

MARYDEL VOLUNTEER FIRE COMPANY

INVESTIGATION
FISCAL YEARS 2021-2023



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

**Lydia E. York
State Auditor**

April 27, 2026

State of Delaware
Delaware State Fire Prevention Commission
Chairman Ron Marvel
Fire School Road
Dover, DE 19901

Dear Chairman Marvel:

We conducted an investigation of allegations received involving Marydel Volunteer Fire Company and its former President. These allegations involving financial misconduct by the MDVFC's former President of the Fire Company were based on complaints received by State Fire Commissioner investigators, and reports of fraud to the Delaware State Auditor's hotline.

We have conducted our investigation in accordance with the Council of the Inspector General on Integrity and Efficiency (CIGIE) Quality Standards for Investigations.

The investigation found that inadequate internal controls allowed a few key personnel to make impactful financial decisions without oversight. The absence of controls exposed the fire company to significant risk, including fiscal instability, diminished member morale, and compromised community services.

Delawareans rely on local fire and rescue teams during their most vulnerable moments. Each community is served by a fire company intended to provide rapid emergency response. When a fire company faces declining membership or financial instability, its ability to respond quickly and effectively is compromised. Delawareans deserve stronger oversight and robust internal controls for their fire companies, consistent enforcement of controls, and full transparency for all fire company members.

The report is a matter of public record, and its distribution is not limited. The report as required by statute will be provided to the Office of the Governor, Office of the Controller General, Office of Attorney General, and the Office of Management and Budget.

Lydia E. York

A handwritten signature in blue ink that reads 'Lydia E. York'.

Auditor of Accounts

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Summary

The Delaware State Fire Prevention Commission (“the Commission”) received allegations that certain personnel were abusing their managerial authority and improperly handling the financial assets of the MaryDel Volunteer Fire Company (“MDVFC”, the “Company”). In addition, the Office of Auditor of Accounts (“AOA”) received allegations of financial misconduct by MDVFC on the Delaware State Auditor’s hotline. The Commission and the AOA jointly agreed to evaluate the allegations.

On October 21, 2014, AOA issued an inspection of the MDVFC and identified significant deficiencies, including the absence of written policies and procedures, and a management culture that exhibited a flagrant disregard even informal policy guidelines. Overall, the Company displayed weak internal controls and poor financial management, leaving it at risk for fraud and abuse. AOA also noted that one member engaged in excessive spending. Despite the seriousness of these findings in AOA’s report, there were no apparent corrective actions or responses from the public, legislators, fire commissioners, or county officials to prevent similar issues from recurring.

For this report, the allegations reported were consistent with concerns previously identified in the October 21, 2014 report. AOA summarized and reviewed the allegations within the scope for fiscal years 2021, 2022, and 2023. The individuals who held the positions of President, Treasurer, and Secretary during the time period of our investigation are no longer with MDVFC. The results indicate that the MDVFC failed to comply with its own bylaws regarding budgeting practices, engaged in unrestrained spending on fundraising events, gift cards and conference travel, and operated unauthorized poker tournaments. No legitimate financial records existed to document the income or expenses associated with these poker events, making it impossible to determine the amount of cash generated. Additionally, AOA could not trace the gross revenue from these tournaments back to the Company’s accounts.

MDVFC receives funding from the State of Maryland, Caroline County of Maryland, the State of Delaware and Kent County of Delaware. AOA limited its scope to funds distributed by Delaware. Maryland State and County funding mechanisms require the Company to segregate its funds and report on Maryland’s distributed funds annually. Delaware’s State and County distributions have no established requirements for the funding provided.

The results and recommendations contained in this investigation identify a requirement for enhanced fiscal oversight of the Fire Companies. Delaware Administrative Code 700 Section 708 Chapter 1, requires Fire Companies to submit an annual review. An annual review provides the lowest level of assurance available under standard financial oversight practices. Previous MDVFC review reports noted that the Company failed to file IRS Form 1099s, lacks formal policies and procedures, and may not have recorded all transactions in the bookkeeping software provided to the audit firm. Despite its lack of compliance or control, the Company will continue to receive funds from the State and County of Delaware. Without effective oversight or meaningful consequences for financial mismanagement, this pattern of misconduct and abuse is likely to continue in future years unless the Company’s governing body or community intervenes.

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Recommendations

Based on the work performed, we have prepared various recommendations for participating groups of the Fire Company.

Marydel Volunteer Fire Company

The Fire Company should implement these recommendations to strengthen safeguards over its assets to ensure continue providing reliable service to the community.

▲ **Internal Controls:**

- ✦ Establish formal, documented processes for all financial activity, including fundraising.
 - ★ The process should require that all disbursements are supported by original invoices and documented approval prior to payment.
 - ★ Any processes must require timely reconciliation of all accounts, with each reconciliation reviewed by an independent individual.
- ✦ Conduct periodic reviews to ensure processes are operating effectively.

▲ **Governance:**

- ✦ Require that bylaw updates be explicitly recorded in Board of Directors meeting minutes, including the formal motion, the MDVFC President's authorization, and a detailed summary of the board's approval to provide a clear record of directions and decisions made by the Board.

▲ **Funds Segregation:**

- ✦ Establish a separate, dedicated bank account for the State of Delaware Funds consistent with the existing practice used for the State of Maryland funds.

▲ **Gift Cards:**

- ✦ Consider discontinuing the purchase of gift cards using company funds.
- ✦ If gift cards continue to be purchased, implement the following controls:
 - ★ Require pre-approval in the event budget specifying the number and value of all gift cards, supported by formal request forms tied to the event purpose.
 - ★ Assign separate responsibilities to the Requester (event coordinator), Approver (treasurer), and Distributor (an independent individual).
 - ★ Maintain a gift card log documenting the card number, vendor, amount, date received, assigned event, recipient (recorded once awarded), and distribution date.
 - ★ Store all gift cards in a secure, access-controlled location.
 - ★ Require each recipient to sign a distribution acknowledgement form
 - ★ Reconcile cards purchased, cards distributed, and cards remaining after each event.
 - ★ Conduct a monthly review of gift card activity by an independent party.

▲ **Awarding of Points:**

- ✦ Cease the practice of all manual or discretionary point adjustments and revise the organizational bylaws to establish equitable, consistently applied standards for awarding points to all members.

- ▲ **Budget:**
 - ✦ Implement a formal budgeting process to ensure compliance with the bylaws, ensure that all members are informed of the approved budget, and ensure that monthly budget updates are provided to the membership.

- ▲ **ATM:**
 - ✦ Remove ATM from premises. Providing financial services is outside the scope of fire service operations, and removing the unit will help ensure organizational focus remains on the core community fire service mission.

- ▲ **Annual Independent Audit:**
 - ✦ Upgrade from financial review of financial statements to a full, independent audit performed annually by a Certified Public Accountant (CPA). A financial review provides only limited assurance; a full audit is necessary to verify the accuracy of financial statements, strengthen internal controls, and ensure proper management of organizational funds.

- ▲ **Treasurer Reports:**
 - ✦ Present a comprehensive financial reporting package at all membership and Board meetings. Reporting packages should include, at a minimum, budget to actual reports, cash balances, and income statements for each fundraising activity. Providing this information will allow the Company's to understand its financial position at any point in time and make timely adjustments to available funds in emergency situations.

- ▲ **QuickBooks Bookkeeping:**
 - ✦ Engage with a professional bookkeeper to maintain all financial records in QuickBooks. Utilizing a bookkeeper will strengthen segregation of duties and ensure an independent individual reviews all financial activity.

State of Delaware Fire Commission

The State Fire Commission should pursue amendments to existing legislation and regulations to increase transparency in fire company financial activities and establish a mandate for minimum internal control requirements.

- ▲ **Regulatory or Legislative Revision:**
 - ✦ Strengthen Delaware Regulations to provide explicit oversight authority for fiscal matters involving fire and rescue entities. Regulatory updates should include requirements for fire companies to maintain documented fiscal policies and procedures, submit bylaw changes for review, and transition from an annual financial statement review to an annual independent audit of financial statements.

- ▲ **Fiscal Training:**
 - ✦ Establish regulatory requirements mandating fiscal training for all fire company leadership. Require fiscal training for all fire company leadership. Training should include internal control structures, budget and cash accounting, compliance requirements, and asset

management to ensure competent and accountable financial stewardship across all fire companies.

State of Delaware: Controller General's Office

The State of Delaware Controller General's Office should establish additional requirements for Grant-in-Aid (GIA) fire and rescue recipients to ensure stronger fiscal oversight, improved accountability, and consistent compliance with state funding expectations.

▲ **Compliance Assurance:**

- ✦ The Delaware Comptroller General's Grant-in-Aid group should require a mandatory pre-award assessment for all fire and rescue companies, including verification of a submitted budget, evaluation of internal control structures, and confirmation of written fiscal policies and procedures.

▲ **Establish Official Agreement:**

- ✦ Require a formal agreement, signed by both the Volunteer Fire Company (VFC), as the grant applicant, and the State of Delaware, as the granting authority, certifying that all necessary financial and administrative infrastructure is in place before any GIA funds are obligated.

▲ **Noncompliance:**

- ✦ Suspend transfers to noncompliant VFCs until a review of fiscal controls is completed and a corrective plan is in place that restores the organization to compliance.

Allegations and Results

Allegation #1: Poor Organizational Governance and Financial Management

AOA received a report that organizational governance is ineffective, and financial management practices are insufficient to ensure accountability and compliance.

The allegation was **SUBSTANTIATED** based on the evidence obtained during the investigation.

Results:

Overall, the organizational governance and financial management of the Company has provided leadership the opportunity to access and abuse the Company's financial resources for personal benefit.

We found that the MDVFC lacked written policies and sufficient internal controls to govern operational decisions and ensure accountability. Key provisions of the bylaws are not being followed, and the Board does not have a structured oversight process to enforce compliance. Specific instances of non-compliance include:

- ▲ **No annual budget:** The Board failed to develop, approve, and implement annual revenue estimates and budgets.
- ▲ **Financial Reporting by Treasurer:** Contrary to Bylaws, Treasurer reports lacked itemized expenditure data, providing only high-level summaries (balances, totals) hindering oversight.
- ▲ **Unapproved Expenditures:** Expenditure disbursements, including check payments, were made without mandated approval.
- ▲ **Uncontrolled Credit Card Purchases:** The Board did not approve TD Bank bankcard purchases and did not implement policies governing card use, resulting in transactions without documented business purposes or itemized receipts.
- ▲ **Written Policy and Procedures:** The organization lacks formal accounting and financial reporting policies, leaving no documented process to ensure assets are used only for authorized purposes.

Allegation #2: Board of Directors Oversight and Elections

AOA received a report that the MDVFC President had manipulated the Marydel Volunteer Fire Company's bylaws, in that the stipulations that have to be met in order to become a board member are so restrictive, that very few members are able to meet the requirements to even be considered for the board.

The allegation **COULD NOT BE SUBSTANTIATED**, as the evidence obtained was insufficient to support or refute the reported conduct attributed to the MDVFC President.

Results:

Over the years 2021, 2022, and 2023, we found the board of directors had no major changes. In addition, we found that the Company was not applying membership points appropriately nor running elections based on their own organizational guidelines.

- ▲ **MDVFC Elections:** The investigation revealed that the MDVFC President and Board have maintained restrictive bylaws that limit board eligibility to a select few.
- ✦ **Bylaw Amendment Policy and Procedures:** The MDVFC does not have written policy and procedures for amending the MDVFC bylaws.
- ✦ **Board of Directors Meeting Minutes-Authorization/Approvals:** The board meeting minutes contained no record of the MDVFC President authorizing the current restrictive updates.
- ▲ **Point Allocation and Leadership Gatekeeping:** The Board circumvented the established point system, manually awarding points to members at its discretion.
- ✦ **Entrenched Leadership:** Officer rosters remained largely unchanged through fiscal years 2021, 2022, and 2023, suggesting that restrictive eligibility rules make it difficult for new members to challenge long-standing incumbents.
- ✦ **Unique Point Provisions:** A comparison of bylaws from three other VFC's revealed that MDVFC maintains uniquely permissive point-earning standards alongside disproportionately restrictive officer eligibility requirements. The MDVFC is the only organization studied with a provision allowing year-end point awards to grant active status to members. This disparity allows the board significant discretion in awarding points while simultaneously limiting the pool of candidates for leadership positions.

Allegation #3: Fundraising Revenue Reporting

AOA received an allegation that the Treasurer is not transparent regarding fundraiser income or expenses, and that the same expenditures are reported at each meeting, with no reports of how much money was made at each event.

The allegation was **SUBSTANTIATED** based on the evidence obtained during the investigation.

Results:

The Treasurer's monthly financial reports presented to the MDVFC Board lacked sufficient detail to support effective oversight of specific financial activities, particularly fundraising income and expenses. The Treasurer's reports offered only a high-level summary of operating account balances, total monthly bills, and total deposits, rather than a detailed breakdown of each fundraising event's financial results, including total income, total expenses, and net proceeds.

- ▲ **Lack of information provided by Treasurer:** A review of Treasurer reports from July 1, 2020, to June 30, 2023, revealed inconsistent bookkeeping and no itemized revenue for individual events. We found that the Treasurer reports consistently listed the same expenditures and failed to itemize the net proceeds (total income vs. expenses) for each individual event. ([see Exhibit 3-1](#)).
- ▲ **Lack of information provided to Membership:** Despite the MDVFC President's assertion in the December 7, 2022 minutes that bar and hall rentals generated over \$100,000 in revenue, there is no evidence that any of this income was deposited into the organization's accounts. Further, when asked directly about these deposits during the April 5, 2023 meeting, the MDVFC President did not provide a response.
- ✦ An analysis of the compiled financial statements show that the assertion of more than \$100,000 in cleared funds is inaccurate. In reality, fundraising activities produced net losses of (\$28,478) in 2023 and (\$16,195) in 2022, with a single-year net gain of \$47,685 in 2021. Because event-related expenses were paid from both the main operating account and the Ways and Means accounts, and the latter did not have sufficient funds to cover these costs, AOA concluded that State of Delaware and Kent County funds were used to subsidize these activities. ([see Exhibit 3-2](#)).

Allegation #4: Cash from Poker Games and Cornhole Tournaments

AOA received an allegation that the MDVFC President was withholding cash proceeds from cornhole tournaments and illegal poker games.

The allegation **COULD NOT BE SUBSTANTIATED**, as the evidence obtained was insufficient to support or refute the reported conduct.

Results:

The Company hosted fundraising events including cornhole tournaments, wrestling matches, and poker games. These events operated on a cash basis, although food and beverage sales were accepted through both cash and credit card transactions. To support cash activity, the fire company purchased and operated an automated teller machine, which required recurring \$1,000 cash withdrawals from a local bank to stock the machine. This practice introduced internal and external risks associated with cash handling. Due to inconsistent accounting documentation, revenue analysis depended on deposit slips and informal notes within the general ledger system. No formal or auditable reporting exists for these cash-based events. (see [Exhibit 4-1](#)). Auditors found issues across all activities reviewed.

ATM

- ▲ **Unauthorized Contract:** A February 2021 contract for an on-site ATM was signed by an individual not authorized to act on behalf of the MDVFC, although the purchase was noted in meeting minutes.
- ▲ **Restricted Access:** The individual who executed the contract did not provide ATM reporting credentials to the Treasurer and shared the credentials only with the MDVFC President.
- ▲ **Untraceable Cash Flows:** The MDVFC used cash from the main account, later moved to the Ways and Means account, to load the ATM. Due to the lack of accounting schedules or process, the auditor was forced to compile ATM activity. Based on the compiled analysis, \$1,700 in cash loaded into the ATM could not be traced to deposits, representing a material, unexplained shortage.

Fundraising Cash (Cornhole)

MDVFC allowed a third-party vendor to host cornhole tournaments at the fire hall free of charge. The vendor managed all cash entry fees, retaining a portion for hosting costs and charitable donations. AOA testing revealed the following deficiencies:

- ▲ **Undisclosed Funds:** The MDVFC President acts as the coordinator for cash-only cornhole tournaments. It was reported to AOA that the MDVFC President was withholding cash proceeds from these events, however, we were unable to substantiate this allegation.
- ▲ **Missing Revenue Reports:** No treasurer reports or records were available documenting cash earned from food and beverage sales during these events or the amounts distributed to charities.
- ▲ **Charitable Representation:** The MDVFC cornhole tournaments advertised that a percentage of proceeds would go to charity. The MDVFC President asserted that tournament proceeds were donated to a Lions Club in another state (Maryland). However, direct verification with the Lions Club Treasurer on October 8, 2024, confirmed the organization has no record of receiving any donations from MDVFC.

- ⤴ **Unverified Fee-Splitting:** There is no documentation to confirm whether any MDVFC officers, including the MDVFC President, personally received a percentage of the vendor's fees.

Fundraising Cash (Poker Tournaments)

- ⤴ **Undisclosed Funds:** The MDVFC President acts as the coordinator for cash-only and unpermitted poker games. AOA received reports that the MDVFC President is withholding cash proceeds from these events, however, we were unable to substantiate this allegation.
- ⤴ **Charitable Representation:** The poker games did not disclose any charitable beneficiaries.
- ⤴ **Record Keeping:** Poker activity was documented solely on loose-leaf paper, which failed to record participant counts, winners, or payouts. Due to this lack of oversight, AOA cannot account for the \$10,051 net deficit (the difference between \$10,361 in withdrawals and \$350 in recorded deposits. (see [Exhibit 4-2](#)).
- ⤴ **Fund Usage:** AOA identified \$10,231 in cash withdrawals from the Main, Ways and Means, and Ambulance accounts between January 1 and June 30, 2023, ostensibly to "fill" a poker bag. This included a \$130 withdrawal from the restricted Ambulance Account.

Poker Game State Licensing Compliance

- ⤴ **Regulatory Non-Compliance:** State law requires poker tournaments to be licensed, limited to six hours, and held at least 70 days apart. MDVFC conducted these games without a license and violated the 70-day frequency rule. Consequently, the State Division of Alcohol and Tobacco Enforcement shut down the operations in October 2024, deeming them illegal.

Gaming Tax and Reporting Compliance

- ⤴ **Tax & Reporting Violations:** MDVFC failed to submit required reports under Administrative Code Title 10, Chapter 104. Additionally, no IRS Form 1099s were issued to winners. The absence of these records prevents verification of the VFC's compliance with its IRS Form 990 annual tax filings.

Although the MDVFC's President oversaw cornhole and poker tournaments, available evidence did not substantiate that cash proceeds were being withheld by the MDVFC President. This assessment was limited because the MDVFC did not meet state regulatory requirements or basic internal accounting standards.

Allegation #5: Expenditures: Credit Cards and Bank Accounts

AOA received reports that:

- ▲ The President allowed the Secretary of the MDVFC, who is not a signer on any Company TD bank accounts, to use his assigned credit/debit card.
- ▲ The MDVFC President is the biggest user of the TD Bank credit/debit cards. Usage includes various Bank debit and or credit card transactions made at State Line Gas, Walmart, Family Dollar, Dollar Tree, Sam's Club and Amazon, for example.

The allegations were **SUBSTANTIATED** based on the evidence obtained during the investigation.

Results:

There are four accounts listed with TD Bank. There are six (6) cardholders on one (1) of the accounts and four (4) cardholders on a separate account. The MDVFC President is a cardholder of both accounts as well as the Treasurer. The majority of the usage was on the MDVFC President's card. Auditors found several issues.

- ▲ **Unauthorized Card User:** Board minutes from October 4, 2023, confirmed that the MDVFC President has allowed the Secretary to use his assigned credit/debit card. This arrangement was made due to purchasing volume and scheduling constraints. Based on our review, we found the Secretary's name was on all of the Sam's Club purchases on the MDVFC President's credit card. The absence of a documented authorization process for these purchases created exposure to financial risk and opportunities for potential fraud. ([see Exhibit 5-1](#)).
- ▲ **Credit Card Usage:** The TD Bank records reveal significant control deficiencies regarding credit/debit card usage. The MDVFC President, serving as a cardholder on multiple accounts, recorded the highest transaction volume, accounting for 41% all activity. This represented 526 of the 1,289 total transactions made by the 10 MDVFC cardholders. Furthermore, the mandatory, two-person approval process for expenditures required by MDVFC Bylaw Article XIV, Section 6.3, was not followed. The lack of enforced internal controls and separation of duties allowed the MDVFC President to authorize and execute high-volume spending without the required co-approval or documentation. The high volume of transactions, combined with a lack of oversight, creates a significant risk of misappropriation of assets, potential personal use of company cards, and non-compliance with governing bylaws. Due to the inadequate accounting records AOA was unable to determine the business purpose of such purchases. ([see Exhibit 5-2](#)).
- ▲ **Various types of debit or credit card transactions:** MDVFC bank debit and credit card statements revealed numerous transactions made at retailers such as State Line Gas, Walmart, Family Dollar, Dollar Tree, Sam's Club, and Amazon that lacked, in most cases, proper documentation or evidence of approval by the Treasurer or the MDVFC Board.
- ▲ **Unauthorized/Personal Expenses:** AOA identified purchases of Six Flags tickets, which the MDVFC President purchased using Company funds, for the President's family members.
- ▲ **Unauthorized Fuel/Personal Items:**
 - ✦ Purchases at State Line Gas in Maryland included fuel for personal vehicles and alcohol, which are not authorized expenses and the receipts lacked documentation of business purpose.

- ✦ The MDVFC utilizes Fuelman’s services for business-related fuel to comply with state regulations; however, records show that these cards were not used for the gas purchases noted above.

- ▲ **Lack of Business Purpose for Retail Purchases:** Amazon purchases and Sam's Club purchase transactions (largely made by the Secretary, using the MDVFC President’s card) lacked receipts or documentation detailing the business purpose and the delivery locations.

- ▲ **Questionable Recurring Purchases:** A Walmart store card is reloaded with \$2,000 annually. Records show this card is used for personal items, including clothing and gift cards which were spent at various locations in the United States.

Allegation #6: Employee Expense Reimbursements and Personal Use

AOA received an allegation that the MDVFC President of the Maryland Volunteer Fire Company, abused his position by using the fire company accounts/credit cards for personal expenditures. These expenditures include paying for family vacations during the annual Maryland State Fireman's Convention. Also, AOA received a report that the fire company has issued checks to non-fire company members to attend this trip in Ocean City, MD.

The allegation is **PARTIALLY SUBSTANTIATED** based on evidence confirming some, but not all, elements of the reported allegation.

Results:

The fire company attended the Maryland Ocean City Conference. AOA found several issues with the conference spending.

- ▲ **Unsupported Cash Allowances:** Cash travel allowances were distributed to individuals accompanying the MDVFC President who were not members of the MDVFC.
- ▲ **Unsupported Expenses:** Two hotel rooms for the convention were booked under the MDVFC President, with all the associated costs charged to the MDVFC credit card.
- ▲ **Personal Use of Funds:** We analyzed the expenditures for travel against the US General Services Administration (GSA) rates. In analyzing the expenditures with the daily rates for all travelers in total, we found that the total expenses were materially over the threshold. ([see Exhibit 6-1](#))
- ▲ **Documented Non-Member Payments:** AOA found that in FY2022, VFC checks totaling \$600 (\$150 each) were issued to four relatives of the MDVFC President.

Available documentation partially substantiated that a portion of the funds spent in Ocean City, Maryland were for personal expenses, as \$600 was issued for the MDVFC President's family members who are not members of the MDVFC. Expenses incurred during the convention that exceeded GSA rates may also represent personal use; however, because other members attended related dinners and events, the available evidence does not allow for a definitive allocation of those costs. These conditions reflect gaps in governance and financial oversight that limited the ability to determine the business purpose of the expenditures.

Allegation #7: Expenditures Gift Cards

AOA received an allegation that the MDVFC President was buying Walmart and other gift cards for family members as gifts. These cards have values added to them, anywhere from \$100 - \$500.

The allegation **COULD NOT BE SUBSTANTIATED**, as the evidence obtained was insufficient to support or refute the reported conduct.

Results:

We performed a review of \$13,068 spent for gift cards. We found that there was insufficient evidence and a lack of business purpose documentation for these purchases.

(see [Exhibit 7-1](#))

- ▲ **Improper Documentation:** MDVFC Board minutes document approval for a spa gift card for a board member and an approved the purchase of Texas Roadhouse gift cards, which were a MDVFC membership appreciation gift to be distributed at the MDVFC Christmas Party. AOA found no records (e.g., sign-off sheets, distribution logs) documenting the distribution of these cards, nor records of leftover cards returned to inventory.

Allegation #8: Misuse of Funds for President’s Private Business

AOA received an allegation that the MDVFC President was using Marydel Volunteer Fire Company funds to support his private business “Home Stretch Sports”, located in Dover, Delaware.

The allegation **COULD NOT BE SUBSTANTIATED**, as the evidence obtained was insufficient to support or refute the reported conduct.

Results:

From the review of financial records, we found a notable increase in United States Postal Service (USPS) expenses while a separate vendor is used for the MDVFC’s primary donation mailings, rendering the increased USPS expenditure inconsistent. Otherwise, AOA did not find payments directly to Home Stretch Sports.

Allegation #9: Deputy Fire Chief Position/President MDVFC

AOA received an allegation that the MDVFC President does not respond to emergency calls on the fire apparatus even though he holds the title of Deputy Fire Chief.

The allegation **COULD NOT BE SUBSTANTIATED**, as the evidence obtained was insufficient to support or refute the reported conduct.

Results:

Due to the absence of comprehensive call logs, auditors were unable to verify the responder activity of the personnel in question.

Allegation #10: Grants and Capital Improvements Oversight

AOA received an allegation that there was no oversight of the \$300,000.00 in funding granted to Marydel for capital improvements in July 2021.

The allegation was **UNSUBSTANTIATED**, as the available evidence indicated that the reported conduct did not occur.

Results:

As a condition of the funding, the Company created a new corporation to oversee the funding requests for the building expenses. Through the corporation books and records, MDVFC was able to demonstrate that \$625,000 in state grant funding (including \$300,000 granted in July 2021) was used for its intended purpose.

Appendix A

Objectives, Scope, Criteria, and Methodology

Objective

The objective of the investigation is to substantiate or refute the allegations.

This investigation was performed in accordance with the Council of the Inspectors General on Integrity and Efficiency, Quality Standards for Investigations.

Scope

The scope of the investigation encompasses, banking card usage, fundraising events, deposits, expenditures, and practices of the MDVFC President of the Marydel Fire Volunteer Fire Company and its Board from July 1, 2020 through June 30, 2023.

Criteria

Criteria: According to the MDVFC Bylaws, all credit card expenditures require prior approval from two designated authorized officials (Treasurer, Assistant Treasurer, President, Vice President, or Fire Chief). Furthermore, financial institutions require that only authorized users listed on the signature card utilize bank-issued credit/debit cards.

Criteria: Best practices for grant management require that governing boards formally approve significant expenditures and document oversight of grant project-related financial transactions in meeting minutes to ensure transparency and accountability.

According to MDVFC Bylaw Article XIV Section 6 Finances, Item **6.3**: *Credit card expenditures shall require approval from two of the following: Treasurer, Assistant Treasurer, President, Vice President, or Fire Chief; except that the two cannot be the Treasurer and Assistant Treasurer. 6.4 The board must ensure that copies of all contracts, encumbrances, and written business transactions are securely filed and stored in either the Treasurer's office and/or the Station's safe.*

Methodology

Our procedures consisted of the following:

- ▲ Interviews with complainants, Fire Commissioner Investigators, and other relevant organizations or individuals
- ▲ Detailed review of QuickBooks general ledger data
- ▲ Document reviews including applicable laws and regulations, Fire Company policies and procedures,
- ▲ Data analysis which included data collected by the Fire Commissioner or data compiled by our staff
- ▲ Consultation with experts when warranted. Our staff consult technical experts when necessary to plan our work, to obtain special analysis from experts in the field and to verify results.

Appendix B

Exhibits

Exhibit 3-1 Example of Treasurer's Report

MARYDEL FIRE CO. TREASURE REPORT SEPT 2022

	DE	MD	
	AMB/ WM/ MAIN		
Beginning Balance of Accounts:			
TD MAIN	45464.47		
TD AMBULANCE	124347.36		
TD W & M	70134.89		
TD MONEY MARKET	524293.18		
SHORE UNITED MAIN		128003.16	
SHORE UNITED 508		10091.49	
SHORE COMM. HALL		98.33	
	764239.90	138192.98	
Bills Paid for Month:	74876.40	14281.88	
INCOME FOR MONTH	37880.95	0.00	
Ending Balance of Operating Accts:	727244.45	123911.10	
Grand Total of Operating Accounts:			\$851,155.55
	LOANS		
TRUCKS LOAN	1,551,614.15		
TOTAL DEBT	1,551,614.15		

Exhibit 3-2 Schedule of Line Items from Financial Statements prepared by CPA Firm

Income	2023		2022		2021	
Public Support	54,477.00	0.04	40,072.00	0.03	41,211.00	0.04
Government Support	1,157,224.00	0.80	951,560.00	0.76	817,404.00	0.83
Fundraising/Company Functions/Hall Rental	266,311.00	0.18	165,134.00	0.13	113,384.00	0.11
Other	(26,561.00)	(0.02)	87,334.00	0.07	15,043.00	0.02
	1,451,451.00		1,244,100.00		987,042.00	
Expenses						
Program	870,555.00	0.70	920,996.00	0.79	865,911.00	0.89
Convention	29,283.00	0.02	27,859.00	0.02	6,321.00	0.01
Company Functions	141,421.00	0.11	80,897.00	0.07	47,419.00	0.05
Management and General	56,958.00	0.05	35,973.00	0.03	35,466.00	0.04
Fundraising	153,368.00	0.12	100,432.00	0.09	18,280.00	0.02
	1,251,585.00		1,166,157.00		973,397.00	
Net Income:	199,866.00		77,943.00		13,645.00	
Net (Loss)/Income from Company Functions/Fundraising	(28,478.00)		(16,195.00)		47,685.00	

Exhibit 4-1 Schedule of Poker Withdrawals

Ways and Means Account		
1/1/2023	1,000.00	texas holdem start up r
2/1/2023		
3/1/2023	950.00	replenish poker bag
4/1/2023	3,680.00	replenish poker bag
5/1/2023	865.00	replenish poker bag
6/1/2023	3,736.00	replenish poker bag
	10,231.00	

Exhibit 4-2 Support for Poker Activity

25 Players 1125.00
 11 Reseats 495.00
 (1620.00)
 Add on's 440.00 \$2040.00
 Dealers \$400.00 \$1660.00
 Payout
~~1225.00~~ \$1225.00
 + 35.00
 \$1260.00
 Profit \$2/35.00
 Intention = 35.00
 Profit (400.00)

Exhibit 5-1 Schedule of Receipts from Card with Secretary’s Signature Found

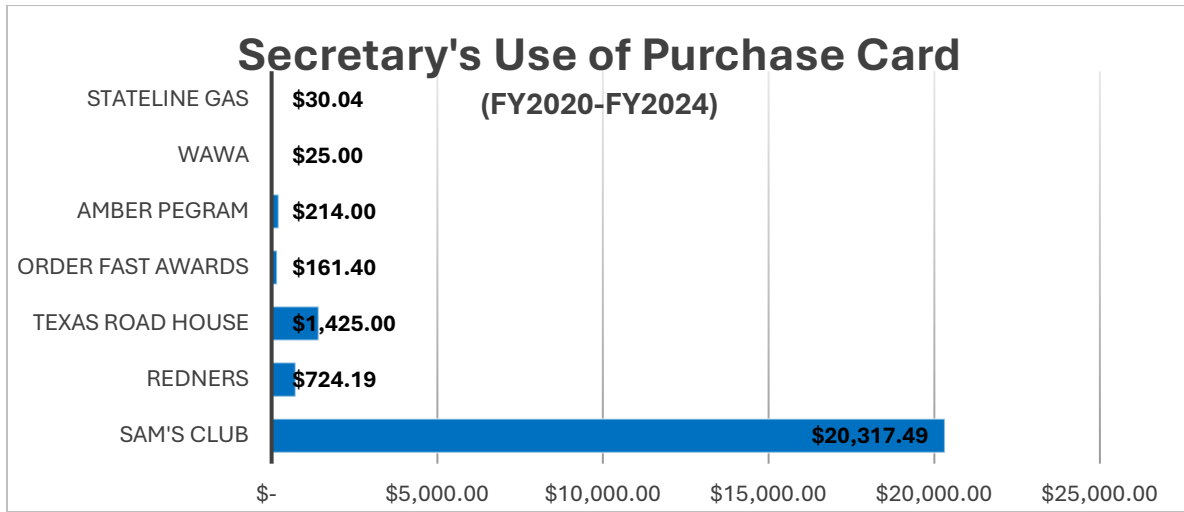


Exhibit 5-2 MDVFC President’s Credit Card Activity

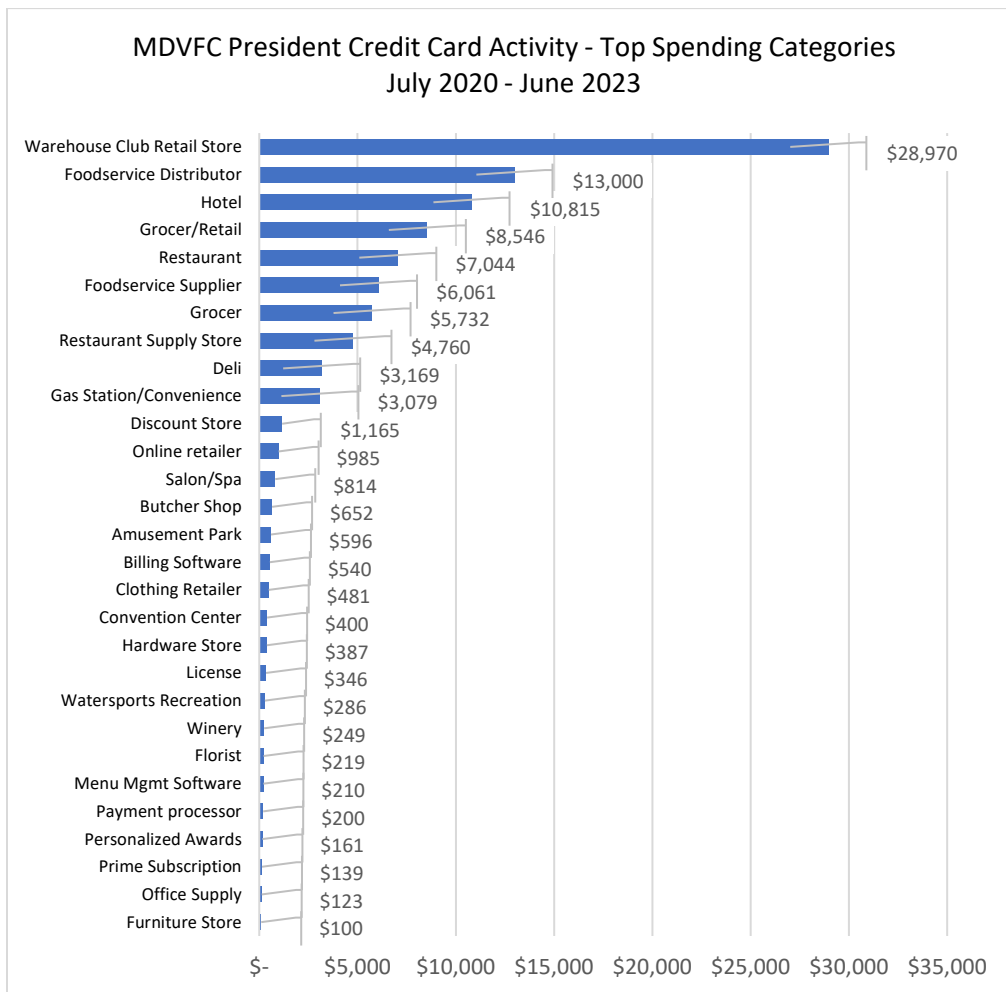


Exhibit 6-1 Maryland Fireman’s Conference Convention

	2023	2022	2021
Cambria Hotel	17,857.68	21,397.47	6,321.45
Assateague Crab House	2,461.28	-	-
TapHouse	697.60	697.60	-
Sweet Water Sound	-	714.00	-
Crab Alley	-	759.67	-
Pizza Tugos	265.09	298.86	-
Talbot Street Waters	286.00	-	-
Meal Allowances	4,250.00	3,450.00	-
Total	25,817.65	27,317.60	6,321.45
GSA Rate (\$210 PP per night)	7,350.00	4,410.00	4,410.00
Questionable Expenses	18,467.65	22,907.60	1,911.45

Exhibit 7-1 Gift Card Purchases

	2023	2022	2021	Total
Toppers	150.00	100.00	350.00	600.00
Texas Roadhouse	3,375.00	4,050.00	4,462.50	11,887.50
Dairy Queen		75.00	30.00	105.00
Starbucks	25.00	15.00		40.00
Applebees	25.00			25.00
Bath and Bodyworks		50.00		50.00
Cheddar		15.00		15.00
Darden			15.00	15.00
Chik-Fil-A		30.00	30.00	60.00
Go Eat \$20-\$200		20.00		20.00
Go Swap Food&DrinkDL		25.00		25.00
Outback Steakhouse	25.00			25.00
Cracker Barrel	22.68	22.68		45.36
Bufflao Wild Wings	25.00		15.00	40.00
Door Dash	100.00			100.00
Subway		15.00		15.00
	3,747.68	4,417.68	4,902.50	13,067.86

Appendix C

Background

Marydel Volunteer Fire Company, incorporated in 1955, is a 501(c)(3) non-profit organization located in Marydel, Delaware. The Company provides fire protection and rescue EMT services to both Kent County, Delaware; and Caroline County in Maryland¹

The Company’s primary objective is “to preserve and protect the lives and property in the Marydel, Delaware community and other communities as requested through firefighting, rescue, and emergency medical services”.²

Membership and Activities

As of June 30, 2023, Marydel Volunteer Fire Company had 92 members³. This membership includes active members, life members, junior members, administrative members, career staff, and a Ladies Auxiliary.

The Company features a full-service banquet hall which is available for public use. The Ladies Auxiliary prepares the meals provided, and the Company’s members may serve at the event or work the bar. The company also hosts several fundraising events in the hall throughout the year, such as Wing Night, Cornhole Tournaments, and Poker Tournaments.

Demographics

This table illustrates the demographics according to the 2020 Census conducted by the United States Census Bureau for each county the Company serves.

Table: 2020 Census Bureau Demographics			
	Kent County, Delaware ⁴	Caroline County, Maryland ⁵	Queen Anne's County, Maryland ⁶
Approximate Residents in 2020	181,851	33,293	49,874
Estimated residents in 2023	190,123	33,800	51,000
Approximate Land Area (square miles)	586	319	372

Governance

Leadership in the Company operates under a dual-command structure that separates administrative business from emergency operations. The Administrative Branch manages the finances, facilities, fundraising, and legal compliance of the company. It is led by an elected

¹ Information retrieved from Copany’s website located at

² [Marydel Fire Company Constitution, Article 1, Section 2](#)

³ <https://web.archive.org/web/20231208124306/http://www.marydel56.com/members.cfm>

⁴ Obtained from the United States Census Bureau website (https://test.data.census.gov/profile/Kent_County,_Delaware?g=050XX00US10001)

⁵ Obtained from the United States Census Bureau website (<https://test.data.census.gov/all?q=Caroline+County,+Maryland>)

⁶ Obtained from the United States Census Bureau website (<https://test.data.census.gov/all?q=queen+annes+county,+md>)

President and a Board of Directors. The immediate former Fire Chief and immediate former Board President shall also serve on the Board, provided they remain members in good standing as prescribed in the Company's By-Laws. The Administrative officers consist of the President, Vice President, Secretary, Treasurer, and Board of Directors.

The Operational Branch is responsible for emergency response, training, and apparatus maintenance. It is led by a Fire Chief who commands the Line Officers. The Line Officer chain of command includes the Deputy Chief, Assistant Chiefs (1st and 2nd), Captains, and Lieutenants.

State Prevention Fire Commission

The State Fire Prevention Commission (the Commission) is comprised of seven individuals appointed by the Governor. They are tasked to protect the public, specifically those receiving fire prevention services, from unsafe practices. The Commission represents a cross-section of the state, comprised of one Association Leader in addition to one volunteer firefighter and one business leader from each county. The Association Leader seat is filled by the immediate past President of the Delaware Volunteer Firefighter's Association. Commissioners serve 4-year terms and are limited to serving a maximum of three terms.⁷

The Commission selects a chairperson and Vice Chairperson from among their members. By law the Commission is required to meet at least once per month. They may also call special meetings as necessary.⁸

The Delaware Code states that the Commission shall establish rules requiring annual financial audits of volunteer fire and ambulance companies. These rules shall address the types of audits required, the reporting periods, procedures for reviewing the audits, and the penalties for non-compliance.⁹

The Commission requires each volunteer fire and ambulance company to obtain a minimum Review-level¹⁰ report each year issued by an independent certified public accounting firm. Per the Delaware Administrative Code¹¹, the Commission requires the following documentation to be submitted to the Commission for review:

- The Accountant's Report provided to the volunteer fire or ambulance companies by their independent accountant.
- Financial statements, including:

⁷Obtained from State Fire Commission Website

<https://statefirecommission.delaware.gov/commissioners/#:~:text=The%20Fire%20Commission%2C%20comprising%20of,responsibilities%20includ%20administrative%20duties%20for>

⁸ 16 Del. C. §6601 through 6603

⁹ 16 Del. C. §6608(a)

¹⁰ Per the American Institute of Certified Public Accountants, a review provides an independent accountant's report stating that the accountant is not aware of any material modifications that should be made to the financial statements to be in conformity with the applicable financial reporting framework. An audit, however, requires the auditor to obtain an understanding of the entity's internal control and assess fraud risk to provide an opinion that the financial statements are presented fairly, in all material respects, in conformity with the applicable financial reporting framework.

¹¹ Delaware Administrative Code, Title 1, Section 708, Chapter 3

- Statement of financial position (Balance sheet)
- Statement of revenue and expenses.
- Statement of cash flow
- Notes to financial statements
- Letter of observations and/or comments
- Letter of representation

Funding

State of Delaware Funding:

According to detail provided by the State’s accounting system, First State Financials (FSF), MDVFC’s revenue attributable to the State is comprised of appropriated Grants-in-Aid, a “premium tax” allocated to fire companies from the State Department of Insurance (DOI), State Bond Bill funds, Ambulance Funds, and Department of Elections – Kent County as detailed in Table 1.

Table 1: State Funds Received for January 1, 2021, through December 31, 2023. ¹²			
Purpose	2023	2022	2021
Grants-in-Aid	\$ 166,352.00	\$ 139,305.00	\$ 137,088.00
Department of Insurance Funds	\$ 355,901.04	\$ 336,467.65	\$ 301,149.98
State Bond Bill - Rescue Tool	\$ 100,000.00	\$ 171,613.68	\$ -
Ambulance Funds	\$ 129,450.11	\$ 112,989.87	\$ 87,661.31
Department of Elections-Kent County	\$ 600.00	\$ -	\$ 600.00
Total State Funds	\$ 752,303.15	\$ 760,376.20	\$ 526,499.29

Grant-in-Aid Bill

Marydel VFC is required to use the appropriations received for the operation and maintenance of fire apparatus’, ambulances, and rescue trucks.

Grant-in-Aid Funding

The State of Delaware issues statutory aid distributed to all recognized volunteer fire companies as a Grant-In-Aid state appropriation.¹³ The direct financial allocation is approved annually by the Delaware General Assembly in the "Grant-in-Aid" bill, Section 3 for Fire Companies. When applying for grants in aid, applications are submitted through the online portal for the Delaware General Assembly Grants Management System. Submission of the annual financial audit or review to the State Fire Prevention Commission is a mandatory prerequisite for application eligibility. The funding is primarily intended to cover operational costs:

- The prevention and extinguishment of fires throughout the State.
- The maintenance of apparatus and equipment.
- The maintenance and operation of ambulances in the public service.

¹² [Grant in Aid Home - Delaware General Assembly](#)

¹³ <https://legis.delaware.gov/GrantinAid/Home>

- The maintenance and operation of rescue trucks in the public service.
- Insurance Premium Distribution: to help level up the insurance premium tax revenues to be used for the maintenance of apparatus and equipment.¹⁴
- Insurance Rebate Equalization for operations of volunteer fire companies as a flat or calculated amount appropriated by the legislature to ensure that rural companies do not fall behind due to lower local insurance premiums.

Department of Insurance Funds

As defined in Delaware Code¹⁵, each volunteer fire company and rescue service in the State receives an allocation of the “premium tax” paid to the Office of the Insurance Commissioner by insurance companies who cover risks of loss on any real or personal property from fire within the State. The funds are to be used for assisting and maintaining the fire department or companies within the State¹⁶.

Bond Bill – Rescue Tools

As part of the State of Delaware Bond Bill, funds authorized are to be used to reimburse the Delaware State Fire School and Volunteer Fire Companies for the purchase of rescue tool replacements. The Fire Prevention Commission receives the funds, and each company submits their receipt of sale in order to be reimbursed.

Ambulance Fund

As explained by Delaware Code *11 DEL. C. §4101(j)*, a Ten dollar (\$10) penalty may be imposed on any violations of Title 21 of the Delaware Code and is to be deposited in to the “Volunteer Ambulance Company Fund” administered by the State Fire Prevention Commission. The Commission pays money from the fund directly to each volunteer ambulance company based upon the number of runs each company completed.¹⁷

Department of Elections-Kent County

Funds received for Primary and General Election building usage.

Delaware Volunteer Fire Service Revolving Loan Fund

The Delaware Volunteer Fire Service Revolving Loan Fund is a state subsidized program designed to finance critical enhancements to apparatus and infrastructure. Its primary objective is to ensure that volunteer agencies maintain the operational readiness required to deliver effective fire, rescue, and emergency medical services to Delaware communities.¹⁸ Funding availability is limited. Loans are not approved for retroactive expenses of capital improvements and facility expansions completed prior to the loan application process.

¹⁴ 18 Del.C. § 705

¹⁵ [18 Del. C. §713\(a\)\(1\)](#)

¹⁶ [18 Del. C. §705\(e\)](#)

¹⁷ [11 Del. C. §4101\(j\)](#)

¹⁸ <https://www.dvfaasn.com/documents/44/Revolving-Loan-Fund-Program-Guidelines.pdf>

Final authority regarding the approval of all loans is vested in the Delaware Council on Volunteer Fire Service (the “Council”). The Council is comprised of The President of the Delaware Volunteer Firefighter’s Association, the Chairman of the State Fire Prevention Commission, three members, one each appointed by The Presidents of the New Castle, Kent and Sussex County Firemen’s Associations, the State Treasurer and the Secretary of Finance.

To ensure fiscal responsibility, loan amounts are determined using a 'lesser of' calculation. Funding is capped at either a fixed dollar maximum or a specific percentage of the total project cost, whichever amount is lower. Repayments are fixed at a 2% interest rate and are typically semi-annual or annual.

Eligible Loan items:

- Purchase of new and used apparatus
 - (must pass all Federal, State, and/or county certifications)
- Equipment Upgrades
- Facility Improvements
 - Improvements should be essential to providing adequate fire, rescue, emergency medical and technical emergency response related service to Delaware communities.

Volunteer Fire Assistance Grants

The Volunteer Fire Assistance Grant is a USDA program administered by the Delaware Forest Service to equip and train volunteer fire companies to fight wildland, brush, and field fires.¹⁹ The goal of the grant is to help companies purchase specialized, lightweight equipment needed to reach fires in woods, marshes, and fields where heavy equipment cannot go. This is a 50/50 cost-share grant. The grant covers 50% of the project cost. The fire company provides the other 50%. The grant percentage can be met through cash, volunteer time, or direct purchases.

Eligible Grant Use:

- Equipment to respond to and suppress wildfires:
 - Pumps, hoses
 - Wildland specific PPE ((lightweight Nomex shirts/pants and lighter helmets)
 - Brush unit pumps/skids
 - Wildland fire hand tools, chainsaws (excludes rescue chainsaws)

The Volunteer Fire Assistance Grant restricts the use of funds to prohibit the purchase of vehicles and structural firefighting gear.

¹⁹ <https://agriculture.delaware.gov/forest-service/wildland-fire/>

Extra Duty Income

The fire company assists the local Dover Downs (now Bally's) with staffing for an ambulance at the facility. The fire company has received revenue of \$60,897.50, \$60,163.47, and \$62,599.50 for fiscal year ends June 30, 2021, 2022 and 2023.