



INVESTIGATIVE REPORT

Cynthia V. Carrasco, Inspector General

OFFICE: INSPECTOR GENERAL
TITLE: 2015 LEGISLATIVE RECOMMENDATIONS
CASE ID: 2014-07-0154 (3)
DATE: JUNE 2, 2015

Inspector General Cynthia V. Carrasco reports as follows:

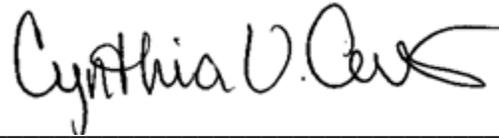
The Indiana Office of Inspector General (“OIG”) is statutorily charged to make recommendations to the Indiana General Assembly (“General Assembly”) to strengthen public integrity laws. I.C. 4-2-7-3(9). On November 19, 2014, the OIG issued a report making various recommendations for consideration by the General Assembly to further strengthen the existing public integrity laws that govern the ethical conduct of members of the executive branch of state government. The OIG made five recommendations, and the General Assembly adopted them all. This report addresses the third recommendation and how the General Assembly addressed it.

The OIG’s third recommendation to the General Assembly involved changes to the second ethics law governing conflicts of interest in the executive branch of state government as set forth in I.C. 4-2-6-10.5. Specifically, the OIG recommended that the General Assembly amend this law to establish a detailed, mandatory disclosure filing requirement for individuals who enter into contracts with a state agency and to codify that failure to timely file the mandatory disclosure could subject the individual to the imposition of a fine. I.C. 4-2-6-10.5 prohibits state officers, employees and special state appointees from knowingly having a financial interest in a contract made by an agency. This restriction, however, does not apply to an

individual who has no contracting responsibilities for the activities of the contracting agency and can meet certain criteria. I.C. 4-2-6-10.5(b). The current provision requires an individual who learns of a prospective or actual violation of this law to file a full written disclosure of any financial interest to the contracting agency and the State Ethics Commission and terminate or dispose of the financial interest. In its report, the OIG recommended that the underlying prohibition remain in place, but that the General Assembly amend the statute to (1) require the mandatory filing of a disclosure statement by an individual who triggers the application of this law prior to entering into a contract with a state agency, (2) have a reference included in the state's standard contract boilerplate language reflecting this requirement, and (3) change the penalty to the imposition of a fine of Ten Dollars (\$10) per day for a maximum of One Thousand Dollars (\$1,000) for failing to file a disclosure statement prior to the final execution of the contract.

The OIG recommended that the mandatory disclosure form include the following: (1) information affirming that the individual does not have contracting responsibilities for the contracting agency, (2) an affirmation that the contract was made after public notice, or where applicable, through competitive bidding or a statement indicating why the contract was not subject to these requirements, (3) a statement making full disclosure of all related financial interest in the contract, (4) a statement indicating that the contract can be performed without compromising the performance of the official duties and responsibilities of the state employee, and (5) in the case of a contract for professional services, a statement by the appointing authority of the contracting agency affirming that no other state officer, employee or special state appointee of that agency is available to perform those services as part of the regular duties of the state officer, employee, or special state appointee.

In House Enrolled Act 1002, which goes into effect July 1, 2015, the General Assembly adopted the OIG's recommendations and amended I.C. 4-2-6-10.5(b) accordingly.

A handwritten signature in black ink, appearing to read "Cynthia V. Carrasco". The signature is fluid and cursive, with a long horizontal stroke at the end.

Cynthia Carrasco, Inspector General