



Office of the Washington State Auditor
Pat McCarthy

Whistleblower Investigation Report

Department of Social and Health Services

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January 20, 2026

Cheryl Strange, Secretary
Department of Social and Health Services

Report on Whistleblower Investigation

Attached is the official report on Whistleblower Case No. 25-009 at the Department of Social and Health Services.

The State Auditor's Office received an assertion of improper governmental activity at the Department. 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
Richard Meyer, External Audit Compliance Manager
Kate Reynolds, Executive Director, Executive Ethics Board
Erin Hoepfer, Special Investigations Program Manager

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WHISTLEBLOWER INVESTIGATION REPORT

Assertion(s) and Results

Our Office received a whistleblower complaint asserting a Fiscal Analyst 5 (Subject) at Rainier School located in Buckley, used state resources for personal gain to support her “personally owned nonprofit.” Specific whistleblower assertions included using employee work time and employer resources – such as printing, laminating and copy making – to promote the nonprofit and solicit donations from Department of Social and Health Services employees.

The complaint further asserted the Subject was soliciting donations from other employees at Rainier School and was using employees of the Department, including Rainier School’s maintenance staff, to support her purported nonprofit’s programs and events.

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

Background

Rainier School, managed by the Department of Social and Health Services, is a habilitation center for people with intellectual and developmental disabilities located in Buckley. Rainier School provides 24-hour residential care and teaching, and its services are designed to enhance clients’ determination and independence. The Subject works as a Fiscal Analyst 5 within the Finance Department.

The Subject is also one of the governors for a nonprofit organization registered with the Secretary of State. The nonprofit’s purpose is to run the Buckley Annual Tree Lighting, and to provide support to local established charities in the community.

Rainier School receives some funding from the Stella Osborne Fund. The fund is a one-time donation from the estate of Stella Osborne, made in November 1998. Rainier School’s superintendent is the trustee for the account, which is at the Superintendent’s spending discretion for the comfort and entertainment of Rainier School’s staff and clients.

About the Investigation

We received a whistleblower complaint asserting the Subject was using state resources for private gain by operating a “personally owned nonprofit” during their scheduled work hours at the Department.

To determine whether an improper governmental action occurred, we obtained the following documentation from the Department for the period of January 2024 to January 2025:

- Position description
- Direct supervisor's contact information
- Documentation for the Stella Osborne Fund
- Purchase order to the nonprofit which the Subject purportedly owned
- Applicable policies
- Ingoing/outgoing emails
- Listing of all the Rainier School’s maintenance employees

We reviewed the nonprofit information on the Secretary of State’s website and noted the Subject does not personally own the nonprofits. The subject, along with three other Rainier School employees and one community member, are on the Board. The Board meets monthly at an off-site location. The nonprofit hosts two events annually, the Buckley Christmas tree lighting and the annual Christmas tree auction. The auction is its sole fundraising event.

During our review of the Subject’s departmental emails, we searched for matters relating to the nonprofit, the annual tree lighting and the annual Christmas tree auction. We identified 26 emails relating to these matters that the Subject sent on 15 different working days. There were 285 working days during our investigative period; consequently, we determined these emails relating to nonprofit matters were de minimis in nature (minimal and minor).

We reviewed the Department’s purchase order to the nonprofit in question, dated November 1, 2024, for the purchase of two tables at the nonprofit’s Christmas tree auction, totaling \$600. The purchase was charged to the Stella Osborne Fund, which is not state general fund money. The purchase order was approved by the Superintendent. Based on the Stella Osborne Fund stipulations, we determined this was an appropriate use of funds.

We interviewed several witnesses as part of our investigation. We judgmentally selected three maintenance employees from Rainier School’s staff roster to interview. All three employees confirmed that they do not receive payment for attending the annual tree lighting; it is a voluntary activity that does not occur on a workday. They also all said the Subject never solicited donations from them in the workplace. Additionally, they said they have prepared wooden Christmas decorations that Rainier School clients paint during designated art-and-craft time, which are displayed as decorations at the tree lighting. These decorations remain in the Rainier School storage hall for the rest of the year. We also interviewed the Subject's supervisor, who verified the Stella Fund is not state general fund money and the purchase of the Christmas tree auction tables was allowable per the stipulated use of the account.

During our interview with the Subject, she said the School’s involvement in the tree lighting began nine years ago because the former Superintendent wanted Rainier School to be more present in the community. Rainier School worked together with Buckley Chamber of Commerce to put on the event until the Chamber of Commerce dissolved. A now-defunct nonprofit took over the Chamber of Commerce's role until the nonprofit lost its status. To continue putting on the annual tree lighting, a community member, the Subject and three other Rainier School employees formed a nonprofit in 2023, since Rainier School could not pay for this event with state funds.

Based on our analysis and interviews, we determined the Subject did not use state resources for private gain by operating a “personally owned” nonprofit during her scheduled work hours at the Department. We concluded the Subject did not own the nonprofit, and she does not perform day-to-day responsibilities associated with this nonprofit. Furthermore, we verified the Superintendent authorized the purchase at the Christmas tree auction and public funds were not misused.

State Auditor’s Office Concluding Remarks

We thank Department 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 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.