

**Request for an Investigation by the Delaware General Assembly**  
**“Failure to Report an Act of Embezzlement at the**  
**Department of Labor’s**  
**Division of Unemployment Insurance”**

Currently, Delaware lacks an Office of the State Inspector General, which would have independent and nonpartisan oversight of state agencies and offices, as well as investigative powers for fraud, waste, abuse, and mismanagement.

Thus, the Delaware Coalition for Open Government (DelCOG) – a nonprofit organization that promotes transparency and accountability in government – is filing a request to the Delaware General Assembly to investigate the failure to report the act of embezzlement in excess of \$180,000 from the Delaware Department of Labor’s Division of Unemployment Insurance.

(Delaware statutes, official reports, news media articles, and references are listed below.)

**Failure to Report Embezzlement at the Division of Unemployment Insurance**

From news media reporting, it is clear that the act of embezzlement at the Division of Unemployment Insurance occurred in the first quarter of 2023.

Although official reports, published in 2024 by the Office of the Auditor of Accounts and the Department of Finance, included a “Disclaimer of Opinion,” from a third party accounting firm to describe problems about inadequate financial controls, **it is especially disconcerting that the reports failed to disclose the embezzlement.**

Notwithstanding the Disclaimer of Opinion, not only does failure to disclose the embezzlement of state funds in a timely manner severely damage the public’s perception that our state government is working in the Public Interest, but it also has

- the appearance of impropriety by state officials.
- the appearance of possible state-office collusion.
- the appearance of a possible cover-up.

**Violations of the Delaware Code**

Specifically, **failure to disclose embezzlement** – if and when known – in reports to the Governor, General Assembly, and the public by the Office of the Auditor of Accounts is a violation of the Delaware Code.

Similarly, **failure to disclose embezzlement** – if and when known – in reports to the General Assembly, the Attorney General, and the Director of the Office of Management and Budget by the Department of Finance’s Division of Accounting is a violation of the Delaware Code.

Withholding the disclosure of embezzled state funds severely damages transparency, accountability, and confidence in our State Government and, in that regard, is a breach of the Public Trust. Additionally troubling is that the embezzled funds consisted of contributions not only by Delaware employers, but also by the federal government.

### **Need for Investigation to Defend the Public Interest and the Public Trust**

These concerns – possible violations of the Delaware Code, Code of Conduct, Constitution, and the breach of the Public Trust – warrant investigation.

DelCOG urges the Delaware General Assembly to take ownership of the embezzlement problem and investigate the causes, motivations, and political influences – if any – that prevented the act of embezzlement from officially being reported to the Governor, the General Assembly, State Officials, and the public, as mandated by the Delaware Code.

Immediate investigation is in the Public Interest to restore Public Trust in our State Government. Any equivocation or inaction would further degrade transparency, accountability, and public confidence.

Upon conclusion of the investigation, it is vital that the General Assembly’s findings are disclosed to Delaware’s citizens, including: who knew what; when did they know it; and the reason the embezzlement was not reported.

The Public Trust is at stake.

Delaware Coalition for Open Government, Board of Directors

Contact John Flaherty, DelCOG Board Member  
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### **References**

## **Violations of the Delaware Code, Code of Conduct, and Constitution**

Violations, as described in the Delaware Code, Code of Conduct, and Constitution, clearly justify the need for an investigation:

1. Filing written reports is a statutory requirement of postaudits by the Office of the Auditor of Accounts to the Governor, General Assembly, and the public, including the disclosure of all illegal and unbusinesslike practices, as mandated in the Delaware Code Title 29, Chapter 29, Auditor of Accounts, § 2909.
2. Filing written reports is a statutory requirement by the Department of Finance's Division of Accounting to the General Assembly, the Attorney General, and the Director of the Office of Management and Budget, including the disclosure of irregular, illegal, or improper financial administration or transactions, as mandated in the Delaware Code Title 29, Chapter 83, Department of Finance, Division of Accounting, § 8304.
3. Adhering to ethical tenets by state officials to ensure respect and confidence is necessary to maintain the Public Trust, as described in the Delaware Code Title 29, Chapter 58, Code of Conduct, § 5802.
4. Adhering to ethical tenets by state officials in carrying out their responsibilities is in the Public Interest, as described in the Delaware Constitution, Article XIV, Oath of Office.

## **Powers of Investigation by the Delaware General Assembly**

Delaware statutes provide authority to the General Assembly to subpoena witnesses and documents and to conduct hearings and investigations, as described in the Delaware Code Title 29, Part II, Chapter 7, § 705.

## **Official Reports, published in 2024, about the Auditing Problems at the Division of Unemployment, but fail to disclose the 2023 act of embezzlement**

Pages vii and viii - Department of Finance Statement - Annual Comprehensive Financial Report  
<https://auditor.delaware.gov/wp-content/uploads/sites/209/2024/03/FY-2023-ACFR-FINAL-03262024.pdf>

<https://auditor.delaware.gov/wp-content/uploads/sites/209/2024/03/ACFR-FY23-Summary-032624-v3.pdf>

Pages 2, 3 - Auditor of Accounts Special Report: Delaware Unemployment Compensation Fund

<https://auditor.delaware.gov/wp-content/uploads/sites/209/2024/03/DOLUI-Final-Report.pdf>

Pages 29, 30, 31 - Independent Auditor's Report

<https://auditor.delaware.gov/wp-content/uploads/sites/209/2024/05/FY23-Single-Audit-Final.pdf>

### **News Articles**

<https://why.org/articles/delaware-state-employee-embezzlement-unemployment-trust-fund/>

<https://delawarebusinessnow.com/2024/05/my-take-time-for-a-state-labor-department-overhaul/>

<https://why.org/articles/delaware-unemployment-theft-embezzlement-michael-brittingham/>

<https://why.org/articles/inspector-general-office-delaware-bill/>