

## **BEFORE THE DELAWARE STATE FIRE PREVENTION COMMISSION**

In re: Cheswold Fire Company Audit

### **ORDER**

At its meeting on June 20, 2017, the Delaware State Fire Prevention Commission received a report from its Audit Report Compliance Committee, indicating Cheswold Fire Company's annual audit had not been received. By letter dated June 23, 2017, the Commission notified Cheswold Fire Company that the Company would have to report to the Commission's meeting on July 18, 2017 and give cause as to why it should not be penalized for failing to timely comply with the Commission's statute and regulations regarding audit reporting. Pursuant to its statutory power found at 16 *Del. C.* § 6608(a), the Commission has established regulations pertaining to its review of company audits. Pursuant to that regulation, number 708, the Commission scheduled this matter for a hearing to give Cheswold Fire Company an opportunity to present evidence as to why further action or sanctions for non-compliance are warranted. James Roy, President of Cheswold Fire Company appeared at the meeting on July 18, 2017. Patricia Davis, Deputy Attorney General, advised the Commission.

#### **Summary of the Evidence**

The Commission reviewed correspondence sent from the Commission to Cheswold Fire Company notifying it of the Rule to Show Cause hearing, as well as documentation from the audits received, indicating Cheswold Fire Company's audit was received on July 11, 2017.

Mr. James Roy, President of Cheswold Fire Company appeared and indicated that

he was not aware there was a due date for audits because Cheswold has always turned these in as a matter of course. The Company had a tax issue last year that was disputed, and this caused some delay. Cheswold was previously using Book and Associates, but they changed Whisman Giordano, who was not as familiar with Cheswold's accounting practices and this took some time. The new firm was also not aware of the Commission's due date. As soon as Mr. Roy received the audit, he turned it in. He was not aware that he should have asked for an extension. This audit was much more extensive than anything he ever received from his prior firm.

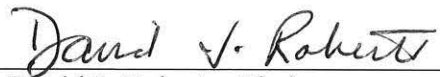
#### Findings of Fact and Conclusions of Law

Each fire company is required to submit an annual audit for review to the Commission, pursuant to 16 *Del. C.* § 6608(a). Pursuant to this same Section, the Commission is empowered to promulgate regulations governing the audit process, including "specifying the required types of audits, the reporting periods, procedures for reviewing the audits and the processes to be followed in the event a company fails to submit or submits an inadequate audits." Moreover, the statute provides that the Commission "shall have the authority, after a hearing, to impose a civil penalty not to exceed \$100 against any volunteer fire and ambulance companies . . . that fails to comply with any regulation promulgated." 16 *Del. C.* § 6608(b). Audit reports from Cheswold were due on or before June 15, 2017.

Here, Cheswold Fire Company submitted its audit after the extended deadline set by the Commission. The Commission may, pursuant to the statute and its regulations, impose a fine of 100 dollars per day. Therefore, the Commission hereby imposes a fine

of \$100 per day, beginning June 16, 2017 and continuing to accrue until the audit report is received by the Commission for a total fine of \$2500.

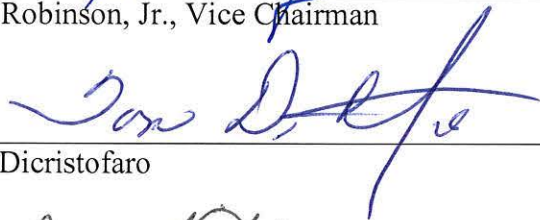
**IT IS SO ORDERED** this 18<sup>th</sup> day of July, 2017.



David J. Roberts, Chairman



Alán Robinson, Jr., Vice Chairman



Tom Dicristofaro



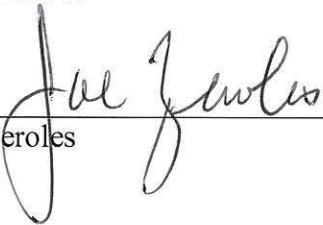
Lynn Truitt



Marvin Sharp



Ron Marvel



Joe Zerolis