

**PERSONAL SERVICE CONTRACT FOR  
CEMETERY AND FUNERAL HOME COMPLIANCE REVIEWS**

**BETWEEN**

**THE COMMONWEALTH OF KENTUCKY**

**OFFICE OF THE ATTORNEY GENERAL**

**AND**

**TICHENOR AND ASSOCIATES, LLP  
1700 Eastpoint Parkway, Suite 270  
Louisville, KY 40223**

This Personal Service Contract (PSC) is entered into, by and between the Commonwealth of Kentucky, Office of the Attorney General (“the Commonwealth”) and Tichenor and Associates, LLP (“the Contractor”) to establish a contract for Cemetery and Crematorium Compliance Reviews.

Per the solicitation, the Commonwealth reserves the right to renew this contract at the discretion of the agency and approval of the Auditor of Public Accounts for up to 3 additional 1 year periods.

This contract was established pursuant to RFP 040 1700000115. The initial PSC 040 PON2 1700001046-1 was effective from January 2, 2017 through June 30, 2017.

The first renewal option 040 PON2 1700001046-2 was for the period from July 1, 2017 through June 30, 2018.

This contract is for the 2<sup>nd</sup> renewal option for the period July 1, 2018 through June 30, 2019.

The Commonwealth and Contractor agree to the following:

**Scope of Work**

The Office of the Attorney General (OAG) provides oversight of the pre-arranged trust funds, maintenance trust funds and preconstruction trust funds and related bonds as set forth under KRS 367.932 thru 367.990. Every cemetery company registered and pre-need seller licensed with this office is required to submit an annual report stating the current condition of its trust accounts and information regarding their bonds. In order for the OAG to properly administer the law and to enforce compliance with the law, it is necessary to ensure compliance by conducting examinations of registered cemetery companies, sellers of pre-need cemetery merchandise, and licensed pre-need sellers. This contract deals with the examination of books, accounts, and records to ensure compliance with Chapter 367. KRS Chapter 367 can be viewed in its entirety at <http://www.lrc.ky.gov> under the heading “Kentucky Law”.

The trust funds to be examined are grouped into four major areas: Pre-arranged Burial Trust Accounts, Perpetual Care and Maintenance Trust Accounts, Pre-Need Cemetery Trust Accounts, and Preconstruction Trust Accounts. There is a provision in the statute that allows

the sellers of pre-need cemetery merchandise to either store the merchandise in a bonded warehouse or to provide a bond in lieu of the trust fund. Sellers of preconstruction projects may also provide a bond in lieu of establishing a trust fund. Every funeral home in Kentucky that is licensed with this office is required to have a pre-need burial trust account. Every cemetery company registered with this office is required to have a perpetual care trust account. Not every cemetery will have a merchandise trust account or a preconstruction trust account. These funds, except for the perpetual care trust fund, can be co-mingled as long as a separate accounting for each customer is maintained. The cemetery and funeral home must maintain a cash receipt journal, a cash disbursement journal, a reconciliation, and other documents at their place of business.

Approximately thirty-five (35) cemeteries and funeral homes will be assigned by the OAG for review. The auditor may schedule the timing of the reviews geographically in order to minimize travel time. The preliminary listing of cemeteries and funeral homes to be audited for state fiscal year 2016 is included with the RFP. A new listing will be provided at the beginning of each renewal period. Full financial statement audits are not a part of this standard contract. However, to the extent that a major problem may be uncovered with a particular provider, the contract may be amended to provide for a more complete financial audit of the problem provider.

All reviews shall be performed in accordance with attestation standards issued by the American Institute of Certified Public Accountants and *Government Auditing Standards* issued by the Government Accountability Office.

Upon conclusion, one copy of the final report shall be sent to the office of The Auditor of Public Accounts as well as the Office of the Attorney General.

The Auditor of Public Accounts shall be allowed access to all working papers prepared as part of the audit process.

Please see attached for Agreed Upon Procedures to be adhered to in all reviews.

### **Pricing**

Pricing is based on a firm, fixed amount of \$900.00 per review. The total contract cost is not to exceed \$31,500. All pricing is in compliance with LRC Government Contract Review Committee Policy Statement 99-5.