

DISTRESSED CEMETERY FUND

EXAMINATION
FISCAL YEARS ENDED JUNE 30, 2020-2023



DISTRESSED CEMETERY FUND

REPORT SUMMARY FISCAL YEARS ENDED JUNE 30, 2020-2023

BACKGROUND

The Office of Auditor of Accounts (AOA) conducted an examination of the Schedule of Cash Receipts and Cash Disbursements of the State of Delaware Distressed Cemetery Fund (Fund) for the fiscal years ended June 30, 2023, 2022, 2021, and 2020 to determine whether it is in accordance with the criteria set forth in the Delaware Code and the State of Delaware Budget and Accounting Policy Manual (BAM).

The objectives of the examination engagement included the following:

- Determine if registration fees (revenues) are accurately applied to an account in accordance with 29 Del. C. 7906A
- Determine if death certificate fees (revenues) are accurately applied to an account in accordance with 29 Del. C. 7907A (a)
- Determine if DCF receives and forwards complaints from any person relating to a Delaware cemetery to appropriate agencies of the State in accordance with 29 Del. C. 7904A (8)
- Determine if the DCF Board:
 - Resolved that the cemetery is considered Distressed in accordance with 29 Del. C. 7904A (5) and either authorized or rejected work to be performed at a distressed cemetery in accordance with 29 Del. C. 7904A (6)
 - Authorized payment to a distressed cemetery from the Fund in accordance with 29 Del. C. 7904(6)
 - Obtained a thorough accounting of each recipient's use of money from the Fund in accordance with 29 Del. C. 7904A (7)
 - Determine if DCF Board members were reimbursed for reasonable and necessary expenses incident to their duties, to the extent that funds are available and the expenditures are in accordance with state laws, per 29 Del. C. 7903A (b)
 - Determine if DCF is keeping records related to meeting of the Board per 29 Del. C. 7904A (1) (3)
 - Confirm the existence of department policies and procedures and ensure that they are properly managed and maintained. In addition, evaluate the effectiveness of policies and procedures in fulfilling goals and strategic objectives.

The audit was performed according to AOA's authority as set forth in 29 Del. C. § 2906. The Distressed Cemetery Fund law mandates an annual audit.



DISTRESSED CEMETERY FUND

REPORT SUMMARY FISCAL YEARS ENDED JUNE 30, 2020-2023

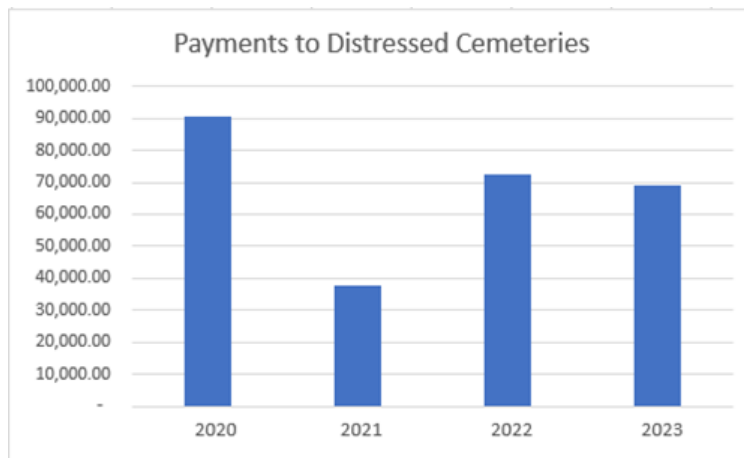
KEY INFORMATION & FINDINGS

Many cemeteries nationwide face abandonment and neglect due to limited resources. As a result, some have become unsafe. In 2009, the State of Delaware Department of Health and Social Services, Division of Public Health (DHSS-DPH) established the Distressed Cemetery Fund to address this issue.

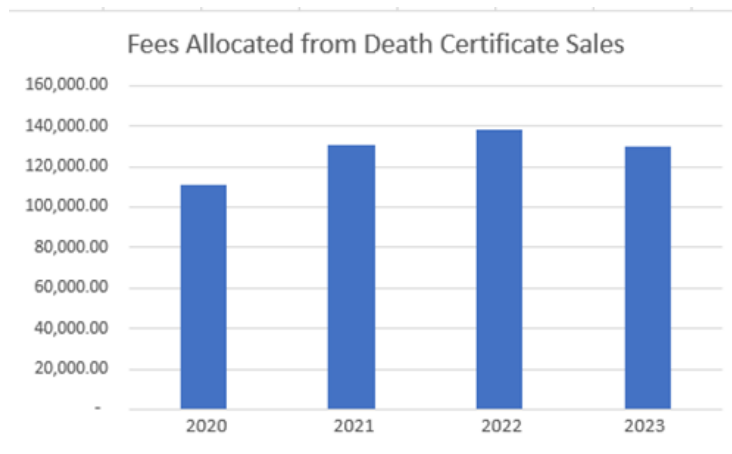
Per 29 Del. C. §7901A, the three objectives of the Fund are: to provide for the registration of cemeteries in Delaware, to appropriately refer complaints from the public relating to cemeteries, to create a fund that can be used to ameliorate (improve) the conditions in a distressed cemetery.

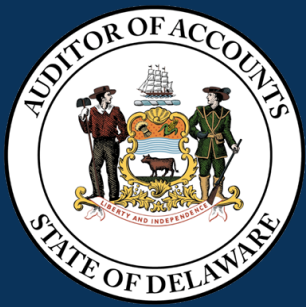
During Fiscal Years 2020 – 2023:

- 262 cemeteries were registered with the Fund through June 30, 2023
- 26 cemeteries received assistance from the Fund totaling \$179,037



- The amounts collected from cemetery registration fees and sales of death certificate fees allocable to the Fund totaled \$510,064.





DISTRESSED CEMETERY FUND

REPORT SUMMARY FISCAL YEARS ENDED JUNE 30, 2020-2023

KEY INFORMATION & FINDINGS

There were two instances of significant deficiencies in internal controls. A Significant deficiency is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness yet important enough to merit attention by those charged with governance.

- **Cash Receipts Supporting Documentation:** The supporting documentation for allocation of death certificate fees to the Fund were incomplete in several of the sampled deposits due to of the lack of review and approval of these transactions.
- **DCF Revenue:** Three allocations of death certificate fees involved sales of death certificates below the standard charge. DHSS-DPH either included correction certificates in its population of death certificates sold or did not collect the full \$25 amount of the death certificate sold. DHSS-DPH did not provide complete supporting documentation for the transactions.

**State of Delaware
Office of Auditor of Accounts**

Working Hard to Protect YOUR Tax Dollars

**Distressed Cemetery Fund
Examination**

*Fiscal Years Ended
June 30, 2020, 2021, 2022, and 2023*

**Lydia E. York
State Auditor**



Background

Distressed Cemetery Fund

Across the country, cemeteries have faced abandonment or fallen into disrepair due to limited resources and ongoing neglect. This has led to some cemeteries being deemed unsafe, posing physical injury risks on the property. In 2009, the State of Delaware Department of Health and Social Services, Division of Public Health established the Distressed Cemetery Fund (Fund). Per 29 Del. C. §7901A, the three objectives of the Fund are:

- To provide for the registration of cemeteries in Delaware
- To appropriately refer complaints from the public relating to cemeteries
- To create a fund that can be used to ameliorate (improve) the conditions in a distressed cemetery

Per 29 Del. C. §7903A, established a Cemetery Board consisting of five members appointed by the Secretary of the Department of Health and Social Services, including three who are owners or operators of cemeteries and two who are public members. Each member serves for a term of three years and may successively serve additional terms. Any person appointed to fill a vacancy on the Board holds office for the remainder of the unexpired term of the former member.

Members of the Board serve without compensation, except that they may be reimbursed for reasonable and necessary expenses incident to their duties, to the extent that funds are available, and the expenditures are in accordance with state laws. A Chairperson of the Board is chosen by members of the Board from among its members, serves in that capacity for a term of three years, and is eligible for re-election. The Board is required to hold regularly scheduled meetings at least twice each year, and at such times as the Chairperson deems necessary; or at the request of a majority of the Board members.

Per 29 Del. C. §7904A, the Cemetery Board has the authority to (1) Promulgate rules and regulations as necessary within its codified responsibilities; (2) Designate the registration form to be used by all registrants; (3) Administer the Distressed Cemetery Fund; (4) Designate the form to be submitted by applicants for assistance from the Fund; (5) Designate a cemetery as “distressed” based on standards as set forth within Code and in the rules and regulations; (6) Authorize payment to a distressed cemetery from the Fund. Decisions can be conditional but the conditions must be related to the specific project in question; (7) Require a thorough accounting of each recipient’s use of money from the Fund; (8) Receive and forward to appropriate agencies of the State, or other organizations, complaints from any person relating to a Delaware cemetery; and (9) Address specific cemetery issues as requested by the Governor or the General Assembly.

Per 29 Del. C. §7906A, all cemetery companies and cemetery owners in Delaware must register every 5 years or upon change in ownership with the Cemetery Board to be eligible for receiving financial assistance from the Distressed Cemetery Fund.

Per 29 Del. C. §7907A (a), the Distressed Cemetery Fund is funded by adding \$2.00 to the fee established in §3132 of Title 16 for each copy of a certificate of death. Individuals and organizations may also make contributions or bequests to the Fund.

The program provides registered cemeteries access to apply for funding to cover repairs due to unforeseen circumstances, such as, storm damage and vandalism. Through the program, owners and volunteers of distressed cemeteries, as defined in Delaware Code, can proactively address potential issues that could alter the preservation process, such as, the removal of dead trees and tree roots. A financial assistance application may be submitted every 18 months unless there is a substantial occurrence. The maximum allowable amount is \$15,000 per cemetery for the cost of the work needed. Providing cemetery owners with financial assistance enhances public safety and interest in preserving distressed and abandoned cemeteries throughout Delaware.

Maintenance of Records

The Department of Health and Social Services – Division of Public Health (DHSS-DPH) is required to keep a register of Delaware’s cemeteries and records relating to meetings of the Board.

DHSS-DPH maintains all appropriate documentation related to its revenue and expenses of the Distressed Cemetery Fund for audit purposes. In accordance with 29 Del. C. §7907A, the Distressed Cemetery Fund must be audited annually by the State Auditor’s Office.

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Independent Auditor's Report

Mark Christian, Chairman
Board of Directors
Delaware Cemetery Board
Delaware Health Statistics Center
Jesse Cooper Building
417 Federal Street
Dover, DE 19901

Maridelle Dizon
Public Health Administrator I
Delaware Division of Public Health
Jesse Cooper Building
417 Federal Street
Dover, DE 19901

We have examined the Schedule of Cash Receipts and Cash Disbursements of the State of Delaware Distressed Cemetery Fund (Fund) for the fiscal years ended June 30, 2023, 2022, 2021, and 2020 to determine whether it is in accordance with the criteria set forth in the Delaware Code and the State of Delaware Budget and Accounting Policy Manual (BAM). The Fund's management is responsible for the presentation of the Schedule of Cash Receipts and Disbursements of the Fund in accordance with the criteria set forth in the Delaware Code and the BAM. Our responsibility is to obtain reasonable assurance by evaluating the Schedule of Cash Receipts and Disbursements of the Fund against the criteria set forth in the Delaware Code and the BAM and performing other procedures to obtain sufficient appropriate evidence to express an opinion that conveys the results of our evaluation based on our examination.

Our examination was conducted in accordance with the attestation standards for a direct examination engagement established by the American Institute of Certified Public Accountants, and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we obtain reasonable assurance by evaluating the Fund's presentation of the Schedule of Cash Receipts and Cash Disbursements for the fiscal years ended June 30, 2023, 2022, 2021, and 2020 against the criteria set forth in the Delaware Code and the BAM and performing other procedures to obtain sufficient appropriate evidence to express an opinion that conveys the results of our evaluation of the Fund's Schedule of Cash Receipts and Cash Disbursements for the fiscal years ended June 30, 2023, 2022, 2021, and 2020. The nature, timing, and extent of the procedures selected depend on our judgment. This includes assessing the risks that the Fund's Schedule of Cash Receipts and Cash Disbursements may not comply with the criteria set forth in the Delaware Code and the BAM in all material respects, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent of the Fund, and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our examination engagement.

In our opinion, the Schedules of Cash Receipts and Cash Disbursements of the Distressed Cemetery Fund for the fiscal years ended June 30, 2023, 2022, 2021, and 2020 presents fairly, in all material respects, based on the criteria set forth in the Delaware Code and the BAM.

In accordance with *Government Auditing Standards*, we are required to report all deficiencies that are considered to be significant deficiencies or material weaknesses in internal control; fraud and noncompliance with provisions of laws or regulations that have a material effect on the Fund's Schedule of Cash Receipts and Disbursements; and any other instances that warrant the attention of those charged with governance, noncompliance with provisions of contracts or grant agreements, and abuse that has a material effect on the subject matter. We are also required to obtain and report the views of responsible officials concerning the findings, conclusions, and recommendations, as well as any planned corrective actions. We performed our examination to express an opinion on whether the Fund's Schedule of Cash Receipts and Disbursements is presented in accordance with the criteria described above and not for the purpose of expressing an opinion on the internal control applicable to preparing the Fund's Schedule of Cash Receipts and Disbursements or on compliance and other matters; accordingly, we express no such opinion. We consider the deficiencies described in the accompanying Schedule of Current Year Findings as Finding 20-23/1 and 20-23/2 to be significant deficiencies.

The Fund's response to the findings identified in our examination is described in the accompanying Schedule of Current Year Findings. We did not perform procedures over the Fund's response, and accordingly, we express no opinion on it.

This report is intended solely for the information and use of Fund's management and board members and the Office of Auditor of Accounts and is not intended to be, and should not be, used by anyone other than these specified parties. However, under 29 Del. C. §10002, this report is public record, and its distribution is not limited. This report, as required by statute, was provided to the Office of the Governor, Office of the Controller General, Joint Legislative Oversight and Sunset Committee, Office of the Attorney General, and Office of Management and Budget.

Lydia E. York
State Auditor

Dover, Delaware
October 28, 2024

STATE OF DELAWARE
 SCHEDULES OF CASH RECEIPTS AND CASH DISBURSEMENTS
 FOR THE YEARS ENDED JUNE 30, 2023, 2022, 2021, AND 2020

SCHEDULE OF CASH RECEIPTS

<u>Appropriation 78800</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Death Certificate and Cemetery Registration Fees	<u>\$ 130,125.00</u>	<u>\$ 137,985.00</u>	<u>\$ 130,727.20</u>	<u>\$ 111,227.00</u>

SCHEDULE OF CASH DISBURSEMENTS

<u>Appropriation 68801</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Budget	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00
Grant in Aid	68,896.68	72,270.00	37,870.00	90,770.55
Other Rental	-	-	-	100.00
Computers	1,200.00	-	-	-
Reverted to General Fund	<u>29,903.32</u>	<u>27,730.00</u>	<u>62,130.00</u>	<u>9,129.45</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

All funds in excess of \$100,000 received during the State Fiscal Year are automatically reverted to the General Fund at the end of the State Fiscal Year.

The State of Delaware Office of Management and Budget reverts available balance at the end of the State Fiscal Year to the General Fund.

SCHEDULE OF CURRENT YEAR FINDINGS
JUNE 30, 2023, 2022, 2021, 2020

Finding 20-23/1

Criteria

Delaware Code Title 29 Chapter 79A; Delaware Code Title 16 Chapter 31, Sec. 3132; Guidelines for Distressed Cemetery Fund (DHSS Guide).

Condition

According to the process provided by the Delaware Health and Social Services, Division of Public Health, Health and Vital Statistics (DHSS-DPH-HVS) Program Compliance Officer, there is a package of supporting documentation that is to be provided by the DHSS-DPH-HVS Office of Vital Statistics to substantiate the proceeds of the sales of death certificates allocable to the Distressed Cemetery Fund (\$2 of the \$25 death certificate fee charged to the public). The package for supporting documentation consist of Daily Fees Received (3 pages) Support; Complete Signatures for Daily Fees Received Form; Activity Report by payment Support; Individual Cash Drawer Summary Report Support; Credit Card and ACH Transaction Summary Support. Currently, these documents are only kept with the Cash/Check reports, and there is no formal approval process for each transaction for supporting documentation.

Of the sixty-three (63) cash receipts/deposits involving the allocation of the portion of the sale of death certificates to the Distressed Cemetery Fund, the results were the following:

Daily Fees Received (3 pages) Support signatures (preparer Vital Statistics Clerk I (VSI)– reviewer Vital Statistics Clerk II (VSII))

28 transactions had the supporting document with signatures of VSI/VSII

35 transactions: while there is evidence that the transactions took place, the documents with the necessary signatures were missing. The transaction supporting documents are being kept by the fiscal department.

Complete Signatures for Daily Fees Received form (requires signature from Fiscal and Administrative Specialist I (ASI) or Administrative Specialist II (ASII))

27 transactions had the supporting document and were missing signatures

34 transactions: while there is evidence that the transactions took place, the documents with the necessary signatures were missing. The transaction supporting documents are being kept by the fiscal department.

2 sampled transactions: The use of this form was Not Applicable

Activity Report by payment Support

19 transactions had the document support

44 transactions: while there is evidence that the transactions took place, the documents were missing. The transaction supporting documents are being kept by the fiscal department.

Individual Cash Drawer Summary Report Support

28 transactions had the document support

35 transactions: while there is evidence that the transactions took place, the documents were missing. The transaction supporting documents are being kept by the fiscal department.

Credit Card and ACH Transaction Summary Support

30 transactions had the document support

4 transactions: while there is evidence that the transactions took place, the documents were missing. The transaction supporting documents are being kept by the fiscal department.

29 sampled transactions: The use of this form of support was Not Applicable

Cause

There are no written guidelines established to state that the documentation of the support package should be filed with the associated transaction for the methods that funds are received (Checks/Cash, Credit Card, and ACH). Each transaction is entered separately into FSF and all supporting documentation for Credit Card and ACH transactions are filed with Checks/Cash.

Effect

The lack of written guidelines governing the association of supporting documentation with individual transactions prevents verification of the reported transactions with the amount of funds received. Due to how the records are filed, AOA was unable to verify all information from the submission package for Credit Card and ACH transactions.

Recommendation

We recommend DHSS-DPH takes the following actions:

1. Establish a review and approval process for the documentation needed for each type of transaction. Cash/Check, Credit Card, and ACH payments are entered separately and each method should have its own approval process for Death Certificates sold/refunded.

2. Establish a record keeping process for supporting documentation that allows for records to be easily located, and accurately tracked to verify the funds received from financial transactions.

Fund's Response

We understand and stress the importance of internal controls to the staff; however, staffing issues have created a challenge in Office of Vital Statistics. We wish to reiterate the verbal process provided by the Program Compliance Officer in the Condition section of this report is based on the written Office of Vital Statistics Procedures Manual. The procedures and importance for signatures for the Cooper Building deposits have been discussed with the DHSC and OVS staff and the Public Health Administrator I has emailed a reminder to the staff (see attached copies). The Vital Statistics Administrator (Social Service Administrator) is responsible to ensure Daily Fees Report (DFRs) are properly completed from each office; however, until that position is hired, another employee in the Kent County OVS office will review DFRs to ensure signatures are on the deposit forms.

The DFR is prepared by the VS Clerk II and verified by another staff in the office. The procedure requires both to sign the DFR. The full packet is also submitted to the DHSC ASII for review, which includes verifying the entries in the DFR and accounting for voided and replaced security papers. The ASII position also reviews the credit card transactions and verifies them in Velocity. However, the ASII position has been vacant for several months and we hope to hire someone in the near future.

Initially, the packet that the OVS submits to the Office of Financial Services (OFS) included all reports mentioned in the second paragraph in the Condition section. However, in the past, OFS preferred receiving only the DFR without the supporting documents due to a lack of available storage space. A complete packet is filed in the OVS Central Office, but the samples were pulled from the OFS files since the samples were identified by the deposit date and not by the transaction date. OVS could not pull the samples from the OVS location due to the HVAC renovations.

For credit card and ACH transactions, we have an excel spreadsheet sent by the vendor that shows the funds transferred through ACH. The Velocity credit card receipts are included in the packet that is kept in the OVS file. As previously mentioned, OFS was limited in storage space so they were unable to store them.

We are committed to ensuring compliance with our procedures.

Contact: Maridelle Dizon, Director
Bureau of Health and Vital Statistics
302-744-4781; maridelle.dizon@delaware.gov

SCHEDULE OF CURRENT YEAR FINDINGS
JUNE 30, 2023, 2022, 2021, 2020

Finding 20-23/2

Criteria

Delaware Code Title 29 Chapter 79A; Delaware Code Title 16 Chapter 31, Sec. 3132;
Guidelines for Distressed Cemetery Fund (DHSS Guide)

Condition

The Distressed Cemetery Fund did not collect the full amount of the Death Certificate fees sold by DHSS-DPH-HVS for three deposits.

Cause

DHSS-DPH-HVS either included correction certificates in its population of death certificates sold or did not collect the full \$25 amount of the death certificate sold. DHSS-DPH-HVS did not provide complete supporting documentation for the transactions.

Effect

Inconsistent controls for entering, reviewing, and approving of records allows for transactions to be entered incorrectly when recording the information.

Recommendation

We recommend DHSS-DPH-HVS takes the following actions:

1. Establish effective controls for entering, reviewing, and approving Credit Card transactions to minimize the gaps to ensure information being recorded and funds received are accurate.
2. Ensure sufficient supporting documentation is maintained to accurately reflect what was entered, reviewed, and approved.

Fund's Response

Gary Owens, who recently became the new Fiscal Manager in the Office of Fiscal Services, provided the attached support for the three deposits mentioned in the finding. The procedures for the deposit function will be provided by the Fiscal Manager.

Contact: Gary Owens, Fiscal Manager
Office of Fiscal Services
302-744-4861; gary.owens@delaware.gov

AOA Observation - DHSS-DPH will continue to work with AOA to gather evidence regarding the three deposits. DHSS-DPH will also update its policies and procedures (as referred to in Finding 20/23-1) to make sure it collects and analyzes supporting documents for the cash deposits.