



INVESTIGATIVE REPORT

David Cook, Inspector General

OFFICE: INDIANA DEPARTMENT OF NATURAL RESOURCES (DNR)

TITLE: DNR EMPLOYEE GHOST EMPLOYMENT

CASE ID: 2020-06-0183

DATE: August 17, 2021

Indiana Office of Inspector General Staff Attorney Lyubov Gore, after an investigation by Inspector General Special Agent Mike Lepper, reports as follows:

The Indiana General Assembly charged the Office of the Indiana Inspector General (OIG) with addressing fraud, waste, abuse and wrongdoing in the executive branch agencies of state government. Ind. Code §4-2-7-2(b). The OIG also investigates allegations of criminal activity and Code of Ethics (Code)¹ violations within state government. 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).

I. BACKGROUND

A. Complaint

On June 16, 2020, the OIG received a complaint alleging that Paul Sippes, a former Indiana Department of Natural Resources (DNR) property manager for Versailles State Park, directed his subordinates to perform work other than their official state duties during state-working

¹ The Code is found in Ind. Code 4-2-6 and 42 IAC 1.

hours. According to the complaint, when Sipples and his subordinates performed work other than their official state duties, they did so outside of the Versailles State Park grounds on almost every occasion. The OIG opened an investigation into this complaint.

B. SPD Investigation

The Indiana State Personnel Department (SPD) first conducted an internal investigation into Sipples' actions after receiving an unrelated complaint regarding Sipples' management of employees. SPD proceeded to interview DNR employees, including Sipples' subordinates, regarding the complaint. During the course of the interviews with Sipples' subordinates, SPD uncovered evidence that Sipples was directing DNR employees to engage in ghost employment. Four DNR employees either confirmed that Sipples instructed them to complete work other than their official state duties during state-working hours or stated that they were aware of other employees doing so at Sipples' direction.

SPD interviewed Sipples regarding the management issues and ghost employment allegations. During the interview, Sipples admitted to being a member of the Versailles Lion's Club (Club). Sipples also admitted to having a DNR employee help him complete electrical work at the Club during state-working hours. Following the conclusion of SPD's investigation, SPD recommended that DNR terminate Sipples from his employment for continuously failing to provide adequate management and leadership. SPD also recommended that DNR send the results of the SPD investigation to the OIG for further investigation into possible ethics violations. DNR terminated Sipples' employment on June 15, 2020, citing management issues, lack of professional judgment, treatment of subordinate staff and frequent stops to the Club as reasons for the termination.

II. OIG INVESTIGATION

OIG Special Agent Mike Lepper investigated the complaint the OIG received. Special Agent Lepper reviewed Sipples' employment records, records of Sipples' travels through DNR vehicle gauge reports, Sipples' pay stubs and Sipples' termination documentation. Special Agent Lepper also reviewed records from SPD's investigation and the pay stubs of the employees Sipples allegedly directed to perform outside work during state-working hours. Special Agent Lepper interviewed Sipples, the DNR employees Sipples allegedly directed to work offsite, DNR's Assistant Director of State Parks and DNR's Regional Manager for Southern Indiana.

Special Agent Lepper interviewed a DNR manager (Manager 1), who was familiar with Sipples' work. Manager 1 told Special Agent Lepper that Sipples was President of the Versailles Lions Club in 2018 and that Manager 1 was aware of four separate occasions during which Sipples instructed state employees to complete work for the Club during state-working hours. According to Manager 1, on two separate occasions during the summer of 2019, Sipples instructed several DNR employees to help move refrigerators at the Club, a task that took approximately an hour to complete each time. On another occasion, in September 2019, Sipples instructed several DNR employees to assist the Club with preparations for the Fall Festival at the Versailles County Courthouse, which took approximately two hours to complete. On yet another occasion, in the fall of 2019, Sipples instructed several DNR employees to replace an electrical outlet at the Club.

Special Agent Lepper conducted individual interviews of the other DNR employees allegedly involved in Sipples' actions. These employees confirmed the information Manager 1 provided. One DNR employee additionally recalled Sipples directing DNR employees to decorate the Versailles State Park's Recreation Hall for his wife's work Christmas Party in December 2019, which took approximately an hour to complete. Special Agent Lepper calculated Sipples' hourly

pay and the employees' hourly pay during the relevant time periods when these events occurred and estimated that the total loss to the State in wages was \$426.37. The State never recovered this sum after DNR terminated Sipples.

Special Agent Lepper also interviewed another DNR manager (Manager 2). Manager 2 informed Special Agent Lepper that DNR encourages its employees to become involved in the local communities where they are employed, but Manager 2 maintained that moving appliances and conducting maintenance on the Club's premises was not acceptable. Manager 2 confirmed that DNR did not have any written policies relating to state employees engaging in outside work in the community during state-working hours but noted that Sipples' job description included a section that encouraged property managers to engage in community outreach. According to Manager 2, DNR employees did not receive instruction or guidance on the kind of community outreach that was acceptable. Special Agent Lepper discussed DNR's policies on community outreach with a third DNR manager (Manager 3). Manager 3 confirmed that DNR does not have written policies regarding community outreach during state-working hours but maintained that it is encouraged.

Special Agent Lepper interviewed Sipples at the Versailles Indiana State Police Post. During the course of the interview, Sipples admitted to instructing DNR employees to complete work at the Club and at the Versailles County Courthouse during state-working hours. Sipples estimated that the work the employees completed took approximately half of the number of hours to complete that the DNR employees stated the work took to complete. Sipples admitted that he knew his conduct was wrong. Sipples was not aware of any DNR policies that permitted such conduct.

III. GHOST EMPLOYMENT RULE VIOLATION

The OIG investigation revealed evidence that Sipples violated 42 IAC 1-5-13, the ghost

employment rule. 42 IAC 1-5-13 prohibits a state employee from engaging in or directing others to engage in, “work other than performance of official duties during working hours, except as permitted by general written agency, departmental, or institutional policy or regulation.”

The investigation found that Sipples repeatedly engaged in and directed his subordinates to engage in work other than the performance of their official state duties during state-working hours in the summer, fall and winter of 2019. Sipples engaged in this conduct and directed his subordinates to engage in this conduct on at least five occasions, and most of this conduct occurred outside of Versailles State Park grounds. Special Agent Lepper calculated that the total loss to the State from Sipples’ conduct was \$426.37. The State never recovered this sum after DNR terminated Sipples. The OIG’s investigation did not reveal that DNR has a general written agency, departmental or institutional policy or regulation permitting such conduct. Further, DNR managers confirmed that such conduct was not acceptable community engagement.

IV. CONCLUSION AND RECOMMENDATIONS

The OIG presented the case to the Indiana State Ethics Commission (SEC) in an executive session on May 12, 2021, and sought probable cause to file an ethics complaint alleging that Sipples violated 42 IAC 1-5-13, the ghost employment rule. The SEC found probable cause, and the Inspector General filed the ethics complaint with the SEC on May 17, 2021.

The Inspector General and Sipples signed an Agreed Settlement in which Sipples admitted to the violation of the Code as alleged in the ethics complaint. The Agreed Settlement fines Sipples \$426.37. The OIG filed the Agreed Settlement with the SEC, and the SEC approved it on August 12, 2021. Accordingly, this investigation is closed.

Although the OIG is closing this case after the SEC’s approval of the Agreed Settlement, the OIG makes the following recommendations to DNR:

First, DNR should consider revising the Job Description for the position of DNR property manager for Indiana State Parks to help prevent these types of situations in the future. The Job Description for the DNR property manager position, which Sipples previously held, currently contains a section that encourages property managers to engage in community outreach; however, the OIG investigation revealed that DNR employees do not receive instruction or guidance on the kind of community outreach that is acceptable. If DNR wishes to continue to include the section regarding community outreach in the Job Description, DNR should consider providing written guidance in the Job Description regarding the types of acceptable community outreach acts that would be considered part of the official DNR duties of a DNR property manager.

Second, DNR should consider implementing a clear written policy regarding permissible and impermissible forms of community outreach for the benefit of all current and future DNR employees. This will help to ensure that all DNR employees understand what is allowable regarding community outreach moving forward.

Dated: August 17, 2021

APPROVED BY:

A handwritten signature in black ink that reads "David Cook".

David Cook, Inspector General