



INVESTIGATIVE REPORT

Lori Torres, Inspector General

OFFICE: INDIANA DEPARTMENT OF CHILD SERVICES (DCS)
TITLE: DCS AND KNOWLEDGE SERVICES EMPLOYEE THEFT
CASE ID: 2018-10-0284
DATE: December 27, 2018

Inspector General Staff Attorney, Heidi Adair, after an investigation by Inspector General Special Agent Mike Lepper, reports 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. IC 4-2-7-2(b). The OIG also investigates criminal activity and ethics violations by state workers. IC 4-2-7-3. The OIG may recommend polices and carry out other activities designed to deter, detect, and eradicate fraud, waste, abuse, mismanagement, and misconduct in state government. IC 4-2-7-3(2).

Complaint

On October 16, 2018, employees from the Department of Child Services (DCS) and Knowledge Services (KS) contacted the OIG regarding an issue they discovered involving a former temporary employee (temp), Jasmine Swanigan. KS is a contractor with the State of Indiana that provides temporary human resources to various state agencies, including DCS. The employees alleged that KS hired Swanigan to do work as a temp for DCS. After working as a temp for some time, DCS hired her as a full-time, state employee. Neither DCS nor Swanigan notified KS that

the State had hired her full-time; therefore, KS thought she was still their temp working for DCS. After this transition, they alleged that Swanigan continued to submit time under her KS contract while also submitting time for her full-time state job. Later, Swanigan left employment with DCS, and the Indiana Professional Licensing Agency (PLA) hired her as a full-time state employee. While serving as a PLA employee, she continued to submit hours under her original KS-DCS temporary contract while also receiving her PLA salary.

Investigation

OIG Special Agent Mike Lepper conducted an investigation into this matter. Special Agent Lepper interviewed a number of different sources from KS, DCS, PLA, and the State Personnel Department (SPD). He also examined several documents, such as Swanigan's paystubs from the State, spreadsheets from KS with the hours Swanigan reported in their time-keeping system, payments she received from KS, her KS contract, and her DCS and PLA job applications.

Special Agent Lepper learned about the typical payroll and billing procedures in place when a state agency utilizes a temp from KS. Notably, state employees and KS temps utilize different time-keeping systems. State employees report and submit their time through a system called PeopleSoft and are paid bi-weekly; whereas KS temps report time through KS's in-house vendor management system known as DOTStaff and are paid weekly. A state employee (typically a Supervisor) is responsible for approving the time entered by a temp in DOTStaff. However, KS pays their temps prior to a state supervisor's approval. After such approval, KS invoices the State for the temp's hours. Once the State pays KS, KS pays the vendor who supplied the temp¹, minus KS's contracted fee for the State.

¹ KS is the Managed Service Provider under a QPA with the State of Indiana. KS has master services agreements with individual vendors who actually supply the temps to KS.

Through various witness accounts and documentation provided by KS, DCS, PLA, and SPD, Special Agent Lepper verified the following timeline of events and dollar amounts paid or collected as a result of Swanigan's actions.

Swanigan began employment through KS as a temp working at DCS on April 10, 2017. She continued at DCS as a temp until March 12, 2018, at which time DCS hired her as a full-time state employee. Neither Swanigan nor DCS notified KS that the State had hired her full-time; therefore, KS believed that she was still their temp working at DCS. After the State hired her as a full-time DCS employee, Swanigan continued to submit hours to KS as a temp while also receiving her state salary. She worked as a full-time DCS employee from March 12, 2018 to May 19, 2018. During this period, she fraudulently collected \$3,556.75 in payments from KS. Because a state supervisor approved this time, KS subsequently billed the State of Indiana \$4,844.12 for Swanigan's services, plus KS's fee.

On May 21, 2018, Swanigan left her full-time employment with DCS to accept another job with PLA. She worked for PLA from May 21, 2018 through July 18, 2018. While at PLA, she continued to submit hours under her temporary KS-DCS contract while receiving her PLA salary as well. During this time period, Swanigan fraudulently collected \$3,025.80 in payments from KS. KS did not bill the State for these hours because a state supervisor never approved it.

Swanigan left PLA on July 18, 2018. Even after leaving state employment altogether, she continued to bill KS as a temp. She fraudulently collected \$3,766.88 from KS for the week-ending July 21, 2018 through September 22, 2018. KS did not bill the State for these hours because a supervisor did not approve it.

In sum, Special Agent Lepper found that Swanigan fraudulently collected \$10,349.43 from March 12, 2018 through September 22, 2018. The total loss to the State of Indiana in this matter,

including fees paid to KS, is \$4,844.12. The total loss suffered by KS is \$6,792.68. This is a combined total of \$11,636.80.

Special Agent Lepper interviewed Swanigan on November 29, 2018. She could not speak to the dollar amounts received or exact dates, but she admitted to entering false time with KS and receiving payments from KS from March 2018 through September 2018, long after she had actually performed services as a temp.

The OIG submitted the results of this investigation to the Marion County Prosecutor's Office. On December 19, 2018, the Marion County Prosecutor's Office charged Swanigan with one count of Theft as a Level 6 Felony. Accordingly, this investigation is closed.

Recommendations

Based upon the investigation described in this Report, the OIG makes the following recommendations to both KS and state executive branch agencies that utilize KS for temporary/contract labor. The goal of these recommendations is to help KS and the State prevent future theft by temps.

Recommendation 1

The OIG recommends that only the direct supervisor of a temp be permitted to approve the temp's work time through DOTStaff. This investigation revealed that a significant portion of Swanigan's temp hours were approved by a state employee to whom Swanigan did not report and had never met. It is difficult, if not impossible, for a state employee who does not supervise the employee to honestly verify the accuracy of a temp's reported time.

Recommendation 2

Furthermore, the OIG recommends that KS and the State work to establish a more structured protocol for reporting when the State hires KS temps as full-time state employees. When this occurs, someone must be responsible for notifying KS, in a timely manner, that the employee is now a full-time state employee and is no longer working as a temp. If the State had made a timely report to KS when it hired Swanigan, she would not have been able to fraudulently collect payments for work she did not perform.

Dated: December 27, 2018

APPROVED BY:

A handwritten signature in black ink that reads "Lori Torres". The signature is written in a cursive, flowing style.

Lori Torres, Inspector General