



Office of the Washington State Auditor
Pat McCarthy

Accountability Audit Report

Office of Administrative Hearings

For the period July 1, 2022 through June 30, 2025

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

May 28, 2026

RaShelle Davis, Chief Administrative Law Judge
Office of Administrative Hearings
Olympia, Washington

Report on Accountability

Thank you for the opportunity to work with you to promote accountability, integrity and openness in government. The Office of the Washington State Auditor takes seriously our role of providing state and local governments with assurance and accountability as the independent auditor of public accounts. In this way, we strive to help government work better, cost less, deliver higher value and earn greater public trust.

Independent audits provide essential accountability and transparency for Agency operations. This information is valuable to management, the governing body and public stakeholders when assessing the government's stewardship of public resources.

Attached is our independent audit report on the Agency's compliance with applicable requirements and safeguarding of public resources for the areas we examined. We appreciate the opportunity to work with your staff and value your cooperation during the audit.

Sincerely,

Pat McCarthy, State Auditor
Olympia, WA

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AUDIT RESULTS

Results in brief

This report describes the overall results and conclusions for the areas we examined. In those selected areas, Office operations complied, in all material respects, with applicable state laws, regulations, and its own policies, and provided adequate controls over the safeguarding of public resources.

In keeping with general auditing practices, we do not examine every transaction, activity, policy, internal control, or area. As a result, no information is provided on the areas that were not examined.

About the audit

This report contains the results of our independent accountability audit of the Office of Administrative Hearings from July 1, 2022 through June 30, 2025.

Management is responsible for ensuring compliance and adequate safeguarding of public resources from fraud, loss or abuse. This includes the design, implementation and maintenance of internal controls relevant to these objectives.

This audit was conducted under the authority of RCW 43.09.310, which requires the Office of the Washington State Auditor to examine the financial affairs of all state agencies. Our audit involved obtaining evidence about the Agency's use of public resources, compliance with state laws and regulations and its own policies and procedures, and internal controls over such matters. The procedures performed were based on our assessment of risks in the areas we examined.

Based on our risk assessment for the years ended June 30, 2025, 2024 and 2023, the areas examined were those representing the highest risk of fraud, loss, abuse, or noncompliance. In addition, as part of this audit we followed up on the special investigation report issued July 1, 2024, over purchase cards. We examined the following areas during this audit period:

- Use of purchase cards
- Use of travel cards
- Accounts receivables – revenue for services provided to other government agencies
- Accounts payable - vendor payments



STATE OF WASHINGTON

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

**Office of Administrative Hearings
July 1, 2022 through June 30, 2025**

This schedule presents the status of findings reported in prior audit periods.

Audit Period: 7/1/2018 – 6/30/2022	Report Ref. No.: 1035188	Finding Ref. No.: 2022-001
Finding Caption: The Office of Administrative Hearings did not have adequate internal controls over and did not comply with requirements for credit cards.		
Background: The Office did not have adequate internal controls over and did not comply with state laws and requirements for credit cards, which allowed the Management Analyst to abuse their position for personal gain.		
Status of Corrective Action: (check one) <input checked="" type="checkbox"/> Fully Corrected <input type="checkbox"/> Partially Corrected <input type="checkbox"/> Not Corrected <input type="checkbox"/> Finding is considered no longer valid		
<p><i>To address the internal control weaknesses identified by the audit, the Office hired a consulting firm to review its financial processes and make recommendations for improvement. In December 2023, the Office received the consultant’s final report and adopted all the recommendations and immediately began revising fiscal policies and procedures.</i></p> <p><i>The Office has implemented all the recommendations by the State Auditor’s Office and the independent consultant and is integrating ongoing oversight and monitoring to ensure internal controls remain effective. This includes:</i></p> <ul style="list-style-type: none"> <i>• Rigorous oversight and monitoring of the Office’s credit card activities, including independent review of the credit card charges and monthly payments reconciliation.</i> <i>• Designating several employees to have access to the credit card online account and credit card statements to ensure cross-monitoring and appropriate sharing of expenditure information.</i> <i>• Requiring sufficient documentation to support each credit card charge. Review of this documentation is required prior to approval and payment of the credit card bills.</i> <i>• Modifying the Office’s accounting system to prevent uploading and releasing payment batches by the same employee. To ensure proper segregation of duties, the employee preparing a payment must be different from the employee reviewing and approving the payment.</i> 		

RELATED REPORTS

Financial

We perform an annual audit of the statewide basic financial statements, as required by state law (RCW 43.09.310). Our opinion on these financial statements is included in the Annual Comprehensive Financial Report (ACFR). The ACFR reflects the financial activities of all funds, organizations, agencies, departments and offices that are part of the state's reporting entity. The results of that audit are published in a report issued by the Office of Financial Management in December of each year and can be found at www.ofm.wa.gov.

Federal programs

In accordance with the Single Audit Act, we annually audit major federal programs administered by the state of Washington. Rather than perform a single audit of each agency, we audit the state as a whole. The results of that audit are published in a report issued by the Office of Financial Management and our Office each year.

INFORMATION ABOUT THE AGENCY

The Office of Administrative Hearings (OAH) is an independent state agency made up of 120 administrative law judges who conduct impartial administrative hearings for Washington's citizens and governmental agencies.

In 1981, the Legislature created OAH to address two fundamental concerns in the state's administrative hearing process: 1) To improve the appearance of fairness issues caused by the adjudicator's employment by the agency responsible for the substantive decision in the dispute; and 2) To recognize the increasing complexity of agency procedural rules governing the hearing process.

The result was passage of RCW Chapter 34.12, creating the Office of Administrative Hearings as an independent agency under the direction of a chief administrative law judge. OAH has three field offices in Olympia, Tacoma and Spokane Valley. In state fiscal year 2024, OAH employed 128 administrative law judges who closed more than 68,000 cases for other state agencies. The majority of OAH cases are related to unemployment insurance for the Employment Security Department or public assistance and child support cases for the Department of Social and Health Services. In addition, OAH also reviews cases related to the Superintendent of Public Instruction and the Health Care Authority. OAH provides due process to the citizens of Washington by providing a prompt and fair opportunity to be heard on disputed matters before state and local agencies. OAH strives to provide access to justice and to eliminate barriers to participation in administrative hearings.

Contact information related to this report

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Information current as of report publish date.

Audit history

You can find current and past audit reports for the Office of Administrative Hearings at <https://portal.sao.wa.gov//ReportSearch>.

ABOUT THE STATE AUDITOR'S OFFICE

The State Auditor's Office is established in the Washington State Constitution and is part of the executive branch of state government. The State Auditor is elected by the people of Washington and serves four-year terms.

We work with state agencies, local governments and the public to achieve our vision of increasing trust in government by helping governments work better and deliver higher value.

In fulfilling our mission to provide citizens with independent and transparent examinations of how state and local governments use public funds, we hold ourselves to those same standards by continually improving our audit quality and operational efficiency, and by developing highly engaged and committed employees.

As an agency, the State Auditor's Office has the independence necessary to objectively perform audits, attestation engagements and investigations. Our work is designed to comply with professional standards as well as to satisfy the requirements of federal, state and local laws. The Office also has an extensive quality control program and undergoes regular external peer review to ensure our work meets the highest possible standards of accuracy, objectivity and clarity.

Our audits look at financial information and compliance with federal, state and local laws for all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits and cybersecurity audits of state agencies and local governments, as well as state whistleblower, fraud and citizen hotline investigations.

The results of our work are available to everyone through the more than 2,000 reports we publish each year on our website, www.sao.wa.gov. Additionally, we share regular news and other information via an email subscription service and social media channels.

We take our role as partners in accountability seriously. The Office provides training and technical assistance to governments both directly and through partnerships with other governmental support organizations.

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