

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

SPECIAL COMPLIANCE REPORT  
OF  
JEFFERSON TOWNSHIP  
SULLIVAN COUNTY, INDIANA  
January 1, 2013 to December 31, 2017



**FILED**  
08/16/2019



TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Transmittal Letter .....	2
Results and Comments:	
Background.....	3
Penalties, Interest, and Other Charges .....	3
Internal Control Deficiencies.....	3-4
Official Bond Coverage.....	4
Exit Conference.....	5
Summary of Charges .....	6
Affidavit .....	7



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF JEFFERSON TOWNSHIP, SULLIVAN COUNTY, INDIANA

This is a special compliance report for Jefferson Township (Township), Sullivan County, for the period January 1, 2013 to December 31, 2017, 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 payments of penalties and interest. 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.

Any 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

February 27, 2019

JEFFERSON TOWNSHIP, SULLIVAN COUNTY  
RESULTS AND COMMENTS

**BACKGROUND**

Frank Mejean (Mejean), former Trustee, was elected to office for the term January 1, 2011 to December 31, 2014. On April 25, 2013, Mejean was indicted and arrested on wire fraud charges. Mejean was sentenced on January 14, 2015, in federal court to six months in federal prison for wire fraud. On November 14, 2013, Lonnie Todd (Todd) was appointed Trustee and then elected for the term January 1, 2015 to December 31, 2018.

The Indiana State Board of Accounts examined the records and reviewed the accounting of the Township. The following describes noncompliance with statutes or the Accounting and Uniform Compliance Guidelines Manual for Townships.

**PENALTIES, INTEREST, AND OTHER CHARGES**

The same comment also appeared in prior in Report B42193.

The Township paid penalties, interest, and other charges to the following vendors because Mejean did not properly or timely remit payments:

Years	Internal Revenue Service			Indiana Department of Revenue			Bank Accounts	Other Vendors	Total
	Penalties	Interest	Total	Penalties	Interest	Total	Analysis Charge		
2013	\$ 86.32	\$ 183.54	\$ 269.86	\$ -	\$ -	\$ -	\$ 164.39	\$ 302.75	\$ 737.00
2014	-	87.95	87.95	-	-	-	-	16.00	103.95
2016	-	-	-	50.00	4.32	54.32	-	-	54.32
Totals	<u>\$ 86.32</u>	<u>\$ 271.49</u>	<u>\$ 357.81</u>	<u>\$ 50.00</u>	<u>\$ 4.32</u>	<u>\$ 54.32</u>	<u>\$ 164.39</u>	<u>\$ 318.75</u>	<u>\$ 895.27</u>

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the unit. Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the unit. Any penalties, interest, or other charges paid by the unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform compliance Guidelines Manual for Townships, Chapter 1)

We requested Mejean reimburse the Township in the amount of \$895.27 for penalties, interest, and other charges. (See Summary of Charges, page 6)

**INTERNAL CONTROL DEFICIENCIES**

There were deficiencies noted in the internal controls regarding the timely payments of taxes and vendor claims. Mejean was the sole individual in charge of calculating and remitting taxes and paying vendor claims. There was no oversight to ensure that payments were made timely. In addition, Township Board minutes did not indicate that the Township Board was ever presented with details of paid claims.

JEFFERSON TOWNSHIP, SULLIVAN COUNTY  
RESULTS AND COMMENTS  
(Continued)

The 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 this publication: Uniform Internal Control Standards for Indiana Political Subdivisions. These standards have been based on those advocated by leading authorities in the field of internal control. All political subdivisions subject to audit by SBOA are expected to adhere to these standards, and will be evaluated accordingly in any audits that are performed by or on behalf of the SBOA. 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.

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. . . ."

**OFFICIAL BOND COVERAGE**

The following is information regarding official bonds obtained by the Township:

<u>Period</u>	<u>Amount</u>
November 10, 2014 to November 10, 2015	\$ 30,000
November 10, 2015 to November 10, 2016	30,000
November 10, 2016 to December 31, 2017	30,000
December 31, 2017 to December 31, 2018	30,000
December 31, 2018 to December 31, 2019	30,000

Mejean did not have an official bond for 2012, 2013, or 2014.

JEFFERSON TOWNSHIP, SULLIVAN COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on February 27, 2019, with Lonnie Todd, Trustee, and Karen Todd, Deputy Trustee.

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

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Frank Mejean, former Trustee: Penalties, Interest, and Other Charges, page 4	\$ 895.27	\$ -	\$ 895.27

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

AFFIDAVIT

STATE OF INDIANA            )  
  )  
Knox COUNTY)

I, Lynne Spencer, Field Examiner, being duly sworn on my oath, state that the foregoing report based on the official records of the Jefferson Township, Sullivan County, Indiana, for the period from January 1, 2013 to December 31, 2017, is true and correct to the best of my knowledge and belief.

Lynne Spencer  
Field Examiner

Subscribed and sworn to before me this 22nd day of April, 2019

Deborah S. Getchell  
Notary Public

My Commission Expires: Aug 31, 2025  
County of Residence: KNOX

