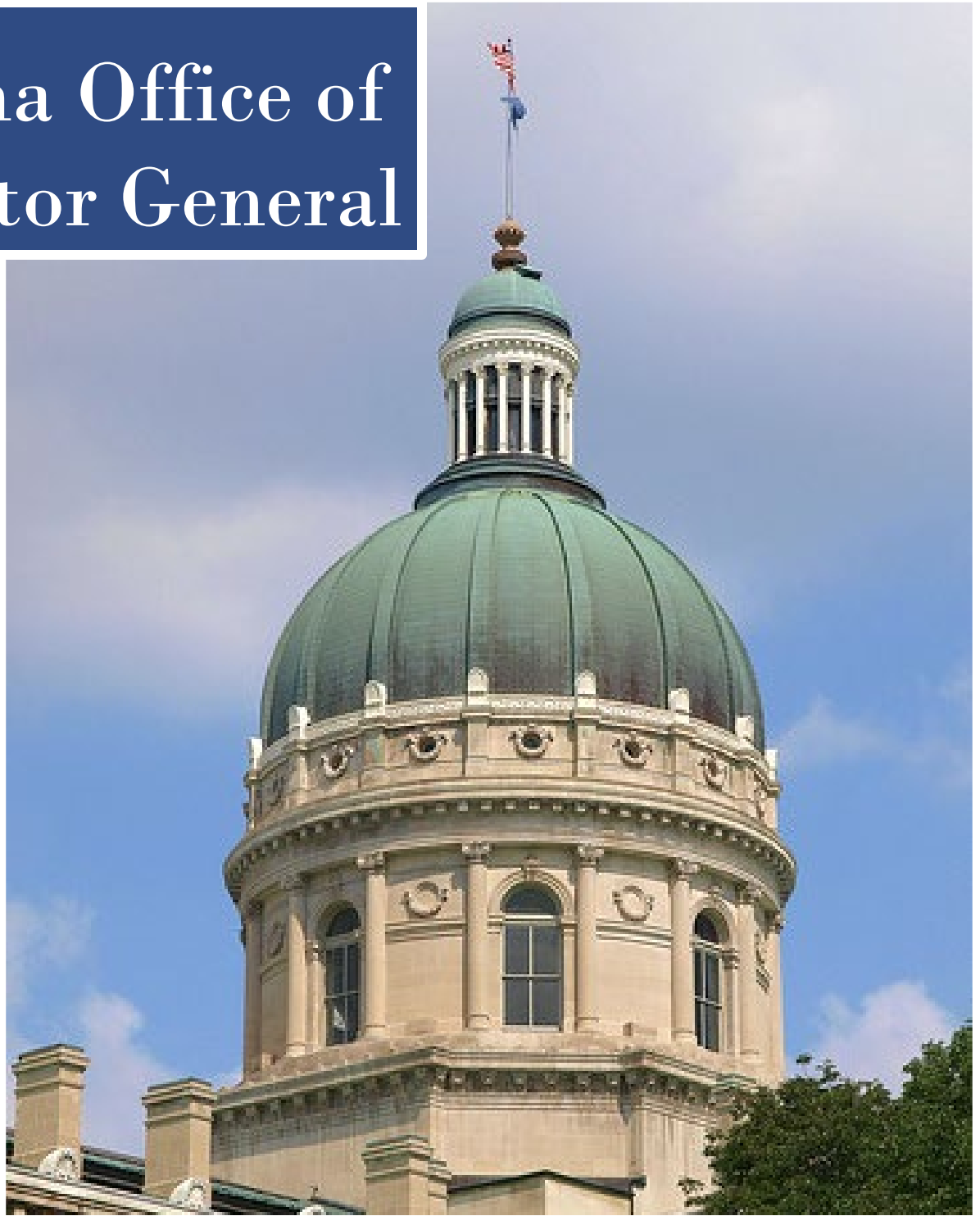


Indiana Office of Inspector General

2021



Annual Report



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WELCOME

A Message from the Indiana Inspector General



In 2021, I was given the opportunity and honor of accepting the position of Inspector General for the State of Indiana. I am humbled to be entrusted with the leadership of the Office of the Inspector General (OIG), and I am challenged and inspired by the agency's mission.

In these times of discord and division, confidence in and the integrity of state government is placed under a microscope. Indiana citizens expect and have a right to believe that state government is fair, honest and efficiently operating in their best

interests. To that end, the mission of the OIG is to investigate and prosecute violations of the Indiana Code of Ethics (Code) and to investigate and prosecute fraud, waste, abuse and certain criminal acts within the executive branch agencies, by state employees, special state appointees, elected state officers and persons contracting with the State of Indiana.

The vast majority of state employees take seriously and live by our Code. Unfortunately, every system has its bad actors. The credibility and trustworthiness of state government depends on how we react to those who violate the sacred trust granted those who conduct state business. To that end, it is our mission and promise to the citizens of Indiana that we will find and hold accountable those bad actors who erode the integrity of and confidence in state government.

Along with our investigation/prosecution mission, but no less important, is our service to state employees, special state appointees and state officers to provide timely and accurate informal advisory opinions and formal advisory opinions through the State Ethics Commission (Commission) about ethical issues and concerns. We understand





that time is of the essence in responding to those requests, and I am so proud of a staff that turns these questions into reliable informal ethical advice in under two days.

Finally, our education mission reaches thousands of state employees, special state appointees and state officers every year. Besides the statutory ethics training to various groups within state government, the OIG annually provides training to ethics officers, attorneys, auditors and investigators.

In 2022, we will reach out to agency heads, ethics officers, state employees, special state appointees, and state officers to help us understand how we can be more effective in serving our citizens and protecting the integrity and confidence in Indiana government.

We thank you for the continued opportunity to serve.

Respectfully,

David Cook

Indiana Inspector General

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.

OFFICE OF THE INSPECTOR GENERAL

Pursuant to IC 4-2-7-2, the Inspector General is “responsible for addressing fraud, waste, abuse, and wrongdoing” in state executive branch agencies. To carry out this mandate, the Inspector General and OIG staff perform a variety of duties including: receiving complaints, conducting investigations, presenting evidence of criminal wrongdoing to county prosecutors and Code violations to the Commission, and making recommendations to state agencies. The OIG also provides advice and training on the Code to state officers, state employees and special state appointees.



The OIG consists of attorneys, special agents and administrative staff. All staff work cooperatively and collaboratively to advance the mission of the agency. OIG special agents are sworn law enforcement officers that conduct investigations, interview witnesses, examine records, serve warrants and perform other law enforcement duties as needed. They also coordinate and assist other agencies with investigations. The OIG attorneys provide legal advice, prepare legal documents and help present cases to state and federal prosecutors for criminal prosecution. They also file and prosecute cases before the Commission. OIG attorneys also provide informal, written advice on application of the Code to state officers, employees, and special state appointees. The OIG administrative staff provides support to all team members and ensures the OIG operates smoothly. The OIG’s fiscal-year budget for 2021-2022 is \$1,185,157. The OIG has twelve full-time employees.



The OIG Staff – December 2021: Top Row (from left to right) – Special Agents Mike Lepper, Jack Bedan and Jan Kruse; Second Row – Jennifer Cooper, State Ethics Director; Nathan Baker, Legal Assistant; and Special Agent Mark Mitchell, Director of Investigations; Bottom Row – Mark Mader, Staff Attorney; Inspector General David Cook; Cindy Scruggs, Director of Administration and Tiffany Mulligan, Chief Legal Counsel. Not pictured: Special Agent Chuck Coffin.

STATE ETHICS COMMISSION

The Commission consists of five commissioners, who are appointed by the Governor of Indiana. The Commissioners serve four-year, staggered terms. Commissioners may not be elected officials, state employees or lobbyists. No more than three commissioners may be from the same political party.

The Commission holds monthly public meetings. During these meetings, the Commission issues Formal Advisory Opinions, which provide advice to members of the executive branch of state government, and adjudicate complaints filed by the OIG. The Commission has the ultimate authority to interpret the Code. The Commission has its own budget of \$4,011 per year, which pays per diem and travel if necessary for the commission members. We are sad to report that Judge Todd has elected not to renew his appointment as a Commissioner, and we acknowledge and thank Judge Todd for his years of devoted service to the Commission. We will miss his informed and thoughtful approach to the often-complicated ethical issues that come before the Commission. We wish him well.



Corinne Finnerty



Sue Anne Gilroy



Katherine Noel (Chair)



Rafael Sanchez



Hon. Kenneth Todd

OUTREACH & EDUCATION

As part of its mission to foster a culture of integrity that contributes to public confidence in state government, the OIG provided several outreach and educational opportunities to those under its jurisdiction throughout 2021. The OIG provided in-person and virtual training sessions upon request to both state government agencies and to outside organizations.

In 2021, the OIG held two training conferences as it has done the last several years. The Auditors & Investigators Conference is aimed at training state employees on how to deter and detect waste, fraud and abuse in state government. The Legal & Ethics Conference is designed to provide training and educating state workers on the Code. In 2021, the OIG offered both conferences virtually due to the ongoing global pandemic. The virtual conferences provided greater accessibility as attendees could attend via their office or home and not have to physically be present in a state facility with limited capacity.

The OIG held the 2021 Auditors & Investigators Conference on June 23-24, 2021. Over 350 state employees registered for this Conference, the majority of whom serve in an auditing or investigative capacity within their state agencies. The Conference included presentations from Auditor of State Tera Klutz; Indiana Attorney General Todd Rokita; Paulita Thomason, Manager for the Indiana State Police Crime Laboratory; and L. Christopher Knight, CPA, CFE, Forensic Accountant for the Federal Bureau of Investigations.

The OIG held the 2021 Legal & Ethics Conference on November 16, 2021. Over 250 state employees registered for this Conference, the majority of whom serve as agency ethics officers and other state government attorneys. This Conference offered three Continuing Legal Education credit hours and included presentations on the topics of ethics and professional responsibility for government attorneys, post-employment, conflicts of interests, political activity and moonlighting. Speakers included the executive director and former chair of the Indiana Supreme Court Disciplinary Commission, ethics officers from two different state agencies, the Inspector General and OIG attorneys.

ETHICS OFFICERS & AWARDS

The OIG also coordinated with and provided advice to ethics officers for the executive branch agencies throughout 2021. Per Executive Order 13-01, every executive branch agency is required to have a designated ethics officer to serve as an advisor to the agency's leader and advise employees on ethics matters. Ethics officers serve as the main point of contact for the OIG's educational efforts and are encouraged to bring ethics questions and requests for investigations to the OIG as needed. Along with the educational trainings and conferences, the OIG, led by its State Ethics Director, provided training materials, such as brochures and training videos, to agency ethics officers on a variety of topics.



In 2021, Inspector General Cook recognized Jennifer Cooper for her over nine years of service to the OIG as a staff attorney and State Ethics Director.

IG's Award of Excellence

The OIG presents the IG's Award of Excellence (Award) at each of its annual conferences. The Award recognizes an auditor or investigator and an ethics officer who have consistently excelled in their positions and who have demonstrated a willingness to go above and beyond to contribute to the advancement of the OIG's mission.



Inspector General Cook presents the Award to Beth Green, DWD's general counsel and ethics officer.

During the 2021 Legal & Ethics Conference, the OIG recognized Elizabeth Green as an outstanding ethics officer. Ms. Green serves as ethics officer and general counsel for the Indiana Department of Workforce Development (DWD).



Inspector General Cook presents the Award to Christine Macdonald, DCS's Internal Affairs Officer.

During the 2021 Auditors & Investigators Conference, the OIG recognized Christine Macdonald for her excellent work as Internal Affairs Officer at the Indiana Department of Child Services (DCS).

CODE OF ETHICS

The OIG provides advice on and enforces the Code, which is found in 42 IAC 1-5 and IC 4-2-6. Most of the Code's rules apply to state officers, employees and special state appointees within the executive branch of state government. The donor restrictions rule applies to those with a business relationship with the state agencies. The Code's rules cover a variety of topics.

Gifts; travel expenses; waivers	42 IAC 1-5-1
Donor restrictions	42 IAC 1-5-2
Honoraria	42 IAC 1-5-3
Political Activity	42 IAC 1-5-4
Moonlighting	IC 4-2-6-5.5
Conflicts of interest; decisions and voting	IC 4-2-6-9
Conflicts of interest; contracts	IC 4-2-6-10.5
Additional compensation	42 IAC 1-5-8
Bribery	42 IAC 1-5-9
Benefiting from confidential information	42 IAC 1-5-10
Divulging confidential information	42 IAC 1-5-11
Use of state property	IC 4-2-6-17
Ghost employment	42 IAC 1-5-13
Post-employment restrictions	IC 4-2-6-11
Nepotism	IC 4-2-6-16
Communications by State Officers	IC 4-2-6-15

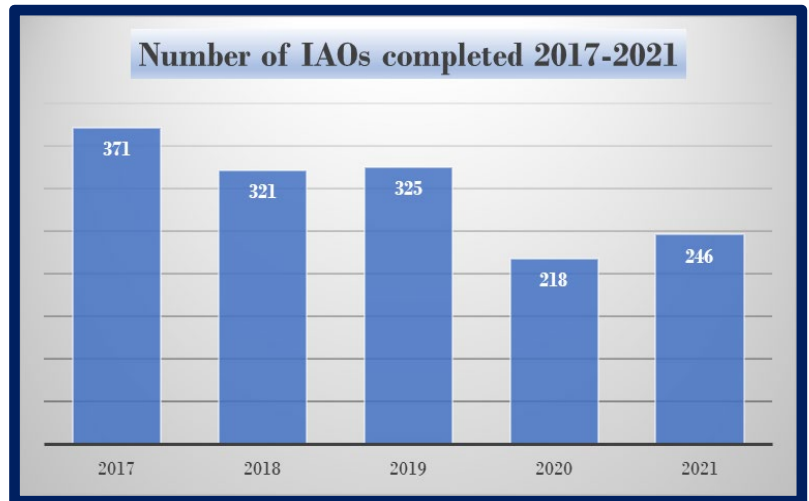
ADVICE

Informal Advisory Opinions (IAOs)

- The OIG issues IAOs to all state officers, employees and special state appointees who seek advice on the application of the Code on their specific set of circumstances.
- IAOs are confidential¹, written legal opinions that the OIG issues within an average of one to two business days from receipt of the request and all required information.
- This process is designed to improve state officials' compliance with the State's ethical standards by providing proactive legal advice on the application of the ethics rules before they act.



- In 2021, the OIG received 248 requests for IAOs and issued 246².
- OIG attorneys prioritize the issuance of IAOs as part of the OIG's commitment to customers as well as good government service.
- In 2021, the average number of business days in which OIG attorneys provided an IAO after receiving a request was 1.65.



¹ Pursuant to 42 IAC 1-8-1 (b), IAOs are exempt from the Access to Public Records Act as deliberative interagency communications.

² The OIG often receives requests for advice from local governments or other parties over whom the OIG has no jurisdiction or authority.

ADVICE

Formal Advisory Opinions (FAOs)

- The Commission issues FAOs because the Commission serves as the ultimate authority in interpreting the Code.
- The Commission members issue their interpretations in the form of FAOs upon request at their monthly public meetings.
- Unlike the IAOs, which are intended to provide quick, confidential advice, the FAO process is public – the Commission receives evidence under oath at a public meeting and issues a detailed opinion that serves as the final determination on the matter.
- The final, written FAOs and related requests and documentation are public and are posted on the OIG [website](#). FAOs are searchable by keyword, date of issue or applicable rule.
- In 2021, the Commission issued 11 FAOs, the vast majority of which dealt with questions concerning moonlighting/outside employment and related conflicts of interests. The Commission also addressed questions related to post-employment, use of state property, gifts and additional compensation.



The State Ethics Commission met virtually again throughout 2021 due to the ongoing pandemic.

DISCLOSURES & WAIVERS

Financial Disclosure Statements – IC 4-2-6-8

- All agency heads, state-elected officers, employees with final purchasing authority and various other state employees must file an annual Financial Disclosure Statement by February 1st of each year.
- In 2021, the OIG received over 1600 Financial Disclosure Statements filed for calendar year 2020 from state employees and elected officials across 79 agencies.
- These statements are public documents and available to the public upon request. The OIG has posted the disclosure statements of all statewide elected officers on the OIG website.

Post-Employment Waivers – IC 4-2-6-11(g)

- Agency appointing authorities may issue a waiver of the post-employment restrictions. They must present the waiver to the Commission for approval at one of its public meetings. The Commission can approve the waiver if it finds that the waiver meets the statutory requirements.
- The Commission approved ten post-employment waivers in 2021, which the OIG posted on its website.

Gift Waivers – 42 IAC 1-5-1

- Agency appointing authorities and ethics officers may waive application of the gifts rule.
- State agencies executed and filed seven gift waivers with the OIG, which the OIG posted on its website.

Conflict of Interests Disclosure Statements – IC 4-2-6-9 and IC 4-2-6-10.5

- State employees and special state appointees must file conflict of interests disclosure statements with the OIG if they identify a potential conflict of interests between their official state duties and their own personal interests.
- In total, the OIG received 70 conflict of interests disclosure statements related to decisions and votes and two conflict of interests disclosure statement related to contracts in 2021. The OIG has posted these disclosure statements on its website.

Public Records Requests

- In 2021, the OIG received 17 requests for records pursuant to the Access to Public Records Act. The OIG fulfilled the APRA requests in 2021 in an average of .25 days.

ENFORCEMENT

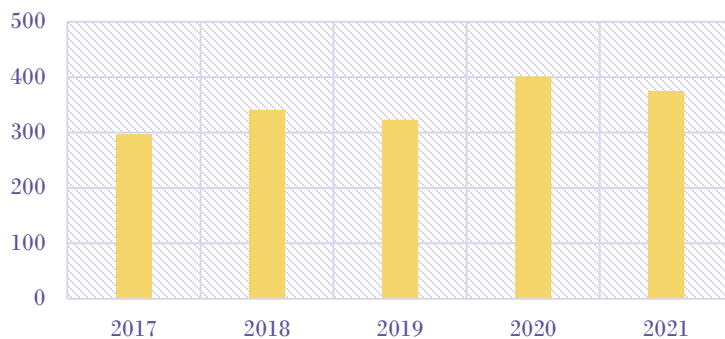
Requests for Investigations

The OIG receives requests for investigations through various forms and sources. The vast majority of the OIG's requests for investigations originate from the online hotline reporting page on the OIG's website. Through the online hotline page, the reporting parties can choose to identify themselves or remain anonymous. The OIG also receives complaints via mail, walk-ins or agency referrals.



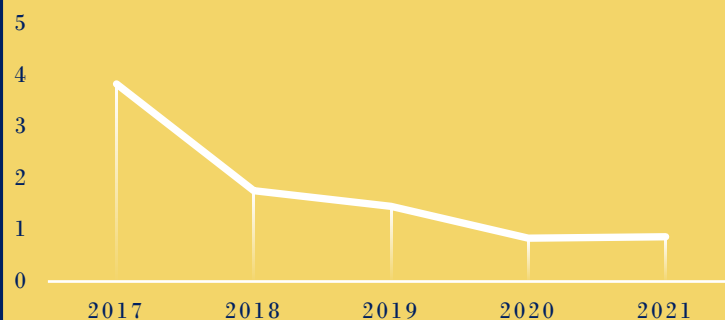
The OIG's jurisdiction is limited to alleged violations of the Code, criminal activity, waste, mismanagement and abuse within the executive branch of state government. It also extends, to a limited extent, to those entities with or seeking a business relationship with an agency.

Hotlines Received 2017-2021



In 2021, the OIG received a total of 375 requests for investigations. The subjects of the requests to investigate vary greatly. The OIG carefully screens each hotline and either opens a case for investigation, declines to investigate the hotline because it does not fall within the OIG's mission, closes the hotline for insufficient cause or refers the reporting party to another entity if the report involves a matter that is outside of the OIG's jurisdiction. The OIG attorneys prioritize the hotline screening process, and the average number of days to screen a hotline in 2021 was 0.6 days.

NUMBER OF DAYS TO SCREEN A HOTLINE 2017-2021

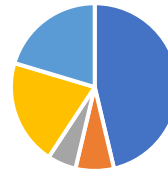


ENFORCEMENT

Investigations

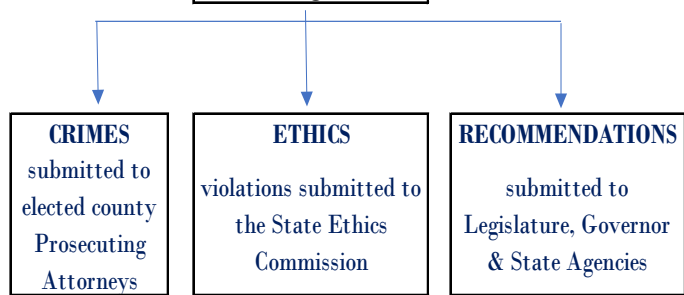
The OIG opened 51 new cases for investigation in 2021. The OIG completed investigations for and closed 54 cases in 2021³. The OIG published 14 of these final reports on its [website](#) for public review. The OIG also published quarterly reports showing how many cases the OIG closed for each quarter on its website.

How Investigations Were Closed in 2021



- Insufficient Cause - 25
- Criminal Charges Filed by a Prosecutor - 4
- Complaint Filed with State Ethics Commission - 3
- Referred to Another Agency - 11
- Other Reasons - 11

Investigations



When the OIG finds evidence of criminal wrongdoing, the OIG submits the case to the appropriate county prosecutor for review and possible criminal charges. In 2021, prosecutors filed criminal charges of ghost employment, theft, falsifying child abuse or neglect records, welfare fraud, counterfeiting,

forgery, obstruction of justice and official misconduct as a result of investigations presented to them by the OIG.

When the OIG finds evidence of violations of the Code, the OIG has the discretion to submit the case to the Commission and ask that the Commission find probable cause for the OIG to file an ethics complaint. In 2021, the OIG presented three cases to the Commission. The Commission found probable cause in each of these cases. The OIG reached an agreed settlement in each of these cases, which the Commission approved. The Investigative Reports for these cases can be found on the OIG website.

³ Closed investigations include cases opened in previous years.

ENFORCEMENT

Investigative Reports

The investigative records of the OIG may be kept confidential in whole or in part at the discretion of the IG. During 2021, the OIG made its Investigative Reports public when a prosecutor filed charges or when the Commission found probable cause for an ethics complaint. These reports can be found on the OIG's website. For cases in which the OIG found insufficient evidence to support the allegations, the OIG did not publish a report.

Collections

The OIG collects and tracks payments of fines for state ethics violations and restitution orders resulting from OIG criminal investigations. The OIG collected \$9,264 in criminal restitution payments and \$2,576 in civil penalties in 2021. Total recovered penalties and restitution was \$11,840. Criminal restitution is not dischargeable in bankruptcy; as such, the OIG continues collection efforts on older, unpaid judgments.



Recommendations

The OIG's work also impacts how the State conducts 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 and efficiencies and reduced fraud and loss of taxpayer dollars.



In 2021, the OIG issued 33 recommendations across 15 different reports. In these reports, the OIG made recommendations to 11 different state agencies. The OIG directed one report to all statewide elected officers. The recommendations ranged from

implementing and updating agency policies, training employees on state procurement requirements, maintaining detailed records of state contracts and reminding agency employees and special state appointees of Code rules.



THANK YOU

We would like to thank the many state agencies and offices that have assisted us with our efforts throughout 2021. We appreciate the opportunity to present these results.



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