



TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

**REPORT ON THE AUDIT OF VETERAN'S LAND BOARD TEXAS STATE
VETERANS CEMETERY PROGRAM**

OCTOBER 2017

OVERALL CONCLUSION

To ensure that the Texas State Veterans Cemeteries (TSVCs), are effectively managed and operated in adherence to contract and applicable regulatory requirements; and that the integrity of processes implemented are aligned with its goals and objectives of honoring deceased Veterans and family members, both the Veterans Land Board and Premier Cemetery Services Corporation (Operator) should work to ensure the following are addressed:

Compliance with State of Texas Purchasing/Contract Regulations and GLO/VLB Policy:

- Ensure all TSVC contracts are sent out for bid or consult with the Texas Comptroller of Public Accounts (Comptroller) to obtain approval for an applicable exception to the competitive bidding requirements for the operation of the TSVC sites.
- Ensure that all applicable contracts are reviewed by the Agency's Procurements and Grants Review Committee prior to entering contracts.

Contract Management & Oversight:

- Ensure Expenditures are Allowed by the Contract
- Ensure Capital Assets are Reviewed Annually
- Ensure Invoices have Complete Supporting Documentation
- Ensure Contract Deliverables are Submitted and Approved by the VLB
- Ensure Applicable Insurance Requirements/Coverage are Maintained
- Ensure Management of Grounds and Equipment are Planned, Performed and Monitored Effectively
- Enhance the Content of the Daily Interment Checklist
- Ensure TSVC Develops and Publishes a Continuity/Contingency Plan

Privacy and Security:

- Strengthen Privacy and Security Protections at the TSVC locations
- Ensure Electronic Files Containing Personally Identifying Information (PII) are Secure

Items to be Added to Operator Contract:

- Enhance Protection of Personally Identifiable Information
- Ensure All Complaints are Appropriately Addressed and Monitored
- Ensure Adherence to Operator Action Request & Reimbursement Policy

MANAGEMENT'S SUMMARY RESPONSE

The Veterans Land Board (VLB), Texas State Veterans Cemeteries (TSVC) program, concurs with the recommendations.

The "Detailed Results" section of this report contains management's response to each observation.

ACKNOWLEDGEMENTS

We appreciate the assistance and cooperation provided to us by the management and staff of the Veterans Land Board, Texas State Veterans Cemeteries, and Premier Cemetery Services Corporation during this audit. For questions about this report, please contact Jack Timmins at (512) 463-5350 or Tracey Hall at (512) 463-6078.



Tracey Hall, CPA, CISA
Director of Internal Audit

October 26, 2017

Date

OBJECTIVES

The objectives of the audit were based on the results of a risk assessment performed during the planning phase of the audit. The objectives were:

1. To determine whether private data/information is identified and secured (electronic and other on-site storage).
2. To determine the effectiveness of the contract monitoring of the Management and Operations Agreement (Agreement) of the Texas State Veterans' Cemetery (TSVC) program.
3. To determine whether the TSVC program is effectively monitoring the financial aspects of the Agreement.

SCOPE & METHODOLOGY

The scope of the audit consisted of reviewing and evaluating information and documents associated with the operations of the Texas State Veterans Cemeteries (TSVC) program. The audit addressed activity performed during fiscal years (FY) 2015 and 2016 and included site visits to two of the four TSVCs, Coastal Bend State Veterans Cemetery (Corpus Christi) and Central Texas State Veterans Cemetery (Killeen).

The methodology included observing processes, interviewing agency and Operator employees, collecting documentation, sampling, performing tests, and analyzing and evaluating the information/documents obtained.

The audit was conducted in accordance with *Government Auditing Standards* and *International Standards for the Professional Practice of Internal Auditing*. 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 that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

BACKGROUND INFORMATION

The Veterans Land Board (VLB): The VLB provides Veterans with access to land, home and home improvement loans. The VLB also offers State Veterans Cemeteries to honor those who have served, as well as State Veterans Homes that provide care to, and dignity, for veterans of the state of Texas, their spouses and Gold Star parents.

The VLB Texas State Veterans Cemetery Program: In 2001, the 76th Texas Legislature provided enabling legislation under House Bill 310 to permit the Texas Veterans Land Board to build and operate up to 7 State Veterans Cemeteries. HB 310 authorized and a constitutional amendment approved by the voters that permits the VLB to spend up to \$7 million each fiscal year from the assets of its veterans' loan programs to operate and maintain state veterans' cemeteries. No state appropriated funds are used for this purpose. Funds for design and construction of state veterans' cemeteries are provided through grants from the U.S. Department of Veterans Affairs. Following construction, the state pays for the ongoing operational costs, and is required to operate and maintain these cemeteries as perpetual shrines for our veterans.

The following are the four TSVC locations currently in operation:

- The Central Texas State Veterans Cemetery in Killeen opened in January 2006, consists of 174 acres and a capacity of up to 50,000 plots.

- The Rio Grande Valley State Veterans Cemetery in Mission opened in December 2006, consists of 75 acres and a capacity of up to 25,000 plots.
- The Texas State Veterans Cemetery at Abilene opened in June 2009, consists of 31 acres and a capacity of up to 35,000 plots.
- The Coastal Bend State Veterans Cemetery in Corpus Christi opened in December 2011, consists of 30 acres and a capacity of up to 31,500 plots.

Burial at a Texas State Veterans Cemetery is a benefit earned by Veterans. This benefit is provided free of charge to them, their spouses, and eligible dependents for their dedicated service to our country. The burial benefit does not cover funeral home charges such as the cost of a casket, cremation, viewing, flower cars, or transportation of the remains and family. Available options under this benefit are a full-casketed burial, in-ground burial of cremated remains, a columbarium niche for cremated remains, or the scattering of ashes in the memorial garden.

The TSVC contracts the operation of the four cemeteries to Premier Cemetery Services Corporation (PCSC), headquartered in San Marcos, TX. PCSC is a privately-owned, Subchapter S Corporation with experience in managing cemetery operations, for the TSVC, as well as others, around the state since 1980. They have approximately 40 employees who perform the day-to-day administration and facilities operations and maintenance of the Texas veterans' cemeteries, including committal and interment services.