

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 2021





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

In November 2005, Washington’s citizens 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 two new recommendations to the Legislature

The State Auditor released eight new performance audit reports in 2020, with two recommendations to the Legislature. The Joint Legislative Audit and Review Committee (JLARC) held a public hearing for each audit.

2020 SAO performance audits
1. Common Barriers to Compliance with Student Immunization Requirements
2. Continuing Opportunities to Improve State IT Security - 2019
3. University of Washington School of Dentistry: Improving Financial Health and Accountability
4. Assessing Success of the Walla Walla Watershed Management Partnership Pilot*
5. Improving Sound Transit's Project Planning and Design to Reduce Costs
6. Child Support Payments: Increasing Past-Due Collections through Mandatory Interception of Insurance Payments*
7. Data Backup and Disaster Recovery
8. Reassessing Implementation of the Regulatory Fairness Act

\*Indicates a report that included recommendations to the Legislature

## Initiative 900 requires JLARC to report the 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 staff review 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 previous years. JLARC staff follow up on recommendations for a total of four years, unless legislative or other action is taken that resolves the issue.

Initiative 900 also states that “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 staff 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 JLARC staff summary comments provides context for the Legislature’s actions.

This report demonstrates JLARC’s compliance with the status reporting requirement for 2020.

## Implementation Status of the SAO Recommendations to the Legislature

The SAO issued two recommendations to the Legislature in 2020. The appendix includes the status of five recommendations that were unresolved coming into the 2021 legislative session. Previously resolved recommendations were addressed in status reports in prior years. Definitions of the reporting categories used in the table are below.

SAO Recommendations to the Legislature	Total	Implemented			Not Implemented		Other
		<i>Adopted as presented</i>	<i>Addressed with different approach</i>	<i>Partially Implemented</i>	<i>Bills introduced but not adopted</i>	<i>Related or no information</i>	
New in 2020	2	1		1			
Unresolved from 2017, 2018, or 2019	6	1		2	1	2	
Previously resolved from 2017, 2018, and 2019	15	6	7				2
<b>Grand total</b>	<b>23</b>	<b>8</b>	<b>7</b>	<b>3</b>	<b>1</b>	<b>2</b>	<b>2</b>

### Reporting categories used by JLARC

#### Implemented

- **Adopted as presented:** Legislation was passed to implement an SAO recommendation in the manner presented by the audit.
- **Addressed with different approach:** Legislation that passed takes a different approach to address the issue raised in the recommendation.
- **Partially implemented:** Legislation implemented some, but not all, portions of a recommendation.

#### Not Implemented

- **Bills introduced on topic but not adopted:** Bills were introduced, but not adopted, related to the recommendation topic.
- **Related or no information:** "Related information" means that no policy change was passed in legislation, but other related legislative discussion took place (e.g., work sessions). "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 was passed with a policy choice that differed from the SAO recommendation.
- **Other circumstances:** Other circumstances have taken place that may impact the applicability of the recommendation (e.g., change to federal law, administrative rule, or executive branch program).

# APPENDIX

## RECOMMENDATION STATUS DETAILS

### How to read these reports

	Recommendation year [ 2017 Recommendations		
SAO audit title [	<b>Correctional Industries: Planning, pricing and market share</b>		
Release date [	Released 5/4/2017		
Details from SAO's audit [	<p><b>About the Audit</b></p> <p>The Correctional Industries (CI) program offers inmates a chance to gain skills that make it more likely they will find jobs after release. 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.</p> <p><b>SAO Recommendation to the Legislature</b></p> <p>SAO recommends that the Legislature should clarify RCW 72.09 to explain how CI should measure compliance with unfair competition restrictions for its Class 2 industries.</p>		
JLARC staff status review [	<p><b>JLARC staff status review and summary comments</b></p> <table border="0" style="width: 100%; background-color: #e0e0e0;"> <tr> <td style="width: 20%;"><b>Implementation Status:</b></td> <td>Not Implemented (Bill introduced but not adopted) SSB 5838 was introduced in 2019 and re-introduced in 2020.</td> </tr> </table>	<b>Implementation Status:</b>	Not Implemented (Bill introduced but not adopted) SSB 5838 was introduced in 2019 and re-introduced in 2020.
<b>Implementation Status:</b>	Not Implemented (Bill introduced but not adopted) SSB 5838 was introduced in 2019 and re-introduced in 2020.		
JLARC staff summary of legislative action [	<table border="0" style="width: 100%; background-color: #e0e0e0;"> <tr> <td style="width: 20%;"><b>Comments:</b></td> <td>SSB 5838 would have reformed the CI Advisory Committee to a decision-making committee. It also would have given the committee the authority to set the unfair competition rate every two years and to consider a variety of factors when making the decision (e.g., gross business income, number of businesses reporting income for each CI industry).</td> </tr> </table>	<b>Comments:</b>	SSB 5838 would have reformed the CI Advisory Committee to a decision-making committee. It also would have given the committee the authority to set the unfair competition rate every two years and to consider a variety of factors when making the decision (e.g., gross business income, number of businesses reporting income for each CI industry).
<b>Comments:</b>	SSB 5838 would have reformed the CI Advisory Committee to a decision-making committee. It also would have given the committee the authority to set the unfair competition rate every two years and to consider a variety of factors when making the decision (e.g., gross business income, number of businesses reporting income for each CI industry).		

# 2020 Recommendations

## Assessing Success of the Walla Walla Watershed Management Partnership Pilot

Released 5/12/2020

### About the Audit

This performance audit assesses the success of the Walla Walla Watershed Management Partnership (Partnership). The Partnership was originally a 10-year pilot project allowing water management through a locally focused, collaborative approach without the Department of Ecology's usual regulatory oversight.

### SAO Recommendation to the Legislature

To address funding for infrastructure needed to support future critical water needs in the Walla Walla watershed, and the need for continued collaboration of stakeholders to do so, as described on page 21, we recommend it:

- Allow the original 10-year pilot to sunset.
- Return oversight of the watershed to the Department of Ecology, while maintaining the benefits of the Partnership in the form of board members' participation on an advisory board. This is similar to the model used in the Yakima River Basin Water Enhancement Project.

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### JLARC staff status review and summary comments

<b>Implementation Status:</b>	<b>Implemented – (Partially)</b>
<b>Comments:</b>	No bills were introduced to extend the pilot program so management of the watershed will revert back to Ecology. No bill was introduced to form a pilot advisory board to Ecology.

## Child Support Payments: Increasing Past-Due Collections through Mandatory Interception of Insurance Payments

Released 9/8/2020

### About the Audit

This performance audit evaluates the Washington Division of Child Support's (DCS) historic insurance intercept collections program, as well as the rate of voluntary participation by insurance companies in the state's insurance intercept program, to determine how much the state could increase collections of past-due child support by requiring participation in that program.

### SAO Recommendation to the Legislature

We recommend the Legislature enact a new law requiring insurance companies conducting business in Washington to participate in an insurance payment intercept program to increase collections of past-due child support payments.

In drafting the text, we recommend legislators consider language developed collaboratively with the Department of Social and Health Services, the Office of the Insurance Commissioner and insurance company stakeholders.

The law should:

- Allow companies to use existing systems for reporting claims data, such as the public/private Child Support Lien Network and the federal Office of Child Support Enforcement, rather than establish a state specific system.
- Exempt reasonable claim-related attorney fees and medical costs from intercept.
- Protect insurance companies from legal liability when they comply with the law in good faith.
- Determine which types of insurance claims will be subject to intercept.

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### JLARC staff status review and summary comments

<b>Implementation Status:</b>	<b>Implemented</b> – (Adopted as presented) SHB 1416 takes effect on 1/1/2022
<b>Comments:</b>	SHB 1416 implements the recommendation of requiring insurance companies that operate in Washington to participate in an insurance payment intercept program to collect past-due child support payments.

# Previously Unresolved 2018 Recommendations

2018 Recommendations

## 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 to which 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, SAO recommends that 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.

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### JLARC staff status review and summary comments

<b>Implementation Status:</b>	<b>Implemented</b> – (Adopted as presented) HB 2853 took effect 6/11/2020
<b>Comments:</b>	HB 2853 amended RCW 28A.710.050(3) to require approval of admissions policies and weighted enrollment preferences by the charter school's authorizer rather than by the Commission.

## 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, SAO recommends the Legislature consider appropriating at the profession level instead of the account level to prevent one profession from spending another's reserves.

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### JLARC staff status review and summary comments

<b>Implementation Status:</b>	<b>Not Implemented</b> - (Related or no information)
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<b>Comments:</b>	No legislative action has been taken related to this recommendation.
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## 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 officials 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, Office of the Superintendent of Public Instruction (OSPI), and school districts.

### SAO Recommendation to the Legislature

SAO recommends that the Legislature direct the work group to address the following issues:

- a. 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.
- b. 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.

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### JLARC staff status review and summary comments

<b>Implementation Status:</b>	<b>Implemented – (Partially)</b> 2SHB 1191 took effect on June 11, 2020
<b>Comments:</b>	SSHB 1191 implements parts c through e of the recommendation. It does not implement parts a and b of the recommendation. No other legislative action has been taken related to parts a and b.

## 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

SAO recommends 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:

- a. Establish a process to ensure courts, Corrections, Juvenile Rehabilitation and sheriffs have access to accurate district, school and enrollment information as necessary.
- b. 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.
- c. Assemble a proposal and a budget to develop and maintain an automated notification system.
- d. Continue to improve guidance, training and monitoring.
- e. Consider potential statutory changes to:
  - o Limit notification requirements upon conviction, adjudication or diversion agreements to offenses that pose a public safety risk or might impact services provided to students.
  - o Require courts to notify designated contacts at districts, rather than school principals.
  - o 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.

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### JLARC staff status review and summary comments

<b>Implementation Status:</b>	<b>Implemented – (Partially)</b> 2SHB 1191 took effect on June 11, 2020
<b>Comments:</b>	2SHB 1191 implements parts b, d, and e of the recommendation. It does not implement parts a and c of the recommendation. No other legislative action has been taken related to parts a and c.

# Previously Unresolved 2017 Recommendations

2017 Recommendations

## 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 State Board for Community and Technical Colleges.

### SAO Recommendation to the Legislature

SAO recommends that the Legislature revise Chapter 28A.700 RCW 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.

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### JLARC staff status review and summary comments

**Implementation Status:** Not Implemented - (Related or no information)

**Comments:** No legislative action has been taken related to this recommendation.

## Correctional Industries: Planning, pricing and market share

Released 5/4/2017

### About the Audit

The Correctional Industries (CI) program offers inmates a chance to gain skills that make it more likely they will find jobs after release. 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

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

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### JLARC staff status review and summary comments

<b>Implementation Status:</b>	<b>Not Implemented</b> – (Bill introduced but not adopted)
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<b>Comments:</b>	SSB 5838 was reintroduced but not adopted.
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