



# INVESTIGATIVE REPORT

Lori Torres, Inspector General

OFFICE: INDIANA DEPARTMENT OF VETERANS' AFFAIRS  
TITLE: CONFLICTS OF INTERESTS; CONFIDENTIALITY  
CASE ID: 2018-09-0251  
DATE: April 8, 2019

*Inspector General Staff Attorney Kelly Elliott and Chief Legal Counsel Tiffany Mulligan, after an investigation by Inspector General Special Agent Jack Bedan, report as follows:*

The Indiana General Assembly charged the Office of Inspector General (OIG) with addressing fraud, waste, abuse and wrongdoing in the executive branch of state government. Ind. Code §4-2-7-2(b). The OIG also investigates criminal activity and ethics violations by state workers. Ind. Code §4-2-7-3. The OIG may recommend policies and carry out other activities designed to deter, detect and eradicate fraud, waste, abuse, mismanagement and misconduct in state government. Ind. Code §4-2-7-3(2). The OIG may also advise an agency on implementing policies and procedures to prevent and reduce the risk of wrongful acts within an agency. Ind. Code §4-2-7-3(8).

From September 2018 through February 2019, the OIG received several complaints involving the Indiana Department of Veterans' Affairs (IDVA) and IDVA employees. The complaints included allegations of wrongdoing in IDVA's administration of the Military Family Relief Fund (MFRF) and Temporary Assistance for Needy Families (TANF) dollars. The OIG also investigated complaints alleging that IDVA employees released confidential information and that IDVA hired and paid a contractor lobbyist for work he did not fully perform. The OIG referred

portions of the complaints to the Indiana State Board of Accounts (SBOA) and the Family and Social Services Administration (FSSA) for further review.<sup>1</sup>

OIG Special Agent Jack Bedan conducted an investigation into several of the complaints that the OIG received. Through the course of his investigation, Special Agent Bedan interviewed numerous individuals, including the reporting parties and multiple IDVA employees. He also reviewed documentation received from IDVA, including MFRF applications and IDVA forms, contracts, policies and emails. Special Agent Bedan also communicated with SBOA and FSSA regarding their investigations and/or audits of matters related to IDVA. He reviewed documentation from each agency's investigation and/or audit. He also conferred with the Indiana Office of Technology (IOT).

The OIG shared its findings in this investigation with both the Marion County Prosecutor's Office and the U.S. Attorney's Office for the Southern District of Indiana. The OIG offered to provide any additional information needed to either office upon request.

### **I. The MFRF**

The OIG received complaints regarding IDVA's administration of the MFRF. One of the primary allegations was that IDVA was granting MFRF funds in excess of a \$2,500 lifetime cap and that IDVA was granting MFRF funds to IDVA employees. The OIG referred part of this complaint to SBOA, who already was conducting an audit of IDVA. The OIG investigated other matters related to the MFRF, such as whether IDVA employees were reviewing or approving their own MFRF applications.

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<sup>1</sup> When referring allegations to other agencies, the OIG redacts the name and contact information for any reporting party to maintain the confidentiality of the identity of the reporting parties pursuant to Ind. Code §4-2-7-8.

### *A. MFRF Processes and Procedures*

Special Agent Bedan learned that Indiana established the MFRF in 2007 to provide financial assistance to veterans and their families. According to IDVA's website, the MFRF is currently "available to all veterans that served on active duty during a national conflict of war time period."<sup>2</sup> Ind. Code 10-17-12 provides the statutory authority and requirements for the MFRF. According to Ind. Code §10-17-12-0.7, the purpose of the MFRF is "to provide short term financial assistance, including emergency one (1) time grants, to families of qualified service members for hardships that result from the qualified service members' military service." IDVA's website reads that qualified veterans may use the MFRF for costs associated with "food, housing, utilities, medical services, transportation, and other essential family support expenses." IDVA's website also reads that IDVA may award a "one-time grant up to \$2500."

IDVA administers the MFRF. An individual seeking to obtain a MFRF grant must submit an application to IDVA, along with supporting documentation. IDVA currently receives approximately sixty MFRF applications each week.

Special Agent Bedan interviewed several IDVA employees regarding how the agency generally processed MFRF applications and awards in recent years. He learned that over the years, IDVA has modified their policies and procedures, including what supporting documents must be included with a MFRF application, multiple times.<sup>3</sup> To apply for a MFRF grant, an applicant had to submit an application to IDVA, along with various documentation related to his or her military

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<sup>2</sup> According to several individuals interviewed for this investigation, the MFRF previously served a smaller number of veterans, but it was expanded to allow for its current coverage. Some individuals interviewed indicated that the large growth in the number of veterans served under the MFRF added to challenges in administering the MFRF.

<sup>3</sup> The process outlined in this IG Investigative Report describes the process IDVA used in late 2018. IDVA made additional modifications on how to process MFRF applications and awards after the OIG opened an investigation into this matter.

service, income and financial needs. The applicant also had to provide a letter outlining why he or she was in need of a MFRF grant.

When IDVA received a MFRF application, one of five IDVA case managers would provide an initial screen of the application to determine if the applicant was a qualified service member<sup>4</sup> and if the applicant demonstrated a financial need. A case manager would verify the information provided by the applicant and contact the vendor who was providing a needed good or service to the applicant. For example, if the applicant requested assistance with rent, the case manager would contact the applicant's apartment complex. The case manager also would determine if the applicant previously received a MFRF grant. Special Agent Bedan found that neither the application nor IDVA's database provided documentation as to which case manager processed an applicant's MFRF grant request.

If the case manager determined the applicant qualified for a MFRF grant, he or she made a recommendation as to how much IDVA should award the applicant in grant funds. The case manager provided his or her recommendation to either James Brown (Brown), the then-IDVA Director, or Matthew Vincent (Vincent), the IDVA Deputy Director. Brown or Vincent would provide further review of the application and either approve or deny the case manager's recommendation. IDVA would provide an award letter to the applicant outlining IDVA's decision regarding their request. Brown and Vincent signed the award letters provided to the applicants.

If Vincent or Brown approved a case manager's recommendation to provide a MFRF grant to an applicant, IDVA would submit the grant award to the State Budget Agency (SBA). SBA would then submit the grant award to the Auditor of the State (AOS), who would provide payment

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<sup>4</sup> Ind. Code §10-17-12-7.5 defines a "qualified service member" for purposes of the MFRF.

of the grant either directly to the applicant or to the vendor<sup>5</sup> that the applicant was using for a needed good or service, such as an apartment complex or utility company.

The IDVA employees interviewed told Special Agent Bedan that only Brown, as the IDVA Director, could approve requests for over \$2,500. Special Agent Bedan also learned that if IDVA approved a MFRF grant in excess of \$2,500, SBA required verification from the case manager that Brown approved the request.

Special Agent Bedan interviewed Brown regarding approval of MFRF grants awarded in excess of \$2,500. Brown stated that he originally chose the \$2,500 standard lifetime cap, and it was within his discretion to choose the cap. He stated that the \$2,500 cap covered the majority of cases; however, for extraordinary cases, he approved an exception to provide more than \$2,500 because he wanted to ensure that the applicant had money to address his or her problem. Brown stated that he believed providing over \$2,500 in funds in certain cases saved lives and prevented veteran suicides. Special Agent Bedan interviewed several individuals who said that Brown approved a grant award of over \$2,500 in many circumstances out of compassion.

*B. SBOA's Audit and Compliance Report of IDVA  
and the Indiana Veterans' Affairs Commission (IVAC)*

On January 4, 2019, SBOA completed a Compliance Report of IDVA and the Indiana Veterans' Affairs Commission (IVAC) for the period of January 1, 2016 through June 30, 2018.<sup>6</sup> As part of the audit, SBOA reviewed IDVA and IVAC's administration of MFRF grants and specific MFRF awards made between July 1, 2014 and November 30, 2018.

According to the SBOA Compliance Report, IVAC used Resolution 2014-1, dated April 30, 2014, and Resolution 2015-1, dated October 9, 2015, to help administer the MFRF. Resolution

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<sup>5</sup> Individuals interviewed during the investigation indicated that the State often makes payment directly to the applicant when the vendor, such as small apartment complex, does not want to be a "vendor to the State".

<sup>6</sup> The SBOA Compliance Report can be accessed at: <https://www.in.gov/sboa/WebReports/B51716.pdf>.

2014-1 provides that IDVA may grant a lifetime award of \$2,500 to an applicant. Resolution 2015-1 provides that at the discretion of the IDVA Director, and on a case-by-case basis, an applicant may receive more than the lifetime award of \$2,500 if the applicant provides a demonstrated, justified need.

According to the SBOA Compliance Report, IDVA approved 4,604 applicants for a MFRF grant from July 1, 2014 to November 30, 2018. SBOA found that IDVA awarded eighty-eight applicants more than \$2,500 in total awards during this period. They also found that five of the eighty-eight recipients who received MFRF funds in excess of \$2,500 were IDVA employees.

SBOA found that IDVA failed to maintain “sufficient internal controls” regarding MFRF applications and awards. Specially, SBOA cited several areas in which IDVA failed to have written procedures, including how IDVA will maintain documentation to support a MFRF applicant’s eligibility, what documentation IDVA will require to support a MFRF applicant’s eligibility, and how to document who processed and made the initial determination of the application.<sup>7</sup>

SBOA also found that at the time of SBOA’s audit, IVAC failed to promulgate administrative rules regarding the administration of the MFRF. In 2016, the Indiana General Assembly passed Ind. Code §10-17-12-10, which required IVAC to promulgate rules to address several aspects of the MFRF, including application procedures and selection procedures. IDVA staff cited a lack of full-time legal staff at IDVA and complications in the rule promulgation process as reasons for the delay in promulgating rules for the MFRF. IVAC adopted rules to comply with the statute in January of 2019.<sup>8</sup>

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<sup>7</sup> For full details of SBOA’s findings, see SBOA’s Compliance Report at: <https://www.in.gov/sboa/WebReports/B51716.pdf>.

<sup>8</sup> The IVAC promulgated these rules as 915 IAC 3. They can be found at: <http://www.in.gov/legislative/iac/T09150/A00030.PDF?>.

### *C. MFRF Awards to IDVA Employees*

Special Agent Bedan confirmed that several IDVA state employees received one or more MFRF grants, either as an IDVA employee, as an IDVA contract employee, or prior to their service with IDVA. According to Brown, the IDVA employees who received these grants are combat veterans that have experienced the same challenges as veterans outside the office.

Special Agent Bedan investigated whether the IDVA employees who received MFRF grants from IDVA were involved in the decision making process for their own grants. The purpose of this inquiry was to determine whether any of the IDVA employees who received MFRF grants violated Ind. Code § 4-2-6-9, one of the Code of Ethics' conflict of interests rules, by participating in any decision or vote in which the IDVA employee or his or her family member had a financial interest.

Special Agent Bedan interviewed the IDVA employees who received MFRF grants and reviewed the employees' applications and supporting documentation for MFRF grants. All of the IDVA employees who received a MFRF grant, either before or during their service with IDVA, denied having any involvement with their own applications. They stated they filled out their application, just as any other applicant would do, and submitted it to IDVA, but they said they were not involved in reviewing or approving their own applications. Furthermore, none of the IDVA employees said they were aware of any other IDVA employee being involved in his or her own application.

Special Agent Bedan found that neither the application nor IDVA's database provided an indication as to which case manager processed each employee's MFRF grant request. As a result, Special Agent Bedan found no evidence that the IDVA employees who received MFRF grants, either while serving as a state employee or contract employee for the agency, assisted in the

processing, screening, or approving of their own application or award in violation of Ind. Code §4-2-6-9.

Special Agent Bedan also investigated MFRF awards to a specific IDVA employee (the Employee) to determine if the Employee used the MFRF funds for the purposes described in his MFRF application. The Employee applied for MFRF funds on two separate occasions, once when he was an IDVA employee and once when he was a contract employee. The Employee was not involved in the administration of the MFRF as a state or contract employee. After interviewing the Employee and reviewing records related to the Employee's expenses, Special Agent Bedan found that the Employee did not use the MFRF funds for all of the purposes described in his application; however, based on the evidence, the Employee likely used the funds for expenses that were otherwise eligible for MFRF.

Special Agent Bedan discussed his investigation and findings involving the MFRF with the Marion County Prosecutor's Office. Neither the OIG nor the Prosecutor's Office found sufficient evidence to support criminal charges in this matter.

## **II. TANF**

The OIG also received complaints regarding IDVA's administration of TANF dollars. One of the complaints alleged that an IDVA employee approved her fiancé to receive funds for a child that was unrelated to the fiancé. The complaints also alleged that IDVA was misusing TANF funds for administrative purposes. The OIG referred part of these complaints to FSSA who administers TANF funds in Indiana.

### *A. FSSA's Sub-award Grant of TANF Funds to IDVA*

Special Agent Bedan learned that on April 1, 2015, FSSA's Division of Family Resources (DFR) entered into a Memorandum of Understanding (MOU) with IDVA. According to FSSA

employees, FSSA wanted to make certain TANF funds available to other state agencies so that they could provide specific programs for eligible TANF recipients.

The original MOU between IDVA and FSSA was effective from April 1, 2015 through September 30, 2016. Through the MOU, DFR provided a sub-award grant of two million dollars in TANF funds to IDVA from the United States Department of Health and Human Services. The MOU provided that IDVA would find veterans, spouses and family members that were eligible for TANF services and guide them through the eligibility process. The MOU further stated that IDVA would focus its efforts on two main areas: (1) counseling and (2) pre-employment preparation and job placement. The counseling services described in the MOU include marriage counseling, couples retreats and short-term counseling. The employment/training services section of the MOU lists several educational institutions with whom IDVA had partnered to provide the services.

FSSA and IDVA amended the MOU on three separate occasions. The first amendment, which the parties signed on October 8, 2015, added duties for an additional training program.<sup>9</sup> The second amendment, which the parties signed on September 27, 2016, made several changes to the original agreement: it extended the term of the MOU through September 30, 2017; added \$3,350,000 in funding to the MOU; added several terms to the original agreement, such as specific payment terms and project monitoring by DFR; and added childcare services as part of the services provided. The third amendment, which the parties signed on September 26, 2017, extended the term of the MOU for nine months so that the MOU would expire on June 30, 2018.

FSSA and IDVA did not renew the MOU after it expired on June 30, 2018. IDVA does not have a current MOU with FSSA and is not receiving TANF funds at this time.

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<sup>9</sup> The additional training program added was the Pelham Training for Emergency Medical Technicians (EMTs).

### *B. FSSA's Audit of IDVA's Use of TANF Funds*

Special Agent Bedan learned that FSSA's Audit Services Division conducted an audit of IDVA's use of the TANF grant funds through the MOU for the period between July 1, 2015 and November 30, 2016. The April 16, 2017 audit report is marked as confidential and for internal use only. The findings of FSSA's Audit Services Division provided support for some, but not all, of the allegations in the complaints received by the OIG. Based upon the findings, DFR assisted IDVA to improve their understanding of TANF requirements and placed IDVA on a corrective action plan.

FSSA provided the OIG with a response to the allegations regarding IDVA's administration and use of TANF funds. The response affirms that FSSA's Audit Services Division listed some of the same concerns in its 2016-2017 audit. It also explains that DFR drafted an Action Plan in response to the audit to address IDVA's management of the TANF grant. According to the letter, DFR presented the Action Plan to IDVA leaders on May 1, 2017, and worked with IDVA staff to execute the Action Plan in the following months. FSSA's letter also explains that DFR believed IDVA approved the expenditures of TANF funds based on their interpretation of the law and in good faith. FSSA's letter asserts that "Over the life of this MOU, IDVA gained experience and a deeper understanding of the TANF nuances."

### *C. IDVA Employee's Approval of TANF Awards*

Special Agent Bedan investigated the allegation that an IDVA employee (Employee) approved her fiancé to receive TANF funds for a child that was unrelated to the fiancé. Special Agent Bedan interviewed the Employee who stated that she was not working for IDVA at the time her fiancé received TANF funds for the child. The fiancé signed his TANF application on March 13, 2016, and IDVA approved the application the following day. Special Agent Bedan learned

that the Employee was working as a contract employee for IDVA on this date; however, she was not a full-time IDVA employee until two years later. Although she worked on TANF applications as a contract employee with IDVA, Special Agent Bedan found insufficient evidence that she processed her fiancé's application. The Employee did not sign off on her fiancé's TANF application; another IDVA employee signed off on the application.

Special Agent Bedan ensured that both FSSA and SBOA were aware of the allegations regarding misuse of TANF dollars. He also confirmed with IDVA and FSSA that IDVA no longer receives or administers TANF funds. Special Agent Bedan learned that SBOA is conducting a compliance review of IDVA's use of TANF dollars, and SBOA plans to release the report in the near future. SBOA's findings confirm that IDVA's administration of the TANF funds did not fully comply with federal regulations.

### **III. RELEASE OF CONFIDENTIAL INFORMATION**

During the course of the investigation, the OIG heard concerns that IDVA employees might be disclosing confidential information to those outside of IDVA. More specifically, the OIG received information indicating that an unknown IDVA employee had released confidential documents with poorly redacted personally identifiable information to those outside of the agency. The OIG had no specific information on who might have released the information or to whom all it had been released.

Special Agent Bedan investigated these allegations by coordinating with IDVA and IOT. He determined that someone within the agency who had access to the confidential information in IDVA's MFRF computer file released the information outside the agency. Special Agent Bedan also found that all IDVA employees had access to the MFRF file. After working with IOT and

researching the matter, Special Agent Bedan was unable to identify who specifically accessed the files in question and/or released them.

After learning of the potential release of confidential information, IDVA took measures to secure the MFRF file and make it accessible to only those employees who needed to access the file to perform their job duties.

Special Agent Bedan also received allegations that IDVA employees were shredding documents in violation of the State's record retention schedules. Special Agent Bedan questioned several employees about the alleged shredding. Some employees indicated that they were aware of employees shredding documents, but they believed the documents fell outside the record retention schedules. Other employees said they did not know what documents were being shredded. After several visits to IDVA, Special Agent Bedan found no evidence to support the allegations that IDVA employees were shredding documents in violation of the record retention schedules.

#### **IV. CONTRACT EMPLOYEE**

During the course of the investigation, the OIG also received complaints regarding a former member of the Indiana General Assembly whom IDVA hired as a consultant (the Consultant). Special Agent Bedan investigated allegations that involved IDVA paying for work the Consultant did not perform.<sup>10</sup>

IDVA entered into an Employee Services Agreement with the Consultant in August of 2015. The Agreement read that IDVA would pay the Consultant an hourly rate of \$38.66 and the

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<sup>10</sup> These allegations also claimed that the Consultant violated the legislative lobbying rules, specifically the restriction on serving as a lobbyist within one year of leaving the Indiana General Assembly. The OIG does not have jurisdiction over the legislative branch of state government; therefore, the OIG did not investigate these allegations. These allegations are more properly under the jurisdiction of the Indiana Lobby Registration Commission.

Consultant would provide services as the Strategic Oversight Liaison. IDVA also used a Selected Resource Program Request Form with the State's temporary employment services vendor to select the Consultant for the work. The Form listed the Consultant's annual salary as \$37,707 with an expected start date of August 1, 2015. IDVA paid the Consultant from IDVA's general operating fund.

According to both Brown and an IDVA employee, Brown instructed the IDVA employee to enter pay records to reflect that the Consultant worked four hours a day for twenty hours a week. Brown did not expect the Consultant to work from the IDVA office; therefore, the Consultant often worked from home or from off-site locations. Neither Brown nor the employee entering the Consultant's time kept a daily or weekly record of the tasks that the Consultant performed. Furthermore, the Consultant did not keep a record of the actual hours he worked. As a result, Special Agent Bedan found no record clearly documenting that the Consultant worked the exact hours that IDVA reported he worked. Furthermore, the Consultant stated that he never discussed with Brown how many hours a day he was expected to work; instead, he said he was expected to meet certain outcomes.

Although Special Agent Bedan could not verify the exact hours that the Consultant worked, he was able to confirm that the Consultant performed work for IDVA under the contract. Both Brown and the Consultant told Special Agent Bedan that they talked weekly and sometimes daily to strategize on what position or action IDVA should take on legislation. The Consultant also showed Special Agent Bedan notes from contacts he made with legislators on behalf of IDVA. According to Brown, the Consultant was heavily involved in legislation that benefitted IDVA and veterans. Brown also stated that the Consultant was involved in radio and television programs on behalf of IDVA. The OIG found some of these programs online. Special Agent Bedan also

interviewed individual legislators who stated that the Consultant met with them regarding IDVA legislation.

## **V. RECOMMENDATIONS**

Based on this investigation, the OIG makes the following recommendations to assist IDVA and the IVAC in reducing any actual waste, fraud or abuse or the appearance of impropriety in the administration of its programs.

### *Recommendation 1*

One of the major problems with IDVA's and IVAC's administration of the MFRF was their failure to promulgate rules and provide clear and consistent requirements for the MFRF. The OIG's investigation revealed that the MFRF guidelines changed often and were applied inconsistently. Furthermore, applicants and the public were not always aware of how IDVA was administering the MFRF.

Since the beginning of this investigation, IVAC has promulgated rules in the Indiana Administrative Code to provide criteria and procedures for the MFRF. These rules are an important step in ensuring that IDVA and IVAC administers the MFRF in a fair and consistent manner. IDVA and IVAC should strictly comply with these rules and any future laws<sup>11</sup> that may be in effect regarding the administration of the MFRF.

During interviews with Special Agent Bedan, IDVA staff indicated that they are putting together a policy manual to provide further guidance on administration of the MFRF. The OIG supports these efforts to more clearly articulate and consistently follow policies for the MFRF.

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<sup>11</sup> The Indiana General Assembly is currently considering HB 1257, a bill that addresses the MFRF.

### *Recommendation 2*

Another challenge with IDVA's administration of the MFRF was their failure to document fully who was involved in each specific grant award. Although IDVA maintained a list of applicants who received awards, they did not clearly document which IDVA employee reviewed and approved each award. Without clear documentation of who approved the grant and why, it is difficult to determine whether a conflict of interests exists, especially when some IDVA employees are eligible for the grants. At a minimum, the lack of documentation leads to an appearance of a conflict of interests.

IDVA should more clearly and thoroughly document activities under the MFRF grant. For example, IDVA should document who reviews and approves each MFRF application. Furthermore, if IDVA or IVAC grants an exception to a requirement or restriction, the granting of the exception should not only comply with all existing law or policy, but it should also be clearly documented to show the reason for the exception and the process followed to grant the exception.

### *Recommendation 3*

The OIG investigation also revealed difficulty in ensuring that a MFRF recipient uses the funds as indicated on his or her grant application. Although the investigation did not reveal sufficient evidence of fraud or forgery of an application, it did show that recipients do not always use funds for the specific purpose outlined in the grant application.

IDVA and IVAC should create some mechanism to ensure that recipients of MFRF grants are using the money appropriately. For example, IDVA and IVAC could require recipients of MFRF grants to provide receipts or other documentation that show they used money as indicated in their grant application. IDVA also should consider implementing a policy or process for reviewing the documentation and determining next steps if a recipient uses the funds for something

other than the purpose indicated on their grant application. Although IDVA may still allow the recipient to keep the funds if it is for an otherwise eligible purpose, IDVA should have a clear policy for making this determination. IDVA also could periodically follow up with MFRF recipients to ensure the applicant used the funds appropriately.

#### *Recommendation 4*

The OIG investigation determined that one or more employees of IDVA who had access to confidential information in IDVA's MFRF file released the information to those outside the agency without proper redaction. The release of confidential information is a violation of the Code of Ethics confidentiality rules in 42 IAC 1-5-10 and 11. Furthermore, the release of certain confidential information has even more serious legal consequences. For example, Ind. Code §§ 4-1-10-8 and 9 provide that disclosure of a Social Security number by an employee of a state agency is a criminal offense.

IDVA took the first step in protecting its confidential information by limiting access to certain files to only those employees who need access to perform their job duties. IDVA also should take additional steps to protect its confidential information. For example, IDVA should educate all employees, including part-time and contract employees, on the protection of confidential documents and personally identifiable information and the potential consequences of releasing such information. IDVA should train employees on how to redact confidential information properly. IDVA also should ensure that all employees are familiar with the record retention schedule.

#### *Recommendation 5*

The OIG investigation found that IDVA reported the Consultant, a contract employee, worked certain hours without knowing which hours the employee actually worked. IDVA and the

Consultant's failure to document the Consultant's work makes it difficult to determine if the State received all of the services for which it paid. The contract and the time entries suggest IDVA was to pay the Consultant on an hourly basis; however, the statements by Brown and the Consultant suggest that payment was outcome based.

The OIG recommends that IDVA communicate with any future contract employees on what basis IDVA will pay them and how the employees should track their time. If IDVA agrees to pay the contract employee on an hourly basis, the contract employee should track and report the actual hours worked. The contract employee should submit the specific hours for IDVA approval and for IDVA to submit to the temporary employment vendor for payment. IDVA should never ask administrative staff to report the same amount of time each day regardless of the actual hours worked. If IDVA agrees to pay the contract employee on an outcome basis, IDVA should have an agreement that clearly outlines these outcomes and the specific payment terms.

#### *Recommendation 6*

The OIG recommends IDVA hire a full time attorney to provide proactive legal counsel to IDVA leadership on a daily basis. Although IDVA staff has access to part-time legal assistance, they had no one available on a daily basis to provide advice on the multiple issues that gave rise to this investigation.

The lack of full time legal counsel made it difficult for IDVA to complete needed tasks. For example, although IDVA staff admitted they failed to promulgate rules to govern the MFRF on a timely basis, they also expressed frustration with the challenges of the rule promulgation process. This process requires strict, technical compliance to complex statutes and policies. It also is a time consuming process, often taking a year to complete. A full time attorney could assist the agency in navigating the legal requirements for rule promulgation.

A full time attorney could advise the agency leadership on specific legal issues, such as complying with the confidentiality, public access and record retention laws. A full time IDVA attorney also could provide additional needed services to the agency, such as drafting and reviewing contracts and assisting IDVA in creating policies and procedures for its programs.

## VI. CONCLUSION

The OIG found insufficient evidence to support either criminal charges or an ethics complaint against any current or former employee of IDVA. Although the investigation did not reveal evidence to support criminal charges or an ethics complaint, the investigation revealed mismanagement and a significant need for improved policies and practices at IDVA. The IDVA mission of aiding and assisting Hoosier veterans and qualified family members or survivors is an important one. The veteran community and other stakeholders need to have confidence that it is fulfilling the mission with integrity and transparency. IDVA is now under new leadership. The OIG urges IDVA to comply with the recommendations in this report, as well as in the SBOA reports.

Accordingly, this investigation is closed.

Dated: April 8, 2019.

APPROVED BY:



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Lori A. Torres, Inspector General