



Performance Audit
*Review of the District Coroner's
Administrative Activities*

Johnson County Audit Services

March 22, 2018

Report No. 2018 - 01

Review of the District Coroner's Administrative Activities

Executive Summary

Why We Did This Audit

At the request of the Director, Health and Environment (DHE), we reviewed the District Coroner's Cremation Permit Fee Program implementation to advise her of any major control and/or financial risk that may need to be addressed upon the District Coroner's Office transitioning from the Sheriff's Office to DHE. The review was further expanded to include contracting and other administrative activities.

What We Found

The District Coroner's initiative in 2017 establishing fees for cremation permits and other investigative costs was inadequately planned, implemented, and monitored. This resulted in a loss of revenue estimated at \$21,300.

The District Coroner entered into an informal arrangement with a single vendor, valued at \$498k in 2017, to perform coroner services. The lack of a formal contract poses an inherent financial and operational risk to the County.

Three Deputy Coroners have a financial or beneficial interest in companies providing coroner services to the County. These relationships should be formally disclosed. The lack of formal disclosures does not promote an atmosphere of openness, accountability and transparency in government.

The District Coroner has given verbal approval to investigators employed by Forensic Medical Management Services, PLC, to approve cremation permit request for deaths occurring out of state. The County may be exposed to a compliance risk with Kansas statutes.

What We Recommended

We recommended the Director, DHE, initiate the following corrective actions:

- Develop procedures to provide administrative support and financial guidance to the District Coroner including timely receipt, identification and collection of cremation permit remittances.
- Re-engineer the current cremation permit remittance process.
- Enter into written contracts when acquiring professional services.
- Examine the County's Code of Ethics and determine applicability to the District Coroner's Office and level of reporting.
- Coordinate with the Kansas Department of Health and Environment, Office of Vital Statistics, to confirm appropriate processing of cremation requests related to out-of-state deaths and develop procedures to comply with feedback received.



Johnson County Auditor

Johnson County, Kansas

PERFORMANCE AUDIT

March 22, 2018

To: The Johnson County Board of County Commissioners
Director, Department of Health and Environment
Johnson County Sheriff

At the request of the Director, Department of Health and Environment (DHE), we reviewed remittances received associated with the District Coroner's Cremation Permit Fee Program. Our review was subsequently expanded to include an examination of other revenue sources, expenses, and contracting practices. We found deficiencies in these areas which can be primarily attributed to inadequate administrative and financial management support and guidance. We have offered recommendations to strengthen controls and operations and ensure future success in financial matters.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

I appreciate the cooperation received from the District Coroner, Johnson County Sheriff's Office, and the DHE. I would like to acknowledge Stephanie Berland, CPA, and John Halliday who contributed to this effort.

Please do not hesitate to contact me if you have any questions. Thank you.

K. L. Kleffner, CIA
County Auditor

Review of the District Coroner’s Administrative Activities

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RESULTS AND RECOMMENDATIONS

1. Cremation Permit Fees

The District Coroner's initiative to establish a fee for coroner cremation permits and certain investigative costs was inadequately planned, implemented, and monitored. For example:

- The implementation date was delayed from March 1st to May 1st due to insufficient notification to funeral homes.
- Most of the fees received were not traced to a listing of cremation permits granted and were unreconciled.

As a result, the District Coroner elected to not collect fees for permits issued in March and April of 2017, resulting in a loss in revenue estimated at \$21,300. Additionally, after the reconciliation process began, an estimated additional \$20,000 of revenue was identified and collected.

Recommendations

We recommend the Director, Department of Health and Environment:

- 1.1 Develop standard operating procedures for appropriate administrative support and financial management guidance to include timely receipt, identification and collection of cremation permit remittances.
- 1.2 Re-engineer the current cremation permit remittance process – issue quarterly billing invoices to the funeral homes and crematories for cremation permit fees issued and utilize the County's Central Accounts Receivable (Oracle).

Management Comments

1.1 DHE intends to develop these procedures. DHE procedures will be developed and finalized by 5/1/18.

1.2 DHE will consider re-engineering the fee remittance process in consultation with District Coroner, Robert L. Prosser, and TFM Central Accounts Receivable. Resolution 006-17 must be reviewed by Legal Department to determine if current language limits the ability of DHE to make this change. Concurrently, DHE will continue to gain experience with the current process in order to further evaluate the recommendation. If a re-engineered process is determined to be appropriate, plans to implement will be developed and implemented no later than 7/1/18.

Discussion

Introduction

On January 26, 2017, District Coroner requested and received approval from the Board of County Commissioners (BOCC) establishing a \$50.00 fee for the issuance of coroner cremation permits and certain related investigative costs.¹ The fees enacted by the BOCC were effective March 1, 2017.

On January 1, 2018, the Department of Health & Environment assumed functional responsibility and oversight of District Coroner operations. Prior to January 1, 2018, the District Coroner was aligned with the Johnson County Sheriff's Office (JCSO). In the fall of 2017, the Director, Department of Health & Environment (DHE), requested Audit Services perform this audit to identify any potential internal control issues prior to her accepting responsibility on January 1, 2018. The audit initially focused on cremation permit fees but was subsequently expanded to include other financial and administrative issues of the District Coroner's Office. These audit results have been communicated to the Director, DHE, who has initiated corrective action and taken positive steps to correct the deficiencies noted.

Processing Cremation Permit Remittances

Limited coordination and communication occurred between the JCSO and the District Coroner regarding the procedures and processes needed to successfully identify and collect revenues generated from issuing cremation permits. Procedures describing the collection and remittance process did not exist.

Collection of cremation permit fees began, in earnest, on May 1, 2017. The two-month delay in collecting this fee can be attributed to insufficient notice provided to and a lack of communication with the funeral homes about this newly enacted fee. During March and April 2017, an estimated 426 cremation permits were issued, resulting in an estimated loss of \$21,300 in revenue.

JCSO Finance staff collected and deposited cremation permit fees remitted by the funeral home community but did not reconcile the permit fees they collected. For example, the Finance staff did not ensure a fee was received for each cremation permit issued. Although the JCSO was required, by Board resolution, to provide "administrative support and assistance for the District Coroner and its staff"², we found the level of financial management support and oversight provided by the JCSO to be inadequate.

Audit Services determined the Kansas Department of Health and Environment (KDHE), Office of Vital Statistics, could provide a report facilitating the reconciliation of the cremation permit fees. We were successful in obtaining this report with the assistance of the District Coroner. This information has been provided to the Johnson County Director, DHE.

¹ Resolution No. 006-17

² Resolution No. 036-01, § III, 5-31-2001

Out-of-State Deaths Cremated in Johnson County

During our review of the cremation permit reconciliation process, it was noted a funeral home was seeking approval for cremation permit requests from the Wyandotte County District Coroner. Since these cremations were being performed in Johnson County, the cremation permit fee would apply. Almost 400 cremation permit requests were approved without being assessed a fee. This funeral home has since remitted payment of approximately \$20,000 for the cremation permits granted in Kansas for out-of-state deaths.

District Coroner Fund

Another source of revenue for the District Coroner originates from a reimbursement process for child autopsies and death certificate reimbursement referred to as the District Coroner Fund. Since 2009, the County has lost \$2,768 in reimbursements from the State of Kansas due to late submissions or incomplete details on an autopsy.

Billing and Collecting – Cremation Permit Fee

Currently, funeral homes remit payments for cremation permits issued on an “honor” system. This “pay-as-you-go” system allows funeral homes to remit payments for all cremation permits fees on a sporadic schedule. These remittances come to the County on a daily, weekly and/or monthly basis. This billing method does not allow the County the ability to efficiently collect, record and reconcile. Therefore, we recommend the Director, DHE, modify the current remittance process and utilize the KDHE, Office of Vital Statistics’ report to identify the total number of permits issued to each funeral home and invoice these funeral homes on a quarterly basis. This invoicing process allows for consistent billing, better tracking of outstanding invoices, use of the County’s Central Accounts Receivable (Oracle) and streamlines a proactive approach to collecting the cremation permit fees.

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2. Contracting Practices

The District Coroner entered into an informal arrangement, valued at \$498k in 2017, with Forensic Medical Management Service, PLC, to perform coroner services. The District Coroner acknowledged he was not advised to establish written contracts when acquiring services. Inherent financial and operational risks exist when contracts are not formalized in writing.

Recommendation

We recommend the Director, Department of Health and Environment:

2.1 Enter into written contracts when acquiring professional services.

Management Comments

2.1 DHE will work with Johnson County Legal Staff and TFM Purchasing to develop the recommended contracts. Contracts will be developed and finalized by 6/1/18.

Discussion

The District Coroner's expenses for the last four years average, annually, \$585k. The largest component of that expense is with Forensic Medical Management Services, PLC, who conducts autopsies and other professional services on behalf of the District Coroner. To illustrate, 2017 payments to Forensic Medical Management Services, PLC, totaled \$498k, which represented 78% of the District Coroner's total expenses. The District Coroner has an informal, verbal agreement with this vendor. Although verbal agreements are binding, most businesses utilize formal written contracts containing the following attributes:

- Definition of key terms,
- Purpose of the agreement,
- Obligations and responsibilities clearly defined,
- Assurances to the agreement, and
- Termination rights.

A detailed, well-written contract is customary, and a "best practice" particularly for contracts with this dollar value.

One effect of the "informal arrangement", was an erroneous payment made for services not performed. A payment was made to Forensic Medical Management Services, PLC, for autopsy services. A second vendor, also involved with the autopsy service, was due a portion of the fee. Absent a written contract with all the terms identified, the County paid Forensic Medical Management Services, PLC, for services that should have been split between two vendors. This resulted in an overpayment of approximately \$9,800 to Forensic Medical Management Services, PLC. The County has since received reimbursement for the overpayment and has paid the second vendor for their services.

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3. Business or Financial Interest Disclosures

Three appointed Deputy Coroners have financial or beneficial interest in companies providing coroner services to the County. These relationships should be formally disclosed. The Director, DHE, should seek these disclosures given she now has functional responsibility of the District Coroner's operations. Disclosing financial and business relationships promote an atmosphere of openness, accountability and transparency in government.

Recommendation

We recommend the Director, Department of Health and Environment:

- 3.1 Examine the County's Code of Ethics and determine whom within the District Coroner's Office is required to fully disclose the nature and extent of their financial or beneficial interest and the reporting level of such disclosure.

Management Comments

3.1 DHE will review the County's Code of Ethics, consult with Johnson County Legal staff and determine the appropriate level of disclosure required. Appropriate disclosures will be determined and executed by 6/1/18.

Discussion

The District Coroner has appointed seven Deputy Coroners to assist in performing the duties of District Coroner's Office. Two of the Deputy Coroners work as employees for the vendor the County utilizes to conduct autopsy and pathology services. A third Deputy Coroner uses the vendor's facilities to conduct autopsy and pathology services, but he is not an employee of this company. This Deputy Coroner bills the County, separately, for the professional fee associated with the autopsies he performs through his limited liability corporation (LLC). The third Deputy Coroner, whom in his Deputy Coroner role, has the ability to assign autopsy cases within Johnson County, to his own LLC.

The specialized nature of forensic and pathology science performed by the District Coroner's Office is a unique field of medicine. There are not a large number of qualified Forensic Pathologists in the metro area for the County to call upon. In fact, these three Johnson County Deputy Coroners are also either District Coroners or Deputy Coroners in 17 different Districts within Kansas.

The audit is not questioning the integrity of work assignments made by the District Coroner or Deputy Coroners. However, the fact remains, formal, public disclosures should be made on these financial relationships as required by the *Code of Ethics for Johnson County Government* which states, in part:

Standard 701: Never use any information coming to him confidentially in the performance of governmental duties as a means for making a private profit or gaining benefit for himself or others;

Standard 1101: Never allow his judgment to be compromised by any personal, family or business interest not a part of his government service and never act upon any matter in which he, his family, or business has or may have any financial or beneficial interest; and should always declare and disclose the full nature and extent of any personal, family, or business interest in any matter related to governmental actions or duties.

The *Code of Ethics for Johnson County Government* shall apply “to all persons elected or appointed to hold any office in Johnson County, Kansas”.³

³ Code of Ethics for Johnson County Government, II. Application, 1st paragraph.

4. Cremation Permit Requests

The District Coroner has granted and given verbal approval to investigators employed by Forensic Medical Management Services, PLC, to approve cremation permit requests for deaths occurring out of state. The District Coroner has delegated this responsibility to third party personnel without a formal designation or written agreement outlining roles and responsibilities. As a result, Johnson County may be exposed to a compliance risk with Kansas statutes.

Recommendations

We recommend the Director, Department of Health and Environment:

- 4.1 Coordinate with the KDHE, Office of Vital Statistics, to determine if the informal delegation of authority as described in this audit is appropriate and complies with the intent of K.S.A. 65-2426a.
- 4.2 If the District Coroner's informal delegation of authority for deaths occurring out of state does not comply with Kansas Statutes, develop procedures to comply. If the informal delegation of authority is appropriate, require the District Coroner to formally designate specific individuals describing roles and responsibilities.

Management Comments

4.1 DHE will consult with Office of Vital Statistics and other appropriate entities regarding both the current practice of delegation and the necessity of the District Coroner's authorization of cremation permits for deaths occurring out of state. Consultation will be completed by 4/15/18.

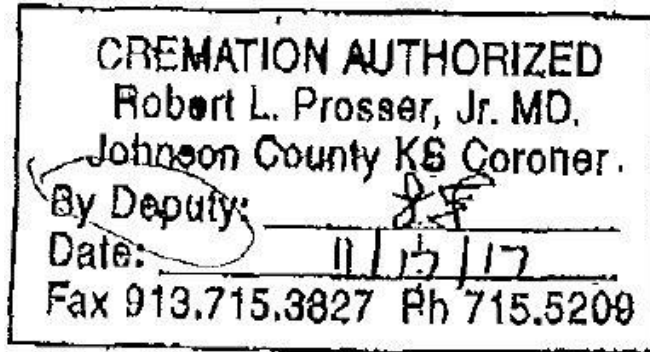
4.2 Following action outlined in 4.1 DHE will develop procedures to comply if required. To be determined based on consultation outlined in 4.1.

Discussion

Cremation Permit Process

K.S.A. 65-2426a requires a coroner's permit prior to cremating a body. All cremation permit requests, for individuals who have died in Kansas, are reviewed and approved electronically, by the District Coroner or Deputy Coroners, via the State of Kansas Vital Record Vision Web Database – a web based business application.

Cremation permit requests for individuals who have died outside the state of Kansas are approved slightly different from in-state deaths. An electronic application does not exist and these must be processed manually. Third party investigators review the cremation permit request and the death certificate issued from the state in which the death occurred and decide if the permit request can be authorized. The District Coroner has authorized these investigators, verbally, to review and approve these cremation permit requests using a signature rubber stamp approval illustrated below:



The District Coroner believes there is little, if any, operational risk to the County from this process because the deceased's death certificate has been certified in the state in which the death has occurred and therefore, all the requirements to release a body have been met. However, a compliance issue may exist with the investigators approving these cremation permits on behalf of the District Coroner.

Conclusion

A specific statute does not exist addressing using a stamp as just discussed. However, an inference can be made since the District Coroner, or Deputy Coroner, must approve cremation permit requests for deaths occurring in Kansas, the District Coroner, or Deputy Coroner, shall approve cremation permit request for deaths occurring out of state.

The District Coroner should contact KDHE, Office of Vital Statistics and verify the following:

- Can the District Coroner delegate a third party, the authority to approve cremation permits, on his behalf?
- Is the stamp currently used (shown above) sufficient to satisfy K.S.A. 65-2426a, which requires a coroner's authorization to cremate?

OBJECTIVE, SCOPE AND METHODOLOGY

Objective

The objective of this audit was to advise the Director, DHE, and County Management of any risk management or internal control issues needed to be addressed after functional responsibility and oversight of the District Coroner's Office transitioned from the JCSO to the DHE on January 1, 2018.

Background

The District Coroner for the Tenth Judicial District of Kansas, comprised solely of Johnson County, is appointed by the Board of County Commissioners under the provisions of K.S.A. 22a-226. The District Coroner as appointed, serves for a term of four years and is responsible for the performance of duties specified by statute. "The management and operation of the Office of the District Coroner is conducted in coordination with the Office of the Sheriff of Johnson County."⁴ The District Coroner was appointed January 1, 1998, and has served in that position for 5 appointments.

Johnson County does not have a medical examiner/coroner facility and currently employs Frontier Forensic Medical Management Services, PLC, in Kansas City, KS, to conduct autopsies. These autopsies are performed by doctors employed by Forensic Medical Management Service and outside forensic pathologists. The County currently conducts approximately 250 to 300 autopsies per year.

Audit field work was completed on December 31, 2017.

Scope

The scope of the audit included an assessment of internal controls surrounding the financial aspects within the District Coroner's Office. Unless otherwise noted, financial records, management reports and other necessary information were reviewed for the period of January 1, 2014, through December 31, 2017, when available.

Methodology

To conduct this audit and determine the adequacy of internal controls surrounding the administrative and financial operations within the District Coroner's Office, we:

- Interviewed District Coroner,
- Interviewed JCSO Finance staff,
- Interviewed Director, DHE,

⁴ Resolution No. 036-01

- Interviewed County staff as their role related to the District Coroner’s administrative and financial operations. For example, we discussed procedures with County Purchasing Manager and Legal,
- Interviewed Administrator, and CFO of Forensic Medical Management Services, PLC,
- Interviewed Officials at the State level including the Director, KDHE, Office of Vital Statistics, Lead Fiscal Analyst of Public Health and Executive Director of the State Child Death Review Board,
- Reviewed BOCC resolutions and Kansas statutes relevant to the District Coroner operations,
- Reviewed the cremation permit payment and reconciliation process with JCSO Finance staff,
- Selected a judgmental sample of District Coroner’s Office expenditures to determine if they were properly reviewed & approved, and
- Selected a judgmental sample of cremation permit fee deposits to ensure they were properly recorded and deposited timely.

Audit Limitations

The District Coroner’s Office and JCSO Finance staff did not have any written documentation, policies and procedures describing the work being performed. The evidence obtained to support our conclusions is based on institutional knowledge.

Computer Data

We utilized the County’s Oracle financial system to gather information and report on operations.

Statistical Sampling

We used judgmental sampling for attribute testing to validate procedural compliance in the following areas:

- Coroner expenditure testing – 28% of total expenditures, and
- Cremation deposit testing – 12% of total cremation deposits.



February 23, 2018

Ken Kleffner, CIA
County Auditor

Dear Ken:

Thank you again for the time and attention that your team provided in its Review of the District Coroner’s Administrative Activities. As you know, this work has been extremely helpful to the Department of Health and Environment (DHE) in the transition of the administrative support of the District Coroner from the Sheriff’s Department to DHE. Below please find DHE’s response to the recommendations provided by your team:

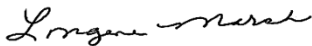
	Review of District Coroner’s Administrative Activities	
Recommendation	Intended Actions	Proposed Implementation Date
1.1 Develop standard operating procedures for appropriate administrative support and financial management.	DHE intends to develop these procedures.	DHE procedures will be developed and finalized by 5/1/18.
1.2 Re-engineer current cremation permit fee remittance process.	DHE will consider re-engineering the fee remittance process in consultation with District Coroner, Robert L. Prosser, and TFM Central Accounts Receivable. Resolution 006-17 must be reviewed by Legal Department to determine if current language limits the ability of DHE to make this change. Concurrently, DHE will continue to gain experience with the current process in order to further evaluate the recommendation.	If a re-engineered process is determined to be appropriate, plans to implement will be developed and implemented no later than 7/1/18.

2.1 Enter into written contracts when acquiring professional services.	DHE will work with Johnson County Legal Staff and TFM purchasing to develop the recommended contracts.	Contracts will be developed and finalized by 6/1/18.
3.1 Examine the County's Code of Ethics and whom within the District Coroner's Office is required to fully disclose the nature and extent of their financial or beneficial interest and the reporting level of such disclosure.	DHE will review the County's Code of Ethics, consult with Johnson County Legal staff and determine the appropriate level of disclosure required.	Appropriate disclosures will be determined and executed by 6/1/18.
4.1 Coordinate with the KDHE, Office of Vital Statistics to determine if informal delegation of authority by District Coroner is appropriate under K.S.A. 65-2426a.	DHE will consult with Office of Vital Statistics and other appropriate entities regarding both the current practice of delegation and the necessity of the District Coroner's authorization of cremation permits for deaths occurring out of state.	Consultation will be completed by 4/15/18.
4.2 If the District Coroner's informal delegation of authority is not compliant with Kansas Statutes, develop procedures to comply.	Following action outlined in 4.1 DHE will develop procedures to comply if required.	To be determined based on consultation outlined in 4.1.

DHE welcomes your feedback on our proposed actions and implementation dates.

Thanks again.

Sincerely,



Lougene Marsh, MPA
Director