fish and Game Fund as a reimbursement for FILO administrative expenditures paid for out of the Fish and Game Fund. The \$1,000,000 transfer was a prepayment for the upcoming year's activity and did not agree to actual expenditures incurred per KDFWR tracking spreadsheets. The amounts transferred in excess of actual expenditures are not recouped and transferred back to the Mitigation Fund. Once restricted accounts are commingled, the individual source of funding can lose its identity, allowing for funds to be used in a manner not compliant with established laws, regulations, and contractual requirements. The Mitigation Fund is also deprived of earned interest, which must remain in the Mitigation Fund. KDFWR administered its fund accounting improperly as Mitigation Fund monies were diverted to and commingled with the Fish and Game Fund.

The annual transfer constitutes a non-compliance with the state law due to commingling of restricted funds and non-compliance with the enacted agreement with the Corps. The agreement with the Corps stipulates, "Interest and earnings shall remain in the Mitigation Fund for use solely by and for the purposes of the Mitigation Program and providing compensatory mitigation for [Department of Army] permits. Monies in the Mitigation Fund shall not be diverted for other uses or mixed with other funding sources." Additionally, the agreement with the Corps stipulates Administration activities related to FILO shall be tracked or accounted for separately in the Mitigation Fund.

In addition to the commingling of Stream Mitigation Funds, KDFWR failed to properly track, monitor, and account for all administrative activity. During the course of the examination, inconsistent information was communicated surrounding indirect costs and their inclusion in FILO activity monitoring spreadsheets. Originally, KDFWR stated indirect costs were not allowable expenses for FILO, but when facing a significant excess in Mitigation Fund transfers over actual administrative expenses, KDFWR concluded indirect costs were appropriate charges. KDFWR amended FILO administration tracking spreadsheets in order to identify indirect costs that had not been originally recognized or claimed from fiscal year 2002 through 2006 and 2014 through 2018. It is not clear that unclaimed indirect costs from these years are recoverable.

---

KDFWR inconsistently  
accounted for indirect costs  
over the years.

---

Because of inadequate monitoring, KDFWR needed to revisit ten year old financial activity to address significant non-compliance with state law and contractual agreements. KDFWR was unfamiliar with the requirements of state law, enacted contractual agreements, and allowable

activities and costs. A sufficient understanding of fund accounting, and stipulations surrounding enacted state laws and contractual agreements is necessary to ensure compliance and proper accounting.

### **Previous Non-Compliance with Commingling Restricted Funds**

KDFWR previously did not properly accounting for restricted funds. As reported in the FY 2016 and 2017 audit of the Fish and Game Fund, KDFWR commingled Nongame Fish and Wildlife Fund monies with the Fish and Game Fund. KDFWR failed to establish the Nongame Fish and Wildlife Fund as a trust which shall not lapse and will be continually appropriated for the purpose of protecting and preserving nongame fish and wildlife and their habitat in accordance with KRS 150.165. As with the Mitigation Fund, activity was held and tracked in the Fish and Game Fund and not administered according to law. Since being notified in the 2016 Fish and Game Fund audit, KDFWR established a Nongame and Fish Fund in order to account for those funds properly.

### **Recommendations**

We recommend KDFWR:

- Ensure compliance with KRS 150.150, KRS 150.255, and the agreement between KDFWR and the Corps pertaining to FILO funds. KDFWR should seek guidance from FAC on properly accounting for restricted fund activity.
- Expend FILO administration expenses directly from the Mitigation Fund in order to provide a clear and transparent trail of the associated expenditure activity.
- Gain a sufficient understanding of the laws, regulations, and requirements pertaining to new programs during the implementation phase. Policies and procedures should be developed to assist personnel in managing program operations, which are in sufficient detail to provide guidance as well as historical perspective on key determinations made. As project requirements outlined in state law or contractual agreements are amended, KDFWR should regularly evaluate policies and procedures to ensure continued compliance.

### **Finding 3: KDFWR Did Not Maintain an Effective Line of Separation from the Kentucky Fish and Wildlife Foundation**

There was minimal separation between KDFWR and the Kentucky Fish and Wildlife Foundation (Foundation), which blurred the lines of responsibility and accountability of each entity. According to its website, the Foundation is a 501(c)(3) charitable organization created in 1995 “to support the efforts of the Salato Wildlife Education Center, conservation education programs for Kentucky youth, and the acquisition of land and wetlands for wildlife habitat.” With KDFWR directly employing or partially funding Foundation management through contracts, KDFWR had substantial influence over the Foundation’s operations. The terms of collaborative projects between KDFWR and the Foundation were not sufficiently documented, which created a lack of clarity on how resources would be used or how revenue would be shared. This relationship



creates the potential to circumvent state procurement requirements, personnel rules, and the Executive Branch Ethics Code.

### **KDFWR Used the Foundation to Circumvent Procurement Laws and Regulations**

KDFWR also merged the operations of KDFWR and the Foundation during the hosting of the 2016 Midwest Deer & Wild Turkey Study Group (MDWTSG). KDFWR is a member of an organization of state fish and wildlife agencies that holds an annual meeting to share information regarding deer and turkey populations. The responsibility for hosting this meeting is rotated among member agencies, and KDFWR volunteered for 2016. Although the Deer Program of KDFWR organized the 2016 MDWTSG, the Foundation collected registration fees and donations. KDFWR maintained no financial information for the event and could not identify event revenues and expenses, even though they claimed to have prepared the budget. KDFWR responded, “The financials were handled by the foundation and you would need to request that from them.” There was no agreement in place with the Foundation to establish the responsibilities of each party in hosting the event. The main spreadsheet summarizing the financial activity of the event, as prepared and provided by KDFWR, is provided below:

**Figure 2: MGWTSG Receipts and Expenditures**

Receipts	
Registration	8,048.00
Donations	1,005.00
Seed Money	2,904.92
Total Receipts	11,957.92
Expenses	
Orca Cups	(2,015.04)
Orca Cup Decals	(336.00)
Food and Beverages	(1,465.00)
Badges	(34.70)
General Butler State Resort Park	(8,043.81)
Total Expenses	(11,894.55)
Available	63.37

Source: KDFWR

The Foundation collected registration fees for participants from member organizations, including \$983 from KDFWR, from a combination of state and federal funds. It is unclear how many KDFWR employees were registered and why registration fees varied from \$0 to \$175 per person. Additionally, five KDFWR employees reserved a cabin but did not pay higher fees than others that were in a lodge room.

KDFWR’s financial activity spreadsheet above, lists “Food & Beverages” totaling \$1,465. Information obtained from the Foundation further disclosed this consisted of \$940 paid to a KDFWR employee for reimbursement of supplies for the “Hospitality Room” and \$525 to a BBQ catering company. While actual receipts were not provided for the \$940 reimbursed to the



---

KDFWR employee, the Foundation provided a spreadsheet that identified purchases of \$639 at a Frankfort liquor store, \$111 at a Carrolton liquor store, and \$176 at a large retail store. KDFWR used its relationship and influence over the Foundation in order to circumvent state procurement procedures, which prohibit the purchase of alcohol per FAP 120-23-00 Use of Public Funds, except when the agency holds an alcoholic license or if the alcoholic beverages were purchased for a statutorily-defined function of that agency. The purchase would have been prohibited had KDFWR administered the event without the assistance of the Foundation.

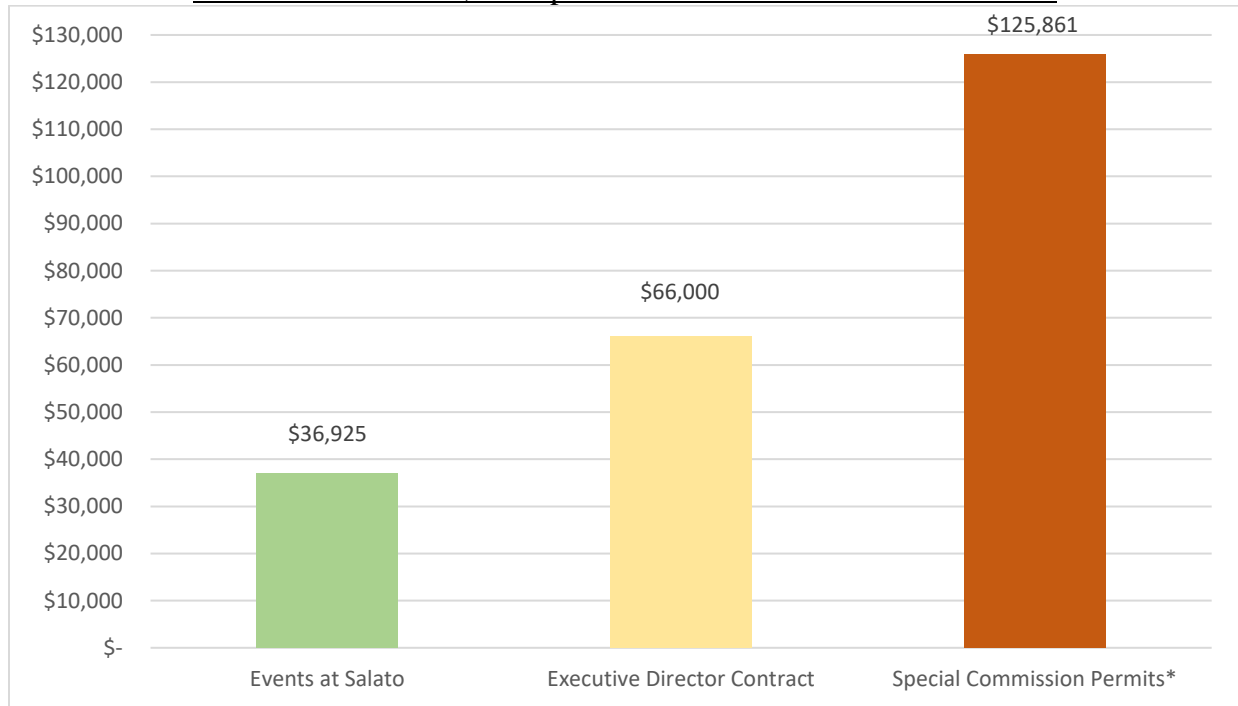
The financial activity spreadsheet identifies “seed money” which is comprised of left over funds from the prior year meeting. Almost \$2,905 was provided to the Foundation from the prior year host. At the conclusion of the 2016 meeting, only \$63 remained, which KDFWR management attributed to an accounting error in room rates by KDFWR. While the Foundation remitted the \$63 to the National Wild Turkey Federation, KDFWR also provided an additional \$999 for “seed money” from KDFWR’s hosting of the 2016 MDWTSG to the hosting organization for the 2017 meeting. The money provided by KDFWR was not supported by the financial activity spreadsheet and appears to have been due to the depletion of the carryforward balance. While the \$999 payment amount appears to be arbitrary, at the time of payment KDFWR’s small purchase authority was set at \$1,000. It appears the amount was intentional in order to circumvent requirements established in the Kentucky Model Procurement Code. If the total amount of the carryforward balance was paid at one time, the amount would have exceeded \$1,000, and KDFWR would have been required to submit a requisition to the Finance and Administration Cabinet’s Office for Procurement Services for approval.

Additional concerns over KDFWR’s procurement are identified in Finding 4 (page 16).

### **KDFWR Subsidized the Foundation**

A foundation would normally operate as a non-profit entity, providing resources and support to other organizations to accomplish a common mission. Funding would be derived from sponsors, corporations, individuals, or other fundraising mechanisms. While the Foundation does provide support to KDFWR, KDFWR also provides support to the Foundation. Resources provided to the Foundation included salaries, personnel to work events, and shared office space in the KDFWR headquarters. Therefore, KDFWR and the Foundation operated in an unusual manner.

**Figure 3: Benefits Received by the Foundation from KDFWR through Direct Funding, Collaborative Events, and Special Commission Permits in FY 2017**



Source: APA, based on data from KDFWR. \*This permit was awarded in 2016, but the Foundation received the proceeds during FY 2017. This amount is not net of approximately \$28,000 in selling expenses incurred by the Foundation in order to recognize the revenue.

### **KDFWR Funded the Foundation's Executive Director Position**

From August 2007 until March 2016, the Foundation's Executive Director was a non-merit employee of KDFWR, who received benefits and compensation similar to other employees of the Commonwealth. His official job duties as a state employee included serving as the Executive Director of the Foundation. In March 2016, this employee transferred to a merit position at KDFWR. At the time of transfer, the former Executive Director was earning \$76,485 annually from KDFWR. Because of the dual roles, there was little distinction between the Executive Director's roles and responsibilities as an employee of KDFWR and as management of the Foundation.

The Foundation's Executive Director was a non-merit employee of KDFWR.

Following the former Foundation Executive Director's move to a merit position, KDFWR elected to provide funding to the Foundation by establishing two contracts to support the administrative, technical, and operational costs of the Foundation. The first contract was for the months of May and June 2016 in the amount of \$13,750. A second contract covering FYs 2017 and 2018 totaled \$132,000. The justification and support for each contract stated, in part:

This agreement is to provide funding to support the administrative, technical and operational costs of the Kentucky Fish and Wildlife Foundation, to more

efficiently carry out the mutual goals of the Foundation and the Kentucky Department of Fish and Wildlife Resources. [...] The Foundation may use the funding for administrative and operational costs such as salary, benefits, travel, utilities, or other operational costs associated with Salato.

KDFWR had additional requirements that were not included in nor attached to the formal contracts. The additional requirements for the FYs 2017 and 2018 contract are listed in “Kentucky Fish and Wildlife Foundation Liaison Position Cooperative Position Cost Breakdown: FY 2017-2018” (see Appendix A – Foundation Liaison Cost Breakdown) which further defines the purpose of the contracts. This document defines that the Executive Director reports to the Foundation’s Board of Directors and determines projects the Foundation will engage in. The additional stipulations were more specific than the signed contract.

KDFWR used funds to support the operations of a legally separate entity, which created undue influence and the means to circumvent laws and regulations. KDFWR maintained a degree of control over a key job position by defining it as an “Executive Director” and liaison to KDFWR while also establishing the expected projects and responsibilities to be completed. KDFWR was not transparent in the intended terms of the agreement with the Foundation, hiding the more specific language identifying KDFWR’s true purpose from those charged with reviewing KDFWR contracts, including the Government Contract Review Committee. Entering into a contract with a non-profit entity to fund an employee position with the intended purpose to work directly with KDFWR could be an effort to circumvent state hiring requirements.

### **Requirements Relating to Fundraising Activities and Charitable Nonprofit Organizations**

Effective March 31, 2017, 9 KAR 1:060 established regulations over fundraising activities and an agency’s relationship with affiliated nonprofit organizations. The KAR establishes three separate nonprofit organization categories:

- A Category I charitable nonprofit organization controlled by an agency shall constitute part of that agency.
- A Category II charitable nonprofit organization shall be an entity that is created or established, but not controlled, by an agency.
- A Category III charitable nonprofit organization shall be an entity that is not created, established, or controlled by an agency, but may be affiliated with an agency.

Each category has different requirements outlined in 9 KAR 1:060. For instance, Category I charitable nonprofit organizations are subject to the Executive Branch Code of Ethics.

While the Foundation is most accurately defined as a Category III charitable nonprofit organization, it is important to note that KDFWR exhibits some control over the entity which could impact how it is categorized. 9 KAR 1:060 defines “controlled” with several parameters including “(c) [t]he agency provides on an ongoing basis staff, resources, or office space with no recompense from the charitable nonprofit organization to the agency unless otherwise authorized by statute or the staff, resources, or office space are provided pursuant to an agreement made in accordance with provisions of KRS Chapter 45A.” KDFWR provides funding for the foundation executive

director's salary, office space, and other resources to assist Foundation operations. While contracts for the executive director's salary are in place, all of the details regarding the terms of the agreement were not adequately disclosed in the formal contract, which could have impacted approval by the Government Contract Review Committee.

As of the effective date of 9 KAR 1:060, KDFWR is authorized to devote state time and resources to any category nonprofit organization without recompense from the charitable nonprofit organization if the activities are conducted for a cooperatively sponsored event and the event is conducted to further the statutory, regulatory, or programmatic mandates of the agency. While 9 KAR 1:060 does provide additional guidance on the acceptable relationship between state agencies and nonprofit organizations, the regulation does not merge the entities and a clear separation between operations is still necessary.

### **Recommendations**

We recommend KDFWR:

- Avoid supporting the operations of the Foundation while allowing the Foundation to support KDFWR and its mission.
- Cease using the Foundation to intentionally circumvent state hiring and procurement laws and regulations.
- Comply with 9 KAR 1:060 by reducing the degree of control it has over the Foundation and maintaining an adequate level of separation between the entities.
- Offer full disclosure and transparency in all contracts with the Foundation. Current contracts should be reassessed to ensure the Foundation is free of influence from KDFWR.
- Confirm and document that all collaborative agreements between KDFWR and the Foundation are in the best of interest of the Commonwealth. All partnerships and activities should be appropriately reviewed to ensure they comply with applicable laws and regulations, including 9 KAR 1:060.
- Detail in writing the terms of any projects by the Foundation on KDFWR property to establish the requirements of each entity and disclose the ownership and transfer of any assets upon completion.

### **Finding 4: KDFWR Did Not Adhere to the Model Procurement Code and State Procurement Policies**

As a state agency, KDFWR should adhere to the Kentucky Model Procurement Code, outlined in KRS Chapter 45A. The Finance and Administration Cabinet (FAC) has created a series of policies (FAPs) to promote compliance with KRS Chapter 45A. A common theme of these policies is for agencies to forecast agency needs and combine those needs into single purchases. This is required to not only provide the Commonwealth with economies of scale, but to ensure agencies are not attempting to circumvent procurement laws. KDFWR circumvented procurement policy by splitting purchases to remain under their delegated authority

KDFWR engaged in split purchases to circumvent procurement requirements.

---

and avoid additional procurement conditions. Also, Contract descriptions did not always match the services provided.

### **KDFWR Split the Purchase of Four Shipping Containers, Circumventing Procurement Requirements**

KDFWR purchased four used shipping containers between July and September of 2017. Each container was purchased separately for \$2,900 for a total cost of \$11,600. While individually each container was below KDFWR's FY 2018 delegated authority of \$10,000, the identical items should have been purchased through FAC in one combined purchase. KDFWR purchased these containers under the authority of FAP 111-55-00 Small Purchase Procedure for Goods and Non-Professional Services, which states in part:

Procurement requirements shall not be parceled, split, divided or scheduled over a period of time in order to subvert the intent of this procedure. [...] If an agency's projected need for like items will cost more than what it can purchase under its small purchase limit, the agency shall submit a Requisition (RQS) to OPS for commodities and services. [...]

Each of these purchases shared the same supporting documentation, including duplicate invoices and bidder affidavit forms. Documentation for the containers purchased on July 25, 2017 and August 9, 2017 used the same Invoice #387 as support for the purchase. The container purchased on August 7, 2017 was supported by Invoice #388, but it was dated the same date as the previous two container purchases. The container purchased on September 8, 2017 only had the quote attached to support the amount and no invoice was attached. Three of the contracts contained identical bidder affidavits dated July 20, 2017, even though each container was procured separately. This provides evidence that KDFWR was intentionally splitting purchases in order to circumvent procurement requirements.

According to the Purchasing and Property Branch Manager, KDFWR had not logged and tracked these four containers on equipment and inventory logs "since they were under \$5,000 and not going to move from their location, we did not issue asset tags for them" and "[w]e weren't sure these should be monitored because we bought them used and they are not really equipment and don't really fit in the real property description." During the examination, KDFWR issued property ID tags to track the items on fixed asset listings. KDFWR's responses bring into question the accuracy and validity of fixed asset records. Confusion by KDFWR management regarding fixed asset tracking and reporting requirements indicate that additional items with an original cost of over \$500, but less than \$5,000, and a useful life greater than one year, are not being properly tracked or reported.

Fixed asset tracking and reporting requirements are outlined in Finance and Administration Cabinet Policy (FAP) 120-20-01, which states, in part:

Each budget unit shall maintain a current fixed asset record of equipment having an original cost of \$500 or more and a useful life of greater than one (1) year. [...] Agencies shall enter records into the fixed asset system for non-expendable

property that promotes financial reporting, safeguarding of assets and adequate insurance.

In order to validate the existence of the four containers purchased, auditors located and observed the containers on KDFWR property. During the inspection, auditors found a total of six shipping containers on the property. KDFWR's property officer stated he had secured fixed asset numbers for the four containers originally questioned, but the other two containers were there before he became the property officer.

### **KDFWR Issued Two Separate Contracts to One Vendor with the Same Contract Description**

KDFWR entered into two separate contracts with identical descriptions for work at Obion Creek WMA performed by the same vendor a few months apart. The first contract was issued March 17, 2016 in the amount of \$2,975 and the second was issued July 29, 2016 also in the amount of \$2,975. The description of each contract states in part:

CONSTRUCTING A PARKING LOT AT LETOURNEAL WOOD TRACT  
OF OBION CREEK WMA VENDOR TO PROVIDE GRAVEL, EQUIPMENT  
AND LABOR

The cited authority for each contract was FAP 220-10-00. In explanation for why these projects were split into two contracts, KDFWR stated,

One is for the Parking Lot and the other is for the road repair. Both of these projects were separate projects that were not related and fell under our single quote [authority]. The parking lot was completed a few months prior to the road project. At the time the only project was the parking lot. After Turkey season it was determined that the roads need repair. We didn't need to solicit bids since it fell under our single quote authority. Let me know if you have additional questions.

While KDFWR identified these as separate projects, the contracts contained identical project descriptions and only mention the parking lot and not the road. However, the road leads directly to the parking lot. The accuracy and completeness of contract language is vital to ensure the procured services are received as intended.

FAP 220-10-00 requires agencies to forecast and consolidate their reasonably foreseen needs and not schedule to subvert FAP 220-10-00 requirements. These services combine to \$5,950, which is within KDFWR's delegated small purchase authority for small purchases for construction services, but three quotes are required. Both KDFWR's internal policy and FAP 220-10-00 requires three quotes for small construction projects if the project costs exceeds \$3,000 but is less than \$10,000. With both contracts falling just under the \$3,000 requirement, it appears that KDFWR intentionally split the contracts to circumvent procurement requirements, which in turn limited competition by requiring only one quote



---

## **KDFWR Procured a Contract That Exceeded Its Delegated Authority**

In September 2015, KDFWR contracted with a vendor to repair flooring at the Lloyd Mullins Wildlife Management Area (WMA) in the amount of \$12,390, exceeding KDFWR's small purchase authority. The flooring purchase included carpeting, which is on the state contract list, and should have been purchased through the state contract list. At the time services were procured, KDFWR had a delegated small purchase authority of \$1,000 for commodities and services and \$10,000 for construction. KDFWR solicited three quotes and entered into a contract based on the lowest bid. The contract identified FAP 220-10-00 as the cited authority, but the FAP states in part, "An agency shall not purchase construction services totaling more than \$10,000 without a delegated higher small purchase authority limit." KDFWR claimed to have received a special delegated authority for construction services up to \$20,000 that has since been lowered, but could not provide written documentation of this exception. FAC did not have any record of a special authorization. Because the cost exceeded the delegated purchasing authority, the purchase should have been managed by FAC.

Based on the purchase requisition, bids received, and the authority cited in the contract, it was unclear if KDFWR was procuring construction services or general commodities and services, which would affect the small purchase authority for the transaction. According to FAC, KDFWR's small purchase authority was \$1,000 for general commodities and services and \$10,000 for construction services, which agrees to KDFWR's internal policy.

Regardless of which cited authority is correct, KDFWR circumvented procurement laws and regulations and should not have purchased commodities in excess of their delegated authority without FAC approval. By purchasing services in excess of its delegated authority, KDFWR failed to comply with the Model Procurement Code, including KRS 45A.100 and KRS 45A.080, as well as FAC policies and procedures. Contracts exceeding an agency's delegated authority are required to be procured according to KRS 45A.080.

## **Recommendations**

We recommend KDFWR:

- Comply with the Kentucky Model Procurement Code, FAPs, and agency-developed policies and procedures related to procurement and cease the practice of splitting purchases in order to circumvent established policies, laws, and regulations.
- Update policies and procedures to allow for adequate evaluation of purchasing needs and to ensure the procurement of similar goods and services are combined and consolidated into a single requisition when appropriate.
- Evaluate each procurement to ensure the appropriate cited authority is used and that the correct laws, regulations, and policies are followed.
- Consult with the Finance and Administration Cabinet as necessary to ensure compliance and discuss requirements and best practices when dealing with procurement circumstances that are unfamiliar to the agency.

- Ensure relevant personnel familiarize themselves with the requirements of FAP 120-20-00 for the tracking of fixed assets and ensure all assets with a value exceeding \$500 are properly tagged, logged, and tracked.
- Complete a comprehensive inventory of all equipment and property to ensure all items exceeding \$500 are properly accounted for and tracked.
- Ensure contracts provide complete and accurate details of the goods or services to be provided prior to execution.

### **Finding 5: KDFWR Compensated “Volunteers” with Pre-Paid Debit Cards Jeopardizing Federal Grant Funds**

#### **KDFWR Spent \$20,000 on Pre-Paid Debit Cards for Volunteers from FY 2015 to FY 2017**

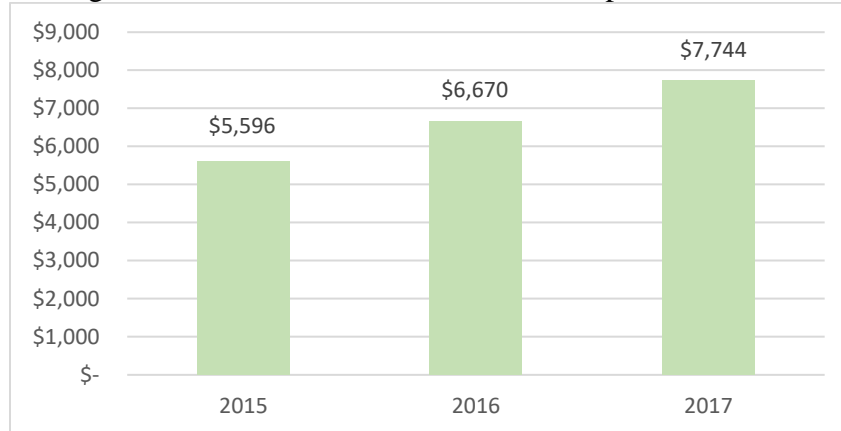
KDFWR’s hunter education program was developed to promote safe and ethical hunting practices by providing courses in firearms training, ammunition, first aid, survival in the outdoors, and wildlife identification and management. Unless exempted by KDFWR, all hunters born on or after January 1, 1975 are required to carry a hunter education card while hunting in Kentucky pursuant to 301 KAR 2:185. KDFWR receives federal funds to administer the hunter education program on a 75% federal and 25% state split. The hunter education program relies on volunteer instructors to deliver the majority of hunter education training in Kentucky. The United States Department of Fish and Wildlife Service (USFWS) has allowed hours donated by volunteer instructors to defray the Commonwealth’s 25% share of the cost at a value of \$20 per hour.

Per KDFWR’s website, 800 to 1,000 Kentucky hunter education instructors teach around 400 courses throughout the state in an average year. According to KDFWR’s policies and procedures related to the Hunter Education Program, there is an incentive program for volunteer instructors. KDFWR credits each instructor’s account \$1 for each hour spent working on an event, with a maximum of \$450 in a 12 month period. Once a volunteer’s account reaches \$25, a gift card can be requested. At \$450, a gift card will automatically be issued to the volunteer.

Although the policies state that gift cards are provided, KDFWR is actually purchasing pre-paid Visa cards from a vendor that includes a processing and postage fee per card. Gift cards are typically restricted for use at a particular vendor. Pre-paid Visa cards are essentially the same as debit cards and can be used anywhere Visa debit cards are accepted. In a letter from KDFWR to FAC requesting a competitive bidding exception for the purchase of the cards, KDFWR projected purchasing \$15,000 in FY 2017. The chart below depicts the cost of purchased pre-paid debit cards by KDFWR from FY 2015 to FY 2017.



Figure 4: Pre-Paid Debit Cards Purchased per Fiscal Year



Source: APA based on KDFWR vendor information.

According to the purchase requisition form, KDFWR’s justification for the purchase states “[t]hese gift cards are provided to our volunteers as an incentive for their dedicated work in carrying out Hunter Education programs across the state. NO GENERAL FUND TAX DOLLARS WILL BE USED FOR THIS PURCHASE.” As noted in Finding 1 (page 7), KDFWR routinely justifies purchases based on the source of funds used as opposed to the need and necessity of the purchase.

Concerns over the purchase of pre-paid debit cards were communicated to KDFWR in the FY 2013 audit report. This report found that incentive payments were not tracked to determine compliance with IRS 1099 reporting requirements and that FAC prior approval is required to purchase gift cards with a state procurement card.

To address these findings, KDFWR sought a special exemption from FAC for purchases of pre-paid debit cards on the state procurement card, but it was denied. In 2016, KDFWR submitted a letter to FAC requesting a competitive bidding exception for the purchase of pre-paid debit cards for volunteer hunter education instructors. In the letter, KDFWR states “our federal coordinator has stated that the outright cash payment to volunteers would jeopardize grant dollars for the program, but gift cards do not.” While KDFWR refers to their purchase as gift cards, as do their policies, they are actually buying pre-paid Visa cards. Based on KDFWR’s own evaluation, such debit card purchases could jeopardize grant dollars and the necessity of the expense is questionable. One dollar per hour provides very little incentive to volunteers, yet adds up to a significant cost for the Commonwealth. Once compensation is provided for services, it raises the question of whether the individual is still a volunteer and not an employee with a right to a minimum wage of \$7.25 per hour or an independent contractor.

Some of the pre-paid debit cards were purchased with federal funds. Purchases made with federal funds must follow grant agreements and federal regulations including Uniform Guidance. Uniform Guidance is a set of federal regulations promulgated by the Office of Management and Budget to provide guidance for the treatment of federal grant funds. As stated in 2 CFR 200.403, factors affecting allowability of costs “except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards: (a) Be necessary

and reasonable for the performance of the Federal award and be allocable thereto under these principles.” Providing pre-paid debit cards, which are cash equivalents, to volunteers may not meet the necessary and reasonable requirement.

KDFWR indicated that USFWS approved the purchase of debit cards as an incentive for instructors to volunteer for the hunter education program. In an email, KDFWR explained, “[a]ttached is the project statement for our Hunter Education program and highlighted is where we include the Hunter Education Incentive program. The language is included in the grant proposal. It is approved by USFWS and makes charges allowable under the grant.” The provided Project Statement by KDFWR stated, “KDFWR periodically recognizes volunteers in order to maintain our cadre of instructors, as well as, provide incentives based upon the number of hours volunteered.”

The provided project statement is vague and fails to disclose the terms and conditions surrounding the incentive payments, or fully define what those incentives are. Without full disclosure, USFWS would not have had sufficient information to determine whether KDFWR’s plan to incentivize volunteers is allowable under federal regulations.

### **Pre-Paid Debit Cards for Volunteers may Violate FAP 120-23-00**

FAP 120-23-00 states, in part, that an expenditure “shall be deemed necessary for the statutorily defined function of the agency or will contribute materially to the effective accomplishment of the agency’s function, and is not otherwise prohibited by law.” It is unclear whether the purchase of volunteer recognition gifts in the amount of \$1 per hour actually motivates anyone to volunteer, especially when they must volunteer for 25 hours before receiving anything. Without clear evidence that the current volunteer recognition gift scheme materially affects the number of volunteer instructors, the expenditure appears to not materially contribute to the accomplishment of the agency’s function.

### **Recommendations**

We recommend KDFWR:

- Cease compensating volunteers participating in the Hunter Education Program with pre-paid Visa cards.
- Fully disclose the terms and conditions of the incentive program to USFWS and receive a written approval if it is deemed allowable based on 2 CFR 200.403 and USFWS grant agreements.
- Consider more appropriate methods to recognize volunteer instructors, or less costly instructional methods such as online videos rather than in person training.

### **Finding 6: KDFWR Used Public Funds to Cater an Awards Banquet with No Apparent Benefit to the Commonwealth**

KDFWR purchased meals served at awards banquets for volunteers, land owners, and KDFWR staff. Once again, these purchases were justified as being paid with 100% agency funds,

with no general fund tax dollars being used. The necessity and benefit to the Commonwealth were not apparent.

KDFWR hosts annual awards banquets in order to recognize landowners, conservationists, volunteers, and employees who have excelled in their conservation efforts. The Commission Awards Banquet occurs in December annually. KDFWR's documented justification for the banquet's food expenses included, "this is our Annual Awards Banquet to present awards to constituents and staff. Those attending will be commission members, with constituents and staff who will be attending and receiving awards like Landowner of the Year, etc." While the justification identifies what the purchase is for, it does not substantiate its necessity and benefit to the Commonwealth, or how it assists KDFWR in fulfilling its statutory responsibilities and obligations.

Testing of a sample of expenditures revealed several food purchases, including some in excess of \$1,000, for catered events. Catered meals were purchased for the December 11, 2014 and December 7, 2017 banquets in the amount \$1,375 and \$1,400 respectively. Additional non-food expenses likely accompanied the banquets. The KDFWR Commissioner's Newsletter in December 2015 identified award winners for district Landowners of the Year, Administrative Support Employee of the Year, Wildlife Biologist of the Year, Wildlife Director's Leadership of the Year award, Wildlife Rookie of the Year, and Management Foreman of the Year. Photos from the event identified framed certificates and plaques being provided to award winners.

Awards banquets that include catered meals and tokens of recognition to employees for exceptional work are not common practice in state government. Employee recognition is generally provided internally by the agency as part of the Commonwealth's Employee Performance Evaluation System, with the only tangible reward being annual leave for employees who receive either of the two highest overall ratings in the evaluation system.

KDFWR also hosts an annual Salato Volunteers Award Banquet in order to "thank the volunteers for their hard work and recognize individuals who have gone above and beyond what is expected of them." The cost of catered meals for the Salato Volunteers Award Banquet over the last 3 years were:

- \$1,259 on February 28, 2015.
- \$1,145 on March 24, 2016.
- \$1,292 on February 18, 2017.

KDFWR's justification for the Salato Volunteers Award Banquet in FY 2015 stated "[t]he Salato Center seeks to educate the public about Kentucky's native, fish, wildlife, habitats, and the role KDFWR plays in their management and conservation. This is a fundamental part of the agency's mission." While educating the public concerning fish and wildlife activities is a mission of KDFWR, hosting awards banquets does not assist in accomplishing that goal. Similar to the pre-paid debit cards being provided to volunteers of the

---

Spending public funds on employee parties is specifically not allowed according to FAC policy.

---

Hunter Education Program, an awards banquet is not necessary and provides little incentive for individuals to volunteer each year. Additionally, KDFWR's justification included, "[t]his purchase will be made 100% with agency funds. No General Tax Fund dollars will be used for this purchase." Once again, KDFWR tries to justify the purchase based on the fact that general fund tax dollars are not being used.

FAC provides guidance in FAP 120-23-00 on the use of public funds, which includes defining unallowable activities. FAP 120-23-00 states:

Expenditures of public funds shall only be allowed for carrying out the statutory responsibilities of the agency. Expenditures shall be reasonable in amount, beneficial to the public and not personal in nature. [ . . . ]

3. The following are examples of unallowable uses of public funds:
  - d. Employee parties, including retirement receptions;
  - e. Employee recognition/retirement gifts. An exception would be an inexpensive plaque with no resale value;

While employee plaques and certificates are allowable uses of public funds, the cost of banquets for award ceremonies provide no benefit to the public, are intended for a select group of individuals, and meet the definition of unallowable items.

## **Recommendations**

We recommend KDFWR:

- Cease conducting awards banquets as a mechanism to reward employees, volunteers, and selected individuals without fully defining the benefit to the Commonwealth and KDFWR's mission. KDFWR should consult with FAC concerning compliance with FAP 120-23-00.
- Reward employees within the parameters of the evaluation process of the Kentucky merit system and not through additional benefits using public funds.

## **Finding 7: KDFWR Failed to Procure Construction Services According to Laws and Regulations**

KDFWR failed to consistently procure construction services properly. KDFWR improperly purchased construction materials on a procurement card (ProCard) in excess of allowable limits, had insufficient detail on a bid solicitation, awarded a contract to the second lowest bid after the inclusion of increased costs from a change order, and did not comply with FAC policies and state law when procuring the renovation of the Arnold Mitchel Building (AMB).

### **KDFWR Purchased Goods and Services with a ProCard In Excess Of Allowable Limits**

On October 28, 2016, KDFWR charged \$4,024 on a ProCard at a home improvement store for materials and supplies related to the renovation of the superintendent's house at Camp Earl Wallace. Materials and supplies purchased included a double vanity and mirror, vent free fireplace

---

logs, paint, and closet shelving. The project's stated justification was to allow the superintendent to reside on the grounds to take care of the buildings, grounds, and security of the property.

The camp superintendent who resides at the residence submitted a purchase requisition form for approval by KDFWR administration officials to initiate the purchase and also completed the transaction by purchasing the supplies and materials using a KDFWR ProCard. This is a conflict of interest because the employee who will reside at the property is also purchasing the items for the renovation, which might not be in the best interest of KDFWR. Using a ProCard for this transaction violated KDFWR's internal policy which requires ProCard purchases to be less than \$1,000.

---

A camp superintendent who resided at the property was the same employee who purchased the renovation materials.

---

While the final purchase was ultimately approved, the amount exceeded what was originally authorized. Internal correspondence identified purchases "for the Wallace residence repairs exceeded the approved requisition by over 10%." As a result, a revised purchase requisition form was submitted and approved. The purchase was made on October 28, 2016 but did not receive full approval until November 7, 2016.

If actual costs exceed the approved amounts, KDFWR staff should communicate with authorized personnel to obtain approval prior to completing the transaction. Without a control mechanism in place, purchase requisition forms do not provide a strong internal control for ProCard transactions as purchases in excess of originally authorized amounts can be completed before amendments are evaluated and approved. Depending on the goods purchased, a return and refund for unapproved overages may not be possible.

### **KDFWR Had Insufficient Detail in Bid Solicitations Resulting in Unnecessary Expenses and Vendor Confusion**

During FY 2018, KDFWR began a renovation project of the Arnold Mitchel Building (AMB), which serves as agency's headquarters in Frankfort. AMB is the primary location for the administrative staff of KDFWR and houses the Commissioner's office, a meeting room for the Commission, the Law Enforcement Division, and other operational units. On January 10, 2018, an engineer estimated the project would cost \$275,693.

KDFWR procured certain aspects of the AMB renovation project including the construction, removal, and modification of several walls in the building. KDFWR secured three quotes for these construction services, but the vendors' quotes identified inconsistent services, indicating they may have had different understandings of the project scope.

Figure 5: AMB Renovation Project Quotes

	Quote 1 (Appendix C)	Quote 2 (Appendix D)	Quote 3 (Appendix E)
Price	\$10,500	\$9,350	\$8,815
Discrepancy between quotes	Reference to additional work at the “Engineering building”	Reference to work at the “License annex”	"Main Office- Build Walls Build Walls as Discussed Drywall & Finish Walls Install Electric Boxes Paint All New Walls All Materials & Labor”

Source: APA based on information from KDFWR.

The quotes did not identify consistent information, with specific details often being vague or incomplete. For example, the first two quotes identified work at the “Engineering Building” or “License Annex”; however, the third quote only identified the Main Office building and “Build Walls as Discussed.” These are references to three separate buildings. Quote three was the most vague of the quotes and it could not be determined if the scope of work included the same services as the other two. Ultimately, quote three was awarded the contract as the lowest price.

KDFWR stated that each vendor was given a walkthrough of the facility and was provided with a set of architectural drawings of both floors of AMB, but there was no written solicitation provided to all vendors. These plans labeled improvement areas related to the project including new carpet and flooring, new wall constructions, painting walls, new breakroom and copy area cabinets, installation of new window shades, and the painting of soffits and lights. However, not all areas identified on the architectural drawing were related to the received quotes. Other vendors, including those on state contract, were going to be contracted to provide some services, so it is impossible to identify which specifications were related to the quotes above. The work completed on the engineering and license annex buildings was not identifiable on the provided plans. It is unclear what was verbally communicated to each vendor during the walkthrough. Variances between the architectural plan and the details of the three quotes could have been the result of different understandings of the scope of work and could have impacted the quoted prices.

FAP 220-10-00 Small Purchase Procedure for Construction Services, states, in part:

3. ...A quotation shall contain the minimum specifications:
  - a. Issuing agency address;
  - b. Due date and time of solicitation closing;
  - c. Address to which quotation shall be delivered;
  - d. Description of the product or services to be provided; and
  - e. Solicitation instructions and conditions.

Additionally, FAP 110-10-00 General Conditions and Instructions for Solicitations and Contracts states, in part:



---

1. b. An offer shall set forth full, accurate and complete information as required by the Solicitation. An offer that contains terms and conditions in conflict with the terms of the Solicitation or Commonwealth statutes and regulations may be rejected.

2. Offeror Clarification – Request and Response: Any explanation desired by an offeror regarding the meaning or interpretation of the Solicitation drawings or specifications shall be requested via electronic or written communication not less than seven (7) calendar days prior to the bid closing date. Oral explanations or instructions given before the award of the contract shall not be binding.

Since the lowest and selected quote identified “Build Walls as Discussed” in its estimate, services were verbally confirmed and therefore specifics could not be verified and should not have been binding.

### **KDFWR Awarded the Contract to the Second Lowest Bidder after Avoidable Change Orders**

Quote 3 was awarded the project with the lowest quote of \$8,815, but the purchase order awarding the contract indicated a price of \$9,500 and was eventually invoiced for \$9,397. KDFWR said the purchase order was “inadvertently written up for the amount on the requisition” and approved by only the division director. According to internal policy, purchases over \$2,500 also require approval from the Commissioner’s Office. The purchase requisition was dated January 22, 2018, which was also the date the last quote was received. Since the winning quote was known on the date the requisition was approved by a KDFWR director, the requisition amount should not have exceeded the lowest quoted price.

The invoice for the completed work was received March 28, 2018 and totaled \$9,397, exceeding the original quote by \$582 and also exceeding the next lowest quote. The invoice identified an actual cost related to the original quote for \$8,514, as well as extra paint for \$35 and extra conduit at a cost of \$848. The original quote stated all materials and labor were included, but made no mention of conduit unlike the other two quotes. The additional work included in the invoice provides evidence that KDFWR did not effectively provide the same solicitation instructions and conditions to all bidders, since the other quotes specifically identified conduit in their scope of work. Had project requirements, specifications, and conditions been adequately communicated in writing, the necessity for change orders may have been eliminated. The failure to clearly communicate the specific scope of work in writing to potential bidders may have resulted in unnecessary added costs to the project.

Additionally, since the purchase order was created for more than the quoted cost, KDFWR had the ability to pay the contractor more than the quoted price without recording a modification in the Commonwealth’s accounting system, eMARS. Modifications are subject to additional approval requirements.

---

Written project requirements prevent miscommunication with prospective vendors and can prevent cost overruns.

---

---

### **The AMB Renovation Project Was Not Compliant with KRS 56.491**

FAP 220-09-00 defines a Force Account Project as a capital construction project that is performed by a state agency utilizing material and labor provided by the agency. Force Account Projects are limited to \$250,000 by KRS 56.491, which states:

Any capital construction project, the total cost of completion of which the Finance and Administration Cabinet determines will exceed two hundred fifty thousand dollars (\$250,000), shall be contracted for on a competitive bid basis, and the execution of the contracts shall be approved and authorized by the cabinet. When a capital construction project has been approved as provided in this section, in whole or in part, the cabinet shall prepare the plans and specifications, provide public notice of invitations for bids, award the contracts, supervise the construction, and handle the financial negotiations on behalf of the requesting state agency; or with prior written approval, the cabinet may authorize a state agency to do so with delegated authority of the cabinet.

An engineer's estimate for the AMB renovation project dated January 10, 2018 estimated costs at \$275,693, which exceeded the \$250,000 limit established per FAP 220-09-00 and KRS 56.491. As of March 28, 2018, KDFWR made \$11,043 in ProCard purchases related to this project for materials and services at local home improvement stores, a local paint store, a waste management company, and a glass repair company. Since the anticipated costs exceeded the Force Account threshold, all contracts should have been approved by FAC per KRS 56.491(4). The wall construction and removal contract previously discussed also should have been included in this project and been procured by FAC and not KDFWR, even though that portion of the project was below KDFWR's delegated authority.

Concerning their compliance with FAP 220-09-00 related to force accounts, KDFWR stated:

The phase C projection included [two vendors], which are on master agreement and can be procured by the agency. The removal of these MA items will place us well under the \$250,000 threshold. The remaining portion of the project was placed out on bid or handled under small purchase authority of the agency. Some of the purchases from [retail store], also a master agreement dealer, are things handled in-house for the project.

KDFWR further stated:

After reviewing the phase C estimate, it appears the consultant did not remove the painting and window treatments from the estimate. Several months ago, during the planning stages, the decision was made to remove the painting and window treatments from the contract. This was due to logistics, time and discussions of whether painting was a DECA [Division of Engineering and Contract Administration] project or should be handled by OPS [Office of Procurement



---

Services in the Finance and Administration Cabinet]. If the agency decides to move forward at a later date, a new contract would have to be issued.

KDFWR calculated the project costs at \$200,443 and stated “it appears the FAP 220-09-00 threshold of \$250,000 is not in play for this project.”

KDFWR’s statements indicate the intent to break the AMB renovation project into smaller projects and circumvent requirements set by FAP and the Model Procurement Code. This is illustrated by KDFWR identifying the removal of the painting and window treatments from the project costs, which would require a new contract if this moves forward at a later date. Additionally, KDFWR directly procured a contract for the wall removal and construction, and purchased materials on an agency procurement card. FAP 220-09-11 states, “A project shall not be separated into smaller projects in order to circumvent the statutory maximum dollar limit for a force account project or to facilitate split purchasing.”

While KDFWR believes this project falls under the \$250,000 limit established in FAP and KRS 46.491, a review of the financial activity of the capital project account for the AMB renovation revealed \$285,000 in collected revenue. These revenues are transfers into the account to pay for related project activity, which indicates there was an assumption that the overall project cost would exceed \$250,000 and therefore be subject to FAP 220-09 and KRS 56.491. Additionally, the Executive Director of DECA confirmed the AMB project exceeded the Force Account threshold determined by FAP 220-09-00.

## **Recommendations**

We recommend KDFWR:

- Strengthen internal controls over ProCard transactions and ensure all purchases fall within established limits. At the time of purchase, KDFWR should require staff to obtain approval before proceeding if actual costs exceed pre-approved amounts.
- Establish a policy to protect against conflicts of interest when the employee making the purchase also stand to benefit personally from the use of that purchase.
- Ensure solicitations for goods and services are complete and accurately detailed in writing and are compliant with FAP 220-10-00 and 110-10-00. All quotes should be evaluated for consistency with the required specifications before an award is made. This will limit the possibility of change orders at the time services are provided.
- Review the requirements specified in the Model Procurement Code and in FAPs to ensure compliance. Policies and procedures should be evaluated and updated to include additional controls necessary to ensure compliance.
- Consult with FAC in new or unfamiliar circumstances to ensure compliance with the Model Procurement Code. Special authorizations from FAC, when allowable per FAP or KRS, should be documented and maintained in procurement files to support determinations requiring special approval.
- Follow their own internal policies in requiring the Commissioner’s approval for purchase orders in excess of \$2,500.

---

**Finding 8: The Commission Failed to Hold Recipients of Special Commission Permits Accountable**

The Commission is authorized to issue ten special hunting permits per year for each of four different species to incorporated nonprofit wildlife conservation organizations, per KRS 150.177 and 301 KAR 3:100. These permits are awarded outside the normal process for acquiring a hunting permit. The organizations are able to sell, raffle, or auction the permits to raise money for conservation projects identified in their application. Qualifying organizations submit applications to the Commission by May 1 of each year. Per regulation, the Commission should award the permits to organizations based on factors including,

- (a) Content and quality of submitted application materials;
- (b) Past compliance;
- (c) Ability to generate funds; and
- (d) The proposed conservation project's potential for enhancing fish and wildlife, habitats, fish and wildlife education, or fish and wildlife-related recreation in Kentucky.

Species eligible for special commission permits are deer, turkey, elk, and waterfowl, with the elk tag being the most prized and valuable. This is due to the relatively low probability of a hunter being randomly selected in the public draw for elk permits. In the standard process for distributing hunting permits, individuals nationwide apply for a chance to be randomly selected for an elk hunting permit at a cost of \$10 per application. In 2017 there were 78,353 applications for Kentucky elk permits, but only 710 were selected in the random draw. This high demand makes the elk hunting permits awarded to wildlife conservation organizations very lucrative, as individuals seeking a permit will have the opportunity to increase their odds of winning a smaller raffle, or can purchase one of the commission's special permits at auction through one of the selected organizations. A raffled special commission elk permit can bring in \$100,000.

**Organization Incurred a Large Amount of Raffle Expenditures**

In a letter dated July 10, 2015, the Commission awarded the Rocky Mountain Elk Foundation (RMEF) a 2016 special commission elk permit. The permit was raffled off and generated \$85,573, but it cost \$70,575 to conduct the raffle, resulting in a net gain of \$14,998. In comparison, the Kentucky Fish and Wildlife Foundation reported generating \$110,850 from the sale of their 2016 special commission elk permit, with only \$28,000 in reported expenses. RMEF indicated in its Special Commission Conservation Permit Reporting Form, "The Tag was part of a large 3-part sweepstakes that occurred over all of 2014. Along with the KY tag, prizes included firearms, a tag purchased from AWF, other big game hunts, and trips. The net revenue attributed to the KY Commissioner Elk Tag was a disappointing \$15,000. (We will not be doing this sweepstakes in the future.)" Despite the information reported in the application and supporting documentation, RMEF received a special commission elk permit in 2017. As required in 301 KAR 3:100, the Commission should select permit recipients based on several factors including the entity's content and quality of submitted application materials as well as the ability to generate funds. All funds should benefit projects that benefit Kentucky.

---

From 2015 to 2017, a total of 30 special commission elk permits were awarded. The KDFWR Commission failed to comply with 301 KAR 3:100 when issuing the special commission elk permits. In some instances applications were not disqualified even though they were received after the deadline or lacked complete reporting information. Documentation was both poorly maintained, and it was often difficult to determine which year an organization's application, reports, and other documents belonged to.

### **A Special Commission Permit Was Awarded Despite a Late Application Submission**

To apply for a special commission permit, an organization must submit their application and supporting documents to KDFWR by May 1. Required documentation includes a copy of the organization's articles of incorporation or bylaws and written proof of the organization's tax-exempt status. The instructions on the application contradict the submission deadline in regulation, stating that it must be postmarked by May 1, rather than "delivered to the department" by May 1.

One of the 30 special commission elk permits provided from 2015 to 2017 was received by The Nature Conservancy. However, required documents were not received by the deadline for the 2016 application. The application was received on May 5 and the articles of incorporation were received May 8. Despite missing the deadline, the organization was still awarded a special commission permit in 2016. KDFWR's practice is that the "application is accepted if postmarked by May 1" and to "allow organizations an opportunity to submit additional information required by regulation after review from KDFWR legal counsel." 301 KAR 3:100 Section 2(7), states that failure to submit the application and accompanying documents to the department by May shall be grounds for disqualification.

### **Financial Reports Were Incomplete and Not Adequately Tracked**

If an organization is awarded a special commission elk permit, they are required to submit by May 1 of the following year a financial report that contains total funds raised, expenses related to the sale, the net profit from the sale, a summary of the conservation project being completed with funds raised, expenditures related to the project, and a synopsis of the impact of the project on fish and wildlife related activities.

Some organizations responded with how the funds were going to be used and indicated no purchases have been made yet. In these instances, the Commission should extend all monitoring activities beyond a single reporting period to ensure organizations expend funds generated from the provided special commission permit in compliance with 301 KAR 3:100.

Some financial reports did not disclose all required information. While it is reasonable that there could be a delay between the receipt and sale of the elk permit and the project start date, the Commission is still responsible for tracking and monitoring the activity to ensure compliance with state regulations until all funds are expended. The Commission does not monitor financial reports for continued compliance beyond the first year. This information is critical and should be used by the Commission for determining future eligibility during the application process.

Three organizations receiving special commission elk permits failed to report all revenue and expenses related to the sale of the permit as outlined in 301 KAR 3:100 Section 2 (11)(e). With only the net proceeds from each sale being reported, it is impossible to identify the funds generated and related administrative expenses. This makes it difficult for the Commission to identify how efficient the sale was, which could be used as a tool to evaluate subsequent applications.

The League of Kentucky Sportsmen (LKS) received a special commission elk permit in 2015 and again in 2016 even though their 2015 financial report was incomplete. LKS' financial reports only identified the net profit from the sale for each year, and not how all funds were spent. The 2015 report only disclosed how \$4,500 of the \$15,700 in total revenue was used with a note identifying "Currently working with KDFWR for equipment needed for fisheries habitat work." The 2016 LKS financial report was labeled as 2015-2017 but did not identify any financial information related to the sale of special commission elk permit for 2016 or related expenditures.

### **Supporting Documentation Was Not Adequately Maintained**

Supporting documentation for the Commission's awarding and monitoring of the special commission permits was not consistently organized, making it difficult to determine compliance. For example, the RMEF application and documents provided for their 2016 special commission elk permit included project details related to several different years, which made it difficult to ensure all requirements were met. This also makes it difficult to track the benefit to Kentucky for awarding special commission permits to non-profits.

The Commission Conservation Permit Reporting Form instructs that the reporting form is due May 1 of the following year and that successful applicants can provide this information when submitting their following year application. Allowing for monitoring information to be submitted at the same time as a new application creates confusion in reviewing and determining what was related to the year under review and if all requirements were met. Noncompliance could easily be overlooked as information from the incorrect year could be mistakenly thought to be related to the year under review.

### **Recommendations**

We recommend the Commission:

- Ensure only special commission permit applications that are complete and submitted timely are considered, in accordance with 301 KAR 3:100. Documentation should be date-stamped when received to document timely submission.
- Analyze all financial reports on the sale of the special commission permits issued. Information reported should comply with 301 KAR 3:100 and identify the total funds raised, the expenses related to the sale, and the net profit. A summary of the conservation project, the related expenditures for the project, and a synopsis of the impact the conservation project had on enhancing fish and wildlife activities in the Commonwealth should be reviewed to ensure objectives are being met. The Commission should inquire with the organization concerning any missing or incomplete information.

- Evaluate all reports and inquire about inconsistent or unreasonable information, such as excessive expenses related to the sale of the special commission permit.
- Follow up with organizations that fail to report expenditure activity for a project identified in the application and identify the cause for the failure to report. Financial reports should be requested and evaluated annually until all funds associated with the sale of the permit are used for the intended purpose.
- Document the evaluation of each organization requesting a special commission permit. This evaluation should consider historical data on the organization's compliance with the requirements of 301 KAR 3:100, past projects, and overall effectiveness. This information should be used to evaluate and determine future recipients of special commission permits. Organizations who failed to comply with 301 KAR 3:100 in the previous year should not be awarded a special commission permit in the current year, and this failure to comply should be considered in subsequent years.

### **Finding 9: KDFWR Failed To Consistently Monitor Contracts and Ensure Payments Were an Effective and Efficient Use of Taxpayer Funds**

The current deficiency in award and post-award administration of contracts issued by KDFWR could lead to an unnecessary use of funds. Contracts are weak and lack defined deliverables, monitoring documentation, transparent terms, and fully supported payments. KDFWR even prepaid for some contracted services. Vague contract descriptions and inadequate monitoring procedures may result in inappropriate or unnecessary disbursements, noncompliance with state and federal laws and regulations, and leave KDFWR susceptible to waste, fraud, and abuse.

#### **Ducks Unlimited-Prairie Habitat Joint Venture**

KDFWR entered into contractual agreements with Ducks Unlimited in FYs 2015, 2016, and 2017 in the amount of \$50,000 dollars each year. Ducks Unlimited, per its website, is a tax exempt 501(c)(3) organization that has conserved over 14 million acres since its inception in 1937. The purpose and scope of work of the contracts included:

The purpose of the contract is to continue with development, modification and/or restoration of critical waterfowl nesting and brood rearing habitat efforts in accordance with the Prairie Habitat Joint Venture, a component of the North American Waterfowl Management Plan. Ducks Unlimited staff biologists will work with the Manitoba Habitat Heritage Cooperation, Nature Conservancy of Canada, local Manitoba conservation districts, and others to identify key areas and establish habitat management activities which promote the goal of increasing overall waterfowl productivity within the region.

These contracts were initiated through a memorandum of agreement as part of a larger initiative headed by Ducks Unlimited where funds were received from sources nationwide. These funds were pooled to provide duck habitat throughout the Prairie Pothole Region (PPR) of Canada, which is a breeding ground for a portion of the ducks harvested in Kentucky. A report provided

---

by Ducks Unlimited indicated the Commonwealth had contributed over \$1.3 million for conservation efforts on the Canadian Prairies since 1976. KDFWR has contributed \$550,000 to Ducks Unlimited since 2008.

### **Contract Requirements Were Not Clearly Defined**

While the contracts describe the overall objective for the use of funds, there was only a vague description of how this objective was to be accomplished. The contract issued during FY 2015 described how pooled funds would be used and proposed goals for acreage restoration, retention, and management. However, this information was omitted in the FY 2016 and FY 2017 contracts. FAP 111-45-06 states, “a. Acceptance and rejection requirements for goods or services shall be clearly outlined in the contract.” These requirements were not clearly established. Additionally, the contracts were not fully transparent in indicating this as a multiple year arrangement and long term project.

### **Adequate Monitoring Documentation Was Not Initially Available nor Reviewed Timely**

Documentation on how KDFWR monitored the contract and measured the success and completion of the project was not available. KDFWR provided reports from Ducks Unlimited from FY 2016 and FY 2017, but only six weeks after auditor requests. This indicates KDFWR had not previously requested and was not monitoring the project to ensure a benefit to the Commonwealth prior to auditor inquiries. Included in this documentation was an invoice from Ducks Unlimited approved for payment by KDFWR under the FY 2017 contract. This invoice was dated five days into a three month contract period and, while this may be sufficient supporting documentation for a payment, it is not sufficient to monitor the completion and impact to the Commonwealth. FAP 111-45-06 states, “b. The invoice shall only be approved if the product or service billed has been delivered per the specifications within the Contract.”

The FY 2016 and FY 2017 reports from Ducks Unlimited identified “[k]ey priority areas within the PPR of Manitoba have been selected as the focus for KDFW funding.” As shown in Figure 6, the reports provided indicate only 10% of ducks harvested in Kentucky originate from Manitoba and much larger amounts originate in Ontario, Saskatchewan, and Wisconsin. This calls in to question whether this project is the most effective use of funds for the goal of waterfowl preservation. KDFWR could not provide documentation of their review, validation, and consideration of these reports for monitoring procedures.



Figure 6: Origin of Ducks Harvested in Kentucky from 1986 -2012



Source: Ducks Unlimited 2017 Conservation Report

### **Ducks Unlimited Crenshaw-Sloughs Wildlife Management Area Agreement**

KDFWR entered into another agreement with Ducks Unlimited pertaining to a wetland restoration/enhancement project in December 2015. Per the agreement, Ducks Unlimited was to provide wildlife habitat restoration services at the KDFWR Crenshaw-Sloughs Wildlife Management Area (WMA) using a combination of funds from a grant and matching funds supplied by Ducks Unlimited and KDFWR. The project anticipated a total cost of \$190,000, with \$50,000 provided by KDFWR, \$65,000 by Ducks Unlimited, and \$75,000 from a wildlife grant. The agreement stipulated that KDFWR provide the pre-project archeological survey and at the end of the project provide Ducks Unlimited with the funds needed to achieve the remaining project contribution balance of \$50,000. KDFWR contributed \$33,842 in funding as well as paying \$16,158 for the archeological survey to meet the \$50,000 contract requirement.

KDFWR did not maintain monitoring documentation to ensure that the terms of the agreement had been met or that Ducks Unlimited had completed their portion of the project. KDFWR “had a project manager [name withheld] who worked with DU directly to make sure the project was completed and that all items were received in the contract before payment.” However, the invoice was not signed and authorized for payment by the individual identified as being responsible for monitoring the project, nor was his approval documented in the state’s accounting system. In explanation of why this employee did not sign off as an approver, KDFWR responded,

When an invoice comes into the department, it is sent out to the divisions to review. They are required to sign-off on the invoice before we will pay the invoice. The signatures is acknowledgement that goods and services were received. Typically the supervisors check with field staff for those approvals before they sign-off on the invoices.

---

If an employee is assigned as being responsible for monitoring receipt of goods and services, his or her approval of the invoice should be documented.

### **Contract Payments Were Unsupported**

As identified in Finding 3 (page 11), KDFWR entered into a contract with the National Wild Turkey Federation (NWTF) for \$999 in 2017. The documented purpose of the contract was “Midwest Deer & Turkey Meeting Carryover.” KDFWR described this as excess profit that resulted from hosting the 2016 Midwest Deer and Wild Turkey Study Group (MDWTSG), which was sent to the organization hosting the 2017 MDWTSG.

In response to an inquiry requesting support for the \$999 payment, KDFWR indicated “this is the first time we hosted this meeting. States are required to pay the \$999 to help with start-up costs for the meeting. We do not receive any documentation. After registrations come in for the meeting the money is spent to cover all costs and the remaining funds are sent the next state hosting the meeting.” The \$2,905 in seed money received for hosting the 2016 MDWTSG came from the Midwest Association of Fish and Wildlife Agencies (MAFWA), which is the organization that sanctions MDWTSG. Additionally, KDFWR received \$500 donations from both the Quality Deer Management Association (QDMA) and NWTF.

Even though the Foundation handled the receipts, expenses, and accounting from the 2016 MDWTSG, KDFWR paid the \$999 with 75% federal funding and a 25% state funding match. KDFWR stated it sent the funds because it made an error with room fees which caused the Foundation not to have any excess funds. KDFWR stated that this was an allowable federal expense because meetings such as this one are allowable under the grant. KDFWR did not identify how the amount was determined. Uniform Guidance prescribes requirements including factors affecting allowability of costs per 2 CFR 200.403 and Reasonable Costs per 2 CFR 200.404. Since the calculation of \$999 could not be supported, the federal share of \$749 would be considered unallowable based on 200.403(g) which requires the costs to be adequately documented, and 200.404, which requires the cost to be reasonable in its nature and amount.

### **KDFWR Contracts Did Not Provide Full Transparency**

As noted in Finding 3 (page 11), KDFWR was not fully transparent with the intended terms of enacted contracts, particularly with the contracts for KDFWR to fund an executive director and liaison position with the Foundation. KDFWR had requirements in addition to the terms of each agreement that were not included with nor attached to the formal contract. The more specific language was not readily available and apparent to those charged with reviewing KDFWR contracts. Failure to provide full transparency in enacted contracts conceals the actual intent, which could mislead officials into incorrectly approving an agreement.



---

## KDFWR Pre-Paid For Contracted Services

KDFWR entered into a contract with Wired Outdoors for advertising and marketing services to be provided during FY 2017 in the amount of \$15,000. KDFWR prepaid for these services, but there was no documentation that prepayment was required. Also, KDFWR could not provide any monitoring documentation to show the services paid for were received as stipulated in the contract. When auditors requested additional monitoring documentation for \$70,000 of payments to Wired Outdoors for various sponsorships and services from FY 2015 to FY 2017, KDFWR responded, “We do not have documentation other than going onto the vendor’s website to see the videos, and sponsor logos on their TV show that is aired.” The 2017 Wired Outdoors contract identified:

### VI. PAYMENTS:

The vendor shall be paid, upon the submission of proper invoices to the receiving agency at the prices stipulated for the supplies delivered and accepted, or services rendered. Unless otherwise specified, payment will not be made for partial deliveries accepted. Payments will be made within thirty (30) working days after receipt of goods or a vendor’s accurate invoice in accordance with KRS 45.453 and KRS 45.454.

FAP 111-45-06 states, in part:

An agency shall review invoices for Contract compliance. The contractor shall be held accountable to perform at acceptable levels.

- a. Acceptance and rejection requirements for goods or services shall be clearly outlined in the Contract.
- b. The invoice shall only be approved if the product or service billed has been delivered per the specifications within the Contract. Examples of items that shall be monitored include:
  1. The quality of work;
  2. Work schedule/timetable;
  3. Conflicts;
  4. Budgets;
  5. Payments;
  6. Data; and
  7. Subcontractors.
- c. In deliverables-based Contracts, all milestones shall be fully met before remitting payment.
- d. Invoices shall meet invoicing requirements and have enough detail to be sufficient for a proper audit.

When KDFWR receives an invoice and pays for services before they are rendered, it is impossible for KDFWR to properly review and monitor the terms of the contract to ensure an adequate level of services were provided. As a result, KDFWR did not comply with the enacted contracts or FAPs.

---

## Recommendations

We recommend KDFWR:

- Ensure contracts are well defined, transparent, and completely describe all terms and conditions agreed upon. Deliverables should be identifiable and measurable. It should be evident that procured goods and services are necessary and reasonable to support the agency's mission.
- Properly monitor all contracts in accordance with FAP 111-45-06 and maintain documentation that all goods or services purchased are received and meet the terms and conditions specified in the contract.
- Cease prepaying for contracted services. Payments should only be remitted in accordance with FAP 111-45-06 after documented approval from the personnel in charge of monitoring the contract.
- Comply with laws and regulations of Kentucky Model Procurement Code and applicable FAP or federal requirements. KDFWR should consult FAC for further guidance when necessary in unfamiliar situations.

### **Finding 10: KDFWR Received 180 Tickets to Sporting Events and Distributed to Employees**

KDFWR contracted with the Louisville Baseball Club Inc. (Louisville Bats) in 2016 and 2017 and made agreements to pay \$3,000 and \$5,000 for sponsorships. The contracts contained possible perks for KDFWR employees. Each contract allowed KDFWR to set up a six foot table on the main concourse to disseminate information and interact with attendees during three undetermined home games as well as receive 30 field reserved tickets at each of the three games for a total of 90 tickets each year. The 2016 tickets were valued at \$720. KDFWR stated that the tickets were given to staff to work the game, but "Marketing staff does not have a list of employees that work this event, they do keep a schedule for shows but did not have a list for this one." KDFWR has the authority to expend funds that are deemed necessary to achieve the mission of the department, but 90 tickets a year to professional baseball games does not appear to provide a beneficial return to the Commonwealth or aid KDFWR in achieving its mission.

Prior APA audits revealed several incidents where KDFWR procured similar sponsorships including questionable benefit to the Commonwealth. The FY 2010 statutory audit of the Fish and Game Fund identified a contract between KDFWR and the Louisville Bats in which KDFWR received ticket vouchers, access to a luxury suite for KDFWR staff and clients, and \$470 worth of food and beverage vouchers for KDFWR staff working the event. KDFWR did not identify or provide documentation indicating the individuals who received these vouchers or suite access. The FY 2011 statutory audit of the Fish and Game Fund identified a three year contract agreement between KDFWR and the University of Louisville. In addition to the promotional opportunity during football and basketball sporting events the contract included four season tickets for football and the opportunity to host a social gathering at Cardinal Village during two home football games with food and beverage included. Both 2010 and 2011 audit findings questioned if these items would have a direct benefit to the Commonwealth.

In the past, KDFWR responded to audit findings that additional tickets and contract perks are value added. If these items are in fact value added, KDFWR should maintain adequate documentation of their contribution to the Department's mission and operational goals.

## **Recommendations**

We recommend KDFWR:

- Ensure all receivables from a contract benefit KDFWR's mission. If tickets or other potential perks are received as part of a contract, KDFWR should ensure adequate documentation is maintained to reflect how they supported the Department's mission and operational goals. KDFWR should contact FAC or the Executive Branch Ethics Commission for further guidance concerning promotional contracts which contain products or services that could be deemed unnecessary by outside observers.

### **Finding 11: KDFWR Lacked Procedures to Determine If Recipients Of Federal Awards Were Contractors or Subrecipients, Resulting in Noncompliance with Federal Regulations**

KDFWR entered into an agreement with the City of Paducah (Paducah) to provide funding for the construction of a transient boat dock facility and associated amenities. This project is part of the Riverfront Development Project at Schultz Park whereby KDFWR agreed to fund \$910,000 of the \$1,230,000 construction costs. KDFWR provided the funds through the Boating Infrastructure Grant Program (BIG-P) established by the Sportfishing and Boating Safety Act of 1998.

KDFWR did not have procedures to make subrecipient and contractor determinations, as required by federal regulations and codified within Uniform Guidance. An incorrect determination led to errors on the Commonwealth's Schedule of Federal Awards (SEFA).

#### **KDFWR Lacked Procedures to Determine If Paducah Was Vendor or Subrecipient**

KDFWR made a \$242,226 payment to Paducah in March 2017 as part of the BIG-P agreement for construction of transient boat dock facilities and amenities. KDFWR treated Paducah as a contractor rather than a subrecipient for this project. KDFWR stated "[w]e currently do not have a determination process, we are working on putting one in place for 2018. The majority of our contracts are treated as a vendor relationship." It is important to note that the terms vendor and contractor are often used interchangeably, but federal guidance uses the term contractor. KDFWR's failure to make this determination is a noncompliance with federal requirements and leaves funds vulnerable to fraud, waste, and abuse as additional oversight and monitoring is required.

2 CFR 200.330 states, in part,

The non-Federal entity may concurrently receive Federal awards as a recipient, a subrecipient, and a contractor, depending on the substance of its agreements with

Federal awarding agencies and pass-through entities. Therefore, a pass-through entity must make case-by-case determinations whether each agreement it makes for the disbursement of Federal program funds casts the party receiving the funds in the role of a subrecipient or a contractor.

2 CFR 200.331 prescribes additional requirements when a subrecipient relationship exists. Sub-award information must be disclosed in the agreement along with any requirements imposed by the pass-through entity so that the federal award is used in accordance with federal statutes, regulations, and the terms and conditions of the award. Pass-through entities are required to evaluate each subrecipient's risk of noncompliance and perform monitoring procedures to ensure compliance.

KDFWR conducted multiple site visits and took photos of the project's status and progress through completion, but no monitoring files were maintained for the project since KDFWR identified Paducah as a vendor. 2 CFR 200.330(c) states, "in determining whether an agreement between a pass-through entity and another non-Federal entity casts the latter as a subrecipient or a contractor, the substance of the relationship is more important than the form of the agreement." The Association of Government Accountants (AGA) has developed a checklist to assist entities in making subrecipient versus contractor determinations. A subrecipient is defined as a non-federal entity that receives a sub-award for the purpose of carrying out part of a federal award. The sub-award creates a federal assistance relationship with the subrecipient. A contractor is defined as a non-federal entity that receives a contract for the purpose of providing goods and services for the awarding non-federal entity's own use. The contract creates a procurement relationship with the contractor.

While federal regulations do allow some judgment in making this determination, the agreement between KDFWR and Paducah indicates Paducah would be more accurately defined as a subrecipient for various reasons, including:

- The scope of the agreement is per the Boating Infrastructure Grant Program.
- Paducah is carrying out a goal within the scope of the grant program as opposed to providing goods and services to KDFWR.
- Paducah has responsibility for programmatic decision making.
- Paducah is not making a profit off of the agreement with KDFWR and is providing its own funding as cost sharing.
- Paducah is providing invoices as support to KDFWR for reimbursement for the project. Paducah is paying a contractor to complete the work.
- The cited authority on the contract between KDFWR and Paducah identifies "BIGrant-Y-6-B," and the procurement type identifies "Grant," identifying Paducah as a recipient of grant funds.

The contract supports the determination of Paducah as a subrecipient, stating,

"The purpose of this contract is to provide Boating Infrastructure Grant Program (BIG-P) funding to public/private marinas, as well as city/local governments to construct transient boat dock facilities and their associated amenities in waters

described as “navigable” across Kentucky. The City of Paducah, as part of a Riverfront Development Project as Schultz Park, desires to construct an approximately 340 foot transient boat dock as part of the Riverfront Development Project.”

Paducah even identifies itself as a subrecipient of pass-through funds from KDFWR.

### **The Commonwealth’s SEFA Did Not Identify Paducah as a Subrecipient**

The Commonwealth’s SEFA and Paducah’s SEFA report inconsistent information related to the Riverfront Development Project. Paducah’s SEFA identified expenditures from pass-through funds from KDFWR for the Sportfishing and Boating Safety Act for CFDA 15.622 in the amount of \$437,895 in fiscal year 2016 and \$472,105 in fiscal year 2017. These amounts combined agree to the \$910,000 agreement with KDFWR for the project. This also supports Paducah’s determination that they consider themselves a subrecipient of federal funds from KDFWR. The SEFA for the Commonwealth of Kentucky under CFDA 15.622 indicated that no funds had been passed through KDFWR to any subrecipients during FYs 2016 and 2017. KDFWR paid Paducah \$819,000 in fiscal year 2017 and \$91,000 in fiscal year 2018, fulfilling the \$910,000 agreement. In accordance with 2 CFR 200.510(b)(4), the Commonwealth is required to “[i]nclude the total amount provided to subrecipients from each Federal program” on its SEFA, which includes information submitted by KDFWR. Since KDFWR incorrectly identified Paducah as a contractor instead of a subrecipient, this information was not properly recorded on the SEFA.

Failure by KDFWR to complete contractor verses subrecipient determinations has allowed for errors to occur on the Commonwealth’s SEFA which have gone undetected. While only one reporting error was noted during the exam, additional inaccuracies could exist because of KDWR’s failure to properly identify, monitor, and report on funds passed through to subrecipients.

### **Recommendations**

We recommend KDFWR:

- Comply with federal regulations pertaining subrecipient and contractor determinations.
- Develop policies and procedures to ensure all determinations are tracked and documented accordingly.
- Conduct and document adequate monitoring and risk assessment procedures for subrecipients per federal regulations.
- Report complete and accurate information to FAC for inclusion in the Commonwealth’s SEFA. Funds provided to subrecipients should be properly classified and reported in accordance with Uniform Guidance.

**APPENDICES**



Appendix A – Foundation Liaison Cost Breakdown

***Kentucky Fish and Wildlife Foundation Liaison Position  
Cooperative Position Cost Breakdown: FY 2017-2018***

This contract is to fund and manage the position of Executive Director of the Kentucky Fish and Wildlife Foundation. This position serves as the primary liaison between the Foundation and the Kentucky Department of Fish and Wildlife Resources. Expected projects would be the continued coordination of fundraising for specific wildlife habitat management or improvement projects, funding of educational opportunities for children attending Department Conservation Camps and continued support of the Salato Wildlife Education Center, among other projects. The Foundation will employ this individual as a full time employee who will report directly to the Foundation’s Board of Directors. The remainder of funds necessary to pay the salary, benefits, travel and support costs shall be paid by the Foundation. The Foundation will provide the Department with summary reports and presentations of the activities and accomplishments for the most recent FY. This contract is not valid until approved by the government contract review committee. Contract effective dates July 1, 2016 through June 30, 2018.

<b><u>Intended use of KDFWR Contribution:</u></b>		<b>\$132,000.00</b>
Executive Director Salary	FY2017	\$66,000.00
Executive Director Salary	FY2018	\$66,000.00

**Scope of Services:**

The Executive Director will be a funded position to serve as a direct liaison between the KDFWR and the Kentucky Fish and Wildlife Foundation for fundraising for various wildlife related projects, wildlife recreation and wildlife education. The KDFWR has previously employed a liaison as a full time employee. This contract will allow the KDFWR to replace and eliminate that position.



---

Appendix B – BOW Program Operational Information

**BOW PROGRAM OPERATIONAL INFORMATION**

- 1) KDFWR does not have a paid staff member who administers or manages this program.
- 2) KDFWR does not compensate or employ the BOW Program Coordinator, who administers the program voluntarily.
- 3) KDFWR signs no contracts with facilities where BOW workshops are held.
- 4) KDFWR does not handle registrations, set fees, collect fees, develop the content of the workshop, secure instructors for the workshop, or conduct any other management, nor is under any contractual financial responsibility for any aspect of the program.
- 5) Any expenditure KDFWR may make in support of the program is made directly to the vendor following purchase approval policies and procedures of the KDFWR.
- 6) All equipment loaned for use by the program is retained by the KDFWR, for use in other agency administered or supported programs as needed.
- 7) No agency funds exchange hands directly or indirectly between the KDFWR and the Program Administrator.
- 8) Donations provided the KDFWR for support of the BOW Program remain with the KDFWR, and are used to offset various costs associated with sponsoring the program that the agency deems beneficial to the Commonwealth.
- 9) All costs associated with a participant attending a BOW workshop are strictly the responsibility of the Program Administrator.
- 10) Lodging and meals, or class materials provided for or by the unpaid instructors is the responsibility of the Program Administrator.

**Appendix C – Quote 1**

Allen Construction & Cabinetry, Inc.  
1075 Bittersweet Lane  
Frankfort, KY 40601

**Estimate**

Date	Estimate #
1/22/2018	915

Name / Address
KY: Fish and Wildlife John Akers #1 Sportsman Lane Frankfort, KY 40601

Description	Qty	Rate	Project	
			Total	
#1 Frame opening and finish drywall (5/8") both sides. Add conduit to both sides of wall for future electrical work. Wood studs.		0.00	0.00	
#2 Build 24" wall x 70" with 3" returns at each end. Continue 2" corner posts above ceiling and tie into deck for support. Add electrical boxes (4), to be determined.		0.00	0.00	
#3 Remove door and dispose of materials or leave on site. Place studs into wall and finish both sides. Cut new opening at opposite end of same wall. Place framing into opening and finish opening with sheetrock.		0.00	0.00	
#4 Build 20" wall with a 30" x 68" opening at right end for door. Provide steel frame and solid core right hand door. Frame to be installed before sheetrock installation. Lock set by others. Remove base board heater.		0.00	0.00	
#5 Engineering building. Remove electric along wall to accommodate new door opening. Remove block at base of wall. Cut opening into wall and frame to accept new pre hung door. Relocate HVAC outlet in ceiling to other side of wall. Build 14" 5" wall to ceiling. Cut ceiling to locate rafter to tie wall into. Provide and install 20" square return vents on both sides of new wall.		0.00	0.00	
Painting of all walls built by Allen Construction & Cabinetry, Inc.		0.00	0.00	
Total		10,500.00	10,500.00	
<b>Total</b>			\$10,500.00	

Appendix D – Quote 2

D. Woods Construction Company LLC    Date: 01/18/18  
112 Hawkeegan Drive  
Frankfort, Ky. 40601

To:  
Ky. Dept. Fish and Wildlife  
#1 Sportsman Lane  
Frankfort, Ky. 40601

Subject: Estimate

We propose to provide work requested @ Arnold Mitchell Building and License Annex for the sum of \$9,350.00

Scope of Work to be provided:

1. Area across from loading dock: close existing door opening and provide New door opening per plans( labor and materials)
2. Copy/conference room wall: frame wall on conference room side to align With storage wall, install and finish new drywall
3. Frame wall in lobby per plans, install and finish new drywall
4. Second floor: frame new wall in existing break room creating dividing wall Between break room and new conference room/new wall to be insulated, Provide solid core wood door with metal welded frame per plans with Lever handle, install and finish new drywall
5. New walls will be painted with color provided by owner
6. Where new walls are installed ,drywall finish applied to old walls to finish corners will not be painted
7. No baseboard will be installed on new walls
8. All outlets designated on new walls will be installed with conduit to extend above ceiling with future connections to be installed by others provided that an inspection is not needed to do this as expressed by F&W staff
9. License annex: provide labor and material to perform work as follows:
  - a. Cut opening for new door
  - b. New door to be hollow core door
  - c. Frame new wall, install and finish drywall
  - d. Install return air registers both sides of new wall

- e. Move existing air supply to location shown on plan
- f. Paint new wall, areas where drywall is finished in corners on old walls will only be painted enough to cover new drywall finish
- g. Provide and install baseboard on new walls

Page 2 of 2

TOTAL ESTIMATE: \$ 9,350.00

Thanks,

Dewey Woods

Appendix E – Quote 3

Sanderson General Contractor  
2092 Lewis Ferry Road  
Frankfort, KY 40601  
(502) 320-2329  
sandmanblue1@gmail.com

**ESTIMATE**

ESTIMATE # 1037  
DATE 01/10/2018

**ADDRESS**  
John Akers  
Department of Fish & Wildlife  
1 Sportsman's Lane  
Frankfort, KY 40601

Please detach top portion and return with your payment.

QTY/HRS		RATE	AMOUNT
	Main Office - Build Walls		
	Build Walls as Discussed		
	Drywall & Finish Walls		
	Install Electric Boxes		
	Paint All New Walls		
	All Materials & Labor	8,814.50	8,814.50
	<b>TOTAL</b>		<b>\$8,814.50</b>

Accepted By

Accepted Date

THANK YOU FOR YOUR BUSINESS!!  
HAVE A NICE DAY!

Appendix F – 301 KAR 3:100

**301 KAR 3:100. Special commission permits.**

RELATES TO: KRS 150.170, 150.175, 26 U.S.C. 501(c)(3)

STATUTORY AUTHORITY: KRS 150.025, 150.177, 150.195(1)

NECESSITY, FUNCTION, AND CONFORMITY: KRS 150.025 authorizes the department to promulgate administrative regulations to establish hunting seasons, bag limits, and the methods of taking wildlife. KRS 150.177 authorizes the department to issue a special permit to an incorporated nonprofit wildlife conservation organization. KRS 150.195(1) authorizes the department to promulgate administrative regulations pertaining to the issuance of licenses and permits. This administrative regulation establishes the requirements for the issuance and use of Special Commission Permits.

Section 1. Definitions. (1) "Proceeds" means the amount of money received by a wildlife conservation organization from the sale or transfer of a special permit minus expenses directly attributable to the sale of that permit.

(2) "Incorporated nonprofit wildlife conservation organization" means an entity that:

(a) Has a primary purpose, as expressed in its articles of incorporation or bylaws, to conserve and enhance fish and wildlife resources to provide opportunities for hunting, fishing, trapping, wildlife education, habitat enhancement, or related activities;

(b)1. Holds status as a nonprofit organization pursuant to 26 U.S.C. Section 501(c)(3); and

2. Is incorporated under the laws of this state or any other state; or

(c) Holds a charter status under an incorporated parent organization.

(3) "Special commission permit" means a species-specific permit issued by the Kentucky Fish and Wildlife Commission to an incorporated nonprofit wildlife conservation organization that allows the permit recipient, depending on the species listed on the permit, to harvest:

(a) One (1) additional antlered or antlerless deer per license year;

(b) One (1) additional turkey of either sex per license year;

(c) One (1) elk of either sex per license year; or

(d) Up to a daily bag limit of waterfowl per day.

Section 2. Issuance, Sale, and Transfer of Special Permit. (1) There shall be no more than ten (10) special commission permits issued per species per year.

(2) An incorporated nonprofit wildlife conservation organization may apply for one (1) special commission permit per species. The incorporated nonprofit wildlife conservation organization shall accurately complete a Special Commission Permits Application Form.

(3) A national organization and its affiliated regional, state, and local chapters shall all be eligible to apply for a special commission permit in the same year if each organization meets the definition in Section 1(2) of this administrative regulation.

(4) A national organization and its affiliated regional, state, and local chapters shall not be eligible to be awarded more than one (1) special commission permit per species unless each applicant has a separate and distinct nonprofit organization status under 26 U.S.C. 501(c)(3) and a separate and distinct tax identification number.

(5) In addition to the completed application, the organization shall also submit:

(a)1. One (1) copy of the organization's articles of incorporation or bylaws that state the purpose of the organization; or

2. A separate charter status from a parent organization and the parent organization's articles of incorporation or bylaws that state the purpose of the parent organization;

(b) Written proof of the organization's tax-exempt status including the applicant's tax identification number; and



(c) A letter from the organization's parent organization, if applicable, that states that the chapter organization is in good-standing and is recognized by the parent organization.

(6) The completed application and accompanying documents listed in subsection (5) of this section shall be delivered to the department by May 1 of each year.

(7) The items listed in paragraphs (a) through (e) of this subsection shall be grounds for disqualification from the award process:

(a) An incomplete application;

(b) Incomplete or missing accompanying documents, pursuant to subsection (5) of this section;

(c) Failure to submit the required application and accompanying documents to the department by the May 1 deadline;

(d) The wildlife conservation organization applicant did not use or transfer a special commission permit awarded in a previous year; or

(e) Failure to qualify as an incorporated nonprofit wildlife conservation organization.

(8) Prior to selecting special commission permit recipients, the Fish and Wildlife Commission shall review and consider all applications and documents submitted by each wildlife conservation organization that has not been disqualified pursuant to subsection (5) of this section.

(9) The department shall provide the Fish and Wildlife Commission with information concerning each applicant's relative standing with regard to:

(a) Content and quality of submitted application materials;

(b) Past compliance;

(c) Ability to generate funds; and

(d) The proposed conservation project's potential for enhancing fish and wildlife, habitats, fish and wildlife education, or fish and wildlife-related recreation in Kentucky.

(10) The Fish and Wildlife Commission shall select permit recipients based on the information listed in subsection (9) of this section.

(11) A Special Commission Permit recipient shall:

(a) Use all proceeds from the sale or transfer of the permit for conservation projects in Kentucky as approved by the Fish and Wildlife Commission;

(b) Underwrite all promotional and administrative costs for the selling and transferring of the permit;

(c) Sell and transfer each permit as stated in the application;

(d) Provide the department with the following information on each individual who receives a transferred permit:

1. Name;

2. Address; and

3. Date of birth; and

(e) Submit, by May 1 of the following year, a report that includes:

1. A financial statement containing:

a. Total funds raised;

b. Overhead costs or expenses related to the sale of the permit; and

c. Net profit;

2. A summary of:

a. The conservation project; and

b. Expenditures related to the conservation project; and

3. A synopsis of the impact the conservation project had on enhancing fish and wildlife, habitats, fish and wildlife education, or fish and wildlife-related recreation.

Section 3. Special Permit Use. (1) A special permit shall only be valid for the:



- (a) Individual named on the permit;
  - (b) Species of wildlife listed on the permit; and
  - (c) The first season for that species in the calendar year following the quarterly commission meeting that the special permit was awarded, except for the special commission permit for deer and for waterfowl, which shall be valid for the first season following the quarterly commission meeting that the special permit was awarded.
- (2) A special commission permit holder shall comply with all other department statutes and Title 301 KAR.
- (3) A holder of a special commission permit to hunt deer may hunt on any Wildlife Management Area during an open deer season or nonmobility impaired quota hunt pursuant to 301 KAR 2:178, except:
- (a) Hunting shall not be allowed on closed waterfowl refuges, pursuant to 301 KAR 2:222;
  - (b) A permit holder shall contact the wildlife area manager at least forty-eight (48) hours before hunting; and
  - (c) A permit holder shall notify the area manager upon leaving a Wildlife Management Area.
- (4) A holder of a special commission permit to hunt wild turkey shall not hunt on a Wildlife Management Area that is closed to turkey hunting.
- (5) A holder of a special commission permit to hunt waterfowl may hunt on Ballard, Boatwright, or Sloughs Wildlife Management Areas from one (1) of the areas' permanent waterfowl blinds by:
- (a) Contacting the department no later than September 30; and
  - (b) Reserving a blind for one (1) of the available hunt periods established by the department, pursuant to 301 KAR 2:222.
- (6) A holder of any special commission permit may hunt on private land with the permission of the landowner.
- (7) Unless specific equipment is prohibited on a Wildlife Management Area, a special permit holder shall only harvest game with hunting equipment that is allowed for the season during which the permit holder is hunting.

Section 4. Incorporation by Reference. (1) "Special Commission Permits Application Form", 2015 edition, is incorporated by reference.

(2) This material may be inspected, copied, or obtained, subject to applicable copyright law, at the Department of Fish and Wildlife Resources, #1 Sportsman's Lane, Frankfort, Kentucky, Monday through Friday, 8 a.m. to 4:30 p.m. (27 Ky.R. 2957; eff. 6-8-2001; Am. 28 Ky.R. 2054; 2332; eff. 5-16-2002; 29 Ky.R. 1680; 2088; eff. 2-16-2003; 33 Ky.R. 1118; 1524; eff. 12-7-2006; 37 Ky.R. 2287; 2832; eff. 6-2-2011; 41 Ky.R. 1885; 2088; eff. 5-1-2015.)

**TOURISM, ARTS AND HERITAGE CABINET RESPONSE**



**TOURISM, ARTS AND HERITAGE CABINET**

**MATTHEW G. BEVIN**  
GOVERNOR

100 AIRPORT ROAD  
2<sup>ND</sup> FLOOR  
FRANKFORT, KENTUCKY 40601  
502-564-4270 – OFFICE  
502-564-1512 – FAX

**DON PARKINSON**  
SECRETARY

**REGINA STIVERS**  
DEPUTY SECRETARY

Dec. 14, 2018

Hon. Mike Harmon  
Auditor of Public Accounts  
Commonwealth of Kentucky  
209 St. Clair Street  
Frankfort, Ky. 40601

RE: Examinations of Certain Operations and Financial Activity of the Kentucky Department of Fish and Wildlife Resources

Dear Auditor Harmon,

Thank you very much for the work of your team, in response to our Cabinet's request in January, to produce a special audit of the Kentucky Department of Fish and Wildlife Resources (KDFWR).

The Tourism, Arts, and Heritage Cabinet supports and embraces the general findings and recommendations of this audit, which reinforce our determination that KDFWR's culture must change, and its transparency, accountability, and responsiveness must dramatically improve.

It is important to point out that KDFWR is a Chapter 12 agency of this Cabinet. It was made so in KRS in 1976. (See KRS 12.020(10) and KRS 150.020(1).)

Our Cabinet requested this special audit on January 2 because we determined that, under previous administrations, KDFWR had been allowed to operate in a less-than-transparent manner, and in contravention of the requirements of public accountability. As a result, we have undertaken a number of actions, beginning last spring, to ensure KDFWR operates in the manner befitting a government agency:

- We appointed new leadership of the Department, naming Frank Jemley as Acting KDFWR Commissioner in March and Misty Judy as Acting Deputy Commissioner shortly thereafter. Those actions were bolstered in late summer by Governor Bevin's appointments of three new members of the nine-member Fish and Wildlife Commission. The Commission has in turn elected new leadership of its own.

Hon. Mike Harmon  
December 14, 2018  
Page Two

- Mr. Jemley and Ms. Judy have implemented a number of initiatives to change KDFWR's management team and culture, and to modernize the Department's policies and procedures regarding financial management, procurement, human resources, and law enforcement (the latter two of which are not addressed by your audit, but were in clear need of reform). Those actions have been strongly supported by the Fish and Wildlife Commission.
- They are aggressively developing a new strategic plan that will guide KDFWR for the next several years and clearly establish that the Department is guided by the values of integrity, accountability, transparency, and resource stewardship, as Kentuckians expect and deserve.

As a result of these actions, we are pleased to report to you that KDFWR has already begun or completed implementation of more than half of your audit's recommendations.

We do take serious exception to Findings 4, 5, 7, and 10. We believe those findings are in error, because of misunderstanding or misinterpretation of the relevant laws, regulations, and/or documentation.

Attached is a summary of our evaluation of those findings, together with the documentation that forms the basis for our evaluation.

We also have a number of comments regarding various details of the audit, as well as several technical corrections to propose. We are providing those suggestions to you separately.

We look forward to discussing this with you and your staff, and to working with you as we build the plan to implement all of the audit's key recommendations.

With best regards,



Don Parkinson  
Secretary

Attachments

cc: Hon. Scott Brinkman  
Mr. Frank Jemley  
Members of the KDFWR Commission

**FINDING 4**

**KDFWR did not adhere to the model procurement code and state procurement policies**

**Summary:** The primary difference between coincidental purchases and split purchases is intent. After interviewing department staff from multiple divisions about the purchase of the shipping containers, the department does not believe there is evidence of split purchasing as referenced on pages 16-17. In reference to the parking lot and road repair at Obion Creek WMA, procurement staff copied the purchasing document for the parking lot and did not update the description when the road to the parking lot needed to be updated. Road repair occurred four months later, in a new fiscal year. With regard to the procurement on page 18, the department has documents showing it had the purchasing authority.

**FINDING 5**

**KDFWR compensated "volunteers" with pre-paid debit cards jeopardizing federal grant funds**

**SUMMARY:** The debit cards are more secure than a traditional gift card because they have the volunteers' name on them and they are mailed directly from a third-party vendor. The federal government has a copy of the department's policies and procedures for this, and it is part of the department's grant application process. The Finance Cabinet is allowed to approve these, and the department has memos of approval for every year since the 2013 audit.

**FINDING 7**

**KDFWR Failed to procure construction serves according to laws and regulations**

**SUMMARY:** The department contends no finance procurement procedures were circumvented. The vendors were all given the same information and the same consideration. Information was provided in HBC-approved stamped architectural drawings. The entire AMB renovation project was managed by the Finance Cabinet's DECA office. The total project cost was \$220,000, which did not exceed the forced account limit of \$250,000. It was DECA's decision for Kentucky Fish and Wildlife to contract portions of the work within the department's own authority.

**FINDING 10**

**KDFWR received 180 tickets to sporting events and distributed to employees**

**SUMMARY:** The department insisted the right to receive any tickets be removed from contract language starting in 2018 because tickets had been an issue in the past. No group tickets were used in 2016 and 2017. Staff working events need a ticket to gain admission to the stadium to perform their work duties. The sporting organization has issued a memo to verify the department employee's assertion.

#### AUDIT FINDING 4

KDFWR's Purchasing and Property Branch Manager is accredited and certified nationally by the Universal Public Procurement Certification Council as a Certified Public Procurement Buyer CPPB. He is the current Board of Directors member and will be the 2019 Vice President of the Kentucky Public Procurement Association (KPPA). One of his staff was awarded KPPA's Buyer of the Year and was hired away this month by the Finance Cabinet. KDFWR's Purchasing and Property Branch Manager prides himself on turning around the procurement policies and practices of the department and, as evidenced by his KPPA offices, is recognized among procurement professionals across state government for his accomplishments.

KDFWR's Purchasing and Property Branch Manager takes very seriously the accusations put forth in this audit and denies the implications of split purchasing and intentionally circumventing procurement requirements as it was set forth in this audit. Attached documentation refutes the findings and, furthermore, all of these incidents were explained during interviews with the auditors. The use of the statement, "split purchasing" and "Intentionally circumventing the Procurement Processes" multiple times in this audit report are arbitrary and do not reflect the circumstances of the events referenced in the report. These statements are not to be used lightly and could potentially do great harm to the reputations of the Procurement Branch Manager and staff and greatly affect the ability of KDFWR to operate with efficiency.

#### Responses to Findings noted in the "Examination Of Certain Operations And Financial Activity of the Kentucky Department Of Fish And Wildlife Resources (KDFWR)"

##### KDFWR Split the purchase of Four Shipping Containers, Circumventing Procurement Requirements.

Page 16 -17. In July 2017, a building located on KDFWR property in Frankfort was scheduled for demolition. The building stored items for the Marketing Division. A FW requisition was completed and approved for the purchase of a used storage container to store the material and sent to the Purchasing Branch. Then, the Purchasing Branch completed a purchase order in eMars. The storage container was delivered and utilized to store the material. A month later, the need arose to store surplus materials for the upcoming, annual fall auction. After it was observed how well the first storage container worked, a request was made to purchase another container. There was no prior knowledge of the need for any more containers until after the first was purchased, and no way to combine the purchases into one request after they had been procured. There was also no way to forecast the future need of more storage until those needs arose. This information was relayed to the auditors when staff was asked about this during the audit examination. No split purchasing occurred because there was no prior knowledge of the need until the requests were made. Because there was no knowledge of the need for four containers the Delegated Purchasing Authority of \$10,000 was not



exceeded. Affidavits for the separate purchases and requisitions were attached in the headers of the eMars documents. If the auditors only reviewed the invoice information, we understand how that could look suspicious, but this is a small vendor and the vendor probably does not invoice often – our internal documentation shows that different divisions requested the purchases separately.

These procurements were made within the Model Procurement code (45A) and within state procurement policies.

#### **KDFWR Issued Two Separate Contracts To One Vendor With The Same Contract Description**

**Page 17.** On March 17 2016, a contract was issued to construct a gravel parking lot on Obion Creek Wildlife Management Area (WMA). This area is in wetlands and there was a need for a location for hunters to park their vehicles. At the time, the access road to the parking seemed adequate. Four months later, and in the next fiscal year, it was determined that because of the higher than predicted traffic and the wetlands, gravel was needed to reinforce the access and a new request was made. Documentation supports this, questions arose because the same vendor was utilized and he charged the same amount for both jobs and the job descriptions were identical. It was during the course of the audit that it was discovered that in the creation of the documents in eMars the description from the first job was inadvertently used for both. This was because for efficiency and because so much information has to be entered to create Purchase Orders in eMars, Buyers usually copy forward from a previous Purchase Order and change information to match the current request. This is a standard statewide across all agencies and encouraged by the Finance Cabinet. In this case all information was changed except the job description. This was explained to the auditors.

As a side note there was no need to split purchase as DECA has a single quote purchase authority of \$20,000 that KDFWR has utilized many times in the past. The reason that these purchases were handled by KDFWR is that the first job was within KDFWR's single quote authority and it wasn't determined until four months after the completion of the parking lot (the next fiscal year) that additional work was required. The new request was also within KDFWR's single quote authority.

#### **KDFWR Procured a Contract That Exceeded Its Delegated Authority.**

**Page 18** The Procurement referenced on Page 18 was completed using the 3 quote delegation that was listed in eMars (see attached). Three quotes were obtained and an affidavit was obtained from the lowest bidder. This was all done under the requirements of that FAP that gave KDFWR a Three Quote limit on construction to \$20,000. Auditors asked for documentation



about this special authority and as it was established in 2006 could not locate the initial request subsequently the Auditors asked Finance and they could not produce it either. KDFWR used the delegation afforded them in eMars. But again, as referenced above this could have been taken to DECA for to use their single quote authority of \$20,000. So there was no gain to KDFWR by requesting three quotes and evaluating and awarding based on Best Practices. .

KDFWR did not exceed it Delegated Authority as the Finance cabinet enters this information in eMars.

Cited Authority

Page 1 of 1

Cited Authority

[Menu](#)

<u>Cited Authority</u>	<u>Document Code</u>	<u>Doc Dept</u>	<u>Procurement Type ID</u>	Description	Effective From	Effect To
✓ FAP220-10-00-08	POZ	660	7	Construction Small Purchase>Agency 3 Quote Limit	01/01/2006	01/01/2020
FAP220-10-00-08	PRC	660		Construction Small Purchase>Agency 3 Quote Limit	01/01/2006	01/01/2020

First Prev Next Last

Save [Undo](#) [Delete](#) [Insert](#) [Copy](#) [Paste](#) [Search](#)

**Cited Authority :** FAP220-10-00-08 **Effective From :** 01/01/2006   
**Description :** Construction Small Purch **Effective To :** 01/01/2020   
**Document Code :** POZ  **Document Minimum :** \$10,000.00   
**Doc Dept :** 660  **Document Maximum :** \$20,000.00   
Fish & Wildl C **Additional Info :**   
**Procurement Type ID :** 7   
**Procurement Type :** Construction  
**Utilized :**

**Brian Stigers Truck Sales, Inc.**

86 Old Harrodsburg Road  
Frankfort, Kentucky 40601  
(502) 875-1084  
Fax (502) 875-2366  
Website - [stigertrailer.com](http://stigertrailer.com)

**Invoice #387**

**Customer:** Kentucky Dept. of Fish & Wildlife

**Date:** July 20, 2017

1 - Used 40' Container	
Standard Height	
SOLD AS-IS - Good Condition	
Double Swing Doors	
Delivery to Frankfort, Kentucky location	
<b>Total</b>	<b>\$2,900.00</b>
<i>Call Greg Logan before delivery.</i>	



87/28/17 15:08:23 582-564-4416

Barry Stigers

Page 083

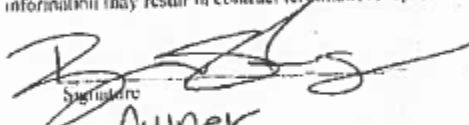
Solicitation/Contract #:

**REQUIRED AFFIDAVIT FOR BIDDERS, OFFERORS AND CONTRACTORS**

PAGE 2 OF 2

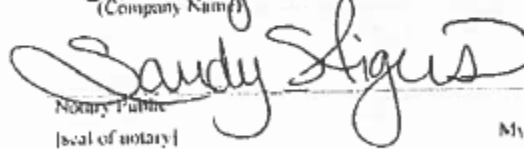
c. In accordance with KRS 12L.32(3) and (4), and if this is a non-bid contract, to the best of his/her knowledge, neither the contractor, nor any member of his/her immediate family, his/her employer, or his/her employees, or any entity affiliated with any of these entities or individuals, have directly solicited contributions in excess of \$30,000 in the aggregate for the campaign of a candidate elected in the election last preceding the date of contract award that has jurisdiction over this contract.

As a duly authorized representative for the bidder, offeror, or contractor, I have fully informed myself regarding the accuracy of all statements made in this affidavit, and acknowledge that the Commonwealth is reasonably relying upon these statements, in making a decision for contract award and any failure to accurately disclose such information may result in contract termination, repayment of funds and other available remedies under law.

  
Signature  
Printed Name: Brian Stigers  
Title: Owner  
Date: 7-20-17

Company Name: Brian Stigers Truck Sales, Inc.  
Address: 86 Old Hedrodsburg Rd.  
Frankfort, Ky. 40601

Subscribed and sworn to before me by Brian Stigers Owner  
(Affiant) (Title)  
of Brian Stigers Truck Sales, Inc. this 20<sup>th</sup> day of July 2017  
(Company Name)

  
Notary Public  
[Seal of notary] ID # 566919  
My commission expires October 14, 2020

Doc ID No: PO2 660 1800000756 version 1

Page: 1 of 5



# Commonwealth of Kentucky

## PURCHASE ORDER

**IMPORTANT**

Show Doc ID number on all packages, invoices and correspondence.

<b>Doc Description:</b> Brian Stigers Truck Sales - Shipping Container	
<b>Doc ID No:</b> PO2 660 1800000756 1	<b>Procurement Folder:</b> 4592866
<b>Procurement Type:</b> Standard Services	<b>Record Date:</b> 08/07/2017
<b>Issued By:</b> BARRY STIGERS	<b>Cited Authority:</b> FAP111-55-00-S
<b>Telephone:</b> 502-564-7109	

<b>C O N T R A C T O R</b>	<b>BRIAN STIGERS TRUCK SALES INC</b>
	<b>86 OLD HARRODSBURG RD</b>
	<b>FRANKFORT KY 40601</b>
	<b>US</b>

**Effective From:** 07/01/2017      **Effective To:** 12/31/2017

Line	CL Description	Due Date	Quantity	Unit Issue	Unit Price	Contract Amt	Total Price
1	Used 40' Container		1.00	EA	2,900.00000	0.00	2,900.00

**Extended Description**

1 Used 40' container standard height with double swinging doors. Price includes delivery to the Game Farm.

<b>B I L L T O</b>	<b>233564</b>	<b>FRANKFORT KY 40601</b> <b>US</b>	<b>S H I P T O</b>	<b>233564</b>
	<b>COM FW DEPT FISH AND WILDLIFE</b>			<b>COM FW DEPT FISH AND WILDLIFE</b>
	<b>#1 SPORTSMAN'S LANE</b>			<b>#1SPORTSMAN'S LANE</b>
				<b>FRANKFORT KY 40601</b> <b>US</b>

**Total Order Amount:** 2,900.00

1900000756	Document Phase Final	Document Description Brian Stigers Truck Sales - Shipping Container	Page 2 of 5
------------	-------------------------	--	----------------

## AWARD CONTRACT

### I. AWARD OF CONTRACT:

This written notice of award (or acceptance of offer) mailed or otherwise furnished to the successful offeror within the time for acceptance specified in the offer shall be deemed to result in a binding contract without further action by either party.

### II. KENTUCKY SALES AND USE TAXES:

Sales of tangible personal property or services to the State of Kentucky and its agencies are not subject to state sales or use taxes.

### III. COMPLIANCE WITH STATE LAWS:

Contracts and orders shall be governed by the laws of the Commonwealth of Kentucky. The rights and obligations of the parties thereto shall be determined in accordance with these laws.

### IV. CONTRACT MODIFICATIONS:

No modification to this contract shall be permitted unless the contractor receives written approval from the Office of Procurement Services.

If the contractor believes modifications are necessary, he/she may request approval of the Office of Procurement Services. All contract modifications shall be subject to the provisions of 200 KAR 5:311.

### V. SELLER'S INVOICES:

Invoices, if required, shall be prepared and transmitted to the agency receiving the goods or services. One copy shall be marked "original" unless otherwise specified. Invoices shall contain, at a minimum, the following information: Contract and order number (if any), item numbers, description of supplies or services, sizes, quantities, unit prices, and extended totals.

### VI. PAYMENTS:

The vendor shall be paid, upon the submission of proper invoices to the receiving agency at the prices stipulated for the supplies delivered and accepted, or services rendered. Unless otherwise specified, payment will not be made for partial deliveries accepted. Payments will be made within thirty (30) working days after receipt of goods or a vendor's accurate invoice in accordance with KRS 45.453 and KRS 45.454.

### VII. TAX EXEMPT STATUS:

The Commonwealth of Kentucky is exempt from Federal Excise Tax and Kentucky Sales or Use Tax. Do not include these on any invoices.

### VIII. SHIPPING (If Applicable):

All shipping shall be F.O.B. Destination Freight Prepaid and Allowed.

### IX. DELIVERY (If Applicable):

Delivery shall be thirty (30) days after receipt of order (ARO).



1800000756	Document Phase Final	Document Description Brian Stigers Truck Sales - Shipping Container	Page 3 of 5
------------	-------------------------	--	----------------

**X. WARRANTY (If Applicable):**

The Vendor shall provide its most favorable warranty. A copy of such warranty shall be furnished to the agency upon delivery of the equipment. The Vendor will not be liable under the above warranty for any defects or damages resulting from unforeseeable causes beyond the control and without the fault or negligence of the Vendor, such as misuse or neglect by the State, acts of God, fires, floods and hurricanes.

**XI. FUNDING OUT PROVISION:**

The state agency may terminate this contract if funds are not appropriated to the contracting agency or are not otherwise available for the purpose of making payments without incurring any obligation for payment after the date of termination, regardless of the terms of the contract. The state agency shall provide the contractor thirty (30) calendar days written notice of termination of the contract.

**XII. PROVISIONS FOR TERMINATION:**

This Contract shall be subject to the termination provisions set forth in 200 KAR 5:312.

**XIII. TOBACCO FREE:**

Pursuant Executive Order 2014-747, use of any tobacco product, including any electronic cigarette or vaping device is prohibited on any and all properties owned, leased or contracted for use by the Executive Branch of the Commonwealth of Kentucky.

**XIV. GOVERNING LAW:**

This Contract shall be governed by and construed in accordance with the laws of the Commonwealth of Kentucky and any litigation with respect to this Contract shall be brought in state or federal court in Franklin County, Kentucky.

**XV. QUANTITY BASIS OF CONTRACT-ESTIMATED QUANTITIES (If Applicable):**

Any and all quantities mentioned in this Contract are purely estimates, and are not to be implied nor inferred as being guarantees. The State is obligated to buy only that quantity needed during the term of the contract.

**XVI. ACCESS TO RECORDS:** The contractor, as defined in KRS 45A.030 (9) agrees that the contracting agency, the Finance and Administration Cabinet, the Auditor of Public Accounts, and the Legislative Research Commission, or their duly authorized representatives, shall have access to any books, documents, papers, records, or other evidence, which are directly pertinent to this contract for the purpose of financial audit or program review. Records and other prequalification information confidentially disclosed as part of the bid process shall not be deemed as directly pertinent to the contract and shall be exempt from disclosure as provided in KRS 61.878(1)(c). The contractor also recognizes that any books, documents, papers, records, or other evidence, received during a financial audit or program review shall be subject to the Kentucky Open Records Act, KRS 61.870 to 61.884.

**XVII. DISCRIMINATION:** Discrimination (because of race, religion, color, national origin, sex, sexual orientation, gender identity, age, or disability) is prohibited. This section applies

1800000756	Document Phase Final	Document Description Brian Stigers Truck Sales - Shipping Container	Page 4 of 5
------------	-------------------------	--	----------------

only to contracts utilizing federal funds, in whole or in part. During the performance of this contract, the contractor agrees as follows:

1. The contractor will not discriminate against any employee or applicant for employment because of race, religion, color, national origin, sex, sexual orientation, gender identity, or age. The contractor further agrees to comply with the provisions of the Americans with Disabilities Act (ADA), Public Law 101-336, and applicable federal regulations relating thereto prohibiting discrimination against otherwise qualified disabled individuals under any program or activity. The contractor agrees to provide, upon request, needed reasonable accommodations. The contractor will take affirmative action to ensure that applicants are employed and that employees are treated during employment without regard to their race, religion, color, national origin, sex, sexual orientation, gender identity, age or disability. Such action shall include, but not be limited to the following; employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensations; and selection for training, including apprenticeship. The contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices setting forth the provisions of this non-discrimination clause.

2. The contractor will, in all solicitations or advertisements for employees placed by or on behalf of the contractor, state that all qualified applicants will receive consideration for employment without regard to race, religion, color, national origin, sex, sexual orientation, gender identity, age or disability.

3. The contractor will send to each labor union or representative of workers with which he has a collective bargaining agreement or other contract or understanding, a notice advising the said labor union or workers' representative of the contractor's commitments under this section, and shall post copies of the notice in conspicuous places available to employees and applicants for employment. The contractor will take such action with respect to any subcontract or purchase order as the administering agency may direct as a means of enforcing such provisions, including sanctions for noncompliance.

4. The contractor will comply with all provisions of Executive Order No. 11246 of September 24, 1965 as amended, and of the rules, regulations and relevant orders of the Secretary of Labor.

5. The contractor will furnish all information and reports required by Executive Order No. 11246 of September 24, 1965, as amended, and by the rules, regulations and orders of the Secretary of Labor, or pursuant thereto, and will permit access to his books, records and accounts by the administering agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations and orders.

6. In the event of the contractor's noncompliance with the nondiscrimination clauses of this contract or with any of the said rules, regulations or orders, this contract may be cancelled, terminated or suspended in whole or in part and the contractor may be declared ineligible for further government contracts or federally-assisted construction contracts in accordance with procedures authorized in Executive Order No. 11246 of September 24, 1965, as amended, and such other sanctions may be imposed and remedies invoked as provided in or as otherwise provided by law.

1800000756	<b>Document Phase</b> Final	<b>Document Description</b> Brian Stigers Truck Sales - Shipping Container	<b>Page 5</b> of 5
------------	--------------------------------	---	-----------------------

7. The contractor will include the provisions of paragraphs (1) through (7) of section 202 of Executive Order 11246 in every subcontract or purchase order unless exempted by rules, regulations or orders of the Secretary of Labor, issued pursuant to section 204 of Executive Order No. 11246 of September 24, 1965, as amended, so that such provisions will be binding upon each subcontractor or vendor. The contractor will take such action with respect to any subcontract or purchase order as the administering agency may direct as a means of enforcing such provisions including sanctions for noncompliance; provided, however, that in the event a contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the agency, the contractor may request the United States to enter into such litigation to protect the interests of the United States.

**Brian Stigers Truck Sales, Inc.**

86 Old Harrodsburg Road  
Frankfort, Kentucky 40601  
(502) 875-1084  
Fax (502) 875-2366  
Website - [stigerstrailer.com](http://stigerstrailer.com)

**Invoice #388**

**Customer: Kentucky Dept. of Fish & Wildlife**

**Date: July 20, 2017**

<b>1 - Used 40' Container</b>	
<b>Standard Height</b>	
<b>SOLD AS-IS - Good Condition</b>	
<b>Double Swing Doors</b>	
<b>Delivery to Frankfort, Kentucky location</b>	
<b>Total</b>	<b>\$2,900.00</b>



502-564-9136

KY Dept. of Fish & Wildlife

09:25:08 a.m 08-02-2017

3/3

Solicitation/Contract #: \_\_\_\_\_

**REQUIRED AFFIDAVIT FOR BIDDERS, OFFERORS AND CONTRACTORS**

PAGE 2 OF 2

c. In accordance with KRS 121.330(3) and (4), and if this is a non-bid contract, to the best of his/her knowledge, neither the contractor, nor any member of his/her immediate family, his/her employer, or his/her employees, or any entity affiliated with any of these entities or individuals, have directly solicited contributions in excess of \$30,000 in the aggregate for the campaign of a candidate elected in the election last preceding the date of contract award that has jurisdiction over this contract.

As a duly authorized representative for the bidder, offeror, or contractor, I have fully informed myself regarding the accuracy of all statements made in this affidavit, and acknowledge that the Commonwealth is reasonably relying upon these statements, in making a decision for contract award and any failure to accurately disclose such information may result in contract termination, repayment of funds and other available remedies under law.

[Signature] Brian Stigers  
Signature Printed Name  
Owner August 2, 2017  
Title Date

Company Name Brian Stigers Truck Sales, Inc.  
Address 86 Old Habrodsburg Rd.  
Frankfort, Ky 40601

Subscribed and sworn to before me by Brian Stigers Owner  
(Affiant) (Title)  
of Brian Stigers Truck Sales, Inc. this 2nd day of August, 2017  
(Company Name)

[Signature]  
Notary Public  
(seal of notary) My commission expires: October 14, 2020



Doc ID No: PO2 660 1800000886 version 1

Page: 1 of 5



# Commonwealth of Kentucky

## PURCHASE ORDER

**IMPORTANT**

Show Doc ID number on all packages, invoices and correspondence.

<b>Doc Description:</b> Brian Stigers Truck Sales - Shipping Container	
<b>Doc ID No:</b> PO2 660 1800000886 1	<b>Procurement Folder:</b> 4596049
<b>Procurement Type:</b> Standard Services	<b>Record Date:</b> 08/09/2017
<b>Issued By:</b> BARRY STIGERS	<b>Cited Authority:</b> FAP111-55-00-S
<b>Telephone:</b> 502-564-7109	

<b>C O N T R A C T O R</b>	<b>BRIAN STIGERS TRUCK SALES INC</b>
	86 OLD HARRODSBURG RD
	FRANKFORT KY 40601
	US

**Effective From:** 07/01/2017      **Effective To:** 12/31/2017

Line	CL Description	Due Date	Quantity	Unit Issue	Unit Price	Contract Amt	Total Price
1	Used 40' Container		1.00	EA	2,900.00000	0.00	2,900.00

**Extended Description**

1 Used 40' container standard height with double swinging doors. Price includes delivery to the Game Farm.

<b>B I L L T O</b>	233564	<b>S H I P T O</b>	233564
	COM FW DEPT FISH AND WILDLIFE		COM FW DEPT FISH AND WILDLIFE
	#1 SPORTSMAN'S LANE		#1SPORTSMAN'S LANE
	FRANKFORT KY 40601		FRANKFORT KY 40601
US	US		

**Total Order Amount:** 2,900.00



1600000886	Document Phase Final	Document Description Brian Stigers Truck Sales - Shipping Container	Page 2 of 5
------------	-------------------------	--	----------------

## AWARD CONTRACT

### I. AWARD OF CONTRACT:

This written notice of award (or acceptance of offer) mailed or otherwise furnished to the successful offeror within the time for acceptance specified in the offer shall be deemed to result in a binding contract without further action by either party.

### II. KENTUCKY SALES AND USE TAXES:

Sales of tangible personal property or services to the State of Kentucky and its agencies are not subject to state sales or use taxes.

### III. COMPLIANCE WITH STATE LAWS:

Contracts and orders shall be governed by the laws of the Commonwealth of Kentucky. The rights and obligations of the parties thereto shall be determined in accordance with these laws.

### IV. CONTRACT MODIFICATIONS:

No modification to this contract shall be permitted unless the contractor receives written approval from the Office of Procurement Services.

If the contractor believes modifications are necessary, he/she may request approval of the Office of Procurement Services. All contract modifications shall be subject to the provisions of 200 KAR 5:311.

### V. SELLER'S INVOICES:

Invoices, if required, shall be prepared and transmitted to the agency receiving the goods or services. One copy shall be marked "original" unless otherwise specified. Invoices shall contain, at a minimum, the following information: Contract and order number (if any), item numbers, description of supplies or services, sizes, quantities, unit prices, and extended totals.

### VI. PAYMENTS:

The vendor shall be paid, upon the submission of proper invoices to the receiving agency at the prices stipulated for the supplies delivered and accepted, or services rendered. Unless otherwise specified, payment will not be made for partial deliveries accepted. Payments will be made within thirty (30) working days after receipt of goods or a vendor's accurate invoice in accordance with KRS 45.453 and KRS 45.454.

### VII. TAX EXEMPT STATUS:

The Commonwealth of Kentucky is exempt from Federal Excise Tax and Kentucky Sales or Use Tax. Do not include these on any invoices.

### VIII. SHIPPING (If Applicable):

All shipping shall be F.O.B. Destination Freight Prepaid and Allowed.

### IX. DELIVERY (If Applicable):

Delivery shall be thirty (30) days after receipt of order (ARO).

1800000886	Document Phase Final	Document Description Brian Stigers Truck Sales - Shipping Container	Page 3 of 5
------------	-------------------------	--	----------------

**X. WARRANTY (If Applicable):**

The Vendor shall provide its most favorable warranty. A copy of such warranty shall be furnished to the agency upon delivery of the equipment. The Vendor will not be liable under the above warranty for any defects or damages resulting from unforeseeable causes beyond the control and without the fault or negligence of the Vendor, such as misuse or neglect by the State, acts of God, fires, floods and hurricanes.

**XI. FUNDING OUT PROVISION:**

The state agency may terminate this contract if funds are not appropriated to the contracting agency or are not otherwise available for the purpose of making payments without incurring any obligation for payment after the date of termination, regardless of the terms of the contract. The state agency shall provide the contractor thirty (30) calendar days written notice of termination of the contract.

**XII. PROVISIONS FOR TERMINATION:**

This Contract shall be subject to the termination provisions set forth in 200 KAR 5:312.

**XIII. TOBACCO FREE:**

Pursuant Executive Order 2014-747, use of any tobacco product, including any electronic cigarette or vaping device is prohibited on any and all properties owned, leased or contracted for use by the Executive Branch of the Commonwealth of Kentucky.

**XIV. GOVERNING LAW:**

This Contract shall be governed by and construed in accordance with the laws of the Commonwealth of Kentucky and any litigation with respect to this Contract shall be brought in state or federal court in Franklin County, Kentucky.

**XV. QUANTITY BASIS OF CONTRACT-ESTIMATED QUANTITIES (If Applicable):**

Any and all quantities mentioned in this Contract are purely estimates, and are not to be implied nor inferred as being guarantees. The State is obligated to buy only that quantity needed during the term of the contract.

**XVI. ACCESS TO RECORDS:** The contractor, as defined in KRS 45A.030 (9) agrees that the contracting agency, the Finance and Administration Cabinet, the Auditor of Public Accounts, and the Legislative Research Commission, or their duly authorized representatives, shall have access to any books, documents, papers, records, or other evidence, which are directly pertinent to this contract for the purpose of financial audit or program review. Records and other prequalification information confidentially disclosed as part of the bid process shall not be deemed as directly pertinent to the contract and shall be exempt from disclosure as provided in KRS 61.878(1)(c). The contractor also recognizes that any books, documents, papers, records, or other evidence, received during a financial audit or program review shall be subject to the Kentucky Open Records Act, KRS 61.870 to 61.884.

**XVII. DISCRIMINATION:** Discrimination (because of race, religion, color, national origin, sex, sexual orientation, gender identity, age, or disability) is prohibited. This section applies

1800000886	Document Phase Final	Document Description Brian Stigers Truck Sales - Shipping Container	Page 4 of 5
------------	-------------------------	--	----------------

only to contracts utilizing federal funds, in whole or in part. During the performance of this contract, the contractor agrees as follows:

1. The contractor will not discriminate against any employee or applicant for employment because of race, religion, color, national origin, sex, sexual orientation, gender identity, or age. The contractor further agrees to comply with the provisions of the Americans with Disabilities Act (ADA), Public Law 101-336, and applicable federal regulations relating thereto prohibiting discrimination against otherwise qualified disabled individuals under any program or activity. The contractor agrees to provide, upon request, needed reasonable accommodations. The contractor will take affirmative action to ensure that applicants are employed and that employees are treated during employment without regard to their race, religion, color, national origin, sex, sexual orientation, gender identity, age or disability. Such action shall include, but not be limited to the following; employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensations; and selection for training, including apprenticeship. The contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices setting forth the provisions of this non-discrimination clause.

2. The contractor will, in all solicitations or advertisements for employees placed by or on behalf of the contractor, state that all qualified applicants will receive consideration for employment without regard to race, religion, color, national origin, sex, sexual orientation, gender identity, age or disability.

3. The contractor will send to each labor union or representative of workers with which he has a collective bargaining agreement or other contract or understanding, a notice advising the said labor union or workers' representative of the contractor's commitments under this section, and shall post copies of the notice in conspicuous places available to employees and applicants for employment. The contractor will take such action with respect to any subcontract or purchase order as the administering agency may direct as a means of enforcing such provisions, including sanctions for noncompliance.

4. The contractor will comply with all provisions of Executive Order No. 11246 of September 24, 1965 as amended, and of the rules, regulations and relevant orders of the Secretary of Labor.

5. The contractor will furnish all information and reports required by Executive Order No. 11246 of September 24, 1965, as amended, and by the rules, regulations and orders of the Secretary of Labor, or pursuant thereto, and will permit access to his books, records and accounts by the administering agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations and orders.

6. In the event of the contractor's noncompliance with the nondiscrimination clauses of this contract or with any of the said rules, regulations or orders, this contract may be cancelled, terminated or suspended in whole or in part and the contractor may be declared ineligible for further government contracts or federally-assisted construction contracts in accordance with procedures authorized in Executive Order No. 11246 of September 24, 1965, as amended, and such other sanctions may be imposed and remedies invoked as provided in or as otherwise provided by law.

1800000886	<b>Document Phase</b> Final	<b>Document Description</b> Brian Stigers Truck Sales - Shipping Container	<b>Page 5</b> of 5
------------	--------------------------------	---	-----------------------

7. The contractor will include the provisions of paragraphs (1) through (7) of section 202 of Executive Order 11246 in every subcontract or purchase order unless exempted by rules, regulations or orders of the Secretary of Labor, issued pursuant to section 204 of Executive Order No. 11246 of September 24, 1965, as amended, so that such provisions will be binding upon each subcontractor or vendor. The contractor will take such action with respect to any subcontract or purchase order as the administering agency may direct as a means of enforcing such provisions including sanctions for noncompliance; provided, however, that in the event a contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the agency, the contractor may request the United States to enter into such litigation to protect the interests of the United States.

**Finding 5: KDFWR Compensated "Volunteers" with Pre-Paid Debit Cards Jeopardizing Federal Grant Funds.**

**Pg. 19- Although the policies state that gift cards are provided, KDFWR is actually purchasing pre-paid Visa cards from a vendor that includes a processing and postage fee per card. Gift cards are typically restricted for use to a vendor....prepaid Visas cards can be used anywhere.**

Gift cards that KDFWR purchases are generic Visas in order that there be no confusion about the Department's sponsorship of vendor. These cards do not lend themselves to the some of the same abuses that a vendor-specific, recipient-unknown card because they have the volunteer's name and are mailed directly from the Omni vendor to the volunteer's address (hence the postage and processing charge). Without the name on the card the gift cards and mailing from a third party, these gift cards would be only slightly better than cash.

KDFWR has complied with the 2013 audit recommendations. Each year since that audit, the APA has reviewed these transactions to ensure that they were not paid on the procurement card, the purchases were approved by the Finance Cabinet, and that were tracked to ensure there were no 1099 issues. Each year there have been no comments.

**Pg 21 The provided project statement is vague and fails to disclose the terms and conditions surrounding the incentive payments, or fully define what those incentives are.**

The US Fish & Wildlife Service is aware of the "incentives based on the number of hours volunteered" as a part of the grant application process. The US agency reviews our policies (see Kentucky Hunter Education Program Policies Procedures). We borrowed this idea from other states that also offer these types incentives; the US agency is familiar with these programs.

The US agency places a value of those hours at \$20 hour. These people are not employees, they are volunteer trainers to meet a KRS required certification. Hiring people across the state for twenty times (nor eight times the cost as suggested) does not seem to be a good investment of tax payer dollars because the travel or haphazard hours wouldn't be a job consistent enough. This As far as the cost being too much, there are online classes for the first portion of the class available to hunters, but those classes cost \$13 or \$19 for a state required safety certification. (In-person instructors teach the second portion, how to use the weapon.) KRS 45A.097 allows for incentives to be given, KRS 45A.095(4)(f) allows for payment to visiting speakers.



Ky.gov

# KENTUCKY DEPARTMENT of FISH & WILDLIFE RESOURCES



[BUY LICENSES](#) [TELECHECK](#) [SEASONS](#) [MAPS](#) [GIFT CERT.](#) [CONTACT US](#)

[Licenses](#) [Hunt](#) [Wildlife](#) [Fish](#) [Boat](#) [Education](#) [Enforcement](#) [KY Afield](#) [More](#)

Kentucky Department of Fish & Wildlife / Education / Hunter Education

[Learn to Hunt, Fish and Shoot](#)

[Aquatic Education](#)

[Boater Education](#)

[Hunter Education](#)

[Field to Fork](#)

[Becoming an Outdoors Woman \(BOW\)](#)

[Black Bears](#)

[Blue Water Trails](#)

[Explore Bowhunting](#)

[Fishing in Neighborhoods \(FINS\)](#)

[Horseback Riding](#)

[NASP](#)

[Otter Creek Outdoor Recreation Area](#)

[Salato Wildlife Center](#)

[Summer Camps](#)

[Conservation Education](#)

[Project WLD](#)

[Help Support Salato and Wildlife Conservation in Kentucky](#)

## Hunter Education

### Hunter Education Requirement

Effective March 1, 1991, all hunters born on or after January 1, 1975 shall while hunting carry a valid hunter education course completion card in addition to the appropriate Kentucky hunting license. A bow hunter not in possession of a firearm may carry a "National Bowhunter Education Program" course completion card in lieu of the hunter education card.

## Popular

### Links:

- [Hunter Education/Boater Education Card Reprint](#)
- [One-Year Hunter Education Exemption Permit](#)
- [One-Year Exemption Permit Lookup/Reprint](#)

### Volunteer:

- [Become a Hunter Education Volunteer Instructor](#)

## Get Hunter Education Certified

Please Note: Pre-registration is now required for all hunter education courses.

[Instructor-Led Courses](#) [Online Courses](#)

### Instructor-Led Courses

These courses are led by certified hunter education instructors at various locations throughout the state. The hunter education course includes study in Hunter Ethics, Wildlife Conservation and Identification, Field Care of Game, First Aid, Firearm Safety, Archery and Muzzleloading. The last session of the course will include a written test and a live fire exercise. All materials including firearms and ammunition are provided at NO CHARGE. [View the Instructor-Led Course Schedule and pre-register here.](#)

Ky.gov

# KENTUCKY DEPARTMENT of FISH & WILDLIFE RESOURCES



[BUY LICENSES](#) [TELECHECK](#) [SEASONS](#) [MAPS](#) [GIFT CERT.](#) [CONTACT US](#)

[Licenses](#) [Hunt](#) [Wildlife](#) [Fish](#) [Boat](#) [Education](#) [Enforcement](#) [KY Afield](#) [More](#)

Kentucky Department of Fish & Wildlife / Education / Hunter Education

[Learn to Hunt, Fish and Shoot](#)

[Aquatic Education](#)

[Boater Education](#)

[Hunter Education](#)

[Field to Fork](#)

[Becoming an Outdoors Woman \(BOW\)](#)

[Black Bears](#)

[Blue Water Trails](#)

[Explore Bowhunting](#)

[Fishing in Neighborhoods \(FINS\)](#)

[Horseback Riding](#)

[NASP](#)

[Otter Creek Outdoor Recreation Area](#)

[Salato Wildlife Center](#)

[Summer Camps](#)

[Conservation Education](#)

[Project WILD](#)

[Help Support Salato and Wildlife Conservation in Kentucky](#)

## Hunter Education

### Hunter Education Requirement

Effective March 1, 1991, all hunters born on or after January 1, 1975 shall while hunting carry a valid hunter education course completion card in addition to the appropriate Kentucky hunting license. A bow hunter not in possession of a firearm may carry a "National Bowhunter Education Program" course completion card in lieu of the hunter education card.

### Popular

#### Links:

- [Hunter Education/Boater Education Card Reprint](#)
- [One-Year Hunter Education Exemption Permit](#)
- [One-Year Exemption Permit Lookup/Reprint](#)

### Volunteer:

- [Become a Hunter Education Volunteer Instructor](#)

### Get Hunter Education Certified

Please Note: Pre-registration is now required for all hunter education courses.

[Instructor-Led Courses](#) [Online Courses](#)

#### Online Courses

Students may self-study through the hunter education course by completing one of the two internet options below. In order to fully complete the certification requirements, once the student completes the online course, they must pre-register and attend a RANGE DAY where they will participate in a live fire exercise.

- **Step 1:** Start the Online Course at one of these sites: [Hunteredcourse.com](#) (\$13) OR [hunter-ed.com](#) (\$19.50)
- **Step 2:** THEN, complete the Hunter Education Range Day (*Please Note: Online and CD-Rom Students must complete a Hunter Education Range Day after completing the Online Course in order to complete certification.*) [View the Range Day Schedule and Pre-Register here.](#)





**TOURISM, ARTS AND HERITAGE CABINET  
KENTUCKY DEPARTMENT OF FISH & WILDLIFE RESOURCES**

**Steven L. Beshear**  
Governor

#1 Sportsman's Lane  
Frankfort, Kentucky 40601  
Phone (502) 564-3400  
1-800-858-1549  
Fax (502) 564-0506  
[fw.ky.gov](http://fw.ky.gov)

**Bob Stewart**  
Secretary

**Gregory K. Johnson**  
Commissioner

December 8, 2014

Mr. Don Speer, Executive Director  
Finance and Administration Cabinet  
702 Capitol Avenue, Room 96  
Frankfort, Kentucky 40601

Dear Mr. Speer:

This letter is requesting a Competitive Bidding Exception (FAP 111-10-00-12) for the purchase of gift cards for volunteer hunter education instructors. As outlined in 2013 statutory state audit, finding 2013-10, the department has ceased purchasing gift cards for volunteer hunter education instructors using a Pro-Card. The department sought a special exemption to allow Pro-Card usage for these volunteer cards, but was denied. After researching potential vendors and solutions, the selected Visa gift card vendor, Omni Card LLC, is the only one found that will invoice us and accept checks from the department keeping us compliant with the audit finding.

Hunter education is required for all Kentucky hunters born after January 1, 1975. The Kentucky Department of Fish and Wildlife Resources (KDFWR) receives federal funds to administer the hunter education program. To ensure we can deliver the required number of hunter education classes, KDFWR uses volunteer instructors to deliver the majority of hunter education programs in Kentucky. Volunteer instructor hours are used as part of the required state match for federal aid. Volunteer hours are valued at \$20 per hour towards state match of federal dollars. In 2015, Kentucky is eligible to receive in excess of \$2,000,000 in federal aid for the hunter education program. Like many other states, Kentucky provides incentives in the form of a gift card to these volunteers. A volunteer receives the equivalent of \$1 hour for every hour worked. Volunteer instructors can accrue credit and cash out for a gift card between \$50 and \$450. Our current policy and database does not allow volunteers to cash out for more than \$450 in a calendar year. The hunter education program is reimbursed by

Don Speer  
Page 2  
December 8, 2014

federal grant money awarded by the United States Fish and Wildlife Service (USFWS). Our federal coordinator has stated that the outright cash payment of volunteers would jeopardize those grant dollars for the program, but gift cards do not place those dollars in jeopardy.

The annual amount spent of these gift cards varies per year but can reach or exceed \$20,000. Our current projection is \$15,000 for the fiscal year. Arguably, the hours spent by volunteers are a cost effective way to deliver the hunter education requirement to our constituents. If this exception request is approved, the contract will be renewed on an annual basis.

Thanks for your consideration in this matter.



Sincerely,

A handwritten signature in black ink that reads "Charles O. Bush, Jr." in a cursive style.

Charles O. Bush, Jr.  
Deputy Commissioner

Track Work in Progress

OMM CARD

Page 1 of 1

Track Work in Progress - PRC - 660 - 1700168605 - 1

Date Submitted : 3/24/2017 Submitter : Kristen Hundley

UTH

[Menu Back](#)

Approval Rule ID	Seq No	Approval Level	Assignment Date	Initial Assignee Name	Approval Status	Approval User Name
✓ 6941	1	1	2017-03-24	660_ACCTING	Pending	

[View Log](#)

[View Visual](#)

OMM CARD LLC  
116610 NORTH BLACK CANYON HWY  
SUITE B-105  
PHOENIX AZ 85053  
AD005 VCM 174530

APPROVED

MAR 28 2017

Pymt Request-CommodityBased(PRC)

View All of 8 | Document validated successfully

Pymt Request-CommodityBased(PRC) Dept: 660 ID: 1700166605 Ver.: 1 Function: New Phase: Draft  
Modified by XWWW092, 03/24/2017

Vendor Line	Vendor Customer	Legal Name	Line Amount	LLC
1	VC100019395	OMNI CARD LLC	839.68	<input type="checkbox"/>

From 1 to 1 Total: 1

**General Information**

<b>Vendor Customer:</b> VC100019395	<b>Vendor Contact ID:</b> PC002
<b>Legal Name:</b> OMNI CARD LLC	<b>Vendor Contact Name:</b> LAURIE HARLAN
<b>Alias/DBA:</b> WRL.com LLC	<b>Vendor Contact Phone:</b> 802-660-0601
<b>Address Code:</b> AD001	<b>Vendor Contact Phone Ext.:</b> 
<b>Address 1:</b> 495 MANSFIELD AVENUE	<b>Vendor Contact Email:</b> 
<b>Address 2:</b> 	<b>Fax:</b> 
<b>City:</b> PITTSBURG	<b>Fax Extension:</b> 
<b>State:</b> Pennsylvania	<b>Web Address http://:</b> 
<b>Zip Code:</b> 15205	<b>Taxpayer ID Number:</b> 
<b>Country:</b> US	<b>Taxpayer ID Type:</b> 
<b>County:</b> 	<b>Merchant ID:</b> 
	<b>Tax Profile:</b> 
	<b>Received Service From Date:</b> 03/14/2017
	<b>Received Service To Date:</b> 03/14/2017

**Disbursement Options**

<b>Disbursement Type:</b> Check	<b>Handling Code:</b> 
<b>Disbursement Format:</b> REG	<b>Disbursement Category:</b> UTH
<b>Scheduled Payment Date:</b> 03/24/2017	
<b>Disbursement Priority:</b> 000000099	
<b>Single Payment:</b> <input checked="" type="checkbox"/>	
<b>Pay Third Party:</b> <input type="checkbox"/>	
<b>On-line Disbursement Rqst:</b> <input type="checkbox"/>	
<b>EFT Status:</b> 	

Pymt Request-CommodityBased(PRC)

page 2 of 2

TWA

Invoice Information

Invoice Doc Code:	Vendor Invoice Number:
Invoice Doc Dept:	Vendor Invoice Date:
Invoice Doc ID:	Tracking Date:
Invoice Acceptance/Sign-Off Date:	

Agreement Reference

Agreement Ref Code:	Agreement Ref Vendor Line:
Agreement Ref Dept:	
Agreement Ref ID:	

Discount Terms

Days 1:	Percent 1:	Discount Always 1:
Days 2:	Percent 2:	Discount Always 2:
Days 3:	Percent 3:	Discount Always 3:
Days 4:	Percent 4:	Discount Always 4:

Invoice 51199892

PLEASE

Invoice

VT#



This Purchase Order is pursuant to the Master Agreement signed on 04/07/2016

Order Information

Date: 03/14/17  
Payment Type: Check  
# of Cards: 4  
Total Cost: \$839.68

PO 6668  
177-5189

RECEIVED

MAR 24 2017

ADMINISTRATIVE SERVICES

Shipping Information

Orders may take 3-5 business days to process and print before shipping.

Mailed USPS to recipients. Please reference the Shipping Details tab for your invoice for a list of mailing addresses.

Return Address on the Carriers

World  
Kentucky Dept. Of Fish and Wildlife  
1 Sportsman's Lane  
Frankfort, KY 40601

CSO 7/16  
E 322  
*[Signature]*

Order Summary

Item	Quantity	Price	Total
<b>Card Load</b>			
World Visa 12 Month Non-Reloadable	4	-	\$822.00
			<b>\$822.00</b>
<b>Processing</b>			
World Visa 12 Month Non-Reloadable (Any Load Value)	4	\$3.95	\$15.80
			<b>\$15.80</b>
<b>Shipping</b>			
Usps First Class Shipping Fee	4	\$0.47	\$1.88
			<b>\$1.88</b>
<b>Total Cost</b>			<b>\$839.68</b>

Please make your check out to OmniCard, LLC and send it to:

OmniCard, LLC  
Attention: Cash Applications

Sep-14

PURCHASE REQUISITION - FISH & WILDLIFE RESOURCES

FC15



Division I&E

Requested by Jamie Cook

Branch Appr Bill Balda

Director Approval Tim Stone

Budget Review

Comm Office Approval

Deliver to Address

Jamie Cook

#1 Sportsman's Lane

Frankfort, Ky 40601

\*\* Estimated Cost \$539.68

Template C10748-INFO Hunter Education 1HUNTER

Activity Code

Location Code

Object Code 322

Budgeted Amt \$10,000.00

Amt Remaining \$3,479.00

Additional Templates and % ?

Master Agreement Number?

Capitol Construction/Number?

ITEMS

Quantity	Unit Price	Description (include specification, make & model #)	Total Price
4	\$3.95	PROCESSING FEE	\$15.80
4	\$0.47	Shipping USPS	\$1.88
1	\$227.50	Volunteer Incentive To: Leland Salyer 1685 South Main ST Henderson KY 42420	\$227.50
1	\$154.00	Volunteer Incentive To: Danny Triplett 300 Covington Ridge Owensboro KY 42304	\$154.00
1	\$171.00	Volunteer Incentive To: David Clark 7482 Old KY 81 Owensboro KY 42301	\$171.00
1	\$269.50	Volunteer Incentive to: Fred Chism 1920 Daniels Lane Owensboro KY 42303	\$269.50
			\$0.00
			\$0.00
			\$0.00
			\$0.00
			\$0.00
			\$0.00
			\$0.00
			\$839.68

See Additional Items Tab Below for more space. Cost -->

Suggested Vendor / Source of Supply: Omnicard, LLC, 16610 N. Black Canyon Hwy Suite B-105 Phoenix Az 85053 ATTN: Cash Applications

Justification and Use: These gift cards are provided to our volunteers as an incentive for their dedicated work in carrying out Hunter Education programs across the state. N GENERAL FUND TAX DOLLARS WILL BE USED FOR THIS PURCHASE.



Doc ID No: PO 660 1700005189 version 1

Page: 1 of 6



# Commonwealth of Kentucky

## PURCHASE ORDER

**IMPORTANT**

Show Doc ID number on all packages, invoices and correspondence.

Doc Description: OMNICARD LLC - VOLUNTEER GIFT CARDS - KDFWR - INFO & EDUC	
Doc ID No: PO 660 1700005189 1	Procurement Folder: 4490126
Procurement Type: Special Authority Goods	Record Date:
Issued By: BARRY STIGERS	Cited Authority: FAP111-09-00-12-G
Telephone: 502-564-7109	

C O N T R A C T O R	OMNI CARD LLC	
	495 MANSFIELD AVENUE	
	PITTSBURG	PA 15205
	US	

*SEND payment to ADDRESS on requisition*

Effective From: 02/01/2017

Effective To: 06/30/2017

Line	CL Description	Due Date	Quantity	Unit Issue	Unit Price	Contract Amt	Total Price
1	GIFT CARDS		4.00	EA	205.50000	0.00	822.00

**Extended Description**

(4) VISA GIFT CARDS IN THE FOLLOWING AMOUNT:

\$822.00

Leland Salyer  
1685 South Main St  
Henderson, Ky. 42430  
\$227.50

Danny Triplett  
300 Covington Ridge  
Owensboro, Ky. 42304  
\$154.00

David Clark  
7482 Old Ky. B1  
Owensboro, Ky. 42301  
\$171.00

Fred Chism  
1920 Daniels Lane  
Owensboro, Ky. 42303  
\$269.50

KDFWR CONTACT: JAMIE COOK 502-564-7109 EXT. 4404

Doc ID No: PO 660 1700005189 version 1

Page: 2 of 6

<b>B I L L  T O</b>	233564	<b>S H I P  T O</b>	233564
	COM FW DEPT FISH AND WILDLIFE		COM FW DEPT FISH AND WILDLIFE
	#1 SPORTSMAN'S LANE		#1SPORTSMAN'S LANE
	FRANKFORT                      KY 40601		FRANKFORT                      KY 40601
	US		US

Effective From: 09/01/2016                      Effective To: 06/30/2017

Line	CL Description	Due Date	Quantity	Unit Issue	Unit Price	Contract Amt	Total Price
2	GIFT CARDS		4.00	EA	3.95000	0.00	15.80

Extended Description  
\$3.95 SERVICE CHARGE PER CARD

<b>B I L L  T O</b>	233564	<b>S H I P  T O</b>	233564
	COM FW DEPT FISH AND WILDLIFE		COM FW DEPT FISH AND WILDLIFE
	#1 SPORTSMAN'S LANE		#1SPORTSMAN'S LANE
	FRANKFORT                      KY 40601		FRANKFORT                      KY 40601
	US		US

Effective From: 09/01/2016                      Effective To: 06/30/2017

Line	CL Description	Due Date	Quantity	Unit Issue	Unit Price	Contract Amt	Total Price
3	FREIGHT		4.00	EA	0.47000	0.00	1.88

Extended Description  
FEDEX SHIPPING

<b>B I L L  T O</b>	233564	<b>S H I P  T O</b>	233564
	COM FW DEPT FISH AND WILDLIFE		COM FW DEPT FISH AND WILDLIFE
	#1 SPORTSMAN'S LANE		#1SPORTSMAN'S LANE
	FRANKFORT                      KY 40601		FRANKFORT                      KY 40601
	US		US

<b>Total Order Amount:</b>	<b>839.68</b>
----------------------------	---------------

1700005189	Document Phase Draft	Document Description OMNICARD LLC - VOLUNTEER GIFT CARDS - KDFWR - INFO & EDUC	Page 3 of 6
------------	-------------------------	--	----------------

## AWARD CONTRACT

### I. AWARD OF CONTRACT:

This written notice of award (or acceptance of offer) mailed or otherwise furnished to the successful offeror within the time for acceptance specified in the offer shall be deemed to result in a binding contract without further action by either party.

### II. KENTUCKY SALES AND USE TAXES:

Sales of tangible personal property or services to the State of Kentucky and its agencies are not subject to state sales or use taxes.

### III. COMPLIANCE WITH STATE LAWS:

Contracts and orders shall be governed by the laws of the Commonwealth of Kentucky. The rights and obligations of the parties thereto shall be determined in accordance with these laws.

### IV. CONTRACT MODIFICATIONS:

No modification to this contract shall be permitted unless the contractor receives written approval from the Office of Procurement Services.

If the contractor believes modifications are necessary, he/she may request approval of the Office of Procurement Services. All contract modifications shall be subject to the provisions of 200 KAR 5:311.

### V. SELLER'S INVOICES:

Invoices, if required, shall be prepared and transmitted to the agency receiving the goods or services. One copy shall be marked "original" unless otherwise specified. Invoices shall contain, at a minimum, the following information: Contract and order number (if any), item numbers, description of supplies or services, sizes, quantities, unit prices, and extended totals.

### VI. PAYMENTS:

The vendor shall be paid, upon the submission of proper invoices to the receiving agency at the prices stipulated for the supplies delivered and accepted, or services rendered. Unless otherwise specified, payment will not be made for partial deliveries accepted. Payments will be made within thirty (30) working days after receipt of goods or a vendor's accurate invoice in accordance with KRS 45.453 and KRS 45.454.

### VII. TAX EXEMPT STATUS:

The Commonwealth of Kentucky is exempt from Federal Excise Tax and Kentucky Sales or Use Tax. Do not include these on any invoices.

### VIII. SHIPPING (If Applicable):

All shipping shall be F.O.B. Destination Freight Prepaid and Allowed.

### IX. DELIVERY (If Applicable):

Delivery shall be thirty (30) days after receipt of order (ARO).

1700005189	Document Phase Draft	Document Description OMNICARD LLC - VOLUNTEER GIFT CARDS - KDFWR - INFO & EDUC	Page 4 of 6
------------	-------------------------	--	----------------

**X. WARRANTY (if Applicable):**

The Vendor shall provide its most favorable warranty. A copy of such warranty shall be furnished to the agency upon delivery of the equipment. The Vendor will not be liable under the above warranty for any defects or damages resulting from unforeseeable causes beyond the control and without the fault or negligence of the Vendor, such as misuse or neglect by the State, acts of God, fires, floods and hurricanes.

**XI. FUNDING OUT PROVISION:**

The state agency may terminate this contract if funds are not appropriated to the contracting agency or are not otherwise available for the purpose of making payments without incurring any obligation for payment after the date of termination, regardless of the terms of the contract. The state agency shall provide the contractor thirty (30) calendar days written notice of termination of the contract.

**XII. PROVISIONS FOR TERMINATION:**

This Contract shall be subject to the termination provisions set forth in 200 KAR 5:312.

**XIII. TOBACCO FREE:**

Pursuant Executive Order 2014-747, use of any tobacco product, including any electronic cigarette or vaping device is prohibited on any and all properties owned, leased or contracted for use by the Executive Branch of the Commonwealth of Kentucky.

**XIV. GOVERNING LAW:**

This Contract shall be governed by and construed in accordance with the laws of the Commonwealth of Kentucky and any litigation with respect to this Contract shall be brought in state or federal court in Franklin County, Kentucky.

**XV. ACCESS TO RECORDS:** The contractor, as defined in KRS 45A.030 (9) agrees that the contracting agency, the Finance and Administration Cabinet, the Auditor of Public Accounts, and the Legislative Research Commission, or their duly authorized representatives, shall have access to any books, documents, papers, records, or other evidence, which are directly pertinent to this contract for the purpose of financial audit or program review. Records and other prequalification information confidentially disclosed as part of the bid process shall not be deemed as directly pertinent to the contract and shall be exempt from disclosure as provided in KRS 61.878(1)(c). The contractor also recognizes that any books, documents, papers, records, or other evidence, received during a financial audit or program review shall be subject to the Kentucky Open Records Act, KRS 61.870 to 61.884.

In the event of a dispute between the contractor and the contracting agency, Attorney General, or the Auditor of Public Accounts over documents that are eligible for production and review, the Finance and Administration Cabinet shall review the dispute and issue a determination, in accordance with Secretary's Order 11-004.

**XVI. DISCRIMINATION:** Discrimination (because of race, religion, color, national origin, sex, sexual orientation, gender identity, age, or disability) is prohibited. This section applies only to contracts utilizing federal funds, in whole or in part. During the performance of this contract, the contractor agrees as follows:

1700005189	Document Phase Draft	Document Description OMNICARD LLC - VOLUNTEER GIFT CARDS - KDFWR - INFO & EDUC	Page 5 of 6
------------	-------------------------	--	----------------

1. The contractor will not discriminate against any employee or applicant for employment because of race, religion, color, national origin, sex, sexual orientation, gender identity, or age. The contractor further agrees to comply with the provisions of the Americans with Disabilities Act (ADA), Public Law 101-336, and applicable federal regulations relating thereto prohibiting discrimination against otherwise qualified disabled individuals under any program or activity. The contractor agrees to provide, upon request, needed reasonable accommodations. The contractor will take affirmative action to ensure that applicants are employed and that employees are treated during employment without regard to their race, religion, color, national origin, sex, sexual orientation, gender identity, age or disability. Such action shall include, but not be limited to the following; employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensations; and selection for training, including apprenticeship. The contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices setting forth the provisions of this non-discrimination clause.
2. The contractor will, in all solicitations or advertisements for employees placed by or on behalf of the contractor, state that all qualified applicants will receive consideration for employment without regard to race, religion, color, national origin, sex, sexual orientation, gender identity, age or disability.
3. The contractor will send to each labor union or representative of workers with which he has a collective bargaining agreement or other contract or understanding, a notice advising the said labor union or workers' representative of the contractor's commitments under this section, and shall post copies of the notice in conspicuous places available to employees and applicants for employment. The contractor will take such action with respect to any subcontract or purchase order as the administering agency may direct as a means of enforcing such provisions, including sanctions for noncompliance.
4. The contractor will comply with all provisions of Executive Order No. 11246 of September 24, 1965 as amended, and of the rules, regulations and relevant orders of the Secretary of Labor.
5. The contractor will furnish all information and reports required by Executive Order No. 11246 of September 24, 1965, as amended, and by the rules, regulations and orders of the Secretary of Labor, or pursuant thereto, and will permit access to his books, records and accounts by the administering agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations and orders.
6. In the event of the contractor's noncompliance with the nondiscrimination clauses of this contract or with any of the said rules, regulations or orders, this contract may be cancelled, terminated or suspended in whole or in part and the contractor may be declared ineligible for further government contracts or federally-assisted construction contracts in accordance with procedures authorized in Executive Order No. 11246 of September 24, 1965, as amended, and such other sanctions may be imposed and remedies invoked as provided in or as otherwise provided by law.
7. The contractor will include the provisions of paragraphs (1) through (7) of section 202 of Executive Order 11246 in every subcontract or purchase order unless exempted by



1700005189	<b>Document Phase</b> Draft	<b>Document Description</b> OMNICARD LLC - VOLUNTEER GIFT CARDS - KDFWR - INFO & EDUC	<b>Page 6</b> of 6
------------	--------------------------------	---	-----------------------

rules, regulations or orders of the Secretary of Labor, issued pursuant to section 204 of Executive Order No. 11246 of September 24, 1965, as amended, so that such provisions will be binding upon each subcontractor or vendor. The contractor will take such action with respect to any subcontract or purchase order as the administering agency may direct as a means of enforcing such provisions including sanctions for noncompliance; provided, however, that in the event a contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the agency, the contractor may request the United States to enter into such litigation to protect the interests of the United States.

Track Work in Progress

John Caro

Page 1 of 1

Track Work in Progress - PO - 660 - 1700005189 - 1

[Menu](#) [Back](#)

Date Submitted : 3/23/2017 Submitter : Barry Stigers

Approval Rule ID	Seq No	Approval Level	Assignment Date	Initial Assignee Name	Approval Status	Approval User Name
✓ 6938	1	1	2017-03-23	660_PURCH	Pending	
6938	2	2		660_GRANTS	Pending	

[View Log](#)

[View Visual](#)

APPROVED  
MAR 24  
ERIC MCGINNIS

APPROVED  
MAR 23 2017  
TAMARA WILSON



Doc ID No: PO 660 1700005189 version 1

Page: 1 of 6



# Commonwealth of Kentucky

## PURCHASE ORDER

**IMPORTANT**

Show Doc ID number on all packages, invoices and correspondence.

Doc Description: OMNICARD LLC - VOLUNTEER GIFT CARDS - KDFWR - INFO & EDUC	
Doc ID No: PO 660 1700005189 1	Procurement Folder: 4490126
Procurement Type: Special Authority Goods	Record Date:
Issued By: BARRY STIGERS	Cited Authority: FAP111-09-00-12-G
Telephone: 502-564-7109	

<b>C O N T R A C T O R</b>	OMNI CARD LLC
	495 MANSFIELD AVENUE
	PITTSBURG PA 15205
	US

Effective From: 02/01/2017

Effective To: 06/30/2017

Line	CL Description	Due Date	Quantity	Unit Issue	Unit Price	Contract Amt	Total Price
1	GIFT CARDS		4.00	EA	205.60000	0.00	822.00

**Extended Description**

(4) VISA GIFT CARDS IN THE FOLLOWING AMOUNT:

\$822.00

Leland Salyer  
1685 South Main St.  
Henderson, Ky. 42430  
\$227.50

Danny Triplett  
300 Covington Ridge  
Owensboro, Ky. 42304  
\$154.00

David Clark  
7482 Old Ky. 81  
Owensboro, Ky. 42301  
\$171.00

Fred Chism  
1920 Daniels Lane  
Owensboro, Ky. 42303  
\$269.50

KDFWR CONTACT: JAMIE COOK 502-564-7109 EXT. 4404

Doc ID No: PO 660 1700005189 version 1

Page: 2 of 6

BILL TO	233564	SHIP TO	233564
	COM FW DEPT FISH AND WILDLIFE #1 SPORTSMAN'S LANE		COM FW DEPT FISH AND WILDLIFE #1SPORTSMAN'S LANE
FRANKFORT US	KY 40601	FRANKFORT US	KY -40601

Effective From: 09/01/2016 Effective To: 06/30/2017

Line	Description	Due Date	Quantity	Unit Issue	Unit Price	Contract Amt	Total Price
2	GIFT CARDS		4.00	EA	3.95000	0.00	15.80

**Extended Description**  
\$3.95 SERVICE CHARGE PER CARD

BILL TO	233564	SHIP TO	233564
	COM FW DEPT FISH AND WILDLIFE #1 SPORTSMAN'S LANE		COM FW DEPT FISH AND WILDLIFE #1SPORTSMAN'S LANE
FRANKFORT US	KY 40601	FRANKFORT US	KY 40601

Effective From: 09/01/2016 Effective To: 06/30/2017

Line	Description	Due Date	Quantity	Unit Issue	Unit Price	Contract Amt	Total Price
3	FREIGHT		4.00	EA	0.47000	0.00	1.88

**Extended Description**  
FEDEX SHIPPING

BILL TO	233564	SHIP TO	233564
	COM FW DEPT FISH AND WILDLIFE #1 SPORTSMAN'S LANE		COM FW DEPT FISH AND WILDLIFE #1SPORTSMAN'S LANE
FRANKFORT US	KY 40601	FRANKFORT US	KY 40601

**Total Order Amount:** 839.68

1700005189	<b>Document Phase</b> Draft	<b>Document Description</b> OMNICARD LLC - VOLUNTEER GIFT CARDS - KDFWR - INFO & EDUC	<b>Page 3</b> of 6
------------	--------------------------------	---	-----------------------

## AWARD CONTRACT

### I. AWARD OF CONTRACT:

This written notice of award (or acceptance of offer) mailed or otherwise furnished to the successful offeror within the time for acceptance specified in the offer shall be deemed to result in a binding contract without further action by either party.

### II. KENTUCKY SALES AND USE TAXES:

Sales of tangible personal property or services to the State of Kentucky and its agencies are not subject to state sales or use taxes.

### III. COMPLIANCE WITH STATE LAWS:

Contracts and orders shall be governed by the laws of the Commonwealth of Kentucky. The rights and obligations of the parties thereto shall be determined in accordance with these laws.

### IV. CONTRACT MODIFICATIONS:

No modification to this contract shall be permitted unless the contractor receives written approval from the Office of Procurement Services.

If the contractor believes modifications are necessary, he/she may request approval of the Office of Procurement Services. All contract modifications shall be subject to the provisions of 200 KAR 5:311.

### V. SELLER'S INVOICES:

Invoices, if required, shall be prepared and transmitted to the agency receiving the goods or services. One copy shall be marked "original" unless otherwise specified. Invoices shall contain, at a minimum, the following information: Contract and order number (if any), item numbers, description of supplies or services, sizes, quantities, unit prices, and extended totals.

### VI. PAYMENTS:

The vendor shall be paid, upon the submission of proper invoices to the receiving agency at the prices stipulated for the supplies delivered and accepted, or services rendered. Unless otherwise specified, payment will not be made for partial deliveries accepted. Payments will be made within thirty (30) working days after receipt of goods or a vendor's accurate invoice in accordance with KRS 45.453 and KRS 45.454.

### VII. TAX EXEMPT STATUS:

The Commonwealth of Kentucky is exempt from Federal Excise Tax and Kentucky Sales or Use Tax. Do not include these on any invoices.

### VIII. SHIPPING (If Applicable):

All shipping shall be F.O.B. Destination Freight Prepaid and Allowed.

### IX. DELIVERY (If Applicable):

Delivery shall be thirty (30) days after receipt of order (ARO).

1700005189	Document Phase Draft	Document Description OMNICARD LLC - VOLUNTEER GIFT CARDS - KDFWR - INFO & EDUC	Page 4 of 6
------------	-------------------------	--	----------------

**X. WARRANTY (If Applicable):**

The Vendor shall provide its most favorable warranty. A copy of such warranty shall be furnished to the agency upon delivery of the equipment. The Vendor will not be liable under the above warranty for any defects or damages resulting from unforeseeable causes beyond the control and without the fault or negligence of the Vendor, such as misuse or neglect by the State, acts of God, fires, floods and hurricanes.

**XI. FUNDING OUT PROVISION:**

The state agency may terminate this contract if funds are not appropriated to the contracting agency or are not otherwise available for the purpose of making payments without incurring any obligation for payment after the date of termination, regardless of the terms of the contract. The state agency shall provide the contractor thirty (30) calendar days written notice of termination of the contract.

**XII. PROVISIONS FOR TERMINATION:**

This Contract shall be subject to the termination provisions set forth in 200 KAR 5:312.

**XIII. TOBACCO FREE:**

Pursuant Executive Order 2014-747, use of any tobacco product, including any electronic cigarette or vaping device is prohibited on any and all properties owned, leased or contracted for use by the Executive Branch of the Commonwealth of Kentucky.

**XIV. GOVERNING LAW:**

This Contract shall be governed by and construed in accordance with the laws of the Commonwealth of Kentucky and any litigation with respect to this Contract shall be brought in state or federal court in Franklin County, Kentucky.

**XV. ACCESS TO RECORDS:** The contractor, as defined in KRS 45A.030 (9) agrees that the contracting agency, the Finance and Administration Cabinet, the Auditor of Public Accounts, and the Legislative Research Commission, or their duly authorized representatives, shall have access to any books, documents, papers, records, or other evidence, which are directly pertinent to this contract for the purpose of financial audit or program review. Records and other prequalification information confidentially disclosed as part of the bid process shall not be deemed as directly pertinent to the contract and shall be exempt from disclosure as provided in KRS 61.878(1)(c). The contractor also recognizes that any books, documents, papers, records, or other evidence, received during a financial audit or program review shall be subject to the Kentucky Open Records Act, KRS 61.870 to 61.884.

In the event of a dispute between the contractor and the contracting agency, Attorney General, or the Auditor of Public Accounts over documents that are eligible for production and review, the Finance and Administration Cabinet shall review the dispute and issue a determination, in accordance with Secretary's Order 11-004.

**XVI. DISCRIMINATION:** Discrimination (because of race, religion, color, national origin, sex, sexual orientation, gender identity, age, or disability) is prohibited. This section applies only to contracts utilizing federal funds, in whole or in part. During the performance of this contract, the contractor agrees as follows:



1700006189	Document Phase Draft	Document Description OMNICARD LLC - VOLUNTEER GIFT CARDS - KDFWR - INFO & EDUC	Page 5 of 6
------------	-------------------------	--	----------------

1. The contractor will not discriminate against any employee or applicant for employment because of race, religion, color, national origin, sex, sexual orientation, gender identity, or age. The contractor further agrees to comply with the provisions of the Americans with Disabilities Act (ADA), Public Law 101-336, and applicable federal regulations relating thereto prohibiting discrimination against otherwise qualified disabled individuals under any program or activity. The contractor agrees to provide, upon request, needed reasonable accommodations. The contractor will take affirmative action to ensure that applicants are employed and that employees are treated during employment without regard to their race, religion, color, national origin, sex, sexual orientation, gender identity, age or disability. Such action shall include, but not be limited to the following; employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensations; and selection for training, including apprenticeship. The contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices setting forth the provisions of this non-discrimination clause.

2. The contractor will, in all solicitations or advertisements for employees placed by or on behalf of the contractor, state that all qualified applicants will receive consideration for employment without regard to race, religion, color, national origin, sex, sexual orientation, gender identity, age or disability.

3. The contractor will send to each labor union or representative of workers with which he has a collective bargaining agreement or other contract or understanding, a notice advising the said labor union or workers' representative of the contractor's commitments under this section, and shall post copies of the notice in conspicuous places available to employees and applicants for employment. The contractor will take such action with respect to any subcontract or purchase order as the administering agency may direct as a means of enforcing such provisions, including sanctions for noncompliance.

4. The contractor will comply with all provisions of Executive Order No. 11246 of September 24, 1965 as amended, and of the rules, regulations and relevant orders of the Secretary of Labor.

5. The contractor will furnish all information and reports required by Executive Order No. 11246 of September 24, 1965, as amended, and by the rules, regulations and orders of the Secretary of Labor, or pursuant thereto, and will permit access to his books, records and accounts by the administering agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations and orders.

6. In the event of the contractor's noncompliance with the nondiscrimination clauses of this contract or with any of the said rules, regulations or orders, this contract may be cancelled, terminated or suspended in whole or in part and the contractor may be declared ineligible for further government contracts or federally-assisted construction contracts in accordance with procedures authorized in Executive Order No. 11246 of September 24, 1965, as amended, and such other sanctions may be imposed and remedies invoked as provided in or as otherwise provided by law.

7. The contractor will include the provisions of paragraphs (1) through (7) of section 202 of Executive Order 11246 in every subcontract or purchase order unless exempted by

1700005189	<b>Document Phase</b> Draft	<b>Document Description</b> OMNICARD LLC - VOLUNTEER GIFT CARDS - KDFWR - INFO & EDUC	<b>Page 6</b> of 6
------------	--------------------------------	---	-----------------------

rules, regulations or orders of the Secretary of Labor, issued pursuant to section 204 of Executive Order No. 11246 of September 24, 1965, as amended, so that such provisions will be binding upon each subcontractor or vendor. The contractor will take such action with respect to any subcontract or purchase order as the administering agency may direct as a means of enforcing such provisions including sanctions for noncompliance; provided, however, that in the event a contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the agency, the contractor may request the United States to enter into such litigation to protect the interests of the United States.





**TOURISM, ARTS AND HERITAGE CABINET  
KENTUCKY DEPARTMENT OF FISH & WILDLIFE RESOURCES**

**Matthew G. Bevin**  
Governor

**Don Parkinson**  
Secretary

#1 Sportsman's Lane  
Frankfort, Kentucky 40601  
Phone (502) 564-3400  
1-800-858-1549  
Fax (502) 564-0506  
[fw.ky.gov](http://fw.ky.gov)  
October 13, 2016

**Regina Stivers**  
Deputy Secretary

**Gregory K. Johnson**  
Commissioner

Ms. Joan Graham, Executive Director  
Finance and Administration Cabinet  
702 Capitol Avenue, Room 96  
Frankfort, Kentucky 40601

Dear Ms. Graham:

The purpose of this letter is to request a Competitive Bidding Exception (FAP 111-10-00-12) for the purchase of gift cards for volunteer hunter education instructors. As outlined in our 2013 statutory state audit, finding 2013-10, the KY Department of Fish and Wildlife Resources (KDFWR) has ceased purchasing gift cards for volunteer hunter education instructors using a Pro-Card. The KDFWR sought a special exemption to allow Pro-Card usage for these volunteer cards, but was denied. After researching potential vendors and solutions, Omni Card LLC, was the only Visa gift card vendor found that will invoice and accept checks from the Department, which keeps us compliant with the audit finding.

Hunter education is required for all Kentucky hunters born after January 1, 1975. The KDFWR receives federal funds to administer the hunter education program. To ensure we can deliver the required number of hunter education classes, KDFWR uses volunteer instructors to deliver the majority of hunter education programs in Kentucky. Volunteer instructor hours are used as part of the required state match for federal aid. Volunteer hours are valued at \$20 per hour toward the state match of federal dollars. Volunteers accrue credit at the rate of \$1 in credit for every hour worked.

Like many other states, Kentucky provides incentives in the form of a gift card to these volunteers. Volunteer instructors receive a gift card between \$50 and \$450, annually, based on volunteer hours accrued. Our current policy does not allow volunteers to receive more than \$450 in a calendar year.

The hunter education program is reimbursed by federal grant money awarded by the United States Fish and Wildlife Service (USFWS). Our federal coordinator has stated that the outright cash payment to volunteers would jeopardize grant dollars for the program, but gift cards do not. Our current projection for gift cards this year is \$15,000. Issuing gift cards to volunteers, based on hours worked, is a very cost effective way to deliver hunter education training and certification to our constituents.

If this exception request is approved, the contract will be renewed on an annual basis.  
Thank you for your consideration in this matter.

Ms. Joan Graham  
Page 2



Sincerely,

A handwritten signature in black ink that reads "Billye M. Haslett". The signature is written in a cursive style with a large, prominent "H".

Billye M. Haslett, Director  
Administrative Services Division



Page 1 of 1

QUESTIONS, CALL (877)973-4357

COMMONWEALTH OF KENTUCKY  
DEPARTMENT OF THE TREASURY  
VENDOR: VC1000019396

DATE: 03/28/2017

CHECK CAT: UTH

CD		DEP	DOC NUMBER	INVOICE NO.	DESCRIPTION	AMOUNT
PO	660		1700005189	51199892	INV # 51199892 - KDFWR	822.00
PO	660		1700005189	51199892	INV # 51199892 - KDFWR	15.80
PO	660		1700005189	51199892	INV # 51199892 - KDFWR	1.88
<p><b>RECEIVED</b></p> <p>MAR 30 2017</p> <p>ADMINISTRATIVE SERVICES</p>						
						839.68
CHECK NO: 21307944						TOTAL 839.68

00023

THE BACKGROUND OF THE SIGNATURE OF THE INDIVIDUAL OR ENTITY WHOSE NAME APPEARS ON THIS CHECK IS THE RESPONSIBILITY OF THE SIGNER. THE BANK DOES NOT VERIFY THE SIGNATURE OR THE FUNDING OF THE CHECK.



JPMorgan  
Chase Bank, N.A.  
Louisville, KY

COMMONWEALTH OF KENTUCKY  
DEPARTMENT OF THE TREASURY  
Frankfort, Kentucky

Check Number  
GA 21307944

Date: 03/28/2017

EIGHT HUNDRED THIRTY NINE DOLLARS AND SIXTY EIGHT CENTS

Pay to the  
Order of  
OMNI CARD LLC  
WRL.com LLC  
495 MANSFIELD AVENUE  
PITTSBURG PA 15205

Amount \$\*\*\*\*\*839.68

*Allison Ball*  
State Treasurer



**From:** Trent, Melissa (FW)  
**Sent:** Thursday, April 05, 2018 10:55 AM  
**To:** Smith, Marshall Lee (APA) <MarshallLee.Smith@ky.gov>  
**Subject:** Hunter Education Incentive Program  
**Importance:** High

Attached is the project statement for our Hunter Education program and highlighted is where we include the Hunter Education Incentive program. This language is included in the the grant proposal. It is approved by USFWS and makes the charges allowable under the grant. Let me know if you have additional information.

Melissa

*Melissa R. Trent*

Assistant Director, Administrative Services  
Dept. of Fish & Wildlife Resources  
#1 Sportsman's Lane  
Frankfort, KY 40601  
502-564-7109 x. 4483 / 502-564-9136 fax  
Cell 502-545-5210 / e-mail [melissa.trent@ky.gov](mailto:melissa.trent@ky.gov)

**Did you know...** Kentucky is home to the largest elk herd east of the Mississippi River?

Experience the Unbridled Spirit of Kentucky.  
[www.kentuckyunbridledspirit.com](http://www.kentuckyunbridledspirit.com)

**Confidentiality Notice:**

*This e-mail message, including any attachment, is for the sole use of the intended recipient(s) and may contain confidential information. Any unauthorized review, use, disclosure or distribution is strictly prohibited. If you are not the intended recipient, please contact the sender, by e-mail, and destroy all copies of the original message.*

**State:** Kentucky

**Project Title:** Hunter Education Program

### **Project Statement**

**Need:**

Hunters born on or after January 1, 1975 are required by Kentucky regulation to be certified in hunter education in order to hunt. Therefore, the Kentucky Department of Fish and Wildlife Resources (KDFWR) needs to provide instruction and certification in hunter education so Kentucky hunters can comply with the regulation. Instruction in hunter education is also needed by Kentucky hunters who were born before January 1, 1975 that hunt in other states with hunter education requirements that predate Kentucky's regulation. In addition, the number of Kentucky hunters has been declining in recent years. Therefore, KDFWR also needs to provide a mentor hunting program to introduce new participants to hunting.

**Objective:**

To instruct Kentucky hunters in safe hunting practices, certify those hunters who meet the certification standards, and introduce Kentuckians to hunting activities.

**Expected Benefits and Results:**

KDFWR expects to certify at least 10,000 hunters annually in hunter education. This effort should benefit Kentucky by lowering the number of incidents and fatalities among hunters in the state. In the 22 years since hunter education became mandatory youth hunting incidents have decreased by 40% and fatal hunting incidents have decreased by 38% among all hunters. These downward trends are expected to continue as the hunter education program certifies more hunters in Kentucky. KDFWR also expects to introduce at least 200 Kentuckians to hunting through attendance at 15 or more mentor hunts.

**Approach:**

Hunter Education Activities Statewide: Conservation Educators (CE's) coordinate hunter education (HE) by supervising and supporting volunteer HE instructors and conducting HE courses. Certified volunteer hunter education instructors conduct or assist with courses and other events. Volunteer time is documented as in-kind match. Successful students receive a hunter education graduate card.

Administration includes program coordination, equipment storage and facilities, student training, instructor training, shooting range survey, tracking hunting incident statistics, advanced instructor workshops, special events, actual hunting events, program evaluation, reviewing and updating instructional materials for HE, maintaining and repairing equipment, and attendance at regional, national and international HE conferences.

Mentor Hunt Activities Statewide: Mentor hunts are actual hunting events coordinated by Conservation Educators. Mentor hunt events are conducted and supported on a statewide basis as advanced hunter education activities. Volunteer hunter education instructors are used as mentors and their time documented as in-kind match. Administration of mentor hunts includes program coordination, equipment storage and facilities, student and mentor training, program evaluation, maintaining and repairing equipment, and attendance at regional and national conferences.



**Hunter Education Activities at Conservation Camps:** Three camps are located in the state and their staffs include camp directors, conservation educators, summer counselors, counselor supervisors, camp superintendents, maintenance employees, and cooks.

The activities directly related to the HE program include firearms safety, archery, survival/first aid, and wildlife conservation. Campers successful in these four areas receive the Hunter Education completion card. Other camp activities that support the HE program include training camp counselors as HE instructors, completing administrative duties, fulfilling maintenance requirements, transportation to and from camps, operating the camp canteen, and preparing meals for campers. These expenditures are applied to a split camp code (i.e., 4/7ths) based on the four of seven camp activities that are directly related to the HE program.

**Estimated Cost:** \$1,551,696 (federal share \$1,163,772)

Estimated in-kind match: \$200,000

**Estimated Program Income:** \$400,000. Program income is generated primarily from the hunter education portion of the conservation camp fees, camp canteen sales, and duplicate hunter education cards. Program income is credited to Kentucky's W-46 project for land acquisition.

KDFWR may utilize non-federal match in the form of, but not limited to, third party contributions, in-kind match, KDFWR indirect, and donated equipment. In-kind match will be based on the salary and fringe value for KDFWR Conservation Educator (CE) I classification. The value of volunteer services will follow guidance set forth by 43 CFR 12.64, 522 FW 1, and 522 FW 13.11.

All equipment (>\$5,000) purchased during the grant period will have a useful life of one year or until the current value of the equipment becomes less than \$5,000. Equipment with a useful life shall be used solely for the grant/purpose for which it was purchased. Equipment will also be made available for other WSFR funded (or formerly supported) programs as long as its use on these other projects does not impact the primary purpose for which it was purchased.

**Useful Life:** No capital improvements over \$100,000 will be made for the project proposal.

**KDFWR periodically recognizes volunteers in order to maintain our cadre of instructors, as well as, provide incentives based on the number of hours volunteered.**

**Location:** Frankfort Headquarters (administration), three conservation education camps (Camp Wallace, Wayne County, Camp Webb, Carter County, and Camp Currie, Marshall County), and statewide (hunter education courses).

**Key Personnel:** Laura Burford is an Assistant Director in KDFWR's Information & Education Division. She supervises the Conservation Camp Program and the Recruitment and Retention Branch Manager.

Bill Balda is KDFWR's Recruitment and Retention Branch Manager who supervises the Hunter Education Program and four Conservation Educators.

**KENTUCKY HUNTER EDUCATION PROGRAM**

**POLICIES  
AND  
PROCEDURES**



**KENTUCKY DEPARTMENT OF FISH AND WILDLIFE RESOURCES  
#1 SPORTSMAN'S LANE  
FRANKFORT, KY 40601**

**1-800-858-1549**

**fw.ky.gov**

**2015**

## TABLE OF CONTENTS

WELCOME LETTER .....	3
FEDERAL AID .....	4
KENTUCKY DEPARTMENT OF FISH & WILDLIFE MISSION STATEMENT .....	5
KENTUCKY HUNTER EDUCATION PROGRAM MISSION STATEMENT .....	6
REGULATION 301 KAR 2:185 .....	7
PROGRAM POLICIES .....	9
EVENT MANAGER PROCEDURES .....	11
STUDENT COURSE PLAN .....	14
STUDENT COURSE LESSON PLANS I – VII .....	15
STUDENT EXAMINATION ANSWER KEY .....	30
STUDENT EXAMINATION ANSWER SHEET .....	31
STUDENT EXAMINATION .....	32
HUNTER EDUCATION PROGRAM INSTRUCTOR CODE OF CONDUCT .....	41
NEWS RELEASE FOR STUDENT COURSE .....	42
NEWS RELEASE FOR RANGE DAY .....	43
STUDENT QUESTIONNAIRE .....	44
PERMISSION SLIP .....	45
HUNTER EDUCATION STUDENT COURSE INCOMPLETION FORM .....	46
HUNTER EDUCATION RANGE DAY ANNEX.....	47
SAMPLE ONLINE & CD-ROM CERTIFICATES .....	54





March 1, 2015

Dear Instructor:

Welcome to the Kentucky Hunter Education Program. As a member of this elite team, you share a concern and dedication to improving the sport of hunting by teaching ethics, conservation, wildlife identification, the proper use of hunting equipment, and safety to students of all ages. You, the hunter education instructor, provide the majority of this instruction directly to the future hunters of Kentucky.

Our mission is "To continue the heritage of hunting statewide and beyond, by developing safe, responsible, knowledgeable, and involved stewards of Kentucky's diversity of wildlife." Hunting is a lifelong activity and the knowledge, skills, and attitudes your students learn in these courses are vitally important to their future as hunters.

The Department's Hunter Education staff coordinates the program, provides teaching materials, conducts instructor training, and evaluates the program. Volunteer instructors teach hunter education courses to students using the policies and procedures outlined in this manual. Volunteer instructors must always work within the program's policies and procedures to maintain the liability insurance coverage provided by the Department.

As a hunter education instructor you will make a difference in someone's life. Kentucky's hunter education program has significantly reduced fatalities from hunting incidents since it became mandatory in 1991. We welcome the opportunity to work with you and encourage you to communicate your ideas for improving the program. The staff and I look forward to mutually rewarding service with you. We thank you for your commitment and work with the Kentucky Hunter Education Program.

Sincerely Yours,

William E. Balda  
Hunter Training Officer Supervisor

The Kentucky Department of Fish and Wildlife Resources (KDFWR) receives financial assistance in Sport Fish and Wildlife Restoration. Under Title VI of the Civil Rights Act of 1964, Section 504 of the Rehabilitation Act of 1973, the Age Discrimination Act of 1975, Title IX of the Education Amendments of 1972, the laws of the Commonwealth of Kentucky and the U.S. Department of the Interior prohibit discrimination on the basis of race, color, age, religion, sex, national origin, or handicap. If you desire further information, or believe that you have been discriminated against in any program, activity, or facility of the KDFWR, please write to:

Kentucky Department of Fish and Wildlife Resources  
Personnel Office, #1 Sportsman's Lane, Frankfort, KY 40601



#### WIDLIFE RESTORATION ACT

- The Federal Aid in Wildlife Restoration Act, popularly known as the Wildlife Restoration Act, was approved by Congress on September 2, 1937, and began functioning on July 1, 1938. The Act provides funding for the selection, restoration, and improvement of wildlife habitat and for wildlife management research. The Act was amended on October 23, 1970 to include funding for hunter education programs and for the development and operation of public target shooting ranges.
- Funds for the Act come from a 10 percent federal excise tax on handguns; 11 percent on rifles, shotguns, ammunition, and bows over 30 pounds; 12 percent on arrows and archery tackle. One-half of the excise tax on handguns and archery equipment is used for hunter education and target shooting ranges. These funds are collected from the manufacturers and distributed each year to the states and territorial areas by the U.S. Department of Interior.
- Each state's allocation of these federal funds is based on state population, land area, and number of licensed hunters. The state covers the full amount of an approved project then applies for reimbursement for up to 75 percent of the project's expenses; the state is responsible for the other 25 percent of project costs. The in-kind hours donated by volunteer instructors may be used to defray the state's 25 percent for hunter education.

# **KENTUCKY DEPARTMENT OF FISH AND WILDLIFE RESOURCES**

## **MISSION STATEMENT**

TO CONSERVE AND ENHANCE FISH AND WILDLIFE  
RESOURCES AND PROVIDE OPPORTUNITY FOR  
HUNTING, FISHING, TRAPPING, BOATING, AND OTHER  
WILDLIFE-RELATED ACTIVITIES.

## **VISION STATEMENT**

The Department's ideal future will include:

- Healthy and diverse fish and wildlife habitats and populations;
- Abundant opportunities to safely pursue hunting, fishing, trapping, boating, and other wildlife-related activities;
- Dedicated, long-term and ample funding sources;
- Expanded partnerships in conservation and recreation; and
- An expanded user base that reflects Kentucky's population without compromising our hunting and fishing heritage.

## **CORE VALUES**

The Department values:

- The heritage of hunting, fishing, trapping, boating, and other wildlife-related pursuits;
- Conservation and recreation partnerships;
- Public participation and outreach;
- Professional service, integrity, and accountability;
- Scientifically, environmentally and socially responsible resource stewardship; and
- Sportsmen and sportswomen-nominated commission leadership.



# **Kentucky Hunter Education Program**

## **MISSION STATEMENT**

Under the authority of the  
Kentucky Department of  
Fish and Wildlife Resources  
(KRS 150; 301 KAR 2:185), we are the  
Hunter Education Instructors for the  
Commonwealth of Kentucky.  
Our mission is to continue the heritage  
of hunting statewide and beyond,  
by developing safe, responsible,  
knowledgeable, and involved stewards  
of Kentucky's diversity of wildlife.  
We strive to prevent hunting incidents,  
to support hunting as a sustainable  
wildlife management tool, and to promote the  
shooting sports as wholesome recreational pursuits.

**TOURISM ARTS AND HERITAGE CABINET**

**DEPARTMENT OF FISH AND WILDLIFE RESOURCES**

**301 KAR 2:185. Hunter education.**

**RELATES TO:** KRS 150.010, 150.015, 150.990

**STATUTORY AUTHORITY:** KRS 150.025(i), 150.170

**NECESSITY, FUNCTION, AND CONFORMITY:** KRS 150.025(1) authorizes the department to promulgate administrative regulations to establish seasons for the taking of fish and wildlife, to regulate bag limits, creel limits, and methods of take, and to make these requirements apply to a limited area. This administrative regulation establishes the requirements for hunter education.

**Section 1. Definitions.**

- (1) "Adult" means a person who is at least eighteen (18) years old.
- (2) "Hunter education card" means a card or similar document that verifies a person has successfully completed a:
  - (a) Kentucky hunter education course; or
  - (b) Hunter education course from another state, province, or country that meets the standards established by the International Hunter Education Association.
- (3) "Hunter education exemption certificate" means a certificate issued by the department that allows a person who is required to obtain a hunter education card to hunt for a period of one (1) year from the date obtained.

**Section 2. Hunter Education Card.**

- (1) Unless exempt pursuant to Section 3 of this administrative regulation or license-exempt pursuant to KRS 150.170, a person born on or after January 1, 1975 shall carry a valid hunter education card while hunting in Kentucky.
- (2) A person who is less than twelve (12) years old hunting without a hunter education card shall be accompanied by an adult who is in position to take immediate control of the weapon and who:
  - (a) Has a hunter education card; or
  - (b) Is exempt from hunter education requirements.
- (3) An adult shall not accompany more than two (2) hunters under twelve (12) years old at any one (1) time.

**Section 3. Hunter Education Exemptions.**

- (1) A person who is required to have a hunter education card may obtain a hunter education exemption certificate from the department.
- (2) A person hunting with a valid hunter education exemption certificate shall:
  - (a) Carry the certificate while hunting; and
  - (b) Be accompanied by an adult who is in position to take immediate control of the weapon and who:
    1. Is carrying a hunter education card; or
    2. Was born before January 1, 1975.

(3) The department shall not issue more than one (1) hunter education exemption certificate to any individual.

**Section 4. Hunter Education Course Requirements.**

(1) In order to obtain a Kentucky hunter education card, a person shall:

(a) Complete a hunter education course by:

1. Attending an entire department-sanctioned hunter education course; or
2. Obtaining and possessing a certificate of completion or its equivalent for course work meeting the standards of the International Hunter Education Association from:

- a. An online hunter education course; or
- b. A CD-ROM course or its equivalent.

(b) Correctly answer at least eighty (80) percent of the questions on a department-sanctioned exam; and

(c) Safely participate in department-sanctioned live fire exercises.

(2) A person shall be at least nine (9) years old in order to take the department-sanctioned exam.

(17 Ky.R. 1259; eff. 11-15-90; Am. 28 Ky.R. 2052; eff. 5-16-2002; 29 Ky.R. 2131; 2487; 2879; eff. 6-16-03; 33 Ky.R. 3243; 3603; eff. 6-13-2007; 39 Ky.R. 1299; eff. 3-8-2013.)

2:185  
3-8-2013

### PROGRAM POLICIES

Volunteer instructors work with students, Department staff, other instructors, and alone. Their work must be conducted within the guidelines established for all volunteer instructors.

- A. The dress code is liberal, however, one must make a neat appearance (i.e. bathed, clean shaven or neatly groomed beard, clean clothing, hair combed, etc...). Dress as you would expect an instructor to dress. Also, consider the location of the course when you dress. The place or the weather may dictate a difference in appropriate attire.
- B. Instructors must make a positive contribution to the hunter education course while attending in order to receive credit for their time at the course. Positive contributions include: teaching part of the classroom portion, directly assisting with students during the range portion, completing necessary paperwork, and making preparations for instructing the course.
- C. All planned courses shall be reported to the Hunter Training Officer (HTO) in advance. This allows time to pass information on to interested students and help in course promotion.
- D. Hunter education courses are not conducted for a single student. Instructors can never be in a one-on-one situation with any student.
- E. No live ammunition is allowed in the classroom at any time.
- F. Students who require duplicate cards may go to the hunter education page of the KDFWR website to print their hunter education card using the online print application.
- G. Student exams should be kept on file for 90 days. The examination shall only be given in accordance with program policies and proper administrative procedures.
- H. Promptly notify an HTO or the Frankfort Office of any changes in your address or email address. This assures necessary correspondence will be received.
- I. All course reports and forms will be sent to the regional HTO not later than 7 days after the course has concluded.
- J. Alternative options are available in lieu of classroom instruction in the form of a CD-ROM and Department sanctioned online internet courses. These options substitute only for the classroom instruction, so students must still complete the live fire portion of the course to obtain certification for completing the entire course.
- K. Students must turn in a printed certification form from the classroom alternative method when arriving for the live fire portion of the course; this printed certification will then be sent to the regional HTO. Students using the CD-ROM or an online course that does not include a Department sanctioned examination must take the course completion examination at the site of the live fire exercise. Students completing an online course that does include a Department sanctioned examination do not take the course completion examination.

- L. Students completing a CD-ROM or online course will take a separate range day from students in a traditional, classroom course.
- M. Students who can't complete all portions of the student hunter education course will have up to one year to complete the missing portions of the course before having to take the entire course over again. Instructors must use the Hunter Education Student Course Incompletion Form in the back of this manual to document a student's progress in their course. The student will then take this form to the next course to show the instructor.
- N. Students that have failed live fire or the course completion examination cannot retest at the same course where they failed. By providing documentation of attending all portions of the course, with the incompletion form at the back of this manual, students may retest at another course within one year. After one year without passing the course completion examination and live fire, students will have to take the entire hunter education course again in order to obtain certification.
- O. Students can fail the course by failing the course completion examination, committing an unsafe action, defined as unsafe muzzle control, during the live fire portion of the course, or by displaying an irresponsible attitude towards others, property, or equipment during the course. Course failure should be documented using the incompletion form at the back of this manual so students can bring the form to a different course to re-take live fire or the examination, whichever is needed.
- P. In order to ensure all students understand the questions on the course completion examination, every student must have an opportunity to have the test questions read out loud to them; even if this means the test is read aloud to the entire class.
- Q. Volunteer instructors serve at the need of the Department and its constituents. Volunteer instructors also represent the Department's Hunter Education Program and are obligated to follow the policies and procedures in this manual and the Instructor Code of Conduct. Always following the program's policies and procedures maintains the liability insurance coverage provided to volunteer instructors by the Department. Unprofessional behavior or violations of these standards will result in disciplinary action by the Department including, but not limited to, warnings or even dismissal from the program.
- R. There is an incentive program for volunteer instructors that credits each instructor with \$1 for every hour spent working on a program event. When an instructor's incentive balance reaches 450 hours then a gift card will automatically be issued to that instructor. However, instructors can request a gift card for their current balance of incentives at any time after that balance reaches \$25 by contacting their regional HTO. Instructors cannot receive more than \$450 in incentives in any given 12 month period.
- S. The International Hunter Education Association maintains a list of companies providing special offers or discounts to volunteer hunter education instructors on its website, [ihea.com](http://ihea.com). The offers can be accessed with the password: **gohunt**.

### **EVENT MANAGER PROCEDURES**

**Introduction:** Event Manager is a web based registration software system for students to register for hunter education courses and range days. Hunter education students must pre-register for courses and range days and Event Manager is the tool they use to fulfill this requirement. Students access the program through the Hunter Education page on the Department's website. Each course listing includes the course date, location with directions, student capacity, primary instructor with contact information, and any necessary requirements or special information for the course. The software is also used by instructors to set up their hunter education courses with the information listed above, communicate with registered students, and manage student and instructor information for each hunter education course.

**Training:** New hunter education instructors receive training on Event Manager during their initial instructor training course. After completing instructor training and receiving an instructor number, one of the system's administrators, the regional Hunter Training Officers or Frankfort Hunter Education staff, will set up the instructor's profile on Event Manager.

**Troubleshooting:** There are web-based You-Tube videos for refresher training or to trouble shoot common issues. Additional assistance can be found by emailing Kalkomey Enterprises using the Help feature at the bottom right of most of the system's navigation pages. Regional Hunter Training Officers can also be contacted if no other satisfactory solutions can be found.

**Course Postings:** For each hunter education course or range day, one instructor must post the course on Event Manager at least 30 days prior to the event. Each student course or range day will be posted to allow registration through the last day of the event to allow Walk-In students the opportunity to register. Should a course or range day be cancelled all registered students, that course's instructors, and the regional Hunter Training Officer will be notified through Event Manager or by phone as soon as possible.

The traditional courses that include both classroom instruction and live fire portions of the course are registered as Hunter Education Student Course. Courses for students who have completed the online or CD-ROM classroom alternatives, and so need live fire, are registered as



Hunter Education Range Day. Online or CD-ROM students cannot attend a Hunter Education Student Course and traditional students cannot attend a Hunter Education Range Day.

Since a Hunter Education Student Course covers both classroom and live fire, traditional students should never register for a Hunter Education Range Day. Because a Hunter Education Range Day is designed for online and CD-ROM students who have completed an alternative to classroom instruction, they must never register for a Hunter Education Student Course.

**Student Results:** The student roster for each course must be completed not sooner than 48 hours and not later than 7 days for the regional Hunter Training Officer to approve and process the results. The result for each student must be recorded as one of the following:

Pass: Student met the course and range day standards.

Fail: Student did not meet the course or range day standards.

Incomplete: Student did not attend at least one portion of the course or range day.

No-Show: Student registered for but did not attend any part of the course or range day.

**Instructor Hours:** Instructor hours for each course must be reported accurately on the HE-2 form and submitted to the regional Hunter Training Officer not later than 7 days after the course ends. Because of accounting requirements, courses that start at the end of one month and finish at the beginning of another month must be reported on 2 separate HE-2 forms. Event Manager is not currently used to document instructor hours, so instructor hours will be recorded as 0 (zero) in the program. Credit cannot be given for instructor hours that are not submitted an HE-2 form.

Event Manager Instructor link: <https://my.register-ed.com/login/login>.

You-Tube link: [https://www.youtube.com/channel/UCj2n8SZP\\_xg23PCW99g-1GA/videos](https://www.youtube.com/channel/UCj2n8SZP_xg23PCW99g-1GA/videos).

**Walk-In Policy:** Students that arrive at a hunter education course or range day without pre-registering are considered "Walk-Ins" and will be allowed to complete the event as long as they do not exceed the facility's capacity. Instructors will issue a "Walk In Notice" to appropriate students and record their names on the Range Day Checklist at the lower right corner as "Incomplete or Walk-In".

Instructors should encourage Walk-In students to complete course registration online either at the site of the event, or at home, or another facility with Internet access. Students without Internet access can call the Department's Information Center, 1-800-858-1549, 8:00 am – 4:30 pm, Eastern Time, Monday through Friday, to have someone register them for the event. Walk-In students have up to 48 hours after the course or range day is completed to register; registration after the event is finished can only be completed through the Department's Information Center.

After the 48 hour window closes, course rosters can be completed and forwarded to the regional Hunter Training Officer. Courses or range days without any Walk-In students can have the rosters forwarded without waiting for 48 hours.

## **WALK-IN NOTICE**

*Online registration is required within 48 hours of course completion to receive a Hunter Education Card.*



*Failure to register within **48 hours** will result in **not** receiving a Hunter Education Card.*

To register visit <http://fw.ky.gov/Education/Pages/Hunter-Education.aspx>  
OR call 800-858-1549 (M-F 8:00-4:30 Eastern)

Name Last \_\_\_\_\_ First \_\_\_\_\_ MI \_\_\_\_\_

Phone \_\_\_\_\_ DOB \_\_\_\_\_

Student Course \_\_\_\_\_ Range Day \_\_\_\_\_ Date of Class \_\_\_\_\_

Course Location \_\_\_\_\_ Instructor Name \_\_\_\_\_

**\*\*\*Registration requires additional information including Social Security Number.\*\*\***  
Please have all information ready when registering.



**TOURISM, ARTS AND HERITAGE CABINET  
KENTUCKY DEPARTMENT OF FISH & WILDLIFE RESOURCES**

**Matthew G. Bevin**  
Governor

#1 Sportsman's Lane  
Frankfort, Kentucky 40601  
Phone (502) 564-3400  
1-800-858-1549  
Fax (502) 564-0506  
fw.ky.gov  
October 13, 2016

**Regina Stivers**  
Deputy Secretary

**Don Parkinson**  
Secretary

**Gregory K. Johnson**  
Commissioner

Ms. Joan Graham, Executive Director  
Finance and Administration Cabinet  
702 Capitol Avenue, Room 96  
Frankfort, Kentucky 40601

Dear Ms. Graham:

The purpose of this letter is to request a Competitive Bidding Exception (FAP 111-10-00-12) for the purchase of gift cards for volunteer hunter education instructors. As outlined in our 2013 statutory state audit, finding 2013-10, the KY Department of Fish and Wildlife Resources (KDFWR) has ceased purchasing gift cards for volunteer hunter education instructors using a Pro-Card. The KDFWR sought a special exemption to allow Pro-Card usage for these volunteer cards, but was denied. After researching potential vendors and solutions, Omni Card LLC, was the only Visa gift card vendor found that will invoice and accept checks from the Department, which keeps us compliant with the audit finding.

Hunter education is required for all Kentucky hunters born after January 1, 1975. The KDFWR receives federal funds to administer the hunter education program. To ensure we can deliver the required number of hunter education classes, KDFWR uses volunteer instructors to deliver the majority of hunter education programs in Kentucky. Volunteer instructor hours are used as part of the required state match for federal aid. Volunteer hours are valued at \$20 per hour toward the state match of federal dollars. Volunteers accrue credit at the rate of \$1 in credit for every hour worked.

Like many other states, Kentucky provides incentives in the form of a gift card to these volunteers. Volunteer instructors receive a gift card between \$50 and \$450, annually, based on volunteer hours accrued. Our current policy does not allow volunteers to receive more than \$450 in a calendar year.

The hunter education program is reimbursed by federal grant money awarded by the United States Fish and Wildlife Service (USFWS). Our federal coordinator has stated that the outright cash payment to volunteers would jeopardize grant dollars for the program, but gift cards do not. Our current projection for gift cards this year is \$15,000. Issuing gift cards to volunteers, based on hours worked, is a very cost effective way to deliver hunter education training and certification to our constituents.

If this exception request is approved, the contract will be renewed on an annual basis.  
Thank you for your consideration in this matter.

Ms. Joan Graham  
Page 2



Sincerely,  
*Billye M. Haslett*  
Billye M. Haslett, Director  
Administrative Services Division



**TOURISM, ARTS AND HERITAGE CABINET  
KENTUCKY DEPARTMENT OF FISH & WILDLIFE RESOURCES**

**Steven L. Beshear**  
Governor

#1 Sportsman's Lane  
Frankfort, Kentucky 40601  
Phone (502) 564-3400  
1-800-858-1549  
Fax (502) 564-0506  
[fw.ky.gov](http://fw.ky.gov)

**Bob Stewart**  
Secretary

**Gregory K. Johnson**  
Commissioner

December 8, 2014

Mr. Don Speer, Executive Director  
Finance and Administration Cabinet  
702 Capitol Avenue, Room 96  
Frankfort, Kentucky 40601

Dear Mr. Speer:

This letter is requesting a Competitive Bidding Exception (FAP 111-10-00-12) for the purchase of gift cards for volunteer hunter education instructors. As outlined in 2013 statutory state audit, finding 2013-10, the department has ceased purchasing gift cards for volunteer hunter education instructors using a Pro-Card. The department sought a special exemption to allow Pro-Card usage for these volunteer cards, but was denied. After researching potential vendors and solutions, the selected Visa gift card vendor, Omni Card LLC, is the only one found that will invoice us and accept checks from the department keeping us compliant with the audit finding.

Hunter education is required for all Kentucky hunters born after January 1, 1975. The Kentucky Department of Fish and Wildlife Resources (KDFWR) receives federal funds to administer the hunter education program. To ensure we can deliver the required number of hunter education classes, KDFWR uses volunteer instructors to deliver the majority of hunter education programs in Kentucky. Volunteer instructor hours are used as part of the required state match for federal aid. Volunteer hours are valued at \$20 per hour towards state match of federal dollars. In 2015, Kentucky is eligible to receive in excess of \$2,000,000 in federal aid for the hunter education program. Like many other states, Kentucky provides incentives in the form of a gift card to these volunteers. A volunteer receives the equivalent of \$1 hour for every hour worked. Volunteer instructors can accrue credit and cash out for a gift card between \$50 and \$450. Our current policy and database does not allow volunteers to cash out for more than \$450 in a calendar year. The hunter education program is reimbursed by

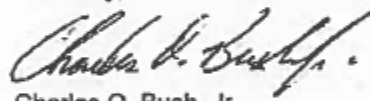
Don Speer  
Page 2  
December 8, 2014

federal grant money awarded by the United States Fish and Wildlife Service (USFWS). Our federal coordinator has stated that the outright cash payment of volunteers would jeopardize those grant dollars for the program, but gift cards do not place those dollars in jeopardy.

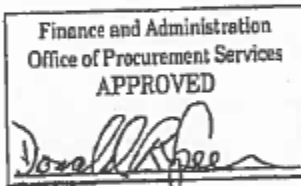
The annual amount spent of these gift cards varies per year but can reach or exceed \$20,000. Our current projection is \$15,000 for the fiscal year. Arguably, the hours spent by volunteers are a cost effective way to deliver the hunter education requirement to our constituents. If this exception request is approved, the contract will be renewed on an annual basis.

Thanks for your consideration in this matter.

Sincerely,



Charles O. Bush, Jr.  
Deputy Commissioner





**45A.097 Governmental body's acceptance of donation and gifts and consideration of establishing commemoration, memorial, naming rights, or sponsorships.**

- (1) A governmental body may accept donations and gifts from persons or businesses to further the governmental body's mission or to benefit the Commonwealth. Donations and gifts shall not be from a prohibited source.
- (2) In exchange for a donation or gift, a governmental body may consider an accompanying request for a commemoration or memorial, but all such requests involving state property shall be subject to approval by the secretary.
- (3) Except as provided in KRS 45A.095(2)(d), naming rights of structures, buildings, or any other physical property owned or operated by the Commonwealth of Kentucky shall be competitively awarded pursuant to KRS Chapter 45A and subject to review and approval by the secretary. Naming rights shall not constitute an endorsement of a particular business by the Commonwealth.
- (4) **Notwithstanding KRS Chapter 11A, a governmental body may accept and solicit sponsorships from persons and businesses in the following manner:**
  - (a) **A sponsorship shall be for a defined period of time, a specific event, or a particular governmental body purchase or need;**
  - (b) A governmental body seeking to solicit a sponsorship shall advertise the sponsorship opportunity on its Web site, newsletter, or other written media for a minimum of seven (7) calendar days. A sponsorship opportunity shall describe the number of potential sponsorships available, the relative importance of price and other evaluation factors used to ensure "best value" as defined in KRS 45A.070, and the advertising or similar commercial considerations available from the Commonwealth for a particular sponsorship opportunity;
  - (c) The governmental body shall notify the Office of Material and Procurement Services in the Office of the Controller of the Finance and Administration Cabinet by providing copies of its sponsorship opportunity advertisements to the office. If the Office of Procurement Services approves or does not respond to the governmental body within one (1) business day of notification, the governmental body may proceed under this subsection;
  - (d) At the end of the advertising period for a sponsorship, all responses shall be evaluated in accordance with the evaluation factors set forth in the sponsorship opportunity;
  - (e) Written or oral discussions may be conducted with responsible bidders in accordance with KRS 45A.085(7);
  - (f) A sponsorship shall be awarded to the responsible bidder determined in writing to be most advantageous to the Commonwealth, taking into consideration the evaluation factors set forth in the sponsorship opportunity. All evaluation documentation, scoring, and summary conclusions of the award shall be made a part of the file or governmental body record;
  - (g) If insufficient eligible responses are received in response to the advertising of a sponsorship opportunity, and the purchasing officer determines in writing

that further bidding would not likely result in additional responsive proposals being received by the Commonwealth, then noncompetitive negotiations with nonprohibited sources may be used to award contracts for the remaining number of sponsorships available;

- (h) A sponsorship shall not constitute an endorsement of a particular business by the Commonwealth as the sole vendor of choice; and
  - (i) An entity that is a prohibited source may be considered for a sponsorship opportunity only if there is a written finding by the purchasing officer that:
    - 1. The entity is not lobbying or attempting to influence matters of the governmental body; and
    - 2. The sponsorship will provide:
      - a. A public benefit to the Commonwealth; or
      - b. Economic development or enhanced tourism in the Commonwealth.
- (5) An entity that is a prohibited source due to its current contractual relationship with a governmental body may provide conferences or training events for the benefit of the governmental body only:
- (a) When the entity does not have any interests that might be affected by the performance or nonperformance of the governmental body's official duties; and
  - (b) The conference or training promotes safety, economic development, or tourism in the Commonwealth, or there is otherwise a public benefit to the Commonwealth.
- (6) Governmental body employees whose official duties include acceptance or solicitation of donations, gifts, or sponsorships shall not be involved with:
- (a) The solicitation or award of contracts by the governmental body; or
  - (b) The noncompetitive negotiation of naming rights of structures, buildings, or any physical property owned or operated by the Commonwealth.

Effective: June 29, 2017

History: Created 2017 Ky. Acts ch. 175, sec. 2, effective June 29, 2017.

**45A.095 Definitions -- Noncompetitive negotiation.**

- (1) For purposes of this section:
  - (a) "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. The existence of the emergency condition creates an immediate and serious need for services, construction, or items of tangible personal property that cannot be met through normal procurement methods and the lack of which would seriously threaten the functioning of government, the preservation or protection of property, or the health or safety of any person; and
  - (b) "Sole source" means a situation in which there is only one (1) known capable supplier of a commodity or service, occasioned by the unique nature of the requirement, the supplier, or market conditions.
- (2) A contract may be made by noncompetitive negotiation only:
  - (a) For sole source purchases;
  - (b) When competition is not feasible, as determined by the purchasing officer in writing prior to award, under administrative regulations promulgated by the secretary of the Finance and Administration Cabinet or the governing boards of universities operating under KRS Chapter 164A;
  - (c) When emergency conditions exist; or
  - (d) For sponsorships, naming rights, or other advertising or similar considerations for which competition is not feasible.
- (3) Insofar as it is practical, no fewer than three (3) suppliers shall be solicited to submit written or oral quotations whenever it is determined that competitive sealed bidding is not feasible. Award shall be made to the supplier offering the best value. The names of the suppliers submitting quotations and the date and amount of each quotation shall be placed in the procurement file and maintained as a public record.
- (4) **Competitive bids may not be required:**
  - (a) For contractual services where no competition exists, such as telephone service, electrical energy, and other public utility services;
  - (b) Where rates are fixed by law or ordinance;
  - (c) For library books;
  - (d) For commercial items that are purchased for resale;
  - (e) For interests in real property;
  - (f) **For visiting speakers, professors, expert witnesses, and performing artists;**
  - (g) For personal service contracts executed pursuant to KRS 45A.690 to 45A.725; and
  - (h) For agricultural products in accordance with KRS 45A.645.
- (5) The chief procurement officer, the head of a using agency, or a person

authorized in writing as the designee of either officer may make or authorize others to make emergency procurements when an emergency condition exists.

- (6) The Finance and Administration Cabinet may negotiate directly for the purchase of contractual services, supplies, materials, or equipment in bona fide emergencies regardless of estimated costs. The existence of the emergency shall be fully explained, in writing, by the head of the agency for which the purchase is to be made. The explanation shall be approved by the secretary of the Finance and Administration Cabinet and shall include the name of the vendor receiving the contract along with any other price quotations and a written determination for selection of the vendor receiving the contract. This information shall be filed with the record of all such purchases and made available to the public. Where practical, standard specifications shall be followed in making emergency purchases. In any event, every effort should be made to effect a competitively established price for purchases made by the state.

**Effective:** June 29, 2017

**History:** Amended 2017 Ky. Acts ch. 175, sec. 6, effective June 29, 2017. -- Amended 2002 Ky. Acts ch. 344, sec. 9, effective July 15, 2002. -- Amended 1997 (1st Extra. Sess.) Ky. Acts ch. 4, sec. 30, effective May 30, 1997. -- Amended 1990 Ky. Acts ch. 496, sec. 4, effective July 13, 1990. -- Created 1978 Ky. Acts ch. 110, sec. 20, effective January 1, 1979.



**Finding 7: KDFWR Failed to Procure Construction Services According to Laws and Regulations**

**Pg. 23- KDFWR Purchased Goods and Services with Procard in Excess of Allowable Limits**

The home improvement store was a master agreement vendor, and the capital fund purchase was within that small purchase authority. This project was designed and managed by the engineering division. The camp superintendent provided assistance in the project. Purchases made by the superintendent were closely monitored by the project manager. The agency has special procurement cards issued for the camps. These cards have no single purchase limit and are primarily intended to be used for master agreement purchases, the home improvement store was on master agreement. A copy of the email from Finance's procurement card administrator is attached.

**Pg. 24- KDFWR Had Insufficient Detail in Bid Solicitations Resulting in Unnecessary Expenses and Vendor Confusion**

The plans were clear and the Housing, Building & Construction (HBC) inspector approved and issued a building permit for the work. If the plans had not been clear, HBC would not have issued the permit.

Each vendor had a full set of architectural certified and stamped drawings with all of the details for the work to be completed. There was additional work shown on the architectural drawing to be completed by future vendors, which is a common practice. The work to be completed by the vendor was highlighted on the plans to ensure there was no confusion. The portion of the work to be performed in the future by the electricians was also included because the bidder needed to see the overall project plans to understand his portion of the work vs other contractors. A part of this contract included work in the "License Annex" of the "IT & Engineering Building". A separate design plan sheet that clearly depicted this work was provided to the vendors. The fact that the vendors referenced this building by different names or not at all in their quote does not mean they were confused or that unnecessary expenses occurred.

**Pg. 26- KDFWR Awarded the Contract to the Second Lowest Bidder after Avoidable Change Orders**

The contract was issued to the lowest bidder. Once the project was underway a design change was issued when it was determined the front desk would fit against the new wall without originally planned modifications. The change required additional conduit (electric and IT could not be in the same conduit and an additional outlet was added). We also asked the vendor to purchase additional paint for touch ups. Change orders are common for construction contracts and are unforeseeable. The fact that the change order caused the total project cost to be higher than the second lowest quote is a moot point, because if the change orders had been included in the initial plans, the second lowest bidder would have most likely still been higher.

As part of the purchasing policy, once a capital construction project is approved it is up to the division director to approve all purchases within the project. The purchase requisitions over \$2,500 within a capital construction project do not require approval from the Commissioner's Office.

From KDFWR Purchasing policy:

**"Capital Construction Projects** – All capital construction projects are approved by the Commissioner's office. Once approved, the Director's office in charge of the project shall ensure the appropriateness of the purchases under each capital project."

**The AMB Renovation Project Was Not Compliant with KRS 56.491:**

The AMB Renovation project was a Finance Cabinet/DECA managed and ran project and the original intent was to completely bid out the project for construction. KDFWR had the opportunity to obtain partitions and furniture from the Capital Plaza Tower before demolition. The value of the partitions and furniture was in excess of \$100,000 (a huge savings!). Once the estimates and scope of work were defined, the DECA project manager decided it was beneficial for KDFWR to do portions of the work in-house or contract the work for cost savings. The project included a small amount of general construction work and a large amount of electrical work. The intent of this was to responsibly spend the agency's funds and for cost savings. **No procurement laws were circumvented.** The project is complete and the total project cost was \$220,000, less than limit of \$250,000. The fact that the window treatment and paint was removed from the project for budgetary concerns is **not** intent of split purchasing. (The work has **not** been completed.)



---

**Cox, Lisa (FW)**

---

**From:** Trent, Melissa (FW)  
**Sent:** Friday, December 14, 2018 11:53 AM  
**To:** Cox, Lisa (FW)  
**Subject:** FW: KDFWR Camp MA ProCards  
  
**Importance:** High



---

**From:** Crockett, Bethany D (Finance) <[Bethany.Crockett@ky.gov](mailto:Bethany.Crockett@ky.gov)>  
**Sent:** Friday, June 1, 2018 1:37 PM  
**To:** Jackson, Krista D (FW) <[krista.jackson@ky.gov](mailto:krista.jackson@ky.gov)>  
**Cc:** Trent, Melissa (FW) <[Melissa.Trent@ky.gov](mailto:Melissa.Trent@ky.gov)>; Coffey, Terra (FW) <[Terra.Coffey@ky.gov](mailto:Terra.Coffey@ky.gov)>; Bagby, Megan M (FW) <[megan.bagby@ky.gov](mailto:megan.bagby@ky.gov)>  
**Subject:** RE: KDFWR Camp MA ProCards

Approved.

---

**From:** Jackson, Krista D (FW)  
**Sent:** Friday, June 01, 2018 1:36 PM  
**To:** Crockett, Bethany D (Finance) <[Bethany.Crockett@ky.gov](mailto:Bethany.Crockett@ky.gov)>  
**Cc:** Trent, Melissa (FW) <[Melissa.Trent@ky.gov](mailto:Melissa.Trent@ky.gov)>; Coffey, Terra (FW) <[Terra.Coffey@ky.gov](mailto:Terra.Coffey@ky.gov)>; Bagby, Megan M (FW) <[megan.bagby@ky.gov](mailto:megan.bagby@ky.gov)>  
**Subject:** KDFWR Camp MA ProCards

Bethany,

Good afternoon, per our phone conversation we are raising the Master Agreement ProCard limits of our three camps, Currie, Wallace and Webb, to \$8,000.00 per transaction, while leaving the monthly transaction limit as is.

Thank you for your assistance,

**Krista D. Jackson**

Administrative Branch Manager, Accounting Branch  
Dept. of Fish & Wildlife Resources  
#1 Sportsman's Lane  
Frankfort, KY 40601  
502-564-7109 x. 4552 / 502-564-9136 fax  
[krista.jackson@ky.gov](mailto:krista.jackson@ky.gov)

**Did you know...** Kentucky Afield is the longest continuously-running outdoors television show in the nation?

Experience the Unbridled Spirit of Kentucky.  
[www.kentuckyunbridledspirit.com](http://www.kentuckyunbridledspirit.com)

**Confidentiality Notice:**

*This e-mail message, including any attachment, is for the sole use of the intended recipient(s) and may contain confidential information. Any unauthorized review,*

**Finding 10: KDFWR Received 180 tickets to Sporting Events and Distributed to Employees**

**Pg. 37**

As explained during audit interviews, no tickets were used outside of the ones to enter the gate to work. Our employee knew about the previous audits and he is passionate about maintaining the highest ethics in dealing with these types of events. Attached are both a letter from the Louisville organization affirming our employee's statement and the 2018 contract renewal that has no tickets included.



## MEMORANDUM OF AGREEMENT

**WHEREAS**, this Memorandum of Agreement (hereinafter "Agreement") is between the Commonwealth of Kentucky, Tourism, Arts, and Heritage Cabinet, Department of Fish and Wildlife Resources (hereinafter "KDFWR"), and The Louisville Bats (hereinafter "Louisville Bats"), 401 East Main Street, Louisville, Kentucky, 40202, on the \_\_\_\_ day of March, 2018.

**WHEREAS**, KDFWR is the state agency charged with the duty to protect and conserve the Commonwealth's wildlife, and established by law with a Division of Marketing under KRS 12.020(II)(10)(c)(7);

**WHEREAS**, the Louisville Bats are the Triple-A Minor League "Farm Team" for the Cincinnati Reds, ranked Top 15 in Triple-A Baseball, with a home field at the Louisville Slugger Field, which was voted as the top Triple-A Minor League Ball Park in the country in 2016;

**WHEREAS**, the parties seek to develop an advertising program that creates new customers and raises awareness for the KDFWR in the Louisville Area during the spring and summer months by using the popularity of the Louisville Bats and the Louisville Slugger Field;

**NOW, THEREFORE**, in consideration of the mutual promises contained herein, the parties understand and agree to the following terms and conditions for the Louisville Bats' 2018 season:

### **THE LOUISVILLE BATS' RESPONSIBILITIES:**

1. Concourse Back-Lit Sign – The KDFWR shall receive one (1) 47" x 68" back-lit sign located on the main concourse. The Louisville Bats shall pay for the production and installation of this sign.
2. Radio Advertising – The KDFWR shall receive one (1) :30 commercial during all 2018 Louisville Bats' games (140 total). The Louisville Bats games are broadcast on iHeart Radio's 790 AM KRK.
3. Full-Page Print Ad in the Bats Souvenir Program – The KDFWR shall receive one (1) Full-Page Print Advertisement in the Louisville Bats' Souvenir Program for all 70 Louisville Bats' Home Games.
4. Kid's Activity Book Advertisement – The KDFWR shall receive an advertising position in the 2018 Louisville Bats Kid's Activity Book. These fun and interactive children's programs are distributed to all kids FREE of charge at each of the

Louisville Bats' 70 home games during the season. One (1) 4" x 2" ad shall be used in the book as determined by the KDFWR. The KDFWR shall also receive one (1) 3 3/4" x 1 1/2" coupon placement in the 2018 Louisville Kid's Activity Book.

5. In-Game Videoboard Logo Mention – During each of the Louisville Bats' 2018 home games, the KDFWR shall receive a videoboard logo mention. The logo mention shall be displayed while the game is in play and shall be displayed for approximately :05.
6. Concourse Table Opportunity – The KDFWR shall receive the opportunity to have three (3) concourse table nights during the 2018 season. For each night, the Louisville Bats shall provide the KDFWR with one (1) 6ft. table located on the main concourse to hand out information and interact with fans of the Louisville Bats. The dates must be mutually agreed upon between the two parties.
7. Display Opportunities – The KDFWR shall receive two (2) opportunities to have displays set up on the Witherspoon Plaza during the 2018 season. The display opportunities can be used to promote the KDFWR's initiatives. The dates must be mutually agreed upon between the two parties.
8. The Louisville Bats shall not identify the KDFWR as a sponsor or endorser in any of the advertising opportunities described above or elsewhere. The Louisville Bats may identify the KDFWR as a partner.
9. All advertising content described above shall be subject to the KDFWR's approval before being used, published, printed, or aired.

**THE DEPARTMENT OF FISH AND WILDLIFE RESOURCES' RESPONSIBILITIES:**

1. The KDFWR shall pay \$4,750.00 to the Louisville Bats for the advertising opportunities as stated above.

**GENERAL TERMS AND CONDITIONS OF THIS AGREEMENT**

1. **TERM OF AGREEMENT:** This Agreement is effective upon signature of all of the parties and will terminate upon completion of the advertising and payment described above.
2. **COMPLETE AGREEMENT:** This Agreement sets forth the entire understanding of the parties with respect to the subject matter hereof, supersedes all existing agreements among them concerning the subject matter hereof, and may be modified only by a written instrument duly executed by each of the parties hereto. All notices or communications whatsoever shall be in writing and sent by First Class Mail to the parties as identified below:

KDFWR:                    Michael Gray  
                                  KDFWR Marketing Division Assistant Director  
                                  1 Sportsman's Lane  
                                  Frankfort, KY 40601

Louisville Bats:     Shelby Harding  
                          Louisville Bats Baseball Club  
                          401 East Main Street  
                          Louisville, KY 40202

3.    **RIGHT TO SIGN:** The parties certify, by the signatures of duly authorized representatives hereinafter affixed, that they are legally entitled to enter into this Agreement, and that they will not be violating, either directly or indirectly, any conflict of interest statute of the Commonwealth of Kentucky by performance of this Agreement. Further, the parties covenant that they presently have no conflict of interest, in any manner or degree, with the performance of duties pursuant to this Agreement.
  
4.    **COMPLIANCE WITH LAW:** The Parties agree to abide by all current laws and regulations, both state and Federal, as applicable, including, but not limited to:
  - a.)    KRS 45.570;
  - b.)    The Executive Branch Code of Ethics (KRS Chapter 11A);
  - c.)    All state statutes relating to nondiscrimination;
  - d.)    The National Environmental Policy Act of 1969 (P.L. 91-190) and Executive Order No. 11514;
  - e.)    The Endangered Species Act of 1973, as amended (P.L. 93-205); and
  - f.)    All other applicable federal and state statutes and regulations relating to protection of the environment.
  
5.    **ACCESS TO RECORDS:** All Parties agree that the contracting agency, the Finance and Administration Cabinet, the Auditor of Public Accounts, and the Legislative Research Commission, or their duly authorized representatives, shall have access to any books, documents, papers, records, or other evidence, which are directly pertinent to this contract for the purpose of financial audit or program review. Both Parties also recognizes that any books, documents, papers, records, or other evidence, received during a financial audit or program review shall be subject to the Kentucky Open Records Act, KRS 61.870 to 61.884. In the event of a dispute between the contractor and the contracting agency, Attorney General, or the Auditor of Public Accounts over documents that are eligible for production and review, the Finance and Administration Cabinet shall review the dispute and issue a determination, in accordance with Secretary's Order 11-004.
  
6.    **JURISDICTION AND VENUE:** The Parties hereby agree that this Agreement has been executed under and shall be governed in accordance with the laws of the Commonwealth of Kentucky. The Parties hereto agree that any legal action which is brought on the basis of said agreement shall be filed with the Franklin County Circuit Court of the Commonwealth of Kentucky.
  
7.    **INDEMNITY:** The Louisville Bats shall indemnify, hold harmless, and defend the KDFWR and all of its officers, agents, and employees from all suits, actions, or claims of any character because of any injuries or damages received by any person, persons, or property resulting from this agreement, to the extent allowed by Kentucky law. Notwithstanding any other provision of this Agreement, any and all





Amber Arnett  
Legal Counsel  
Kentucky Department of Fish and Wildlife Resources  
1 Sportsman's Lane  
Frankfort, Kentucky 40601

Date



To whom it may concern,

The Bats have enjoyed partnering up with the Kentucky Department of Fish and Wildlife Resources for the past several years. In the past, group tickets have been offered to the Kentucky Department of Fish and Wildlife Resources as a standard item we offer as gratitude of our partnerships. But, the Kentucky Department of Fish and Wildlife Resources never requested the tickets. They never brought up the idea of using the 30 tickets per Main Concourse Informational Table nights.

In 2018, my main contact, Michael Gray, proposed that we take out the group ticket element of the package deal. He was adamant that we discontinue that element and move forward with the main advertising materials stated in the agreement. The only tickets that the Kentucky Department of Fish and Wildlife Resources did receive during this past season were general admission tickets to enter the stadium on the nights they set up a Main Concourse Informational Table. All corporate partners need a ticket to enter the gates for each game.

Please let me know if you have any questions or concerns.

Sincerely,

A handwritten signature in black ink that reads "Shelby Harding". The signature is written in a cursive, flowing style.

Shelby Harding  
Louisville Bats  
Corporate Partnerships Manager  
502-614-4502

**AUDITOR'S REPLY**

### **Auditor's Reply**

The special examination findings are based on verifiable and documented evidence provided by KDFWR to the APA. Several issues were identified where verification is not available to support KDFWR's position or explanation for transactions. It is the agency's responsibility to maintain supporting documentation that allows management and auditors to assess the actions taken. The APA hopes KDFWR and TAH will take corrective action regarding all issues identified in the report and strengthen controls so that if future agency actions are justifiable, the documentation is consistent with the agency's justification and state law.

In addition to the evidence provided in the report, APA offers the following replies to TAH's responses regarding the following particular findings:

#### **Finding 4**

##### **Containers**

The examination is based on controls in place throughout the agency and not based on individual personnel involved, which is irrelevant to the finding. The APA discourages agencies from responding in the manner of TAH by singling out individual employees involved.

The finding provides the evidence supporting the conclusion of a split purchase and auditors' conclusions regarding the intent behind the transactions. It is immaterial whether different divisions requested purchases.

Auditors note that one of the purchase requisitions provided in response to the examination has no approvals or reviews, creating additional problems related to this procurement.

##### **Gravel**

The documentation for the gravel lot shows the same contract, same amount, and same vendor, on the same location. There are no documents to support or verify TAH's response.

##### **Delegated Authority**

System controls in eMARS do not necessarily coincide with agency small purchase authority. FAC documentation of agency delegated authority provided to auditors reflect a \$10,000 small purchase limit for the period relevant to this procurement.

#### **Finding 5**

FAC approval does not address the issues identified in the finding related to use of federal funds, the reasonableness of the expenditure, and the wage and hour implications. There was no written documentation of approval by U.S. Fish and Wildlife of the practice of debit card (cash)

payments. Requests for approval were vague and identified the program as offering “incentives” or “gift cards” rather than cash equivalent debit cards.

#### Finding 7

##### **Procards in Excess of Allowable Limits**

Procard use was not consistent with KDFWR policy, which requires Procard purchases not to exceed \$1,000. The response does not address the issue of the conflict of interest with the superintendent making purchases for the property where he resides. TAH notes in its response that it has cards issued with “no single purchase limit,” which should be revisited. Proper controls require reasonable limits on Procards.

An internal e-mail attached to TAH’s response is dated **after** the time period that was examined. No revised policy has been provided with respect to Procards.

##### **Construction Bid Solicitations**

There was no documented description to show what the vendors were bidding on. A verbal walkthrough does not provide evidence of the solicitation to ensure consistency in the procurement process. Verbal solicitations and changes in work cannot be relied upon or substantiated.

##### **Change Orders**

Solicitations cannot be meaningfully compared when there is no description of the work to be performed. There is no way to determine in retrospect if the vendors were bidding on the same or substantially similar work.

##### **AMB**

Assuming DECA has statutory authority to delegate management of force account projects back to an agency, no documentation was provided to evidence this action.

#### Finding 10

Auditors reiterate that KDFWR should monitor the distribution of any tickets provided as part of the marketing contract.

The 2018 contract provided in TAH’s response is after the time period that was examined.

TAH also included in the response an undated letter not previously provided to auditors.