

# PERFORMANCE AUDIT

## Report Highlights



Office of the  
Washington  
State Auditor  
Pat McCarthy

## Opportunities to Improve Washington's Preparedness Efforts in Emergency Management

The 2014 landslide near Oso, Washington, was one of the deadliest in state history. It called for a large-scale response from emergency personnel from local, state and federal agencies, private organizations and volunteers. It revealed that even a disaster affecting only a limited area can be challenging to manage. Being well prepared can minimize the effects disasters have on the state.

Emergency response is primarily handled locally, where local authorities direct and coordinate initial response efforts. This is true in Washington where local governments respond first and maintain control over incidents. If a local government becomes overwhelmed, it is also responsible for escalating requests for help to other branches of government. Although response is initiated locally, every level of government plays a part, from local to state and federal agencies. Incident response is complex because it involves multiple stakeholders and various levels of government. The role of the state's Emergency Management Division (EMD) is to implement a statewide emergency management plan and coordinate with those responsible for responding.

Given the significance of EMD's role in disaster response, we selected this audit topic in order to follow up on two recommendations issued after the Oso landslide by the SR 530 Landslide Commission. We wanted to determine whether roles and responsibilities have been further defined and if the resource management process could be further improved. The audit also assessed whether there were additional improvements EMD could make to strengthen communication and collaboration efforts with local partners.

### **Do state and local emergency management personnel have clearly defined responsibilities and roles when responding to disasters?**

The SR 530 Landslide Commission recommended state, county and incident management teams (IMTs) work together to establish expectations before an incident occurs. The guidance on roles and responsibilities that the Commission recommended has not yet been developed. However, regional training sessions led by IMTs can help educate local partners on their role. EMD can assist IMTs by helping coordinate the regional training sessions and sending an EMD representative to each one to answer questions about the state's operations. In addition, some local partners are uncertain about the role an EMD liaison performs at an incident scene. EMD can establish a clearer understanding of the EMD liaison's role by publishing guidance for its local partners.

## What improvements can EMD make to request, track and mobilize resources more effectively during disasters?

Leading practices suggest establishing a standardized process for requesting resources and for credentialing personnel. EMD has established a standardized process for local authorities to request resources from the state. However, Washington does not have a statewide credentialing program. The benefits of a statewide credentialing program are that personnel are better prepared and more easily identified when an emergency does occur. EMD faces legislative and funding obstacles to implementing such a program. Working with local partners, EMD can determine what is needed to establish a statewide credentialing program. It can also benefit from a national system to manage credentialed personnel that is currently being piloted by the Federal Emergency Management Agency.

## What improvements to communication can EMD make to strengthen collaboration with local partners?

Effective communication and collaboration before a disaster strikes are essential to the success of emergency response. The absence of these factors can affect the ability of EMD and local emergency managers to work successfully together. National standards state that establishing effective communication before an incident occurs paves the way for a more successful response. Although EMD provides several opportunities for engagement, some local emergency managers said these strategies do not promote effective communication or help build necessary relationships. They suggested ways EMD could improve its communication with them. However, EMD's multiple stakeholders, competing priorities, and limited funding restrict its ability to give local authorities the attention they desire.

## State Auditor's Conclusions

Washington is susceptible to a variety of natural disasters including fires, earthquakes, floods and landslides. Depending on the scope and magnitude of the incident, the emergency response may involve numerous local, state and federal agencies. The agencies have to work together to form an effective response. A key factor in successful coordination during a disaster is to establish expectations for how coordination will work before the disaster ever strikes. This requires a common understanding of each agency's role and responsibilities, as well as clear protocols for accessing additional resources when necessary.

Under state law, the Emergency Management Division (EMD) within the Washington Military Department is responsible for coordinating the state's emergency response efforts. With response efforts primarily handled by local authorities, and EMD's limited ability to impose mandates, this is not an easy charge. In the absence of strong legal authority, effective coordination requires EMD to build strong relationships with local emergency management personnel and involve them in the planning process, and give them clear and actionable guidance. The results of this audit show that while EMD has taken some steps to provide guidance and training, and to communicate effectively with local emergency management personnel, there is still a lot of work to do. Local authorities still need clear guidance on roles and responsibilities, especially regarding the role of the EMD liaison. It also appears EMD could have more open, effective lines of communication with local authorities.

## Recommendations

We made a series of recommendations to the Emergency Management Division to increase clarity around roles and responsibilities in disaster response, to improve the state's current resource management system, and to strengthen communication and collaboration with local partners.

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## Opportunities to Better Identify and Serve K-12 Students Experiencing Homelessness

Washington has the eighth-highest rate of identified student homelessness in the country. The number of identified homeless students in Washington's kindergarten through 12th grade (K-12) education system has grown to more than 40,000. This marks more than a 30 percent increase in student homelessness between the 2012-13 and 2016-17 school years. Student homelessness in Washington's schools is caused by a combination of factors, including economic trends and family crisis. School districts are responsible for identifying homeless students and ensuring their educational success. The Office of Superintendent of Public Instruction (OSPI) and the Department of Commerce (Commerce) are responsible for supporting school districts' efforts to assist these students. However, the needs of homeless students are diverse and complex, extending beyond services schools typically provide.

Homelessness is a stressful experience that profoundly affects students' well-being and ability to succeed in school. The growing proportion of homeless students in the state's K-12 population has prompted stakeholder interest into the problems facing homeless students, what educational and other agencies are doing to identify and help them, and which strategies can most effectively improve these agencies' efforts. This audit evaluated efforts by OSPI and school districts, and identified opportunities to strengthen how these agencies identify, support and connect homeless students to services they need to succeed academically. The audit also obtained insights about K-12 student homelessness and examined how school districts, OSPI and Commerce use dedicated funding to assist these students.

### What can school districts do to improve the way they serve students who are homeless?

Comprehensive screening, communication and training strategies can help districts address gaps in their approaches to improve identification of homeless students. For example, nearly all school districts use three primary strategies to identify students experiencing homelessness: distributing a housing questionnaire, posting information on school grounds, and appointing and training a district homeless liaison. Addressing gaps in primary identification strategies can help districts improve identification of homeless students. In addition to improving existing strategies, districts could also use student data better to identify students who might be experiencing homelessness.

In another example, we found school districts could better connect homeless students to community services through improved partnerships with Coordinated Entry and other resources. Federal law requires school districts to connect homeless students with community resources to address needs that extend beyond services districts typically provide. The most important step districts can take in connecting students with resources is to partner with their counties' Coordinated Entry agencies. Improved partnerships and referrals can help districts better connect homeless students to other resources. Some school districts have taken extraordinary steps to further increase homeless students' access to services.

## What can state agencies do to help districts?

OSPI and the Washington State School Directors Association (WSSDA) play supportive roles in helping school districts address student homelessness statewide. OSPI supports district efforts to assist homeless students by providing funding, guidance, training and resources. WSSDA supports districts' efforts through model policies and procedures. OSPI and WSSDA can address some school districts' needs by providing additional guidance, especially on best practices and interpretations of the law. OSPI could also expand its training delivery and content to address districts' needs. Finally, OSPI could consider facilitating an online forum for homeless liaisons to share information statewide, similar to what other states have implemented.

## State Auditor's Conclusions

Homelessness among students in the K-12 education system is a significant and growing issue in Washington. It is a stressful experience that has real consequences for the student's education. It should come as no surprise that students who experience homelessness miss classes, change schools and fail to graduate high school far more frequently than other students.

The problem of youth homelessness is a far bigger issue than schools can reasonably be expected to solve. However, schools are in a unique position because they are a hub for the vast majority of children. Federal law requires schools to identify students who experience homelessness and connect them with the services and supports they need to succeed academically. Unfortunately, the cost for schools to meet these obligations far exceeds the dedicated state and federal funding that is available. In the absence of additional resources, the purpose of this audit was to identify actionable options to help schools. These options include actions schools can take themselves to better identify and serve homeless students. OSPI, WSSDA and the Department of Commerce also have options to better assist schools in their efforts.

Understanding the complex underpinnings of homelessness, especially as it affects children, is an important focus of public policy work in all levels of government. This audit provides key pieces of information on some baseline issues facing homeless students, including housing and transportation needs, as lawmakers and communities consider how to respond to this growing challenge.

## Recommendations

We made a series of recommendations for school districts to implement strategies that can help them strengthen identification of, provision of in-school supports for, and connections to community services for students experiencing homelessness. We also recommended that OSPI and WSSDA increase support for school districts through additional guidance, training and resources. Finally, we recommended that OSPI and Commerce make it easier for districts to access and use available funds to meet students' needs.

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## Opportunities to Improve School Safety Planning

Effective school safety planning is the foundation of a school's ability to respond to an emergency. Public awareness of school safety issues and emergency preparedness has increased due to recent events around the country and in our state. Two Washington school districts have experienced an active shooter incident in the past four years, and the even greater likelihood for multiple types of natural disasters inherent to Washington makes effective school safety planning of critical importance.

Every school district is required by law to have a comprehensive safety plan. These plans prepare schools and districts to address risks that students or staff might face, including building threats, active shooters and natural disasters. Federal guidance suggests that preventative elements contributing to a positive school climate, such as prevention of suicide and bullying, also be taken into consideration when forming a safety plan. Schools that have a comprehensive school safety plan can inform staff, students and parents what actions to take in an emergency, while working closely with first responders on proper training and drills. According to state law, a comprehensive safety plan should address emergency mitigation, preparedness, response and recovery. The law also specifies required safety planning activities as part of the plan, such as utilizing certain training guidance and setting guidelines for coordinating with first responders.

Many schools' comprehensive safety plans are incomplete. District responses to surveys conducted by the Office of Superintendent of Public Instruction (OSPI) in 2014 and the federal Department of Education in 2015 revealed areas where K-12 school safety planning practices fell short of state requirements and recommended practices. This audit was designed to identify ways school officials could efficiently address some of these known gaps in planning.

### What challenges contribute to gaps in school safety preparedness?

Although state law requires districts to have a comprehensive safety plan, there are no mechanisms in place to ensure they are complete. Responsibility for ensuring complete safety plans is left entirely up to local school boards, with no additional oversight at the state or local level. While OSPI has general oversight authority over the state's school districts, it does not enforce adherence to safety planning requirements to ensure a comprehensive plan. Two of the state's key resources for school safety planning also appear to be underfunded. OSPI's School Safety Center, which provides tools and guidance to school districts, has not received a budget

increase in 15 years. Rapid Responder, the state's school mapping system, has not had stable funding to pay for ongoing program maintenance. Competing priorities for attention, time and money at school and district levels can place safety preparedness low on the list of district priorities.

## What opportunities exist to address known gaps in K-12 school safety planning?

Previous surveys of school districts identified four areas of weakness in districts' safety plans. We followed up with school districts and identified ways some had successfully mitigated these gaps. Of the four areas of weakness identified in surveys, coordination is the cornerstone of improving school safety preparedness. Several districts coordinated at a regional level to strengthen planning, create efficiencies and increase accountability. Educational Service Districts (ESDs) can play a wide-ranging role in facilitating school safety coordination. An oversight mechanism at the regional level could produce more consistent safety preparations statewide, increasing coordination, accountability and cost-savings.

## State Auditor's Conclusions

School safety planning does not always get the attention or resources it requires, in part because it has to compete with other, more immediate demands placed on schools. However, school and community leaders must not lose sight of the value in basic planning and collaboration. In the event of a natural disaster or other emergency, that work could save lives.

The purpose of this audit was to identify concrete, cost-effective processes and programs already happening in Washington, so schools and districts can learn from one another and narrow some of the gaps in their plans. We found the biggest opportunities in the area of collaboration with other key players in safety preparedness and response, including police and firefighters, other government emergency management experts, and neighboring school districts.

School district officials and their elected boards should explore this audit and take note of ideas that might apply to their area, then work toward greater collaboration and coordination.

## Recommendations

We recommended that OSPI determine the staffing and funding required for the implementation of a regional school safety program, and make a request for the necessary funding to the Legislature. Funding permitted, we recommend OSPI organize and establish a statewide regional school safety program to be delivered through the educational service districts.

We further recommend that the Washington Association of Sheriffs and Police Chiefs (WASPC) determine the staffing and funding required for a comprehensive review of the statewide school mapping system, and make a request for the necessary funding to the Legislature. Funding permitted, we recommend WASPC convene a work group to review how the statewide school mapping system could be better utilized.

Finally, we suggest that school districts consider implementing the practices highlighted in this report, by working together with the community to foster greater collaboration and coordination at a local and regional level.



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## Reforming Bail Practices in Washington

The presumption of innocence is a basic tenet of the criminal justice system. State and federal law say that every person charged with a crime should be presumed innocent until proven guilty. Yet in practice, thousands of individuals who have not been convicted are held in jail for days, months or even years, through the conclusion of their trials. The Washington Constitution and court rules presume most defendants should be released before their trials. Judges can impose bail to create a financial incentive for defendants to return to court after release. However, defendants will remain in jail if they cannot afford bail.

To address this issue, many jurisdictions are using pretrial services as an alternative to bail. Pretrial services allow jurisdictions to release defendants from jail in place of bail while offering supports, like court date reminders or periodic check-ins, to ensure defendants come to court. This audit examines the potential impact of expanding pretrial services in Washington.

In 2017, the Washington State Superior Court Judges' Association, the District and Municipal Court Judges' Association, and the Supreme Court's Minority and Justice Commission formed the Pretrial Reform Task Force to gather data and formulate recommendations concerning the expansion of pretrial services statewide. We conducted the audit independently of the task force, but worked with it to gain an understanding of bail and pretrial practices and to ensure efforts were not duplicated.

### **Can Washington use pretrial services, as an alternative to bail, to better serve qualified defendants while maintaining public safety and controlling costs to taxpayers?**

On any given day, about 4,700 people held in Washington jails are candidates for pretrial services. Releasing these defendants and providing them pretrial services can save taxpayers between \$6 million and \$12 million a year. Analyses of two Washington counties also suggest pretrial services can be effective and comparable to bail in maintaining public safety. Pretrial detention can have negative consequences for defendants, including an increased likelihood of reoffense and worse case outcomes. However, jurisdictions should also consider the additional risks to the public that may result from releasing more defendants from jail.

## State Auditor's Conclusions

Judges have used traditional money bail for years as a way of creating financial incentives for defendants to appear in court for their trials. When defendants cannot afford to pay bail, they remain in jail until the trial. Keeping them in jail is costly to the taxpayers. Perhaps more importantly, extended jail time before trial can have significant consequences for defendants, as they become more likely to be convicted, more likely to receive a longer sentence, and less likely to gain and maintain future employment.

As this audit demonstrates, pretrial services offer an effective alternative to money bail. Releasing defendants through pretrial services is less costly than holding them in jail before trial. The experience in Washington and other states suggests the likelihood that a defendant will fail to appear for their trial or that they will reoffend pending trial is comparable, if not better, when pretrial services are used instead of bail.

The purpose of this audit was to give stakeholders in the criminal justice system additional information about pretrial services and explore the potential for expanding their use. This audit provides information that can help local jurisdictions assess the risks and opportunities that come with pretrial services. Although we see tremendous opportunity, pretrial release and the conditions imposed on defendants are ultimately a judicial matter. We did not make any specific recommendations to judges regarding how they should use pretrial services. However, the Pretrial Reform Task Force established by the Washington State Superior Court Judges' Association, the District and Municipal Court Judges' Association, and the Supreme Court's Minority and Justice Commission made several recommendations in its [February 2019 report](#) reviewing pretrial services.

## Recommendations

This audit did not make any recommendations.



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## Assessing Extended Family Exemptions for Individual Providers

This audit examined how exemptions from some statutory training requirements and certification for Medicaid-funded in-home care workers, called “individual providers,” might affect the availability of those workers, and the risks and benefits of broadening those exemptions. The 2008 voter-approved Initiative 1029 required long-term care workers to be certified by the Washington State Department of Health as “home care aides” after completing specific training and passing an examination. Budget concerns delayed its implementation. Initiative 1163, passed in 2011, hastened the effective date and required biennial audits on long-term in-home care. This audit is the fifth of those mandated audits.

### **What is the extent of unmet need for individual providers in Washington? )**

The state has insufficient data to determine the extent of Washington’s unmet need for individual providers, because the demand for providers can only be loosely estimated from population data. Though the extent of unmet need is difficult to quantify, Washington’s policy decisions and national studies point to a significant and growing shortage of long-term care workers, as growth in the population of elderly people is outpacing growth in the labor force. In addition, Washington is experiencing a shift in long-term care from institutions to in-home and community-based care.

### **What are the benefits and risks of broadening exemptions from full training and certification for individual providers who are extended family members?**

One policy option for addressing the unmet need for individual providers is to expand the training and certification exemptions for extended family members. Exempted family members must complete some training, but less than non-exempt home care aides, and are not required to become certified. Expanding exemptions to extended family members could increase the amount of long-term care available to people in home settings, though the impact is difficult to quantify.

Broadening the exemptions would likely increase some state program costs, though it is difficult to know how much. The impact expanding exemptions would have on the quality of care would depend on the experience and training of family members who become individual providers. Finally, expanding exemptions would place exempt individual providers outside the Department of Health's licensing and disciplinary umbrella.

## State Auditor's Conclusions

Broad demographic trends and various studies suggest a growing need for long-term care, though it is difficult to quantify. Those trends and studies also suggest there will be an insufficient number of caregivers to meet that need. Potential caregivers come from a variety of sources, including informal personal arrangements, charitable organizations, private companies and government programs. Consistent with the voters' mandate in Initiative 1163, this audit focused on one specific source of caregivers: home care aides working as individual providers and paid through the Medicaid program, and the training requirements that apply to them.

One option stakeholders have suggested as a way of getting more people to serve as caregivers is to broaden the family exemption from full training requirements for extended family members. Broadening the exemption would make it easier for extended family members to qualify as individual providers and be paid through Medicaid. Relaxing the requirements has the potential to make more family care available in situations where full training requirements keep family members from being paid and the lack of payment limits the care a family member can provide.

While broadening the training exemption could potentially make more care available, there is no good way of quantifying the potential impact. It depends on how many extended family members would be willing to provide more care if the training requirements were reduced, and that is not easily known. Though broadening the exemptions might prove helpful in attracting more caregivers, we stop short of recommending this option given our inability to reasonably estimate the potential impact.

## Recommendations

This audit did not produce recommendations.



## Performance Audit

### Safe Data Disposal: State Reduces the Risk of Disclosing Confidential Information

State agencies regularly send thousands of items to the state's surplus warehouse, where the Department of Enterprise Services (DES) helps agencies dispose of equipment they no longer need. When agencies dispose of information technology (IT) equipment, they are responsible for ensuring it does not contain any confidential information.

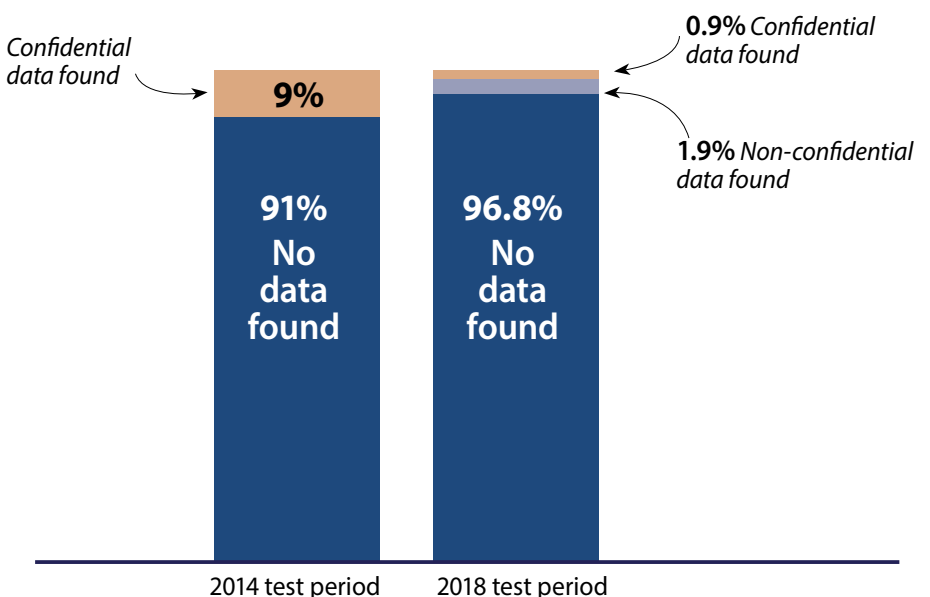
In 2014, the Office of the Washington State Auditor conducted a performance audit to determine whether agencies were removing data from their IT devices in accordance with state law and the Office of the Chief Information Officer (OCIO) requirements. This follow-up audit addresses whether the state has improved controls designed to ensure agencies do not disclose confidential information through surplus. It includes agencies where auditors found issues in the 2014 audit and a selection of agencies that surplused equipment during the spring of 2018.

#### Does the state have adequate controls in place to ensure that the surplus of state-owned IT devices does not disclose confidential data?

We found confidential information on fewer than 1 percent of the devices tested, indicating improvements since 2014. One difference that likely contributed to this improvement is that more agencies now remove and physically destroy computer hard drives before surplusing the machines.

While most agencies had written policies for disposing of IT equipment, most did not fully incorporate state requirements and best practices. Gaps in agency policies included not verifying data disposal, not keeping records of disposed equipment and not including guidance for other IT devices.

Confidential data found on state surplus computers dropped from 2014



*Note: In 2014, auditors did not test for non-confidential data on surplus computers. During the 2018 testing period, one device (0.3%) could not be tested due to physical defect.*

The state's Computers 4 Kids (C4K) program, which allows state agencies to donate surplus computers and computer-related equipment to public schools, serves as a safety net for the disposal of some IT devices. Before DES sends surplus computers to schools, it sends them to the C4K program, where they are wiped again and refurbished. However, it is the responsibility of individual agencies to ensure confidential information is not disclosed.

## State Auditor's Conclusions

Agencies have improved their practices and reduced the risk of disclosing confidential information, and they should remain diligent in reviewing and updating their data-disposal policies. The audit identified very few instances of confidential data on devices, and those instances illustrate the importance of strong policies and procedures that align with state requirements and best practices.

Technology changes quickly, and new risks emerge. As agencies increasingly use laptop computers and tablets rather than desktop computers, they must adapt their policies and procedures to address risks specific to mobile technology.

Emphasizing safe data disposal practices, and revising those practices to keep up with the evolving environment, will help state and local government agencies avoid the significant consequences of improperly disclosing confidential data.

We made recommendations to the agencies to address specific areas where their policies and procedures did not align with state requirements and best practices.



*Hard drives being erased at the Airway Heights Corrections Center as part of the Computers 4 Kids program.*



*A factory reset being performed on a phone containing confidential information from an agency.*

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## Guidance for all Washington state agencies

We consider the audit results so broadly applicable that it is in the state's best interest for every state agency to undertake the actions communicated to the few that participated directly in the audit. We therefore suggest all Washington state agencies consider the practices listed below as they process surplus IT equipment in the future.

- ✓ Annually review policies and procedures, and revise them as necessary to ensure they include the following state requirements and National Institute of Standards and Technology (NIST) best practices:
    - Designating management responsibility for the disposal of IT devices
    - Maintaining records of disposed equipment
    - Documenting the date equipment was sanitized, the method used and the name and signature of the person responsible
    - Keeping disposal records secure from unauthorized access
    - Sanitizing equipment using a method consistent with NIST guidelines
    - Verifying equipment is fully sanitized
    - Keeping equipment secure before and during sanitization
    - Physically destroying storage media if sanitization tools fail
  - ✓ Update policies and procedures to include state-approved methods for erasing data from mobile devices, such as cellphones and tablets
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## Performance Audit

# Contract Assurances for Vendor-Hosted State Information Technology Applications

State agencies increasingly rely on vendors to provide information technology (IT) services and operate systems critical to state agencies and the public. These IT vendors often host systems that process and store confidential state data off-site or in the cloud, where the state has little or no direct control over the security of its data. However, agencies are ultimately responsible for the state's data, even when it is managed and hosted in vendor applications.

Because of the growing risks related to state IT assets, including those managed by private vendors, our Office chose to conduct a performance audit of IT contract assurances for vendor-hosted IT applications. The audit focused on how state agencies ensure their IT vendors safeguard those applications and the data they hold. Specifically, the audit looked at whether state agencies include appropriate language in their contracts with IT vendors requiring them to comply with state and agency IT security requirements. The audit also assessed whether state agencies are using leading practices when monitoring their IT vendors, and it reports on the assurances agencies include in contracts to protect the state in the event of a security incident or data breach.



### **Have selected IT contracts included appropriate provisions to address the state's IT security requirements?**

State policy requires a vendor to meet both the state's general IT security standards and agency's specific standards to protect the state's information. However, state IT security standards do not specify how agencies should verify vendor compliance with those standards. Most of the reviewed contracts required vendors to comply with the state's general IT security standards, but only one included the agency's specific standards. Moreover, two contracts did not require vendor compliance with state or agency IT security requirements. In addition, the IT applications associated with three of the seven contracts did not go through a security design review to ensure compliance with the state's security standards.

### **Do selected state agencies follow leading practices to ensure vendors comply with the IT security requirements in their contracts?**

Leading practices suggest agencies should monitor their contractors on an ongoing basis to ensure they comply with IT security requirements. The agencies included in this audit could improve their monitoring practices by more consistently following these leading practices.



We found agencies did not use risk assessment results to develop specific contractual monitoring requirements. In addition, agencies did not specify how vendors can demonstrate compliance with contractual IT security requirements, and only two of the five agencies actively monitored their vendors' compliance with most contractual security requirements. Although most agencies required vendors to adhere to the state's IT standards, none of the agencies verified compliance in accordance with contractual provisions. Several agencies could do more to specify roles and responsibilities, and to communicate regularly with vendors about IT security. Finally, DES could help agencies manage IT contracts more effectively by including specific IT guidance in its policies and procedures for contracting.

## **What contractual provisions have selected state agencies included in vendor contracts to protect the state in case of a data breach?**

Indemnification clauses, notification clauses and cyber-liability insurance are good tools to protect the state, but there are no agreed-upon standards for these. All seven contracts included indemnification language to protect the state in the event of a data breach, but the language could be improved for some contracts while one contract had especially good language. OCIO has some good indemnification language agencies can use, but agencies have to request it. The required timelines for notifying the state of a data breach in most contracts were longer than the state's security policies would suggest. Finally, we noted one contract required cyber-liability insurance, and two other vendors carry the insurance.

## **State Auditor's Conclusions**

When state agencies contract with IT vendors, the agencies can save the resources they would otherwise need to develop applications themselves. However, when agencies outsource IT applications, they must take reasonable steps to ensure their vendors treat public data with the appropriate level of care.

That is where the contracts for services become important. The legal contracts between agencies and their vendors should include appropriate provisions to protect public information. As this audit shows, most state agencies use contract management practices that fall short of what is needed in the cybersecurity realm. The agencies we reviewed did not conduct the types of formal risk assessments that are needed to identify appropriate security provisions to include in their contracts; nor did they consistently use the provisions that were in the contracts to monitor their vendors' performance.

While state agencies are ultimately responsible for the security of the data they outsource to vendors, they need better support in the form of clear guidance, standards and draft language to use in their contracts. The Office of the Chief Information Officer (OCIO) and the Department of Enterprise Services (DES) should develop draft language about several important elements that should be included in every IT contract. These elements could include defining "security breach," setting notification expectations, and specifying how a vendor will compensate the public if something goes wrong.

Finally, the OCIO should clarify the state IT security standards and provide more guidance to the state agencies to help ensure they include compliance requirements with appropriate state IT security standards in their contracts. The OCIO should examine alternatives to its current requirement that vendors meet the state's IT security standards. Vendors and agencies view some of the state's security guidelines as either too broad or too prescriptive. One solution would be to accept vendors that can demonstrate compliance with nationally recognized IT security frameworks or federal IT security standards instead.

## **Recommendations**

We made a series of recommendations to the DES to improve the guidance it provides to state agencies that contract for IT services. We also made recommendations to the OCIO to provide more guidance and clarity in how agencies and their vendors should comply with state standards to ensure the security of confidential data in vendor-hosted applications. Finally, we made a series of recommendations to state agencies to help them comply with state law and follow best practices as they develop their contracts and monitor vendor performance.



## Performance Audit

# Aligning Healthcare Professional Fees with Licensing Costs

To ensure the public is protected and served by competent and qualified healthcare professionals, the Health Services Quality Assurance Division at the Department of Health (DOH) licenses and disciplines more than 400,000 healthcare professionals. These healthcare professionals pay fees to DOH to cover the costs of their licensing programs. State law requires that each healthcare profession fully cover the cost of all its licensing and disciplinary activities through these licensing fees. The agency sets fees for more than 80 separate licenses within 44 professions.

DOH places all fees collected for professions' licenses, registrations, certifications, renewals and examinations into the Health Professions Account. Revenue for the account for the 2015-2017 biennium was \$107 million. During the same period, total expenditures were \$123 million.

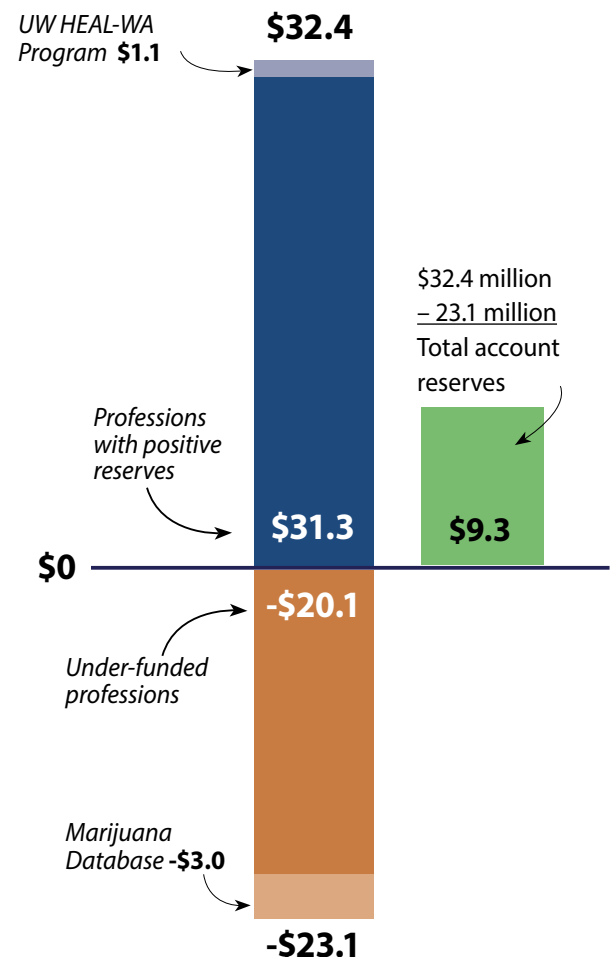
Some licensed healthcare professionals have expressed concerns about licensing fees being too high for their professions. To address these concerns, the Legislature mandated that the State Auditor's Office conduct a performance audit to review DOH's fee-setting process for each of the healthcare professions.

## Has DOH set licensing fees for healthcare professions to reflect the costs of licensing those professions?

According to state law and guidance published by the Government Accountability Office (GAO), fees should be set at a level that covers the costs of licensing the professions and provides reasonable reserves. However, 77 percent of the healthcare professions pay licensing fees that are significantly higher or lower than necessary to meet these requirements. Professions with fees that are too low have outweighed those that have fees that are too high, causing total reserves for the Health Professions Account to decline from \$25.3 million to \$9.3 million over just the last biennium.

Concerns from stakeholders has caused DOH to make policy decisions to forgo necessary fee adjustments. DOH has recently implemented a cost-recovery policy that outlines options it can use if fees are not projected to cover costs. However, this policy does not require the agency to take timely action to ensure fees are set at the appropriate level.

Health Professions Account reserve status  
Fiscal year ending June 30, 2017; Dollars in millions





## Are the licensing and disciplinary costs charged to healthcare professions consistent with state law and government guidance?

State law requires and government guidance suggests the expenses charged to each profession should only be for services that benefit the profession. All direct costs charged to the healthcare professions that were reviewed appear to have been allocated appropriately. However, healthcare professions' revenues paid for some smaller charges, including the state's medical marijuana database that they did not receive a benefit from. Finally, DOH does not have policies or procedures requiring stakeholder involvement in the allocation methodology process to ensure charges to the professions are proportionate to the actual benefits the professions receive.

### State Auditor's Conclusions

This audit demonstrates that, contrary to state law, revenues for some healthcare professions have been covering the costs of licensing other professions. The Department of Health can make changes to address this issue, but the Legislature should consider a broader policy question as well.

The agency currently finds itself in a no-win situation. While some professions do pay more than the cost to license and discipline people in that profession, other professions likely will never have fees that fully cover their costs.

Consider low-wage or high-demand professions like home care aides and chemical dependency professionals. There is significant need for these types of professionals. However, the wages these professionals earn create the risk that fees that fully cover their licensing costs – as required by law – may drive people away from those professions. State law gives DOH the ability to waive fees in these situations, which is an important tool in mitigating the problem.

Because the law does not identify an alternative source of funding to make up the difference, the agency is in the position of having to make up the lost revenue through its own budget. The Legislature should reexamine this area by developing clear parameters for the types of professions that should receive fee waivers and establishing an alternative source of funding to replace the revenues that are lost when fees are waived.

At the same time, DOH must create clear policies and processes to set licensing fees at an adequate level. This can help blunt the effect of pressure from some stakeholders when the agency proposes fee increases.

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### Recommendations to the Legislature

- ✓ Consider appropriating at the profession level instead of the account level to prevent one profession from spending another's reserves
- ✓ Consider alternative funding for professions that do not fully cover costs but would see a critical loss of needed professionals if fees were increased
- ✓ Consider finding alternative funding for ongoing costs of the medical marijuana authorization database

### Recommendations to the Department of Health

- ✓ Review and adjust fees often enough to ensure they fully cover costs, provide sufficient reserves, and do so for each profession alone
  - ✓ Publish the financial status of every profession
  - ✓ Establish consistent fee-setting processes
  - ✓ Require by policy that licensing programs are not charged for costs that do not benefit them
  - ✓ Use only allowable revenue sources to pay for costs that do not benefit professions' licensing functions
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# Office of the Washington State Auditor

## Pat McCarthy

## Performance Audit

# Charter School Accountability and Opportunities for Collaboration

### Background

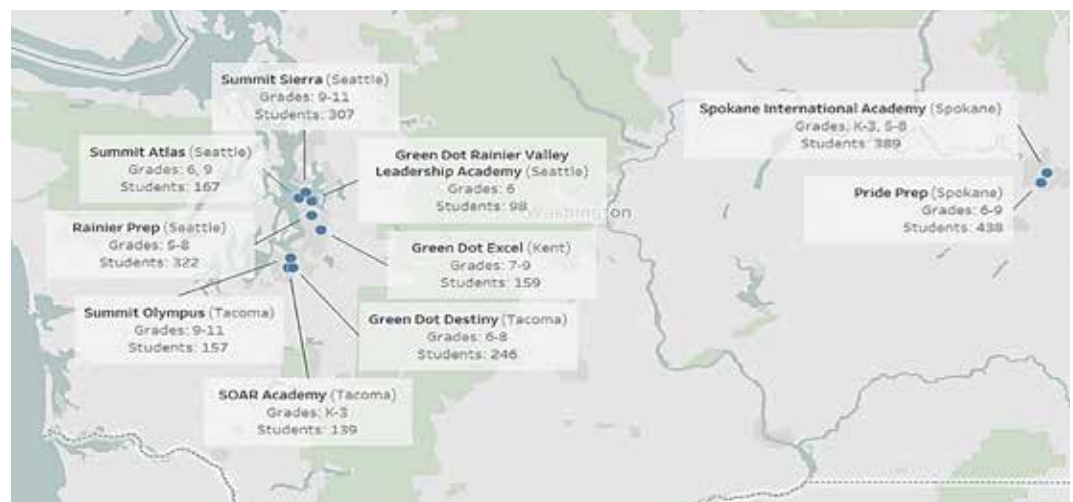
Charter schools are tuition-free, publicly funded schools available to all children from kindergarten through high school age. Washington's 10 charter schools served approximately 2,400 students during the 2017-18 school year. In 2016, the Legislature directed the Office of the Washington State Auditor to evaluate the frameworks used to ensure charter schools are held accountable to the academic outcomes of their students. The audit reviews whether the frameworks comply with state law and leading practices, but does not evaluate student academic outcomes. This audit also evaluates whether charter schools have the foundations in place to ensure they adhere to government transparency laws and the extent to which they collaborate with districts and traditional schools.

### Have charter schools enrolled the types of students they intended to serve?

The Charter School Act emphasizes serving at-risk students. Charter schools varied in their enrollment of certain groups of at-risk students. When compared to the rest of their local school districts, almost all charters enrolled higher percentages of low-income students, students of color, and students with disabilities, though most enrolled a smaller percentage of English language learners. About half of all charter schools enrolled a more diverse student population than the local school district.

Three issues explain why some charter schools lagged in enrolling at-risk students: they have limited influence on enrollment, they are still not well known, and schools are unable to fully use resources such as weighted enrollment preferences. Finally, two charter schools were unable to provide data for certain types of students they intended to serve.

In the 2017-18 school year, 10 charter schools enrolled more than 2,400 students



## **To what extent do charter schools, traditional schools and school districts collaborate and coordinate?**

Collaboration among charter schools, districts, and traditional schools can garner efficiencies and other benefits for students and their families, but it is not without challenges. Charter schools that were authorized by the local school district had the most-developed relationships with the district. There was less collaboration between charter schools and traditional schools when an outside entity served as the authorizer.

## **Are charter schools complying with teacher certification requirements and government transparency laws?**

Charter schools are subject to many of the same laws and requirements that apply to traditional schools, including state and federal teacher certification requirements, and Washington's transparency laws. Based on the Office of Superintendent of Public Instruction's limited review of teacher certifications, charter schools have complied with state and federal requirements. Charter schools largely complied with specific requirements in the Open Public Meetings Act, with the most common issue involving training for all board members within 90 days of assuming their role. Charter schools met some, but not all, foundational requirements of the Public Records Act. While all schools trained and appointed a public records officer, seven of 10 schools did not establish or publish procedures on how the public could request public records; none provided a statement of costs, index of records, or list of exemptions.

## **Do performance frameworks in charter school agreements align with laws and leading practices?**

The Charter School Act requires that performance frameworks include specific performance indicators, measures, metrics and a disaggregation of academic performance by student group. Leading charter school organizations suggest using common indicators for academic outcomes and mirroring state and federal requirements, among other things. Performance frameworks maintained by both of Washington's charter school authorizers align with state laws and leading practices.

## **State Auditor's Conclusions**

Although charter schools have existed in many parts of the country for decades, such schools are relatively new to Washington. The state's charter school law was passed in 2012, and the earliest of the currently operating charter schools opened for the 2015-16 school year.

The purpose of the audit was to examine whether Washington's charter schools have the foundations in place to help ensure they are accountable to the public. We looked at whether charter schools have enrolled the types of students identified in their charters, whether they have complied with certain state and federal requirements, and whether their charter agreements include appropriate performance frameworks. We also examined the extent to which the charter schools and traditional schools work together. The results were mixed, which is not surprising given newness of the entire charter school system in Washington. It is worth noting that during the course of the audit, charter schools made efforts to address some of the deficiencies found as a result of this audit.

Unfortunately, the newness of the system also keeps us from addressing another question about Washington's charter schools – how effective are these schools at teaching students? As the system matures and more years of data accumulate, this is a logical question that should be addressed.

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### **Recommendation to the Legislature**

- ✓ Consider amending statute to allow the charter school authorizer to approve school admission policies and weighted enrollment

### **Recommendation to charter schools**

- ✓ Establish all procedural requirements of the Open Public Meetings Act and the Public Records Act.

### **Recommendations to charter schools and their authorizers**

- ✓ Continue exploring opportunities for weighted enrollment preferences in admissions policies as allowed by law
  - ✓ Track and measure enrollment of targeted student groups as allowed by law
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# Office of the Washington State Auditor

## Pat McCarthy

## Performance Audit

### Ensuring Notification to Schools and Districts of Student Criminal Offenses

Educators need information about students who have committed crimes to put supports in place to ensure those students succeed and to put safeguards in place to keep students and staff from harm. Washington has a number of laws to direct the flow of information about student criminal offenses. This information comes to schools and districts from courts, law enforcement and state agencies.

While the audit identified gaps and breakdowns in notification processes, the government entities that notify schools and school districts want to work with education associations to resolve these issues. Rather than waiting for a published report, audited entities chose to act immediately on a number of the issues identified by the audit; improvements include better documentation, guidance, training and monitoring.

However, some statutory changes might also improve the system. To facilitate solutions, the Auditor's Office convened a work group of stakeholders to begin addressing issues. The Office recommends the Legislature formalize this stakeholder work group to continue seeking solutions that may include statutory changes.

#### Agencies recommended for the work group

The Office of the Governor  
Administrative Office of the Courts  
Association of Washington School Principals  
Association of Washington Superior Court Administrators  
Department of Corrections  
Department of Social & Health Services, Juvenile Rehabilitation  
Office of Superintendent of Public Instruction  
Washington Association of Juvenile Court Administrators  
Washington Association of School Administrators  
Washington Association of Sheriffs & Police Chiefs  
Washington Federation of Independent Schools  
Washington State Association of Prosecuting Attorneys  
Washington State Legislature staff  
Washington State School Directors' Association

#### Statutory issues identified by the State Auditor's Office and next steps

##### ***Courts are working to overcome challenges in notifying principals about 10,000 offenses annually***

The law requires courts to directly notify school principals when a student is convicted or adjudicated, or enters into a diversion agreement. The audit identified more than 330 offenses requiring notification by courts, amounting to about 10,000 times each year that courts must contact school principals.

The audit reviewed processes in a sample of 10 of the state's 32 judicial districts and found that two courts did not keep any records of sent notifications. State law does not require courts to retain this documentation. The courts that had documentation could not show they had notified a school principal in about half of the total instances when notification was required.

While the courts and the Administrative Office of the Courts have committed to a number of improvements to their own processes, the proposed work group may consider the following possible statutory changes:

- Eliminate some required notifications that court administrators and K-12 partners agree do not rise to the level of a public safety risk requiring notification
- Send notifications to school districts rather than school principals (with districts notifying principals)

***State agencies that must notify school districts before a student has been released from custody have resolved many process issues – ongoing monitoring and other changes will help ensure future success***

Corrections and Juvenile Rehabilitation must notify school districts before they release someone from their custody. During fiscal year 2016, Corrections released about 150 students requiring notification; Juvenile Rehabilitation released about 620. Although agencies sent most of the required notifications, Corrections did not send 10 percent (14 out of the population of 145) and Juvenile Rehabilitation did not send 4 percent (3 out of the sample of 68).

While the agencies are making improvements to their own processes, the work group may consider the following statutory changes:

- Eliminate notifications to schools and districts where the person is highly unlikely to attend
  - Currently agencies must notify districts for people who have already obtained a high school diploma or equivalent
  - Currently Juvenile Rehabilitation must notify *every* private school in a district where the person will be released, rather than only the private school the person plans to attend, if any

***OSPI leadership has offered to convene stakeholders to work toward automating notification processes***

The proposed work group could also consider a longer-term, comprehensive solution to many of the issues found in the audit through automation of notifications to schools and districts. Because OSPI has existing data systems that could serve as the foundation for such a structure, its management has offered to convene stakeholders to discuss the possibility and cost of such an endeavor.

**Government organizations have already implemented many improvements that we would have recommended**

- The Administrative Office of the Courts, the Washington Association of Juvenile Court Administrators and individual courts are improving training and guidance.
- Courts that did not retain documentation report they will in the future.
- Corrections improved how information reaches staff and now notifies via certified mail.
- Corrections started notifying before release instead of at admission.
- Juvenile Rehabilitation improved guidance and is analyzing the feasibility of notifying by certified mail.
- The Washington Association of Sheriffs and Police Chiefs provided local law enforcement information clarifying school notification requirements.

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## **Recommendations to the Legislature**

The Legislature formalize the work group of stakeholders that met during the audit. Issues for the work group to address include:

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|--|---|
| ✓ Establish a process to ensure those sending notifications have access to accurate information as necessary | ✓ Assemble a proposal and a budget to develop and maintain an automated notification system   |
| ✓ Assign contacts at each school district to receive all notifications                                       | ✓ Consider statutory changes to notify only: for offenses that pose a safety risk or might affect services provided to students; when people have not received a high school diploma or equivalent; and private schools that are part of a juvenile's re-entry plan |
| ✓ Continue to improve guidance, training and monitoring  |   |
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## Performance Audit

# Evaluating School Responses to Notifications of Student Criminal Offenses

### Background

Principals and teachers need timely information about student criminal offenses to provide safety and support for all students. For example, knowing about past violent behavior helps educators proactively be in the right places at the right times. Knowing about court involvement for minor offenses like substance abuse helps them watch for warning signs.

This is the second of two audits reviewing notifications to schools and districts of student criminal offenses. The first audit, which we published in May 2018, examined whether state agencies, courts and sheriffs notified K-12 schools and school districts of offenses committed by students as required by law. That audit found gaps and breakdowns in those processes, and courts and agencies acted immediately to address many of the issues. The audit recommended the Legislature establish a work group to seek additional improvements.

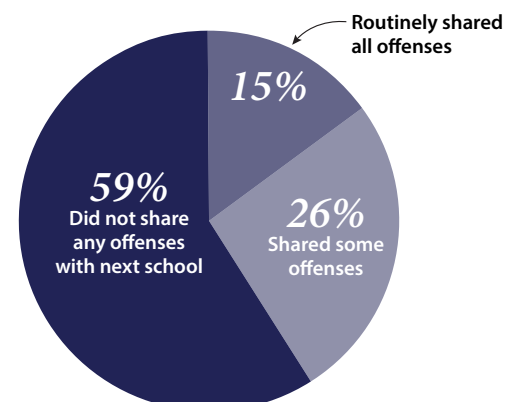
The second audit evaluates what happens to notifications after principals and district officials receive them, and looks for ways principals and school district officials can better share criminal history information with teachers and subsequent schools.

### How can principals and school district officials better share information about student criminal offenses, so that legal requirements are met and teachers and schools can more effectively manage risk?

According to state law, principals must provide student criminal history information to every teacher of a student, as well as the student's next school.

As illustrated in the graphic, few principals interviewed routinely shared criminal history information as extensively as required by state law, primarily because most did not understand their legal obligations. Without a clear understanding of requirements, principals used their judgment to decide what to share and with whom, frequently focusing on situations involving serious crimes. Further, few school districts had clear and complete policies to guide principals, in part because the state's model policies were unclear and incomplete.

More than half of the principals did not share any student criminal history with subsequent schools



Principals and other district officials turn to many sources for guidance. It is critical that all of these sources provide consistent, complete and accurate guidance for handling notifications of student criminal offenses. To achieve this goal, the Office of Superintendent of Public Instruction (OSPI), the education associations and juvenile courts will all need to work together.

Three organizations – OSPI, the Washington State School Directors’ Association (WSSDA) and the Association of Washington School Principals – are well placed to ensure consistent guidance on sharing criminal history information is available in school districts across the state. In fact, WSSDA has already improved its model policies.

## State Auditor’s Conclusions

The underlying issue with the notifications system is that it was not created holistically, but is a patchwork of legal requirements. Most of the requirements make sense when considered in isolation, but taken together they create the need for numerous notifications that ultimately risk creating confusion and increasing the likelihood that important information might be ignored.

For example, as the May 2018 audit noted, state law lists more than 330 different criminal offenses that courts must communicate to schools. If the courts, state agencies and law enforcement fully complied with the requirements, this would result in about 11,000 notifications a year to schools, including notifications for students who are not going to return to school, as well as notifications to schools the students are not going to attend. The issue is compounded when one considers that all of those notifications are also supposed to be relayed to all of the students’ teachers and the next schools they attend.

Our May 2018 audit included a recommendation that the Legislature convene a stakeholder work group to address the problems identified in that audit. The group has since been assembled and begun its work. To address the full range of issues in the notifications system, we encourage the work group also to consider the findings from this audit as it develops its recommendations.

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### Recommendations to the Legislature

- ✓ Make statutory changes to address conflicting notification requirements
- ✓ Direct the work group formed following the first audit to consider these issues (among others):
  - Limiting some requirements for information sharing within and between schools
  - Working with notifying agencies to establish clear instructions for principals to be included with each notification
  - Determining the best way to include information about student offenses in the state’s records retention schedules

### Recommendations to OSPI

- ✓ Give principals and district officials clear, easily accessible guidance that addresses information sharing

### Recommendations to WSSDA

- ✓ Include requirements to share criminal history with subsequent schools in the model policy and procedure for student records

### Recommendations to school districts in the audit

- ✓ Adopt policies and procedures for sharing student criminal information with teachers and subsequent schools
  - ✓ Develop district-wide systems to ensure principals share this information as required
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