AUDITOR OF ACCOUNTS
STATE OF DELAWARE

DISTRESSED CEMETERY FUND

EXAMINATION
FISCAL YEARS ENDED JUNE 30, 2024

DISTRESSED CEMETERY FUND

REPORT SUMMARY FISCAL YEARS ENDED JUNE 30, 2024

BACKGROUND

The Office of Auditor of Accounts (AOA) performed an examination of the Schedule of Cash Receipts and Cash Disbursements of the State of Delaware Distressed Cemetery Fund (Fund) for the fiscal year ended June 30, 2024 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 cemeteries of applicants are considered ‘distressed’ in accordance with 29 Del. C. 7904A (5), and either authorized or rejected work to be performed at distressed cemeteries in accordance with 29 Del. C. 7904A (6)
  - Authorized payment to distressed cemeteries 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 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. §7907A. This law previously mandated an audit of the Distressed Cemetery Fund annually. Effective August 21, 2025, it now mandates an audit at least once every five years.

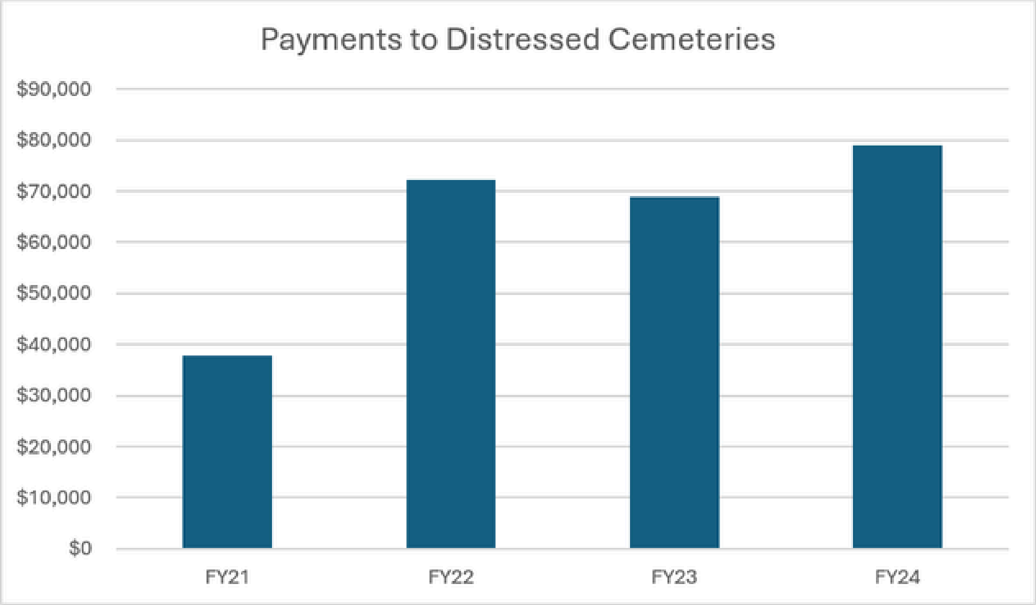
DISTRESSED CEMETERY FUND

REPORT SUMMARY FISCAL YEARS ENDED JUNE 30, 2024

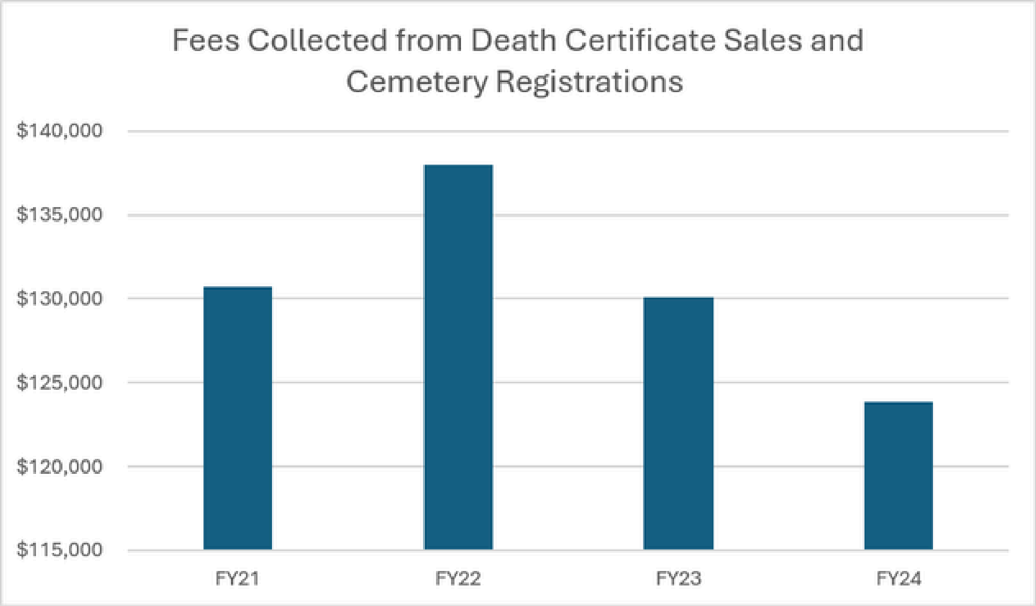
KEY INFORMATION & FINDINGS

During FY24:

- A total of 267 cemeteries were registered with the fund through June 30, 2024.
- A total of six cemeteries were approved to received distressed cemetery funds totaling $78,993.00 in awards for fiscal year ending June 30, 2024.
- A total of $21,007.00 was reverted to the general fund for fiscal year ending June 30, 2024.



Fees collected from death certificate sales and cemetery registration fees for fiscal year ending June 30, 2024, totaled $123,831.08



DISTRESSED CEMETERY FUND

REPORT SUMMARY FISCAL YEARS ENDED JUNE 30, 2024

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.

- Fractional Transactions: AOA observed instances in which the full death certificate fee amount was not accounted for properly.

- 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 insufficient document retention guidance

State of Delaware
Office of Auditor of Accounts

Working Hard to Protect YOUR Tax Dollars

Distressed Cemetery Fund Examination

Fiscal Year Ended June 30, 2024

Lydia E. York
State Auditor

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Background

Distressed Cemetery Fund

Created in 2009, the Distressed Cemetery Fund (DCF) is a state fund established under the Delaware Department of Health and Social Services (DHSS), Division of Public Health (DPH), Delaware Health Statistic Center (DHSC) to assist owners or volunteers of cemeteries, which meet the definition of distressed, who do not have the necessary funds to complete work that is needed to improve conditions on the grounds. The Delaware Code defines a 'distressed cemetery' as:

> *…any land or structure used or intended to be used for the interment or entombment of human remains including facilities used for the final disposition of cremated remains or remains following "natural organic reduction," as defined under § 3101 of Title 16, whereby the owner lacks sufficient financial resources for the maintenance or preservation of the cemetery as determined by the Board. An abandoned cemetery may qualify as a distressed cemetery if registered with the State by a responsible party or volunteer.*
>
> **29 Del C. §7902A(6)**

The budget for the fund is set by the Delaware Legislature on an annual basis, but $2.00 from each death certificate issued by the Office of Vital Statistics (OVS) is utilized, by statute, to offset the cost of the fund. It is also permitted by statute for the fund to receive contributions or bequests from individuals or organizations.

The fund is administered by the Delaware Cemetery Board (DCB), a five-member board appointed by the Secretary of Delaware Health and Human Services. Appointees serve three-year terms and may be reappointed upon expiration. Three of the five members of the board must be owners or operators of cemeteries, while two must be public members. The board elects a chairperson, from amongst its members, to serve in that capacity for three-year terms. Board members serve without compensation; however, they may have expenses incurred as part of their duties reimbursed. The board is required to meet at least twice annually, although the chairperson can call additional meetings as they deem necessary.

Delaware Cemetery Board	
FY24 (7/1/23-6/30/24)	
Member	**Position**
Mark Christian (Chair)	Chairman/Public Member
Len Dornberger	Owner/Operator Member
Paul White	Owner/Operator Member
Faith Kuehn	Public Member
Paula Hearst	Owner/Operator Member (Term Expired 12/31/23)
Grier Stayton	Owner/Operator Member (Term Began 1/1/24)

The DCB has the power to impose rules and regulations related to the administration of the fund, designate required forms, make the determinations of whether a cemetery fits the criteria of 'distressed,' review and ultimately approve or deny applications for assistance, authorize payments from the fund and any conditions attached to them, and require a thorough accounting of each recipient's use of awarded funds.

In accordance with 29 Del Code §7906A, all cemetery companies and cemetery owners must register every five years, or upon change in ownership, with the DCB. For abandoned cemeteries, a volunteer may complete the registration. Failure to maintain registration status makes a cemetery ineligible to receive assistance from the DCF.

Applicants seeking assistance from the DCF do so for a variety of reasons critical to the maintenance or preservation of their cemetery but share the common thread of the applicant lacking the financial resources to perform the action. Projects approved by the board during FY24 included tombstone repairs, tree removals, repair of a damaged/deteriorated wall, a driveway repair, and a fence replacement.

Applicants that apply for financial assistance from the DCF may receive up to a maximum of $17,500 per cemetery for the cost of work needed. Applications may only be submitted once every 12 months from the date funds were received unless there is a substantial occurrence. Applicants are required to demonstrate need and explain the scope of their project with specificity, as well as follow guidance from the DCB for documenting the project and complete a closeout report within six months of receipt of funds.

The Office of the Auditor of Accounts (AOA) previously conducted an examination of the fund for FY20-FY23, issuing a report on January 23, 2025, which included findings related to supporting documentation and fractional transactions related to the collection of death certificate fees. During AOA's FY24 examination, staff noted year-over-year improvements related to availability of DCF documentation, and insight into processes that ultimately led to the fractional transaction finding.

Maintenance of Records

DHSS-DPH is required to keep a register of Delaware's cemeteries and records relating to meetings of the Delaware Cemetery Board.

DHSS-DPH maintains all appropriate documentation related to its revenue and expenses of the Distressed Cemetery Fund for audit purposes. At the commencement of this audit, in accordance with 29 Del. C. §7907A, the Distressed Cemetery Fund was designated to be audited annually by the State Auditor's Office.

On August 21, 2025, the General Assembly of the State of Delaware amended 29 Del. C. §7907A to revise the statutory requirement for audit by the State Auditor's Office to at least once every five (5) years.

State of Delaware
Office of Auditor of Accounts

Lydia E. York
State Auditor

Independent Auditor's Report

Paul White, Interim 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 management of the State of Delaware Distressed Cemetery Fund during the fiscal year ended June 30, 2024. The Fund's management is responsible for the presentation of the Schedule of Cash Receipts and Disbursements of the Fund for fiscal year ended June 30, 2024, and maintaining a record of those transactions. Our responsibility is to obtain reasonable assurance by measuring (or evaluating) the Schedule of Cash Receipts and Disbursements of the Fund for fiscal year ended June 30, 2024, 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 measurement (or evaluation) based on our examination.

Our examination was conducted in accordance with the attestation standards for a direct examination engagement established by the AICPA. Those standards require that we obtain reasonable assurance by measuring (or evaluating) the Fund's presentation of the Schedule of Cash Receipts and Cash Disbursements for fiscal year ended June 30, 2024 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 measurement or evaluation of the Fund's Schedule of Cash Receipts and Cash Disbursements for fiscal year ended June 30, 2024. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the Schedule of Cash Receipts and Cash Disbursements for fiscal year ended June 30, 2024, 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 Distressed Cemetery 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 year ended June 30, 2024, presents fairly, in all material respects, based on the criteria set forth in the Delaware Code and the BAM.

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Main Office: 302-739-4241

Other Reporting Required by Government Auditing Standards

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 24-1 and 24-2 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.

Intended Purpose

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 Committee, Office of the Attorney General, and Office of Management and Budget.

Lydia E. York
State Auditor

Dover, DE

June 17, 2026

DISTRESSED CEMETERY FUND
SCHEDULES OF CASH RECEIPTS AND CASH DISBURSEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

SCHEDULE OF CASH RECEIPTS

Appropriation 78800	2024
Death Certificate and	
Cemetery Registration Fees	$ 123,831.08

SCHEDULE OF CASH DISBURSEMENTS

Appropriation 68801	2024
Budget	$ 100,000.00
Grant-In-Aid	78,993.00
Reverted To General Fund	21,007.00
	$ -

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 reverted available balance at the end of the State Fiscal Year to General Fund.

SCHEDULE OF CURRENT YEAR FINDINGS
JUNE 30, 2024

Finding 24/1 – Fractional Transactions

Criteria

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

Condition

DHSS-DPH-OFS did not account for the full amount of fees for Death Certificates sold by DHSS-DPH-OVS for eight transactions. DHSS-DPH-OVS provided procedural information and documentation showing that 7 of the 8 transactions were credit card deposits in which the categorization of death certificate corrections were incorrectly placed. Documentation was not provided for the eight transactions, which was a cash deposit.

Cause

AOA identified eight transactions from the Year-To-Date Cumulative Budgetary Report (DGL011) for FY24 that had pennies in the final accounting for the deposit, despite death certificates being sold for $25.00 during the fiscal year. DHSS-DPH-OFS provided procedural information and documentation regarding the accounting process that showed utilization of Excel spreadsheets that required manual value inputs. In the spreadsheets reviewed by AOA, the issue was attributable to incorrect classification of death certificate corrections.

Effect

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

Recommendation

We recommend DHSS-DPH-OFS take the following action:

- Establish effective controls for entering, reviewing, and approving transactions to minimize the gaps to ensure information is recorded accurately, as well as incorporate periodic reviews of DGL011 into review procedures to facilitate potential detection of fractional transactions.

Fund's Response:

The Office of Financial Services (OFS) is currently working on a new form that will automatically enter the correct data into the chart strings. This should prevent incorrect amounts from being entered into the system. We will also be looking for fractional amounts as they should not occur. We also started uploading documents into the FSF system which should reduce the amount of confusion between the received date vs the date sent to the bank vs the date collection from the treasury office.

Gary Owens, Fiscal Manager

Office of Financial Services

Delaware Division of Public Health

SCHEDULE OF CURRENT YEAR FINDINGS
JUNE 30, 2024

Finding 24/2 – Variances/Insufficient Documentation for Deposits.

Criteria

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

Condition

Of sixty (60) transactions reviewed involving the allocation of the portion of the sale of death certificates to the Distressed Cemetery Fund, AOA was able to validate the transactions, with the following exceptions:

- Thirteen (13) transactions in which the amount that should be allocated to the DCF on supporting documentation varied from what was recorded in the YTD Cumulative Budget Report (DGL011)
- Twenty-Five (25)* transactions in which supporting documentation was missing relative to compliance with OVS procedures:
    - Twenty-Two (22) in which a credit card/ACH transaction was missing the Transaction Summary Report
    - Two (2) in which the transaction was missing the Daily Fees Report
    - Three (3) in which the transaction was missing the Activity Report by Payment Support

* -- One transaction account had an exception for all three documentation subcategories

Cause

While expectations and procedure are verbally communicated to personnel, there were no written guidelines established during the examination period to state that the documentation of the support package that should be filed with the associated transaction for the various methods by which 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. This directly impacts the ability to reconcile the documentation to transactions on DGL011.

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.

Recommendation

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

1. Establish universal, written procedures for the documentation needed for each type of transaction as well as a defined review and approval process to determine compliance. Cash/Check, Credit Card, and ACH payments are entered separately, and each method should have a clearly defined structure for documentation and approvals.

2. Establish a record keeping process for supporting documentation that allows records to be easily located and accurately tracked to verify the funds received from financial transactions. This includes evaluating the use of FSF for records retention, and the feasibility of imaging documentation directly to FSF entries as attachments, which would provide a centralized hub in which documentation is directly linked to financial transactions.

Fund's Response:

On January 9, 2024, the Bureau Chief of Vital Records and Health Statistics sent an email to the Vital Records staff. In the email, they were instructed to ensure the Confirmation of Receipt of Deposit was signed by both the Vital Records staff and the staff from the DPH Office of Fiscal Services (OFS). The form must also be scanned and sent to the resource email account of the Bureau. Additionally, on June 17, 2025, the Bureau Chief emailed the Vital Records Administrator, informing her team to start using the revised Daily Fees Report template to ensure accurate full dollar amounts. The Administrator implemented this change on the same day. The process will be added to the Office of Vital Records Procedures Manual.

Furthermore, as noted in Finding 24/1, the OFS began uploading documents to the FSF system. This initiative is expected to reduce confusion regarding the received date, the date sent to the bank, and the date of collection from the treasury office, ultimately improving the ability to locate and track funds.

Maridelle Dizon, Director
Bureau of Vital Records and Health Statistics
Delaware Division of Public Health