

**STATE BOARD OF ACCOUNTS**  
**302 West Washington Street**  
**Room E418**  
**INDIANAPOLIS, INDIANA 46204-2769**

SPECIAL INVESTIGATION REPORT

OF

JEFFERSON TOWNSHIP

ELKHART COUNTY, INDIANA

April 8, 2019 to January 7, 2021



**FILED**

09/22/2023

TABLE OF CONTENTS

| <u>Description</u>                               | <u>Page</u> |
|--|-------------|
| Transmittal Letter .....                         | 2           |
| Jefferson Township:                              |             |
| Results and Comments:                            |             |
| Background .....                                 | 3           |
| Compensation .....                               | 3-5         |
| Special Investigation Costs .....                | 5           |
| Crime Insurance Policy .....                     | 5           |
| Noncompliance with Reporting Loss of Funds ..... | 6           |
| Internal Control Deficiencies .....              | 6-8         |
| Exit Conference .....                            | 9           |
| Official Response.....                           | 10          |
| Summary of Charges.....                          | 11          |
| Affidavit .....                                  | 13          |



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

TO: THE OFFICIALS OF JEFFERSON, ELKHART COUNTY, INDIANA

This is a special investigation report for Jefferson Township (Township), Elkhart County, for the period April 8, 2019 to January 7, 2021, and is in addition to any other report for the Township as required under Indiana Code 5-11-1. All reports pertaining to the Township may be found at [www.in.gov/sboa/](http://www.in.gov/sboa/).

We performed procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts and were limited to records associated with payroll transactions and Township policies. The Results and Comments contained herein describe the identified reportable instances of noncompliance found as a result of these procedures. Our tests were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

The Official Response to the Results and Comments, incorporated within this report, was not verified for accuracy.

*Paul D. Joyce*  
Paul D. Joyce, CPA  
State Examiner

May 31, 2023

JEFFERSON TOWNSHIP, ELKHART COUNTY  
RESULTS AND COMMENTS

**BACKGROUND**

The Jefferson Township Emergency Management Service (EMS) operates as a department of the Township. The Township EMS provided us with their policies which addressed how the department administers the following: membership qualifications, eligibility requirements for receiving a clothing and car allowance, disciplinary procedures, election of officers, officer pay, etc. Per the policies, each active member is expected to attend the EMS Department monthly meetings. Furthermore, per the policies, the officers administer disciplinary actions, and inform the Trustee of the disciplinary actions taken.

The EMS and the Jefferson Township Fire Department (Fire Department) operate in the same building as the office of the Trustee. Members of the EMS can also serve as members of the Fire Department. During 2019 and 2020, Ashley Clark (Clark) served as both an EMS and Fire Department member.

Per the EMS meeting minutes from April 2019, Clark was voted onto the EMS department. Per a "New Hire List" provided by Chad Lehman (C. Lehman), Director of EMS, Clark's hire date was May 1, 2019. On May 11, 2020, based upon the EMS meeting minutes, and the documents in Clark's personnel file maintained by C. Lehman, the EMS members voted unanimously to terminate Clark. Following the meeting, per a written statement dated May 11, 2020, from C. Lehman, the officers comprised of: C. Lehman, Director of EMS; Rodd Lehman, Assistant EMS Director; Nicholas Adkins, EMS Secretary; Doug Weldy, EMS Treasurer; and Julie Calloway, Training Officer also met and unanimously agreed to terminate Clark's employment. Clark was then brought into the office and was informed "that her employment with Jefferson Township was terminated effective immediately."

The EMS meeting minutes documenting the Township Board's decision to terminate Clark were placed in the Trustee's door slot, after the EMS meeting. Based upon Clark's termination date, she should not have received pay for services beyond May 11, 2020, her last date of employment.

On November 30, 2020, the Indiana State Board of Accounts received a complaint alleging that Clark continued receiving a paycheck until the fall of 2020. The following are the results of our investigation.

**COMPENSATION**

*Hours Paid for Time not Worked*

Clark was compensated for hours not scheduled or worked from May 12, 2020 through August 30, 2020.

Clark was informed by the EMS officers that she was terminated, effective May 11, 2020. However, Clark's access to the electronic time card reporting system was not revoked at that time. This allowed Clark access to the payroll electronic time card system, and the ability to record time on her time cards, submit electronic time cards, and receive compensation for hours not scheduled or worked.

Clark's last check date was on September 4, 2020, and covered hours submitted by Clark from August 17, 2020 to August 30, 2020. In September 2020, officials realized Clark was still receiving compensation, but her access to the electronic time card reporting system was not terminated until January 7, 2021.

The Township paid Clark \$6,019 for 463 hours claimed as worked via the electronic time cards for the period of May 12, 2020 to August 30, 2020. Additionally, J. Weldy, Trustee, paid \$460.46 for the employer's share of Social Security and Medicare benefits on the compensation paid to Clark for hours not worked during this same period.

JEFFERSON TOWNSHIP, ELKHART COUNTY  
RESULTS AND COMMENTS  
(Continued)

*Car and Clothing Allowance*

A car and clothing allowance is paid twice a year in July and December to active non-state certified personnel members and active EMT members for each month in which at least 48 on call hours are reported.

In 2019, Clark reported over 48 hours of time worked for each month for the eight-month period from May through December. Clark was paid \$150 on July 19, 2019, for May and June; and \$450 on December 19, 2019, for July through December; for a total of \$600 or \$75 per month. In 2020, Clark reported over 48 hours of time worked for each month for the five-month period beginning January 1, 2020 and ended on May 11, 2020. Clark was not included on the list of active EMS personnel as prepared by C. Lehman and provided to J. Weldy for payments of the car and clothing allowances made in July 2020. We calculated that Clark should have received a car and clothing allowance for the five months from January 1, 2020 to May 11, 2020, totaling \$375.

*Summary of Hours Paid for Time Not Worked and Car and Clothing Allowance*

The following is a summary of the hours paid for time not worked, employee benefits, and the car and clothing allowance Clark received:

| <u>Year</u> | <u>Hours Paid for<br/>Time Not Worked</u> | <u>Employee<br/>Benefits Paid on<br/>Time Not Worked</u> | <u>Car/Clothing<br/>Allowance<br/>Due Clark</u> | <u>Total</u>       |
|-------------|---|--|---|--------------------|
| 2020        | <u>\$ 6,019.00</u>                        | <u>\$ 460.46</u>   | <u>\$ (375.00)</u>                              | <u>\$ 6,104.46</u> |

Jefferson Township EMS Department Bylaws Updated 2015 states:

"Article IV: Classification of Personnel

Section 1a. Active EMT members are required to keep their own training hours as required by the State of Indiana. They will assume the responsibilities of a minimum of forty-eight (48) volunteer hours on call per month. They will receive a car/clothing allowance from the township two times per year in July & December at amounts set forth by the township trustee.

Section 1b. Persons not able to assume forty-eight (48) hours per month due to extenuating circumstances will be subject to a review by the officers.

Section 2. Inactive EMT members are responsible to keep up their training hours as required by the State of Indiana. They will not receive a car/clothing allowance from the township for the period of time he/she is inactive.

Section 3a. Active non state certified personnel members will keep their CPR certification current as required by the Jefferson Township Emergency Medical Services. They will assume the responsibility for forty-eight (48) volunteer on call hours per month. They will receive a car/clothing allowance from the township town two times per year in July & December at amounts set forth by the township trustee . . ."

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution, or salary schedule adopted by the governing body unless otherwise authorized by law. Compensation must be paid in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

JEFFERSON TOWNSHIP, ELKHART COUNTY  
RESULTS AND COMMENTS  
(Continued)

Unless specifically authorized by law, severance pay, or other payments to employees upon separation from employment, must be supported by the written opinion of the attorney for the unit stating that the payments are in accordance with all laws, including IC 35-44.1-1-3, and a properly enacted Home Rule ordinance/resolution. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

Compensation and any other payments for goods and services must not be paid in advance of receipts of the goods or services unless specifically authorized by law. Payments made for goods or services which are not received may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

Indiana Code 36-6-7-3 states: "The legislative body shall make annual appropriations for assistants in township offices. Payments shall be made to assistants on vouchers verified by the claimant and approved by the officer in whose office the assistant is employed."

Funds misappropriated, diverted or unaccounted for through malfeasance, misfeasance or nonfeasance in office of any officer or employee may be the personal obligation of the responsible officer or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

We requested Clark reimburse the Township for the salary overpayments and employee benefits in the amount of \$6,104.46. (See Summary of Charges, page 11)

***SPECIAL INVESTIGATION COSTS***

The State of Indiana incurred costs, in the amount of \$31,990, due to the special investigation of the Township.

Indiana Code 5-11-1-27(m) states in part:

"If the attorney general institutes civil proceedings related to this section or under [IC 5-11-5-1](#), the attorney general shall seek, in addition to the recovery of any funds misappropriated, diverted, or unaccounted for, restitution of:

- (1) costs incurred by the state board of accounts; and . . ."

Audit costs incurred because of poor records, nonexistent records, or any other inadequate book-keeping practices, or because of theft or a shortage may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

We requested Clark reimburse the State of Indiana for the special investigation costs in the amount of \$31,990. (See Summary of Charges, page 11)

***CRIME INSURANCE POLICY***

The Township had insurance coverage of \$50,000 for employee theft for the period of May 1, 2020 to May 1, 2021.

JEFFERSON TOWNSHIP, ELKHART COUNTY  
RESULTS AND COMMENTS  
(Continued)

**NONCOMPLIANCE WITH REPORTING LOSS OF FUNDS**

In September 2020, Burns reported to Trustee J. Weldy that Clark had been paid at least \$2,015, for hours not worked. Trustee J. Weldy did not report this to the Indiana State Board of Accounts as required by the Township Policy and Indiana Code.

Jefferson Township had a materiality policy dated June 23, 2016, which stated in part:

"Section 4: It will be the policy of the Trustee to report to the State Board of Accounts any erroneous or irregular variances, losses, shortages, or thefts of cash in excess of \$500, except for inadvertent clerical errors that are identified timely and promptly corrected with no loss to the Township. . . ."

Indiana Code 5-11-1-27 (l) states:

"A public officer who has actual knowledge of or reasonable cause to believe that there has been a misappropriation of public funds or assets of the public office, including:

- (1) information obtained as a result of a police report;
- (2) an internal audit finding; or
- (3) another source indicating that a misappropriation has occurred;

shall immediately send written notice of the misappropriation to the state board of accounts and the prosecuting attorney serving in the area governed by the political subdivision."

**INTERNAL CONTROL DEFICIENCIES**

We noted the following deficiencies in internal control within the Township, which include a lack of segregation of duties, and a documented review and approval of records and reports related to employment arrangements and compensation.

*Review of Payroll Reports and Time Cards*

Burns was the only person reviewing and approving time card entries and payrolls. Burns did not have sufficient information to determine and validate time entered by staff was actual time worked. There was not a documented review of either the payroll reports or time cards by an individual within the EMS department prior to payroll checks or direct deposits being made. Per an interview on August 2, 2022, of C. Lehman who maintained the EMS schedules, C. Lehman stated he never got the time cards to review even though he had requested them.

*Review of Payroll for Accuracy*

Burns was solely responsible for the processing of the payroll for all of the Township officials, Township Board members, and employees including firefighters and EMS. This included entering pay rates into the ADP system, approving time entered by employees as accurate, and approving completed payrolls and checks or direct deposits. According to J. Weldy, if Burns was out of town or sick, she would process the payroll in advance or when she returned to work. The only function not completed by Burns was the maintaining of the EMS and firefighting schedules. No review was performed by J. Weldy or any other individual prior to, during, or after the completion of the bimonthly payroll to determine accuracy.

JEFFERSON TOWNSHIP, ELKHART COUNTY  
RESULTS AND COMMENTS  
(Continued)

*Changes in Employment*

There was not a properly established system of communications and information as it related to changes in employment status within the EMS department. J. Weldy was responsible for hiring, firing, adding, and removing employees from the payroll system (delegating responsibilities for adding and removing employees in the payroll system to Burns). The EMS minutes were the only documents that communicated the termination of Clark to J. Weldy.

Both J. Weldy and C. Lehman stated that minutes taken at the EMS meetings were provided to the Trustee through his mail slot at the Trustee office prior to the next EMS Department Board monthly meeting; however, neither J. Weldy nor C. Lehman could provide any documentation regarding when minutes were provided and subsequently reviewed.

*Scheduling Work and Associated Documentation*

Internal controls were not established to ensure that staff scheduled to work and the hours they were scheduled to work, were the staff and hours that reported themselves as worked and were subsequently paid. Changes could be requested and approved, but there was not a formal form to document any of the changes requested, approved, or made to the schedules.

A comparison was made of the scheduled time to be worked by employees and the actual time reported as worked by those employees. The comparative illustration indicates employees are reporting and being paid for more dates than they were scheduled to work:

| Years  | Number of Days an Employee was Documented as Scheduled to Work But Did Not Report Time Worked | Number of Days an Employee Reported Time Worked But Was Not Documented as Scheduled to Work | Net Overall Days Reported as Worked by Employees but Not Documented as Scheduled to Work for those Same Employees |
|--------|---|---|---|
| 2019   | 55  | 62  | 7   |
| 2020   | 53  | 76  | 23  |
| Totals | 108   | 138   | 30  |

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. These standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

JEFFERSON TOWNSHIP, ELKHART COUNTY  
RESULTS AND COMMENTS  
(Continued)

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

JEFFERSON TOWNSHIP, ELKHART COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on August 24, 2023, with James Weldy, Trustee; Elizabeth Burns, Township Clerk; and Debbie Johnson, Township Board member.

Jefferson Township Elkhart County  
Jim Weldy Trustee

OFFICIAL RESPONSE

Date: August 31, 2023

Indiana State Board of Accounts  
302 West Washington St. Room E418  
Indianapolis, IN 46204-2765

Re: Investigation report

*The issues of communication between the Fire Department, the EMS Department, and the Trustee have been resolved. Measures have been taken to Correct this situation.*

Jim Weldy  
Jefferson Township Trustee

JEFFERSON TOWNSHIP, ELKHART COUNTY  
SUMMARY OF CHARGES  
(Due to Malfeasance, Misfeasance, or Nonfeasance)

|  | <u>Charges</u>      | <u>Credits</u> | <u>Balance Due</u>  |
|--|---------------------|----------------|---------------------|
| Ashley Clark, former EMS and Fire Department member: |                     |                |                     |
| Compensation, pages 3 through 5                      | \$ 6,104.46         | \$ -           | \$ 6,104.46         |
| Special Investigation Costs, page 5                  | <u>31,990.00</u>    | <u>-</u>       | <u>31,990.00</u>    |
| Totals   | <u>\$ 38,094.46</u> | <u>\$ -</u>    | <u>\$ 38,094.46</u> |

This report was forwarded to the Office of the Indiana Attorney General and the local prosecuting attorney.

(This page intentionally left blank.)

AFFIDAVIT

STATE OF INDIANA )  
Noble )  
COUNTY )

I, Susan Keenan, Field Examiner, being duly sworn on my oath, state that the foregoing report based on the official records of Jefferson Township, Elkhart County, Indiana, for the period from April 8, 2019 to January 7, 2021, is true and correct to the best of my knowledge and belief.

Susan Keenan  
Field Examiner

Subscribed and sworn to before me this 13 day of September, 2023

Nicole K Noe  
Notary Public

My Commission Expires: 8-30-25

County of Residence: Noble

