
Harris County Auditor's Office



Memorandum

To: Joshua Stuckey, Interim Executive Director
Daphne Lemelle, Deputy Director

From: Mike Post, Harris County Auditor
Errika Perkins, Chief Assistant County Auditor - Audit Division

CC: Lina Hidalgo, County Judge
Rodney Ellis, Commissioner Precinct 1
Adrian Garcia, Commissioner Precinct 2
Steve Radack, Commissioner Precinct 3
R. Jack Cagle, Commissioner Precinct 4
Robert Soard, County Attorney's Office
DeWight Dopslauf, Purchasing Agent

RE: Community Services Department – Funeral Home Contract Performance Audit

Date: July 21, 2020

At the request of the Harris County Community Services Department (CSD) on May 5, 2020, the Harris County Auditor's Audit Division performed an audit of the Mortuary Services contract (the Contract) between CSD and A Community Funeral Home (the funeral home). The Audit Division performed procedures to address the below agreed upon objectives as discussed at a meeting on May 11, 2020, between the Audit Division and CSD:

- Determine whether invoice procedures are being properly adhered to in accordance with the Contract and Harris County guidelines.
- Determine whether the funeral home is in compliance with the "provisional license" as defined by Texas Funeral Service Commission's Governing Laws.
- Evaluate funeral home complaints made to CSD for violations of the Contract or the Texas Funeral Service Commission's Governing Laws.

Overview

On June 3, 2019, Harris County accepted bids for a qualified vendor to provide mortuary services and related items for Harris County CSD for one year. The October 8, 2019, Commissioners Court agenda included a request from the Harris County Purchasing Agent for approval of the second lowest qualified bidder, Carnes Funeral Home Inc., rather than the lowest priced bid from A Community Funeral Home on the basis that A Community Funeral Home did not meet specifications required by the Contract. During that Commissioners Court meeting, a representative from A Community Funeral Home explained that subsequent to the submission of their bid they made the required changes to meet the specifications outlined in the bid package. The Court awarded the work to both vendors and requested that there be a control in place to ensure that business was not disproportionately split between the two vendors.

Subsequent to the execution of the contracts, CSD received complaints from Harris County citizens and CSD Bereavement Program staff regarding the conduct of A Community Funeral Home. CSD management sent a probation letter to the owner of A Community Funeral Home on May 5, 2020, to notify them that they were being placed on probation for the next 90 days and that any further substantiated complaints against the services provided, or any unprofessional behavior by A Community Funeral Home or its staff to the CSD staff, partner agencies or vendors, or families would result in Harris County terminating its contract with A Community Funeral Home. The probation letter stated that A Community Funeral Home must work with all CSD staff and submit invoices and all paperwork in accordance with CSD policies, procedures, and contractual obligations. The letter also stated that CSD asked the Harris County Auditor to investigate all aspects of CSD business transactions with A Community Funeral Home for compliance.

Results

Objective: Determine whether invoice procedures are being properly adhered to in accordance with the Contract and Harris County guidelines.

- CSD has adequate processes in place for reconciling invoice charges from the contract vendors.
- Invoices submitted by the funeral home were in accordance with the Contract guidelines.
- The cooler capacity and cooler temperature of the funeral home meets the requirements of the Contract.
- Invoices that were tested showed that after CSD communicated desired expectations to the funeral home, there were no other instances of unauthorized embalming charges.
- Auditors noted the referred vendor cases are split by the deceased's last name of A-K and L-Z and is not memorialized in the Contract nor an amendment. Our review of the referred cases identified the following:

Total Cases Referred from Beginning of Contract through June 8, 2020		
A Community Funeral Home	120	47%
Carnes Funeral Home	136	53%
Total	256	100%

It should be noted that CSD has a process to “true up” any differences by referring cases from the Institute of Forensic Sciences to the vendor with fewer cases every 30 days.

Objective: Determine whether the funeral home is in compliance with the “provisional license” as defined by Texas Funeral Service Commission’s Governing Laws.

- Based on conversations with the Texas Funeral Service Commission, Auditors reviewed Texas Administrative Code Subsection 203.5: Provisional License. Auditors identified the requirement that a provisional licensee must have a fully licensed funeral director present that can evaluate the industry work being performed by the provisional license holder. Auditors observed a licensed funeral director actively working onsite at A Community Funeral Home in 2 of our 3 unannounced visits. The licensed funeral director was not present during the first unannounced visit due to a family illness. We did not identify this as an issue because at the time there was no industry work being performed. Based on the review and inquiry of industry and safety regulations, it appears A Community Funeral Home is operating in accordance with regulatory guidance regarding having a licensed funeral director working for the establishment. *Note: Auditors only completed three of the five planned unannounced visits due to COVID-19 concerns and business disruptions.*

Objective: Evaluate funeral home complaints made to CSD for violations of the Contract or the Texas Funeral Service Commission’s Governing Laws.

The Auditor reviewed 34 complaints against A Community Funeral Home from January 13, 2020, through June 27, 2020. The following results were noted:

- 14 of the complaints were related to unprofessional behavior. Due to the subjectivity of the complaints, we were unable to substantiate.
- 12 of the complaints were related to invoice and billing practices. It was noted that these issues were resolved after CSD clarified expectations to the funeral home, which occurred just prior to the probation letter.
- 2 of the complaints were related to inadequate goods and services. It should be noted that these complaints also occurred prior to the probation letter.
- 2 of the complaints were related to additional death certificate fees. We determined the Contract does not specify whether or not the vendor can charge fees for additional death certificates.
- 2 of the complaints were related to inadequate and unprofessional methods of transportation by using a box truck for transportation of multiple decedents. The Contract does not specify the method or quality of transportation to be used for mortuary services.
- 1 complaint was related to a claim of an unpaid subcontractor of the funeral home. The subcontractor alleged the funeral home has not paid the 3.5% commission due for services performed under a Contractual Agreement. The Harris County Attorney’s Office determined that the County had no legal liability in this matter.
- 1 complaint questioned the presence of the Funeral Director in Charge as required by the funeral home Owner’s provisional license. Auditors were unable to independently verify employment of the Funeral Director in Charge listed on the Texas Funeral Services Commission’s website.

Conclusion

Procedures performed indicate that the vendor, A Community Funeral Home, is in compliance with the Contract and Harris County guidelines. It was noted that the funeral home violated policies and procedures of CSD, although these policies and procedures are not referenced in the contract. CSD should collaborate with the County Attorney’s Office and the Purchasing Agent’s Office to ensure future agreements for mortuary services are more specific in defining performance metrics, allocation of work with split vendors.