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# Harris County Auditor's Office



## MEMORANDUM

To: Barbie Robinson, Executive Director, Harris County Public Health  
Sheriff Ed Gonzalez, Harris County Sheriff's Office

From: Mike Post, Harris County Auditor *MPT*  
Leslie Wilks Garcia, First Assistant County Auditor  
Cassie Davis, Director of Compliance Audit

CC: Diana Ramirez, Harris County Administrator

RE: Holistic Assistance Response Teams (HART) Program Contract

Date: June 14, 2024

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## EXECUTIVE SUMMARY

The Internal Audit Division has performed a review of the contract between Harris County (County) and DEMA Consulting & Management Texas LLC<sup>1</sup> (DEMA) to administer the Holistic Assistance Response Teams (HART) Program. The purpose of this engagement was to evaluate DEMA's compliance with the terms of the contract. This contract review was divided into the following objectives:

1. Vendor Requirements
2. Financial Compliance
3. Operational Compliance

The scope of this review covered the period of January 25, 2022, to April 30, 2024. See **Appendix A** for the specific provisions of the contract reviewed under each objective.

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## BACKGROUND

On January 25, 2022, the County executed an agreement with DEMA to supervise and provide staff for the HART Program. The HART Program launched on March 21, 2022, and was created to directly dispatch 911 and other non-emergency calls to interdisciplinary unarmed, first responder teams trained in behavioral health and on-scene medical assistance. The goal of the HART Program is to improve community health and safety by

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<sup>1</sup>DEMA conducted business as DEMA Consulting & Management LLC when the initial agreement was approved. As of March 7, 2022, DEMA has conducted business as DEMA Consulting & Management Texas LLC.

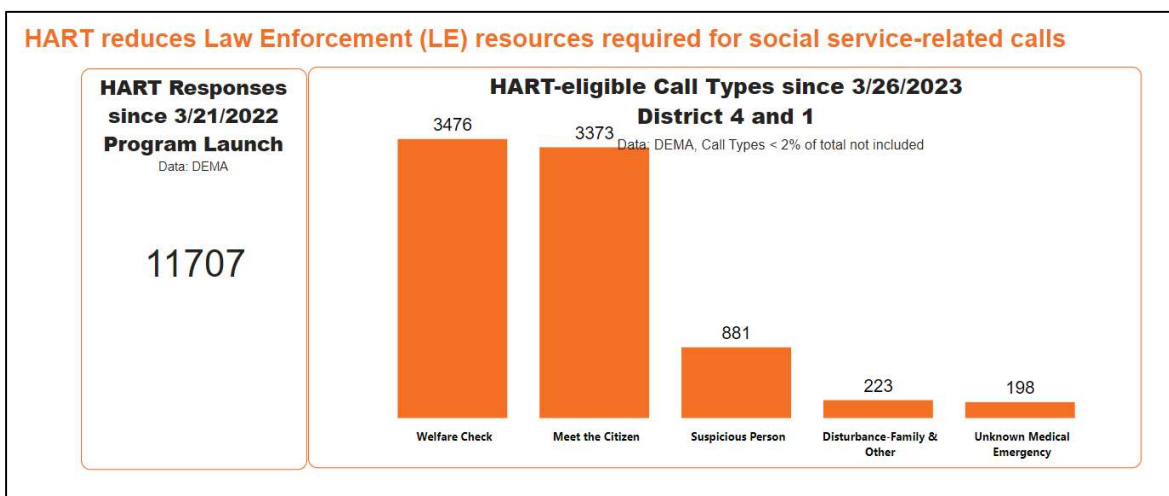
quickly providing the appropriate response to residents experiencing homelessness, behavioral health issues, or non-emergency health or social welfare concerns. Another goal is to reduce unnecessary law enforcement or hospital-based interventions for non-emergent 911 calls. Harris County Public Health (Public Health) oversees the HART Program on behalf of the County and works in conjunction with the Harris County Sheriff’s Office (Sheriff’s Office). The table below provides a summary of the HART Program contract (contract).

**Figure 1. HART Program Contract Summary**

Approval Date	Amount	Contract Details
January 25, 2022	\$1,500,000	Initial contract approved for one year with four additional one-year renewals.
January 10, 2023	\$1,500,000	First renewal approved to extend the HART Program for one year from January 25, 2023, to January 24, 2024.
May 16, 2023	No additional funds	Proposal approved to expand the HART Program into a second district.
December 19, 2023	\$6,116,189	<ol style="list-style-type: none"> <li>1. First amendment approved to add more funding and update the scope of work.</li> <li>2. Second renewal approved to extend the HART Program for another year from January 10, 2024, to January 9, 2025.</li> </ol>
April 23, 2024	No additional funds	Second amendment incorporating the expansion proposal exhibit presented at Commissioners Court but not approved.

The HART Program was initially launched to provide services in Sheriff’s Office District 1. In 2023, expansion of the program was approved by Commissioners Court and DEMA began providing services in Sheriff’s Office District 4. The figure below displays HART statistics obtained from Public Health’s website as of June 6, 2024.

**Figure 2. HART Program Statistics**



## RESULTS

### OBJECTIVE 1: Vendor Requirements

**OBSERVATION 1.1:** DEMA was not registered to conduct business in Texas when the contract was executed on January 25, 2022. The contract states, “Contractor warrants and represents that it is registered with the Texas Secretary of State to transact business in Texas, and is current on all state and local fees and taxes, including but not limited to Franchise Account Status in “good standing” with the Texas Comptroller of Public Accounts.” On December 31, 2021, DEMA provided a signed verification claiming exemption from Franchise Tax with the State of Texas as a sole proprietor. DEMA filed for incorporation in Texas on March 22, 2022.

**OBSERVATION 1.2:** DEMA could not provide evidence that it maintained Umbrella/Excess Liability and Professional Errors and Omissions Liability insurance as required by the contract. DEMA also did not maintain the required automobile liability insurance policy limits. In addition, the County was not named as an additional insured party for Commercial General Liability and Workers’ Compensation Employer Liability for the coverage period of June 24, 2022, to June 24, 2023, and also for automobile liability from April 16, 2022, to April 18, 2024. DEMA representatives stated that they would work with their broker to obtain adequate insurance coverage. The table below outlines the missing coverages identified.

**Figure 3. Insurance Coverages by Type**

Coverage Type	Coverage Period	Coverage Amount Required	Coverage Maintained by DEMA
Umbrella/Excess Liability	January 25, 2022 – June 24, 2022	\$1,000,000	\$0
	June 24, 2022 – June 24, 2023	\$1,000,000	\$0
	June 24, 2023 – June 24, 2024	\$1,000,000	\$0
Professional Errors and Omissions Liability	January 25, 2022 – June 24, 2022	\$1,000,000	\$0
Automobile Liability	January 25, 2022 – April 15, 2022*	\$1,000,000	\$515,000
	April 16, 2022 – April 18, 2024	\$1,000,000	\$100,000

\*DEMA provided evidence for automobile liability through April 1, 2022.

**OBSERVATION 1.3:** The contract requires DEMA employees to participate and successfully complete all necessary trainings. Some of the required trainings outlined in the contract include Cybersecurity Awareness, Ethics, and Public Information Act. Through review of Public Health’s and DEMA’s records, Internal Audit noted several instances where evidence of completed trainings did not exist. DEMA could not provide documentation to support that employees completed the required trainings. According to DEMA and Public Health representatives, some employees could not complete the trainings due to issues with logging into the County’s training platform.

### OBJECTIVE 2: Financial Compliance

**OBSERVATION 2.1:** We identified the following instances in which invoices billed by DEMA from January 25, 2022, to April 30, 2024, did not comply with the contract:

- Five invoices totaling approximately \$1,408,996 had invoice or service dates prior to purchase order approvals. The contract states that a vendor should not perform services until receipt of a purchase order from the County.
- Nine invoices totaling approximately \$860,355 had position titles and rates that were not supported by the original contract or first amendment. These invoices have not been paid as they were initially identified by the Auditor's Office Accounts Payable Department.

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### **OBJECTIVE 3: Operational Compliance**

**OBSERVATION 3.1:** DEMA did not provide the required staffing coverage for the HART Program as outlined in the initial contract and subsequent amendment. In accordance with the initial contract, DEMA agreed to provide six (6) HART response teams with each team consisting of two employees and working 10-hour shifts for District 1. The first amendment approved by Commissioners Court increased staffing requirements to eight (8) response teams for District 1 and an additional eleven (11) response teams for District 4. The number of teams were increased to provide coverage for 24 hours a day, seven days per week in each district.

DEMA did not bill the County for coverage for 24 hours a day, seven days per week but instead billed only for services provided. Based on review of the invoice support provided by DEMA to Public Health, DEMA had an average number of three to six working teams per day. This average was calculated based on the employee hours billed and the expectation that teams consisted of two employees working 10-hour shifts. According to Public Health and DEMA representatives, DEMA began providing 24-hour coverage, four days per week in May 2024.

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#### ***Internal Audit Standards***

We conducted our engagement in accordance with the International Standards for the Professional Practice of Internal Auditing (Standards). The Standards require that we comply with the Code of Ethics and obtain reasonable assurance that significant risks to the activity are minimized to an acceptable level.

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## Appendix A

This appendix outlines provisions of the contract and amendment that were reviewed under each objective.

Objective	Areas Reviewed
<b>1. Vendor Requirements</b>	<ul style="list-style-type: none"><li>• Verification of registration as a business in Texas</li><li>• Confirmation of DEMA employee certifications and licenses</li><li>• Verification of required insurance coverages</li><li>• Completion of Harris County trainings by DEMA employees</li></ul>
<b>2. Financial Compliance</b>	<ul style="list-style-type: none"><li>• Invoice testing including potential overbilling; unauthorized services; unperformed services; and existence of required invoice details, such as support documentation, descriptions of services performed, days and times of service, and cost of service</li><li>• Verification that invoices did not exceed contract appropriation limits</li><li>• Review of reimbursements for liability claims (as applicable)</li></ul>
<b>3. Operational Compliance</b>	<ul style="list-style-type: none"><li>• Confirmation of the existence of Standard Operating Procedures</li><li>• Review of HART Program staffing coverage</li><li>• Confirmation of DEMA's submission of key performance data and deliverables</li></ul>