

State of Washington
JOINT LEGISLATIVE AUDIT AND REVIEW COMMITTEE
JLARC

STATUS REPORT

Implementation of State Auditor I-900 Recommendations to the Legislature

As required by Initiative 900

July 2019



Table of Contents

Implementation Status of the SAO Recommendations to the Legislature	1
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APPENDIX

Detail on Specific SAO Recommendations to the Legislature	4
Newly Issued 2018 Recommendations	5
Charter School Accountability and Opportunities for Collaboration	5
Aligning Healthcare Professional Fees with Licensing Costs.....	6
Evaluating School Responses to Notification of Student Criminal Offenses	8
Ensuring Notification to Schools and School Districts of Student Criminal Offenses.....	10
Previously Unresolved 2017 Recommendations	12
Leading Practices for the State’s Secondary Career & Technical Training.....	12
Correctional Industries.....	15
Previously Unresolved 2017 Recommendations	16
Medical Discipline.....	16
Administrative Appeals.....	17

Initiative 900 requires State Auditor’s Office (SAO) to conduct performance audits

In November 2005, the people of the State of Washington approved Initiative 900 (I-900). The initiative directs the State Auditor’s Office (SAO) to conduct performance audits of state and local government agencies.

Recent SAO audits included seven recommendations to the Legislature

The State Auditor released ten new performance audit reports in 2018. Four of these reports included recommendations to the Legislature. The Joint Legislative Audit and Review Committee (JLARC) held a public hearing for each audit.

2018 SAO audit title	SAO Recommendations to the Legislature
Aligning Healthcare Professional Fees with Licensing Costs	3
Charter School Accountability and Opportunities for Collaboration	1
Ensuring Notification to Schools and Districts of Student Criminal Offenses	1
Evaluating School Responses to Notifications of Student Criminal Offenses	2
Continuing Opportunities to Improve State Information Technology Security - 2017	0
Alternative Learning Experience (ALE) in Washington – Student Characteristics and Innovative Approaches	0
Alternative Learning Experience (ALE) In Washington – Summary of Legislatively Mandated Financial Audits	0
IT Interface Controls	0
Improving Cannabis Risk Management Tools Using Business Transaction Data	0
Embedded Commercial Recycling in WA Cities	0

Initiative 900 also requires JLARC report on status of SAO’s recommendations to the Legislature

By July 1 of each year, JLARC must report the status of SAO’s recommendations to the Legislature. JLARC does not report on SAO’s recommendations to state or local governments.

JLARC reviews the status of SAO’s recommendations after each legislative session. The review includes:

- New recommendations (i.e., those made in the calendar year before the legislative session).
- Unresolved recommendations from the previous four years (i.e., a recommendation for which the Legislature has not taken action).

Initiative 900 also states, “justification must be provided for recommendations not implemented.” Since no individual or entity can singularly speak to the reason for legislative action or inaction, JLARC’s auditors could not identify sufficient and appropriate evidence to make definitive conclusions about why recommendations have not been implemented to date. In

some cases, the information included in the “comment” sections of this report provides context for the Legislature’s actions.

This report demonstrates JLARC’s compliance with the requirement to report SAO recommendation status for 2019.

2019 status of the SAO recommendations to the Legislature

This report includes the status of 13 recommendations following the 2019 legislative session. Definitions for each recommendation status are below.

SAO Recommendations to the Legislature	Total	Implemented		Not Implemented		Other
		<i>Adopted as presented</i>	<i>Addressed with different approach</i>	<i>Bills introduced but not adopted</i>	<i>Related or no information</i>	
New in 2018	7	1	1	3	2	0
Unresolved from 2015, 2016, or 2017	6	0	2	1	3	0
	13	1	3	4	5	0

Recommendation status definitions

Implemented

- **Adopted as Presented:** Legislation passed to implement the recommendation in the manner it was presented in the audit.
- **Addressed with Different Approach:** Legislation passed in which the Legislature addressed the recommendation with a different approach than what was presented in the audit. This includes recommendations that are partially implemented.

Not Implemented

- **Bills Introduced on Topic but Not Adopted:** Situation where legislation was introduced related to the recommendation, but did not pass.
- **Related or No Information:** "Related information" refers to a situation where no legislation related to the recommendation was introduced, but other legislative discussion occurred, such as a work session on the topic. "No information" means there was no evidence of bills, work sessions, or any other formal legislative activity related to the recommendation.

Other

- **Legislature Made Different Policy Choice:** Legislation passed where the Legislature made a policy choice different from the recommendation.
- **Other Circumstances:** Situation where other relevant circumstances affect the applicability of the recommendation. This includes instances where actions external to the Legislature changed the situation related to the recommendation (e.g., change to federal law, administrative rule, or executive branch program changes).

APPENDIX

RECOMMENDATION STATUS DETAILS

How to read these reports

SAO audit title

Release date

Details from SAO's audit

JLARC staff status review

JLARC staff summary of legislative action

New or unresolved indicator [2017 Recommendations

Correctional Industries: Planning, pricing and market share

Released 5/4/2017

About the Audit

In Washington, about one third of all inmates released will reoffend or violate conditions of their release within 5 years and return to the correctional system. The Correctional Industries program offers inmates a chance to gain skills that make it more likely they will find jobs later. This performance audit analyzed the practices of the CI program and found that applying leading practices would help CI more effectively plan for and manage successful industries, and set competitive prices that achieve sufficient profit for reinvestment.

SAO Recommendation to the Legislature

The Legislature should clarify RCW 72.09 to explain how CI should measure compliance with unfair competition restrictions for its Class 2 industries.

Implementation Status: Bill introduced but not adopted

2019 Related Legislation

Bill Number	Bill Introduced	Out of Fiscal Committee	Out of House of Origin	Passed Legislature	Signed By Governor
SSB 5838	✓				

Comments

SSB 5838 would have reformed the CI Advisory Committee to a decision making committee with the authority to set the unfair competition rate every two years and to consider a variety of factors when making the decision including gross business income and the number of business reporting income for each CI industry.

Charter School Accountability and Opportunities for Collaboration

Released 11/26/2018

About the Audit

This performance audit examines whether charter schools have the foundations in place to help ensure they are accountable to the public as well as the extent that charter schools and traditional schools work together. The audit found mixed results. The report makes recommendations to the Legislature, charter school authorizers, and charter schools.

SAO Recommendation to the Legislature

To address the organizational risk imposed on the Charter School Commission and charter school authorizers, we recommend the Legislature consider amending language in RCW 28A.710.050 (3) to require approval of admissions policies and weighted enrollment preferences by the charter school's authorizer.

Implementation Status: Related or no information

2019 Related Legislation

Comments

No legislative action was taken related to this recommendation.

Aligning Healthcare Professional Fees with Licensing Costs

Released 11/26/2018

About the Audit

This performance audit investigates if the Department of Health aligns the fees it charges to healthcare professions with the costs of licensing. The audit found the majority of the professions' costs were appropriate, although some healthcare professions were charged for some services that did not clearly benefit them. The report makes recommendations to the Legislature and the Department of Health.

SAO Recommendation to the Legislature

To address the issues with professions' reserves being used to pay for other professions' costs, we recommend the Legislature consider:

Appropriating at the profession level instead of the account level to prevent one profession from spending another's reserves.

Implementation Status: Related or no information

2019 Related Legislation

Comments

No legislative action was taken related to this recommendation.

SAO Recommendation to the Legislature

To address the issues with professions' reserves being used to pay for other professions' costs, we recommend the Legislature consider:

Finding alternative funding for professions that do not fully cover costs, but would see a critical loss of needed healthcare professionals if fees were increased.

Implementation Status: Addressed with different approach

2019 Related Legislation

Comments

The Legislature provided funding for one profession in the operating budget, rather than all professions.

SAO Recommendation to the Legislature

To address the issues with professions' reserves being used for costs that do not benefit them, we recommend the Legislature consider finding alternative funding for the ongoing maintenance costs of the medical marijuana authorization database, such as the Dedicated Marijuana Account, so that healthcare professions do not pay for costs that do not benefit them.

Implementation Status: Adopted as presented

2019 Related Legislation

Comments

SHB 1415 provides that the Health Professions Account may no longer be used to provide funding for the administration of the Medical Marijuana Authorization Database. In addition, the Conference budget provides \$1.6 million from the Dedicated Marijuana Account in 2019-21 for the administration of the database.

Evaluating School Responses to Notifications of Student Criminal Offenses

Released 11/5/2018

About the Audit

This is the second audit reviewing notifications to schools and districts of student criminal offenses. This performance audit investigates what happens to notifications after principals and district official receive them. The audit found that districts can improve and clarify their policies to provide more robust guidance to principals. The report makes recommendations to the Legislature, Washington State School Directors' Association, OSPI, and school districts.

SAO Recommendation to the Legislature

We recommend the Legislature:

Address the apparent conflict between RCW 9A.44.138, RCW 13.04.155 and RCW 28A.225.330(6) regarding notification for Level I sex offenders by amending one or more of the statutes. In addition, revise RCW 28A.320.128 as needed to align with the other statutes.

Implementation Status: Bill introduced but not adopted

2019 Related Legislation

Bill Number	Bill Introduced	Out of Fiscal Committee	Out of House of Origin	Passed Legislature	Signed By Governor
HB 1191	✓				
SB 5554	✓				

Comments

HB 1191 and SB 5554 addressed parts of the recommendation including:

- revising RCW 28A.320.
- clarifying the notification processes in RCW 28A.225.330, RCW 9A.44.138, RCW 13.04.155, RCW 13.04.215, and RCW 72.09.730.

SAO Recommendation to the Legislature

We recommend the Legislature:

Direct the work group to address the following issues:

- Establish clear instructions that courts, state agencies and sheriffs must include with each notification, to inform principals of their statutory requirements to provide information to teachers and subsequent schools. This addresses the needs of new principals and principals who rarely receive notifications for consistent guidance .
- Determine the best way to include information about student criminal offenses received from courts or law enforcement agencies in the state's record retention schedules. This addresses the need for consistent guidance for records specialists.

- c) Consider limiting the transfer of information between schools to active diversion agreements, adjudications and convictions, to limit the number of notifications that must be communicated to teachers and subsequent schools. Once a student has completed the terms of a diversion agreement, principals would not need to notify subsequent schools.
- d) Establish mechanisms to inform principals when students have successfully completed diversion agreements.
- e) Consider limiting required notification to all of a student's teachers to only those offenses the work group determines are relevant to teachers' ability to maintain a safe and supportive learning environment, to limit the number of notifications that must be communicated to teachers.

Implementation Status: Bill introduced but not adopted

2019 Related Legislation

Bill Number	Bill Introduced	Out of Fiscal Committee	Out of House of Origin	Passed Legislature	Signed By Governor
HB 1191	✓				
SB 5554	✓				

Comments

HB 1191 and SB 5554 addressed part of the recommendation with a different approach than the recommendation by specifying when a principal must notify staff (sex offenses) and when the principal has discretion (violent offenses).

Ensuring Notification to Schools and Districts of Student Criminal Offenses

Released 5/7/2018

About the Audit

This performance audit investigates the notification process to schools and districts regarding students who have committed crimes. Information about these students comes from several places, including courts, law enforcement, and state agencies. The audit identified areas of improvement in communication between the government entities and the schools and school districts. The report makes recommendations to the Legislature, OSPI, the Administrative Office of the Courts, Corrections, Juvenile Rehabilitation, and education associations.

SAO Recommendation to the Legislature

We recommend the Legislature formalize the work group of stakeholders that began meeting during the audit, to provide stakeholders time to resolve the remaining issues identified in the audit – which transcend any one entity – and come to agreement on proposed statutory changes.

Issues to be addressed by the work group should include:

- Establish a process to ensure courts, Corrections, Juvenile Rehabilitation and sheriff s have access to accurate district, school and enrollment information as necessary.
- Assign a single point of contact at each school district to receive all notifications, along with back-ups in case the primary contact is absent.
- Assemble a proposal and a budget to develop and maintain an automated notification system.
- Continue to improve guidance, training and monitoring.
- Consider potential statutory changes to:
 - Limit notification requirements upon conviction, adjudication or diversion agreements to offenses that pose a public safety risk or might impact services provided to students.
 - Require courts to notify designated contacts at districts, rather than school principals.
 - Eliminate notifications for individuals that have received high school diplomas or the equivalent and individuals in partial confinement, as well as notifications to private schools when it is known the juvenile will not be attending that school.

Implementation Status: Bill introduced but not adopted

2019 Related Legislation

Bill Number	Bill Introduced	Out of Fiscal Committee	Out of House of Origin	Passed Legislature	Signed By Governor
HB 1191	✓				
SB 5554	✓				

Comments

HB 1191 and SB 5554 addressed parts of the recommendations, including:

- Limiting court notification to violent and sex offenses.
- Definitions of school administrator.
- Requirements for criminal justice entities to notify the administrator of the school (provides a single point of contact), who must notify other school employees (e.g., school principal) under certain conditions.
- Changing notification requirements for courts to notify the school administrator for persons under 21 who have not received a high school diploma.
- Changing notification requirements to schools where a student was previously enrolled or where the student has the intention to enroll following adjudication or conviction.

Leading Practices for the State's Secondary Career & Technical Education Programs

Released 12/19/2017

About the Audit

This performance audit investigates the coordination of agencies involved in career and technical education programs (CTE) and recommends clarifying statutes and improving coordination, oversight, and cooperation across Washington's career and technical education system. The audit found that CTE courses offered in Washington's public schools with the highest enrollment could more strongly align with high wage, high demand occupational areas. The report makes recommendations to the Legislature, OSPI, the Workforce Training and Education Coordinating Board, and the SBCTC.

SAO Recommendation to the Legislature

The Legislature should require the workforce board to establish a work group that is funded by the Legislature and consists of staff from the workforce board, OSPI, and the SBCTC. This work group should be responsible for establishing:

- a) A complete inventory of all active articulation agreements maintained in a centralized database which must be used by all districts and colleges.
- b) A list of all CTE programs across districts and colleges to help identify articulation opportunities.
- c) Statewide articulation agreements for those courses offering a good return on investment that incorporate common course numbering and lead to dual credit for use by all school districts and colleges.
- d) Standards identifying key elements required for all unique and statewide articulation agreements.
- e) A structured process to increase regional coordination of secondary and post secondary advisory committees to more effectively and efficiently engage employers.
- f) A method to coordinate data sharing and analysis using: employment security department data on occupation wages and growth forecasts, biennial business surveys conducted by the workforce board, labor market demand data collected by colleges and the SBCTC that drives post secondary CTE programs and courses.

Implementation Status: Addressed with different approach

2019 Related Legislation

Comments

E2SHB 2158 establishes the career connected learning and cross agency work group. This bill is not solely focused on CTEs like the recommendation; however, it has several similar themes. These include developing a work group to:

- Create a statewide system for career connected learning.

- Create and update guidance for endorsing career launch programs.
- Engage the private sector/employers.
- Create a statewide inventory of existing programs.
- Develop websites to coordinate resources managed by ESD, WSAC and workforce training board.
- Address transfer and articulation issues to ensure participants receive credit.
- Establish targets to guide state data development and action by regional partners.
- Develop a data enclave for career connected learning to measure progress.
- Develop program codes for career connected learning opportunities.

The work group is to establish and maintain an inventory of the programs of the state training system and perform a biennial assessment.

SAO Recommendation to the Legislature

The Legislature should require the work group to:

- a) Define how to prioritize the establishment of new statewide articulation agreements. These agreements should: be implemented through a deliberative process between faculty in school districts and colleges, begin with the most common CTE courses including those with curricula that can be easily tied to nationally recognized industry standards, incorporate curricula that are established in partnerships with the Centers of Excellence and businesses where applicable, require reviews at least once every 3 years to update the curricula.
- b) Develop and report performance measures to the Legislature that show: the increase in the number of CTE college paths (articulated dual credit courses multiplied by the number of colleges that accept them), cost savings achieved across the secondary and post secondary systems.

Implementation Status: Addressed with different approach

2019 Related Legislation

Comments

Sec 53-60 of E2SSB 2158 - states that SBCTC, state universities, regional universities and state college are required to hire career connected coordinators. These coordinators are to work with regional career connected learning networks and program intermediaries to expand career connected learning prep and career launch program curricula. Additionally, the work group established in this bill is to concentrate on planning, coordination, evaluations, analysis and recommending improvements to the state's training system. The work group is to establish and maintain an inventory of the programs of the state training system and perform a biennial assessment. They are to develop and maintain a state comprehensive plan for workforce training and education include determining priorities for the state training system.

SAO Recommendation to the Legislature

The Legislature should revise RCW Chapter 28A.700 to:

- a) Define the term "skills gap" as used in RCW 28A.700.010(2)(a), which requires districts to demonstrate how their CTE plans help address the skills gap. Clarifying this term would potentially affect how and the extent by which high demand occupation drives CTE programming. This new definition should apply consistently across agencies.
- b) Define the term "high wage" as used in the definition of CTE (RCW 28A.700.010(5)), which in part defines CTE as "a plan or program of courses that enable options for students to obtain high wage employment preparation." This new definition should apply consistently across agencies.
- c) Require districts to submit evidence of high local labor demand for existing CTE programs when OSPI reapproves them every 5 years.

Implementation Status: Related or no information

2018 Related Legislation

No related legislation.

2019 Related Legislation

Comments

No legislative action was taken related to this recommendation.

Correctional Industries: Planning, pricing and market share

Released 5/4/2017

About the Audit

In Washington, about one third of all inmates released will reoffend or violate conditions of their release within 5 years and return to the correctional system. The Correctional Industries program offers inmates a chance to gain skills that make it more likely they will find jobs later. This performance audit analyzed the practices of the CI program and found that applying leading practices would help CI more effectively plan for and manage successful industries, and set competitive prices that achieve sufficient profit for reinvestment.

SAO Recommendation to the Legislature

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Comments

SSB 5838 would have reformed the CI Advisory Committee to a decision making committee with the authority to set the unfair competition rate every two years and to consider a variety of factors when making the decision including gross business income and the number of business reporting income for each CI industry.

Medical Discipline

Released 11/7/2016

About the Audit

In Washington, medical doctors and physician assistants (PAs) are licensed and regulated by the Medical Quality Assurance Commission (MQAC), while osteopathic doctors and PAs are licensed and regulated by the Board of Osteopathic Medicine and Surgery (BOMS). This performance audit examined:

- The process by which MQAC and BOMS assess and investigate complaints.
- How they communicate with the people who have filed complaints, those accused of misconduct, and the general public.
- How they ensure sanctions are completed.

SAO identified areas of improvement for both boards, including three recommendations to the Legislature for statutory changes.

SAO Recommendation to the Legislature

The Legislature should modify the Uniform Disciplinary Act so all healthcare professionals must post information in a prominent location about where to file complaints.

Implementation Status: Related or no information

2017 Related Legislation

No related legislation.

2018 Related Legislation

No related legislation.

2019 Related Legislation

Comments

No legislative action was taken related to this recommendation.

Administrative Appeals

Released 5/11/2016

About the Audit

More than 100,000 administrative appeals are conducted by 28 Washington state agencies every year. Administrative appeals processes are working as intended in Washington, and the state agencies we evaluated are managing appeals effectively. However, processes differ among agencies and can be intimidating for some participants. SAO makes three recommendations that the Legislature amend parts of the Administrative Procedure Act.

SAO Recommendation to the Legislature

The Legislature should add a new section to either Part II or Part IV of Chapter RCW 34.05 regarding the role of informal guidance by clarifying:

- a) In what circumstances hearing officers may apply informal guidance in developing administrative decisions.
- b) Whether managers may require hearing officers to apply informal guidance.
- c) If hearing officers may apply informal guidance, clarify whether the hearing officers may apply written guidance, unwritten guidance, or both.

Implementation Status: Related or no information

2017 Related Legislation

No related legislation.

2018 Related Legislation

No related legislation.

2019 Related Legislation

Comments

No legislative action was taken related to this recommendation.