

IC 4-2-7

Chapter 7. The Inspector General

IC 4-2-7-1

Definitions

Sec. 1. The following definitions apply throughout this chapter:

(1) "Agency" means an authority, a board, a branch, a commission, a committee, a department, a division, or other instrumentality of the executive, including the administrative, department of state government. The term includes a body corporate and politic established as an instrumentality of the state. The term does not include the following:

(A) The judicial department of state government.

(B) The legislative department of state government.

(C) A political subdivision (as defined in IC 4-2-6-1).

(2) "Business relationship" has the meaning set forth in IC 4-2-6-1.

(3) "Employee" means an individual who is employed by an agency on a full-time, a part-time, a temporary, an intermittent, or an hourly basis. The term includes an individual who contracts with an agency for personal services.

(4) "Ethics commission" means the state ethics commission created by IC 4-2-6-2.

(5) "Lobbyist" means an individual who seeks to influence decision making of an agency and who is registered as an executive branch lobbyist under rules adopted by the Indiana department of administration.

(6) "Person" has the meaning set forth in IC 4-2-6-1.

(7) "Special state appointee" has the meaning set forth in IC 4-2-6-1.

(8) "State officer" has the meaning set forth in IC 4-2-6-1.

As added by P.L.222-2005, SEC.14.

IC 4-2-7-2

Inspector general; powers and duties; appointment and removal; reappointment; compensation

Sec. 2. (a) There is established the office of the inspector general. The office of the inspector general consists of the inspector general, who is the director of the office, and an additional staff of deputy inspectors general, investigators, auditors, and clerical employees appointed by the inspector general as necessary to carry out the duties of the inspector general. The inspector general shall provide rooms and staff assistance for the ethics commission.

(b) The inspector general is responsible for addressing fraud, waste, abuse, and wrongdoing in agencies.

(c) The governor shall appoint the inspector general. The inspector general:

(1) except as provided in subdivision (2), shall be appointed for a term that expires on the earlier of the date that:

(A) the term of the governor who appointed the inspector

- general expires; or
- (B) the governor leaves office;
- (2) may only be removed from office by the governor for:
 - (A) neglect of duty;
 - (B) misfeasance;
 - (C) malfeasance; or
 - (D) nonfeasance;
- (3) must be an attorney licensed to practice law in Indiana; and
- (4) is entitled to receive compensation set by the governor and approved by the budget agency.

If the governor is reelected, the governor may reappoint the inspector general for an additional term. The inspector general's compensation may not be reduced during the inspector general's continuance in office.

(d) Subject to the approval of the budget agency, the inspector general shall fix the salary of all other employees of the office of the inspector general.

(e) Except for information declared confidential under this chapter, records of the office of the inspector general are subject to public inspection under IC 5-14-3.

(f) IC 5-14-1.5 (the open door law) applies to public meetings of the office of the inspector general.

As added by P.L.222-2005, SEC.14.

IC 4-2-7-3

Duties; criminal investigation; recommendations; annual report

Sec. 3. The inspector general shall do the following:

- (1) Initiate, supervise, and coordinate investigations.
- (2) Recommend policies and carry out other activities designed to deter, detect, and eradicate fraud, waste, abuse, mismanagement, and misconduct in state government.
- (3) Receive complaints alleging the following:
 - (A) A violation of the code of ethics.
 - (B) Bribery (IC 35-44.1-1-2).
 - (C) Official misconduct (IC 35-44.1-1-1).
 - (D) Conflict of interest (IC 35-44.1-1-4).
 - (E) Profiteering from public service (IC 35-44.1-1-5).
 - (F) A violation of the executive branch lobbying rules.
 - (G) A violation of a statute or rule relating to the purchase of goods or services by a current or former employee, state officer, special state appointee, lobbyist, or person who has a business relationship with an agency.
- (4) If the inspector general has reasonable cause to believe that a crime has occurred or is occurring, report the suspected crime to:
 - (A) the governor; and
 - (B) appropriate state or federal law enforcement agencies and prosecuting authorities having jurisdiction over the matter.
- (5) Adopt rules under IC 4-22-2 to implement IC 4-2-6 and this

chapter.

(6) Adopt rules under IC 4-22-2 and section 5 of this chapter to implement a code of ethics.

(7) Ensure that every:

(A) employee;

(B) state officer;

(C) special state appointee; and

(D) person who has a business relationship with an agency; is properly trained in the code of ethics.

(8) Provide advice to an agency on developing, implementing, and enforcing policies and procedures to prevent or reduce the risk of fraudulent or wrongful acts within the agency.

(9) Recommend legislation to the governor and general assembly to strengthen public integrity laws, including the code of ethics for state officers, employees, special state appointees, and persons who have a business relationship with an agency, including whether additional specific state officers, employees, or special state appointees should be required to file a financial disclosure statement under IC 4-2-6-8.

(10) Annually submit a report to the legislative council detailing the inspector general's activities. The report must be in an electronic format under IC 5-14-6.

(11) Prescribe and provide forms for statements required to be filed under IC 4-2-6 or this chapter.

(12) Accept and file information that:

(A) is voluntarily supplied; and

(B) exceeds the requirements of this chapter.

(13) Inspect financial disclosure forms.

(14) Notify persons who fail to file forms required under IC 4-2-6 or this chapter.

(15) Develop a filing, a coding, and an indexing system required by IC 4-2-6 and IC 35-44.1-1.

(16) Prepare interpretive and educational materials and programs.

As added by P.L.222-2005, SEC.14. Amended by P.L.89-2006, SEC.14; P.L.1-2007, SEC.4; P.L.126-2012, SEC.4.

IC 4-2-7-4

Powers; subpoena and contempt; reports; serving as special prosecuting attorney; civil and criminal actions

Sec. 4. To carry out the duties described in section 3 of this chapter, the inspector general has the following powers:

(1) As part of an investigation, the inspector general may:

(A) administer oaths;

(B) examine witnesses under oath;

(C) issue subpoenas and subpoenas duces tecum; and

(D) examine the records, reports, audits, reviews, papers, books, recommendations, contracts, correspondence, or any other documents maintained by an agency.

(2) The inspector general may apply to a circuit or superior

court for an order holding an individual in contempt of court if the individual refuses to give sworn testimony under a subpoena issued by the inspector general or otherwise disobeys a subpoena or subpoena duces tecum issued by the inspector general.

(3) The inspector general shall prepare a report summarizing the results of every investigation. The report is confidential in accordance with section 8 of this chapter.

(4) If the attorney general has elected not to file a civil action for the recovery of funds misappropriated, diverted, missing, or unlawfully gained, the inspector general may file a civil action for the recovery of the funds in accordance with section 6 of this chapter.

(5) The inspector general may prosecute a criminal matter as a special prosecuting attorney or special deputy prosecuting attorney in accordance with:

(A) section 7 of this chapter; or

(B) IC 33-39-2-6.

As added by P.L.222-2005, SEC.14.

IC 4-2-7-5

Code of ethics; filing ethics complaint

Sec. 5. (a) The inspector general shall adopt rules under IC 4-22-2 establishing a code of ethics for the conduct of state business. The code of ethics must be consistent with Indiana law.

(b) If the inspector general investigates and determines that there is specific and credible evidence that a current or former employee, a current or former state officer, a current or former special state appointee, or a person who has or had a business relationship with an agency has violated the code of ethics, the inspector general may:

(1) file a complaint with the ethics commission and represent the state in a public proceeding before the ethics commission as prescribed in IC 4-2-6-4; or

(2) file a complaint with the ethics commission and negotiate an agreed settlement for approval by the ethics commission according to its rules.

As added by P.L.222-2005, SEC.14.

IC 4-2-7-6

Misconduct involving state business; report to attorney general; inspector general's authority to bring civil action

Sec. 6. (a) This section applies if the inspector general finds evidence of misfeasance, malfeasance, nonfeasance, misappropriation, fraud, or other misconduct that has resulted in a financial loss to the state or in an unlawful benefit to an individual in the conduct of state business.

(b) If the inspector general finds evidence described in subsection (a), the inspector general shall certify a report of the matter to the attorney general and provide the attorney general with any relevant documents, transcripts, or written statements. Not later than one

hundred eighty (180) days after receipt of the report from the inspector general, the attorney general shall do one (1) of the following:

(1) File a civil action (including an action upon a state officer's official bond) to secure for the state the recovery of funds misappropriated, diverted, missing, or unlawfully gained. Upon request of the attorney general, the inspector general shall assist the attorney general in the investigation, preparation, and prosecution of the civil action.

(2) Inform the inspector general that the attorney general does not intend to file a civil action for the recovery of funds misappropriated, diverted, missing, or unlawfully gained. If the attorney general elects not to file a civil action, the attorney general shall return to the inspector general all documents and files initially provided by the inspector general.

(3) Inform the inspector general that the attorney general is diligently investigating the matter and after further investigation may file a civil action for the recovery of funds misappropriated, diverted, missing, or unlawfully gained. However, if more than three hundred sixty-five (365) days have passed since the inspector general certified the report to the attorney general, the attorney general loses the authority to file a civil action for the recovery of funds misappropriated, diverted, missing, or unlawfully gained and shall return to the inspector general all documents and files initially provided by the inspector general.

(c) If the inspector general has found evidence described in subsection (a) and reported to the attorney general under subsection (b) and:

(1) the attorney general has elected under subsection (b)(2) not to file a civil action for the recovery of funds misappropriated, diverted, missing, or unlawfully gained; or

(2) under subsection (b)(3) more than three hundred sixty-five (365) days have passed since the inspector general certified the report to the attorney general under subsection (b) and the attorney general has not filed a civil action;

the inspector general may file a civil action for the recovery of funds misappropriated, diverted, missing, or unlawfully gained.

(d) If the inspector general has found evidence described in subsection (a), the inspector general may institute forfeiture proceedings under IC 34-24-2 in a court having jurisdiction in a county where property derived from or realized through the misappropriation, diversion, disappearance, or unlawful gain of state funds may be located, unless a prosecuting attorney has already instituted forfeiture proceedings against that property.

(e) The inspector general may directly institute civil proceedings against a person who has failed to pay civil penalties imposed by the ethics commission under IC 4-2-6-12.

As added by P.L.222-2005, SEC.14. Amended by P.L.126-2012, SEC.5; P.L.136-2012, SEC.1.

IC 4-2-7-7

Crimes; inspector general's duty to report to prosecuting attorney; governor's recommendation; appointment of special prosecutor by court of appeals judge; selection; powers and limitations; indictment

Sec. 7. (a) If the inspector general discovers evidence of criminal activity, the inspector general shall certify to the appropriate prosecuting attorney the following information:

- (1) The identity of any person who may be involved in the criminal activity.
- (2) The criminal statute that the inspector general believes has been violated.

In addition, the inspector general shall provide the prosecuting attorney with any relevant documents, transcripts, or written statements. If the prosecuting attorney decides to prosecute the crime described in the information certified to the prosecuting attorney, or any other related crimes, the inspector general shall cooperate with the prosecuting attorney in the investigation and prosecution of the case. Upon request of the prosecuting attorney, the inspector general may participate on behalf of the state in any resulting criminal trial.

(b) If:

- (1) the prosecuting attorney to whom the inspector general issues a certification under subsection (a):
 - (A) is disqualified from investigating or bringing a criminal prosecution in the matter addressed in the certification;
 - (B) does not file an information or seek an indictment not later than one hundred eighty (180) days after the date on which the inspector general certified the information to the prosecuting attorney; or
 - (C) refers the case back to the inspector general; and
- (2) the inspector general finds that there may be probable cause to believe that a person identified in a certification under subsection (a)(1) has violated a criminal statute identified in a certification under subsection (a)(2);

the inspector general may request that the governor recommend the inspector general be appointed as a special prosecuting attorney under subsection (h) so that the inspector general may prosecute the matter addressed in the certification.

(c) The governor may recommend the inspector general be appointed as a special prosecuting attorney if:

- (1) one (1) of the conditions set forth in subsection (b)(1) relating to the prosecuting attorney is met; and
- (2) the governor finds that the appointment of the inspector general as a special prosecuting attorney is in the best interests of justice.

(d) If the governor has recommended the appointment of the inspector general as a special prosecuting attorney, the inspector general shall file a notice with the chief judge of the court of appeals, stating:

- (1) that the governor has recommended that the inspector

general be appointed as a special prosecutor;

(2) the name of the county in which the crime that the inspector general intends to prosecute is alleged to have been committed; and

(3) that the inspector general requests the chief judge to assign a court of appeals judge to determine whether the inspector general should be appointed as a special prosecuting attorney.

Upon receipt of the notice, the chief judge of the court of appeals shall randomly select a judge of the court of appeals to determine whether the inspector general should be appointed as a special prosecuting attorney. The chief judge shall exclude from the random selection a judge who resided in the county in which the crime is alleged to have been committed at the time the judge was appointed to the court of appeals.

(e) The inspector general shall file a verified petition for appointment as a special prosecuting attorney with the court of appeals judge assigned under subsection (d). In the verified petition, the inspector general shall set forth why the inspector general should be appointed as a special prosecutor. The inspector general may support the verified petition by including relevant documents, transcripts, or written statements in support of the inspector general's position. The inspector general shall serve a copy of the verified petition, along with any supporting evidence, on the prosecuting attorney to whom the case was originally certified under subsection (a).

(f) The prosecuting attorney shall file a verified petition in support of or opposition to the inspector general's verified petition for appointment as a special prosecuting attorney not later than fifteen (15) days after receipt of the inspector general's verified petition for appointment as a special prosecuting attorney.

(g) Upon a showing of particularized need, the court of appeals judge may order the verified petitions filed by the inspector general and the prosecuting attorney to be confidential.

(h) After considering the verified petitions, the court of appeals judge may appoint the inspector general or a prosecuting attorney, other than the prosecuting attorney to whom the case was certified under this section, as a special prosecuting attorney if the judge finds that:

(1) one (1) of the conditions set forth in subsection (b)(1) is met; and

(2) appointment of a special prosecuting attorney is in the best interests of justice.

In making its determination under this subsection, the court of appeals judge shall consider only the arguments and evidence contained in the verified petitions.

(i) Except as provided in subsection (k), a special prosecuting attorney appointed under this section has the same powers as the prosecuting attorney of the county. However, the court of appeals judge shall:

(1) limit the scope of the special prosecuting attorney's duties as

a special prosecuting attorney to include only the investigation or prosecution of a particular case or particular grand jury investigation, including any matter that reasonably results from the investigation, prosecution, or grand jury investigation; and (2) establish for a time certain the length of the special prosecuting attorney's term.

If the special prosecuting attorney's investigation or prosecution acquires a broader scope or requires additional time to complete, the court of appeals judge may at any time increase the scope of the special prosecuting attorney's duties or establish a longer term for the special prosecuting attorney.

(j) An inspector general or prosecuting attorney appointed to serve as a special prosecuting attorney may appoint one (1) or more deputies who are licensed to practice law in Indiana to serve as a special deputy prosecuting attorney. A special deputy prosecuting attorney is subject to the same statutory restrictions and other restrictions imposed on the special prosecuting attorney by the court of appeals, but otherwise has the same powers as a deputy prosecuting attorney.

(k) An inspector general or prosecuting attorney appointed to serve as a special prosecuting attorney under this section may bring a criminal charge only after obtaining an indictment from a grand jury. An inspector general or prosecuting attorney appointed under this section to serve as a special prosecuting attorney may not bring a criminal charge by filing an information.

(l) The inspector general or a deputy inspector general who is licensed to practice law in Indiana may serve as a special deputy prosecuting attorney under IC 33-39-2-6.

(m) If the court of appeals appoints a prosecuting attorney to serve as a special prosecuting attorney under this section, the inspector general shall reimburse the prosecuting attorney for the reasonable expenses of investigating and prosecuting the case.

As added by P.L.222-2005, SEC.14.

IC 4-2-7-8

Confidentiality of informant; exceptions; records and disclosure; penalties

Sec. 8. (a) The identity of any individual who discloses in good faith to the inspector general information alleging a violation of a state or federal statute, rule, regulation, or ordinance is confidential and may not be disclosed to anyone other than the governor, the staff of the office of the inspector general, or an authority to whom the investigation is subsequently referred or certified, unless:

- (1) the inspector general makes a written determination that it is in the public interest to disclose the individual's identity; or
- (2) the individual consents in writing to disclosure of the individual's identity.

(b) The investigative records of the inspector general may be kept confidential in whole or in part.

(c) This subsection does not apply to a person who is a party to an

action brought by the inspector general. Information received by the inspector general is not required to be produced in the course of discovery unless ordered by a court after a showing of:

- (1) particularized need; and
- (2) proof that the information requested cannot be obtained from any other source.

(d) Except as provided in subsection (e), a person who knowingly or intentionally discloses:

- (1) confidential information or records; or
- (2) the identity of a person whose identity is confidential under subsection (a);

commits unlawful disclosure of confidential information, a Class A misdemeanor.

(e) A person may disclose confidential information or records or the identity of a person whose identity is confidential under subsection (a) if the governor authorizes the disclosure of this information in the public interest.

As added by P.L.222-2005, SEC.14.