



ANNUAL REPORT

OIG 2019

OFFICE OF THE INSPECTOR GENERAL

LORI A. TORRES
INSPECTOR GENERAL

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MISSION STATEMENT

The **mission** of the Inspector General and staff is to **reduce fraud, waste, abuse, mismanagement and wrongdoing** in state executive branch agencies. Through education, advice, investigations, prosecutions and legislative recommendations, the Inspector General **fosters a culture of integrity** that contributes to public confidence in state government.

A MESSAGE FROM THE INSPECTOR GENERAL

The work of the Indiana Office of Inspector General (OIG) is intended to foster public confidence in the state's workforce and decision makers. It is the responsibility of state employees, special state appointees and state elected officials to always make decisions in the best interests of citizens and taxpayers and never in their own self-interest. Tens of thousands of state employees, special state appointees and elected officials reinforce our confidence in the state's workforce as they complete their work ethically, competently and compassionately.

From the hundreds of tips, complaints and inquiries we receive each year, it is clear that the public believes in the mission of our office. We work through every tip, complaint and inquiry always with the public good at the forefront of our thoughts and actions. We hold accountable those employees who do not follow our Code of Ethics or engage in other wrongdoing. After 15 years, it is safe to say that this experiment of embedding an inspector general into the executive branch of state government has passed the test.

In 2019, we trained more than 31,000 state employees and special state appointees. We gave hundreds more one-on-one advice and guidance. We educated more than 1,700 people about our work. Of course, this work is not without its pitfalls and challenges. We have to be strategic and prioritize our resources. We have to be independent but collaborative. We must hold agencies and individuals accountable, but be trusted. It's a balancing act, but it is quite worth doing.

#NextLevel performance means working with our partners. That includes county prosecutors, the U.S. Department of Justice, law enforcement agencies across the state and nation, and certainly with Indiana's many state agencies to achieve positive results and maintain the public's trust in our state workforce.

Thank you for allowing me to present this report of our 2019 activities, outcomes and measures that are all intended to achieve that end.



Respectfully,

A handwritten signature in black ink that reads "Lori Torres". The signature is fluid and cursive.

Lori A. Torres
Indiana Inspector General

OIG: A PREFERRED PLACE TO WORK



The OIG Team has serious responsibilities and is committed to stewarding the public's money, addressing wrongdoing in transparent ways and balancing decision-making in the fairest way possible. Yet, we still strive to make the agency a preferred place to work.



Led by Nathan Baker, OIG's own SECC fundraiser for Special Olympics featured a Walkathon on Robert D. Orr Plaza, and included Special Olympians.



Special Agent Michael Lepper with Indiana State Police Superintendent Doug Carter and IG Lori Torres honoring his 35 years with the State of Indiana.



Director of Investigations Darrell Boehmer with IG Lori Torres honoring his 45 years with the State of Indiana.





OFFICE OF THE INSPECTOR GENERAL

The OIG is charged with the responsibility of recommending policies and carrying out activities that deter, detect and eradicate fraud, waste, abuse, mismanagement and misconduct in state government. Those activities include conducting investigations and properly training and advising state employees, special state appointees and state elected officials on how to comply with the Code of Ethics. The OIG also develops effective procedures to prevent or reduce the risk of fraudulent or wrongful acts within state government.

The OIG consists primarily of attorneys and special agents. Attorneys and law enforcement work cooperatively and collaboratively to advance the mission of the agency. Special agents are sworn law enforcement officers that conduct investigations, interview witnesses, serve warrants and examine records, contracts, reports and other documents. They also coordinate and assist other agencies with investigations when requested. The attorneys file and prosecute ethics complaints before the State Ethics Commission. They also assist the agents with legal advice, prepare legal documents and help present cases to state and federal prosecutors for criminal prosecution. The attorneys also spend hundreds and hundreds of hours each year advising individual state employees to ensure that they comply with the Code of Ethics.

The OIG consists primarily of attorneys and special agents. **Special agents are sworn law-enforcement officers** that conduct investigations, interview witnesses, serve warrants and examine records, contracts, reports and other documents.

State employees and state-elected officers file financial disclosure statements, when required by statute, with the Inspector General. These statements are public documents and available to the public upon request. The OIG also staffs the State Ethics Commission.

The investigative records and final reports of the OIG may be kept confidential in whole or in part at the discretion of the Inspector General. The Inspector General believes that public confidence increases when it can see the results of the OIG's work. Thus the OIG makes most final reports available to the public on the agency's [website](#).

The OIG's fiscal-year budget 2019-2020 is \$1,185,157. The State Ethics Commission has its own budget of \$5,731 per year, which pays per diem and travel if necessary for the commission members. There are five commission members appointed by the Governor and 12 full-time employees at the OIG.

INDIANA STATE ETHICS COMMISSION MEMBERS

The State Ethics Commission consists of five commissioners, who are appointed by the governor of Indiana. Each serves a four-year staggered term. Members may not be elected officials, state employees or lobbyists. No more than three members may be from the same political party. The commission holds monthly public meetings during which it issues advisory opinions and reviews complaints filed by the OIG. The commission has the ultimate authority to interpret the Indiana Code of Ethics.



Corinne Finnerty was appointed to a four-year term by Gov. Holcomb in 2018. Ms. Finnerty has practiced law since 1981 and owns her own law firm, McConnell Finnerty PC, in North Vernon, Ind. She received her Bachelor of Arts from Indiana University and her Doctorate

of Jurisprudence from the Indiana University Maurer School of Law. She previously served for 10 years on the Indiana Supreme Court Disciplinary Commission. She also has served as a director of First Financial Bancorp, a publicly traded regional bank headquartered in Cincinnati, Ohio, since 1998.



Sue Anne Gilroy was appointed to a four-year term by Gov. Holcomb in 2018. Ms. Gilroy served as Indiana Secretary of State from 1994 to 2002. She worked as St. Vincent Hospital's vice president of development and executive director of the St. Vincent Foundation until her

retirement in 2018. Ms. Gilroy graduated cum laude from DePauw University with a Bachelor of Science degree and holds a Master's degree in public administration from Indiana University at Indianapolis.



Priscilla D. Keith was first appointed to a four-year term by Gov. Kernan in 2004 and was reappointed by Governors Daniels and Pence. Her final term ended in October 2019, and both Gov. Holcomb and the OIG recognized her for her 15 years of dedicated service

to the State during her final commission meeting. Ms. Keith has worked in the field of health care law in Indianapolis for nearly two decades, most recently serving as the executive director of Community Benefit for Community Health Network.



Katherine Noel was appointed to a four-year term by Gov. Holcomb in 2018 and appointed as commission chair in 2019. Ms. Noel owns her own law firm, Noel Law, in Kokomo, Ind. She received her Bachelor of Arts from Franklin College and her Doctorate of Jurisprudence

from Indiana University Maurer School of Law. Prior to her appointment, she previously served on the State Employees Appeals Commission for six years.



Kenneth Todd was appointed by Gov. Holcomb in March 2019 to fulfill the remainder of a former member's unexpired term. Mr. Todd served as the judge of the Monroe Superior Court III from 1979 through 1990, and as judge of the Monroe Circuit Court from 1990

until his retirement in October 2018. Mr. Todd graduated from Indiana University with a Bachelor of Arts degree in 1967, and earned his Doctorate of Jurisprudence from the Indiana University School of Law in 1970. He also served in the United States Air Force from 1970 to 1974. Mr. Todd now resides in Monticello.



EDUCATION

The OIG is charged with developing and delivering education and training programs to all members of the executive branch of state government. The purpose of that training and education is to help prevent wrongdoing and to ensure an understanding of the State of Indiana’s Code of Ethics.

Online Ethics Training

The Indiana Administrative Code requires all state officers, employees and special state appointees to complete ethics training within the first six weeks of employment with the State, and every two years thereafter. The OIG provided a statewide refresher training course in 2019. More than 31,000 employees, all seven elected state officers and more than 2,000 special state appointees completed the 2019 version of the online ethics training module. The OIG also provides ethics training for contractors and other persons who have a business relationship with a state agency. This online training module is optional for contractors and vendors and is available to the public on the [OIG website](#). OIG attorneys also provide ethics presentations at conferences and to other state agencies, including their affiliated boards and commissions, upon request.

Legal & Ethics Conference

The OIG hosted the [12th Annual Legal & Ethics Conference](#) on November 14, 2019, drawing participation from approximately 250 state employees. The conference focused on ethics and professional responsibility related to legal issues relevant to state ethics officers and state agency attorneys in attendance.

Speakers included Inspector General Lori Torres; the Honorable Judge Gary L. Miller of the Marion County

Superior Court; Britni Saunders, executive director, State Personnel Department; and the following staff from the OIG: Jennifer Cooper, state ethics director; Tiffany Mulligan, chief legal counsel; and Kelly Elliott, staff attorney.

This year the Inspector General presented the Inspector General’s Award for Excellence. This award recognizes dedicated service and outstanding accomplishments as an ethics officer in the executive branch of Indiana state government. The 2019 honorees included **Christopher B. Serak** (pictured above, top left), prequalification director and ethics officer for the Indiana Department of Transportation, and **Amber Nicole Ying** (pictured above, top right), director/special counsel of compliance and ethics and ethics officer for the Indiana Department of Revenue.

Auditors & Investigators Conference

The OIG hosted the second-annual [educational conference](#) specifically for state agencies’ auditors and investigators on June 4, 2019, drawing attendance from 280 state employees. The Speakers included Joseph P. Buckley, president, John E. Reid and Associates; and the following OIG staff: Darrell Boehmer, director of investigations; Mark Mitchell, assistant director of investigations; Charles Coffin, special agent; Mike Lepper, special agent; and Jack Bedan, special agent.



Along with its online ethics training program, the **OIG** provides in-person training sessions on a regular basis. In 2019, the **OIG** delivered **18 presentations** to more than **1,700 people** throughout the State of Indiana. The audiences varied and included members of the executive branch of state government, law enforcement officials, local government officials and staff, private citizens and lawyers that do business with the State.

Grant County Leadership Cohort	Indianapolis
Indiana Civil Rights Commission/Indiana Native American Indian Affairs Commission Retreat	Indianapolis
Indiana State Police Motor Carrier Inspection School	Indianapolis
Indiana Civil Rights Commission	Indianapolis
Indiana Civil Rights Comm. on Hispanic and Latino Affairs	Indianapolis
Deferred Compensation Board	Indianapolis
Indiana State Department of Health - Nurse Surveyors	Indianapolis
Indiana Department of Corrections - Westville Facility	Westville
Auditors & Investigators Conference	Indianapolis
Office of Attorney General/Indiana Department of Administration and Inspector General's Contracts Seminar	Indianapolis
Governor's Summer Interns	Indianapolis
Ball State Transparency in Local Government Summit	Muncie
Indiana Department of Insurance CLE	Indianapolis
Reid Training on Interview Techniques	Indianapolis
White River Johnson County Rotary Club	Greenwood
Legislative Services Agency CLE	Indianapolis
Legal & Ethics Conference	Indianapolis
Indiana State Police New Recruit Class	Plainfield

TRANSPARENCY

Website

The agency website allows the public to view [State Ethics Commission agendas, meeting packets and meeting minutes](#) online prior to a commission meeting. All formal opinions appear on the website by date and are searchable by key-word or applicable rule. Summaries accompany all formal opinions. The Inspector General publishes final [IG reports](#), where consistent with the public interest and after considering confidentiality.

The OIG also added subscription alerts to many of the OIG web pages, allowing the public to subscribe to receive updates as they are added to the website. OIG subscription web pages include reports, meeting information, formal advisory opinions, rulemaking and news releases, among others.

Finally, the OIG began tracking website analytics to try and understand better the needs of users. Improvements to the website have been made and more are on the horizon.

Disclosure Statements and Waivers

In 2019, the OIG received 1,744 financial disclosure statements filed for calendar year 2018 from state employees and elected officials across 79 agencies. Indiana law requires all agency heads, state-elected officials, employees with final purchasing authority, and various other state employees to file an annual financial disclosure statement. These are due by February 1 each year. All required employees filed disclosure statements by March 5, 2019. The disclosure statements of all seven state-wide executive branch officers are available on the [OIG website](#). Detailed information about the 2019 process is available in the published report found [here](#).

Indiana ethics laws require state employees and special state appointees to file conflict of interests disclosure forms with the OIG if they identify a potential conflict of interests between their official state responsibilities and their own personal interests. These potential conflicts of interests can arise if (1) a state worker has a financial interest in a state contract (typically through an outside business interest); or (2) if the state worker's official responsibilities require them to participate in matters in which they or other certain persons (e.g. a spouse/

immediate family member, a business organization in which they are serving as an officer/director, employee, etc.) has a financial interest in the outcome of any decisions concerning these matters.

All filed conflict of interests disclosure statements can be found on the [OIG website](#). In total, 10 state employees filed disclosure statements disclosing their personal financial interests that related to their agencies' state contracts. Additionally, 70 state employees filed disclosure statements disclosing personal conflicts of interest that could impact their decisions and votes in a particular matter. Agencies impose screens against participation in certain matters by state employees that disclose a personal conflict of interests.

State agencies can also waive application of the ethics rules pertaining to gifts and post-employment restrictions if doing so meets certain public interest requirements. State agencies executed and filed 44 gift waivers and eight post-employment waivers. These waivers are available on the [OIG website](#) along with additional information on the waiver requirements.

Access to Public Records Requests

In 2019, the OIG received 21 requests for records pursuant to the Access to Public Records Act. The OIG fulfilled the APRA requests in 2019 in an average of 1.6 days. Most requests were fulfilled the same day.

Administrative Rule Improvements

In addition, the OIG completed a long-awaited effort to revise the administrative rule that applies to the State Ethics Commission proceedings. The rule was outdated given the creation of the Inspector General's office in 2005. On September 27, 2019, the [revised 40 IAC](#) became effective after publication in the Indiana Register. This newly revised rule provides clarity to respondents and practitioners who have a matter before the State Ethics Commission for adjudication.

TRANSPARENCY

KEY PERFORMANCE INDICATORS

INFORMAL ADVISORY OPINIONS

This KPI measured the number of informal advisory opinions (IAOs) requested. To better measure the cultural mentality among state executive-branch employees, the OIG measured performance against the number of requests, rather than the number of completed opinions. The consistently high number of requests is indicative of state-government culture becoming more focused on integrity and compliance with the state ethics code.

2019 Outcome: 356 requested* and 325 issued.

**(Requested includes those requests withdrawn or not emanating from the state executive branch.)*

COMPLETED INFORMAL ADVISORY OPINIONS

This KPI measured the average number of days it took OIG staff to provide an IAO. OIG attorneys prioritize the issuance of these opinions. This is a key customer-service metric, measuring good government service. OIG quickly completed requests, maintaining its recent record pace and commitment to serving state employees.

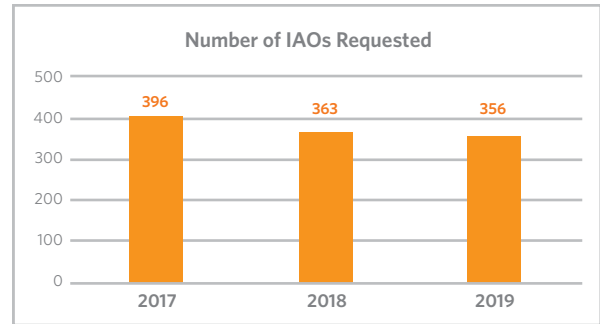
2019 Outcome: Average of 1.1 business days to complete an IAO request.

RECOMMENDATIONS

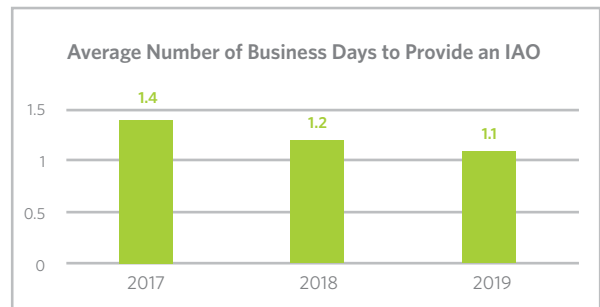
This KPI tracked the number of recommendations made to reduce waste, inefficiency, fraud and improve integrity. This metric enables the OIG to do more than just be critical of current processes. It enables the OIG to track and offer concrete suggestions to improve and reform government. The OIG makes a concerted effort to provide recommendations to agencies to improve processes, provide clarity regarding existing policies and increase state employee communications and understanding of ethics rules.

2019 Outcome: The OIG issued 41 recommendations across 20 different reports. Of the total number of reports, 17 were public reports and three were confidential. The recommendations were addressed to 13 different state agencies. The recommendations ranged from implementing policies to address telework, documenting activities under grants, screening employees for potential nepotism or conflicts of interests, promulgating rules to further define agency procedures, and providing additional guidance to employees.

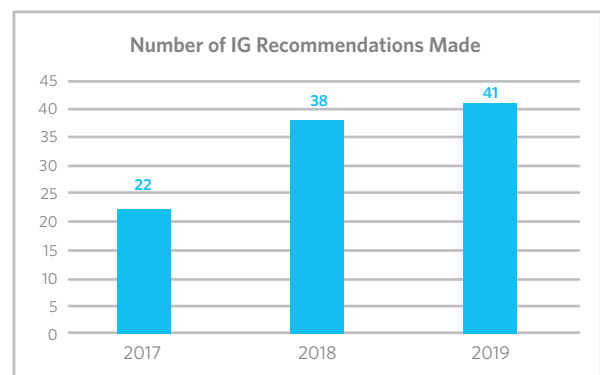
BY THE NUMBERS



Hundreds of state employees proactively seek advice and guidance from the OIG.



The OIG is committed to prioritizing advice in time to be useful.



The OIG provides proactive suggestions for better practices.

ENFORCEMENT & RECOVERIES

In 2019, the OIG received a total of 323 requests to investigate alleged misconduct or wrongdoing.

The OIG's [online hotline](#) provides an avenue where anyone can report alleged wrongdoing, and the reporting party can choose to identify themselves or remain anonymous. The OIG also receives complaints via mail, walk-ins or agency referrals. Complaints cover a range of topics with little commonality.

Each hotline is screened carefully and can be assigned for investigation, closed for insufficient cause, or referred to another entity if the report involves a matter that is outside the OIG's jurisdiction. That jurisdiction is limited to violations of the Code of Ethics, criminal allegations, mismanagement, fraud and abuse in executive branch agencies. The OIG's jurisdiction also extends, to a limited degree, to those entities that have or are seeking a business relationship with a state agency.

The OIG is a law enforcement agency, and cases are treated as if they could be allegations of criminal conduct. The special agents and the Inspector General undertake annual training to be prepared for interaction with criminal suspects. The special agents are tier 1 certified law enforcement officers with full arrest powers. All OIG special agents are former Indiana State Police detectives with decades of experience.

2019 Investigations

The OIG closed 49 cases in 2019 following investigations spanning cases originating in 2017, 2018 and 2019. Four of those cases resulted in criminal charges and guilty pleas. In those cases, former state employees pled guilty to charges of obstruction of a child abuse investigation, theft and official misconduct. In all, 41 investigative final reports are posted on the [OIG website](#) for public view.

The Inspector General filed ethics complaints with the State Ethics Commission against two former state employees. Each individual admitted to the facts as alleged in the complaint. One admitted to violating the State's post-employment rule by accepting employment from a health care entity that she had previously inspected and cited. The other admitted to ghost employment for working at a second job while on duty for the State.

In 2019, the Inspector General resolved two other ethics complaints, which were filed in 2018, through settlement agreements in the Inspector General's favor. In both of these cases, the individual admitted to the facts in the complaint. One employee admitted to violating the post-employment rule, and another employee admitted to violating the outside employment rule, post-employment rule, conflict of interests rule and misuse of state property rule. Case summaries can be found [here](#).

The State Ethics Commission assessed penalties of \$21,000 against these four former employees. The OIG received \$12,330 in respective penalty payments by the close of the calendar year, with the remainder set up on monthly payments. None of the employees continue to work for the State of Indiana, having either resigned or been terminated.



*IG Lori Torres, Director of Investigations
Darrell Boehmer and Firearms Instructor and
ISP Master Trooper Kelly Lazzell.*



The OIG opens about 17% of all complaints received, prioritizing complaints that may result in monetary recoveries for the State and those investigations that contribute to public confidence in state government.



The special agents complete their investigations as efficiently as possible while still being thorough.

The OIG also concluded investigations in 2019 involving two state-wide elected officials and several senior members of executive branch agencies. The OIG assisted or referred additional cases to the Federal Bureau of Investigation, Indianapolis Metropolitan Police Department, Indiana State Police and various federal inspector general offices.

Breakdown of 2019 Complaints

The OIG received 323 complaints in 2019. The OIG documents and enters all complaints into a case-management system. From the total number of complaints, the OIG opened 55 case investigations in 2019. Below is a breakdown of all 323 investigation requests as of December 31, 2019.

The OIG collects and tracks payments of fines for state ethics violations and restitution orders resulting from OIG criminal investigations. The OIG collected \$12,598.91 in criminal restitution payments and \$12,330 in civil penalties in 2019. Total recovered penalties and restitution was \$24,928.91.

Criminal restitution is not dischargeable in bankruptcy. The OIG continues collection efforts even when restitution orders are old. In most cases, the criminal court orders any restitution that is unpaid at the time of discharge from probation to be reduced to a judgment in favor of the State of Indiana, payable to the OIG. In 2019, the OIG continued its efforts to collect on older, unpaid judgments with the assistance of the Attorney General's office. While not significantly increasing the amount collected, a number of former employees did make payments. As most are now convicted felons, payment potential is not usually very high.

In addition, the work of the OIG also impacts how the State does business. Those impacts can include recommendations that result in improved policies, improved compliance with existing policies or termination of employees or vendors that do not adhere to state statutes or policies. These actions can deliver monetary results through better compliance, efficiencies and reduced fraud and loss of taxpayer dollars.

Requests to Investigate Disposition

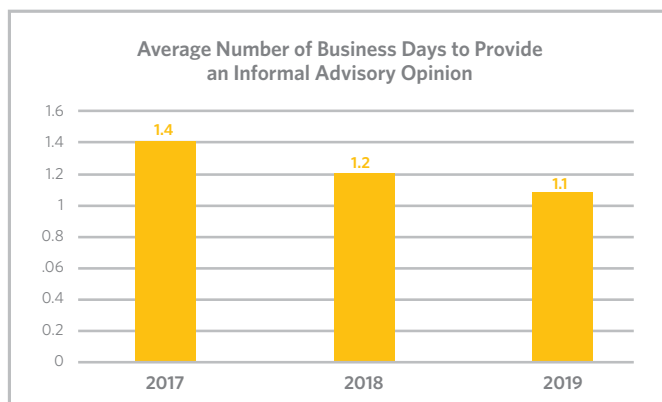
183 Declined for no jurisdiction	47 Declined to exercise jurisdiction	23 Closed for insufficient cause	25 Referred to an agency	3 Miscellaneous
4 Merged with other cases	4 Efficiency report issued	0 Referred to prosecutor	1 Ethics adjudication resulted	33 Remain open and under investigation

INFORMAL ADVISORY OPINIONS

Thousands of state employees, special state appointees, state officers and persons with a business relationship with the State have sought and relied on the advice that the OIG's attorneys provide through [informal advisory opinions](#) (IAOs) since the OIG's inception in 2005. In 2019, the OIG issued 325 IAOs, some addressing multiple issues. **The OIG received 356 requests for opinions**, with many coming from local governments or other parties over whom the OIG has no jurisdiction or authority.

IAOs cover the topics listed in the chart. The OIG provided IAOs in an average of 1.1 business days in 2019. This turnaround time reflects a commitment to our stakeholders and is also a key performance indicator for the agency.

IAOs are exempt from the Access to Public Records Act as deliberative interagency communications. The OIG does not confirm or deny whether a person sought or received an IAO, and the OIG does not share an IAO with anyone but the requestor.



Despite the fact that many IAOs implicate multiple rules, the top three requests generally are about post-employment, outside employment and gifts.

INFORMAL ADVISORY OPINIONS BY TOPIC

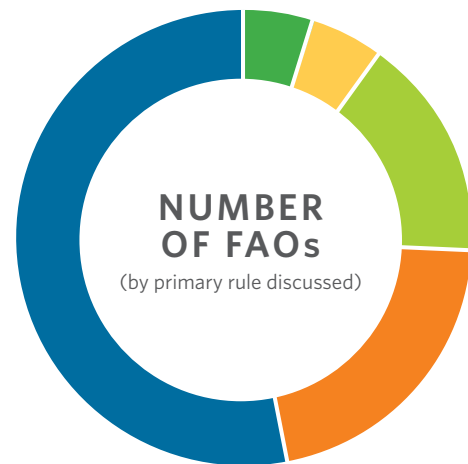
Outside Employment	93
Post-Employment	87
Gifts	65
Conflict of Interests - Decisions & Voting	33
Political Activity	29
Use of State Property	14
Nepotism	12
Donor Restrictions	11
Ghost Employment	10
Conflict of Interests - Contracts	9
Additional Compensation	9
Confidential Information	2

FORMAL ADVISORY OPINIONS

The State Ethics Commission is the ultimate authority in interpreting the Code of Ethics. Those interpretations are issued in the form of [formal advisory opinions](#) (FAOs) at monthly commission meetings. Unlike informal advisory opinions, FAOs are public and are posted on the OIG website. The Commission receives evidence under oath and issues a detailed legal opinion for each request that it receives. As the ultimate authority on the interpretation of the Code of Ethics, its interpretation cannot be appealed, and there is no judicial review. There is a provision for clarification or reconsideration if brought within 15 days of receipt of the FAO.

In 2019, the Commission met 11 times throughout the year and received 23 requests and issued 18 FAOs. In general, FAO requests were overwhelmingly regarding post-employment or outside employment questions. A few opinions addressed conflicts of interests independent of post-employment issues.

The Commission also heard and approved eight post-employment waivers submitted by agency heads. These are available on the [OIG website](#). The Commission also reviewed and approved one agency-specific policy governing use of state property.



- **53%** Post-Employment
- **21%** Outside Employment
- **16%** Conflict of Interests- Decisions & Voting
- **5%** Conflict of Interests- Contracts
- **5%** Communications by State Officers

GOVERNOR ERIC J. HOLCOMB



Eric Holcomb is the 51st governor of

Indiana. A lifelong Hoosier, Governor Holcomb is a veteran of the United States Navy, served as the state's 51st Lieutenant Governor, was a trusted advisor to both Governor Mitch Daniels and Senator Dan Coats and was a former state chairman of the Indiana Republican Party. He was elected governor in November 2016, following an unprecedented 106-day campaign and was sworn in on January 9, 2017.

Governor Holcomb's fifth pillar of his Next Level Agenda - to deliver great government services at great taxpayer value - is advanced by the work of the Indiana Office of Inspector General.

OIG