



Office of the Washington State Auditor
Pat McCarthy

Whistleblower Investigation Report

Office of Minority and Women's Business Enterprises

Published October 23, 2025

Report No. 1038321



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

October 23, 2025

Shane Esquibel
Chief of Staff, Office of the Governor

Report on Whistleblower Investigation

Attached is the official report on Whistleblower Case No. 25-004 at the Office of Minority and Women's Business Enterprises.

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 Assistant Director of Communications Adam Wilson at (564) 999-0799. 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 Bob Ferguson
Tammy Firkins, Performance Audit Liaison, Governor's Office
Tenille Johnson, Interim Deputy Director
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 that the former Executive Assistant (Subject 1) did not submit leave for time she did not work. The complaint also asserted that the Director (Subject 2) was aware that the former Executive Assistant did not submit leave as required, and authorized Department of Enterprise Systems (DES) Financial Services to pay the former Executive Assistant for time she did not work.

We were unable to determine whether an improper governmental action occurred.

Background

The Legislature established the Office of Minority and Women's Business Enterprises in 1983. The mission of the Office is to create and implement programs that provide maximum opportunity for participation of minority- and women-owned businesses in public contracting. The agency has 45 full-time equivalent employees, and its current operating budget is about \$15 million per biennium.

Subject 1 was the Executive Assistant to the Director. Subject 2 was Subject 1's direct supervisor and currently serves as the Office's Director.

The office uses the DES' small agency support, which offers financial and human resources services to smaller state agencies.

About the Investigation

In October 2024, we received a whistleblower complaint asserting that the Executive Assistant (Subject 1) did not submit leave for time she did not work. The complaint also asserted the Director (Subject 2) grossly mismanaged her responsibilities by extending a special privilege to Subject 1 when she authorized DES to pay Subject 1 for time she did not work.

Issue 1

Our Office has the authority to review information dating back one year from when the whistleblower's complaint is made. To determine whether Subject 1 did not submit leave for time she did not work, we requested the following documentation for the period of October 2023 to October 2024:

- Position description (both subjects)
- Time and leave summaries
- Outlook emails (both subjects)
- Payment history (Subject 1)

We confirmed Subject 1 resigned in October 2023 and was never required to fill out a timesheet, therefore we were unable to complete an analysis of Subject 1's reported time and attendance. We also confirmed Subject 1 did not submit any leave for her last month of employment (October 2023).

We reviewed Subject 1's emails and noted she submitted her resignation by email on October 16, 2023. We could not locate any other email communications from Subject 1 regarding her working hours during the month she resigned.

When reviewing Subject 2's emails, we located an email between Subject 2 and DES dated November 2, 2023, in which DES questioned if Subject 1's leave was accurate before processing employee separation and leave cash-out. Subject 2 responded and said the period of leave taken by Subject 1 was purely exchange time and her leave balances were accurate.

Subject 1's position description described her as an overtime exempt employee who was authorized to accrue and use flex time, otherwise known as exchange time.

We interviewed the DES Human Resource Relations Manager, who said DES had no knowledge of how Subject 1 accrued or used her exchange time. He said the Office tracks this information, and only Subject 1 and Subject 2 would know the details of such an agreement.

In an interview with Subject 2, she said no agency protocol outlined how exchange time should be documented. She expected Subject 1 to track her time independently and report to Subject 2 when she planned to use it. Subject 2 said she recalled approving 40 hours of exchange time for Subject 1 before her resignation.

We attempted to contact Subject 1 during the investigation, but she did not respond to multiple requests for an interview.

Based on the lack of documentation for hours worked and exchange time Subject 1 used, we were unable to determine if an improper governmental action occurred.

Issue 2

To determine whether Subject 2 grossly mismanaged her responsibilities by extending a special privilege to her Executive Assistant for time she did not work, we reviewed Subject 1's payment history for October 2023 and verified Subject 1 received full pay and leave buyouts after her resignation. As mentioned above, we could not determine if Subject 1 used state resources for private gain by not submitting leave for time not worked, as we were unable to confirm the hours she worked.

Therefore, we could not determine if Subject 2 grossly mismanaged her responsibilities by extending a special privilege to her Executive Assistant and authorizing payment for time not worked.

Recommendation

We recommend the agency strengthen its internal controls by establishing written policies and procedures regarding the use and tracking of flex and exchange time.

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:

Criteria:

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.

RCW 42.52.070(1) – Special Privileges and exemptions – Application of section to legislature, states in part:

(1) Except as required to perform duties within the scope of employment, no state officer or state employee may use his or her position to secure special privileges or exemptions for himself or herself, or his or her spouse, child, parents or other persons.

RCW 42.52.160 Use of persons, money, or property for private gain - (1) No state officer or state employee may employ or use any person, money, or property under the officer's or employee's official control or direction, or in his or her official custody, for the private benefit or gain of the officer, employee, or another.

WAC 292-110-010(1) and (3) – Use of state resources - (1) Statement of principles. All state employees and officers are responsible for the proper use of state resources, including funds, facilities, tools, property, and their time. This section does not restrict the use of state resources as described in subsections (2) and (3) of this section.