

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 2022





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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 seven new performance audit reports in 2021. Two of these reports include recommendations to the Legislature. The Joint Legislative Audit and Review Committee (JLARC) held a [public hearing](#) for each of the seven audits.

2021 SAO performance audits	Report links
1. Continuing Opportunities to Improve State Information Technology Security - 2020	<a href="#">Report link</a>
2. Adaptive Management Program: Improving Decision-Making and Accountability*	<a href="#">Report link</a>
3. Washington's Unemployment Benefit Programs in 2020: Understanding improper payments and service delays during the COVID-19 pandemic	<a href="#">Report link</a>
4. Application System Audit Report: Unemployment Tax and Benefit System (UTAB) administered by Employment Security Department	<a href="#">Report link</a>
5. K-12 Student Behavioral Health in Washington*	<a href="#">Report link</a>
6. Medicaid Program Integrity	<a href="#">Report link</a>
7. Assessing the Workplace Culture at the Department of Fish and Wildlife	<a href="#">Report link</a>

\*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<sup>st</sup> 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 2022.

# Implementation status of the SAO recommendations to the Legislature

The table below summarizes the status of the SAO’s recommendations to the Legislature.

- **New:** The SAO issued four recommendations to the Legislature in 2021.
- **Unresolved:** The appendix includes the status of three recommendations that were unresolved coming into the 2022 legislative session.
- **Previously resolved:** These 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
		Adopted as presented	Addressed with different approach	Partially Implemented	Bills introduced but not adopted	Related or no information	
New in 2021	4	1		1		1	1
Unresolved from 2018, 2019, or 2020	3			2		1	
Previously resolved from 2018, 2019, or 2020	16	7	7				2
<b>Grand total</b>	<b>23</b>	<b>8</b>	<b>7</b>	<b>3</b>		<b>2</b>	<b>3</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).		

## 2021 Recommendations

SAO released two reports with recommendations to the Legislature in 2021. Each report included two recommendations to the Legislature, for a total of four recommendations to the Legislature.

2021 Recommendations

### Adaptive Management Program: Improving Decision-Making and Accountability

Released 2/23/2021

#### About the Audit

This performance audit assesses the Adaptive Management Program to identify ways the program could become more efficient and effective in its decision-making. Adaptive management relies on learning by scientific experimentation, then adapting practices and policies based on the results. The ultimate goal is to create and maintain sustainable natural resource systems – such as forests or watersheds – while allowing the timber industry to thrive.

#### SAO Recommendations to the Legislature

To create accountability and increase transparency, as described on pages 18-20 and 26, SAO recommends the Legislature:

1. Require the Forest Practices Board give the appropriate natural resource committees periodic updates on the Adaptive Management Program's progress on its projects and reaching its program mandates.
2. If the board cannot vote to make the necessary change to the rule (WAC 222-12-045) governing consensus decision-making to an alternative method of voting, SAO recommends the Legislature change the program voting structure in RCW. (See recommendation #1 for more detail.)

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#### JLARC staff status review and summary comments

<b>Implementation Status Recommendation #1:</b>	<b>Implemented</b> – Adopted as presented
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<b>Comments:</b>	The first update was submitted to the Legislature in December 2021.
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<b>Implementation Status Recommendation #2:</b>	<b>Other circumstances</b>
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<b>Comments:</b>	We understand that the Forest Practices Board is considering whether or not to make this change. Until a decision is made, it is unclear whether the Legislature needs to take further action.
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## K-12 Student Behavioral Health in Washington

Released 6/22/2021

### About the Audit

This performance audit evaluates how the public K-12 school districts are addressing student behavioral health prevention and early intervention, and the larger state system in place to coordinate and support these services.

### SAO Recommendations to the Legislature

To provide greater state-level coordination and promote equitable access to students across the state, as described on pages 25-27, SAO recommends the Legislature:

1. Designate either the Health Care Authority (HCA) or the Office of Superintendent of Public Instruction (OSPI) as the lead state agency tasked with ensuring student access to the continuum of behavioral health services in school settings.

This legislation should reference existing laws and requirements to prevent any duplication, overlap or fragmentation of duties related to student behavioral health services. It should also include language to ensure school districts and educational service districts comply with all requirements.

2. Allocate funding to the lead state agency with requirements to:
  - Establish and maintain an advisory council with representatives from HCA, OSPI, educational service districts, school districts, and other key partners such as managed care organizations and community providers. The council's responsibilities should include:
    - Establishing strategic direction and goals for programming around the full continuum of services funded under this legislation.
    - Developing outcome and performance measures and reporting them to the Legislature annually.
    - Providing guidance to school districts and service districts on how funds can be used.
  - Provide flexible funding to educational service districts and school districts that will help them develop comprehensive behavioral health services to address the needs of their students, either directly in schools or through community partnerships.
  - Provide upfront funding to educational service districts and school districts seeking to become Medicaid behavioral health providers, as described on page 35 of the audit.

## K-12 Student Behavioral Health in Washington, continued

### JLARC staff status review and summary comments

<b>Implementation Status Recommendation #1:</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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<b>Implementation Status Recommendation #2:</b>	<b>Partially Implemented</b>
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<b>Comments:</b>	SSHB 1890 (Ch. 76, Laws of 2022) directs the existing Children and Youth Behavioral Health Workgroup to create an advisory group that will develop a strategic plan. This advisory group makeup is reflective of the advisory group described in the recommendation. However, the advisory group has no direct authority over school districts or funding authority.
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# Previously Unresolved 2018 Recommendations

2018 Recommendations

## Aligning Healthcare Professional Fees with Licensing Costs

Released 11/26/2018

### About the Audit

This performance audit investigates whether 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 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 SAO's 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 a work group of stakeholders 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</b> – (Partially – no change from 2021) 2SHB 1191 took effect on June 11, 2020
<b>Comments:</b>	2SHB 1191 implements parts c and e of the recommendation. It does not implement parts a, b, or d of the recommendation. No other legislative action has been taken related to these parts.

## 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, the Department of 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.

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

- a. Establish a process to ensure courts, the Department of 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:
  - 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.

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### JLARC staff status review and summary comments

<b>Implementation Status:</b>	<b>Implemented</b> – (Partially – no change from 2021) 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.