

# 2015 ANNUAL REPORT

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OFFICE OF THE INDIANA INSPECTOR GENERAL  
CYNTHIA V. CARRASCO



# About the OIG

## Office of the Indiana Inspector General

The Office of the Indiana Inspector General (OIG) was created on January 10, 2005 through Executive Order 2005-03 by Governor Mitchell E. Daniels, Jr. On May 11, 2005, the Indiana Legislature passed Public Law 222 and statutorily defined the office and its responsibilities.

The enabling statute of the OIG is set forth in IC 4-2-7. The OIG has many duties intended to deter, detect, and eradicate fraud, waste, abuse, mismanagement, and misconduct in state government. Like any comprehensive compliance program, the OIG's duties are categorically classified into the following distinct functions: 1) establishing a uniform, centrally located, code of conduct; 2) providing education and training regarding the code of conduct and public integrity laws; 3) providing advice to stakeholders regarding the application of these laws; and 4) enforcing the code of conduct and public integrity laws.

The OIG sets the standard of ethical conduct for all member of the executive branch of state government. These standards are set forth in the Indiana Code of Ethics (Code of Ethics). The Code of Ethics was drafted in 2005 and became effective in early 2006. The OIG is also statutorily charged to recommend legislation to the governor and general assembly to strengthen public integrity laws, including the Code of Ethics.

The OIG also invests many resources in various programs to prevent wrongdoing. Specifically the OIG has established a comprehensive education and training program that consists of a state-wide, online ethics training program, in-person training sessions/forums, and hosting an annual conference for all state auditors, investigators, and attorneys.

The issuance of advisory opinions by the OIG staff and the Indiana State Ethics Commission (SEC) is another significant part in preventing wrongdoing. The OIG staff issues informal advisory opinions that are confidential to the person making the request. An informal advisory opinion is intended to be quick, written legal advice regarding the application of the Code of Ethics to an individual's prospective activity. The SEC issues formal advisory opinions. Unlike informal advisory opinions, formal advisory opinions issued by the SEC are public. However, the SEC is the ultimate authority in interpreting the Code of Ethics and a formal advisory opinion issued by the SEC provides a conclusive determination regarding the application of the Code of Ethics to a prospective situation.

A fourth duty of the OIG is enforcement. The OIG is charged with conducting investigations of wrongdoing. The OIG is a full law enforcement agency which allows the OIG to conduct investigations related to alleged violations of state and/or federal criminal codes as well as alleged violations of the Code of Ethics. The OIG also analyzes each case it investigates for waste and fraud not otherwise addressed in the criminal or ethics codes.

The OIG is also statutorily charged to provide staff to the SEC. The SEC consists of five Commissioners. They are appointed by the Governor and serve for four-year staggered terms. The Commission holds monthly public meetings during which it issues advisory opinions and receives complaints filed by the Inspector General.



# ABOUT

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## INDIANA INSPECTOR GENERAL

### **Cynthia V. Carrasco** Inspector General

Cynthia V. Carrasco serves as the Inspector General for the State of Indiana. She was appointed by Governor Mike Pence on January 6, 2015 and is only the second person to hold this post. The Office of Inspector General was created in 2005 and is statutorily charged with addressing fraud, waste, and wrongdoing in state government. Ms. Carrasco previously served as the Executive Director for the Indiana State Ethics Commission.

A native of El Paso, Texas, Ms. Carrasco graduated from the University of Texas at El Paso with a Bachelor of Arts degree in Political Science and earned her Juris Doctor degree from the Indiana University Robert H. McKinney School of Law.

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## INDIANA STATE ETHICS COMMISSION

**James Clevenger**, *Chairman* was appointed to a four year term by Governor Joseph Kernan in 2004 and reappointed to another four year term by Governor Mitch Daniels in 2008. In January of 2012 he was appointed as Chairman and reappointed as Chairman in November of 2013. Mr. Clevenger has practiced law since 1978 and is a partner with the law offices of Wyland, Humphrey, Wagner & Clevenger LLP in Plymouth, Indiana. He received his B.A. from Hanover College and his J.D. from Indiana University. He currently holds the position of County Attorney for Marshall County.

**Priscilla D. Keith** was appointed to a four year term by Governor Joseph Kernan in 2004, reappointed to another four year term by Governor Mitch Daniels in 2007 then again in September 2011 and reappointed by Governor Mike Pence in October 2015. Ms. Keith is an attorney at Community Health Network, Inc. in Indianapolis, Indiana.

**Bob Jamison** was appointed to four year term by Governor Daniels in March 2009 and reappointed by Governor Pence in November of 2013. He is a native of Western Pennsylvania and is a graduate of Indiana University of Pennsylvania. He is retired from the Indianapolis Office of the Federal Bureau of Investigation and served as a Special Agent and Senior Resident Agent in the New Albany Resident Agency from 1972-2000.

**Dr. Daryl Yost** was appointed to a four year term by Governor Mitch Daniels in June 2010 and reappointed by Governor Pence in November of 2013. Dr. Yost earned his undergraduate degree in 1958 from Manchester College where he graduated with a B.S. in Sociology and English. He taught in the Richmond, Kokomo, and Fort Wayne Community School systems while pursuing his M.A. in Education/Counseling from Ball State University. Dr. Yost received his Ed.D from Ball State University in 1966. Dr. Yost currently serves as the Director of the Certified Technology Park of the Northeast Indiana Innovation Center.

**Peter Nugent** was appointed to a four year term by Governor Mitch Daniels in January 2012 and reappointed by Governor Mike Pence in February 2016. He has practiced law since 1987. He is a native of Indianapolis, and received his B.S. in Accounting from Indiana University in 1984 and his J.D. from the John Marshall Law School in Chicago in 1987. He currently practices law with the law firm of Thomas & Nugent in Indianapolis.

# CODE OF ETHICS

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The OIG sets the standard of ethical conduct for all members of the executive branch of state government. These standards are set forth in the Code of Ethics. The Code of Ethics was drafted in 2005 and became effective in early 2006. Since then, the Code of Ethics had generally remained unchanged. In 2014, the OIG conducted a comprehensive review of the Code of Ethics and developed a list of recommendations for amendments that would improve the Code of Ethics. The OIG developed the recommendations after careful consideration of the advisory opinions that had been issued by the OIG and SEC since 2006 and the types of investigations that the OIG had conducted since then. In late 2014, the OIG issued an IG report making specific recommendations to the General Assembly regarding ways to improve the Code of Ethics.

The General Assembly considered the OIG's recommendation and adopted all the recommended changes. Those changes became effective July 1, 2015. Significant changes include:

<b>LAW</b>	<b>CHANGE</b>
IC 4-2-6-9	Conflict of Interest law extended to apply to matters related to a vote or decision that gives rise to a conflict
IC 4-2-6-9	Written disclosure option for Conflicts of Interests
IC 4-2-6-10.5	Requires that a disclosure statement be filed before a contract is executed
IC 4-2-6-10.5	Provides for the imposition of a fine for an individual that fails to timely file a disclosure statement
IC 4-2-6-11	Provides an exception to the application of the one-year cooling off period under certain circumstances for individuals that negotiated or administered a contract
IC 4-2-6-11	Makes ALJs and hearing officers subject to a one-year cooling off period
IC 4-2-6-11	Requires that post-employment waivers be filed before engaging in the conduct that would give rise to a post-employment violation
IC 4-2-6-11	Requires that post-employment waivers contain specific criteria and that waivers be approved by the SEC

# EDUCATION

The OIG is charged with developing and delivering education and training programs to prevent wrongdoing to all members of the executive branch of state government.

## ONLINE ETHICS TRAINING

In 2007, the OIG developed an online ethics training program to provide training on the newly established Code of Ethics. In 2008, the OIG successfully administered the online training program statewide to all members of the executive branch. Since then, the OIG has successfully administered the mandatory Code of Ethics training to all members of the executive branch of state government on a biennial basis. The 2015 mandatory online training proved to be no different. The chart below illustrates the number of agencies trained and the total number of state officers, employees, and special state appointees that successfully completed the training.



**76 Agencies**



**34,166 Individuals**

## LEGAL & ETHICS CONFERENCE

In 2008, the OIG hosted its inaugural Legal & Ethics Conference. The conference was initially developed and designed for executive branch attorneys. The programming consisted of various topics dealing with legal issues that are unique to government attorneys. The OIG continued to host this conference on an annual basis since then and incorporated programming for all executive branch investigators in 2010. In 2013, Governor Mike Pence, through Executive Order 13-01, required that the OIG host the annual Legal & Ethics Conference. In 2015, over 650 state executive branch auditors, investigators, and attorneys attended the conference. Speakers included Governor Pence and the Honorable Steven David.



# PRESENTATIONS

In addition to the online ethics training program, the OIG provides in-person training sessions on a regular basis. In 2015, the OIG delivered 18 presentations to various groups throughout the State of Indiana. The audiences varied greatly and consisted of members of the executive branch of state government, local units of government, private entities and non-profits.



Presentation	Category
Association of Indiana Solid Waste Management Districts	Government
IU McKinney Student Ethics Presentation	Education
Ball State Alumni Group	Education
Ethics Officer Roundtable	Government
Association of Indiana Counties	Government
Boards and Commissions	Government
State Contracts Seminar	Government
Government Affairs Society of Indiana	Government
State Board of Accounts	Government
Association of Government Accountants	Government
Indiana Department of Insurance	Government
Indiana Board for Depositories	Government
Indiana State Police	Government
Administrative Law Judges	Government
Department of Natural Resources	Government
Legal & Ethics Conference	Government

# ADVICE

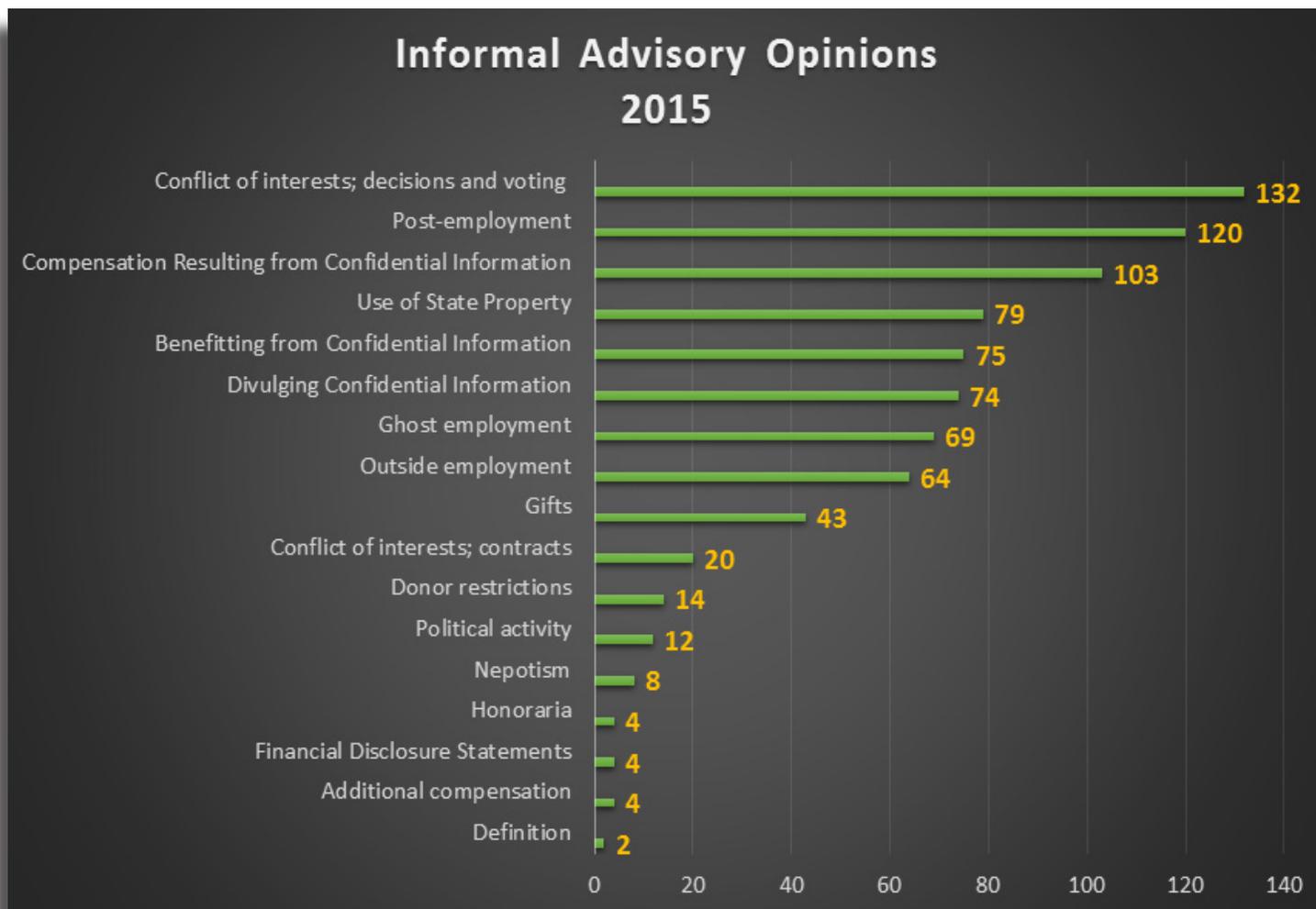
## INFORMAL ADVISORY OPINIONS

Informal advisory opinions are issued by the OIG to state employees seeking advice on the application of the Code of Ethics to their intended action(s). This process is designed to improve state employees' compliance with the ethical guidelines they are subject to by providing legal advice to state employees before they act.

Informal advisory opinions are confidential, written legal opinions issued by OIG staff attorneys. Informal advisory opinions are usually issued within 48 hours of receiving the request and may be relied upon by the state employee in any future possible OIG investigation.

The number of informal advisory opinion requests has consistently increased every year since 2005.

In 2015, the OIG issued 294 Informal Advisory Opinions, some addressing multiple issues. Further details are unavailable due to the confidentiality of the opinions, but a breakdown of the general topics covered by the opinions is shown below. One informal advisory opinion may include discussion of several rules.



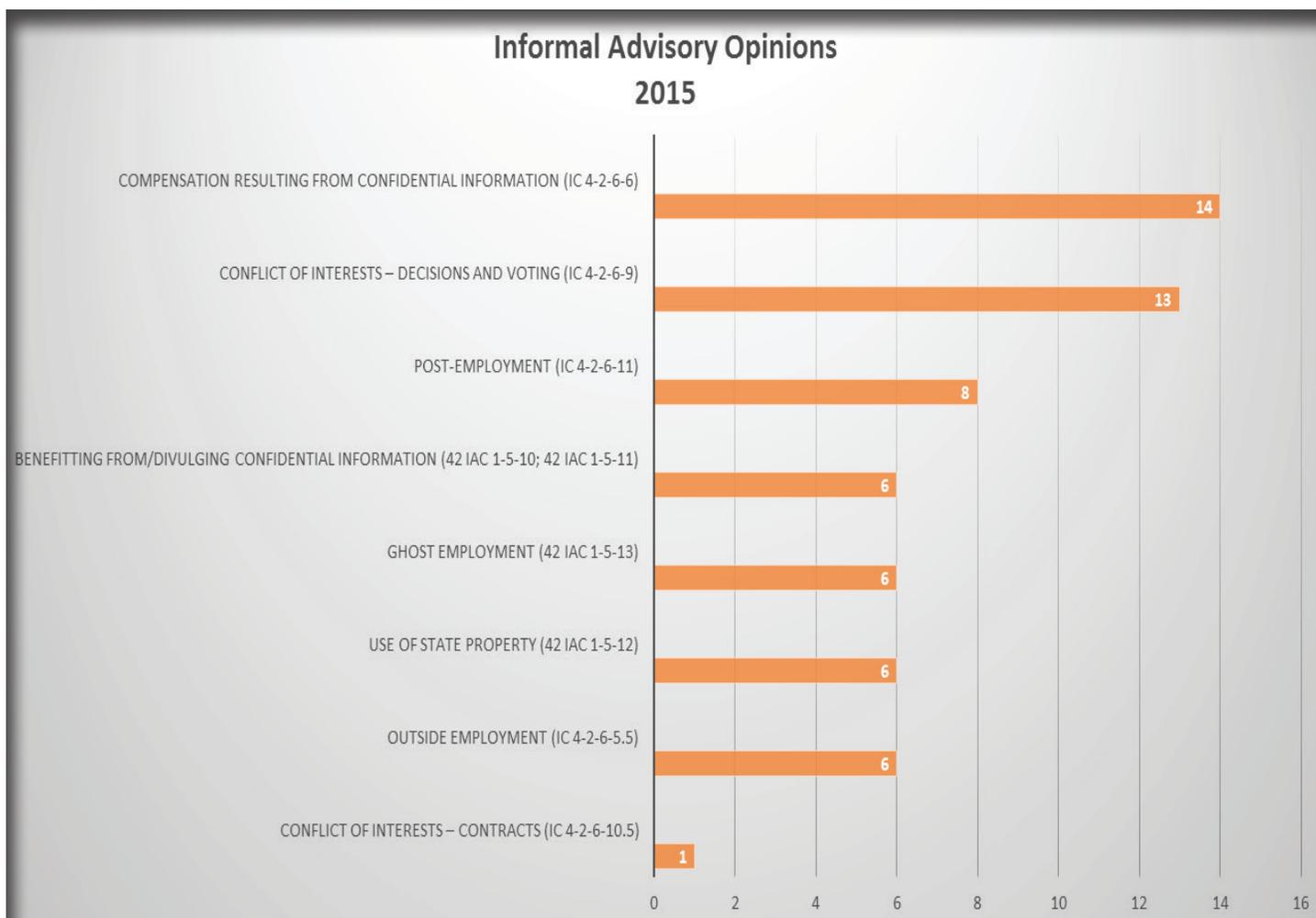
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## FORMAL ADVISORY OPINIONS

The SEC is the ultimate authority in interpreting the Code of Ethics and does so by issuing formal advisory opinions at their monthly commission meetings. Unlike informal advisory opinions, formal advisory opinions are public and are posted on the OIG website.

The Commission receives evidence and issues a detailed legal opinion for each request that it receives. The number of requests submitted to the SEC for formal advisory opinions has continued to increase every year since the creation of the OIG.

In 2015, the SEC received and issued 16 opinions, some addressing multiple issues.



# ENFORCEMENT

The OIG receives requests to investigate through various forms from anyone alleging wrongdoing. The online hotline provides a venue by which anyone can report alleged wrongdoing to the OIG. The reporting party can choose to identify themselves or remain anonymous. The OIG also receives complaints via mail, walk-ins or agency referrals. This year, the OIG received a total of 200 requests to investigate.

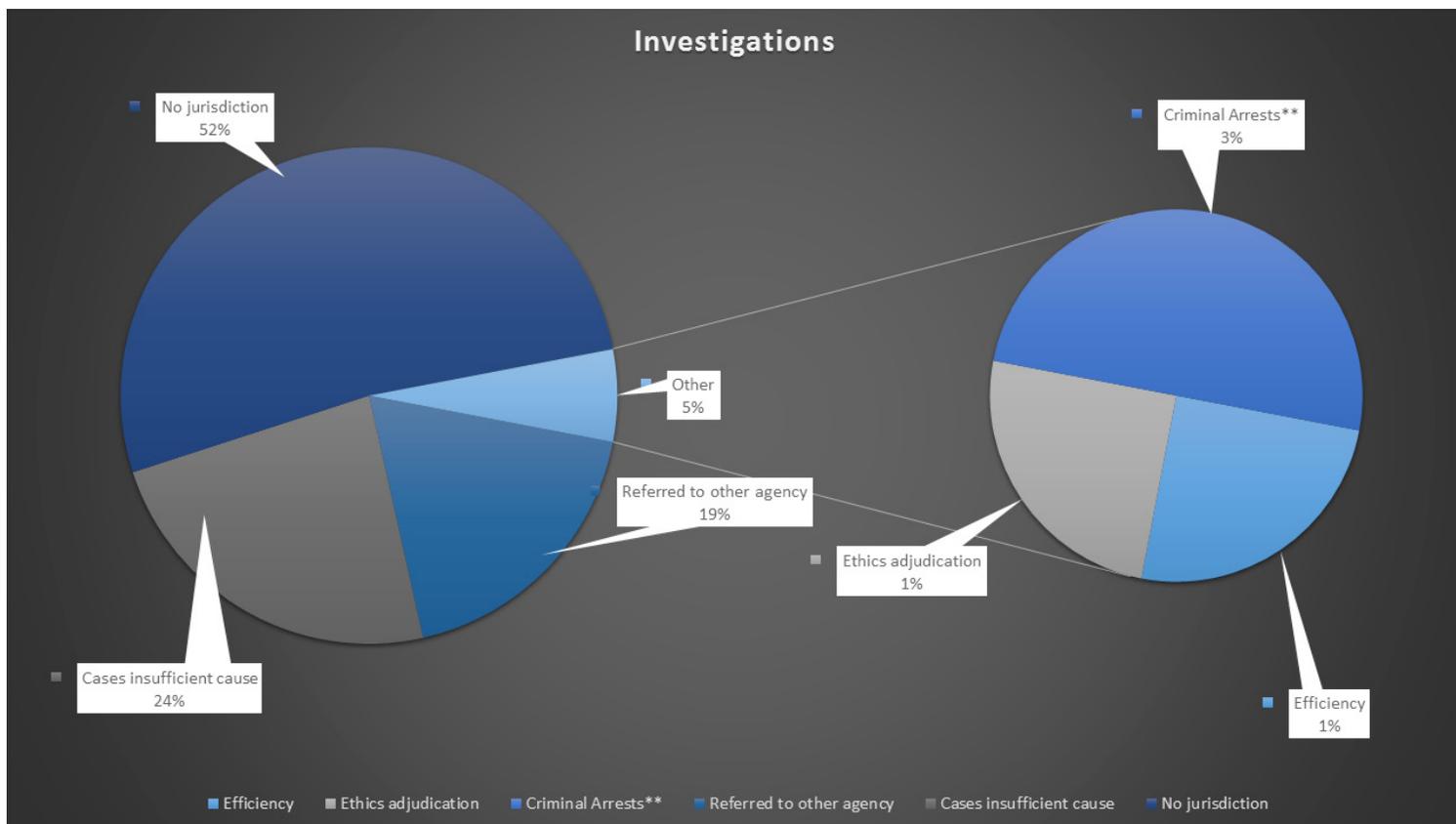
The subject of the requests to investigate vary greatly. Each hotline is screened carefully and can be assigned for investigation, closed for insufficient cause or referred to another entity if the report involves a matter that is outside of the jurisdiction of the OIG.

The OIG is a law enforcement agency with five special agents that conduct criminal, ethics, and efficiency investigations.

By law, OIG investigation remain confidential unless probable cause is found by the SEC in an ethics investigation or charges are filed by a prosecutor in a criminal case.

Number of Requests to Investigate	Disposition
3	Efficiency
3	Ethics adjudication
6	Criminal Arrests**
37	Referred to other agency
47	Cases insufficient cause
104	No jurisdiction

**\*\*156 felony counts were charged from the six criminal arrests.**



# SAVINGS

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The OIG collects and tracks payments on restitution orders resulting from OIG criminal investigations and fines issued by the State Ethics Commission. The number of cases that the OIG collects and tracks payments for significantly increased in 2015. The chart below contains information related to cases that the OIG collected on during 2015.

*\*Please note that the restitution orders, in some cases, were issued before 2015.*

Case	Type	Total Penalty Assessed	Amount Collected in 2015
IDOE Employee Welfare Fraud	Restitution	\$15, 910	\$ 3,694.50
INDOT Fuel Theft	Restitution	\$26,625.40	\$ 6,100.00
INDOT Use of State Property Violation	SEC Civil Penalty	\$1,781.83	\$ 331.83
		<b>Grand Total</b>	<b>\$10,126.33</b>



*\*\*Some graphics and images provided or Designed by Freepik*

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