

INVESTIGATIVE REPORT

Cynthia V. Carrasco, Inspector General

OFFICE: DEPARTMENT OF REVENUE (DOR)
TITLE: DOR NEPOTISM
CASE ID: 2015-10-0178
DATE: February 24, 2016

The Office of Inspector General's (OIG) Chief Legal Counsel, Tiffany Mulligan, after an investigation by OIG Director of Investigations, Darrell Boehmer, reports as follows:

The Indiana Office of Inspector General (OIG) received an anonymous complaint on October 7, 2015, through the OIG's hotline requesting an investigation regarding nepotism involving a mother (the Mother) and her daughter (the Daughter) who worked in the Collections Division of the Indiana Department of Revenue (DOR). The OIG referred the complaint to DOR, who investigated the matter and confirmed there was an issue. The OIG's Director of Investigations, Darrell Boehmer, began an investigation.

The OIG is charged with investigating criminal activity and ethics violations by executive branch state employees, pursuant to Ind. Code § 4-2-7-3.

During an investigation of this complaint, the OIG interviewed several employees from the DOR. The OIG also reviewed personnel files and emails. The OIG found that the Mother and the Daughter both worked for DOR's Collections Division under the supervision of Respondent.

Respondent was a full-time employee of DOR and served as the Production Manager for the Collections Division. In this position, he managed supervisory and field collection staff within the Outbound Collection Activity Section to ensure tax recovery and taxpayer compliance. In this role, he supervised two managers; one of whom was the Mother.

I. Hiring of Daughter

Based on OIG interviews and review of personnel records and emails, the OIG alleged that the Mother hired the Daughter to work at DOR as a Tax Analyst 5 in April of 2015, and the Respondent knowingly participated in and signed off on the hire. In his interview with the OIG, the Respondent stated that he knew of the mother-daughter relationship prior to the hiring process beginning. DOR's records show that both the Respondent and the Mother interviewed the Daughter; the Mother conducted reference checks for the Daughter; the Mother submitted the justification for hire of the Daughter for the DOR Inbound Collection Phone Group, which the Mother supervised; the Respondent signed the Transaction Request to hire the Daughter; the Mother extended a job offer to the Daughter; Human Resources sent a new hire letter to the Daughter; and the Daughter began employment on April 17, 2015.

During an interview with the OIG, a Human Resources (HR) Generalist with the State Personnel Department, stated that DOR advertised the Tax Analyst 5 position, and it was a position that would report to the Mother. She stated that the Mother reports to the Respondent. The HR Generalist sent an email to the Mother asking the Mother to pick up the hiring kit for the Tax Analyst 5 position. The HR Generalist copied Respondent on the email. The Daughter's name is listed as one of the applicants to be reviewed for the position in the HR Generalist's email to the Mother.

During interviews with the OIG, the Respondent, the Mother and the Daughter all stated that the Respondent was present during an interview with the Daughter for the Tax Analyst 5 position. In her interview with the OIG, the Mother also asserted that both her and the Respondent scored all of the applicants.

The Daughter's personnel record also includes a memo from the Mother with the subject line "Justification for Hire." The memo provides reasons for hiring the Daughter. As the Mother's supervisor, the Respondent ultimately approved hiring the Daughter, for which the justification memo was written.

The Personnel Transaction Request Form indicates that the Respondent signed off on the hire. In an email, the Respondent's Deputy Commissioner writes that he generally signs off on the Personnel Transaction Request Form. In this case, the Deputy Commissioner notes that he did not perform the review and approval because he was on vacation the date the Respondent signed the Form.

An email exchange between the Mother and the HR Generalist indicates that the Mother hired the Daughter. In the email exchange, the Mother and the HR Generalist discuss start dates for the Daughter, and the Mother writes that she extended the offer to the Daughter and the Daughter accepted the offer. The Respondent was copied on the entire email exchange.

II. Supervision of Daughter

Based on the interviews and documentation, the OIG alleged that the Daughter also was placed under the Mother's supervision, and Respondent knowingly participated in and signed off on placing the Daughter under the Mother's supervision. As previously noted, the HR Generalist indicated during her interview with the OIG that the position was posted as a position in the Mother's section.

On April 14, 2015, the HR Generalist sent a letter to the Daughter welcoming her to DOR and providing details of her new position. The letter reads that the position would report to the Mother.

On April 29, 2015, the Respondent sent an email to two HR Generalists with the State Personnel Department, asking that the Daughter be moved from the Mother to the other DOR manager that reported to Respondent. The email did not provide a justification or reason for the move, and the Respondent did not copy his other manger on the email.

Despite this email, OIG interviews with several DOR employees indicate that the Respondent's other manager only approved the Daughter's timesheet; she did not provide regular supervision to the Daughter. In her interview with the OIG, the Mother indicated that the Daughter worked through team leads that reported to the Mother and to Respondent.

In his interview with the OIG, the Respondent stated that the other manager was assigned to approve the Daughter's timesheets and would conduct her evaluations, but because of the Daughter's skills on the phones, the Daughter was going to work in the Mother's group, which handled phones.

In her interview with the OIG, the Daughter stated that she only took directions from the Respondent's other manager when needed, but she was under her Mother's group.

Finally in her interview with the OIG, the Respondent's other manager stated that she was never involved in supervision of the Daughter. She stated she approved the Daughter's timesheets that appeared for her approval in the State's computer system, but she believed this was an error and had brought it up to Human Resources. She thought the problem would be solved. The Respondent's other manager further stated that no one ever told her she was supervising the Daughter.

Respondent and his staff, including the Mother, his other manager and the Daughter, all reported to a Deputy Commissioner. The OIG interviewed the Deputy Commissioner, and he indicated that he was aware of the mother-daughter relationship prior to DOR hiring the Daughter

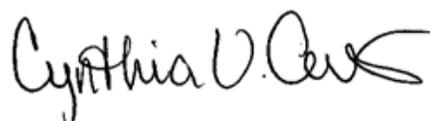
as a Tax Analyst 5. The Deputy Commissioner reported that he specifically told Respondent that the Daughter could not report to the Mother. He stated that the Daughter ended up working for the Mother contrary to his orders. He also stated that he was not aware his orders were not being followed until the Mother's group moved floors and he noticed the Daughter sitting with her Mother's group rather than on a separate floor with Respondent's other manager.

The OIG filed an ethics complaint against the Respondent alleging the he: (1) violated Ind. Code §4-2-6-16(h) when he knowingly participated in and signed off on the Mother's hiring of the Daughter as prohibited by Ind. Code §4-2-6-16(c); and (2) violated Ind. Code §4-2-6-16(h) when he knowingly participated in and signed off on the Mother placing the Daughter in her own line of supervision as prohibited by Ind. Code §4-2-6-16(f). The State Ethics Commission found probable cause to support the complaint.

Respondent entered into an Agreed Settlement with the OIG in which he admitted to the facts as alleged in the OIG's complaint and agreed to a letter placed in his permanent employment file noting the violation of Ind. Code §4-2-6-16 (h). The Indiana State Ethics Commission approved the Agreed Settlement on February 11, 2016. Accordingly, this investigation is closed.

Dated: February 24, 2016

APPROVED BY:

A handwritten signature in black ink that reads "Cynthia V. Carrasco". The signature is written in a cursive style with a large, sweeping flourish at the end.

Cynthia V. Carrasco, Inspector General