



Office of the Washington State Auditor
Pat McCarthy

Whistleblower Investigation Report

Administrative Office of the Courts

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**Office of the Washington State Auditor
Pat McCarthy**

December 19, 2024

Chief Justice Steven Gonzalez
Administrative Office of the Courts

Report on Whistleblower Investigation

Attached is the official report on Whistleblower Case No. 24001 at the Administrative Office of the Courts.

The State Auditor's Office received an assertion of improper governmental activity at the Agency. This assertion was submitted to us under the provisions of Chapter 42.40 of the Revised Code of Washington, the Whistleblower Act. We have investigated the assertion independently and objectively through interviews and by reviewing relevant documents. This report contains the results of our investigation.

If you are a member of the media and have questions about this report, please contact Director of Communications Kathleen Cooper at (564) 999-0800. Otherwise, please contact Assistant Director for State Audit and Special Investigations Jim Brownell at (564) 999-0782.

Sincerely,

Pat McCarthy, State Auditor
Olympia, WA

cc: Governor Jay Inslee
Jane VanCamp, Associate Director of Human Resources
Kate Reynolds, Executive Director, Executive Ethics Board
Erin Anderson, Special Investigations Program Manager

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WHISTLEBLOWER INVESTIGATION REPORT

Assertion(s) and Results

Our office received a whistleblower complaint asserting numerous contract and procurement issues at the Office of the Administrator for the Courts (AOC). The complaint included examples such as not following sole source contracting requirements, paying on expired contracts, and making advanced payments to vendors. The complaint further asserts that the Director of the Management Services Division (subject) was aware of the contracting issues but was still instructing staff to pay on expired contracts, and to not comply with state law and required state policies.

We found no reasonable cause to believe an improper governmental action occurred.

Background

The Washington State Legislature established the AOC in 1957, which operates under the direction and supervision of the Chief Justice of the Supreme Court, pursuant to RCW 2.56. AOC executes the Washington judicial system administrative policies and rules, examines the operations of the court system, and makes recommendations for improvement. AOC is organized into four functional areas: the Administrative Services Division, the Information Services Division, the Court Services Division and the Management Services Division.

State law (RCW 39.26) establishes overall requirements for how state agencies procure goods and services. The Department of Enterprise Services (DES) is the state's procurement authority and maintains the Washington State Procurement Manual. AOC also has its own established policies over its procurement processes.

About the Investigation

To determine whether an improper governmental action occurred, we judgmentally selected and examined seven AOC contracts from fiscal year 2023 that were either newly executed, amended or existing contracts that AOC had paid on. As part of our analysis, we assessed whether AOC complied with its own internal policies on procurement, as well as state procurement law (RCW 39.26) and required DES policies.

Based on our analysis, we found no reasonable cause to believe the subject grossly mismanaged his responsibilities by not following state contracting law and required state policies.

During our review, we identified minor internal control deficiencies to bring to the attention of management. Specifically, we identified one contract in which AOC continued to pay the vendor after the contract expired. Management has since established a new contract with the vendor. We also found one instance in which there was no documentation to show a contract manager attended required training.

Recommendation

We recommend AOC strengthen its internal controls over contract monitoring to ensure it does not pay on expired contracts and retain documentation demonstrating contract managers attended required training.

State Auditor's Office Concluding Remarks

We thank Agency officials and personnel for their assistance and cooperation during the investigation.

WHISTLEBLOWER INVESTIGATION CRITERIA

We came to our determination in this investigation by evaluating the facts against the criteria below:

RCW 39.26.010 Definitions, states in part:

“Agency” means any state office or activity of the executive and judicial branches of state government, including state agencies, departments, offices, divisions, boards, commissions, institutions of higher education as defined in RCW 28B.10.016 and other types of institutions.

RCW 39.26.140- Sole Source Contracts

(1) Agencies must submit sole source contracts to the department and make the contracts available for public inspection not less than ten working days before the proposed starting date of the contract. Agencies must provide documented justification for sole source contracts to the department when the contract is submitted and must include evidence that the agency posted the contract opportunity at a minimum on the state's enterprise vendor registration and bid notification system.

(2) The department must approve sole source contracts before any such contract becomes binding and before any services may be performed or goods provided under the contract. These requirements shall also apply to all sole source contracts except as otherwise exempted by the director.

(3) The director may provide an agency an exemption from the requirements of this section for a contract or contracts. Requests for exemptions must be submitted to the director in writing.

RCW 42.40.020(4) – State employee whistleblower protection, states in part:

(4) "Gross mismanagement" means the exercise of management responsibilities in a manner grossly deviating from the standard of care or competence that a reasonable person would observe in the same situation.

Department of Enterprise Services Policy No. POL-DES-140-00

Department of Enterprise Services Procedure No. PRO-DES-080-02

Department of Enterprise Services Procedure No. PRO-DES-140-00A