



INVESTIGATIVE REPORT

Lori Torres, Inspector General

OFFICE: INDIANA BUREAU OF MOTOR VEHICLES (BMV)
TITLE: CONTRACTOR THEFT
CASE ID: 2018-06-0164
DATE: October 20, 2020

Inspector General Staff Attorney Kelly Elliott, after an investigation by Inspector General Director of Investigations, Mark Mitchell, 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. Ind. Code §4-2-7-2(b). The OIG investigates criminal activity and ethics violations by state workers. Ind. Code §4-2-7-3. The OIG is also authorized to assist other law enforcement efforts and coordinate investigations. 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 the state government. Ind. Code §4-2-7-3(2).

In June 2018, the OIG received a complaint alleging that a contractor (Contractor) with the Indiana Bureau of Motor Vehicles (BMV) engaged in theft. Specifically, the complaint alleged that Contractor submitted fraudulent invoices to BMV for reimbursement.

OIG Director of Investigations Mark Mitchell investigated the matter. Through the course of his investigation, he interviewed Contractor and other BMV employees. He also reviewed documentation received from BMV and Contractor, including contracts, invoices, course data and emails.

Contractor entered a contract with BMV to provide training courses through a BMV program (Program). Per the terms of the contract, BMV reimbursed Contractor for each participant that substantially completed an authorized training course. The contract required Contractor to provide BMV records for the training courses taught, including the license/identification number of each training course participant.

Director Mitchell interviewed various BMV employees working with the Program. He learned that in or around June 2018, BMV completed an audit of Contractor's invoices for the second quarter of 2018.¹ BMV compared the invoices with the training course records Contractor submitted to BMV. BMV could not verify the validity of all the invoices that BMV staff reviewed and did not reimburse Contractor for such invoices. BMV terminated its contract with Contractor after the audit. BMV also revoked Contractor's approval to contract with the agency and prohibited Contractor from providing future training in relation to the Program.

Director Mitchell learned that Contractor had failed to provide BMV with the required records for courses Contractor taught in previous years as well. As such, BMV lacked the necessary records from Contractor to audit all previously submitted invoices. Director Mitchell subpoenaed and received records from Contractor for courses taught during the entire contract period, including class rosters and identifying information for course participants. The OIG referred the case to the Indiana State Board of Accounts (SBOA) and provided SBOA the records obtained from Contractor. SBOA reviewed the matter and provided their confidential findings to BMV. Director Mitchell reviewed SBOA's findings as a part of his investigation.²

¹ At the time of BMV's audit, BMV had not yet reimbursed Contractor for invoices submitted for the second quarter of 2018.

² The OIG will not address SBOA's findings in this public report based on their confidentiality. *See* Ind. Code §§ 5-11-5-1, 25-2.1-14-1.

The OIG reviewed the results of this investigation with the appropriate elected prosecutor who declined to prosecute the matter because there was insufficient evidence to move forward on any criminal charges against Contractor.

Director Mitchell did not find evidence to suggest that a state employee or Contractor violated the Code of Ethics. The OIG's investigation found that BMV's failure to adequately monitor Contractor's contract may have led to overpayments to Contractor for previous years of the contract; however, BMV eventually identified the issues and took remedial steps. BMV has implemented new policies and procedures to address such matters in the future. Specifically, the Program now requires contractors to submit customer information electronically and will verify information against any invoices the vendor submits for reimbursement. BMV will make payments on an invoice only if the invoice and customer information match.

For these reasons, the OIG is closing this case for insufficient cause.

Dated: October 20, 2020

APPROVED BY:

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

Lori A. Torres, Inspector General